

# Sustainability and Engagement at Boston Partners

## Engagement Report

---

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions during February 2022:

### **Calls, Meetings and Correspondence with Issuers:**

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

1. **British American Tobacco Plc. (ticker symbol BATS-GB):** BATS-GB is a multi-category consumer goods company that provides tobacco and nicotine products. The Team emailed BATS-GB following research on BATS-GB. The Team encouraged BATS-GB to provide shareholders right to act by the written consent of the number of shareholders that could act at a meeting. The Team also requested BATS-GB provide an ethnic/racial diversity breakdown of their employees. Lastly, the Team encouraged BATS-GB to disclose additional information about its employee training and development programs.
  2. **SunCoke Energy, Inc. (ticker symbol SXC):** SXC is a raw material processing and handling company serving steel and power customers, with principal businesses in cokemaking and logistics. The Team emailed SXC following research on SXC. The Team encouraged SXC to provide shareholders the right to call special meetings based upon the request of at least 10% of shareholders. The Team also requested SXC disclose data about its supplier audits, whistleblower cases, and training programs. Lastly, the Team encouraged SXC to set environmental and diversity targets.
  3. **Tongcheng Travel Holdings Limited (ticker symbol 780-HK):** 780-HK operates as an online travel agency. The Team emailed 780-HK following research on 780-HK. The Team encouraged 780-HK to increase the number of independent and female directors, to adopt an independent Board Chairman, to provide shareholders the right to call special meetings based upon the request of at least 10% of shareholders and to provide shareholders right to act by the written consent of the number of shareholders that could act at a meeting. The Team also encouraged 780-HK to disclose complaints made on its whistleblower line, to publish its sustainability report in accordance with GRI or SASB standards, to consider disclosing a breakdown of gender diversity by position across the company, to adopt environmental goals and provide the amount of energy sourced from renewable sources, to discuss further climate change risks and opportunities in accordance with TCFD or CDP, and to disclose the number of suppliers audited annually.
  4. **Ping An Insurance Company of China, Ltd. (ticker symbol 2318-HK):** 2318-HK is a Chinese holding conglomerate whose subsidiaries mainly deal with insurance, banking, asset management, financial services, healthcare, auto services and smartcity. The Team emailed 2318-HK following research on 2318-HK. The Team encouraged 2318-HK to increase the number of independent directors, adopt an independent Board Chairman, disclose complaints made on
-

its whistleblower line, adopt environmental goals, provide the amount of energy sourced from renewable sources and asked if 2318-HK has a plan in place to respond to China's carbon neutrality by 2060 goal. The Team also asked about the cause of the water consumption increase from 2019 to 2020 and asked 2318-HK to confirm there is no Uighur forced labor in the supply chain.

5. **Smith and Nephew PLC (ticker symbol SN-GB):** SN-GB designs and manufactures medical devices for Orthopedics, Sports Medicine and ENT, and Advanced Wound Management. The Team emailed SN-GB following research on SN-GB. The Team encouraged SN-GB to provide shareholders a right to act by the written consent of the number of shareholders that could act at a meeting. Additionally, the Team encouraged SN-GB to release more data on supplier audits and whistleblower cases, to provide an ethnic/racial diversity breakdown of their workforce as well as more information about their employee training and development programs. Lastly, the Team encouraged SN-GB to set water reduction and workforce diversity goals.
6. **Perficient, Inc. (ticker symbol PRFT):** PRFT is a global digital consultancy. The Team emailed PRFT following research on PRFT. The Team encouraged PRFT to provide sustainability disclosure and offered to discuss the types of disclosures we typically request.
7. **JD Sports Fashion Plc (ticker symbol JD-GB):** JD-GB is a retailer of fashionable sportswear and sneakers. The Team emailed JD-GB following research on JD-GB. The Team encouraged JD-GB to adopt an independent Board Chairman, disclose complaints made on its whistleblower line, disclose safety rates, and to confirm its cotton is not sourced from areas of high risk for forced labor including the Uighur region in China or Uzbekistan and Turkmenistan cotton fields.
8. **Recro Pharma, Inc. (ticker symbol REPH):** REPH is a contract development and manufacturing organization for oral solid dose drug products. REPH responded to the Team's email following research and set up a call to discuss sustainability topics. REPH recently began an engagement with the NASDAQ's ESG consulting arm. Eventually, REPH plans to align its sustainability disclosure with SASB. The Team explained our disclosure preferences and sent examples of sustainability disclosure from similar sized companies.
9. **Renesas Electronics Corporation (ticker symbol 6723-JP):** 6723-JP is engaged in the research, design, development, manufacture, sale, and servicing of semiconductor products. The Team emailed 6723-JP following research on 6723-JP. The Team encouraged 6723-JP to appoint an independent Board Chairman and to provide shareholders right to act by the written consent of the number of shareholders that could act at a meeting. The Team also encouraged 6723-JP to formulate waste reduction and diversity goals.
10. **Sculptor Capital Management, Inc. (ticker symbol SCU):** SCU is a global diversified alternative asset management firm. The Team emailed SCU following research on SCU. The Team encouraged SCU to eliminate the classified board structure and to report whistleblower statistics. The Team also encouraged SCU to publish a sustainability report in accordance with GRI or SASB and to report environmental and social data.
11. **Anthem, Inc. (ticker symbol ANTM):** ANTM is a provider of health insurance in the United States. The Team emailed ANTM following research on ANTM. The Team encouraged ANTM to disclose more information on whistleblower cases and supplier audits. The Team also encouraged ANTM to set goals for diversity and environmental initiatives.
12. **Meihua Holdings Group Co Ltd. (ticker symbol 600873-CN):** 600873-CN produces and distributes biological fermented products. The Team emailed 600873-CN following research on 600873-CN. The Team encouraged 600873-CN to provide sustainability disclosure and offered to discuss the types of disclosures we typically request.
13. **ASE Technology Holding Co., Ltd. (ticker symbol 3711-TW):** 3711-TW is a provider of semiconductor manufacturing assembly and testing. The Team emailed 3711-TW following research on 3711-TW. The Team encouraged 3711-TW to elect an independent Chairman, to provide shareholders the right to call special meetings based upon the request of at least 10% of shareholders and to provide shareholders right to act by the written consent of the number of shareholders that could act at a meeting, and to elect additional female directors to the Board. The Team also

encouraged 3711-TW to share additional information about its hiring and promoting practices to support gender diversity across the organization.

14. **Jeronimo Martins, SGPS S.A. (ticker symbol JMT-PT):** JMT-PT operates in food distribution and specialized retail. The Team emailed JMT-PT following research on JMT-PT. The Team encouraged JMT-PT to elect an independent chairman and provide enhanced shareholder rights. The Team also encouraged JMT-PT to share an update in its upcoming Sustainability Report on corrective actions taken following supplier audit results.
15. **Banco Santander-Chile (ticker symbol BSAC):** BSAC is a large bank that operates in Chile and is part of the Santander group. The Team emailed BSAC following research on BSAC. The Team encouraged BSAC to elect an independent chairman to its Board, to disclose additional supplier oversight information, and to create long term GHG emissions targets.
16. **Tempur Sealy International, Inc. (ticker symbol TPX):** TPX is a manufacturer of mattresses and bedding products. The Team emailed TPX following research on TPX. The Team encouraged TPX to elect an independent Chairman and provide enhanced shareholder rights. The Team encouraged TPX to provide additional employee gender diversity data and information regarding its diversity and inclusion practices. The Team encouraged TPX to provide employee training statistics, safety statistics, and supplier audit information. The Team also encouraged TPX to provide additional information on how it monitors climate-related risks and opportunities.
17. **Want Want China Holdings Ltd. (ticker symbol 151-HK):** 151-HK is a manufacturer of snack foods and beverages. The Team emailed 151-HK following research on 151-HK. The Team encouraged 151-HK to elect an independent chairman and improve shareholder rights. The Team encouraged 151-HK to disclose safety statistics and the number of suppliers audited annually. The Team also encouraged 151-HK to create long term GHG emissions targets and make its CDP Climate Change submission publicly available.
18. **Universal Scientific Industrial (Shanghai) Co., Ltd. (ticker symbol BP3R4F):** BP3R4F is engaged in the design and manufacturing services and solutions for electronic products. The Team emailed BP3R4F following research on BP3R4F. The Team encouraged BP3R4F to elect additional independent directors to its Board and to describe its programs for the advancement of female employees' careers. The Team also encouraged BP3R4F to implement additional onsite renewable energy generation to limit its reliance on renewable energy credits.
19. **WNS Holdings Ltd. (ticker symbol WNS):** WNS is a provider of business process management and outsourcing solutions. The Team emailed WNS following research on WNS. The Team encouraged WNS to prepare future sustainability reports in accordance with GRI and/or SASB frameworks. WNS replied to the Team and shared its most recent sustainability report covering fiscal year 2021. The report aligns with GRI standards and WNS is considering alignment with additional frameworks for future reports.
20. **Steven Madden, Ltd. (ticker symbol SHOO):** SHOO is a footwear, handbags, and accessories designer. SHOO reached out for a call following an ESG engagement email in January. SHOO noted it shared BP's preference for an independent Chairman and to provide shareholders the right to call special meetings based upon the request of at least 10% of shareholders. SHOO noted it will include employee training and development statistics in its next sustainability report and is improving supplier oversight with plans to discuss supplier audits in more detail in its next report. The Team asked about SHOO's exposure to the Uighur forced labor issue in China. SHOO noted it conducted a risk assessment and determined it has very low exposure. SHOO also noted it continues to monitor the situation and has support from its wholesalers such as Walmart and Target. SHOO noted its plans to align future reports with GRI or SASB, to respond to CDP's Climate Change questionnaire, to include a TCFD report, to share its GHG inventory, and to create SBTs. SHOO expects to be able to provide many of these changes within the next year but notes various limitations. Finally, SHOO asked the Team if we have a preference for when sustainability reports are released. The Team noted we do not as long as SHOO continues to report annually. The Team also recommended SHOO consider the likelihood of future SEC guidelines requiring sustainability reports to be produced alongside annual reports.

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

1. **Electronic Arts, Inc. (ticker symbol EA):** EA is a video game company. EA reached out to the Team to share its current shareholder presentation on governance, which focused particularly on compensation. EA also noted it released its second annual CSR report in September. The Team replied and noted that EA has made progress improving its governance structure and ESG disclosure. The Team also re-shared engagement points we had sent to EA following the review of its second CSR report. These points included encouraging EA to elect an independent Chairman, to disclose additional supplier audit information, and to improve climate-related risk analysis with the inclusion of a TCFD report. EA noted in a reply that it has recently made a hire to improve environmental disclosure and will pass on our recommendations for an independent Chairman and to include supplier audit disclosure in its annual CSR report.
2. **Rheinmetall AG (ticker symbol RHM-DE):** RHM-DE is an international integrated technology company. RHM-DE reached out to the Team for a shareholder engagement call. The Team noted RHM-DE has a goal to achieve carbon neutrality by 2035 which was brought forward from 2040, but Germany aims to become carbon-neutral by 2045. The Team asked if RHM plans to meet the goal given its in advance of the Germany goal. RHM aims to reach a carbon emissions reduction of 4.2% every year which has led to investment in building solar farms and other renewable energy projects. The Team asked if RHM has done a cost benefit analysis of its sustainability initiatives. RHM noted sustainability as a chance for new business and the outcome must be positive either financially or to increase business. The Team asked if RHM had given any thought to becoming an electric propulsion company. RHM noted that the demand for electric mobility components is growing but they are not an electric mobility company right now but are investing in hydrogen. The Team asked if hydrogen would provide a competitive advantage for defense vehicles by increasing travel distance and reducing refueling compared to diesel. RHM noted that the demand from the army needs to grow for it to make sense to increase hydrogen technology investment.
3. **Nexstar Media Group, Inc. (ticker symbol NXST):** NXST is a television broadcasting and digital media company focused on the acquisition, development, and operation of television stations and digital media services throughout the United States. NXST's most notable updates for 2021 included voting to remove their dual class share structure, appointing a Chief Diversity Officer, and improving employee benefits (longer parental leave, higher minimum wage, and a new financial assistance fund). In addition, NXST discussed their environmental plans for 2022 which include completing data collection of their total GHG emissions and formulating SBTs. The Team asked about the possibility of NXST appointing an independent Board Chairman, providing shareholders right to act by the written consent of the number of shareholders that could act at a meeting, or establishing a lead independent director. NXST did not have immediate plans for any of the proposed suggestions, claiming that the current dynamic was working well.
4. **McKesson Corporation (ticker symbol MCK):** MCK distributes pharmaceuticals and provides health information technology, medical supplies, and care management tools. MCK reached out to the Team for a shareholder engagement call. The Team recommended MCK align executive compensation with ESG metrics such as progress towards its SBTs or 2025 diversity target. MCK is considering non-financial metrics in executive compensation and will discuss closer to the annual meeting. The Team noted our preference for disclosure surrounding supplier audits including the number of audits conducted annually, the results of the audits and any corrective actions taken. MCK will take our recommendation to compliance to see if they can include this in the upcoming proxy without breaching confidentiality.
5. **Applied Materials, Inc. (ticker symbol AMAT):** AMAT provides manufacturing equipment, services, and software to semiconductor, display, and related industries globally. AMAT explained their decision to vote against a shareholder proposal that wanted to lower the threshold to call special meetings from 20% to 10%. AMAT came to their conclusion after gathering extensive shareholder feedback. AMAT also gave an update on their climate-related goals which include a 50% reduction in their total Scope 1 and 2 emissions by 2030 from a 2019 baseline, 100% renewable energy use in their U.S. operations by 2022, and 100% renewable energy in their global operations by 2030. AMAT feels confident in their timeline to complete these goals, citing the opening of their Texas wind farm in Q4 2021 and their

newly hired third-party renewable energy consultant. AMAT also outlined their expectations for 2022 which include calculating Scope 3 emissions and completing their TCFD risk assessment, both of which will be disclosed in the next sustainability report. In addition, AMAT wants to set SBTs in the second half of 2022. Lastly, AMAT noted that shareholder interest is very high for ESG-related matters. Moreover, AMAT's ESG division has grown significantly in terms of investment amount and number of staff. AMAT is confident their ESG investment will be a profitable venture given the expected efficiency improvements.

6. **Netapp, Inc. (ticker symbol NTAP):** NTAP specializes in data storage hardware and associated management software. NTAP requested a second meeting, following a shareholder outreach call in January, to address the Team's unanswered questions. NTAP noted they operate five data centers, two of which are 80 to 90% powered by renewable energy and one of which is expected to increase renewable energy usage in-line with Santa Clara's pledge of achieving 50% renewable energy by 2026. NTAP did not commit to using 100% renewable energy at all of their data centers but acknowledged that it is an important issue. NTAP also noted they have contract manufacturers in both China and Taiwan, though were unsure about the exact location of the suppliers. NTAP acknowledged the operational risk that war would pose to these suppliers, but they asserted that the business had several backup suppliers to help with any potential issues. In addition, NTAP mentioned their internal supplier screening process was used to evaluate approximately 95% of key suppliers in FY21. NTAP is currently in the stage of formulating supplier oversight goals, which will be included in upcoming reports. Lastly, NTAP noted that approximately 1/3 of their FY21 total revenue came from products that meet ENERGY STAR certification. NTAP is planning to conduct an ESG materiality assessment this year to help better direct ESG efforts and asked the Team to participate in a materiality assessment interview.

The Team received the following responses from issuers, as well as participated in the following discussions, regarding Boston Partners' proxy vote against management.

1. **International Game Technology Plc (ticker symbol IGT):** IGT is a multinational gambling company that produces slot machines and other gambling technology. IGT addressed the letter Boston Partners sent regarding votes against management for the 2021 annual meeting and provided rationale. IGT also provided answers to the questions the Team sent via email. IGT provided an update on sustainability efforts including committing to SBTs this past December, integrating D&I goals into compensation, and creating a human rights policy.

### **Proxy Voting:**

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

1. **CyrusOne Inc. (ticker symbol CONE):** Voted against an advisory vote on golden parachutes. Equity awards are subject to single-trigger vesting, and the performance-based equity awards will be deemed earned at maximum performance without a clear, compelling rationale disclosed in the proxy. Additionally, certain non-executive officer retention bonuses are sizable and have a relatively short retention requirement.
2. **SSP Group Plc (ticker symbol SSPG-GB):** Voted against approval of the remuneration report. Though there is a commitment to settle SSPG-GB's CCFE obligations before the bonus, the same is not mentioned for the Coronavirus Job Retention Scheme (CJRS). Further, SSPG-GB shifted from performance-based LTIP awards to RSP awards comprising restricted shares, which are not subject to performance targets. SSPG-GB's RSP has a significant certainty of vesting, which undermines any retention element that comes with awarding a bonus. The award of any bonus in a year of negative shareholder experience and without any guarantee of repaying CJRS support is not considered appropriate.
3. **Tyson Foods, Inc. (ticker symbol TSN):** Voted for a report on sustainable packaging efforts. TSN lists its current strategic priorities, which include "sustainable packaging." It discloses metrics and reports progress on targets related to its own waste generated. However, it does not appear to have quantitative goals related to reducing the amount



of plastic, increasing the amount of recycled content, or increasing the recyclability of materials used in its product packaging.

4. **SMART Global Holdings, Inc. (ticker symbol SGH):** Voted against the ratification of NEO's compensation. In FY21, CEO pay significantly increased year-over-year due to new-hire equity awards. The value of CEO Adams' equity awards is more than three times the median total CEO pay of peers, and a significant majority of the NEOs' new-hire awards lack performance conditions. Additionally, other NEOs' equity awards can be earned based on one-year performance with undisclosed forward-looking goals. While many investors generally understand the need for sign-on awards to induce executives to join SGH, they expect such awards to have a reasonable magnitude and most of such awards be linked to clearly disclosed multi-year goals.
5. **Beacon Roofing Supply, Inc. (ticker symbol BECN):** Withhold votes from three director nominees because they are incumbent members of the nominating committee, and the board does not have the required number of members that are not of the majority board gender.
6. **Deere & Company (ticker symbol DE):** Voted against amendments to the governing documents regarding requirements to call a special meeting. Boston Partners supports proposals that remove restrictions on the right of shareholders to act independently of management and that increase their rights.
7. **Euro Manganese, Inc. (ticker symbol EMN-CA):** Withheld votes from three directors due to board diversity and independence concerns.

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

Number of meetings: 20

Number of issues: 220

#### **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.