

Sustainability and Engagement at Boston Partners

Engagement Report

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

Calls, Meetings, and Correspondence with Issuers:

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

1. **Masco Corporation (ticker symbol MAS):** MAS designs, manufactures, and distributes home improvement and building products. The Team emailed MAS following research on MAS. The Team encouraged MAS to declassify its Board, set environmental targets, and report employee training statistics.
 2. **Delek U.S. Holdings, Inc. (ticker symbol DK):** DK is a downstream energy company. The Team emailed DK following research on DK. The Team encouraged DK to adopt an independent Chairman, to provide a description of professional development opportunities and the usage of these programs by employees, to disclose the amount of energy consumed, the amount of energy from renewables, and water usage annually. The Team asked if DK has a plan to increase female representation at the executive and senior manager level and encouraged DK to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
 3. **Universal Corporation (ticker symbol UVV):** UVV is an agri-products supplier to consumer product manufacturers that sources and processes leaf tobacco and other plant-based ingredients. The Team emailed UVV following research on UVV. The Team encouraged UVV to adopt an independent Chairman and to declassify the Board. The Team also encouraged UVV to provide a description of professional development opportunities and the usage of these programs by employees. The Team asked if UVV has a plan to increase women in managerial positions.
 4. **Assurant, Inc. (ticker symbol AIZ):** AIZ is a provider of risk management products and services. The Team emailed AIZ following research on AIZ. The Team encouraged AIZ to provide shareholders the right to call special meetings based upon the request of at least 10% of shareholders and to provide shareholders the right to act by the written consent of the number of shareholders that could act at a meeting. The Team also encouraged AIZ to disclose complaints made on its whistleblower line and to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
 5. **Sumitomo Mitsui Financial Group, Inc. (ticker symbol 8316-JP):** 8316-JP is a Japanese bank holding/ financial services company. The Team emailed 8316-JP following research on 8316-JP. The Team encouraged 8316-JP to adopt an independent Chairman and for a majority of directors to be independent. The Team encouraged 8316-JP to align its
-

sustainability report with a recognized framework such as GRI or SASB and to disclose a description of professional development programs offered, waste and water usage from operations. The Team also encouraged 8316-JP to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken. Lastly, the Team encouraged 8316-JP to disclose complaints made on its whistleblower line including the number of reports, categories of reports, the number of reports substantiated, and the number of employees terminated or otherwise disciplined from the report.

6. **HCA Healthcare, Inc. (ticker symbol HCA):** HCA is an operator of health care facilities. The Team emailed HCA following research on HCA. The Team encouraged HCA to adopt an independent Chairman, to disclose complaints made on its whistleblower line, to align its sustainability report with GRI or SASB and to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
7. **Meritage Homes Corporation (ticker symbol MTH):** MTH is an American real estate development company. The Team emailed MTH following research on MTH. The Team encouraged MTH to adopt an independent Chairman, to declassify the Board, to disclose complaints made on its whistleblower line, to disclose data to back up the use of professional development opportunities by employees, to disclose the amount of energy from renewables and to consider adopting environmental goals, and to report climate change risks and opportunities in accordance with TCFD or CDP. The Team asked if there is management level oversight of ESG and if MTH conducts human rights audits on its suppliers.
8. **Terex Corporation (ticker symbol TEX):** TEX is a manufacturer of lifting and material handling equipment. The Team emailed TEX following research on TEX. The Team encouraged TEX to adopt an independent Chairman, to disclose a description of professional development opportunities and data to back up the use of professional development opportunities by employees, and to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken. The Team asked if TEX has a roadmap in place to reach its 15% reduction in GHG emissions and energy intensity goal by 2024.
9. **SK Hynix, Inc. (ticker symbol 000660-KR):** 000660-KR is a supplier of dynamic random-access memory chips and flash memory chips. The Team emailed 000660-KR following research on 000660-KR. The Team encouraged 000660-KR to declassify the Board and increase female representation at the Board level. The Team noted diversity and safety statistics are trending in the wrong direction and asked if 000660-KR has plans to improve. The Team asked if 000660-KR has a roadmap in place to meet its environmental goals and if 000660-KR is relying on carbon offsets to meet its net zero by 2050 goal.
10. **Metso Outotec Oyj (ticker symbol MOCORP-FI):** MOCORP-FI manufactures and supplies equipment for the mining industry. The Team emailed MOCORP-FI following research on MOCORP-FI. The Team asked if MOCORP-FI has a plan in place to increase female representation in the workforce and encouraged MOCORP-FI to disclose a description of professional development opportunities and data to back up the use of professional development opportunities by employees.
11. **Nelnet, Inc. (ticker symbol NNI):** NNI engages in loan servicing and education technology, services, and payment processing. The Team emailed NNI following research on NNI. The Team encouraged NNI to adopt an independent Chairman and to declassify the Board. The Team also encouraged NNI to publish a sustainability report in accordance with GRI or SASB as it provides a helpful framework for the types of disclosures we typically request.
12. **Ovintiv, Inc. (ticker symbol OVV-CA):** OVV-CA is a hydrocarbon E&P company. The Team emailed OVV-CA following research on OVV-CA. The Team encouraged OVV-CA to disclose data to back up the use of professional development opportunities by employees and encouraged OVV to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
13. **Localiza Rent A Car SA (ticker symbol RENT3-BR):** RENT3-BR is a Brazilian car rental company. The Team emailed RENT3-BR following research on RENT3-BR. The Team encouraged RENT3 to adopt an independent Chairman, to increase the number of female directors on the Board, to disclose safety rates regarding customer accidents, and to

disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken. The Team asked if RENT3-BR aims to set environmental goals in the coming years.

14. **Graftech International LTD. (ticker symbol EAF):** EAF engages in the manufacture of graphite electrode products essential to the production of electric arc furnace steel and other ferrous and non-ferrous metals. The Team emailed EAF following research on EAF. The Team encouraged EAF to declassify its Board, adopt an independent Chairman, and expand shareholder rights to include the right to call special meetings and the right to act by written consent. The Team also encouraged EAF to provide additional data on employee diversity, training, and leadership development programs. Finally, the Team encouraged EAF to enhance its supplier oversight disclosure and provide data on the number of suppliers audited annually.
15. **Heidrick & Struggles International, Inc. (ticker symbol HSII):** HSII engages in the provision of leadership consulting, culture shaping, and senior-level executive search services. The Team emailed HSII following research on HSII. The Team inquired about HSII's reporting cycle for ESG disclosures, encouraged HSII to expand its environmental disclosure, and set carbon emissions targets in line with the Paris Agreement objectives. The Team also encouraged HSII to expand shareholder rights to include the right to call special meetings and the right to act by written consent. Finally, the Team encouraged HSII to enhance its supplier oversight and disclose the number of suppliers audited annually.
16. **R1 RCM, Inc. (ticker symbol RCM):** RCM Engages in the provision of revenue cycle management for healthcare providers. The Team emailed RCM following research on RCM. The Team encouraged RCM to expand shareholder rights to include the right to call a special meeting at 10% and the right to act by written consent. The Team encouraged RCM to expand its environmental disclosure and set carbon emissions reduction targets in line with the Paris Agreement objectives. The Team also encouraged RCM to provide additional information about its training programs related to employee development and leadership training. Finally, the Team encouraged RCM to enhance its supplier oversight and provide data on the number of suppliers audited annually.
17. **Box, Inc. (ticker symbol BOX):** BOX develops and markets cloud-based content management, collaboration, and file sharing tools for businesses. The Team emailed BOX following research on BOX. The Team encouraged BOX to publish a sustainability report in accordance with GRI or SASB as it provides a helpful framework for the types of disclosures we typically request.
18. **Volkswagen AG (ticker symbol VOW3):** VOW3 is an automobile manufacturer. The Team emailed VOW3 following research on VOW3. The Team encouraged VOW3 to disclose the categories of reports, the number of reports substantiated, and the number of employees terminated or otherwise disciplined from the complaints made on its whistleblower line. The Team also encouraged VOW3 to disclose the reason behind why the safety rates (accident severity and accident frequency) increased year over year and more detail behind the fatality in 2021, and to disclose the percentage of new hires that are female and underrepresented racial/ethnic minorities.
19. **Ares Commercial Real Estate Corporation (ticker symbol ACRE):** ACRE is a specialty finance company primarily engaged in originating and investing in commercial real estate loans and related investments. The Team emailed ACRE following research on ACRE. The Team encouraged ACRE to adopt an independent Chairman and to declassify the Board. The Team also asked if ACRE plans to build upon its own disclosures perhaps with information around how ACRE incorporates ESG factors into the investment process.
20. **Six Flags Entertainment Corporation (ticker symbol SIX):** SIX owns and operates regional theme and waterparks. The Team emailed SIX following research on SIX. The Team encouraged SIX to publish a standalone sustainability report in accordance with GRI or SASB standards. The Team encouraged SIX to report EEO-1 diversity data and employee training statistics. The Team encouraged SIX to set environmental targets once its baseline emissions data is collected. The Team encouraged SIX to conduct supplier audits and to assess its solar PV suppliers for forced labor in their supply chains.

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

1. **McKesson Corporation (ticker symbol MCK):** MCK provides pharmaceuticals and medical supplies in the U.S. and internationally. MCK reached out to the Team prior to its annual meeting to discuss two shareholder proposals. The Team informed MCK of our intentions to support the shareholder proposal to reduce the threshold to call special meetings from 15% to 10%. MCK discussed the other shareholder proposal relating to 10b5-1 plans. The proponent requests MCK to file a Form 8k whenever an officer or director adopts, modifies, or cancels a rule 10b5-1 plan. MCK already has robust procedures, disclosure and governance relating to rule 10b5-1 plans. The Form 8k disclosure is also problematic because it implies that the purchases or sales of stock by executives is material to the company. Executives already have to file Form 4s for all stock transactions and the SEC is all over executive transactions searching for insider trading. The Team brought this proposal to the Governance Committee and decided to vote in line with management and against the proposal.
2. **Energizer Holdings, Inc. (ticker symbol ENR):** ENR is a manufacturer of batteries. ENR reached out to the Team to discuss a specific director's Board service commitments. ENR explained Robert Vitale currently sits on three public company Boards and the Team noted he complies with our policy which says Boston Partners votes against non-CEO nominees sitting on more than four total public company Boards. Following the call, the Team reviewed ENR's most recent sustainability disclosure and sent an email with various suggestions/questions. The Team asked if one or more of ENR's sustainability goals was tied to executive compensation and if not if there is a plan to consider this at the next annual revaluation of the compensation plan. The Team encouraged ENR to report the percent of revenue derived from products classified as sustainable, to disclose the amount of energy from renewables, more specific water usage data, to provide a description of professional development opportunities and the usage of these programs by employees, and to disclose complaints made on its whistleblower line. The Team noticed ENR spends more than \$10 million annually on battery recycling programs and asked if ENR conducted a cost/benefit analysis on this program to determine if it is more costly or profitable. Lastly, the Team asked if ENR anticipates any effect on its business as a result of the Uighur Forced Labor Prevention Act, particularly if any of ENR's suppliers source any components that are used to make ENR's products from China. The Team encouraged ENR to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.

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

1. **AES Corporation (ticker symbol AES):** AES generates and distributes electrical power. AES reached out to the Team to discuss our letter regarding votes against management. Boston Partners voted for the shareholder proposal to Submit Severance Agreement (Change-in-Control) to Shareholder Vote. AES explained the majority of the CEO and other executives' compensation is paid in equity. AES explained the problem with the proposal is that it included any compensation tied to equity grants. Therefore, every time there is a double trigger, the amount is going to exceed 2.99 times base because equity grants comprise most of their compensation. AES explained 4 of the 5 top shareholders switched their votes to side with management and the proposal did not pass. AES noted this proposal is likely to come up next year and the Team recommended filing a supplemental proxy before the AGM, so ISS and shareholders understand the extent equity grants are tied to compensation.
2. **Huron Consulting Group Inc. (ticker symbol HURN):** HURN provides consultancy services. HURN reached out to the Team to discuss our letter regarding votes against management. Boston Partners withheld votes from a director nominee because she sits on more than 4 public company Boards. HURN is aware of our overboarding policy but feels they are in the best position to assess her commitment and value to the Board. HURN also provided ESG updates. HURN is conducting a materiality assessment that will be used to inform the next report. HURN does not plan on eliminating the classified Board structure.
3. **Tronox Holdings Plc (ticker symbol TROX):** TROX mines and processes titanium ore, zircon and other materials. TROX reached out to the Team to address the concerns raised in our letter regarding one of TROX's Board members,

Mutlaq I-Morished, and the number of outside Boards on which he serves. TROX explained the issue may resolve itself next year as I-Morished may serve on three Boards instead of four. The Team asked sustainability related questions including if the Uighur forced labor prevention act will affect any of its business. TROX mentioned they have never had an issue come up and most of its Chinese suppliers are located in the central part of the country. The Team noted given its commitment to replace 200 MW of coal-based electricity in South African mines and smelters with solar this could affect the project given a key component of manufacturing solar PVs is polysilicon likely sourced from that region. TROX noted they will discuss this issue with the independent power producer, SOLA Group. The Team asked if increased production would hinder progress towards successfully meeting its GHG intensity reduction targets. TROX mentioned if they do not meet their production targets then GHG intensity will in fact increase. The Team noted disclosure for why safety rates increased year over year would be helpful and TROX mentioned new contractors were likely the reason due to the difficulty bringing them up to speed on training.

4. **Johnson & Johnson (ticker symbol JNJ):** JNJ engages in the research and development, manufacture, and sale of products in the health care field. JNJ responded to the Team's letter regarding votes against management. Boston Partners voted in favor of proposals to undertake a third-party racial justice audit, provide a report on government financial support and access to COVID-19 vaccines and therapeutics, provide a third part review and report on lobbying activities with JNJ's position on Universal Health Coverage (UHC), and adopt a policy to include legal and compliance costs in incentive compensation metrics. JNJ noted that it seriously evaluates the results from every annual meeting and offered their perspectives on each of the points raised in our letter. JNJ's Board and management continually review its DEI policies, practices and goals, and JNJ produces two annual publications describing its progress towards its DEI goals. JNJ stated that global equity has been at the forefront of its COVID-19 response and the not-for-profit pricing of the JNJ COVID-19 vaccine applied to all commitments in 2021. JNJ also noted that the annual Janssen U.S. Transparency Report details its responsible business practices, and the additional disclosures requested by the proposal are unnecessary in their view. JNJ engages in responsible lobbying and is deliberate in how it engages with trade associations, including through dissent, to advance UHC. JNJ already provides extensive disclosure of its political activities and is committed to doing its part to ensure the promise of UHC becomes a reality. Finally, JNJ's Board oversees its executive compensation programs to ensure alignment with its values and promote the creation of long-term value for shareholders. JNJ provides comprehensive disclosure about its executive compensation and the processes in place to mitigate compliance risk and litigation exposure.

Proxy Voting:

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

1. **Nomad Foods Ltd. (ticker symbol NOMD):** Voted against one director nominee due to overboarding concerns.
2. **Natus Medical Incorporated (ticker symbol NTUS):** Voted against an advisory vote on golden parachutes. Outstanding equity awards are entirely subject to single-trigger vesting and, for NEOs other than the CEO, performance equity will be deemed earned at the maximum level without compelling rationale disclosed in the proxy. For the CEO, although his equity treatment differs from other NEOs, with certain RSU vesting deferred and a portion of performance awards based on actual performance, the remainder of his performance equity will also accelerate vesting at the maximum level.
3. **Rianlon Corp. (ticker symbol BL61LW):** Voted against the approval of amendments to the articles of association because the proposed amendments would grant the Chairman of the management greater authority in making transaction decisions without any checks and balances from the Board and independent directors. Further, the company failed to provide compelling rationale and details for such changes.
4. **Steelcase Inc. (ticker symbol SCS):** Voted against the ratification of named executive officers' compensation. With respect to the regular LTI program, we prefer a true long-term measurement period for primary metrics, rather than annual goals with the three payouts averaged. Further, SCS made numerous one-time promotion and retention awards

to several NEOs, and none of those awards carried performance vesting criteria. This resulted in only a small portion of the new CEO's pay being tied to objective performance criteria. Additional one-time awards were made in FY23 – such awards should be an isolated, not repeated, practice.

5. **Box, Inc. (ticker symbol BOX):** Voted against two director nominees because the Board failed to remove, or subject to a sunset requirement, the classified Board which adversely affects shareholder rights. A classified Board prevents shareholders from holding directors accountable on an annual basis, can entrench management, and can deter takeovers and proxy contests.
6. **Ennis, Inc. (ticker symbol EBF):** Voted against other business because while only issues that may be legally discussed at meetings can be raised under this authority, the content of these issues was not known. Issues to be discussed could have been detrimental to shareholder value.
7. **RS Group Plc (ticker symbol RS1-GB):** Voted against the remuneration report. The Company proposed to introduce a one-off LTIP award with the potential to deliver up to 750% of salary for the Executive Directors. This is in addition to annual LTIP awards, currently set at 250% of salary. While rationale is provided, it does not offset the concern raised by the quantum of the proposed award.
8. **Perimeter Solutions SA (ticker symbol PRM):** Voted against the remuneration of directors because non-executive directors are awarded performance-based equity (stock options), in deviation of market best practice. Considering these are not full-value awards and only gain value upon stock price performance, these equity instruments are generally considered a form of performance-based pay.
9. **Euroseas Ltd. (ticker symbol ESEA):** Withheld votes from three director nominees for maintaining a long-term poison pill that has not been ratified by shareholders. Further, one of the three director nominees is non-independent, and the Board lacks formal nominating and compensation committees. Boards should establish key committees that are fully independent and have an established set of responsibilities.
10. **JD Sports Fashion Plc (ticker symbol JD-GB):** Voted against the remuneration report. The CFO's salary increased. This alone is not concerning; however, it amplifies a bonus that is all cash-satisfied, and an LTIP that is partly paid in cash. Therefore, the effect is to increase the cash element of a package that is already heavily weighted toward cash, with implications for risk profile and for the efficacy of malus and clawback functions.
11. **McKesson Corporation (ticker symbol MCK):** Voted for the reduction in the ownership threshold needed for shareholders to call a special meeting from 15 percent to 10 percent because that would enhance shareholder rights.
12. **Linde Plc (ticker symbol LIN):** Voted for the adoption of a simple majority vote given that elimination of the supermajority vote requirement, where legally permissible, would enhance shareholder rights. Requiring more than a simple majority may permit management to entrench itself by blocking amendments that are in shareholders' best interests.
13. **Pick N Pay Stores Limited (ticker symbol PIK-ZA):** Voted against two director nominees due to Board and committee independence concerns. There is no majority of independent NEDs, the audit committee is not fully independent, the remuneration committee does not include a majority of independent NEDs and neither the Board Chair nor Lead Independent Director are considered independent. Voted against the remuneration implementation report due to concerns regarding the retirement gratuity, as well as the discretion applied on the vested LTIP outcome and the bonus assessment of the CFO's performance. The former Executive Director received a relatively material amount of gratuity upon retirement; and there is no compelling rationale for the upward discretion applied on the vesting of LTIP awards during the year, as well as the bonus assessment of the CFO's performance. Voted against the approval of director fees because the Board Chair fee is significantly higher than that paid to the Board Chairs of comparable South African retailers.

14. **V.F. Corp. (ticker symbol VFC):** Voted against the ratification of named executive officers' compensation. While the additional information filed in the company's DEFA14A mitigated concerns with respect to annual incentive program disclosure, other concerns remained, including the CEO's relatively high target LTI value and a retention grant to an NEO that lacks any performance conditions. The CEO's target LTI value has increased incrementally over the past several years as the company's TSR has lagged comparators. In addition, one NEO received a retention grant in FY22 that lacked performance conditions. While the company provides a rationale for providing the retention grant, we prefer special awards to have a performance-conditioned element included.
15. **Booz Allen Hamilton Holding Corporation (ticker symbol BHA):** Voted for the reduction in the ownership threshold needed for shareholders to call a special meeting to 10 percent because that would enhance shareholder rights.
16. **Graham Corporation (ticker symbol GHM):** Withheld votes from one incumbent member of the nominating committee because the Board does not have any underrepresented directors.
17. **Jazz Pharmaceuticals Plc (ticker symbol JAZZ):** Voted against the issuance of equity without preemptive rights because the proposed amount exceeded the recommended limit of 10 percent of issued share capital. Voted against adjourning the meeting because one of the proposals did not warrant support.

Boston Partners voted the following number of proxies:

Number of meetings: 30

Number of issues: 346

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.

Issued in the UK by Boston Partners (UK) Ltd. Boston Partners (UK) Ltd. is authorised and regulated by the Financial Conduct Authority.