

# Sustainability and Engagement at Boston Partners

## Engagement Report

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

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

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

- 1. Keurig Dr Pepper, Inc. (ticker symbol KDP):** KDP is an American beverage and coffeemaker conglomerate. The Team emailed KDP following research encouraging KDP to adopt an independent Chairman.
  - 2. Luther Burbank Corporation (ticker symbol LBC):** LBC is a bank holding company. The Team emailed LBC following research. The Team encouraged LBC to adopt an independent Chairman, to publish a sustainability report in accordance with GRI and/or SASB, to disclose information regarding professional development programs offered and data to back up the use of these programs by employees, and to disclose environmental data including GHG emissions of operations, energy usage including if any is from renewables, water and waste consumption.
  - 3. Chemed Corporation (ticker symbol CHE):** CHE provides hospice care through Vitas Healthcare Corporation and plumbing and drain cleaning services through Roto-Rooter. The Team emailed CHE following research and encouraged CHE to increase the number of female directors on the Board and to publish a sustainability report in accordance with GRI and/or SASB.
  - 4. Primis Financial Corporation (ticker symbol FRST):** FRST is a bank holding company. The Team emailed FRST following research and encouraged FRST to declassify the Board and to increase the number of female directors on the Board. The Team also encouraged FRST to publish a sustainability report in accordance with GRI and/or SASB.
  - 5. Dino Polska SA (ticker symbol DNP-PL):** DNP-PL is a Polish retail chain of grocery stores. The Team emailed DNP-PL following research. The Team encouraged DNP-PL to increase the number of independent and female directors on the Board, to adopt an independent Chairman, and to fully comply with the principles contained in the Best Practice for GPW listed companies. The Team also encouraged DNP-PL 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 asked if DNP-PL plans to adopt environmental goals and if there is Board level oversight of ESG matters. The Team noted our preference for 50% women and men across the workforce and management and at least one board member that is not of the majority board gender for boards with six or fewer total members. The Team encouraged DNP-PL to provide more information about professional
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development programs offered and to disclose the number of suppliers audited annually, the results of those audits, and any corrective actions taken.

6. **Equity Commonwealth (ticker symbol EQC):** EQC is a real estate investment trust. The Team emailed EQC following research and encouraged EQC to publish a sustainability report with all relevant information.
7. **Univest Financial Corporation (ticker symbol UVSP):** UVSP is a bank holding company that engages in the provision of commercial and consumer banking business and trust services. The Team emailed UVSP following research and encouraged UVSP to declassify the Board and to align its sustainability report with GRI and/or SASB.
8. **Preferred Bank (ticker symbol PFBC):** PFBC is a commercial bank. The Team emailed PFBC following research and encouraged PFBC to adopt an independent Chairman, to publish a sustainability report in accordance with GRI and/or SASB, and asked if PFBC plans to increase gender diversity at the executive level.
9. **Vaalco Energy, Inc. (ticker symbol EGY):** EGY is engaged in hydrocarbon exploration. The Team emailed EGY following research. The Team encouraged EGY to increase the number of independent directors and female directors on the Board. The Team asked if EGY has plans to increase women representation in the workforce and management. The Team encouraged EGY to provide more information about professional development programs offered and the use of these programs by employees. The Team asked if the vendor due diligence questionnaire includes ESG related questions/criteria.
10. **RBB Bancorp (ticker symbol RBB):** RBB is a Chinese American bank. The Team emailed RBB following research and encouraged RBB to publish a sustainability report in accordance with GRI and/or SASB as it provides a helpful framework for the types of disclosures we typically request.
11. **Universal Stainless & Alloy Products, Inc. (ticker symbol USAP):** USAP is a manufacturer of stainless steel, nickel alloys, tool steel and certain other premium alloyed steels. The Team emailed USAP following research and encouraged USAP to publish a sustainability report with all relevant information.
12. **Allegion Plc (ticker symbol ALLE):** ALLE is a provider of security products and solutions. The Team emailed ALLE following research and ALLE setup a call to discuss. The Team asked about the overall cost of the ESG program. ALLE noted reducing GHG emissions and water consumption is cost saving but reducing waste to landfill tends to be more of a cost because sending waste to landfill tends to be the cheapest disposal method and not what they use the majority of the time. ALLE also noted depending on the region, renewables from the grid could be more costly or the most cost-efficient option. The Team noted additional information around a description of safety programs and data to back up the use of professional development programs would enhance disclosure. The Team also noted our preference for an independent Chairman and to identify climate change risks and opportunities in accordance with TCFD or CDP is helpful to prepare for the SEC proposed rule changes. The Team asked if they use only SAQs or if they also conduct supplier audits. ALLE noted they conduct period reviews which include site visits. ALLE has a 20/80 rule where they conduct audits with suppliers that have the biggest risk.
13. **TD SYNEX Corporation (ticker symbol SNX):** SNX provides business process services in the U.S. and internationally. The Team emailed SNX following research on SNX. The Team encouraged SNX to appoint an independent Chairman, provide the shareholder right to call special meetings and act by written consent, disclose whistleblower statistics, and publish a sustainability report in accordance with the GRI framework. The Team also encouraged SNX to disclose the number of suppliers audited annually.
14. **Starwood Property Trust, Inc. (ticker symbol STWD):** STWD is a diversified real estate finance company. The Team emailed STWD following research. The Team encouraged STWD to adopt an independent Chairman and to increase the number of female directors on the Board. The Team encouraged STWD to disclose whistle blower claims/code of ethics violations and their resolution annually. The Team also encouraged STWD to provide 10 to 25% of shareholders the right to call special meetings and the right to act by the written consent of the number of shareholders required to

effectuate action at a meeting. The Team asked if STWD has considered adopting diversity goals and why a majority of employees don't participate in training opportunities. The Team asked what the net cost/benefit to STWD from the power purchase agreement/RECs necessary to claim carbon neutrality. The Team also asked if STWD has ascertained with certainty that the solar panels used by the provider of power purchased with the power purchase agreement/RECs were not made or used products made by Uighur labor. The Team also recommended disclosing a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.

15. **Union Pacific Corporation (ticker symbol UNP):** UNP is a railroad holding company. The Team emailed UNP following research. The Team asked if UNP reviewed the glassdoor and indeed ratings and taken any action to address any perceived weaknesses from the reviews. The Team also asked if UNP is considering adopting safety goals or including safety related performance in the executive compensation scorecard. The Team asked if any suppliers that were not audited are located in China and of the suppliers audited if any corrective actions were taken. The Team encouraged UNP to adopt an independent Chairman. The Team recommended UNP disclose a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.
16. **Federal Agricultural Mortgage Corporation (ticker symbol AGM):** AGM serves as a secondary market in agricultural loans such as mortgages for agricultural real estate and rural housing. The Team emailed AGM following research. The Team encouraged AGM to publish a sustainability report in accordance with GRI and/or SASB as it provides a helpful framework for the types of disclosures we typically request.
17. **Prudential Financial, Inc. (ticker symbol PRU):** PRU's subsidiaries provide insurance, retirement planning and investment management services. The Team emailed PRU following research. The Team noted our suggestions remain the same as last year and we are also recommending all issuers disclose a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.
18. **Merchants Bancorp (ticker symbol MBIN):** MBIN operates as a diversified bank holding company. The Team emailed MBIN following research. The Team had the same questions/suggestions from last year and encouraged MBIN to produce sustainability disclosure.
19. **First Citizens Bancshares, Inc. (ticker symbol FCNCA):** FCNCA is a bank holding company. The Team emailed FCNCA following research and noted we have the same questions/suggestions as last year and encourage FCNCA to produce sustainability disclosure.
20. **PetIQ, Inc. (ticker symbol PETQ):** PETQ is a leading pet medication and wellness company. The Team emailed PETQ following research. The Team noted corporate governance is improving as PETQ is eliminating supermajority provisions and declassifying the Board by 2025. The Team also noted PETQ now provides diversity disclosure and some information on water and waste usage. Otherwise, the Team had the same suggestions as last year and forwarded the email we sent with suggestions.
21. **Motorcar Parts of America, Inc. (ticker symbol MPAA):** MPAA manufactures replacement alternators and starters for imported and domestic cars and light trucks in the U.S. and Canada. The Team emailed MPAA following research and encouraged MPAA to publish a sustainability report with all relevant information.
22. **Fabrinet (ticker symbol FN):** FN provides advanced optical packaging and precision optical, electro-mechanical and electronic manufacturing services. The Team emailed FN following research. The Team encouraged FN to consider adding a director to the Board who identifies as a racial/ethnic minority, 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, to declassify the Board, to disclose whistle blower claims/code of ethics violations and their resolution annually, to align its sustainability report with GRI and/or SASB standards, and to disclose data to back up the use of professional development programs by employees. The Team asked if FN is considering adopting new environmental goals and recommended FN disclose a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.

23. **Quipt Home Medical Corp (ticker symbol QIPT):** QIPT is a healthcare services company that aims to specialize in improving the home management of chronic illness through the application of telehealth systems and streamlined automated distribution. The Team emailed QIPT following research. The Team encouraged QIPT to publish a sustainability report in accordance with GRI and/or SASB as it provides a helpful framework for the types of disclosures we typically request.
24. **Velocity Financial, Inc. (ticker symbol VEL):** VEL is a real estate finance specialist that provides innovative financing solutions for 1–4-unit residential rental and small commercial properties. The Team emailed VEL following research and encouraged VEL to publish a sustainability report in accordance with GRI and/or SASB as it provides a helpful framework for the types of disclosures we typically request. VEL called in response to the email and noted they have been working with a third party to develop ESG disclosure.
25. **Peapack-Gladstone Financial Corporation (ticker symbol PGC):** PGC is a bank holding company. The Team emailed PGC following research. The Team noted we were unable to find any sustainability disclosure by PGC other than some diversity and training information and asked if PGC is planning on publishing sustainability disclosure.
26. **Ultra Clean Holdings, Inc. (ticker symbol UCTT):** UCTT develops and supplies critical subsystems, components and parts, and ultra-high purity cleaning and analytical services for the semiconductor industry in the U.S. and internationally. The Team emailed UCTT following research on UCTT. The Team encouraged UCTT to disclose whistleblower statistics, align sustainability disclosure with a recognizable framework, report climate change risks and opportunities, and disclose the number of supplier audits conducted annually.
27. **Arch Capital Group Ltd. (ticker symbol ACGL):** ACGL writes insurance, reinsurance, and mortgage insurance. The Team emailed ACGL following research. The Team encouraged ACGL to declassify the Board, to disclose whistle blower claims/code of ethics violations and their resolution annually, and to disclose EEO-1 diversity data. The Team asked if ACGL has needed to audit any suppliers and if any corrective actions were taken. The Team also asked if ACGL has considered disclosing information about its operational water use. Lastly, the Team recommended ACGL disclose a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.
28. **Voltronic Power Technology Corp. (ticker symbol 6409-TW):** 6409-TW is engaged in the manufacture and sale of uninterruptible power systems. The Team emailed 6409-TW following research and encouraged 6409-TW to adopt an independent Chairman and increase the number of independent directors on the Board. The Team also encouraged 6409-TW to disclose whistle blower claims/code of ethics violations and their resolution annually, to disclose a more detailed explanation of professional development opportunities offered, and to disclose a cost/benefit number for their sustainability programs so that shareholders can see what the financial effect is of these programs.
29. **Premier Financial Corp. (ticker symbol PFC):** PFC is a community banking and financial services corporation. The Team emailed PFC following research and encouraged PFC to adopt an independent Chairman, to declassify the Board, to provide 10 to 25% of shareholders the right to call special meetings and the right to act by the written consent of the number of shareholders required to effectuate action at a meeting. The Team also encouraged PFC to disclose whistle blower claims/code of ethics violations and their resolution annually and to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.
30. **Homestreet, Inc. (ticker symbol HMST):** HMST provides various financial services. The Team emailed HMST following research. The Team encouraged HMST to adopt an independent Chairman, to disclose whistle blower claims/code of ethics violations and their resolution annually, and to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.
31. **National Bank Holdings Corporation (ticker symbol NBHC):** NBHC is a bank holding company. The Team emailed NBHC following research. The Team encouraged NBHC to adopt 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, to disclose whistle blower claims/code of ethics violations and their resolution annually, and to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.

32. **Argan, Inc. (ticker symbol AGX):** AGX is a holding company that provides engineering, procurement, construction, commissioning, operations management, maintenance, project development, technical, and consulting services to the power generation and renewable energy markets. The Team emailed AGX following research. The Team encouraged AGX to provide 10 to 25% of shareholders the right to call special meetings and the right to act by the written consent of the number of shareholders required to effectuate action at a meeting. The Team also encouraged AGX to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.
33. **First Interstate BancSystem, Inc. (ticker symbol FIBK):** FIBK is a financial holding company. The Team emailed FIBK following research. The Team encouraged FIBK to declassify the Board and to disclose whistle blower claims/code of ethics violations and their resolution annually. The Team also noted our preference for 15 directors or less on the Board. The Team encouraged FIBK to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.
34. **Thermon Group Holdings, Inc. (ticker symbol THR):** THR is a leading provider of process heating. The Team emailed THR following research and encouraged THR to publish a formal sustainability report with all relevant information.
35. **Blucora, Inc. (ticker symbol BCOR):** BCOR is a provider of tax-smart financial solutions. The Team emailed BCOR following research. The Team encouraged BCOR to provide 10 to 25% of shareholders the right to call special meetings and the right to act by the written consent of the number of shareholders required to effectuate action at a meeting. The Team also encouraged BCOR to disclose whistle blower claims/code of ethics violations and their resolution annually, to align its sustainability report with GRI and/or SASB standards, and to disclose climate change risks and opportunities in accordance with TCFD or CDP. The Team asked if BCOR has made any progress establishing baseline data for Scope 1 and Scope 2 GHG emissions and evaluating opportunities for renewable energy sourcing.
36. **Augmedix, Inc. (ticker symbol AUGX):** AUGX provides industry leading medical documentation and data services. The Team emailed AUGX following research and encouraged AUGX to publish a sustainability report including all relevant topics.
37. **Washington Trust Bancorp, Inc. (ticker symbol WASH):** WASH is a bank holding company. The Team emailed WASH following research. The Team encouraged WASH to declassify the Board, to adopt an independent Chairman, to provide 10 to 25% of shareholders the right to call special meetings and the right to act by the written consent of the number of shareholders required to effectuate action at a meeting. The Team also encouraged WASH to disclose whistle blower claims/code of ethics violations and their resolution annually and to align its sustainability report with GRI and/or SASB standards as it provides a helpful framework for the types of disclosures we typically request.
38. **Potbelly Corp. (ticker symbol PBPB):** PBPB is an American fast-casual restaurant chain that focuses on submarine sandwiches and milkshakes. The Team emailed PBPB following research and encouraged PBPB to publish a sustainability report including all relevant topics.
39. **J.Jill, Inc. (ticker symbol JILL):** JILL operates as an omnichannel retailer for women's apparel under the J.Jill brand in the US. Following a review, the Team emailed JILL to ask if JILL was contemplating preparing a sustainability report and what steps JILL had taken to ensure that Uighur labor had not been involved in the production of its apparel particularly through cotton.
40. **The Joint Corp (ticker symbol JYNT):** JYNT provides chiropractic care. The Team emailed JYNT noting that JYNT produced no sustainability disclosure and asked when and if such disclosure would be provided.

41. **Discover Financial Services (ticker symbol DFS):** DFS provides digital banking products and services, and payment services in the US. The Team encouraged DFS to provide sustainability disclosure including whistleblower statistics, training programs and usage, environmental data including GHG emissions, energy use, water use, and waste production and to set science-based targets as well as the potential effect of climate change on DFS's business.
42. **Berkshire Hills Bancorp (ticker symbol BHLB):** BHLB operates as the bank holding company for Berkshire Bank that provides various banking products and services. The Team emailed BHLB following its research. The Team encouraged BHLB to provide shareholders the right to call a special meeting and to act by written consent. The Team also encouraged BHLB to disclose whistleblower/Code of Ethics claims. The Team asked BHLB to discuss the low employee ratings on Glassdoor and Indeed and whether this was affecting its business plans. The Team also encouraged BHLB to discuss the cost/benefit of its sustainability program including its sustainable financing program. Finally, the Team asked BHLB to review if any Uighur labor was potentially used to make any solar panels that BHLB might use or finance. BHLB responded to the Team's engagement email noting the following: 1. The Board will consider permitting shareholders to call a special meeting and to act by written consent; 2. BHLB will consider disclosing whistleblower/code of ethics claims; 3. BHLB monitors both Indeed and Glassdoor reviews by employees and had recently engaged a consultant to do a quarterly employee satisfaction and engagement survey and had initiated other programs regarding employee communications; 4. sustainable financing is not offered at a discount; and 5. BHLB was not currently able to provide assurance about the source of solar panels but the majority of electric supply comes from wind power.
43. **Ametek, Inc. (ticker symbol AME):** AME manufactures and sells electronic instruments and electromechanical devices. The Team engaged with AME following research on AME. The Team suggested that AME improve its disclosure about supplier oversight, training and safety matters and disclose whistleblower claims and their resolution. The Team also encouraged AME to elect an independent Chairman and eliminate the classified Board and to set science-based GHG emission targets.
44. **Buckle Inc. (ticker symbol BKE):** BKE is a retailer of casual apparel, footwear, and accessories for young men and women in the US. The Team contacted BKE following research on BKE. The Team noted that BKE did not provide any substantive sustainability disclosure, advised BKE that such disclosure is important and asked when such disclosure might be forthcoming.
45. **Advanced Drainage Systems, Inc. (ticker symbol WMS):** WMS manufactures plastic pipe for water systems from recycled plastic. The Team emailed WMS the following suggestions following review: disclose whistle blower claims, permit shareholders to call a special meeting and act by written consent, improve gender diversity, particularly among the named executive officers, disclose training hours completed annually, disclose supplier audits and disclose renewable energy provided by the grid.
46. **Magna International, Inc. (ticker symbol MGA):** MGA designs, engineers, and manufactures components, assemblies, systems, subsystems, and modules for original equipment manufacturers of vehicles and light trucks. The Team emailed MGA following research with the following suggestions: 1. whistle blower disclosure, 2. improve gender diversity, particularly at the NEO level, 3. disclose training data, 4. confirm that no Uighur slave labor was used in the construction of solar panels, 5. disclose supplier audits and 6. disclose the cost/benefit of MGA's sustainability program.
47. **Matrix Service Company (ticker symbol MTRX):** MTRX provides engineering, fabrication, construction, and maintenance services to support critical energy infrastructure and industrial markets. Following research the Team emailed MTRX with sustainability deficiencies which it noted were the same as the Team had cited in 2021, including disclosure of whistle blower complaints and supplier oversight and encouraged MTRX to provide shareholders with the right to act by written consent and to call a special meeting.
48. **OSI Systems, Inc. (ticker symbol OSIS):** OSIS designs and manufactures electronic systems and components. The Team emailed OSIS following its review and noted that OSIS sustainability disclosure was deficient compared to peers.

The Team encouraged OSIS to prepare sustainability disclosure using a recognized reporting standard and to include disclosure of whistleblower claims, supplier oversight particularly related to Uighur labor, sustainability structure, cost/benefit of the sustainability program and plans to improve gender diversity among the named executive officers.

49. **Concentrix Corporation (ticker symbol CNXC):** CNXC provides technology-infused customer experience solutions. The Team emailed CNXC following researching CNXC noting that the sustainability report didn't disclose GHG emissions and the source of recent GHG emission reductions, the lack of shareholder rights to call a special meeting or to act by written consent and certain supermajority voting requirements, lack of disclosure about review of non-U.S. employment practices, oversight of suppliers and whistleblower claims/code of ethics violations. CNXC responded on November 14th noting that CNXC would consider disclosure enhancement recommendations and that GHG emissions were disclosed in its most recent CDP report and the supermajority provisions were subject to a sunset provision.
50. **WestRock Company (ticker symbol WRK):** WRK is a large fiber-based packaging company. Following research, the Team suggested that WRK should improve its sustainability reporting by disclosing whistleblower claims/code of ethics violations, supplier audit results and the total sustainability cost or benefit to WRK. The Team also suggested that WRK provide shareholders the right to act by written consent and to lower from 50 the percentage of shareholders that can call a special meeting and the Team inquired about the increased use of fiber while the total output of finished product had decreased. WRK responded that it had communicated these suggestions internally.

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

1. **Western Digital Corporation (ticker symbol WDC):** WDC develops, manufactures, and sells data storage devices and solutions. WDC reached out to the Team prior to its annual meeting to discuss proxy matters. The Team informed WDC of our intention to vote against say-on-pay due to several concerns. WDC provided one-time retention grants to its executives and removed the performance criteria from the CEO's sign-on grant to ensure retention of its key executives during a period of instability. WDC also adjusted the structure of its LTI plan in an effort to improve the clarity of certain targets. The Team also informed WDC of our intention to vote against the amended omnibus stock plan because WDC's three-year average adjusted burn rate exceeds 3.5 percent. WDC is working to reduce its burn rate. This year, 25% of the annual budget for equity awards will be delivered in cash instead.
2. **Zebra Technologies Corporation (ticker symbol ZBRA):** ZBRA provides enterprise asset intelligence solutions in the automatic identification and data capture solutions industry worldwide. ZBRA reached out to the Team to discuss ESG topics. ZBRA is seeking shareholder feedback for incorporating ESG metrics in executive compensation. The Team encouraged ZBRA to set quantitative targets relating to ZBRA's most important ESG issues. ZBRA is working with suppliers to reduce the carbon footprint of its supply chain. ZBRA is implementing a product recycling program. ZBRA sees a large opportunity to increase the energy efficiency of its plug-in products. The Team encouraged ZBRA to report employee training statistics, to report additional environmental footprint data, and to declassify its Board.
3. **Loews Corporation (ticker symbol L):** L is a diversified company, with businesses in the insurance, energy, hospitality and packaging industries. L reached out to the Team for a shareholder engagement call. L provided ESG updates for each of its subsidiaries. The Team noted we are starting to ask all issuers for a discussion on the cost/benefits of the sustainability program. The Team noted it would be helpful for Boardwalk to discuss what portion of the R&D budget is spent on sustainable improvements such as how much capital is spent on installing improved leak detection systems or on the more efficient turbines. The Team also asked if Altium's Dura Lite product is more expensive to produce than conventional packaging or if it's a cost savings opportunity. L noted the ROI is likely high and there are cost savings for both programs. The Team asked if L still plans on producing a centralized report in 2022. L noted they are no longer considering a centralized report and now request all subsidiaries to produce their own standalone reports which L will link to on their website. The Team also noted our preference for an independent Chairman.
4. **Cisco Systems, Inc. (ticker symbol CSCO):** CSCO designs, manufactures, and sells Internet Protocol based networking and other products related to the communications and information technology industry. CSCO reached out to the

Team prior to its annual meeting. CSCO added an ESG component to executive compensation. CSCO highlighted a shareholder proposal requesting a tax transparency report in accordance with GRI standards. CSCO already publishes robust tax disclosures, including its tax policy. CSCO noted that no U.S.-based company has adopted the GRI disclosure being requested.

5. **The Allstate Corporation (ticker symbol ALL):** ALL is an American insurance company. ALL reached out to the Team to discuss its progress on its business strategy and ESG priorities. ALL acknowledged our preference for an independent Chairman. The Team noted ALL's disclosure is mature and sophisticated and now we're looking for an overall cost of the ESG program to understand to what extent sustainability is material to the business. ALL had never thought about disclosing the cost of ESG before. ALL is interested in how climate change effects their customers and estimates they spend about \$1 million or more per year on housing standards. ALL has also put a couple hundred million in the TPG Rise Fund to teach ALL how to be good climate investors. The Team also discussed the use of hybrid vehicles and how to respond to social issues.
6. **Axis Capital Holdings Limited (ticker symbol AXS):** AXS provides various specialty insurance and reinsurance products worldwide. AXS reached out to the Team as a part of its shareholder outreach program. AXS prefers the classified Board. AXS does not have a dedicated ESG department. AXS is publishing its first TCFD report. AXS is exiting the property reinsurance business. The internal ROE metrics are very attractive for AXS's renewable energy business segment. AXS is measuring its GHG emissions with the help of a third-party vendor. The Board recently approved GHG reduction targets.
7. **Caterpillar Inc. (ticker symbol CAT):** CAT manufactures and sells construction and mining equipment, diesel and natural gas engines, and industrial gas turbines worldwide. CAT reached out to the Team as a part of its shareholder outreach program. CAT restructured its Board committees to address ESG. In 2023, CAT will report Scope 3 emissions data, publish its first TCFD Report, and release its second annual DEI Report. CAT aims for 100% of new products to be more sustainable than the previous generation by 2030. CAT has not disclosed the capital allocation for sustainable investments. The Team expressed our preference for an independent Chairman, the right to act by written consent, and the reduction of the threshold to call special meetings from 25% to 10%. CAT relies on supplier self-assessments to monitor its supply chain.
8. **Ameriprise Financial, Inc. (ticker symbol AMP):** AMP provides various financial products and services to individual and institutional clients in the U.S. and internationally. AMP reached out to the Team as a part of its shareholder outreach program. The Team reiterated our preference for an independent Chairman and for the shareholder rights to call special meetings and to act by written consent. AMP calculates its Scope 3 portfolio emissions on an aggregate level and does not plan on breaking it down by weight. AMP advisors have broad access to ESG products but not necessarily through Columbia Threadneedle. AMP noted that client interest in ESG has evolved this year as a result of the politicization of ESG in the media. AMP is focusing on data governance in the anticipation of new regulations regarding sustainability disclosure. AMP conducted a full carbon footprint assessment and has received third-party assurance.
9. **General Dynamics Corporation (ticker symbol GD):** GD is an American aerospace and defense corporation. GD reached out to the Team for a shareholder engagement call. GD noted there are no changes to executive compensation and that we can expect a year consistent with what we experienced last year. GD has efforts to continue to promote SAF. The biggest challenge is the high price. GD hasn't been able to fully take advantage of a higher blend of SAF because it disrupts the physics of the engine. Specifically, the more the engine operates, the hotter it gets which wears the seals out more and then the engines must go through higher maintenance costs. GD and the Team also discussed Scope 3 emissions. The Team noted disclosing an overall cost of their ESG program is the next step in sustainability disclosure. GD is studying ways they can provide appropriate transparency and are revising disclosures and will publish the new report at some point early next year.

- 10. Textron Inc. (ticker symbol TXT):** TXT operates in the aircraft, defense, industrial, and finance businesses. TXT reached out to the Team as a part of its shareholder outreach program. TXT created a 5th business segment, eAviation, with the acquisition of Pipistrel in April 2022. In 2020, Pipistrel's Velis Electro became the world's first and only electric aircraft to receive full type-certification from the European Union Aviation Safety Agency. All TXT aircrafts have the ability to burn SAF. TXT is on track to achieve its GHG and waste intensity goals. TXT has reduced energy and water consumption on an absolute basis but not on an intensity basis as current revenues remain lower than the baseline year. In 2021, TXT completed 99 sustainability projects aimed at energy, waste, or water use reduction. The projects saved over \$1.5 million and generally have a 2-3 year payback period. The Team informed TXT that Boston Partners will support the shareholder proposal to require an independent Chairman.
- 11. JPMorgan Chase & Co. (ticker symbol JPM):** JPM is an American multinational investment bank and financial services holding company. JPM reached out to the Team for a shareholder engagement call. The Team noted we voted against say on pay at the 2022 AGM primarily due to the sizable, one-time award of stock appreciation rights for the CEO. JPM noted this is only the second one-time grant awarded to the CEO in his entire career and they don't plan on doing it going forward but if they do, they will explain fully. JPM also noted they changed their corporate governance principles to say that the next CEO transition within 5 years of the grant will require the separation of the CEO and Chairman roles. The Team noted the separation of CEO and Chairman is great but that doesn't necessarily mean there won't be an executive Chairman and the Team noted we will always support the adoption of an independent Chairman. The Team noted we are starting to ask issuers about the overall cost of their ESG program to understand to what extent sustainability is material to the business. The Team also noted JPM has many environmental goals and asked if there is significant capital expenditure needed to meet these goals such as to successfully transition the entire owned fleet of vehicles to EVs by 2025. The Team asked if this is more of a cost or a savings opportunity. JPM noted Capex is there but in most of these cases there is a ROI over the long term. The Team noted JPM has completed and continues to expand solar installations at its branches. The Team asked if JPM has verified with its solar suppliers that no components (including polysilicon) were sourced from Northwest China in the Uighur region due to the forced labor issue. JPM noted they would ask their operational sustainability team and get back to us. However, the Team did not hear back.
- 12. IIT, Inc. (ticker symbol IIT):** IIT manufactures and sells engineered critical components and customized technology solutions for the transportation, industrial, and energy markets worldwide. IIT reached out to the Team as a part of its shareholder outreach program. IIT published its first environmental target to reduce Scopes 1 and 2 emissions by 10% by 2026 using a 2021 baseline. IIT allocates 10% of CapEx towards initiatives to drive energy efficiency, reduce water consumption, and lessen carbon emissions in its operations. This will be about \$15 million dollars in 2022. The return profile of green capital expenditures has been a lot better than IIT expected, but not quite as good as normal investments. In 2021, 12% of revenue came from sustainable products. IIT expects that to increase to 15%. IIT set diversity goals to increase female and minority representation in leadership roles and the overall workforce. To achieve these targets, IIT is focusing on attracting and retaining diverse talent. IIT also published its EEO-1 diversity data. IIT will incorporate its progress on environmental and diversity targets in executive compensation.
- 13. Fifth Third Bancorp (ticker symbol FITB):** FITB is an American bank holding company. FITB reached out to the Team for a shareholder engagement call. The Team had emailed FITBI following research and they answered our questions, but we went through them again in more detail and with follow up questions. The Team asked if FITBI is waiting a 3-year time period for the Chairman to be considered independent or if he is receiving a salary. FITBI noted he continues to receive a salary independent from his directorship as he remains executive chair and continues to be a member of management. FITB signed a virtual power purchase agreement which is helping to reduce exposure to energy bills. FITBI noted there are opportunities through RECs to monetize the benefits to offset the costs of energy if prices go the opposite direction. FITBI noted as long as the PPA facility is still online, they will have more than enough to support them, and they already have 50,000 of unused recs they can sell in the open market. The Team asked about disclosing whistleblower statistics. FITBI noted management and the Audit Committee looks at these complaints, but

they haven't publicly disclosed this information. FITB noted they will bring this matter up for discussion with the ESG Committee. The Team sent examples after the call.

- 14. Hexcel Corporation (ticker symbol HXL):** HXL develops, manufactures, and markets structural materials for use in commercial aerospace, space and defense, and industrial markets. HXL reached out to the Team to discuss executive compensation and sustainability. HXL noted that last year's controversial equity award granted to all NEOs was a one-time grant. HXL also noted that the LTI payout would be 0% for the third consecutive cycle. The Team encouraged HXL to align its sustainability disclosure with a recognizable framework. HXL recently published its 2030 sustainability goals. HXL also conducted a materiality assessment. HXL recently updated its supplier code of conduct and has the right to audit its suppliers.
- 15. Gen Digital, Inc. (ticker symbol GEN):** GEN is a multinational software company. GEN reached out to the Team for a shareholder engagement call. The Team encouraged GEN to disclose whistle blower claims/code of ethics violations and asked if GEN plans to release new environmental goals following the establishment of new baselines. GEN noted they are working on gathering data from the combined company and aim to publish new disclosure and goals within the next couple of months. The Team noted the newly established Sustainable Home Improvement Program gives up to \$500 per employee per year for sustainable home improvements. The Team asked how GEN will track the effect it has on Scope 3 emissions. GEN noted they are trying to get feedback from the employees who are taking advantage of the program and are keeping track of what employees have done with the money. GEN is also working with an outside firm to tabulate all that. The Team asked if GEN has seen any abuses of this program and if they have considered auditing the program to ensure the money is being used for the benefits they intended. GEN noted internal audit is going to review it and GEN has strict criteria for what employees can use it for. The Team noted we want to see an overall cost of the ESG program to understand to what extent sustainability is material to the business.
- 16. Copart, Inc. (ticker symbol CPRT):** CPRT is a global provider of online vehicle auction and remarketing services to automotive resellers. CPRT reached out to the Team prior to its upcoming 2022 AGM to discuss say on pay. ISS's main concern was the new co-CEO Liaw received a large, front-loaded equity grant which covers equity-based pay until 2026 and argued investors like to see a greater portion of the award to consist of performance-vesting equity, as over 40% of the total award vests solely over time. CPRT noted 54% of the equity award is performance-vesting and thought if over 50% was performance based that was sufficient. CPRT also noted they have a long history of multi-year equity compensation plans which has worked well in the past. The Team brought the item to the governance committee to discuss. The Team saw the newly published sustainability report on the website and had a few questions. The Team noted in FY22 CPRT invested over \$20 million on eight solar energy projects. The Team asked what percent of total energy consumption these renewable projects expected to cover. CPRT noted it was certainly covering a portion, but they don't have the exact percentage. The Team asked if CPRT has confirmed that the solar panels were not made or used products made by Uighur forced labor in Northwest China. CPRT noted they will look into it but haven't had any indication of forced labor.
- 17. Valvoline, Inc. (ticker symbol VVV):** VVV provides automotive services through retail stores in the U.S. and Canada. VVV reached out to the Team to discuss changes in Board composition and the pending sale of the Global Products business segment. VVV is transitioning to a pure-play retail business. VVV added two new independent directors and two legacy directors departed. VVV assigned oversight of ESG matters to the N&G Committee. VVV set DEI targets. VVV mentioned that remote working and intentional hiring has improved diversity. VVV established emissions reduction targets in 2019 but will need to reevaluate these targets post transaction. VVV believes that not having the Global Products business will allow them to be more innovative. VVV will attempt to quantify the costs and benefits of its sustainability program post transaction.
- 18. Wesco International, Inc. (ticker symbol WCC):** WCC provides electrical, industrial, and communications maintenance, construction materials, and supply chain management and logistic services. WCC reached out to the Team for a shareholder engagement call. The Team asked if the Board has oversight of ESG matters. WCC noted

the Nominating and Governance Committee of the Board has responsibility for overall ESG oversight and the Compensation Committee handles DE&I. The Team asked if the new GHG emissions reduction goal to reduce absolute Scope 1 and 2 GHG emissions by 30% from a 2019 baseline by 2030 relies on offsets. WCC noted offsets are not part of the picture. WCC made significant capital investments to improve lighting, will have 25 different sustainability projects completed by the end of the year, are installing solar panels on roofs to offset energy needs, and have a pilot project in place to convert commercial vehicles to EVs. The Team asked if WCC can confirm the solar panels and its components are not sourced from Uighur forced labor. WCC noted they are aware of the issue and work with suppliers to ensure no products are coming from that region. The Team noted 8% of total revenue is generated from low carbon products/services in 2021. The Team noted we are looking for these types of disclosures to get an idea of the overall cost/savings of the ESG program. WCC noted sustainable products is a business opportunity for them.

- 19. Centene Corporation (ticker symbol CNC) and Elevance Health, Inc. (ticker symbol ELV):** CNC and ELV are both health care companies. The Team participated in a sustainability roundtable call with both CNC and ELV representatives. ELV and CNC discussed their health outreach efforts to those with less healthcare opportunities. The Team suggested that both companies should disclose the total sustainability costs and benefits. This view was echoed by other participants on the call.

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

- 1. Nautilus, Inc. (ticker symbol NLS):** NLS is an American worldwide marketer, developer, and manufacturer of fitness equipment brands. NLS setup a call with the Team to discuss our vote against management following receipt of our proxy letter. The Team voted against Item 3: Amend Omnibus Stock Plan because the potential value transfer of equity based on new and available shares and new, available, and outstanding shares exceeds the ISS benchmark by almost double. The Team also noted there is broad discretion to accelerate vesting and the 3-year average burn rate is 2.95% which is near 3.5%. NLS noted the acceleration point was factually incorrect. There is a double trigger upon a change in control and there is no ability to accelerate stock granted under the plan. The big reason for the request for shares was due to their falling share price which naturally lends itself to higher burn rates. The Team walked NLS through the types of sustainability disclosures we typically request. The Team noted the most material issue is supplier oversight given all NLS's products are produced by third-party manufacturers, substantially all of which are located in Asia, primarily in China. The Team mentioned confirming that no products are made by Uighur forced labor is important. NLS asked if we would like to see more than suppliers abiding by retailers' expectations. The Team noted disclosing their supplier auditing process including the number of audits conducted, results of the audits and any corrective actions taken is ideal.
- 2. T-Mobile US, Inc. (ticker symbol TMUS):** TMUS is a cellphone carrier which provides cellular service plans, phones and phone accessories. TMUS responded to Boston Partners letter regarding votes against management. Boston Partners withheld votes from director nominees Claire, Illek, Kubler, and Leroy because they are non-independent members of key committees. Although controlled companies are exempted from the exchange requirement to exclude non-independent directors from key committees, we consider independent key Board committees to be essential to ensure representation of shareholders as opposed to company management. TMUS noted these director relationships have not, historically, effected their ability to act independently from the management team or affected any committee's ability to perform its oversight role. TMUS believes the composition of the Board and its committees ensures representation of shareholders' interests and request that investors do not vote purely based on strict notions of independence.
- 3. Amedisys, Inc. (ticker symbol AMED):** AMED is a health care provider. The Team had emailed AMED to inform AMED that Boston Partners' had voted against a director for overboarding. AMED responded offering to discuss the overboarding further.

4. **DaVita, Inc. (ticker symbol DVA):** DVA provides kidney dialysis services for patients suffering from chronic kidney failure. The Team had emailed DVA to inform DVA about Boston Partners' vote in favor of a shareholder resolution regarding political spending disclosure. DVA emailed the Team to acknowledge the Team's feedback.
5. **Fortive Corporation (ticker symbol FTV):** FTV designs, develops, manufactures, markets, and services professional and engineered products, software, and services. The Team had notified FTV that it had voted in favor of a shareholder proposal to eliminate the supermajority voting requirement. FTV responded to the email noting that the management proposal to eliminate the supermajority voting requirements had passed at the annual meeting and, therefore, the shareholder proposal was redundant.
6. **UnitedHealth Group (ticker symbol UNH):** UNH is a diversified health care company. The Team had emailed UNH that Boston Partners had supported two shareholder proposals at UNH's June 6, 2022 annual meeting. The first proposal was for shareholder approval of certain change in control compensation arrangements and the second was for the creation of a report on the congruency between UNH's political contributions and its values. UNH's corporate secretary responded that UNH had publicly committed not to compensate its executives more than 2.99 times annual salary and bonus as severance following a change in control and that requiring shareholder approval of certain severance compensation arrangements could reduce UNH's ability to hire executives. UNH also briefly explained UNH's approach to political contributions.
7. **Saturn Oil & Gas, Inc. (ticker symbol SOIL.V):** SOIL.V is an oil and gas exploration and production company based in Canada. The Team had sent a letter to SOIL.V noting votes against management at the 2022 annual meeting including voting against certain directors because of the failure to have any women directors, voting against the approval of the auditor because SOIL.V paid its auditor more in nonaudit fees than in audit fees, and voting against the long-term incentive plan and certain restricted stock grants because the awards were excessive. The CEO spoke with Boston Partners' primary portfolio manager holding SOIL.V shares who informed the SOIL.V CEO that SOIL.V needed to have female directors and addressed the other points. SOIL.V noted that they are looking for a female director.
8. **Sculptor Capital Management, Inc. (ticker symbol SCU):** SCU is a hedge fund manager. The Team had sent SCU a letter about SCU's annual meeting noting votes against a member of the compensation committee because of concerns about compensation and because of a lack of say on pay on the agenda. The Team also noted that it had voted against SCU's omnibus stock plan because the plan was excessively dilutive and the three-year adjusted burn rate exceeded 3.5%. SCU responded and asked for the ability for SCU's Chairwoman to meet with the Team to discuss the Team's comments and Boston Partners' votes on the two issues.
9. **Hillman Solutions Corp (ticker symbol HLMN):** HLMN is a manufacturer of hardware. HLMN responded to the Team's proxy letter regarding supermajority voting requirements, a classified Board and the failure to have any underrepresented directors noting that the Team's letter had been forwarded to Doug Cahill, HLMN's Chairman and CEO.

#### Proxy Voting:

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

1. **Power Grid Corporation of India Limited (ticker symbol 532898):** Boston Partners voted against the appointment of Ravindra Kumar Tyagi as director (Operations) because of poor corporate governance. The Board Chairman is an executive director and is less than one-third of the Directors are independent. Ravindra Kumar Tyagi and G. Ravisankar are not independent nominees. Shareholders are best protected by an independent Chairman and an independent Board. Boston Partners voted against the appointment of G. Ravisankar as Director (Finance) because of poor corporate governance. The Board Chairman is an executive director and is less than one-third of the Directors are independent. Ravindra Kumar Tyagi and G. Ravisankar are not independent nominees. Shareholders are best protected by an independent Chairman and an independent Board. Boston Partners voted against the appointment of

Mahammad Afzal as Government nominee Director because he is a non-independent member, and less than one third of the Board members are independent.

2. **Landec Corporation (ticker symbol LNDC):** Boston Partners voted to withhold votes for Director Nelson Obus because the nominee is an incumbent member of the nominating committee, and the board does not have at least two members that are not of the majority gender. Boston Partners voted to withhold votes for Director Jeffrey L. Edwards because the nominee is an incumbent member of the nominating committee, and the board does not have at least two members that are not of the majority gender.
3. **Shandong Hi-Speed Road & Bridge Group Co., Ltd. (ticker symbol 000498):** Boston Partners voted against the amendments to the articles of association because they do not adequately provide accountability and transparency to shareholders.
4. **Chacha Food Co., Ltd. (ticker symbol 002557):** Boston Partners voted against the employee share purchase plan because the company's ultimate controller is involved as a plan participant. Boston Partners voted against the authorization of the board to handle all matters related to employee share purchase plan because the company's ultimate controller is involved as a plan participant. Boston Partners voted against the management method of employee share purchase plan because the company's ultimate controller is involved as a plan participant.
5. **Wen's Foodstuff Group Co., Ltd. (ticker symbol 300498):** Boston Partners voted against a provision of guarantee because the level of guarantee provided to some of its subsidiaries is disproportionate to the level of ownership. The company failed to provide valid justification in the meeting circular.
6. **Oracle Corporation (ticker symbol ORCL):** Boston Partners withheld votes to elect Director Jeffery S Berg, Bruce R. Chizen, Leon E. Panetta, and William G. Parrett for the substantial pledging activity and significant concerns regarding risk oversight. We also felt it was warranted since the Board of Directors had multiple consecutive years of insufficient responsiveness to low say-on-pay votes. Boston Partners withheld votes to elect Director Michael J. Boskin, Safra A. Catz, George H. Conrades, Lawrence J. Ellison, Rona A. Fairhead, Jeffrey O. Henley, Renee J. James, Charles W. Moorman, Naomi O. Seligman, Vishal Sikka for incumbent members of the Board of Directors due to multiple consecutive years of insufficient responsiveness to low say-on-pay vote results. Boston Partners withheld votes to ratify executive officers' compensation because for consecutive years of low say-on-pay vote results, the proxy only vaguely disclosed Oracle's engagement efforts with shareholders. There has been no substantial positive changes nor commitments made to the pay program to address significant shareholder dissatisfaction. Additionally, concerns remain within the annual pay program, as one NEO's annual bonus was entirely discretionary. Furthermore, the annual equity grants for two NEOs were entirely in time-vested equity, which is inconsistent with prevailing market practices. Finally, while the decision to modify in-progress performance equity grants to the CEO and Executive Chairman was disclosed in last year's proxy, the resulting incremental value disclosed in this year's proxy was substantial, in excess of \$100 million for each executive's respective award.
7. **Western Digital Corporation (ticker symbol WDC):** Boston Partners voted against ratifying executive officers' compensation because the individual performance portion does not appear to be established based on predetermined goals and was found to be significantly above the corporate portion of the award despite corporate goals failing to achieve targets. Additionally, performance period FY23 will be shortened to three one-year periods, from one three-year period. The compensation committee had several problematic one-time actions during the fiscal year as well. Finally, the compensation committee removed the performance criteria from the CEO's sign-on grant shortly before the end of the performance period, allowing the award to vest at target, which was significantly above the payout level where the award was tracking. These actions undermine a pay-for-performance philosophy. Boston Partners voted against to amend the omnibus stock plan because the company's three-year average adjusted burn rate exceeds 3.5 percent.

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

Number of meetings: 24

Number of issues: 237

### **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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