

# 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 October 2023:

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

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

- 1. Brady Corporation (ticker symbol BRC):** BRC is a global manufacturer and supplier of identification solutions and workplace safety products that identify and protect premises, products and people. The Team emailed BRC following research in September requesting disclosure of whistleblower statistics, data to back up the use of professional development programs by employees, and more information on supplier oversight. BRC responded to our email in October noting our feedback will be taken into consideration for future sustainability related disclosures.
  - 2. Corteva, Inc. (ticker symbol CTVA):** CTVA operates in the agriculture business. The Team emailed CTVA following research in September and CTVA responded to our email noting they are committed to the growth and development of its employees and are open to disclosing details about professional development programs in the 2023 Sustainability Report. CTVA noted a contributing factor to the slight increase in the Total Recordable Rate from 2020 to 2022 was the transition of the workforce back to the office post-COVID. CTVA has re-emphasized efforts in promoting strong operational discipline and safety awareness, resulting in noticeable improvements in 2023. Similarly, the Lost Time Injury Frequency Rate (LTIFR) saw an uptick due to incidents like slips, trips, and falls, as well as ergonomic injuries upon employees’ return to the office. CTVA is pleased to report that focused efforts have also led to significant improvements in LTIFR this year. CTVA is a TfS member and has requested strategic suppliers to be audited by one of the four approved entities. This process is still ongoing, and CTVA is evaluating its ability to obtain enough critical information to establish a baseline of current practices. Depending on the outcome, CTVA will assess the need for further supplier engagement efforts towards continuous improvement.
  - 3. Enerplus Corporation (ticker symbol ERF):** ERF is an independent North American E&P company. The Team emailed ERF following research and ERF responded in October and noted the increase in the serious injury/fatality potential was due to the stronger emphasis put on capturing and classifying SIFp events to focus and improve on their critical learnings. The increase in spills is attributed to handling more liquid volumes following acquisitions in 2021 from Bruin and Hess. However, ERF has proactively implemented new programs to ensure prevention of releases and that ERF is properly prepared in the event of a release. These measures implemented in 2023 include monthly spill incident deep dive reviews between field operations and the spill prevention program coordinator. This team reviews trends in
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releases, investigates root causes, and highlights the importance of spill prevention within the organization. ERF has increased spill training including small group discussions, tabletop drills, SPCC training, and spill response equipment trailer awareness and training. ERF has increased preventative maintenance programs on common release points to prevent spills before they occur. The small drawdowns on the SLL credit facility are a function of the financial strength of the business including the significant free cash flow generation over the last couple years. ERF has reduced net debt by ~80% since Q2 2021 and, based on current market conditions, will continue to reduce debt over the next few quarters.

4. **StoneX Group, Inc. (ticker symbol SNEX):** SNEX operates as a global financial services network that connects companies, organizations, traders, and investors to the market ecosystem worldwide. The Team emailed SNEX following research and encouraged SNEX to publish a sustainability report in accordance with GRI and SASB standards as it provides a helpful framework for the types of disclosures we typically request. SNEX responded to our email and requested a call to get a better idea of what we're looking for. The Team went through the types of disclosures we typically look for including diversity, GHG emissions, energy consumption, climate change risks and opportunities and supplier oversight. SNEX noted they track carbon emissions for the UK subsidiary and are in the process of extending this group wide. SNEX also aims to create carbon emission reduction goals. The Team sent examples of good sustainability reports in the financial service industry following the call.
5. **Boot Barn Holdings, Inc. (ticker symbol BOOT):** BOOT is a lifestyle retail chain devoted to western and work-related footwear, apparel and accessories in the U.S. The Team emailed BOOT following research and encouraged BOOT 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 BOOT to disclose whistleblower claims/code of ethics violations and their resolution annually and to publish a sustainability report in accordance with GRI and SASB standards. The Team asked how many supplier audits were conducted in 2022, what the results of the audits were, and if BOOT implemented any corrective actions as a result of the audits.
6. **Lamar Advertising Company (ticker symbol LAMR):** LAMR operates as an outdoor advertising company in North America. The Team emailed LAMR following research and reiterated our suggestions from the past two years. The Team encouraged LAMR to appoint an independent Chair, remove the multi-class share structure with unequal voting rights, provide the shareholder right to call special meetings, disclose diversity data by level, report employee training statistics, report safety rates, report environment data, discuss climate-related risks and opportunities, and report on supplier oversight.
7. **Kansai Paint Co., Ltd. (ticker symbol 4613-JP):** 4613-JP engages in the manufacture and sale of all types of paints. The Team emailed 4613-JP following research and encouraged 4613-JP to adopt an independent Chair, to disclose whistleblower claims/code of ethics violations and their resolution annually, to provide information about professional development programs offered and data to back up the use of these programs by employees, and to disclose information about supplier oversight. The Team asked if 4613-JP fully complies with the Japanese Corporate Governance Code. 4613-JP responded to our email and noted our suggestions and questions have been duly received. 4613-JP asked to set up a meeting to discuss in December.
8. **Jefferies Financial Group, Inc. (ticker symbol JEF):** JEF engages in the investment banking, capital markets, and asset management businesses. The Team emailed JEF following research and JEF's general counsel set up a call to discuss. The Team encouraged JEF to appoint an independent Chair. JEF will likely appoint an independent Chair once their current Chair retires. The Team also encouraged JEF to report employee training statistics. JEF is collecting training data and will send it over in the coming weeks.
9. **Sovos Brands, Inc. (ticker symbol SOVO):** SOVO is an American corporation that sells convenience food brands. The Team emailed SOVO following research and noticed in fiscal year 2023, SOVO plans to release a summary of

its preliminary ESG efforts aligned to industry recognized ESG standards including the key risks and opportunities identified in the materiality assessment. The Team asked when this is expected to be released.

10. **Bel Fuse, Inc. (ticker symbol BELFB):** BELFB is a global manufacturer of products that power, protect and connect electronic circuits. The Team emailed BELFB and reiterated our suggestions from last year including publishing a sustainability report, eliminating the dual class share structure with unequal voting rights, eliminating the classified Board structure, and asked how BELFB prevents the use of forced labor at manufacturing facilities and in the supply chain.
11. **Allient, Inc. (ticker symbol ALNT):** ALNT designs, manufactures and sells precision and specialty-controlled motion components and systems used in a broad range of industries. The Team emailed ALNT following research and encouraged ALNT to adopt an independent Chair, to add an additional female Board member, and to publish a sustainability report in accordance with GRI and SASB standards. ALNT responded to our email and noted they are getting close to publishing an inaugural sustainability report with an aim to release this quarter.
12. **Valero Energy Corporation (ticker symbol VLO):** VLO operates as an independent petroleum refining and ethanol producing company. The Team emailed VLO following research and VLO set up a call to discuss. The Team encouraged VLO to appoint an independent Chair. VLO recently underwent a CEO transition. The former CEO is serving as the executive Chair. VLO has not set a timetable for the duration of his role as executive Chair. The Team also encouraged VLO to provide additional supplier oversight disclosure. VLO described their supplier oversight process which includes audits for top suppliers and a robust screening process. VLO avoids interaction with Russian entities. VLO has a long track record with no compliance issues. The Team also asked about VLO's carbon capture projects. Since 2013, VLO's refinery in Port Arthur, Texas, has been hosting a first-of-its-kind large-scale carbon capture of approximately 1 million metric tons of CO<sub>2</sub> a year. Carbon dioxide is captured from two hydrogen plants that produce hydrogen from natural gas for refinery use. VLO is also working on an ethanol carbon capture project that is expected to sequester an additional 1 million metric tons of CO<sub>2</sub> a year. VLO holds all sustainability investments to the same standards as conventional projects. VLO has a 25% IRR threshold. These carbon capture projects far exceed this threshold.
13. **Darden Restaurants, Inc. (ticker symbol DRI):** DRI owns and operates full-service restaurants in the U.S. and Canada. The Team emailed DRI following research. The Team encouraged DRI to publish a formal sustainability report in accordance with GRI or SASB standards. The Team also encouraged DRI to report supplier audit data and establish environmental targets.
14. **Box, Inc. (ticker symbol BOX):** BOX provides a cloud content management platform. The Team emailed BOX following research. The Team encouraged BOX to publish a sustainability report in accordance with GRI or SASB standards. The Team also encouraged BOX to eliminate the classified Board structure.
15. **Bumble, Inc. (ticker symbol BMBL):** BMBL is the parent company of Bumble, Badoo, Fruitz and Official. BMBL enables people to build healthy and equitable relationships, via a dating app platform. The Team emailed BMBL following research and asked when BMBL plans to publish its sustainability report and what progress has been made to reach net zero. The Team also encouraged BMBL to declassify the Board.
16. **Silicon Motion Technology Corporation (ticker symbol SIMO):** SIMO is the global leader in developing NAND flash controllers for SSDs and other solid state storage devices. The Team emailed SIMO following research and encouraged SIMO to add another female Board member, to declassify the Board, and to publish a sustainability report in accordance with GRI and SASB standards. SIMO responded to our email and noted they will certainly take our suggestions into consideration going forward.
17. **Focus Media Information Technology Co., Ltd. (ticker symbol BD5CND):** BD5CND is engaged in the development and operation of life circle media, the main products are building media including elevator TV media and elevator poster media and cinema screen advertising media. The Team emailed BD5CND following research and asked for an English version of their sustainability report.

- 18. Vaalco Energy, Inc. (ticker symbol EGY):** EGY is engaged in hydrocarbon exploration. The Team sent an email following research to EGY in November 2022 and EGY responded following our reminder during the engagement call in September 2023 that we did not receive a response. EGY noted our questions will be responded to more fully in the FY23 ESG Report, scheduled for publication late Q1/early Q2. EGY noted they recently hired a new ESG lead. EGY noted all potential vendors and contractors are vetted via a state-of-the-art third-party screening platform. Any potential issues identified in the screening process are reviewed by the general counsel. If any vendors or contractors are involved in a non-compliance incident, this is escalated to the general counsel who will liaise with that third party's legal department to investigate the issue. Certain ESG factors are considered during the screening of vendors, but the business is in the process of expanding this approach. EGY is committed to establishing a net zero pathway. 2022 was a transition year for the business and EGY is seeking to establish uniformity in its methodologies following the merger with TransGlobe. As such, EGY has updated methodologies to capture any gaps and provide greater precision. EGY also laid out professional development opportunities offered to the Houston, Gabon, Egypt, and Canadian employees.
- 19. Molina Healthcare, Inc. (ticker symbol MOH):** MOH provides managed healthcare services to low-income families and individuals under the Medicaid and Medicare programs and through the state insurance marketplaces. The Team emailed MOH following research. The Team encouraged MOH to align its sustainability report with GRI or SASB standards. The Team also encouraged MOH to provide employee training statistics and report additional environmental metrics.
- 20. Valvoline, Inc. (ticker symbol VVV):** VVV provides automotive services through retail stores. In September 2023, the Team emailed VVV following research and asked about the spike in safety rates in 2022. In October 2023, VVV responded to our email stating that they were still following strict COVID protocols for the better part of 2022. This resulted in new hire onboarding, safety training, and reporting/investigating safety incidents all being completed virtually. In addition, there was an increase in new stores and new hires with lower tenure. In 2023, VVV resumed in-person training and inspections. VVV also restructured the safety team, adding headcount for new regional safety managers that are able to directly support the regions.
- 21. Assured Guaranty Ltd. (ticker symbol AGO):** AGO provides credit protection products to public finance, infrastructure, and structured finance markets in the U.S. and internationally. The Team emailed AGO following research and encouraged AGO to publish a formal sustainability report in accordance with GRI or SASB standards.
- 22. Calavo Growers, Inc. (ticker symbol CVGW):** CVGW is in the avocado industry and an expanding provider of value-added fresh food. The Team emailed CVGW following research. The Team encouraged CVGW to establish environmental targets, conduct and report on supplier audits, and describe employee training opportunities.
- 23. SunOpta, Inc. (ticker symbol STKL):** STKL is a food and mineral company. The Team emailed STKL following research and asked STKL why they do not engage in a physical audit of its suppliers related to social compliance matters. The Team also asked where the majority of suppliers are located. The Team encouraged STKL to disclose whistleblower claims/code of ethics violations and their resolution annually and to disclose data to back up the use of its professional development programs by employees.
- 24. Blue Bird Corporation (ticker symbol BLBD):** BLBD designs, engineers, manufactures, and sells school buses and related parts. The Team emailed BLBD following research and encouraged BLBD to publish a sustainability report in accordance with GRI or SASB standards and eliminate the classified Board structure.
- 25. ARKO Corp. (ticker symbol ARKO):** ARKO operates convenience stores in the U.S. The Team emailed ARKO following research and encouraged ARKO to appoint an independent Chair and improve Board gender diversity. The Team also encouraged ARKO to report on supplier oversight and establish environmental targets.
- 26. Mandatum OYJ (ticker symbol MANTA-FI):** MANTA-FI operates as an investment management firm. The Team emailed MANTA-FI following research and encouraged MANTA-FI to adopt an independent Chair and asked about the

cause of the increase in work related injuries from 2021 to 2022. The Team also asked if any personal data protection incidents resulted in a data breach.

27. **Insight Enterprises, Inc. (ticker symbol NSIT):** NSIT enables secure, end-to-end transformation and meets the needs of clients through a comprehensive portfolio of solutions, far-reaching partnerships and 33+ years of broad IT expertise. The Team emailed NSIT following research and encouraged NSIT to disclose whistleblower claims/code of ethics violations and their resolution annually, to align its sustainability report with a recognized framework such as GRI and SASB standards, and to disclose climate change risks and opportunities in accordance with TCFD or CDP. The Team asked where the majority of suppliers are located.
28. **Richardson Electronics, Ltd. (ticker symbol RELL):** RELL is a global provider of engineered solutions, power grid and microwave tubes and related consumables. The Team emailed RELL following research and encouraged RELL to adopt an independent Chair, to add another woman and a racially/ethnically diverse director to the Board. The Team asked if any manufacturing partners are located in Northwest China. The Team encouraged RELL to publish a sustainability report in accordance with GRI and SASB standards. RELL responded and offered to set up a call to discuss.
29. **PDD Holdings, Inc. (ticker symbol PDD):** PDD is a multinational commerce group in China. The Team emailed PDD following research and encouraged PDD to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
30. **Usinas Siderurgicas de Minas Gerais SA-Usiminas (ticker symbol USIM5-BR):** USIM5-BR manufactures and markets flat steel products in Brazil and internationally. The Team emailed USIM5-BR following research and encouraged USIM5-BR to increase the gender diversity and independence of the Board. The Team also encouraged USIM5-BR to conduct a cost-benefit analysis on its decarbonization efforts.
31. **Markel Group, Inc. (ticker symbol MKL):** MKL is a financial holding company that markets and underwrites specialty insurance products. The Team emailed MKL following research and encouraged MKL to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
32. **ITEQ Corp. (ticker symbol 6213-TW):** 6213-TW manufactures and sells copper clad laminate materials used for fabrication of printed circuit boards in Taiwan and Asia. The Team emailed 6213-TW following research and encouraged 6213-TW to appoint an independent Chair, establish emissions reduction targets, and discuss climate-related risk and opportunities in accordance with CDP or TCFD.
33. **Aalberts N.V. (ticker symbol AALB-NL):** AALB-NL engages in the development of industrial products and systems. The Team emailed AALB-NL following research and encouraged AALB-NL to disclose more information about professional development programs and to provide data to back up the use of these programs by employees. The Team asked what the industry average is for the safety data and if the TRIR for 2022 was disclosed. The Team also asked where the majority of suppliers are located.
34. **Gentherm, Inc. (ticker symbol THRM):** THRM makes automotive equipment. Following research, the Team encouraged THRM to disclose whistleblower statistics, supplier oversight approach and results and longer term GHG emission goals and the plan for attaining those goals.
35. **International Seaways, Inc. (ticker symbol INSW):** INSW is a shipping company for petroleum products. Following research, the Team asked INSW when its additional GHG emission and other environmental goals would be set, if INSW would provide an estimate of the net costs to attain those goals, to disclose the additional costs for interest on the sustainability linked loans if the goals were not met, to disclose the number of whistleblower complaints/code of ethics violations and to disclose the supplier oversight process and any audit results.
36. **RS Group Plc (ticker symbol RS1-GB):** RS1-GB is a multi-channel product distributor. Following research, the Team emailed RS1-GB noting that its sustainability disclosure was very good but could be improved by disclosing the

portion of annual revenue from products considered sustainable and the extent of borrowings and net costs from the sustainability linked loan.

37. **Churchill Downs, Inc. (ticker symbol CHDN):** CHDN is a horse racing and gambling business. The Team emailed CHDN following research and asked for a publication of a sustainability report and recommend the classified board structure be terminated.
38. **Teleflex Incorporated (ticker symbol TFX):** TFX is a global provider of medical technologies. The Team emailed TFX following research and encouraged TFX to adopt an independent Chair and report supplier audit data.
39. **XPO, Inc. (ticker symbol XPO):** XPO provides freight transportation services. The Team emailed XPO following research and asked when XPO plans to publish an updated sustainability report. The Team encouraged XPO to appoint an independent Chair and provide additional supplier oversight disclosure.
40. **Comtech Telecommunications Corp. (ticker symbol CMTL):** CMTL engages in the provision of next-gen telecommunication solutions. The Team emailed CMTL following research and encouraged CMTL to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
41. **Hello Group, Inc. (ticker symbol MOMO):** MOMO is a livestream video entertainment platform in China. The Team emailed MOMO following research and encouraged MOMO to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
42. **Wangsu Science & Technology Co., Ltd. (ticker symbol BD5CN2):** BD5CN2 is the largest content delivery network operator in China. The Team emailed BD5CN2 following research and asked BD5CN2 if they have English versions of their sustainability reports that they could send over.

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

1. **AbbVie, Inc. (ticker symbol ABBV):** ABBV discovers, develops, manufactures, and sells pharmaceuticals worldwide. ABBV reached out to the Team to discuss the successful shareholder proposal at the 2023 annual meeting. The non-binding shareholder proposal recommended adopting a simple majority vote requirement. Each year since 2018, ABBV has put forward a management proposal to replace the supermajority requirement with a simple majority; however, each year the proposal fails to gain 80% support of all outstanding shares due to the large portion of retail investors that do not vote. To comply with the shareholder proposal, ABBV will submit the same management proposal next year and include a discussion of their Board's responsiveness and their shareholder engagement efforts on the topic. ABBV has also considered launching a campaign to encourage retail voters to support the proposal, with an estimated cost of \$10 million and no guarantee of success. The Team reiterated our preference for an independent Chair and a declassified Board. ABBV and the Team acknowledged that the declassification of the Board is contingent upon the adoption of a simple majority vote requirement.
2. **Cencora, Inc. (ticker symbol COR):** COR sources and distributes pharmaceutical products. COR reached out to the Team as a part of their shareholder outreach program. COR has added four new directors since 2022. COR remains committed to appointing an independent Chair at their next CEO transition. COR's ESG approach is grounded in materiality. COR received SBTi-validation for their emissions reduction target. COR has conducted a cost/benefit analysis for their environmental roadmap. The majority of emissions reductions will come from renewable energy procurement, which will also provide cost savings. COR also plans to transition their vehicle fleet to EVs. COR will leverage EV tax credits. The Team reiterated our preference for COR to conduct supplier audits. COR is implementing a third-party risk management system with a big focus on ESG. COR expects future reports to include more disclosure on supplier auditing. COR added ESG measures to their short-term incentive plan with a 10% weighting.
3. **DTE Energy Company (ticker symbol DTE):** DTE engages in utility operations. DTE reached out to the Team for a fall engagement call. DTE addressed the suggestions/questions the Team sent via email following research. DTE noted the lobbying proposal at the 2023 annual meeting was defeated but DTE made an adjustment and decided to report

the recipients of political contributions that totaled more than \$5,000 in aggregate per year beginning in 2024. DTE addressed our suggestion regarding whistleblower line statistics. DTE shared some statistics from 2022 and the Team sent examples of whistleblower line disclosure following the call. The Team noted our preference for an independent Chair and DTE noted they provide the shareholder right to call special meetings at 15% and the Team noted 15% is sufficient but we will always support 10%. The Team asked where its three solar suppliers are located. DTE noted its solar panel modules have historically come from Vietnam and Cambodia, with future orders coming from Vietnam and Indonesia. To date, there have been no forced labor findings as a result of the supply chain traceability audits of current partners. The Team asked how DTE is working to reduce the number of electricity shutoffs among its residential customers to ensure reliable power. DTE noted over the past five years, DTE has invested more than \$5 billion in its electric grid and with the new Grid Distribution Plan will invest an additional \$9 billion over the next five years as part of its plan to improve reliability for customers by more than 60%. The Grid Distribution Plan includes trimming trees, updating existing infrastructure, rebuilding significant portions of the grid, and accelerating the transition to a smart grid.

4. **Johnson & Johnson (ticker symbol JNJ):** JNJ researches and develops, manufactures, and sells various products in the healthcare field worldwide. JNJ reached out to the Team as a part of their shareholder outreach program. JNJ successfully completed the Kenvue separation and is divesting their stake in Kenvue. JNJ mentioned that the shareholder proposal to include legal and compliance costs in compensation metrics was withdrawn after JNJ came to an agreement with the proponent to provide enhanced disclosure. The Team asked if JNJ has conducted a cost/benefit analysis of their environmental initiatives. JNJ acknowledged that there is a cost associated with achieving their environmental targets. JNJ also highlighted potential opportunities for cost savings. The Team encouraged JNJ to include additional financial metrics relating to their sustainability program and initiatives.
5. **Applied Materials, Inc. (ticker symbol AMAT):** AMAT engages in the provision of manufacturing equipment, services, and software to the semiconductor, display, and related industries. AMAT reached out to the Team as a part of their shareholder outreach program. At the 2023 annual meeting, the shareholder proposal to reduce the threshold to call special meetings from 20% to 10% was approved. AMAT informed the Team that they may compromise and propose a 15% threshold. The Team expressed our support for the 10% threshold, and informed AMAT that Boston Partners may vote against certain directors if AMAT proposes a 15% threshold. AMAT's VPPA in Texas continues to be profitable but varies with the price of electricity. AMAT is in the midst of installing the largest rooftop solar array at its Austin, Texas facility. The solar array will satisfy roughly 3% of AMAT's North American electricity needs. The investment was approved by AMAT's CFO and their internal capital committee because it meets their ROI and payback period hurdles. AMAT screens solar suppliers for Uighur forced labor. AMAT is currently working with the SBTi to receive validation for their targets. AMAT is a co-founder of the Semiconductor Climate Consortium.
6. **PPG Industries, Inc. (ticker symbol PPG):** PPG manufactures and distributes paints, coatings, and specialty materials worldwide. PPG reached out to the Team to provide updates on its ESG progress and hear our perspective. The Team noted we voted to require an independent Board Chair at the April 2023 annual meeting and reiterated our preference. PPG acknowledged our suggestion. The Team asked what the cost/benefit is of purchasing renewable power over fossil fuels. PPG noted it is not a big expense to reach Scope 1 and 2 emissions because they do not have a huge internal emissions footprint. It will be a low single digit capital spend. PPG's renewable projects are cost neutral at least and have savings at best. PPG announced a partnership with NRG to take advantage of an onshore wind farm in Texas and are looking into using PPAs in Europe and the U.S. PPG is also using onsite solar. The Team asked if PPG has verified that its solar suppliers have no connection to Uighur forced labor in China. PPG noted they haven't verified this but appreciate the insight and will look into it.
7. **American Homes 4 Rent (ticker symbol AMH):** AMH is a REIT that acquires, develops, renovates, leases, and manages single-family rental homes. AMH reached out to the Team as a part of their shareholder outreach program. AMH highlighted strong resident and employee engagement metrics. AMH builds the homes that they rent out. AMH's long-term ownership justifies the higher up-front cost to build energy efficient homes. Implementing solar energy is

a challenge for AMH because they do not occupy or sub-meter their buildings. AMH has not set environmental goals. AMH wants to have an exact roadmap before establishing a target. AMH has completed a GHG inventory assessment covering Scope 1, 2, and 3 emissions. AMH has also evaluated all downstream vendors on the home building side and property management side.

- 8. ConocoPhillips (ticker symbol COP):** COP explores for, produces, transports, and markets crude oil, bitumen, natural gas, and LNG worldwide. COP reached out to the Team as part of its shareholder engagement program. The Team reiterated our preference for an independent Chair. The Team recommended COP disclose the type of power used (electricity, gas and diesel) at operating production sites. COP noted the international operations are mainly natural gas, with the Lower 48 being a mix of sources, and the Greenfield sites being electrified. The Team asked how important electrification is for production pumps to reach net zero. COP noted electrification is a huge lever to achieving net zero with Greenfield sites leveraging electricity whenever they can although the challenge is constraints on the electricity grid, but COP is working closely with utilities. The Team asked how often leak detection occurs and which company COP uses for flyover leak detection and how many employees are a part of the methane detection team. COP noted they are doing surveys with OGI cameras quarterly at all sites and at higher risk sites over and above EPA regulatory requirements. COP uses sample emissions from a whole range of sites and is calculating a CP emissions factor by equipment type. COP joined OGMP 2.0 in 2022 and OGMP wants to push them to level 5. COP has a standalone team with 7 people working to execute OGMP commitments. COP noted 85% of methane emissions are derived from Lower 48. The Team noted IRA methane fees kick in on 1/1/25. COP would pay in the 10's of millions of dollars but it would decline over time even as fees increase because they are executing on their strategy. The Team asked about women representation among field workers. COP noted recent data shows that women going into stem generally is around 50% with 30% of women going into the engineering field. 43% of COP interns were women in the prior year.
- 9. Laboratory Corporation of America Holdings (ticker symbol LH):** LH is the largest laboratory services provider in the world. LH reached out to the Team as a part of their shareholder outreach program. LH added two new directors this year. LH appointed a new lead independent director. The Team noted our preference for an independent Chair. At the 2023 annual meeting there was a shareholder proposal to require an independent Chair, but it was unsuccessful. LH is adding a negative ESG modifier to executive compensation. If the ESG targets are not achieved, then the bonus is reduced by 10%. LH received SBTi approval for their emissions reduction targets. LH started a vendor engagement program to analyze their Scope 3 footprint and formulate their reduction efforts. LH improved the fuel efficiency of their logistics fleet. LH is opening kit production facilities closer to their delivery locations. LH is pursuing My Green Lab certification at 8 locations in 5 countries. LH is pursuing a combination of onsite solar and RECs to achieve their renewable energy target. LH will keep the Team updated on cost versus return of their renewable energy investments as they make progress. LH has a vendor risk assessment process and an audit program. The Team encouraged LH to report the number of suppliers audited annually and the results of those audits.
- 10. Avantor, Inc. (ticker symbol AVTR):** AVTR provides products and services to customers in biopharma, healthcare, education and government, advanced technologies, and applied materials industries. AVTR reached out to the Team for an off-season engagement call. The Team noticed AVTR committed to set more ambitious climate targets through the SBTi. The Team asked if this includes Scope 1 and 2 emissions. AVTR noted this will be in addition to the 15% operational GHG emissions reduction by 2025. AVTR will adopt Scope 1, 2, and 3 GHG emission reduction targets for a 2030 goal. The Team asked if AVTR tracks the percentage of energy procured from renewable sources and if there is any on site generation of renewables. AVTR noted they haven't tracked this yet as many of their renewable projects have been held up due to stalled spending on electrical grids. AVTR is developing the roadmap to reach GHG emission reduction targets with onsite solar plans and virtual PPAs. The Team asked for more information about the environmentally preferable products program. AVTR noted the program has been around for quite a while but in light of the FTC green guides they are revisiting their confidence behind their certifications to ensure certain products can be classified as EPP. AVTR is getting asked by customers to increase spend on EPP products. The Team asked what the



next step of the responsible supplier program entails and if it will include disclosure of the number of suppliers audited annually. AVTR noted they will have to go back and check, but they have a director of sustainable sourcing with 6 priority topics and are focusing on the top 300 suppliers. AVTR does not have operations in the supply chain that are connected to the Uighurs. The Team recommended AVTR disclose whistleblower statistics and AVTR noted they would discuss with the Nomination and Governance Committee of the Board.

11. **Voya Financial, Inc. (ticker symbol VOYA):** VOYA operates as a retirement, investment, and employee benefits company in the United States. VOYA reached out to the Team as part of its fall shareholder outreach program. The Team noted we voted against say-on-pay at the 2023 annual meeting. VOYA noted they didn't receive a proxy letter from us regarding our vote decision. The Team sent a copy of the proxy letter following the call. VOYA noted they underwent a CEO transition which was an internal promotion. There was a race for the top job and VOYA had many internal candidates and even conducted an external search. VOYA designed a shareholder friendly LTI award for the CEO which was a mix of PSUs based on market share price and RSUs that vested over time. 80% of the award was PSUs and 20% was RSUs. The purpose of the award was to stabilize the senior team and the 5 million she realized was weighted in PSUs predominantly. The Team recommended VOYA reach out to the Team prior to the annual meeting if they foresee any issues with say-on-pay at the next annual meeting. The Team noted our preference for an independent Chair and recommended VOYA disclose whistleblower statistics. The Team noted 114% of total electricity use offset. VOYA noted it is a combination of carbon credits and RECs. The Team asked who they are buying the carbon offsets from and if it is a credible source. VOYA noted there is a verification process, but they will get back to the Team on who they buy from. The Team noted 15,000 renewable energy certificates were purchased. The Team asked what the cost is of procuring RECs and asked if it is similar to the cost of fossil fuels. VOYA noted they would get back to the Team.
12. **Dover Corporation (ticker symbol DOV):** DOV is a manufacturer of industrial products. DOV reached out to the Team as a part of its shareholder outreach program. DOV has a capital allocation plan that prioritizes investments based on growth opportunities. DOV has SBTi-approved emissions reduction targets. DOV has a roadmap to reduce Scope 1 and 2 emissions by reducing refrigerant leakage, switching to efficient light bulbs, and working with its top four emitters. All sustainability-related investments must meet DOV's ROI threshold. The majority of DOV's emissions are Scope 3 emissions from the use of sold products. DOV can reduce Scope 3 emissions by making their products more efficient. DOV has a goal to reduce TRIR. DOV has achieved its two D&I targets. DOV committed to disclose EEO-1 data. DOV plans to add an underrepresented director to the Board before the 2024 annual meeting.
13. **NOW, Inc. (ticker symbol DNOW):** DNOW distributes downstream energy and industrial products. DNOW reached out to the Team as a part of their shareholder outreach program. DNOW is currently optimizing their geographic footprint and will consider establishing environmental targets once they achieve stability. DNOW has reduced total GHG emissions each year since 2020. DNOW has seen a significant capital flow to the energy transition from their customers. Currently, DNOW's biggest opportunity to support the energy transition is to provide products that reduce methane leakage in aging infrastructure. DNOW has seen an increase in conversations and investments in carbon capture. DNOW provides products and services that support their clients carbon capture projects. DNOW does not think there will be a problem with a lack of storage for the captured CO2. DNOW also highlighted business opportunities related to hydrogen, renewables, and flaring reduction. In December 2022, DNOW acquired a patented technology that reduces flaring by extracting oxygen from natural gas. Currently, less than 10% of DNOW's business is related to the energy transition, but this is growing quickly.
14. **DuPont De Nemours, Inc. (ticker symbol DD):** DD provides technology-based materials and solutions. DD reached out to the Team for a shareholder engagement call. The Team reiterated our preference for the adoption of an independent Chair and DD acknowledged our suggestion. The Team noted DD is on track to meet the 2030 goal of sourcing 60% of electricity from renewable sources, including credits. The Team asked what the cost is of purchasing renewable energy compared to fossil fuels. DD noted it is a savings opportunity in the U.S., and not cost beneficial in Europe because of the Ukraine issues. In Taiwan, it is a closed grid and not cost effective. For DD to reach 100% renewables they are

first looking to address North America then Europe. From there, they will address the customers' needs/priorities. DD noted most of their emissions are from suppliers, so they are working with top suppliers to decarbonize in raw materials areas. The Team noted as of June 2022, DD Electronics and Industrial business is a member of the RBA but not a full or regular member. DD noted they are an affiliate member. The Team noted DD will begin conducting audits of first-tier suppliers. The Team asked what is going to be prioritized in these audits. DD noted the focus will be on human rights. DD noted they have over 15,000 suppliers and are taking a risk-based approach and looking into 900 suppliers specifically which will focus on self-assessments and on-site audits. The Team noted they should focus on ensuring no forced labor involvement among its Chinese suppliers.

15. **Chubb Limited (ticker symbol CB):** CB provides insurance and reinsurance products worldwide. CB reached out to the Team as a part of their shareholder outreach program. CB has three climate pillars: support technology that helps achieve a net zero economy, expand climate resilience through risk engineering, and utilize science-based underwriting. In March 2023, CB announced a set of underwriting criteria for upstream oil and gas operators focused on methane leak detection and flaring. CB complies with their internal coal policy. CB will not underwrite new risks for companies that generate more than 30% of revenues or energy production from coal. CB will use science-based underwriting to approach other high emitting sectors. CB is in the process of setting new operational GHG goals. CB has achieved carbon neutrality in their operations by purchasing offsets. CB is looking for opportunities to invest in direct GHG reductions in the value chain. CB noted that purchasing RECs is typically an additional cost. CB had a diverse director retire. CB is in the process of a director search and is considering diversity as a factor. The Team expressed our preference for an independent Chair. CB has a strong preference to keep the combined CEO/Chair. A new Swiss rule requires CB to publish an all-encompassing sustainability report in 2024.
16. **Howmet Aerospace, Inc. (ticker symbol HWM):** HWM provides advanced engineered solutions for the aerospace and transportation industries. HWM reached out to the Team for a shareholder engagement call. The Team reiterated our preference for an independent Chair. The Team discussed officer exculpation, diversity topics, ESG disclosure regulations, and Scope 1, 2, and 3 emission reduction targets with HWM.
17. **Regions Financial Corporation (ticker symbol RF):** RF is a regional multi-bank holding company. RF reached out to the Team as a part of their shareholder outreach program. RF has a few Board members retiring at the upcoming annual meeting, including the Chair. RF joined PCAF in 2022. RF is evaluating their financed emissions for six asset classes. RF expects to report their financed emissions by Q1 2025. RF is working on improving their supplier due diligence relating to solar project financing. Currently, RF is focusing their risk assessments on fraud because that presents the highest risk for underwriting. RF has seen increasing demand for sustainable lending projects. RF is focusing on funding projects that align with their clients' interests.
18. **Cisco Systems, Inc. (ticker symbol CSCO):** CSCO designs, manufactures, and sells IP based networking and other products related to the communications and information technology industry. CSCO reached out to the Team prior to their annual meeting to discuss executive compensation. CSCO mentioned the significant transformation of their business strategy. CSCO aims to increase subscriptions as a percent of revenue. CSCO is granting a one-time transformational PRSU award using a three-year performance period, with three annually set goals, and a new performance metric, product ARR, which is designed to drive future growth and profitability by incentivizing product ARR growth over the performance period. The estimated annualized value of the PRSUs is \$5 million.
19. **JPMorgan Chase & Co (ticker symbol JPM):** JPM provides global financial services and retail banking. JPM reached out to the Team for a shareholder engagement call. The Team noted at the May 2023 annual meeting we voted to require an independent Board Chair. JPM noted once the current CEO moves on, they will adopt an independent Chair. The Team also noted we voted to reduce the ownership threshold to call a special meeting to 10%. The Team noted the current 20% is sufficient but we will always support 10%. The Team noted ISS was originally recommending a vote against say-on-pay and we brought it to our internal governance committee and decided to support say-on-pay and a few days later ISS changed their position and recommended a vote for say-on-pay. JPM noted they are working

to disclose their pay structure better in the upcoming proxy. JPM is also focused on succession planning and Board changes. JPM lost a director earlier this year from a car accident. JPM also plans to publish its climate report in 3 weeks. The Team discussed various shareholder proposals specifically regarding science-based targets and JPM noted IEA is a guideline for them rather than the SBTi. The Team noted we last conducted our ESG review in May 2023 and will update our research this coming May.

20. **Wells Fargo & Company (ticker symbol WFC):** WFC is a diversified financial services company providing banking, insurance, investments, mortgage, leasing, credit cards, and consumer finance. WFC reached out to the Team for a shareholder engagement call. The Team noted our next annual sustainability research review is this April and we will review the sustainability related disclosures then. The Team reminded WFC of our request to disclose whistleblower line statistics. WFC noted they shared our request with the Board. The Team noted by 2030 WFC aims for renewable energy projects to meet 100% of annual purchased electricity needs by 2030. The Team asked what the cost is of using renewable energy over fossil fuels and if it is more of an expense or a savings opportunity. WFC noted it depends on where you are in the country. The Team sent over good examples of discussions related to the cost/benefit of sustainability from other issuers. The Team reminded WFC of our suggestion to disclose the process for assuring solar panel components do not involve Uighur sourcing.
21. **Employers Holdings, Inc. (ticker symbol EIG):** EIG operates in the commercial property and casualty insurance industry. EIG reached out to the Team to discuss the upcoming exclusive forum provision shareholder vote. In December 2022, EIG adopted the exclusive forum provision without going to shareholders for approval. Following the adoption, the Board received feedback from certain stockholders regarding the terms of the provision and the process of its adoption. As a result, the Board amended the provision to provide that the state courts located anywhere in the State of Nevada are the exclusive forum to adjudicate the matters specified in the exclusive forum provision. The Board also confirmed its intention to seek stockholder ratification at the 2024 annual meeting. Boston Partners voted against two directors at the 2023 annual meeting due to the adoption of the exclusive provision without shareholder approval. However, the Team informed EIG that Boston Partners will likely support the provision at the 2024 annual meeting.
22. **Hope Bancorp, Inc. (ticker symbol HOPE):** HOPE operates as the bank holding company for Bank of Hope that provides banking services for small and medium-sized businesses and individuals in the United States. HOPE reached out to the Team for an off-season investor engagement call. HOPE noted the Compensation Committee is undertaking a holistic assessment of the compensation program and have engaged a consultant from the arm of ISS and Pearl Meyer. HOPE noted they are presenting a new equity incentive plan in the next proxy and plans to reach out to the Team prior to the annual meeting this year to discuss say-on-pay once ISS releases their research recommendation. The Team recommend HOPE align the report with GRI and SASB standards. The Team went through the types of disclosures we typically look for (full diversity disclosure, training programs and data, GHG emissions, and climate change risks and opportunities). HOPE noted they are trying to gather Scope 1 and 2 data, but it is difficult and has been a work in progress. The Team also recommended HOPE adopt an independent Board Chair.

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

1. **Saturn Oil & Gas, Inc. (ticker symbol SOIL-CA):** SOIL-CA is an oil and gas exploration and production company. The Team had notified SOIL that we had voted against management at the June 2023 annual meeting on three matters: against the election of Ivan Bergerman because of insufficient female directors; approving the long-term incentive plan because of certain structure deficiencies; and against the advance notice requirements for shareholder nominations for Directors because the time period was insufficient. SOIL-CA responded that they are looking for more diverse directors, but it would be a deliberate process to find the right candidates; the long-term incentive plan was drafted to align with industry standards in the mid-cap oil and gas industry and that the advance notice provision in the by-laws was industry standard based on advice of counsel.

## Proxy Voting:

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

- 1. Newmark Group, Inc (ticker symbol NMRK):** Boston Partners voted to withhold votes from Howard Lutnick because the nominee is a CEO and sits on more than three public company boards. Additionally, Lutnick is a non-independent director nominee and NMRK lacks a formal nominating committee. Boston Partners voted to withhold votes from Virginia Bauer and Kenneth McIntyre for maintaining a dual-class structure that is not subject to a reasonable time-based sunset. Boston Partners voted against ratifying executive officers' compensation because the CEO's employment agreement was recently amended to provide for problematic excessive severance payments as a long-term guaranteed bonus.
- 2. Richardson Electronics, Ltd. (ticker symbol RELI):** Boston Partners withheld votes from Edward Richardson because his ownership of the supervoting shares provides him with voting power control of the company. Boston Partners withheld votes from incumbent members of the nominating committee because the Board has seven or more Board members and does not have at least two board members that are not of the majority gender. Additionally, the Board does not have any underrepresented directors. Votes were withheld from the governance committee members for maintaining a multi-class capital structure that is not subject to a reasonable time-based sunset provision.
- 3. Procter & Gamble Company (ticker symbol PG):** Boston Partners voted for Amend Bylaws to Require Shareholder Approval of Certain Provisions Related to Director Nominations by Shareholders because the proposal is considered to be narrowly tailored to prevent unilateral adoption only of highly restrictive provisions to which shareholders have objected at other companies.
- 4. XCMG Construction Machinery Co., Ltd. (ticker symbol BD5CM2):** Boston Partners voted against amend senior management compensation system because the remuneration plan will apply to the secretary of the party committee who should not be classified as a senior management member due to insufficient clarity over his/her role and responsibility in the company.
- 5. Zhuzhou Kibing Group Co., Ltd. (ticker symbol BP3RFL):** Boston Partners voted against Approve Draft and Summary on Phase 5 Employee Share Purchase Plan, Approve Management Method of Phase 5 Employee Share Purchase Plan, and Approve Authorization of the Board to Handle All Matters Related to Phase 5 Employee Share Purchase Plan because the terms in the ESPP are not deemed in the best interest of shareholders.
- 6. Medtronic Plc (ticker symbol MDT):** Boston Partners voted against Renew the Board's Authority to Opt-Out of Statutory Pre-Emptions Rights Under Irish Law because the stock that could be issued represents more than 10% of the current outstanding shares.
- 7. Luther Burbank Corporation (ticker symbol LBC):** LBC voted for the adoption of an annual say-on-pay frequency given it is considered a best practice as it provides shareholders a regular opportunity to opine on executive pay.

## Boston Partners voted the following number of proxies:

Number of meetings: 22

Number of issues: 213

## 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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