

# Sustainability and Engagement at Boston Partners

## Engagement Report

---

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions in November 2018:

### Issuer Calls and Meetings.

- 1. Pioneer Natural Resources Company (ticker symbol: PXD):** PXD is an oil and gas exploration company operating primarily in the Texas Permian Basin. The Team met with 5 PXD representatives including PXD’s Sustainable Development Director and PXD’s Sustainable Development Staff Specialist. The Team requested the following actions: (a) move to have a completely independent Board Chairman and ensure that the current CEO is not elevated to the Chairman’s role; (b) reduce the threshold to 10% for shareholders to call a special meeting and to act by written consent; (c) increase data reported in the newly published sustainability report. PXD committed to increasing disclosure with subsequent reports; (d) have its GHG emissions independently verified by a third party; and (e) increase disclosure of its audit process for supplier compliance with its supplier code of conduct.
  - 2. Laboratory Corporation of America Holdings (ticker symbol: LH):** LH is a global life sciences company focusing on diagnostics and drug development. The Team met with LH’s investor relations representative and its General Counsel and Secretary. The Team requested the following actions: (a) require directors to serve on no more than 3 public company boards to avoid over-boarding issues; (b) adopt a requirement for the Chairman of the Board to be an independent director; (c) produce a comprehensive corporate responsibility report in accordance with the GRI standards; and (d) participate in the CDP. LH said that it was in the process of preparing a corporate responsibility report and preparing its report for participation in the CDP.
  - 3. Oracle Corp (ticker symbol: ORCL):** ORCL is a leading computer software/technology maker. The Team met with two members of the ORCL legal department to discuss the upcoming annual meeting proxy. The Team requested the following actions: (a) require directors to serve on no more than 3 public company boards to avoid over-boarding issues; and (b) adopt a requirement for the Chairman of the Board to be an independent director.
  - 4. Chevron Corporation (ticker symbol: CVX):** CVX is an energy, chemical, and petroleum company operating worldwide. The Team met with representatives from CVX’s ESG team and executive compensation adviser. The Team requested that CVX adopt a requirement for the Chairman of the Board to be an independent director.
  - 5. Huntington Ingalls Industries (ticker symbol: HII):** HII is a major US defense contractor specializing in ship building. The Team met with 4 HII representatives and requested that: (a) HII prepare a corporate responsibility report in accordance with GRI standards; and (b) HII participate in the CDP. HII representatives informed the Team that the corporate responsibility report was being prepared.
-

6. **BB&T Corporation (ticker symbol: BBT):** BBT is a banking corporation with branches in 15 states and Washington D.C. The Team met with two representatives from BBT's legal department and requested the following actions: (a) prepare future Corporate Social Responsibility Reports in accordance with the GRI standards; (b) reduce disclosure about charitable giving and volunteer efforts and increase disclosure about the BBT environmental footprint and other operating metrics; (c) participate in the CDP; (d) capture and disclose the environmental footprint of borrowers. BBT noted that a new Chief of Corporate Responsibility had been hired as a C Suite position and would be working on the suggestions made.
7. **SunTrust Banks, Inc. (ticker symbol STI):** STI is a regional banking company based in the southeast United States. The Team spoke with 4 STI representatives including the new head of corporate responsibility. The Team requested the following actions: (a) adopt a requirement that the Chairman of the Board be an independent director; (b) lower the thresholds for shareholders to act by written consent and to call a special meeting to 10%; (c) publish a corporate responsibility report; (d) participate in the CDP; and (e) collect and disclose information about STI's borrower base such as GHG emissions and whether the borrowers are in sensitive industries such as coal or oil and gas.
8. **eBay, Inc. (ticker symbol: EBAY):** EBAY is an online auction market. The Team spoke with 6 representatives from EBAY. The Team requested the following actions: (a) lower the threshold for shareholders to call a special meeting and act by written consent to 10%; and (b) participate in the CDP.
9. **White Mountain Mountains Insurance Group, LTD (ticker symbol: WTM):** WTM is an insurance holding company. The Team requested the following actions: (a) eliminate the classified board; (b) require directors to serve on no more than 3 public company boards to avoid over-boarding; (c) produce a comprehensive corporate responsibility report in accordance with the GRI standards; and (4) participate in the CDP.

### Proxy Voting:

The Team sent letters to the following issuers informing the issuer of Boston Partners' proxy vote against management regarding the following matters.

1. **Cardinal Health:** In favor of a shareholder proposal to reduce the threshold for shareholders to call a special meeting to 10%.
2. **Western Digital Corp:** Against approval of the issuer's stock compensation plan because the burn rate exceeded Boston Partners' limit of 3.5% per year.
3. **Net 1 U.E.P.S. Technologies, Inc.:** Against reelection of members of the Compensation Committee and against ratification of the named executive officers' compensation for failure to respond to the low say on pay vote in the previous year.
4. **Accuray, Inc.** Against approval of the Omnibus Stock Plan amendment because the burn rate exceeded Boston Partners' limit of 3.5% per year.
5. **Industrial and Commercial Bank of China Ltd.:** Against a director because he sits on more than three public company boards which presents over-boarding concerns and against the proposal to issue equity without preemptive rights because the potential dilution exceeds Boston Partners' limit of 10%.
6. **Adcock Ingram Holdings Ltd.:** Against a director because he sits on more than three public company boards which presents over-boarding concerns, against the remuneration of non-executive directors because it is excessive compared to peers and against the long-term incentive scheme because insufficient information was provided regarding share usage and performance conditions.

7. **SINA Corp.:** Against a director because he sits on more than three public company boards which presents over-boarding concerns; and against an amendment to the articles of association which would allow the issuance of Class A preference shares, effectively creating a dual class structure.
8. **Clover Industries Ltd.:** Against the reelection of a director because he sits on more than three public company boards which presents over-boarding concerns and against the fees to be paid to the Board Chairman and non-executive directors because the fees are excessive compared to peers.
9. **Fosun International Ltd.:** Against the share option scheme because the directors that are involved in the administration of the scheme are eligible to receive options under that scheme.
10. **FCB Financial Holdings, Inc.:** Against a proposal for golden parachute severance payments because the plan provided for single trigger payments.

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

Number of meetings: 40

Number of issues: 361

**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.

**Boston Partners** | One Beacon Street, Boston, MA 02108 tel: 617-832-8200

[www.boston-partners.com](http://www.boston-partners.com)