

Sustainability and Engagement at Boston Partners

Engagement Report

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions during November 2019:

Calls, Meetings and Correspondence with Issuers:

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

- 1. AstraZeneca PLC (ticker symbol AZN LN):** AZN is a biopharmaceutical company. The Team emailed AZN following research on AZN. The Team noted AZN provides information about concerns reported through the helpline and instances of non-compliance with the Code of Ethics and encouraged AZN to disclose the types of concerns and instances of non-compliance. The Team also encouraged AZN to report more data related to affordability and pricing, such as the percentage change in average list price and average net price across the product portfolio compared to the previous year, and to report the voluntary and involuntary turnover rates for employees at various levels of the company.
- 2. Loews Corporation (ticker symbol L):** L is a diversified company with businesses in the insurance, energy, hospitality, and packaging industries. The Team had a call with representatives from L after emailing the company in October. L published an inaugural sustainability report using the SASB framework to determine the categories on which to focus for each subsidiary. L is considering providing a SASB tear sheet for yearly updates. The Team discussed the Executive Chairman, third-party monitoring of whistleblower reports, disclosure of diversity and safety data, GHG emissions, supplier oversight, and TCFD reporting.
- 3. Kansas City Southern (ticker symbol KSU):** KSU is a transportation holding company that provides domestic and international rail transportation services. The Team emailed KSU following research on KSU, and KSU responded via email. The Team noted KSU had relatively low ratings on Glassdoor and Indeed and asked if KSU monitors such reviews. KSU explained they believe the internal employee surveys are a better predictor of employee engagement and provided the highlights from the most recent survey. The Team also inquired about whistleblower claim data, KSU’s use of the American Chemistry Council Standards rather than ISO, training data, plans to increase diversity, and environmental performance goals. The Team also asked if KSU intends to report in accordance with SASB or TCFD. KSU took note of the request regarding whistleblower data and training data and will consider it for future disclosure. KSU explained the American Chemistry Council standards were used to align with the industry, though KSU is in the process of conforming the health and safety management system and environmental management system to ISO specifications. KSU reported its workforce is 5% female though 25% of VPs are women, and KSU described initiatives to improve diversity. KSU expects the CDP score to improve due to improvements in disclosure,

and KSU has committed to set a GHG reduction goal based on science-based targets. Finally, KSU explained the report is prepared using GRI, but KSU is evaluating other standards.

4. **Moody's Corporation (ticker symbol MCO):** MCO is a credit ratings, research, and risk analysis firm. The Team emailed MCO following research on MCO. The Team addressed governance concerns such as the board's authority to issue blank-check preferred stock, and that MCO does not provide shareholders the right to call a special meeting, the right to act by written consent, or proxy access. The Team inquired how many suppliers MCO has, if there is a qualification process, and if suppliers are audited and what audits entail. The Team asked if GHG emissions and energy consumption data are third-party verified and if waste, water, and recycling metrics are tracked. The Team encouraged MCO to publish EEO-1 diversity data and inquired if safety data is tracked.
5. **United Parcel Service, Inc. (ticker symbol UPS):** UPS provides letter and package delivery, specialized transportation, logistics, and financial services. The Team emailed UPS following research on UPS. The Team asked if the Board has considered moving to an independent Chairman. The Team also inquired about climate control in delivery vehicles, women in the workforce, supplier oversight, and whistleblower claims. Additionally, the Team asked how many contractors UPS employs and why confidentiality requirements prohibit UPS from disclosing contractor injuries since other issuers disclose this information. UPS replied saying it is reviewing the questions and will follow up with responses.
6. **Tractor Supply Company (ticker symbol TSCO):** TSCO operates rural lifestyle retail stores in the US. The Team reached out to TSCO following research on the company, and Investor Relations set up a call with TSCO's General Counsel, who oversees the sustainability program. The Team noted TSCO's disclosure is missing training data, safety statistics, and supplier oversight information. The Team also suggested including data about whistleblower complaints. The General Counsel noted TSCO has a good story to tell, referencing training, internal promotions, and a strong safety record. He expressed there is a robust audit program for suppliers with various requirements and social audits. However, this information is in the Vendor Portal on the website, so TSCO is working to migrate it over to the public website. TSCO mentioned they want the information to be similar to what peers disclose so that it can easily be compared. The Team suggested HPQ and COP as examples of companies that provide comprehensive disclosure and encouraged TSCO to focus on statistics and limit verbiage. TSCO also highlighted that the company was named to Barron's list of the top 100 sustainable companies and the FTSE4Good Index.
7. **AT&T Inc. (ticker symbol T):** T is a telecommunications company. The Team emailed T following research on T. The Team noted T has an Executive Chairman and asked if T has considered having an independent Chairman. The Team noted the low number of women executives and inquired about plans to increase diversity on the leadership team. The Team encouraged T to disclose the number, type, and resolutions of violations of the Code of Ethics and to have a third party certify the EHS system to ISO or similar standards. The Team also inquired about T's plans to reach GHG emissions reduction goals. Finally, the Team noted the recent class action lawsuit alleging fraud in the creation and reporting of DirecTV accounts and asked if T has arranged for a third party to undertake an investigation into the allegations.
8. **Quanta Services, Inc. (ticker symbol PWR):** PWR provides specialty contracting services. The Team emailed PWR following research on PWR and set up a call to address the questions and comments. The Team suggested disclosing the number of whistleblower complaints or Code of Ethics violations. PWR noted this and communicated they are considering additional details to include in future reporting. Regarding injury rates, PWR explained safety performance goals are a factor in compensation. PWR has many operating units so there are barriers to disclosing a consolidated number. PWR expressed they will consider disclosing training data. The Team asked if the Code of Ethics covers contractors and PWR explained they don't formally have a Supplier Code of Ethics, though they do some education for high-risk suppliers. Regarding oversight of sustainability, PWR mentioned the Corporate Management Team and indicated the Governance and Nominating Committee has oversight for sustainability matters. PWR is implementing Telogis, which is fleet management software from Verizon, and the functionality includes emissions information. Regarding diversity data, PWR noted it is considering disclosure and noted the employee count fluctuates seasonally.

Regarding training on anti-corruption, PWR reported there is training for all key management, including in-person training for many international operating units. Regarding the process for ensuring minimizing environmental effect from power line work, PWR explained there are numerous case studies they can disclose to illustrate this. The Team inquired how PWR addresses risks from servicing high-risk lines, and PWR pointed to the discussion of risk factors in the 10-K. The Team also commended PWR for having an independent Board Chairman, though noted female representation on the Board was low. PWR reported they recently added another female director.

9. **Shionogi & Co., Ltd. (ticker symbol 4507 JP):** Shionogi is a pharmaceutical company. The Team emailed Shionogi following research on Shionogi, and Shionogi responded via email. The Team inquired about training provided to employees. Shionogi explained there are personnel training programs tailored to a range of employees and total training time is over 1,300 hours. The Team noticed that there was a plan to treat and properly dispose of PCB contaminated waste at 78% of sites with a goal to ban PCB by 2022 and asked about the treatment of PCB waste at the remaining 22% of sites. Shionogi responded PCB-containing waste has been appropriately treated ahead of schedule, and they plan to dispose of PCB contaminated waste at 78% of sites in FY2019 and complete the total ban in FY2021. Further, the Team explained we normally see issuers disclose the number and type of whistleblower hotline complaints and their disposition and the number and type of Code of Ethics violations and their disposition. Shionogi replied they cannot disclose the detail type of hotline consultations due to privacy concerns, but there are 10 to 20 cases to be handled per year in compliance and harassment issues, and Shionogi conducted the investigation and analysis in the appropriate organization and has taken care of all the cases.
10. **Nintendo Co., Ltd. (ticker symbol 7974 JP):** Nintendo develops, manufactures, and sells home entertainment products. The Team emailed Nintendo following research on Nintendo. The Team encouraged Nintendo to increase diversity and independence on the Board of Directors. The Team noticed there is a Compliance Hotline for internal reporting of compliance-related issues and inquired if Nintendo has a third-party hotline for employees who wish to remain anonymous. The Team also encouraged Nintendo to disclose how many substantiated reports are received, broken out by category or type of violation. The Team asked about a company-wide anti-corruption and anti-bribery policy and sought more information about Nintendo's data security and privacy program. Further, the Team encouraged Nintendo to disclose the percentage of suppliers audited annually and how many audits result in corrective action plans and follow-up inspections, as well as to provide gender diversity data for management and various levels of the workforce.
11. **Electronic Arts Inc. (ticker symbol EA):** EA develops, markets, publishes, and distributes games, content, and services for game consoles, PCs, mobile phones, and tablets. The Team emailed EA following research on EA. The Team noted EA does not disclose the diversity characteristics of its workforce and that the executive team has a low percentage of women. The Team encouraged EA to provide information about the training available to EA employees as well as safety statistics. The Team noted EA lacked comprehensive disclosure about environmental goals and achievements and suggested EA disclose Scope 1, 2 and 3 GHG emissions, future targets for such emissions, whether the targets are science-based, as well as comprehensive statistics for waste recycling and landfill amounts and for water usage. The Team also encouraged EA to provide information about supplier selection and oversight and disclose the number, type and resolution of Code of Conduct violations and whistleblower complaints.
12. **Leidos Holdings, Inc. (ticker symbol LDOS):** LDOS provides services and solutions in the defense, intelligence, civil, and health markets. The Team emailed LDOS following research on LDOS. The Team encouraged LDOS to consider the SASB sustainability disclosure topics. The Team noted Roger Krone serves as both CEO and Chairman of the Board and expressed Boston Partners' position that the Chairman should be an independent director to represent the interests of shareholders in the best way. The Team also noted LDOS does not provide shareholders a right to act by written consent. The Team encouraged LDOS to report whistleblower claims data, such as the type or category and number of whistleblower reports received or Code of Conduct violations. The Team sought information about the supplier due diligence process at LDOS, such as whether supplier audits are conducted, and if so, how many and how frequently. The Team encouraged LDOS to adopt science-based emissions reduction targets and to provide EEO-1-like data that includes gender and racial/ethnic diversity data stratified by employee seniority levels.

13. **Global Payments Inc. (ticker symbol GPN):** GPN provides payment technology and software solutions. The Team emailed GPN following research on GPN. The Team encouraged GPN to consider the SASB disclosure topics. The Team also encouraged GPN to disclose the number and type of whistleblower claims reported or Code of Conduct and Ethics violations and asked if GPN has a Supplier Code of Conduct and Ethics. The Team inquired about the risk factors used to assess new vendors, if audits are conducted internally or by a third party, and what percentage of suppliers, or high-risk suppliers, are audited and the follow-up process when issues are identified. The Team encouraged GPN to disclose GHG emissions data (particularly Scope 3) and set science-based emissions reduction targets. The Team encouraged GPN to disclose diversity metrics, such as gender diversity data at various levels of the company and to disclose employee training data, such as hours and spend.
14. **C.H. Robinson Worldwide, Inc. (ticker symbol CHRW):** CHRW is a third-party logistics company that provides freight transportation services and logistics solutions. Boston Partners emailed CHRW following research on CHRW and had a call with Investor Relations and the Director of Corporate Responsibility. CHRW plans to use recognized frameworks, such as GRI or SASB, and include more metrics in future reports. CHRW is collaborating with a consultant to follow best practices. CHRW has set emissions reduction targets and participates in the CDP. CHRW described initiatives to limit waste, such as recycling and composting, as well as efforts to reuse or donate what customers cannot accept. CHRW described training obligations and opportunities at the company. The Team encouraged CHRW to provide diversity data. CHRW does not currently have a human rights policy but is working to formalize something soon. CHRW noted that most employees are operating in an office setting, so safety is not a significant issue, though CHRW will likely disclose more about safety and injury rates in future reports. Employees can use email or phone channels to anonymously report concerns, and CHRW works with a third party that receives the claims. The Team encouraged CHRW to disclose supplier oversight information and commented on the independence of the Executive Chairman. The Chairman is considered non-independent due to his prior role at the company. The CHRW team noted CHRW is focused on increasing women and persons of color in leadership roles. Finally, the Team noted that CHRW does not permit shareholders to act by written consent or to call a special meeting and encouraged CHRW to provide these rights.

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

1. **Johnson & Johnson (ticker symbol JNJ):** JNJ researches and develops, manufactures, and sells various products in the health care field. JNJ reached out to Boston Partners to discuss corporate governance and executive compensation, as well as other topics of interest. JNJ acknowledged Boston Partners' letter regarding votes against management recommendation at the annual meeting. Boston Partners voted against the say-on-pay proposal. JNJ explained the circumstances of the compensation matter. The Team noted that JNJ has been involved in many recalls and lawsuits and inquired about the compliance structure. JNJ explained the Board's oversight of risks, which they feel is strong oversight. JNJ noted there is no asbestos in talc; the company plans to litigate as it thinks it is on the right side. JNJ noted it is trying to be more proactive in issuing timely press releases and include information in the proxy. JNJ has reviewed its processes for compliance and does not feel there was a material deficiency.
2. **JPMorgan Chase & Co. (ticker symbol JPM):** JPM is a large, money center bank. JPM reached out to Boston Partners as part of its fall shareholder outreach program to discuss governance, executive compensation, and climate. Regarding governance, the Team communicated that the firm did not support one director at the annual meeting due to overboarding. The Team also commented that the Board lacks gender diversity. JPM responded that the Board is focused on gender diversity. JPM discussed the compensation plan and say-on-pay results. JPM released its inaugural report on climate this year. The Team commented that for the finance industry, the focus is on financing, investing, and lending. The Team inquired about supplier audit data and encouraged JPM to disclose supplier audit metrics.
3. **Xerox Holdings Corporation (ticker symbol XRX):** XRX designs, develops, and sells document management systems and solutions. XRX reached out to the Team to establish an ongoing dialog on executive compensation and governance matters. The Team had concerns about compensation and XRX explained the size of the total compensation package looked high due to the one-time, make-whole payment granted to the incoming CEO. XRX also explained the use of

discretion and noted many of the issues ISS highlighted will be self-corrected or corrected through the natural course of things and will not be issues next year. The Team communicated that Boston Partners voted against three director nominees because they sit on more than three public company boards. The Team noted gender diversity on the Board is lacking and we have noticed a trend of companies aiming for 30% female representation on the Board. The Team communicated its preferences for the shareholder right to call a special meeting and act by written consent. The Team also commented on XRX's ESG disclosure.

4. **Western Digital Corporation (ticker symbol WDC):** WDC develops, manufactures, and sells data storage devices and solutions. WDC reached out to Boston Partners ahead of the annual meeting as part of its ongoing shareholder outreach program. WDC considers the Chairman to be independent as he ceased serving as CEO many years ago, though ISS considers him to be non-independent. The Team communicated that the firm plans to vote against one director nominee due to Boston Partners' overboarding policy. WDC discussed the compensation program. Boston Partners intends to vote against the proposal to amend the omnibus stock plan because the burn rate is high. WDC noted the amount of stock given to executives is lower than peers since other employees such as engineers receive stock as well. WDC also mentioned volatility and cyclical affect the burn rate. The Team provided recommendations for the CSR Report, including setting GHG emissions goals (especially science-based goals), reporting the total number of training hours for employees, and disclosing Code of Ethics violations or whistleblower reports. WDC mentioned reporting is a challenge due to diverse data among acquired parties.
5. **Huntington Ingalls Industries, Inc. (ticker symbol HII):** HII is a major US defense contractor specializing in ship building. HII contacted Boston Partners as part of its off-season shareholder engagement program. The Team inquired about delays reported in various news articles. HII explained the situation. The Team inquired if HII has sufficient capacity to meet demand. HII responded they believe they have adequate capacity. HII creates its own workforce through an apprenticeship program and has no issue hiring. HII also pointed to board refreshment and the addition of a new board member. The Team mentioned the lack of the shareholder right to act by written consent and HII noted there was a proposal for this at a recent annual meeting, but it did not pass. HII described the ERM framework and risk assessment process. The Team noted HII lacks a sustainability report and relevant information on the website, such as the number of supplier audits. HII pointed to a page on the Investor Relations website that relates to the environment and the section on Corporate Citizenship in the proxy. The Team sent a follow-up email with a list of additional disclosure items we normally see in a comprehensive sustainability report.
6. **Xcel Energy Inc. (ticker symbol XEL):** XEL provides electric and natural gas services. XEL contacted Boston Partners as part of its shareholder outreach program. XEL noted there are no material changes to the corporate governance policy, no major changes to compensation, and that XEL is focused on climate change. The Team noted there is an Executive Chairman and conveyed our preference to have an independent Chairman. XEL communicated they don't anticipate changing that structure soon and there is a Lead Independent Director. XEL strives to be at the forefront of the energy source transition. The Team inquired about unintended consequences encountered in the energy transition. XEL explained some limitations due to weather. XEL also discussed wind and solar power progress.
7. **Toll Brothers, Inc. (ticker symbol TOL):** TOL builds luxury homes. TOL reached out to Boston Partners to arrange a shareholder engagement call. TOL provided an update on the state of the business. TOL highlighted a management transition around the role of COO and commented on board refreshment. There are currently two female members of the Board and TOL expressed it is focused on diverse candidates. The Team noted TOL has a combined CEO and Chairman and communicated we prefer to see an independent Chairman. TOL mentioned a high say-on-pay approval rate and communicated it doesn't anticipate large changes to the compensation plan. The Team suggested disclosing diversity information (such as EEO-1 data), safety statistics, supplier oversight information, and whistleblower complaints or Code of Ethics violations. The Team also noted subcontractor oversight and quality control. Further, the Team mentioned GRI, SASB, and TCFD standards and cited HPQ and COP as examples of issuers that have comprehensive disclosure.

8. **Pioneer Natural Resources Company (ticker symbol PXD):** PXD is an independent oil and gas exploration company. In October, PXD sent the Team a link to the updated sustainability report. The Team responded with comments and questions. The Team was impressed with the increased disclosure and noted that PXD addressed many topics of interest. However, the Team didn't see anything on the process for supplier oversight including the number and results of supplier audits. Further, the Team communicated that we have seen an increasing trend among issuers to disclose the number, categorization, and disposition of whistleblower claims and Code of Ethics violations. The contact offered to pass the suggestions along to the sustainability team.
9. **AXIS Capital Holdings Limited (ticker symbol AXS):** AXS is an insurance company. AXS contacted Boston Partners as part of its shareholder outreach program. AXS described the compensation plan and noted having exceptional talent necessitates competitive compensation to attract, incentivize, and retain that talent. AXS received low say-on-pay support at the 2019 annual meeting. AXS highlighted the feedback it received from shareholders regarding compensation. AXS noted it is enhancing disclosure about performance metrics and targets, as well as explaining the scope of the Chairman's responsibilities and why he receives high compensation. AXS noted board refreshment and the addition of female directors. The Team noted the lack of an independent Chairman and the low percentage of independent directors on the Board. The Chairman is not considered independent by NYSE standards as he is a former Executive Chairman and provides consulting services to AXS. The Team also commented on the classified board and expressed our preference for a declassified structure. AXS noted the Board is sensitive to this and annually reviews it. AXS discussed its commitment to corporate social responsibility. The Team recommended disclosing diversity data, AXS's environmental profile, supplier oversight information, and whistleblower claims data.
10. **Oracle Corporation (ticker symbol ORCL):** ORCL supplies software for enterprise information management. ORCL reached out to Boston Partners ahead of the annual meeting to discuss proxy matters. The Team communicated how Boston Partners planned to vote. Boston Partners intended to withhold votes from various director nominees because they were incumbent members of the governance committee and there were concerns regarding pledging activities. ORCL explained the limited pledging activities of the founder. Boston Partners intended to vote against the compensation plan and various incumbent members of the compensation committee. ORCL discussed the compensation program and ISS's interpretation of it. Boston Partners intended to withhold votes from a director nominee because she sits on more than three public company boards, which presents overboarding concerns. The Team also communicated Boston Partners intended to support the proposal for the gender pay gap, per the Governance Committee's vote, and the proposal to require an independent Board Chairman, per Boston Partners' policy.
11. **ITT Inc. (ticker symbol ITT):** ITT manufactures and sells engineered critical components and customized technology solutions. ITT reached out to Boston Partners as part of its fall shareholder engagement efforts. The ITT team described the compensation plan. ITT noted the new CEO was previously the COO, so ITT did not need to offer a one-time, make-whole award. ITT explained they added two directors in anticipation of upcoming retirements. ITT noted it considers diversity in terms of gender, race/ethnicity, and thought, though ITT was looking to add female directors and appointed two women in 2018. ITT also noted there are many non-US directors on the Board. ITT recently reviewed the retirement policy and raised the age limit. ITT noted there was a proposal calling for a written policy to require an independent Chairman. ITT has an independent Board Chairman and the Board does not intend to change the structure, but the Board did not want to be limited and wanted to maintain flexibility. ITT recently lowered the threshold for shareholders to call special meetings. The Team inquired about the overboarding policy; Boston Partners voted against one director nominee because he sits on more than three public company boards. The Team provided feedback on ITT's sustainability report and suggested including data regarding supplier oversight, employee training, and whistleblower claims. The Team also noted the low percentage of women in management and the rise in injury rates and GHG emissions.
12. **Enerplus Corporation (ticker symbol ERF):** ERF is an oil and gas exploration and production company. ERF reached out to Boston Partners as part of the Board's engagement efforts. ERF described the board dynamics and noted corporate governance and ESG is important. The Board emphasizes doing the right thing, ethics and integrity, and risk management. The Board consists of nine directors, eight of whom are independent, three of whom are women.

The Board recently recruited Karen Clarke-Whistler, who was previously the Chief Environment Officer at TD Bank Group and has extensive environmental expertise. The Team inquired if ERF has had difficulty finding qualified female candidates. ERF responded that it is competitive finding a qualified director of any kind, but they have not had an issue identifying women. ERF described the compensation plan. ERF has been providing sustainability reporting for many years. The Team inquired how ERF thinks about climate change risk. ERF views natural gas as a bridge fuel. ERF is focused on GHG emissions and is working to set targets for emissions reductions.

13. **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 Boston Partners ahead of the annual meeting. The Team communicated how Boston Partners planned to vote. Boston Partners intended to vote against two director nominees because they sit on more than three public company boards. Boston Partners also intended to support a proposal to require an independent Board Chairman. The Team noted CSCO's diversity ratio for the workforce seemed low. The CSCO team explained there is a constant initiative to improve diversity. CSCO is working to drive women to STEM among other initiatives, such as diverse interview panelists.
14. **Huron Consulting Group Inc. (ticker symbol HURN):** HURN provides operational and financial consulting services. HURN contacted Boston Partners as part of its shareholder engagement efforts. HURN described the compensation structure. HURN noted many competitors are not public companies so it is difficult to use relative TSR. Boston Partners did not support a proposal to amend the omnibus stock plan in 2019 because the adjusted burn rate exceeded 3.5%. However, HURN explained Managing Directors receive stock in addition to executives. HURN described the Board and its refreshment process. HURN also mentioned its commitment to human capital and focus on turnover and retention rates. The Team commended HURN for having an independent Board Chairman but communicated our preference for a declassified board. The Team also noted HURN is lacking in terms of shareholder rights. Finally, the Team encouraged HURN to provide sustainability disclosure.
15. **eBay Inc. (ticker symbol EBAY):** EBAY operates commerce platforms. The call was requested by EBAY as part of their normal investor outreach. EBAY provided an investor outreach presentation that covered corporate governance, compensation, diversity and global impact. EBAY went through the presentation. Boston Partners did not have any material concerns with EBAY but engaged in a dialogue with EBAY regarding its compensation program and whether it provided sufficient retention incentives, particularly given the challenges EBAY faced.
16. **Activision Blizzard, Inc. (ticker symbol ATVI):** ATVI develops and distributes content and services on video game consoles, personal computers, and mobile devices. ATVI reached out to Boston Partners as part of its ongoing outreach efforts. The Team's primary comment was ATVI's lack of sustainability reporting. ATVI explained disclosure was imminent. The Team described what we typically look for, such as diversity data, supplier oversight information, environmental data, and whistleblower claims information. The Team also suggested ATVI consider the SASB disclosure topics. The Team communicated that we prefer to see an independent Chairman and encouraged ATVI to select an independent Chair with the next leadership transition. The Team also noted ATVI's Board is only 20% women, and ATVI does not provide shareholders the right to call special meetings. Further, ATVI discussed the compensation plan and the Team provided feedback.
17. **The Travelers Companies, Inc. (ticker symbol TRV):** TRV is an insurance company. After an engagement call in October, the Team sent TRV various follow-up questions regarding TRV's SASB report. In November, the Vice President, Chief Sustainability Officer and Group General Counsel at TRV responded to the Team's questions, providing more information about TRV's closed complaint ratio, customer retention rate, integration of ESG, and consideration of climate change.
18. **PQ Group Holdings Inc. (ticker symbol PQG):** PQG provides catalysts, specialty materials and chemicals, and services. The call was requested by the VP, Investor Relations & Financial Communications as part of shareholder outreach. The discussion centered around the lack of any material sustainability disclosure and Boston Partners explained the type of disclosure that ESG-centered investors want to see and provided some recommendations for PQG to emulate. There

was also considerable discussion regarding corporate governance and the classified board structure. PQG noted that the classified board structure was still in place because the private equity investors still held 75% of the outstanding shares. The contact stated that PQG was now turning toward adopting best practices, which would include improving corporate governance and sustainability disclosure and thanked Boston Partners for the guidance.

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

1. **Assurant, Inc. (ticker symbol AIZ):** AIZ provides risk management solutions for housing and lifestyle markets. AIZ responded to Boston Partners' letter of June 10, 2019 in October and arranged a call for November to discuss the issues raised in the letter and to provide an update on governance, compensation, and other matters. AIZ described the compensation plan. The Team discussed Boston Partners' vote against the proposal to amend the omnibus stock plan because AIZ's three-year average burn rate exceeded 3.5%. The Team also discussed overboarding as Boston Partners voted against one director because she sits on more than three public company boards. The Team commended AIZ for having an independent Board Chairman and separate CEO. AIZ noted board refreshment and mentioned the Board evolved with the recent strategy transformation. The Team also noted AIZ is lacking shareholder rights, such as the right to call a special meeting and the right to act by written consent. AIZ noted these are on their radar. AIZ described the corporate social responsibility program. The Team noted the CSR report lacked specifics, such as the number of supplier audits, Code of Ethics violations or whistleblower claims, training numbers like hours and spend, and diversity data like EEO-1 type information. The Team suggested considering the SASB and TCFD frameworks, and AIZ responded they are. The Team also noted science-based emissions targets. Finally, the Team mentioned AIZ has a decent record from a litigation standpoint, though renters' insurance ratings looked low. AIZ noted they are putting more focus on ratings and reviews to be responsive.
2. **KBR, Inc. (ticker symbol KBR):** KBR provides professional services and technologies across the asset and program life-cycle within the government services and hydrocarbons industries. KBR responded to Boston Partners' letter of June 13, 2019 regarding votes against management recommendation at the annual meeting and offered to have a call to discuss. Boston Partners voted against the advisory vote to ratify named executive officers' compensation, and KBR responded to Boston Partners' concerns. The payouts were higher than expected given performance. The Team communicated our preference that the company work with an outside compensation consultant. KBR described the sustainability program. The Team recommended including total GHG emissions, as well as waste, recycling, and water information in KBR's disclosure. The Team also suggested including supplier oversight statistics, training data, and whistleblower claims information. The Team emphasized adding metrics beyond anecdotal information. Finally, regarding governance, the Team noted a lack of shareholder rights. KBR sent the Team a link to the 2018 Sustainability Report upon its release shortly after the call.

Proxy Voting:

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

1. **Accuray Incorporated (ticker symbol ARAY):** Voted against the ratification of named executive officers' compensation. CEO compensation increased significantly in FY2019. While FY2020 compensation will be reduced in value (as compared to FY2019), the proxy did not disclose specifics regarding size and structure of awards. Further, long-term awards were not conditioned on the achievement of performance criteria.
2. **Banco do Brasil SA (ticker symbol BBAS3 BZ):** Voted against two director nominees due to conflicts of interest concerns. Abstained voting on cumulative voting proposals because information regarding the items was not disclosed.
3. **Alpha and Omega Semiconductor Limited (ticker symbol AOSL):** Voted against amendments to the company's omnibus stock plan because the three-year average burn rate exceeds 3.5%, which Boston Partners deems excessive.
4. **Despegar.com, Corp. (ticker symbol DESP):** Voted against director nominees due to committee independence concerns because the ratification of auditors is not on the ballot for shareholder vote.

5. **Fox Corporation (ticker symbol FOXA):** Voted against one director nominee due to overboarding concerns. Voted against the ratification of named executive officers' compensation for large one-time awards that lacked performance vesting criteria. Further, CEO and Chairman pay significantly exceeded peers.
6. **Lam Research Corp. (ticker symbol LRCX):** Withheld votes from three director nominees due to overboarding concerns. Voted against the ratification of named executive officers' compensation. The short-term program relies heavily on individual performance assessments, which is increasingly rare for S&P 500 companies. Further, the financial goal in the short-term incentive program was set below last year's performance level; however, payouts were above target. Additionally, the internally promoted CEO received entirely time-based promotional awards and the CFO received a sizable time-based retention grant as well. Both grants have relatively short vesting periods, limiting their retentive value.
7. **Radiant Logistics, Inc. (ticker symbol RLGT):** Voted against the ratification of named executive officers' compensation because annual and long-term incentives lack pre-set, disclosed performance criteria. Voted for an advisory say-on-pay vote annually.
8. **Western Digital Corporation (ticker symbol WDC):** Voted against amendments to the company's omnibus stock plan because the three-year average burn rate exceeds 3.5%, which Boston Partners deems excessive.

Boston Partners voted the following number of proxies:

Number of meetings: 25

Number of issues: 225

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.