

Sustainability and Engagement at Boston Partners

Engagement Report

The Sustainability and Engagement Team (the “Team”) undertook the following engagement actions during July 2020:

Calls, Meetings and Correspondence with Issuers:

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

- DICK’S Sporting Goods, Inc. (ticker symbol DKS):** DKS is a sporting goods retailer. The Team emailed DKS following research on DKS. The Team noted DKS’s sustainability report was well done, though recommended also including diversity statistics, training hours data, safety statistics, and ethics hotline claim statistics. Additionally, the Team noted DKS did not disclose GHG emissions targets or third-party assurance of GHG data. The Team also inquired what communications DKS has undertaken with NKE regarding Uighur slave labor issues. The Senior Director of Investor Relations responded, indicating DKS will review the Team’s feedback as they prepare for the next report.
 - Williams-Sonoma, Inc. (ticker symbol WSM):** WSM operates as a multi-channel specialty retailer of various home products. The Team emailed WSM following research on WSM. The Team encouraged WSM to align the Corporate Responsibility Scorecard formally with a recognized framework such as GRI and/or SASB; encouraged WSM to disclose revenue from products that are third-party certified to environmental and/or social sustainability standards; encouraged WSM to report the number of supplier audits conducted annually; encouraged WSM to disclose more diversity data, such as EEO-1 type data, as well as employee engagement and employee turnover statistics; and encouraged WSM to report employee training statistics. The Team also noted various reviews on Glassdoor mentioned inadequate training and inquired about the employee onboarding program. The Team also asked what percentage of WSM’s factories are Fair Trade Certified and if WSM utilizes renewable energy sources or is considering setting renewable energy use targets. WSM offered to have a call to discuss. WSM indicated the company has a sound sustainability program. WSM expects to publish the next sustainability report in the fall, and the report will use the SASB framework. WSM noted there is a robust social compliance program with third-party audits. WSM also reports to CDP.
 - Carrier Global Corporation (ticker symbol CARR):** CARR provides heating, ventilating, and air conditioning (HVAC), refrigeration, fire, security, and building automation technologies. The Team emailed CARR following research on CARR. The Team inquired if CARR intends to prepare a full corporate responsibility report, and if it will align with GRI and/or SASB standards. The Team also encouraged CARR to provide more information about the supplier due diligence process and inquired if CARR has considered joining the Science Based Targets Initiative. Additionally, the Team encouraged CARR to increase independence and diversity on the Board of Directors. The Vice President, Investor Relations replied and shared the newly released Environment, Social & Governance Report with information about CARR’s performance against sustainability targets and programs across ESG topics.
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The Team engaged with the below issuers following shareholder outreach by the company.

1. **Western Digital Corporation (ticker symbol WDC):** WDC develops, manufactures, and sells data storage devices and solutions. WDC reached out to Boston Partners to provide an off-season update. WDC highlighted updates to the Board. WDC feels there is a good mix of gender, age, and tenure among directors, and WDC is looking to bring on additional board members over time. WDC has a policy for board members to step down after reaching the age of 72; WDC indicated the policy provides an opportunity to ensure further diversity of thought and experience. WDC explained how the company has been navigating the COVID crisis. WDC recently named a new CEO and described his compensation as well as the executive compensation plan in general. Additionally, WDC highlighted the sustainability program and diversity and inclusion initiatives.
2. **McKesson Corporation (ticker symbol MCK):** MCK provides pharmaceuticals and medical supplies. MCK reached out to Boston Partners ahead of the annual meeting. The Team communicated how Boston Partners intended to vote: for the say-on-pay proposal, for the proposal to provide the right to act by written consent, and against the report on the Statement on the Purpose of a Corporation. MCK focused on the proposal for a report on Lobbying Payments and Policy as Boston Partners had not yet determined a position. MCK recognizes this is an area of emerging interest and seeks to be thoughtful about responding and enhancing transparency in a meaningful way. MCK provided more information about MCK's lobbying activity and disclosure. After the discussion, the Governance Committee determined Boston Partners would support the proposal, and MCK followed up to understand Boston Partners' position.
3. **Jazz Pharmaceuticals plc (ticker symbol JAZZ):** JAZZ is a biopharmaceutical company. JAZZ reached out to Boston Partners ahead of the annual shareholder meeting. The Team communicated that Boston Partners intended to vote in line with management on all items except the proposal to amend the non-employee director omnibus stock plan. JAZZ expressed the plan is important for attracting and retaining high quality directors in a competitive environment while seeking to align the incentive with shareholders' interests. The plan is how JAZZ provides equity compensation to the Board. The Team noted the burn rate exceeds Boston Partners' threshold of 3.5%. JAZZ explained they operate in a higher burn rate sector. JAZZ noted they try to manage shares prudently and responsibly, as well as in line with peer practices, and the Compensation Committee reviews share utilization regularly. Further, the burn rate reflects both the employee and non-employee director plans and is largely attributable to the employee plan.

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

1. **Dollar Tree, Inc. (ticker symbol DLTR):** DLTR operates discount variety retail stores. The VP, Governance and Assistant General Counsel-Securities responded to Boston Partners' letter of June 16, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners supported the proposal for a report on greenhouse gas emissions goals. DLTR offered to have a call to discuss. DLTR indicated they are at the beginning stages of disclosure but are committed to issuing a report regarding climate change. The Team also inquired about supplier oversight data, gender diversity data, training data, safety issues, and whistleblower disclosure.
2. **NN, Inc. (ticker symbol NNBR):** NNBR manufactures high precision metal and plastic components and assemblies. The Senior Vice President and General Counsel responded to Boston Partners' letter of May 14, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners withheld votes from a director nominee because he is a member of the audit committee and the company did not maintain an effective control environment nor effective monitoring controls. NNBR offered to have a call to discuss.
3. **TTEC Holdings, Inc. (ticker symbol TTEC):** TTEC is a customer experience technology and services company. The SVP, General Counsel, Chief Risk Officer, Corporate Secretary responded to Boston Partners' letter of April 29, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners voted against various director nominees because they were incumbent members of the nominating committee and the Board lacked gender diversity. Further, one director sits on five public company boards, which presents overboarding concerns. TTEC

indicated gender and other diversity factors have always been considered for board membership, and the Board considered the overboarded director's commitments carefully.

4. **Taiwan PCB Techvest Co., Ltd. (ticker symbol 8213 TT):** Taiwan PCB Techvest manufactures and sells electronic components and printed circuit boards. A representative from the company responded to Boston Partners' letter of May 29, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners voted against a proposal to Amend Procedures for Lending Funds to Other Parties because the proposed increase of caps in lending funds to others may expose the company to unnecessary risks, and a compelling rationale for such changes was not disclosed. The representative explained the context of the proposal.
5. **OTP Bank Nyrt (ticker symbol OTP HB):** OTP provides commercial banking services. The Director, Strategic & Financial Division, Investor Relations & Capital Markets Department responded to Boston Partners' letter of April 19, 2020 regarding votes against management recommendation at the annual meeting. OTP addressed Boston Partners' comments and concerns regarding a non-independent chair of the audit committee, the remuneration guidelines and policy, and the share repurchase program.
6. **Chevron Corporation (ticker symbol CVX):** CVX, through its subsidiaries, engages in integrated energy, chemicals, and petroleum operations. A representative from the Corporate Governance Department responded to Boston Partners' letter of May 19, 2020 regarding votes against management recommendation at the annual meeting. CVX appreciated understanding Boston Partners' views on the report on petrochemical risk, special meetings, and an independent Board Chair. The representative indicated she would pass the letter on to the Board for its consideration.
7. **DaVita Inc. (ticker symbol DVA):** DVA provides kidney dialysis services. The Assistant General Counsel responded to Boston Partners' letter of June 16, 2020 regarding votes against management recommendation at the annual meeting. DVA acknowledged Boston Partners' letter and communicated that each year after the annual meeting of stockholders, the Board and management review the vote results for each proposal to determine what, if any, actions are advisable in light of those vote results.
8. **FirstCash, Inc. (ticker symbol FCFS):** FCFS operates retail pawn stores. The EVP & CFO responded to Boston Partners' letter of May 20, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners voted against various director nominees due to lack of gender diversity. FCFS communicated the Board is committed to adding a female director.

Proxy Voting:

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

1. **Plymouth Industrial REIT, Inc. (ticker symbol PLYM):** Withheld votes from three director nominees because they are incumbent members of the nominating committee, the board has six or fewer total members, and does not have at least one board member that is not of the majority board gender. Boston Partners supports diversity in leadership. Further, the company's governing documents generally prohibit shareholders' ability to amend the bylaws, which represents an ongoing governance failure. Voted against the company's omnibus stock plan because the company's three-year average adjusted burn rate exceeds three and a half percent, which Boston Partners deems excessive.
2. **Andritz AG (ticker symbol ANDR AV):** Voted against the remuneration policy because the policy permitted the possibility to grant special bonus payments based upon special achievements, which were limited to twice the base salary. Further, executives could be granted sign-on and retention bonuses in an unspecified amount. Such discretionary payments undermine pay-for-performance alignment in the absence of underlying performance criteria. Concerning the short-term incentive, only limited information was provided with respect to award levels and performance targets, and the supervisory board could award up to 100 percent of base salary for performance that is not related to the specified criterion, irrespective of performance against that criterion.

3. **CRA International, Inc. (ticker symbol CRAI):** Withheld votes from one incumbent director nominee. The company disclosed and auditors noted that the company has not maintained effective internal controls. The company has had ineffective internal controls over financial reporting since FY 2013. There have been some remediations, but for FY 2019, the company did not adequately design or execute internal controls over: (i) incentive-based compensation liabilities, as it relates to internal controls over the review of the completeness and accuracy of key inputs into the computation of these liabilities; (ii) certain aspects of accounting for revenue and related accounts; and (iii) the completeness of certain accounts payable and expense accruals.
4. **Ennis, Inc. (ticker symbol EBF):** Voted against two director nominees and the ratification of executive officers' compensation because there was mixed responsiveness to shareholder concerns following last year's failed say-on-pay proposal. The company provided limited disclosure on shareholder engagement and feedback, and it is difficult to determine whether the limited pay program changes sufficiently address shareholder concerns. Voted against other business due to lack of disclosure.
5. **China Yuchai International Limited (ticker symbol CYD):** Withheld votes from all incumbent director nominees because the board lacks a nominating committee, has seven or more members, and does not have at least two board members that are not of the majority board gender. Further, two of the directors presented overboarding concerns and are non-independent members of key committees. Voted against authorizing the board to appoint up to a maximum of 11 directors because independent directors currently represent less than a majority of the company's nine-member board, and the company has "special shares" allowing it to appoint a majority of the company's directors. It is likely that any new appointee to the board would be non-independent, which would further reduce the overall level of board independence.
6. **PSG Group Ltd. (ticker symbol PSG SJ):** Voted against one director nominee due to independence concerns. Voted against the remuneration policy and the approval of financial assistance.
7. **Topsports International Holdings Limited (ticker symbol 6110 HK):** Voted against two director nominees because they presented overboarding concerns. Voted against the issuance of equity or equity-linked securities without preemptive rights and the reissuance of repurchased shares because the aggregate share issuance limit is greater than 10 percent, and the company did not specify a discount limit. Shareholders should have preemptive rights for large stock issues or have an opportunity to review and vote on such issuances.
8. **Ulker Biskuvi Sanayi AS (ticker symbol ULKER TI):** Voted against the election of directors because the board has seven or more members and does not have at least two board members that are not of the majority board gender. Further, bundling together proposals that could be presented as separate voting items are not supported because this practice gives shareholders an all-or-nothing choice, skewing power toward the board and away from shareholders. Director elections are important items for shareholders, and it is generally considered good practice that directors should be elected individually. Voted against amendments to company Article 10 because the amendments would transfer shareholders' competence to approve the issuance of debt instruments to the board. The company did not provide rationale explaining why this is in shareholders' best interest. Voted against the approval of an upper limit of donations due to lack of disclosure.
9. **Carter Bank & Trust (ticker symbol CARE):** Voted against the authorization of a new class of preferred stock because the board did not specifically state that the shares may not be used for antitakeover purposes in the future. Blank check preferred stock can be used as a takeover defense by placing blocks of shares with parties friendly to management. Blank check preferred stock can also substantially dilute common shareholders' voting power and equity interest.
10. **Petroleo Brasileiro SA (ticker symbol PETR4 BZ):** Abstained votes from management's director slate in favor of the minority slate to increase minority shareholder representation. Voted against having our votes counted in the event the proposed director slate changed.

11. **EQT Corporation (ticker symbol EQT):** Voted against increasing authorized common stock because the 100 percent increase was above the authorized threshold of 50 percent of current authorized shares, and the board did not provide a specific reason for the request. Voted against adjourning the meeting because not all proposals warranted support. Voted for minority shareholder nominees.
12. **Marvell Technology Group Ltd. (ticker symbol MRVL):** Voted against one director nominee because he is an incumbent member of the nominating committee, the board has seven or more members, and does not have at least two board members that are not of the majority board gender. Voted against the ratification of named executive officers' compensation due to high potential payouts. Further, there was no disclosure regarding the vesting cap if absolute total shareholder return is negative over the performance period.
13. **Southern Copper Corp. (ticker symbol SCCO):** Withheld votes from all director nominees due to the continued nomination of one director nominee, who has repeatedly failed to attend at least 75 percent of scheduled board and committee meetings since FY 2009. Additionally, three non-independent nominees sit on key committees, there are board diversity concerns, and one director nominee presented overboarding concerns.
14. **Major Cineplex Group Public Co. Ltd. (ticker symbol MAJOR TB):** Voted against three director nominees. Two are incumbent members of the nominating committee, the board has seven or more members, and does not have at least two board members that are not of the majority board gender. Further, two present overboarding concerns. Voted against other business because the details of other business were not disclosed; the potential for the discussion and subsequent approval of items that could be dangerous to minority shareholders was a possibility.
15. **Spectrum Brands Holdings, Inc. (ticker symbol SPB):** Voted against the company's omnibus stock plan because the company's three-year average adjusted burn rate exceeds three and a half percent, which Boston Partners deems excessive.
16. **McKesson Corporation (ticker symbol MCK):** Voted for the shareholder right to act by written consent. Voted for a report on lobbying payments and policy because as shareholders, we want to know two things: (1) is management contributing to organizations that represent a reputational risk or espouse doctrines that are contrary to shareholders' interests and (2) the total amount of expenditures to determine if management is properly allocating corporate resources. Shareholders can't make that determination without the disclosure of certain information and we don't think that the disclosure is a significant burden on management.
17. **PagSeguro Digital Ltd. (ticker symbol PAGES):** Withheld votes from four director nominees because the company lacks formal compensation and nominating committees. Boards should establish key committees that are fully independent and have an established set of responsibilities.
18. **Token Corp. (ticker symbol 1766 JP):** Voted against the approval of directors' retirement bonus because the proposed bonus amount was not disclosed.
19. **PT Bank Central Asia Tbk (ticker symbol BBCA IJ):** Voted against the approval of an acquisition plan because the company did not provide sufficient information on the basis of the consideration. This limited shareholders' ability to assess the fairness of the transaction. Voted against amending the company's articles of association because the lack of shareholder approval for repurchase authority raised concerns. The proposal limited shareholders' ability to assess the impact of transactions on shareholder rights and value and limited their right to vote on such transactions.
20. **JD Sports Fashion Plc (ticker symbol JD/ LN):** Voted against the approval of the remuneration report and the remuneration policy because retrospective special awards were granted. Issuing an award after the performance period prevents alignment between the reward and future performance and does not accommodate for risk of failure. It also prevents prospective performance targets from being scrutinized prior to grant or monitored during the performance period. Additionally, long-term incentives are settled in cash and are not subject to a holding period following completion of the three-year performance period. Voted against a director nominee because he serves in the effective

role of a combined Board Chair and CEO, which contradicts the provisions of the UK Corporate Governance Code. Voted against the election of the remuneration committee chair because the company's remuneration reports have received levels of dissent from independent shareholders (excluding the voting power of the controlling shareholder). Voted against the long-term incentive plan because awards remain fully cash-settled, representing a significant deviation from best practice and are not subject to any holding period, with the full award vesting on the third anniversary from grant.

Boston Partners voted the following number of proxies:

Number of meetings: 49

Number of issues: 421

Disclosure

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