

Sustainability and Engagement at Boston Partners

Engagement Report

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

Calls, Meetings and Correspondence with Issuers:

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

1. **Boston Scientific Corporation (ticker symbol BSX):** BSX develops, manufactures, and markets medical devices for use in various interventional medical specialties. BSX Investor Relations responded to the Team’s August engagement email. BSX explained the company’s positions on the combined CEO and Chairman and shareholder rights. The representative also indicated that she shared the Team’s request regarding whistleblower calls with the Compliance team for consideration.
2. **Truist Financial Corporation (ticker symbol TFC):** TFC is a holding company that provides banking and trust services. Following a shareholder outreach call with TFC in April, the Team scheduled a discussion with the Head of Corporate Responsibility to focus on the company’s ESG efforts. The Team provided feedback on TFC’s recently released Corporate Social Responsibility report. The Team noted TFC’s corporate governance profile is generally good; Boston Partners prefers to see an independent chairman, though acknowledged the recent shareholder proposal for an independent chairman was defeated. The Team expressed TFC has a good Code of Conduct and whistleblower line and encouraged TFC to provide disclosure about whistleblower claims. The Team noted TFC’s diversity and training opportunities information looked good as well as TFC’s environmental program. The Team noted TFC lacked information about supplier oversight. TFC explained they are taking a deeper dive and will have more to share around how they screen suppliers. TFC also explained the combination of the roles of CEO and Chairman was built into the merger agreement; nonetheless, TFC expressed they take shareholder concerns seriously and bolstered the role of the Lead Independent Director.

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

1. **Huntington Bancshares Incorporated (ticker symbol HBAN):** HBAN is a regional bank. HBAN contacted Boston Partners as part of the company’s semi-annual outreach to discuss corporate governance perspectives. The Team discussed HBAN’s 2019 ESG Report. HBAN’s disclosure is fairly comprehensive, though the Team noted the report lacked supplier data. HBAN provided more information about the supplier due diligence program. HBAN highlighted the focus on E + ESG. As a bank, HBAN feels the Economic space is where they can have the biggest impact. The Economic factor includes low-income housing, small business lending, and other topics typically included in social
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or governance buckets. The Team inquired about the financial effect of these programs on the bank. HBAN explained the majority of these initiatives are profitable. HBAN also discussed director and executive officer ethnicity disclosure. HBAN described the board composition, and the Team mentioned Boston Partners' preference for an independent chairman.

2. **Laboratory Corporation of America Holdings (ticker symbol LH):** LH is a clinical laboratory company. LH contacted Boston Partners as part of its annual outreach program. The Team indicated there were some deficiencies in LH's ESG report. The report does not follow a recognized standard. There was no description or data about supplier oversight, the internal sustainability structure, training hours and opportunities for professional development, or diversity data. The Team also noted cybersecurity issues and a low Glassdoor rating. LH explained ESG matters are incorporated into various board committee responsibilities. There is a supplier due diligence process, and LH will look at reporting of this to see if they can improve upon it. LH also expressed they are focused on talent development and increasing diversity. LH described the response to a cyberattack in 2018. Additionally, the Team inquired about the results of the shareholder proposal to reduce the ownership threshold for shareholders to call a special meeting. The proposal passed by a small margin, and LH updated the bylaw to 10%.
3. **American International Group, Inc. (ticker symbol AIG):** AIG is an insurance company. AIG reached out to Boston Partners as part of its shareholder engagement program. AIG described the response to the COVID crisis. AIG noted they are recognized as a leader in diversity and inclusion and have had women on the Board since before it was a must-have. That said, AIG recognizes there are no quick fixes when it comes to diversity and inclusion and the company is taking concrete steps to move beyond empathy. AIG discussed the sustainability program; AIG recently appointed a Chief Sustainability Officer. AIG also published their second TCFD report. AIG is about to conduct a materiality assessment, which will inform the strategy and determine which reporting frameworks they use going forward.
4. **NXP Semiconductors N.V. (ticker symbol NXPI):** NXPI is a semiconductor company. NXPI retained a third party to conduct an ESG Sentiment Analysis. The Team provided perspectives on NXPI's Environmental, Social and Corporate Governance policies, practices, and disclosures as well as the industry's ESG risks and opportunities. The Team also explained Boston Partners' process and preferences.
5. **Syneos Health, Inc. (ticker symbol SYNH):** SYNH is an integrated biopharmaceutical solutions company. SYNH contacted Boston Partners for a shareholder outreach call. SYNH explained their response to COVID-19. SYNH also described the Board and governance structure. All directors are independent except for the CEO, and there is an independent Chairman. There are two women on the Board. The Team expressed a preference for closer to 30% women and communicated Boston Partners' position regarding a classified board. SYNH described the compensation program, which strives to attract and retain high caliber executives and align with stockholder interests. Regarding compliance, SYNH explained there are two internal teams, the compliance team and the quality assurance team. SYNH set three environmentally-focused goals and has published a Sustainability Snapshot. The Team communicated we normally see a full report in accordance with some standard. SYNH is looking at SASB, CDP, and other opportunities to expand the disclosure. The Team inquired if there is board-level oversight of sustainability matters and SYNH indicated that there is. The Team asked about the internal sustainability structure. SYNH explained it is a cross-functional effort. Finally, SYNH highlighted the increasing focus on diversity and inclusion.
6. **Noble Energy, Inc. (ticker symbol NBL):** NBL is an oil and gas exploration and production company. An Investor Relations representative reached out ahead of the Special Meeting regarding the proposed combination of Noble Energy and Chevron. The Team communicated Boston Partners intended to vote in favor of the merger.
7. **Parker-Hannifin Corporation (ticker symbol PH):** PH manufactures and sells motion and control technologies and systems. PH contacted Boston Partners for a shareholder outreach call. The Team noted PH's Sustainability Report is not prepared in accordance with a recognized standard. The Team inquired about diversity statistics, science-based GHG emissions targets and third-party verification of GHG emissions data, employee training, supplier due

diligence information, renewable energy, and manufacturing facilities in China and Brazil. The Team also noted some sustainable products were included in the report but were not highlighted. PH explained as a supplier they are evaluated by EcoVadis. Regarding supplier audits, PH's Code of Conduct is a standard document, but there is also a supplier certification process which includes an ESG tab. Suppliers must complete this to be certified. PH explained the operational protocols for Environment, Health, and Safety are global. PH noted as a diversified industrial, a large percent of their footprint is scope 3 GHG emissions, which are difficult to calculate. Regarding renewable energy, PH is looking at PPAs. Regarding training, PH communicated they just launched Talent Central, a human resources platform, which will enable them to globally monitor training. Regarding sustainable products, PH sees product stewardship as an opportunity.

8. **Nutrien Ltd. (ticker symbol NTR):** NTR provides crop inputs and services. The Team responded to NTR's shareholder survey regarding NTR's 2020 Environmental, Social and Governance (ESG) Report. The Team provided feedback related to content, data, disclosure, and transparency; risks and opportunities; reporting frameworks; and the UN SDGs. The Team indicated NTR's disclosure was good for the first post-merger report, though it was missing information about the number of supplier audits conducted.
9. **FTI Consulting, Inc. (ticker symbol FCN):** FCN provides business advisory services. FCN contacted Boston Partners for a shareholder outreach call. The Team communicated Boston Partners voted in line with management on all items at the 2020 annual meeting. However, the Team noted FCN's sustainability report still had deficiencies. The Team sought whistleblower disclosure, diversity statistics (the percentage of women in upper management seemed low given the industry), supplier oversight information, and GHG emissions reporting. The Team also noted Boston Partners' governance preferences around the shareholder right to call special meetings and right to act by written consent. FCN is working toward GHG emissions disclosure for the coming year and is working to make progress in terms of diversity. Regarding supplier due diligence, FCN has a Vendor Code of Conduct. The Team noted we are looking for verification information. FCN indicated it is working on this. The Team also discussed reporting standards and internal sustainability structure.
10. **FMC Corporation (ticker symbol FMC):** FMC is an agricultural sciences company. The Team participated in a small group meeting with representatives from FMC to discuss the company's ESG and sustainability program. FMC expressed it is committed to good governance and noted the Sustainability Committee on the Board and the External Sustainability Advisory Council. FMC described its 2025 goals for R&D, safety, and community engagement. FMC highlighted the Total Recordable Incident Rate is among the lowest in the industry. FMC addressed systemic racism and social justice and indicated they can do more in terms of diversity and inclusion. FMC set diversity and inclusion goals as well as four intensity-based environmental goals. FMC described the Sustainability Assessment Tool used to determine the sustainability of ingredients in the product pipeline. The Team inquired about product stewardship, and FMC explained how they monitor the use of products. The Team also inquired about supply chain due diligence, and FMC explained they screen every supplier based on the Code of Conduct.
11. **Steel Dynamics, Inc. (ticker symbol STLD):** STLD is a steel producer and metal recycler. STLD contacted Boston Partners as part of its shareholder engagement efforts. The Team recently engaged with STLD via email following research on the company. STLD explained they are committed to sustainability and telling the company's story. The Team encouraged STLD to provide diversity statistics such as EEO-1 data as well as disclosure about employee training, such as hours or spend. The Team also sought disclosure about supplier due diligence and whistleblower line reports. The Team noted STLD had a strong environmental profile and good disclosure. STLD highlighted their vertically connected operations and manufacturing loop; electric-arc-furnace steel production is less energy- and carbon-intensive than blast furnace technology. STLD communicated diversity is important and described training and scholarship opportunities. The Team also communicated Boston Partners' preferences around Chairman independence and shareholder rights, though acknowledged the Chairman is a founder. STLD expects to release an updated report this fall.

12. **First Hawaiian, Inc. (ticker symbol FHB):** FHB provides banking services, primarily in Hawaii. FHB reached out to Boston Partners for a shareholder engagement call. The Team discussed Boston Partners' votes at the last annual meeting and then discussed FHB's sustainability disclosure. The Team provided suggestions for improved sustainability disclosure and discussed the extent to which FHB was responding to sustainability questions from its customers.

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

1. **FIBRA Macquarie Mexico (ticker symbol FIBRAMQ MF):** FIBRA is a real estate investment trust. A Senior Vice President responded to Boston Partners' letter of June 18, 2020 regarding votes against management recommendation at the annual meeting. Boston Partners voted against all incumbent director nominees on the ballot due to lack of gender diversity. FIBRA provided information about its corporate governance practices and diversity policies. FIBRA highlighted its recent commitment to including female candidates in its independent Technical Committee member selection process, which they anticipate will ultimately translate into the appointment of an independent member of a diverse background to add to the skillset and experience of the Committee.
2. **The TJX Companies, Inc. (ticker symbol TJX):** TJX operates as an off-price apparel and home fashions retailer. TJX offered to have a call in response to Boston Partners' letter of June 16, 2020 regarding votes against management recommendation at the annual meeting. TJX shared Boston Partners' letter with the Board. Boston Partners supported a proposal for a report on the reduction of TJX's chemical footprint. TJX explained the type of business that TJX is affects how they approach chemicals. The majority of merchandise is acquired opportunistically. All vendors must comply with the Code of Conduct, and TJX audits to all elements of the Code of Conduct. TJX is making chemical management a priority, though many products for which chemicals are a concern are products TJX does not make. The Team also addressed shareholder rights. TJX does not provide the right to act by written consent because they feel it is important for all shareholders to participate. The Team communicated Boston Partners' position.

Proxy Voting:

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

1. **BJ's Restaurants, Inc. (ticker symbol BJRI):** Withheld votes from one director nominee because Boston Partners considered him to be non-independent, and he is a member of the nominating committee. The presence of non-independent directors on key committees may diminish a committee's ability to oversee management objectively.
2. **Change Healthcare, Inc. (ticker symbol CHNG):** Withheld votes from four incumbent director nominees because the board failed to remove, or subject to a sunset requirement, the pop-up supermajority vote requirement to amend the bylaws which adversely impacts shareholder rights. The supermajority vote requirement could lock in provisions that may not be in shareholders' best interests and may prevent future shareholders from effecting change.
3. **Motorcar Parts of America, Inc (ticker symbol MPAA):** Voted against all incumbent male members of the nominating committee 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. Boston Partners supports diversity in leadership. Voted against the ratification of named executive officer compensation. Shareholder engagement efforts were disclosed in response to the company's failed 2019 say-on-pay vote, but there were either no or limited disclosure regarding company participants and shareholder feedback. Further, no portion of the CEO's FY20 equity grant included performance conditions.
4. **SillaJen, Inc. (ticker symbol 215600 KS):** Voted against amendments to the company's articles of incorporation. The company proposed no limit on the issuance of new shares, exceeding the 20 percent guideline, which enables the board to issue new shares under the proposed circumstances up to that limit. This posed a risk of dilution to shareholders. Further, the proposed amendments included changes in the issuance limit of new shares, convertible class

shares, convertible bonds, and bonds with warrants. Such changes could result in the issuance of new shares without preemptive rights greater than 20 percent of issued capital and increased the risk of dilution to existing shareholders.

5. **NetScout Systems, Inc. (ticker symbol NTCT):** Voted against amendments to 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.
6. **StealthGas Inc. (ticker symbol GASS):** Withheld votes from one director nominee because he is an incumbent member 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.
7. **Newmark Group, Inc. (ticker symbol NMRK):** Withheld votes from four incumbent director nominees because the board failed to remove or subject to a sunset provision the dual class capital structure. Multi-class capital structures with unequal voting rights create a misalignment between economic interest and voting rights, which can disenfranchise shareholders holding stock with inferior voting rights. Additionally, one of the four is non-independent and the company lacks a formal nominating committee. Companies should have a formal nominating committee with clearly delineated areas of responsibility. The establishment of a fully independent nominating committee ensures that shareholders can hold members involved in the nomination process accountable for their actions. Although controlled companies are exempted from the exchange requirement to exclude non-independent directors from key committees, many institutional investors consider independent key board committees essential to ensure representation of shareholders as opposed to company management.
8. **Gujarat State Petronet Limited (ticker symbol GUJS IN):** Voted against one director nominee because he is a non-independent member of the audit committee. Only non-executive directors should sit on key committees. The presence of executives on these committees may potentially undermine the committees' ability to provide independent oversight. Voted against another director nominee because she sits on more than four public company boards, which presents overboarding concerns.
9. **Mahanagar Gas Limited (ticker symbol MAHGL IN):** 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 another director nominee because she failed to attend at least 75 percent of board and committee meetings in the most recent fiscal year, without a satisfactory explanation and there are overboarding concerns.
10. **NetEase Inc. (ticker symbol NTES):** Voted against two director nominees because they 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. Voted against another director nominee due to overboarding concerns.
11. **Sberbank Russia PJSC (ticker symbol SBER LI):** Voted for five out of fourteen director nominees because the five nominees could be classified as independent. Independent directors are most likely to act in the interest of shareholders. Boston Partners voted against all other nominees.
12. **Indraprastha Gas Limited (ticker symbol IGL IN):** Voted against one director nominee because he failed to attend at least 75 percent of board and committee meetings in the most recent fiscal year, without a satisfactory explanation. Voted against amendments to the company's articles of association because the company did not disclose the new set of articles of association. This prevented shareholders from gauging the full impact of this proposal on shareholder rights and value.
13. **National General Holdings Corp. (ticker symbol NGHC):** Voted against an advisory vote on golden parachutes. Two non-executive officers are entitled to sizable retention bonuses from Allstate on the sixth-month anniversary of the closing, which are greater than seven times their annual salary. The bonuses are subject to continued employment through the payment date, but the payments will accelerate if the participant is terminated without cause or resigns

for good reason. However, the right to severance benefits would be forfeited, and the non-executive officers would be subject to twelve-month restrictive covenants. All outstanding stock options and restricted stock units will automatically vest and be cashed out following the closing of the merger, provided restricted stock units granted after July 7, 2020 will be converted subject to double trigger acceleration. The CEO's accelerated award is approximately \$8.5 million.

Boston Partners voted the following number of proxies:

Number of meetings: 28

Number of issues: 237

Disclosure

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