

# 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 September 2024:

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

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

- 1. Chambal Fertilisers and Chemicals Limited (ticker symbol 500085-IN):** 500085-IN produces and sells fertilizers primarily in India. The Team emailed 500085-IN following research and encouraged 500085-IN to increase Board gender diversity and conduct and report on supplier audits.
  - 2. Watts Water Technologies, Inc. (ticker symbol WTS):** WTS supplies products and solutions that manage and conserve the flow of fluids and energy into, through and out of buildings in the commercial, industrial, and residential markets. The Team emailed WTS following research and encouraged WTS to adopt an independent Chair, to disclose whistleblower claims/code of ethics violations and their resolution annually, to eliminate the dual class share structure with unequal voting rights, and to disclose climate change risks and opportunities in accordance with TCFD or CDP.
  - 3. MasterBrand, Inc. (ticker symbol MBC):** MBC engages in the manufacture and sale of residential cabinets. The Team emailed MBC following research and encouraged MBC to disclose climate change risks and opportunities in accordance with TCFD or CDP and to disclose a description of professional development programs offered.
  - 4. Angel Yeast Co., Ltd. (ticker symbol BP3RH1):** BP3RH1 is a high-tech listed company specializing in yeast and biotech. The Team emailed BP3RH1 following research and encouraged BP3RH1 to align its sustainability report with GRI and SASB standards.
  - 5. Com7 Public Company Limited (ticker symbol COM7.R-TH):** COM7.R-TH engages in the retail business of information technology products in Thailand. The Team emailed COM7.R-TH following research and asked how COM7.R-TH can confidently set a net zero 2050 target without first measuring a GHG emissions baseline. COM7.R-TH noted that they are preparing documents to apply for the review of their carbon footprint assessment report. COM7.R-TH expects to report their GHG emissions in the 2024 report. COM7.R-TH also outlined their roadmap to achieve net zero emissions: increase use of renewable energy, raise awareness of waste management for proper disposal to increase reuse, increase product lines with environmentally friendly production processes and products, and use technology to increase energy efficiency and reduce GHG emissions.
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6. **PriceSmart, Inc. (ticker symbol PSMT):** PSMT is an operator of membership warehouse clubs. The Team emailed PSMT following research and encouraged PSMT to disclose climate change risks and opportunities in accordance with TCFD or CDP, to adopt an independent Chair, to disclose the results of the supplier audits and any corrective actions taken, and to disclose a description of professional development programs offered to employees.
7. **Prologis Property Mexico SA de CV (ticker symbol FIBRAPL14-MX):** FIBRAPL14-MX is a leading owner and operator of Class-A industrial real estate in Mexico. The Team emailed FIBRAPL14-MX following research. The Team encouraged FIBRAPL14-MX to adopt an independent Chair and describe employee development opportunities.
8. **Leon's Furniture Limited (ticker symbol LNF-CA):** LNF-CA, together with its subsidiaries, operates as a retailer of home furnishings, mattresses, appliances, and electronics. The Team reached out to LNF-CA following research and LNF-CA responded to set up a call to discuss. The Team encouraged LNF-CA to publish a sustainability report in accordance with GRI or SASB standards. LNF-CA noted they are in the process of developing and publishing its first sustainability report. LNF-CA is aware of GRI and SASB standards and is considering aligning its report with a framework. The Team noted these frameworks are helpful to follow as they can help issuers develop reports with relevant information for investors. LNF-CA also noted they are currently undertaking a materiality assessment. The Team took LNF-CA through our process and what we take into consideration when evaluating issuers sustainability programs.
9. **Hammond Power Solutions Inc. (ticker symbol HPS.A-CA):** HPS.A-CA engages in the design, manufacture, and sale of various transformers. The Team emailed HPS.A-CA following research. The Team encouraged HPS.A-CA to adopt an independent Chair, report supplier audit data, and establish environmental targets.
10. **The Brink's Company (ticker symbol BCO):** BCO provides secure transportation, cash management, and other security-related services. The Team noticed the 2022 sustainability report was published in July 2023 but nothing new has been published since. The Team emailed BCO following research and asked when BCO plans to publish an updated sustainability report. BCO responded and noted the report is going through a Board review, and ratification with plans to post within a week depending on input.
11. **Al Rajhi Bank (ticker symbol 1120-SA):** 1120-SA provides banking and investment services in the Kingdom of Saudi Arabia and internationally. The Team emailed 1120-SA following research and encouraged 1120-SA to report operational environmental metrics and conduct and report on supplier audits.
12. **Ferguson Enterprises, Inc. (ticker symbol FERG):** FERG distributes plumbing and heating products in North America. The Team emailed FERG following research and reiterated our suggestion from last year, which was to provide additional disclosure about their supplier oversight program, particularly any own- or third-party audits to prevent forced labor issues. FERG responded to the Team's email and noted that they will take our recommendations on supplier oversight under advisement. FERG also attached the conflict minerals policy from the company that provided the solar panels for one of their facilities.
13. **Yunnan Yuntianhua Co., Ltd. (ticker symbol BP3RBJ):** BP3RBJ engages in the research, development, production, and sale of fertilizers, chemical raw materials and products, and phosphate rock mining products. The Team emailed BP3RBJ following research and asked if BP3RBJ could send an English version of the 2023 sustainability report.
14. **Par Pacific Holdings, Inc. (ticker symbol PARR):** PARR owns and operates energy and infrastructure businesses. The Team emailed PARR following research and encouraged PARR to issue sustainability reports in a more timely manner. The Team also encouraged PARR to establish emissions reduction targets and discuss supplier oversight.
15. **UFP Industries, Inc. (ticker symbol UFPI):** UFPI designs, manufactures, and markets wood and non-wood composites. The Team emailed UFPI following research and asked when UFPI expects to publish the 2023 ESG report, encouraged UFPI to adopt an independent Chair, to remove the classified Board structure, to disclose diversity information such as the percentage of women and minorities in the workforce and management, and asked about the industry

average accident frequency rates. UFPI responded to our email and noted although the bulk of the report will not be appreciably different, excepting certain updates to GHG emissions and other measurements, a new version will be released during the 4th quarter of this year. The Chairman and CEO roles at UFPI have traditionally been separate. They are combined to facilitate succession planning, and the issue will become moot on December 29 of this year when Matt Missad becomes executive Chair and Will Schwartz becomes CEO. UFPI will continue to have an independent lead director. UFPI employs a classified Board structure for several reasons. Firstly, it aids in creation of long-term strategy while fostering continuity in the Board. If an entire Board can be replaced in a single election, the members might be incentivized to operate on short-term interests in attempts to secure reelection rather than operating on long-term interests. It is also one of the strategies UFPI uses as a potential instrument to fend off hostile takeovers. Diversity disclosures inevitably lead to targets and quotas which UFPI feels are inherently discriminatory. UFPI is a merit-based organization that casts a wide recruiting net and provides opportunity for all, regardless of physical characteristics. UFPI respects and rewards hard work and results without favoring identities. UFPI has an Accident Frequency Rate of 3.5, comparing favorably to an average of 4.6 for peer industries. (Drawn from 2022 data; there is no published data yet for 2023).

16. **Healthcare Services Group, Inc. (ticker symbol HCSG):** HCSG provides management, administrative, and operating services to the housekeeping, laundry, linen, facility maintenance, and dietary service departments of nursing homes, retirement complexes, rehabilitation centers, and hospitals. The Team emailed HCSG following research and encouraged HCSG to issue sustainability reports in a more timely manner. The Team also encouraged HCSG to report environmental metrics.
17. **Kyowa Kirin Co., Ltd. (ticker symbol 4151-JP):** 4151-JP engages in the manufacture and sale of medical and pharmaceutical products. The Team emailed 4151-JP following research and encouraged 4151-JP to disclose the cost to achieve its various environmental goals and to disclose if any supplier audits/assessments are conducted, the results of the assessments and any corrective actions taken. 4151-JP responded to our email and noted they are currently discussing the disclosure of costs related to achieving the environmental targets within the company. 4151-JP expects to invest a certain amount of funds on introducing renewable energy and making capital investments in the future. 4151-JP is a member of PSCI (Pharmaceutical Supply Chain Initiative) and is shared the details of supplier audits conducted by other PSCI members. 4151-JP constantly monitors the risks of its suppliers, and as no cases of concern have arisen to date that could affect the stable supply of pharmaceuticals, they do not conduct supplier audits themselves. In terms of supplier assessment, 4151-JP requests suppliers to complete a SAQ every year in line with the Supplier Code of Conduct, assess the results of the responses, and provide feedback to each supplier. 4151-JP conducts detailed investigations of suppliers that have raised concerns in the SAQ including on-site interviews, but so far, no suppliers have been found to require corrective measures as a result of the detailed investigations.
18. **Clarivate Plc (ticker symbol CLVT):** CLVT is an information services provider. The Team emailed CLVT following research and asked why the sustainability report has not been updated since our last review.
19. **Alpha and Omega Semiconductor Ltd. (ticker symbol AOSL):** AOSL is a power semi-IDM. The Team emailed AOSL following research and encouraged AOSL to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
20. **ADT Inc. (ticker symbol ADT):** ADT provides security, interactive, and smart home solutions to residential and small business customers. The Team emailed ADT following research and asked why the sustainability report has not been updated since our last review. ADT intends to publish an updated report in the fourth quarter.
21. **Perdoceo Education Corporation (ticker symbol PRDO):** PRDO provides postsecondary education through online, campus-based, and blended learning programs. The Team reached out to PRDO following research and PRDO responded to set up a call to discuss. The Team encouraged PRDO to publish a sustainability report in accordance with GRI or SASB standards. PRDO noted our suggestion. The Team noted these frameworks are helpful to follow as they can help issuers develop reports with relevant information for investors. The Team also encourage PRDO

to disclose complaints made on its whistleblower line including things like the number of reports, categories of reports, the number of reports substantiated, and the number of employees terminated or otherwise disciplined from the report. The Team took PRDO through our process and what we take into consideration when evaluating issuers sustainability programs.

22. **Fortrea Holdings Inc. (ticker symbol FTRE):** FTRE is a contract research organization, primarily engages in the provision of biopharmaceutical product and medical device development services. The Team emailed FTRE following research and encouraged FTRE to publish a sustainability report in accordance with GRI or SASB standards, to disclose environmental data annually, and to disclose climate change risks and opportunities in accordance with TCFD or CDP. The Team also encouraged FTRE to disclose data to back up the use of professional development programs by employees, to provide safety rates to back up the successful implementation of its safety programs, and to disclose the number of suppliers audited annually.
23. **Ranger Energy Services, Inc. (ticker symbol RNGR):** RNGR provides onshore high specification well service rigs, wireline services, and complementary services to exploration and production companies. The Team emailed RNGR following research and encouraged RNGR to disclose data to back up the use of professional development programs by employees, to provide overall workforce diversity data, and to provide safety rates to back up the successful implementation of its safety programs.
24. **BJ's Wholesale Club Holdings, Inc. (ticker symbol BJ):** BJ operates warehouse clubs on the eastern half of the United States. The Team emailed BJ following research and encouraged BJ to adopt an independent Chair to provide the best form of independent oversight, to disclose data to back up the use of professional development programs by employees, and to provide safety rates to back up the successful implementation of its safety programs. The Team also encouraged BJ to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
25. **Quantasing Group Ltd. (ticker symbol QSG):** QSG provides online learning services in the People's Republic of China. The Team emailed QSG following research and encouraged QSG to publish a sustainability report in accordance with GRI or SASB standards. QSG responded to the Team's email and set up a call to discuss.
26. **Redwood Trust, Inc. (ticker symbol RWT):** RWT operates as a specialty finance company. The Team emailed RWT following research and encouraged RWT to disclose data to back up the use of professional development programs by employees and to disclose environmental data annually, including GHG emissions.
27. **Sysco Corporation (ticker symbol SYY):** SYY engages in the marketing and distribution of various food and related products. The Team emailed SYY following research and encouraged SYY to disclose complaints made on its whistleblower line, to disclose data to back up the use of professional development programs. The Team also asked SYY to share its CDP Climate Change 2023 submission.
28. **Halozyme Therapeutics, Inc. (ticker symbol HALO):** HALO is a biopharma technology platform company, researches, develops, and commercializes proprietary enzymes and devices. The Team emailed HALO following research and noted we voted against all directors at the 2024 AGM because of the classified Board structure. The Team asked why HALO hasn't put up a management proposal to declassify the Board. The Team asked what the cost is for HALO to achieve its various environmental goals and to procure renewable energy over traditional fossil fuel derived electricity. The Team asked if the biennial audits and reviews of the supplier's health, safety, and environmental programs, results, and targets include an audit to ensure no forced labor involvement. Lastly, the Team encouraged HALO to disclose climate change risks and opportunities in accordance with TCFD or CDP.
29. **Arcos Dorados Holdings, Inc. (ticker symbol ARCO):** ARCO operates as a franchisee of McDonald's restaurants. The Team emailed ARCO following research and encouraged ARCO to adopt an independent Chair and to declassify the Board.

30. **Andrada Mining Limited (ticker symbol ATM-GB):** ATM-GB engages in the exploration and development of mineral projects in Namibia and South Africa. The Team emailed ATM-GB following research and encouraged ATM-GB to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken.
31. **CDW Corporation (ticker symbol CDW):** CDW provides IT solutions. The Team emailed CDW following research and encouraged CDW to adopt an independent Chair and asked CDW about the Uighur slave labor.
32. **John Wiley & Sons, Inc. (ticker symbol WLY):** WLY operates as a research and learning company. The Team emailed WLY following research and encouraged WLY to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards. WLY responded to the Team's email and noted that they will take our recommendations into consideration.
33. **Techtronic Industries Co., Ltd. (ticker symbol 669-HK):** 669-HK engages in the design, manufacture, and marketing of power tools, outdoor power equipment, and floorcare and cleaning products. The Team emailed 669-HK following research and asked 669-HK about its supplier audits and corrective actions plans results.
34. **Atlas Energy Solutions, Inc. (ticker symbol AESI):** AESI engages in the production, processing, and sale of mesh and sand that are used as a proppant during the well completion process in the Permian Basin of Texas and New Mexico. The Team emailed AESI following research and encouraged AESI to adopt an independent Chair and to publish a sustainability report in accordance with GRI and SASB standards.
35. **Diamond Hill Investment Group, Inc. (ticker symbol DHIL):** DHIL through its subsidiary, Diamond Hill Capital Management, Inc., provides investment advisory and fund administration services. The Team emailed DHIL following research and encouraged DHIL to publish a sustainability report in accordance with GRI and SASB standards.
36. **Fidelis Insurance Holdings Ltd. (ticker symbol FIHL):** FIHL provides insurance and reinsurance solutions in Bermuda, the Republic of Ireland, and the United Kingdom. The Team emailed FIHL following research and encouraged FIHL to publish a sustainability report in accordance with GRI and SASB standards.

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

1. **WH Smith Plc (ticker symbol SMWH-GB):** SMWH-GB operates as a retailer in the U.K. and internationally. SMWH-GB reached out to the Team to discuss updates to their Remuneration Report. The Team noted that Boston Partners has supported the Remuneration Report each of the past two years. SMWH-GB has already discussed the updates with ISS and Glass Lewis, with no major concerns raised. SMWH-GB adjusted the ESG weighting for the LTIP from 20% to 10%. SMWH-GB decided that the social metrics previously included in the 20% ESG portion were part of day-to-day operations, but not appropriate metrics to determine long-term performance. Instead, SMWH-GB is focusing on their SBTi-approved GHG emissions reduction targets. SMWH-GB aims to reduce absolute Scope 1 and 2 emissions by 20% by 2030. SMWH-GB also has a target for 75% of Scope 3 (category 1 and category 4) emissions to be covered by suppliers with SBTi-approved targets by 2027.
2. **Wells Fargo & Company (ticker symbol WFC):** WFC is a financial services company. WFC reached out to the Team for an engagement call to discuss shareholder proposals from its 2024 AGM. The Team also emailed WFC following research with several questions regarding its Racial Equity Audit report and climate report. The questions were focused on the cost to shareholders either directly or through management inefficiencies of these programs. WFC noted its main objective is to understand customer needs and to better serve these needs. WFC does not have any numeric quotas or goals for DEI. Many of WFC's programs are established with DEI as a preference but not a requirement. WFC does not disclose costs related to DEI investment. WFC has a budget with a robust allocation program and is focused on centralizing its efforts following the completion of the DEI racial equity audit report to ensure DEI objectives are integrated into the core business of the company. WFC has 18 DEI councils which exercise their own discretion in determining how to meet DEI goals of increasing minority representation in executive levels, increase career mobility for underrepresented groups and promoting an inclusive environment. The Team asked how management ensures that



the DEI goal for executives does not affect the goal for increasing profitability. WFC noted executives are measured by the level of engagement with DEI initiatives, including spearheading DEI councils, as well as keeping an eye on pipeline for senior leadership. Executives must show to the HR committee that they have engaged and mentored this pipeline for senior engagement. WFC highlighted its aim to grow its diverse business segment and is focused on underbanked markets. WFC sees this as a business growth opportunity. The Team asked why WFC provides sustainable finance and whether it is profitable. WFC noted it is a highly competitive market and that price is largely driven by market factors. WFC's sustainable finance is established in accordance with global frameworks.

3. **PPG Industries, Inc. (ticker symbol PPG):** PPG manufactures and distributes paints, coatings, and specialty materials. PPG reached out to the Team for a shareholder engagement call. The Team noted our preference for an independent Chair and PPG acknowledged the suggestion. The Team noted on page 31 of the slide deck it says personal performance incentive awards include an ESG component. The Team noted we saw some more information in the proxy but asked for more specifics on the percentage the ESG component makes of the annual incentive and what the payout was in 2023. PPG noted there is no percentage assigned to the ESG component. The Team noted we usually see more detail. PPG will provide this feedback to the Board. The Team noted safety is well developed but rates appear to have slightly increased YOY. PPG noted the Sustainability and Innovation Committee of the Board is focused on ensuring the safety rates continue to decrease each year. The new VP of EHS is working closely on this. The Team asked if procuring renewables or generating renewables on site is more of a cost or savings opportunity. In China, RECs are no cost to PPG and cover business's that are a requirement for their customers. The Team noted PPG has conducted supplier audits and suggested PPG focus on auditing those suppliers in areas of high risk for forced labor such as China and Asia.
4. **Acuity Brands, Inc. (ticker symbol AYI):** AYI provides lighting, lighting controls, building management system, location-aware applications. AYI reached out to the Team as a part of their shareholder outreach program. The Team noted our preference for an independent Chair and AYI acknowledged the recommendation. The Team noted we would like to see more of a description of professional development programs offered and usage of these programs by employees. AYI noted the leadership program had around 700-800 participants in the last 18 months. There is also a learning platform called Percipia and will plan on disclosing the hours associated with usage. The Team noted AYI has become carbon neutral for Scope 1 and 2 emissions through offsets. The Team noted we would like to see AYI access more renewable energy beyond the current 4% of total energy. We asked about the cost of procuring renewables over conventional fossil fuel derived electricity. AYI noted they don't know specifics about the cost, but they continue to evaluate opportunities to use renewables. AYI noted its glass factory uses it because it is cost effective. Also, AYI has 2 tesla battery packs which are about business continuity because they want to make sure their manufacturing facility is able to operate at a consistent level. Overall, AYI always makes sure these initiatives connect to the business strategy. The Team noted AYI has a net zero across value chain by 2040 goal. The Team asked about the rigorous Scope 3 goal. AYI noted the things not within their control they feel pretty good about which includes the use of their products but the things in their control which includes the grid is more uncertain. The Team asked where the majority of suppliers are located. AYI noted they are not certain but have hired a new head of sourcing who has put in a rigorous program for responsible sourcing. They are working on diversifying sourcing locations. The Team recommended auditing in areas for forced labor such as China.
5. **Ally Financial Inc. (ticker symbol ALLY):** ALLY operates as a financial holding company. ALLY reached out to the Team as a part of their shareholder outreach program. ALLY welcomed a new CEO earlier this year. ALLY has a highly engaged Board with diverse backgrounds. ALLY received a significant increase in support for say-on-pay this past year. ALLY increased the level of disclosure in the proxy. The scorecard is the foundation for ALLY's compensation structure with 60% focused on financial indicators and 40% focused on risk and culture indicators. A significant portion of executive compensation is tied to long-term incentives. For the CEO, 70% of compensation is in the form of equity. The equity breakdown is 60% PSUs and 40% RSUs. ALLY's CSR program focuses on economic development and DEI. Economic development programs support workforce development, affordable housing, and financial

education. ALLY's employee resource groups are open to all employees with a focus on identifying opportunities to increase awareness within the workforce. 61% of employees participate in employee resource groups. Finally, the Team asked if ALLY's purchase of RECs and carbon credits is a significant cost. ALLY noted that the cost of carbon credits varies each year but is not material. ALLY does not publicly disclose this number.

- 6. United Rentals, Inc. (ticker symbol URI):** URI operates as an equipment rental company. URI reached out to the Team as a part of their shareholder outreach program. The Team asked about URI's emissions reduction strategy. For their internal fleet, URI is exploring electric/hybrid options. For their rental fleet, URI is monitoring customer demand. URI notes that there are costs and logistics considerations associated with electrifying their rental equipment. Currently, 31% of rental equipment is electric or hybrid. The electric and hybrid rental fleet is primarily smaller equipment such as electric scissor lifts. For bigger equipment, electric and hybrid options are not currently available. URI has a strong feedback loop with the manufacturers that provide their rental equipment. Overall, the electric and hybrid equipment is an added cost, which is reflected in their rental rates. URI noted that the margins for these rentals may be a bit lower to help with adoption. For their direct footprint, URI added solar to one of their largest facilities, which should cover 75-80% of that facility's electricity needs. URI is making sure these projects make sense from an ROI perspective and an emissions reduction perspective. URI is also considering RECs and VPPAs. The Team asked if URI is conducting supplier audits. URI is constantly evaluating its suppliers as needed. URI has the ability to audit any of their suppliers. URI has ongoing dialogue with their suppliers. The vast majority of supplier spend is in the U.S. URI added disclosure in their updated sustainability report about why they have not set an SBTi target.
- 7. Avery Dennison Corporation (ticker symbol AVY):** AVY operates as a materials science and digital identification solutions company. AVY reached out to the Team for a shareholder engagement call. AVY put up a management proposal to provide the right to call special meetings with a 25% ownership threshold and it passed. The Team noted our preference for an independent Chair. AVY acknowledged our suggestion and noted it probably won't change but the Board will look into governance matters at its meeting this February. The Team encouraged AVY to provide data to back up the use of professional development programs by employees. AVY's ability to collect the data has been a challenge but they are improving every year. The Team explained the types of training data we like to see and sent an example of an issuer who does this well following the call. The Team encouraged AVY to disclose whistleblower statistics and explained in detail the types of information we request. AVY noted they have the data on the total number of reports called into the hotline per year which is between 180 to 230 complaints on average. Employee relations issues represent between 55 and 60% of the complaints. AVY has the number substantiated and reports this data biannually to the governance committee. The Team asked if AVY could explain more about what they've done to complete due diligence to ensure no Uighur forced labor as it relates to its solar installations. At the time of the UFLPA, AVY pulled all supplier data and assessed risk associated with those suppliers based upon entity. This included looking into its supplier's vendors. AVY did not identify any significant risks. Since the initial scan, AVY has continued to periodically evaluate suppliers using a tool called Altana to get further detailed information on the supply chain to see if they are on any sort of action list to take specific actions as needed. AVY has not flagged solar suppliers as a risk.
- 8. Huntington Bancshares Incorporated (ticker symbol HBAN):** HBAN is a multi-state bank holding company. HBAN reached out to the Team as a part of their shareholder outreach program. HBAN is not anticipating any notable changes to executive compensation. The Team asked about HBAN's environmental goals. HBAN reset their targets with a 2022 baseline. Each branch has part of its budget dedicated to sustainability upgrades. HBAN has upcoming PPAs in Ohio and Michigan that should get them halfway to their renewable energy target in 2025. In 2023, HBAN invested \$19 million in environmental sustainability-related projects. This is a consistent item in the annual budget. HBAN evaluates the expected payback period for each project. The payback periods range from 4 to 10 years. HBAN engaged a third-party to ensure compliance with California emissions reporting requirements.

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

- 1. Argan, Inc. (ticker symbol AGX):** AGX provides engineering, procurement, construction, commissioning, maintenance, project development, and technical consulting services to the power generation market. AGX responded to the Team's proxy letter regarding our votes against management. Boston Partners withheld votes from three nominating committee members because the Board does not have any underrepresented directors. AGX explained that they had an underrepresented director, but she did not stand for reelection in 2024. AGX brought on a new director, Karen Sweeney, who has over forty years of experience in the construction industry. AGX agrees that Board diversity is important, including diversity of background, expertise, and opinion. AGX noted that it is difficult to find underrepresented director candidates because the construction industry was primarily white historically. AGX will work on finding an underrepresented director but was unable to commit to a timeframe. The Team also discussed sustainability disclosure and sent over a few examples following the call.
- 2. Phreesia, Inc. (ticker symbol PHR):** PHR provides an integrated SaaS-based software and payment platform for the healthcare industry. The Team sent a proxy letter regarding our withhold votes from all directors due to the classified Board structure at the June 2024 AGM. PHR setup a call to discuss. The Team reiterated our stance on declassifying the Board and mentioned the 75% vote standard for charter/bylaw amendment is a roadblock to reaching a declassified Board as a majority vote standard is ideal. PHR understands our view on the declassified Board. PHR went public in 2019 and at the time was a controlled company and since then has made a lot of positive changes to the Board. The Team encouraged PHR to align its sustainability reporting with GRI standards. PHR appreciated the suggestion and will look into GRI. The Team encouraged PHR to disclose whistleblower claims/code of ethics violations and their resolution annually. PHR will look into implementing this suggestion and the Team sent over examples of issuers who do this well following the call. The Team asked if there is management level oversight of ESG. PHR noted there is a woman who is an associate general counsel who serves as the executive sponsor of ESG at the management level. The Team noted Indeed.com rates PHR at 2.5 out of 5. The Team asked if PHR reviewed these ratings and taken any action to address any perceived weaknesses from the reviews. PHR has seen the low ratings and looked at the types of complaints being raised. PHR noted the general theme of the complaints is that they pay pretty well and expect a lot out of their people as a result. PHR's employees work very hard, and the reviews are descriptively accurate of this.
- 3. Sotera Health Company (ticker symbol SHC):** SHC provides sterilization, and lab testing and advisory services. SHC responded to our proxy letter regarding votes against management. SHC does not consider proxy advisor policies necessarily to be in the best interest of shareholders. The proxy advisor policies do not take into account their directors independence from management or their deep knowledge of the business, experience and commitment to SHC and the Board. In the case of Mihas and Neary, they note that the significant shareholders with whom they are associated have no economic interests in SHC other than through their share ownership and that the interests of those significant holders are aligned with those of shareholders generally. The classified Board has been in place since the IPO and helps to ensure that directors gain deep knowledge of the company and allows stable, informed oversight of the business and affairs and focus on long term interests of shareholders. SHC believes the supermajority required to amend the bylaws helps prevent abuse by a single shareholder or special interests shareholder group that has no duties to other shareholders. The supermajority provisions allow the Board to address inadequate or unsolicited takeover bids appropriately. The Board determined that officer exculpation is in the best interests of shareholders because the amendment reduces the unequal and inconsistent treatment of directors and officers with respect to claims related to alleged breach of duty of care and would improve alignment of officers and directors on their duty of care responsibilities. The amendment also better positions SHC to continue to attract and retain top management talent by providing this additional protective provision for its officers.
- 4. Janus Internation Group (ticker symbol JBI):** JBI manufacturers and supplies turn-key self-storage, and commercial and industrial building solutions. JBI emailed the Team in response to our proxy letter and the Team set up a call to discuss. The Team noted the update to our proxy policy to vote against all director nominees for U.S. issuers that



maintain a classified Board structure. JBI noted our stance and noted recently went public in 2021 and will consider phasing out the classified Board in future. The Team noted suggested eliminating the 80% vote standard for charter/bylaw amendment. The Team also noted the results of the 2024 AGM, as the Chairman received 60,104,779 votes in favor and 55,194,379 votes against. The Team asked why the Chairman received substantial votes against and how the Board plans to address this shareholder feedback. JBI believes votes against were a combination of items, highlighting some votes against were due to lack of diversity on the Board. The Team noted our diversity policy is met as JBI now has two women directors on the Board. JBI noted it is in the early stages of sustainability reporting and is currently gathering data. JBI is working with consultants. JBI wants to ensure its first report demonstrates its ESG approach in a responsible and accurate way. JBI will publish a report in the future but has not established when this will be. The Team encouraged JBI to align its climate change disclosure with TCFD or CDP standards, to provide safety rates and to disclose the number of suppliers audited annually, the results of those audits and any corrective actions taken. In addition, the Team encouraged JBI to disclose data to back up the use of professional development programs and to publish EEO-1 diversity data. JBI noted our suggestions and recommendations.

### Proxy Voting:

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

- 1. Prologis Property Mexico SA de CV (ticker symbol FIBRAPL14-MX):** Voted against Item 2: Approve Multi-value Program for Issuance of Real Estate Trust Certificates (CBFIs) and Long-Term Trust Certificates (Cebures) to be Issued by Trustee as Recurring Issuer; Approve Issuance of Additional CBFIs and/or Cebures to be Used in Offers because FIBRAPL14-MX has not disclosed all the key terms of the proposed shelf registration program, including how the proceeds would be used, which prevents international institutional shareholders from making an informed voting decision; and the equity portion of the program represents approximately 200% of outstanding CBFIs.
- 2. NetApp, Inc. (ticker symbol NTAP):** Voted against Item 4: Amend Omnibus Stock Plan because the plan cost is excessive, the plan permits liberal recycling of shares, and the plan allows broad discretion to accelerate vesting.
- 3. Ryanair Holdings Plc (ticker symbol RYA-IE):** Voted against Item 4g: Re-elect Roisin Brennan as Director and Item 4h: Re-elect Emer Daly as Director because the nominees are non-independent and a member of a key committee.
- 4. Open Text Corporation (ticker symbol OTEX):** Voted against Item 1.7: Elect Director Ann M. Powell because she is the compensation committee Chair, and the committee has failed to adequately address pay-for-performance concerns over multiple years. Voted against Item 4: Advisory Vote on Executive Compensation Approach. In the prior three years, OTEX received 78 percent, 45 percent and 29.5 percent shareholder support for its say-on-pay proposals at its 2021 AGM, 2022 AGM and 2023 AGM, respectively. The CEO did not receive any special one-time awards in Fiscal 2024 and CEO's total pay decreased by 37 percent compared to Fiscal 2023 and 7 percent compared to Fiscal 2022. However, the quantitative pay-for-performance screen has continued to identify a high concern. Excluding Fiscal 2023's special bonus and one-time performance stock options, CEO total compensation increased slightly by 5 percent year over year. OTEX's TSR underperformed its 4-digit GICS peer group median and the S&P/TSX Composite Index on a one-year and five-year basis. OTEX has significantly underperformed its self-disclosed peer group on a one-, three-, and five-year timeframe, while the CEO's 2024 compensation appears to be near the peer median. OTEX has failed its say-on-pay vote two years in a row. While OTEX has engaged with its shareholders since the last AGM and made some positive changes to CEO pay to address certain shareholder concerns over CEO compensation design, the CEO pay-for-performance misalignment continues to exist compared to its self-disclosed peers as well as ISS Canadian peers.
- 5. BGC Group, Inc. (ticker symbol BGC):** Withheld votes from Item 1.1: Elect Director Howard W. Lutnick because his ownership of the supervoting shares provide him with voting power control of the company, and as a non-independent director nominee, due to the lack of a formal nominating committee. Withheld votes from Governance Committee members William Addas, Linda Bell, Arthur Mbanefo, and David Richards for maintaining

a multi-class capital structure that is not subject to a reasonable time-based sunset provision. Voted against Item 3: Advisory Vote to Ratify Named Executive Officers' Compensation because BGC accelerated the vesting of the COO's outstanding equity awards, certain outstanding PSU awards held by the CEO were converted to time-based RSUs, and the STI program continues to provide for an excessive STI opportunity, with limited disclosure on performance goals and actual performance. There are also compensation concerns that have continued over from the prior year. Specifically, the CEO was granted shares that appear to be fully-vested, relating to the monetization of previously granted units not included in the compensation tables. In addition, there remains concerns with respect to the complex equity structure of various partnership units and exchangeability programs.

6. **AAR Corp. (ticker symbol AIR):** Voted against Item 1a: Elect Director Michael R. Boyce, Item 1b: Elect Director Billy J. Nolen, and Item 1c: Elect Director Jennifer L. Vogel because AIR maintains a classified Board structure and a vote against all directors is warranted.
7. **AudioCodes Ltd. (ticker symbol AUDC):** Voted against Item 1: Reelect Doron Nevo as Director because the nominee is non-independent and a member of a key committee. Voted against Item 4: Increase Authorized Share Capital and Amend Articles of Association Accordingly because the increase of 98% is above the authorized threshold of 50% of current authorized shares and the Board does not provide a specific reason for the request.
8. **PT Sri Rejeki Isman Tbk (ticker symbol SRIL-ID):** Voted against Item 1: Approve Changes in the Board of Commissioners, Item 2: Approve Provision of Securities to Creditors, and Item 3: Approve Changes to The Number of the Indonesian Standard Industrial Classification given the lack of information to make an informed voting decision.
9. **Darden Restaurants, Inc. (ticker symbol DRI):** Voted for Item 6: Report on Targets to Phase Out Use of Gestation Crates in Pork Supply Chain. Considering regulatory developments and DRI's lack of targets, shareholders would benefit from more information on DRI's progress related to reducing or eliminating the use of gestation crates in its pork supply chain.
10. **Thai Beverage Public Company Limited (ticker symbol Y92-SG):** Voted against Item 3: Other Business (Voting) because details of other business have not been disclosed.
11. **General Mills, Inc. (ticker symbol GIS):** Voted for Item 4: Disclose Regenerative Agriculture Practices Within Supply Chain and Item 5: Report on Efforts to Reduce Plastic Use because increased disclosure about GIS's reduction of synthetic pesticide use would allow investors to better understand how GIS is managing related risks and shareholders would benefit from additional information on how GIS is managing risks related to its use of plastic packaging.
12. **Kirloskar Ferrous Industries Ltd. (ticker symbol 500245-IN):** Voted against Item 3: Reelect Mahesh Ramchand Chhabria as Director because the nominee is a CEO and sits on more than 3 public company boards which presents overboarding concerns. Voted against Item 9: Approve Appointment and Remuneration of Nishikant Balkrishna Ektare as Executive Director (Operations) because 500245-IN has failed to provide the quantum or value of stock options that the director is entitled to receive under the stock option scheme. This might lead to discretionary payouts. 500245-IN has not provided an absolute monetary cap on the variable pay element. This could lead to discretionary payouts. There are no disclosures on the threshold and target performance that he needs to achieve to determine the rewards under the commission element. Voted against Item 15: Approve Borrowing Powers and Item 16: Approve Pledging of Assets for Debt because the presence of a rolling limit linked to the net worth of the company instead of a monetary cap on the borrowings, is a market lagging practice. This prevents periodical shareholder review of the borrowing limit. Voted against Item 17: Approve Loans, Guarantees, Securities and/or Investments in Other Body Corporate(s) because there is lack of information on the entities to which 500245-IN would be extending the loans, guarantee or subscribing to the securities. 500245-IN has proposed a rolling limit, which is considered a market lagging practice. Voted against Item 18: Amend Articles of Association - Board Related because the articles provide for a permanent appointment of a Chairman Emeritus with payments as per the discretion of the Board without the responsibilities and duties of a Board member.

- 13. Pejija Medical Ltd. (ticker symbol 9996-HK):** Voted against Item 2a4: Elect Wai Ming Yip as Director because the nominee sits on more than 4 public company Boards which presents overboarding concerns. Voted against Item 4A: Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights and Item 4C: Authorize Reissuance of Repurchased Shares because the aggregate share issuance limit is greater than 10 percent of the relevant class of shares for issuance for cash and non-cash consideration. Pejija Medical Ltd. has not specified the discount limit for issuance for cash and non-cash consideration.
- 14. Andrada Mining Ltd. (ticker symbol ATM-GB):** Voted against Item 1: Accept Financial Statements and Statutory Reports because vesting of options granted to the Directors is based solely on share price targets and feature a vesting period of less than three years and NEDs were granted options and additional remuneration. It is also highlighted that the auditors have included a material uncertainty statement in their report regarding Andrada Mining Ltd.'s ability to continue as a going concern. Voted against Item 2: Re-elect Terence Goodlace as Director because the nominee is non-independent and a member of a key committee. The full Board is less than majority independent. Voted against Item 3: Re-elect Laurence Robb as Director because the nominee is a non-independent and the full Board is less than majority independent. Voted against Item 6: Authorize Market Purchase of Ordinary Shares because the maximum purchase price exceeds the recommended limit of 5 percent above market price. Voted against Item 8: Authorize Issue of Equity Pursuant to the Share Option Schemes because the copy of the notice of meeting contains insufficient information to base on to make qualified and informed voting decision on this item and Andrada Mining Ltd. did not disclose the complete terms of the share option schemes, which impedes complete assessment of the impact of the plan.

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

Number of meetings: 34

Number of issues: 302

#### **Index of Acronyms:**

**AGM:** Annual General Meeting

**CDP:** Carbon Disclosure Project

**CSR:** Corporate Social Responsibility

**EEO-1:** An EEO-1 report is a survey mandated by the U.S. Equal Employment Opportunity Commission. It aims to provide a demographic breakdown of the employer's workforce by race and gender.

**EHS:** Environment, Health and Safety

**GHG:** Greenhouse Gas

**GRI:** Global Reporting Initiative

**ISS:** Institutional Shareholder Services Inc. is a proxy advisory firm.

**LTIP:** Long Term Incentive Plan

**NEDs:** Non-Executive Directors

**PPAs:** Power Purchase Agreements

**PSU:** Performance Share Units

**RECs:** Renewable Energy Certificates

**ROI:** Return On Investment

**RSUs:** Restricted Stock Units

**SAQ:** Self-Assessment Questionnaire

**SASB:** Sustainability Accounting Standards Board

**SBTi:** Science Based Targets initiative

**STI:** Short Term Incentive

**TCFD:** Task Force on Climate-Related Financial Disclosures

**TSR:** Total Shareholder Return

**UFLPA:** Uyghur Forced Labor Prevention Act

**VPPA:** Virtual Power Purchase Agreement

#### **Disclosure**

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