

Border to Coast Emerging Markets Equity Fund



Proxy Voting Report

Period: January 01, 2019 - March 31, 2019

Votes Cast	153	Number of Meetings	20
For	114	With Management	113
Withhold	0	Against Management	24
Abstain	0	Other	16
Against	39		
Other	0		
Total	153	Total	153

In 11 (55%) out of 20 meetings we have cast one or more votes against management recommendation.

General Highlights

Gender Diversity: Balancing Out the Scales

Research shows that a gender-balanced workforce positively supports corporate performance in relation to either the company's profitability, risk reduction, or share price. A gender diverse workforce at all levels of the organization can support business and financial performance while improving human capital management. Gender diversity has become a very relevant topic in the international corporate governance arena. A Spencer Stuart survey found that in 2018, 40% of incoming directors on S&P 500 boards were women. This has translated into an overall female representation of 24% across S&P 500 boards, up 2% from the previous year.

In several markets, it is common to include nominations to the board of directors in shareholder meeting agendas. Before casting our votes, a thorough assessment of the overall board diversity in terms of tenure, skills, gender and external commitments is conducted, and compared to local best practices. Key expectations towards companies include increasing the disclosures related to gender diversity throughout the workforce, equal remuneration practices, and disclosure of how gender diversity is approached at the board level. However, commitments put forward by companies to enhance diversity are not always followed by concrete policies.

Insufficient disclosure has, as a result, been the topic of shareholder resolutions filed at companies' AGMs, seeking enhanced disclosures on both female workforce representation at different job levels and equal remuneration opportunities. We believe that addressing these topics would support companies to better attract and retain talent while enhancing the value of their human capital.

In the last couple of years, an increasing amount of gender-related shareholder resolutions have been filed, predominantly in the US. The content of these resolutions ranges from requesting companies to issue either a gender pay gap or employment diversity report to enhance diversity at the board level. Receiving on average 28% of votes in favor, it sends a clear signal to the company regarding the relevance of the topic for a large proportion of shareholders and creates an incentive to address the topic. The rationale behind such proposals is that enhanced disclosures on gender diversity within the workforce would benefit shareholders, as failure to address these matters could present significant legal, reputational, and talent-retention concerns for companies.

Market Highlights

Corporate Governance Update: China and Hong Kong

In China, one of the most pressing corporate governance concerns is the level of transparency and disclosure provided by publicly listed companies. With the growing influence of Party Committees (PC), the decision-making process at Boards is becoming more opaque. A Party Committee consists of members who oversee the board and are affiliated with the Chinese Communist Party (CCP).

The long-term effect of a PC on board independence is relatively unclear. In some cases, the PC is the highest decision-making body, whereas in other instances the PC is a means to uphold corporate interests for the government. In state owned enterprises, PCs can have the final say on material issues for the company. PCs are less common in private and foreign-owned companies, but the pressure to form them is increasing. The issue remains that little if any disclosure is given on how the PC operates, making it difficult for foreign investors to assess board quality. Although the government contends that party committees will improve corporate governance, many investors remain skeptical.

While Hong Kong can be considered a regional frontrunner in corporate governance, it can also be the first to encounter new corporate governance issues. One such issue is the introduction of dual-class share (DCS) listings on the Hong Kong and Shanghai stock exchanges. A company with DCS can offer shares with different voting rights, allowing the company or other shareholder to retain control despite being publicly listed. In Hong Kong, the difference in voting rights between share classes cannot exceed 10:1. Nonetheless, many institutional investors including Robeco, are opposed to dual-class shares as they limit the influence of minority shareholders.

DCS is commonly employed by companies in the technology industry, which are what the HKSE hopes to attract. However, since it was introduced in 2017, the number of newly listed DCS companies in Hong Kong has been underwhelming and the promise that DCS would create a new home for technology giants has yet to be delivered.

Votes Against Management

In the following instance, Border to Coast Pension Partnership voted against the recommendation of management at the shareholder meeting. In each instance where a vote against management has been cast, the rationale for the vote is also provided.

Issuer Name	Meeting Date	Proposal Description	Management Recommendation	Vote Decision	With Or Against Management	Vote Note	Meeting Type
Bank of China Ltd.	1/4/2019	Authority to Issue Shares w/o Preemptive Rights	For	Against	Against Management	Issue price discount not disclosed; Excessive issuance	Special
Bank of China Ltd.	1/4/2019	Elect WU Fulin	For	Against	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.	Special
Bank of China Ltd.	1/4/2019	Elect LIN Jingzhen	For	Against	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.	Special
Aberdeen Standard Asia Focus Plc	1/16/2019	Appointment of Auditor and Authority to Set Fees	For	Against	Against Management	Excessive non-audit fees for the past 3 years.	Annual
Infosys Ltd	3/12/2019	Elect Kiran Mazumdar Shaw	For	Against	Against Management	Serves on too many boards	Other
Infosys Ltd	3/12/2019	Elect Kiran Mazumdar Shaw	For	Against	Against Management	The director serves on too many external boards	Special
Wal-mart de Mexico S A B de C V	3/21/2019	Statutory Reports	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Wal-mart de Mexico S A B de C V	3/21/2019	Consolidated Financial Statements	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Wal-mart de Mexico S A B de C V	3/21/2019	Election of Directors; Election of Committee Chair; Fees	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Fomento Economico Mexicano S.A.B. de C.V.	3/22/2019	Accounts and Reports	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Fomento Economico Mexicano S.A.B. de C.V.	3/22/2019	Authority to Repurchase Shares	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Fomento Economico Mexicano S.A.B. de C.V.	3/22/2019	Election of Directors; Fees	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
Fomento Economico Mexicano S.A.B. de C.V.	3/22/2019	Election of Board Committee Members; Fees	For	Against	Against Management	The company has not provided sufficient information.	Ordinary
The Siam Cement Public Company Limited	3/27/2019	Elect Thumnithi Wanichthanom	For	Against	Against Management	The nominee is a newly appointed director, serves on a large company, is not independent, and the board lacks	Annual

The Siam Cement Public Company Limited	3/27/2019	Appointment of Auditor and Authority to Set Fees	For	Against	Against Management	sufficient independence. The nominee serves on the Nominating Committee that lacks sufficient independence. Audit fees are excessive.	Annual
The Siam Cement Public Company Limited	3/27/2019	Directors' Fees	For	Against	Against Management	Excessive Bonus compared to market peers	Annual
Cemex S.A.B. De C.V.	3/28/2019	Merger by Absorption	For	Against	Against Management	The company has not provided sufficient information.	Special
Advanced Info Service Public Company Limited	3/28/2019	Appointment of Auditor and Authority to Set Fees	For	Against	Against Management	Audit fees are excessive.	Annual
Advanced Info Service Public Company Limited	3/28/2019	Elect Surasak Vajasit	For	Against	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence. The nominee serves on the Audit Committee that lacks sufficient independence. Serves on too many boards	Annual
Advanced Info Service Public Company Limited	3/28/2019	Elect Anek Pana-Apichon	For	Against	Against Management	Serves on too many boards	Annual
Advanced Info Service Public Company Limited	3/28/2019	Directors' Fees	For	Against	Against Management	Excessive Bonus	Annual
Advanced Info Service Public Company Limited	3/28/2019	Transaction of Other Business	For	Against	Against Management	Granting unfettered discretion is unwise	Annual
TIM Participacoes S.A.	3/28/2019	Remuneration Policy	For	Against	Against Management	Plan does not disclose performance targets. The company has not disclosed a maximum award level.	Annual
Cemex S.A.B. De C.V.	3/28/2019	Election of Directors; Election of Committee Members and Chair	For	Against	Against Management	Board is not sufficiently independent; Other governance concerns	Ordinary

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