Border to Coast UK Listed Equity Alpha Fund

Proxy Voting Report

Period: April 01, 2021 – June 30, 2021

Votes Cast	**1932**	**Number of Meetings**	**109**

For	1776	With Management	1775
Abstain	3	Against Management	157
Against	153	Other	0
Other	0		
Total	**1932**	**Total**	**1932**

In 79% of meetings we have cast one or more votes against management recommendation.

General Highlight

A new frontier in the fight against climate change

Climate change is now a cornerstone of investor stewardship but addressing this topic through votes at shareholder meetings is relatively novel. However, the 2021 proxy voting season has demonstrated that boards will be held accountable for their climate-related oversight by proxy advisors, activist groups, and institutional investors alike.

Historically, shareholders have addressed their climate change concerns to boards through filing shareholder proposals. In the US for instance, the number of climate-related shareholder proposals filed has steadily risen over the years, from 34 in 2012 to over 140 in 2020. Of the proposals filed, many get withdrawn if the request is adopted by the company, but some proposals are also challenged by companies and omitted from the AGM. Although these challenges are intended for poorly drafted or immaterial proposals, companies lagging in climate action often use this mechanism to skirt the concerns raised by shareholders. In these cases, shareholders may escalate their climate-concerns by voting against the nomination of board directors such as the chairman or members of the audit or sustainability committees.

Holding directors accountable for a company's (inadequate) approach to climate change could become the norm. Just recently, Majority Action – an ESG focused shareholder activist group – published their 'Proxy Voting for a 1.5°C World' campaign, which outlines a list of systemically important companies in the three key industries that have not set emissions targets aligned to limiting warming to 1.5°C. The campaign calls on institutional investors to use their voting rights to vote against company directors that have failed in their oversight responsibilities to address escalating climate change.

One of the challenges in adopting such a voting approach is consistently identifying which companies are not in line with a 1.5°C or Paris-aligned scenario. Companies and international organizations often use different methods to calculate their long-term 2050 climate change scenarios, which is then reflected by the discrepancies in short-term targets. Nonetheless, there are several resources like the Climate Action 100+ Net-Zero Benchmark or the Transition Pathway Initiative (TPI) that investors can use to help track the climate change targets set by companies. The Border to Coast voting guidelines incorporate the toolkit of the TPI to flag companies where a vote against the chairman of the board is warranted due to climate-related concerns. These benchmarks also enable investors to monitor the annual progress made by companies, and to determine whether to escalate their approach to voting and engagement.

These new guidelines for proxy voting underscore that, where companies are failing to develop effective climate transition plans, boards will appropriately be held accountable. While institutional investors' definitions of what is appropriate may vary, the importance and urgency of holding directors accountable are clear.

Voting Highlights

BP plc - 05/12/2021 - United Kingdom
Proposal: Shareholder Proposal Regarding GHG Reduction Targets

BP plc is an oil and petrochemicals company. The Company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates solar energy, and manufactures and markets chemicals.

BP was one of several oil and gas companies in 2021 where shareholder activism organisation Follow This filed resolutions requesting Paris-aligned GHG reduction targets. The proposals are important gauges of investor support for companies' existing climate plans, and what action shareholders believe companies should take to ensure they contribute to the goals of the Paris agreement.

We supported the shareholder proposal at BP, since it requested the company to set Scope 1,2, and 3 emission reduction targets over the short, medium, and long term. The proposal is also asking for the company to report annually on the GHG emissions reduction plan, which we believe should be tied to a non-binding shareholder vote on progress. The reason that the proposal adds value in the case of BP is that the company did not put forward a Say on Climate resolution in 2021. Supporting the resolution acts as an important signal that formalized progress reporting and shareholder feedback mechanisms are a vital component of climate leadership.

Recognizing the targets that BP had already set, we saw further room for improvement on coverage of all emissions scopes and board accountability for implementation. Our support for this resolution was primarily meant to foster accountability via reporting and feedback mechanisms. We believe that Say on Climate resolutions (e.g. periodically on strategy, annually on disclosure) are key elements of climate leadership in the sector. In our vote we also considered the findings of the Climate Action 100+ Net Zero Benchmark.

The shareholder proposal received just over 20% support from shareholders at the AGM. We believe this sends a clear message, and the board has committed to continuing engagement with shareholders on its climate plans, and to report on the progress of this engagement regularly, in line with the UK Corporate Governance Code.

Royal Dutch Shell Plc - 05/18/2021 - United Kingdom
Proposal: Approval of the Energy Transition Strategy and Shareholder Proposal Regarding GHG Reduction Targets

Royal Dutch Shell PLC, through subsidiaries, explores, produces, and refines petroleum. The Company produces fuels, chemicals, and lubricants. Royal Dutch Shell owns and operates gasoline filling stations worldwide.

Shell's 2021 AGM saw two important climate-related proposals on the agenda. Resolution 20 represented an industry first, as Shell put forward its own climate transition plan for a shareholder vote. Resolution 21 was a shareholder proposal on greenhouse gas reduction targets.

Shell's climate plan is currently one of the most elaborate and advanced plans in the oil and gas sector. We do however recognise that certain aspects of the plan (carbon capture and storage and nature-based solutions) have been challenged and will require them to make more disclosure to enable investors to assess the feasibility and scalability. Shell's proposal for approval of the Energy Transition Strategy will be re-submitted every three years with a yearly progress report put to the shareholder vote each year. Shareholders can monitor and raise concerns in relation to progress on the strategy on an annual basis. We supported the proposal with 63% of our voting rights. At the AGM, we expressed our desire for Shell to increase pace and take significant steps in the near future. This aligns with the progress we have expected and seen from Shell during our engagement under the Climate Action 100+ initiative. Following the AGM and a court ruling regarding its transition plan in The Hague, Shell has already further advanced its plans and ambitions.

Resolution 21 was a shareholder proposal for Shell to set climate-related targets in the long, medium, and short term. In our assessment, Shell has set one of the most advanced targets in their sector, and the company should focus on implementation in its next steps. Therefore, we abstained from voting on this resolution with 63% of our holding. We recognise the value of this shareholder proposal an providing positive impetus that to Shell to advance its position in making its net zero commitment as concrete as possible.

Shell's own Say on Climate vote received the support of c. 89% of votes cast. Meanwhile, shareholders also voiced their view on the further development of Shell's targets, with resolution 21 receiving 30% of votes in favour. We will continue to engage with the company with a focus on Shell reaching alignment with the Climate Action 100+ Net Zero Benchmark criteria by 2023.

HSBC Holdings plc - 05/28/2021 - United Kingdom
Proposal: Approval of Climate Policy

HSBC Holdings plc (HSBC) is a banking and financial services company. The Company manages its products and services through three businesses: Wealth and Personal Banking (WPB), Commercial Banking (CMB), and Global Banking and Markets (GBM).

HSBC put its climate policy to vote at its recent AGM and received 99% support. We also voted in favor of the resolution, given the significant strides taken by the company. The result was preceded by pressure from a shareholder resolution filed by a USD 2.4 trillion investor coalition led by ShareAction that was ultimately withdrawn. ShareAction expressed its support for HSBC's own proposal instead.

HSBC has committed to phase out financing (project finance, corporate finance, and underwriting) of coal-fired power and thermal coal mining in the EU and OECD by 2030 and other regions by 2040. This is an important move by the bank given its exposure to Asia, and HSBC's global rank as the world's 15th largest coal power financer. To date, HSBC has been one of the only European banks with no corporate financing restriction for companies exposed to the thermal coal sector and has provided more than USD 15 bn of financing to coal developers from October 2018 to 2020.

HSBC acknowledged that expansion of coal-fired power is incompatible with the goals of the Paris agreement. This is a relatively big turnaround given the company's previous stance and financing of coal-related activities. HSBC has also committed to set, disclose, and implement a strategy with short- and medium-term targets to align its financing across all sectors with the goals of the Paris climate agreement, starting with oil & gas and power & utilities sectors. It will use 1.5°C pathways that are not overly reliant on negative emissions technologies.

The company will publish a new coal policy by the end of 2021 which is expected to include several elements, namely: 1.) a prohibition of general corporate financing and underwriting to companies that are highly dependent on coal mining and/or coal power, as well as companies planning new coal mines, coal plants and coal infrastructure, 2.) commitment to help clients develop, publish and implement coal phase-out plans in line with the 2030/2040 timelines by a specific date and no later than December 2023, 3.) a commitment to focus on the entire coal supply chain, including coal equipment manufacturers and any other coal supply chain function that contributes to the expansion of coal-related activities. Following the AGM, we will continue to monitor how HSBC upholds their new commitments.

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