

Border to Coast Global Equity Alpha



Proxy Voting Report

Period: January 01, 2020 – March 31, 2020

Votes Cast	309	Number of Meetings	24
For	281	With Management	279
Withhold	0	Against Management	28
Abstain	0	Other	2
Against	28		
Other	0		
Total	309	Total	309

In 74% of meetings we have cast one or more votes against management recommendation.

General Highlights

COVID-19 Impact on Voting Season

As companies attempt to come to grips with the new reality of a coronavirus pandemic, few aspects of 'business as usual' have remained untouched. The ritual of annual general shareholder meetings (AGMs) is no exception. Uncertainty abounds as news on postponed, cancelled, or revamped AGMs trickles in.

A likely outcome is that many shareholder meetings will be postponed. Countries have different legal timelines requiring companies to hold their AGMs after the closure of the fiscal year. While companies make the choice to postpone their AGMs individually, regulators have already extended the legal deadline to hold the AGM later in the year. Italy and the Netherlands will likely see much of the AGM activity concentrate around June, rather than the upcoming weeks as initially planned. That brings challenges of its own – investors expect certain markets to hold their AGMs at the same times each year and prepare accordingly. When these timelines are reshuffled, an even more concentrated season can mean less time to analyze important proposals at AGMs and to engage with issuers. It remains to be seen if this risk materializes.

Other shareholder meetings have moved online. Virtual meetings can have advantages, such as reduced costs, and better accessibility for shareholders, according to law firm Norton Rose Fullbright. But we have generally been wary of this trend. Even though more shareholder can tune in, the quality of debate can suffer drastically. The largest concern is an inability to ask questions or the board cherry-picking comments to respond to. Some best practices have emerged, such as opening a forum ahead of time for shareholders to submit queries, holding a live Q&A as would have been the case in person, and the (tele-)presence of all board members.

On the other end of the spectrum, some companies have simply streamed a video link on the internet. A shareholder meeting which shareholders are not invited to and does not give them a voice during the session can hardly be described as such.

In these circumstances, prudence is understandably top of mind. Companies should be given some leeway to minimize disruption and protect the health and safety of employees and shareholders. But the way in which companies do respond draws our attention once more to the importance of the annual general meeting, which helps to maintain board accountability towards shareholders.

Voting Highlights

Visa Inc - 01/28/2020 - United States

Proposal: Advisory Vote on Executive Compensation

Visa Inc. operates a retail electronic payments network and manages global financial services. The Company also offers global commerce through the transfer of value and information among financial institutions, merchants, consumers, businesses, and government entities.

Large US companies regularly put suitably large executive compensation plans up for vote at their annual shareholder meetings. The numbers alone can make for impressive reading, but shareholders have to balance strengths and weaknesses in compensation plans before reaching a voting decision. At Visa's AGM this year, we perceived the weaknesses to outbalance the strengths and voted against the Advisory Vote on Executive Compensation.

The Advisory Vote on Executive Compensation (say-on-pay) is a non-binding resolution whereby corporates publish a report outlining how compensation policies have been applied to executives' remuneration in the past year. It has no legal weight, so even a majority disapproval will not block payments to the CEO. However, the say-on-pay performs an important signaling role, allowing shareholders to put the board on notice that they believe compensation plans are not sufficiently aligning interests between investors and executives.

In the case of Visa, two factors contributed to our vote against the say-on-pay: height and structure. First, despite good financial performance in the preceding year, we found the total quantum of remuneration for the named executive officers to be excessive. Understanding that retaining top executive talent is a priority for global corporations, we find that companies need to be prudent in maintaining a reasonable height of total compensation. With reported CEO pay of nearly USD 25 million last year, we found Visa to fall foul of that expectation.

Second, the compensation plan's structure did not match best practice. Under the long-term incentive plan (LTIP), we would expect a diversified set of return-based metrics with performance measured over at least a 3-year period. Visa's LTIP is heavily skewed towards rewarding earnings-based performance, and measures this on an annual timescale. This may fail to properly reflect the exposure of long-term shareholders to the company's value creation. Finally, the LTIP also makes significant use of stock option awards, which are not tied to company performance. Options can create undesirable incentives, as their value is driven by volatility, once again not aligning with the priorities of a long-term investor.

In aggregate, these factors meant that we were unable to support the compensation proposal at Visa's AGM.

Samsung Electronics - 03/18/2020 - South Korea

Proposal: Company engagement on board nomination

Samsung Electronics Co., Ltd. manufactures a wide range of consumer and industrial electronic equipment and products such as semiconductors, personal computers, peripherals, monitors, televisions, and home appliances.

Independence is one of the various aspects we pay attention to when assessing the overall composition and effectiveness of a board. We wish to see boards that are capable of truly objective oversight while also having the skillsets and experience to understand the context in which management is operating. We believe that an independent board with adequate oversight will contribute to enhance and protect long-term shareholder value.

The board of directors at Samsung has experienced a relatively high turnover in recent years. Most recently, the chairman of Samsung Electronics' board resigned from his role just two months after being found guilty of 'union sabotage'. In December, he was sentenced to 18 months in jail after a High Court ruled that he had violated labor laws by disrupting union activities at Samsung. His resignation comes as Samsung Group heir Jay Y. Lee is facing a retrial over a bribery scandal that has engulfed Samsung executives and South Korea's former president.

During the company's 2020 annual shareholder meeting, several notable changes to its board composition were proposed, including the election of a new independent Chairman. Director Bahk, the incoming independent Chairman of the board, was proposed for this role due to his board tenure of four years and previous position as Minister of Finance and Employment. Proxy advisory agencies have questioned the new Chairman's independence due to his affiliation with a university that received a donation from Samsung in the past. However, from previous conversations with the company, we have been assured that director Bahk is fully independent and has retired from his previous positions which raised these initial concerns. Therefore we supported his nomination at the shareholder meeting.

Additionally, the board nominated two new directors with the aim of enhancing expertise on key topics not sufficiently covered by the current board and contributing to board refreshment. Both nominees bring valuable skillsets to the board given their expertise within various operational departments at Samsung. One nominee is the newly appointed CFO who will be tasked with drafting the new shareholder return policy. Based on these positive characteristics of the nominated directors, we supported their election Samsung's board at their most recent annual shareholder meeting.

Votes Against Management

In the following instances, 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
Accenture plc	1/30/2020	Advisory Vote on Executive Compensation	For	Against	Against Management	The performance period is too short. Annual bonus is determined on a discretionary basis. Performance goals not disclosed for long-term incentives.	Annual
Adient plc	3/12/2020	Advisory Vote on Executive Compensation	For	Against	Against Management	Pay and performance disconnect	Annual
Adient plc	3/12/2020	Amendment to the 2016 Director Share Plan	For	Against	Against Management	Excessive compensation	Annual
Al Dar Properties	3/18/2020	Appointment of Auditor and Authority to Set Fees	For	Against	Against Management	The company has not provided sufficient information.	Annual
Becton, Dickinson And Co.	1/28/2020	Shareholder Proposal Regarding Right to Call Special Meetings	Against	For	Against Management	A 10% threshold for calling a special meeting is appropriate	Annual
CGI Inc	1/29/2020	Elect Serge Godin	For	Against	Against Management	The nominee is the Chair of the board and the company has not put the dividend policy up for vote.	Annual
CGI Inc	1/29/2020	Shareholder Proposal Regarding Disclosure of Vote Results by Share Class	Against	For	Against Management	Adoption of this proposal may provide shareholders with more clarity concerning how different	Annual

Deere & Co.	2/26/2020	Adoption of Exclusive Forum Provisions	For	Against	Against Management	classes of shareholders have cast their votes The proposed amendments reduce shareholder rights.	Annual
Easyjet plc	2/6/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Easyjet plc	2/6/2020	Authority to Set Auditor's Fees	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Easyjet plc	2/6/2020	Authorisation of Political Donations	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies becoming involved in funding political processes	Annual
Imperial Brands Plc	2/5/2020	Authorisation of Political Donations	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies becoming involved in funding political processes	Annual
Kangwon Land, Inc	3/30/2020	Financial Statements and Allocation of Profits/Dividends	For	Against	Against Management	The Company has bundled the approval of the financial statements with the allocation of dividends.	Annual
Kao Corporation	3/25/2020	Elect Michitaka Sawada	For	Against	Against Management	Nominee is the CEO and serves on the Compensation Committee.	Annual
Naver Co Ltd	3/27/2020	Financial Statements and Allocation of Profits/Dividends	For	Against	Against Management	The Company has bundled the approval of the financial statements with the allocation of dividends.	Annual
Naver Co Ltd	3/27/2020	Elect BYUN Dae Gyu	For	Against	Against Management	Affiliated Chairman and serves on both Nominating and Compensation committees.	Annual

Naver Co Ltd	3/27/2020	Share Option Previously Granted By Board Resolution	For	Against	Against Management	Not in shareholders' best interests	Annual
Naver Co Ltd	3/27/2020	Share Option Grant	For	Against	Against Management	Not in shareholders' best interests	Annual
SKF AB	3/26/2020	Elect Hans Stråberg	For	Against	Against Management	The audit committee is not sufficiently independent. The remuneration committee is not sufficiently independent.	Annual
SKF AB	3/26/2020	Elect Ronnie Leten	For	Against	Against Management	The audit committee is not sufficiently independent. The remuneration committee is not sufficiently independent.	Annual
SKF AB	3/26/2020	Elect Hans Stråberg as Chair	For	Against	Against Management	The nominee is an affiliate serving on the remuneration and audit committees.	Annual
SKF AB	3/26/2020	Remuneration Policy	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Annual
TAV Havalimanlari Holding Anonim Sirketi	3/23/2020	Compensation Policy	For	Against	Against Management	The company has not disclosed a maximum award level.	Annual
TAV Havalimanlari Holding Anonim Sirketi	3/23/2020	Authority to Carry out Competing Activities or Related Party Transactions	For	Against	Against Management	Potential Conflict of Interests; Granting unfettered discretion is unwise	Annual
Virgin Money UK Plc.	1/29/2020	Authorisation of Political Donations	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies becoming involved in funding political processes	Annual
Visa Inc	1/28/2020	Advisory Vote on Executive Compensation	For	Against	Against Management	Performance periods under LTIP are too short for the EPS component.	Annual
Walt Disney Co (The)	3/11/2020	Advisory Vote on Executive Compensation	For	Against	Against Management	The Company received an F in the Glass Lewis Pay for Performance	Annual

Walt Disney Co (The)	3/11/2020	Shareholder Proposal Regarding Lobbying Report	Against	For	Against Management	model. Total CEO compensation is excessive. Increased transparency is in the best Annual interests of shareholders.
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