

Border to Coast Overseas Developed Markets Equity Fund



Proxy Voting Report

Period: July 01, 2018 - September 30, 2018

Votes Cast	203	Number of Meetings	14
For	171	With Management	169
Withhold	1	Against Management	34
Abstain	0		
Against	31		
Other	0		
Total	203	Total	203

In 9 (64%) out of 14 meetings we have cast one or more votes against management recommendation

General Highlights

Remuneration Escalation: Scrutinizing Executive Pay

The escalation of executive compensation has been an ongoing contentious topic in the Corporate Governance arena throughout several markets. According to Bloomberg, two main developments contributed to explain this trend: replacing cash awards with equity and the accessibility to data concerning CEO pay packages, allowing executives to compare their remuneration with peers. The ultimate purpose of executive pay packages is to appropriately incentivize management to deliver long-term shareholder value, thus aligning pay and performance. Moreover, with executive pay on the rise, it remains important to ensure an acceptable pay gap between management and the company's wider workforce.

Acknowledging that executive compensation can be one of the most complex proposals up for vote, Robeco developed a framework aimed to standardize our voting approach for a wide variety of remuneration plans. The framework sets clear limits on the boundaries of acceptable pay plans, whilst also allowing for a balance between the positive and negative aspects of the pay package within such limits. It focuses on the structure of the remuneration plan, overall level of disclosure, use of non-financial metrics and relative quantum of the plan.

One of the markets heavily exposed to shareholders' judgment on executive pay practices has been the United Kingdom. During the 2018 proxy voting season there have been several shareholder revolts at the shareholder meetings held by FTSE-350 companies due to contentious executive pay packages. We have closely monitored these cases and, in several instances, engaged with their board members to share our views on their pay practices prior to their shareholder meeting.

Investors are also scrutinizing executive compensation packages more closely in the United States. Morgan Stanley published a study analyzing the link between executive pay and stock performance of their US coverage, concluding that those companies facing repeated shareholder opposition on their say-on-pay underperformed the market three fourth of the times by an average of 20%. The most common driver tends to be absolute levels of CEO compensation, however other factors such as poor stock performance, significant increases in total compensation and higher fixed compensation also play a role. These factors are carefully considered in our analysis, which is reflected in our voting activities.

Border to Coast expects that companies facing severe shareholder opposition address these concerns by implementing amendments to their executive package up for vote at their next shareholder meeting. In fact, we recognize that a large level of shareholder opposition can be a catalyst for positive change and increased shareholder engagement. For those high-profile cases, Robeco proactively communicates to companies our view regarding their pay practices in the event that a vote against this proposal is warranted.

Voting Highlights

Link Real Estate Investment Trust - 07/25/2018 - Hong Kong

Proposal: Election of Directors

Link Real Estate Investment Trust is managed by Link Asset Management Limited and is the first real estate investment trust in Hong Kong. The company acquires and manages retail facilities, car parks, and offices across China with a focus in Hong Kong.

Listed companies in Hong Kong are subject to the 'Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited'. These rules require that at least one-third of a company's board consist of independent directors. They also stipulate that one-third of board members must stand for reelection every year and all directors are subject to retirement by rotation at least once every three years. Because Link Real Estate Investment Trust exceeds these minimum requirements we voted in favor of electing all directors at the 2018 annual meeting.

The board at Link Real Estate Investment Trust consist of thirteen directors, of which more than three-quarters are independent. The age of directors ranges from 39 to 68, and the average number of years served on the board is 5 years. This diversity in age and tenure makes for a sustainable board composition in that younger directors may learn from directors with more experience who may be subject to retirement.

The company's current board displays a balanced spread age and board experience. Furthermore, nearly a third of the board consists of female directors. This is particularly important since there are no board composition requirements on gender diversity. Members with diverse backgrounds enable the board to address a variety of challenges by bringing a broad range of experience and solutions. Gender diversity is one facet of board composition included in the range of backgrounds. Link Real Estate elected four female board members, promoting gender diversity at the board level in a region where it is seemingly neglected.

An independent board allows for the objective oversight of management and reinforces shareholder interests within a company. Therefore we believe an independent board enhances a company's management by striking a balance between short-term decision-making and long term value creation. In Hong Kong, this independence is particularly important given that one-tier board structures are commonplace. For the past two years, all board nominations were supported by at least 97% of votes cast.

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	With Or Against Management	Vote Note
Alstom	7/17/2018	Elect Philippe Marien (Bouygues SA)	Against Management	The nominee is not independent and serves on the Audit Committee that lacks sufficient independence.
Industria De Diseno Textil SA	7/17/2018	Remuneration Policy (Binding)	Against Management	Plan does not disclose performance targets.
Industria De Diseno Textil SA	7/17/2018	Remuneration Report (Advisory)	Against Management	Plan does not disclose performance targets.
Singapore Telecommunications Limited	7/24/2018	Authority to Issue Shares w/ or w/o Preemptive Rights	Against Management	Resolutions seeking the authority to issue shares with and without pre-emption rights should be separate
James Hardie Industries plc	8/10/2018	Amendments to Articles of Association	Against Management	Not in shareholders best interests
Logitech International S.A.	9/5/2018	Compensation Report	Against Management	Plan does not disclose performance targets. The performance period is too short.
Logitech International S.A.	9/5/2018	Elect Patrick Aebischer	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity.
Logitech International S.A.	9/5/2018	Executive Compensation	Against Management	Plan does not disclose performance targets. The performance period is too short.
Compagnie financiere Richemont SA	9/10/2018	Elect Johann Rupert as Board Chair	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity. The nominee serves on the Nominating Committee that lacks sufficient independence. Less than 30% female directors.
Compagnie financiere Richemont SA	9/10/2018	Elect Nikesh Arora	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence. The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Richemont SA	9/10/2018	Elect Nicolas Bos	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.
Compagnie financiere Richemont SA	9/10/2018	Elect Jean-Blaise Eckert	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence. The nominee serves on the Audit Committee that lacks sufficient independence.

Compagnie financiere Rlichemont SA	9/10/2018	Elect Burkhart Grund	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Jérôme Lambert	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Ruggero Magnoni	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence. The nominee serves on the Audit Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Vesna Nevistic	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence. The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Alan G. Quasha	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Anton Rupert	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence. The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Jan Rupert	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Gary Saage	Against Management	The nominee serves on the Nominating Committee that lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Cyrille Vigneron	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Elect Sophie Guieysse	Against Management	The nominee serves on a large Company, is not independent, and the board lacks sufficient independence.
Compagnie financiere Rlichemont SA	9/10/2018	Executive Compensation (Fixed)	Against Management	Plan does not disclose performance targets.
Compagnie financiere Rlichemont SA	9/10/2018	Executive Compensation (Variable)	Against Management	Plan does not disclose performance targets.
Nike, Inc.	9/20/2018	Elect John C. Lechleiter	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity.
Nike, Inc.	9/20/2018	Advisory Vote on Executive Compensation	Against Management	Excessive one-off retention awards and cash discretionary payments not linked to performance metrics
Nike, Inc.	9/20/2018	Shareholder Proposal Regarding Political Contributions and Expenditures Report	Against Management	Increased disclosure would allow shareholders to more fully assess risks presented by the Company's political spending

Singapore Exchange Limited	9/20/2018	Appointment of Auditor and Authority to Set Fees	Against Management	Both the current non-audit fees and three year aggregate non-audit fees are too high.
Singapore Exchange Limited	9/20/2018	Authority to Issue Shares w/ or w/o Preemptive Rights	Against Management	Resolutions seeking the authority to issue shares with and without pre-emption rights should be separate
Singapore Exchange Limited	9/20/2018	Authority to Adopt the SGX Restricted Share Plan	Against Management	Plan does not disclose performance targets.
Fedex Corp	9/24/2018	Elect Frederick W. Smith	Against Management	The nominee serves as both Chairman and CEO.
Fedex Corp	9/24/2018	Advisory Vote on Executive Compensation	Against Management	Performance target under annual bonus retroactively changed to account for negative impact of the NotPetya cyberattack, lack of clawback policy in the variable pay.
Fedex Corp	9/24/2018	Shareholder Proposal Regarding Lobbying Report	Against Management	Increased disclosure would allow shareholders to more fully assess risks presented by the Company's political spending
Fedex Corp	9/24/2018	Shareholder Proposal Regarding Right to Act by Written Consent	Against Management	Shareholder action by written consent enables shareholders to take action on important issues that arise between annual meetings
Marks & Spencer Group	7/10/2018	Remuneration Report (Advisory)	Against Management	The performance period is too short.

Disclaimer

Robeco Institutional Asset Management B.V. ('Robeco') distributes voting reports as a service to its clients and other interested parties. Robeco also uses these reports to demonstrate its compliance with the principles and best practices of the Tabaksblat Code which are relevant to Robeco. Although Robeco compiles these reports with utmost care on the basis of several internal and external sources which are deemed to be reliable, Robeco cannot guarantee the completeness, correctness or timeliness of this information. Nor can Robeco guarantee that the use of this information will lead to the right analyses, results and/or that this information is suitable for specific purposes. Robeco can therefore never be held responsible for issues such as, but not limited to, possible omissions, inaccuracies and/or changes made at a later stage. Without written prior consent from Robeco you are not allowed to use this report for any purpose other than the specific one for which it was compiled by Robeco.

