Border to Coast Overseas Developed Markets Equity Fund

Proxy Voting Report

Period: July 01, 2019 - September 30, 2019

Votes Cast	279	Number of Meetings	22
For	244	With Management	241
Withold	0	Against Management	37
Abstain	0	Other	1
Against	34		
Other	1		
Total	**279**	**Total**	**279**

In 73% of meetings we have cast one or more votes against management recommendation.

General Highlights

Cybersecurity in the Boardroom

Making the right decisions when voting by proxy at AGMs always depends on having the right information at hand. Increasingly, this means being aware of the most material ESG risks a company is facing, and determining whether executives and supervisory boards are equipped to manage these risks. A rapidly developing threat to many corporates, especially those operating in technology-driven sectors, is cyber risk. Our sector knowledge as investors, coupled with lessons from our engagement on cybersecurity, ensures that we are fully aware of this topic's materiality and vote accordingly at shareholder meetings.

Cybersecurity can initially appear a very technical subject. In reality, though, the crux of the issue lies in governance structures responsible for oversight of an organization's attitude towards and policies on cybersecurity. Cybersecurity is above all a human risk, with consultancy Willis Towers Watson estimating that around two-thirds of breaches are caused by employee negligence or malicious acts. A far lower percent of incidents is driven by external threats. As a result, cyber risk's human angle firmly places it into the realm of board's risk supervision role.

Therefore, we expect companies to implement a robust governance structure to manage their approach to cybersecurity, and to design and implement a strategy which mitigates these risks. The board of directors should provide oversight of the strategy and consider cybersecurity as an enterprise-wide risk, and should therefore have the appropriate skills and experience in place to act as a sufficient counterweight to operational cybersecurity personnel. The executives whose role relates to the implementation of the strategy should have appropriate KPI's included in their compensation. Ideally, the Chief Executive's remuneration should also be linked to cybersecurity KPIs, if these represent a material risk to the company's core business.

This year we encountered several cybersecurity-related shareholder proposals up for vote. A notable example was when a proposal asked a major telecommunications company to issue a report assessing the feasibility of tying executive compensation to cybersecurity and data privacy KPIs. We voted in favor, along with around 12% of shareholders, as cyber risk presents material threats to the company operating in the telecommunications arena. The proposal aligned nicely with our engagement objectives, seeking to strengthen accountability for cyber risk in large organizations. Even though such proposals remain unusual for the time being, we expect to see an increased focus on cybersecurity in shareholder resolutions in the future.

The CEO Successorship

Changes in senior executive positions introduce inherent risks to companies and their shareholders. Russell Reynolds, a governance consultant, identified that over a 12-year period (2003-2015) the average departing S&P500 CEO had a tenure of 5.9 years. The company's ability to carry out its strategy and respond to new competitive challenges might be jeopardized by boards and CEOs that do not identify succession planning as a key priority. It is crucial to have a robust succession planning process in place to ensure a smooth transition.

This is arguably one of the more interesting responsibilities of the nominating committee. Sufficient objectivity in both formulating and executing the policy on succession planning is vital. As such, we encourage companies to have only non-executive directors serving on this committee and solely independent directors shall be involved in the process of nominating candidates for key executive positions. The CEO can provide advice to the committee to ensure the company has a forward-looking approach towards executive talent development. As the transition evolves and the process turns toward the board's selection of finalist candidates, we expect the CEO's participation to diminish.

When undertaking a CEO transition, one of the most contentious topics is the pay package offered to both the outgoing and incoming CEO. According to Alex Edmans, professor at LSE, executive pay should encourage long-term thinking by tying company leaders' remuneration to long-term share price even after they leave the organization. Post-holding requirements could encourage CEOs to be actively engaged in the succession planning strategy of the company. When it comes to the final pay package provided to good leavers, we expect that severance payments must not exceed two years of the executive's base salary in line with international corporate governance best practices. In markets such as Spain and Italy it is common to exceed this threshold, often leading to a larger proportion of votes against compensation plans including such excessive severance payments.

Sign-on bonuses provided to newly hired executives help to attract top talent and improve retention rates. It is sensible to compensate newly appointed CEOs for the remuneration foregone from previous employers. However, this shall involve a reasonable quantum, bearing in mind the potential costs to shareholders. In general terms, we view positively sign-on payments provided in stock and attached to performance targets, as it ensures that executive interests will be aligned with shareholders' priorities.

Voting Highlights

Anadarko Petroleum Corp. - 08/08/2019 - United States
Proposal: Advisory Vote on Golden Parachutes

Anadarko Petroleum Corporation operates as an oil and gas exploration company. The Company acquires, explores, develops, produces, and markets oil and natural gas. Anadarko Petroleum serves customers globally.

In the US, it has become common practice to have a so called say-on-golden-parachute (SOGP) vote, which asks shareholders to approve merger-related severance payments that would become payable to executives when a change-in-control takes place. Typically, equity or stock incentives are subject to performance metrics or to continued employment for a minimum number of years before executives can receive this payout. But golden-parachutes accelerate the vesting of unearned equity awards following an M&A transaction, leading to sizeable payouts that are not linked to performance.

Such was the case for Anadarko Petroleum, who on 9 May 2019 announced that they had entered into a merger agreement with Occidental Petroleum valued at USD 38.5 billion. While the merger itself received overwhelming shareholder support, the ensuing golden parachutes for Anadarko executives were less endorsed.

Upon the completion of the company's sale to Occidental, the CEO of Anadarko, Alan Walker, received a payout of USD 98 mln. This payment was part of a larger payout made to executives that was comprised of cash, equity, and tax gross-ups, and amounted to nearly USD 300 mln. For the equity component, all outstanding performance units were paid out at maximum achievement without any consideration for actual performance. In our view, executives, like all employees, should bear the cost of any taxes associated with the bonuses and benefits they received. The accelerated vesting of unearned awards alongside the tax gross-ups warranted sufficient concern for us to vote against the advisory vote on SOGP at Anadarko's recent shareholder meeting.

Advisory votes on golden parachutes can be seemingly inconsequential, and one potential improvement is to make them binding. Since SOGP votes are cast before executives receive their severance payments, a binding vote could provide a more formal disciplinary tool to shareholders. Another avenue for improvement is to hold directors of the acquirer accountable for the severance payments made to executives of the acquired company. Nonetheless, the topic of golden parachutes is a mainstay in the ongoing debate around compensation.

Electronic Arts, Inc. - 08/08/2019 - United States
Proposal: Amendment to Certificate of Incorporation and Shareholder Proposal

Electronic Arts Inc. develops, publishes, and distributes branded interactive entertainment software worldwide for video game consoles, personal computers, handheld game players, and cellular handsets. The Company also provides online game-related services.

In the United States, shareholder proposals have become an indispensable element of the corporate governance landscape. As support levels rise with more investors engaging actively on ESG issues, thoughts inevitably turn to whether the precatory (or advisory) nature of shareholder proposals in the market acts as a hinderance to proper shareholder democracy in some cases. This argument could be made with respect to the AGM held by Electronic Arts (EA) in 2019.

The agenda featured two competing proposals, one put forth my management, one by shareholders. Both sought to put the wheels in motion on amending the Certificate of Incorporation to allow shareholders to call special meetings. The company proposed setting an ownership restriction on this right of 25% of outstanding common stock. Shareholders requested a lower threshold through a precatory proposal, which would allow shareholders owning just 15% of shares to call special meetings.

Minority shareholder rights are protected by being able to call special meetings, nominate directors, or act by written consent. As a result, we support proposals that seek to allow shareholders to make use of such provisions in company bylaws. Such shareholder freedoms have to be balanced, however, with the possibility of abuse by small groups with self-interested motivations, so setting certain ownership thresholds is a logical safeguard provision. We supported the shareholder proposal at EA as we considered it to be better aligned with minority shareholders' interests. Over half of shareholders agreed, as well, with 57% of votes being cast in favor. This sends a clear signal to the board that a majority of shareholders want to see a provision included in the bylaws allowing 15% of shareholders to call a special meeting. It does not, however, bind the board to implementing such a change.

The picture is further complicated by the board's own proposal for a threshold of 25% which received over 90% of votes in favor. In turn, the board implemented an amendment to its bylaws immediately after the AGM, enshrining the 25% requirement. We had voted against the management proposal to make our support for a lower threshold plainly clear. We were disappointed by the lack of resolve amongst other shareholders to push for corporate governance best practice by doing the same, instead settling for the 'safe bet' of the management proposal and voting for the shareholder proposal.

The overwhelming support rate for the management proposal has justified the board's decision to disregard the majority support for the shareholder resolution. We see this as a missed opportunity for EA to adopt best practice, and hope that shareholders continue to gain comfort around using shareholder proposals as a legitimate avenue of voicing preferences and concerns to management and boards. Further, this case illustrates the pitfalls of 'advisory-only' shareholder proposals, as in this case a binding shareholder submission would have forced investors to choose one of the options, rather than voting in favor of both, as many did. This diluted the impact of a well-justified shareholder proposal that received majority support, but ultimately was not implemented.

Votes Against Management

In the following instance, Border to Coast Pension Partnership voted against the reccomendation 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
Anadarko Petroleum Corp.	8/8/2019	Advisory Vote on Golden Parachutes	For	Against	Against Management	Excessive total compensation for executives as part of transaction.	Special
Compagnie financiere Richemont SA	9/11/2019	Elect Nikesh Arora	For	Against	Against Management	Board is not sufficiently independent. Related party transactions. Affiliate/Insider on nominating/governance committee	Annual
Compagnie financiere Richemont SA	9/11/2019	Elect Jean-Blaise Eckert	For	Against	Against Management	The nominee serves on the Audit Committee that lacks sufficient independence. Board is not sufficiently independent. Related partytransactions. Affiliate/Insider on nominating/governance committee.	Annual
Compagnie financiere Richemont SA	9/11/2019	Elect Ruggero Magnoni	For	Against	Against Management	The nominee serves on the Audit Committee that lacks sufficient independence. Board is not sufficiently independent. Related partytransactions. Affiliate/Insider on	Annual

						nominating/governance committee.	
Compagnie financiere Richemont SA	9/11/2019	Elect Vesna Nevistic	For	Against	Against Management	The nominee serves on the Audit Committee that lacks sufficient independence.	Annual
Compagnie financiere Richemont SA	9/11/2019	Elect Gary Saage	For	Against	Against Management	Board is not sufficiently independent. Related party transactions. Affiliate/Insider on nominating/governance committee	Annual
Compagnie financiere Richemont SA	9/11/2019	Executive Compensation (Fixed)	For	Against	Against Management	Long term awards are not linked to performance. The compensation plan lacks of clawback provisions.	Annual
Compagnie financiere Richemont SA	9/11/2019	Executive Compensation (Variable)	For	Against	Against Management	Long term awards are not linked to performance. The compensation plan lacks of clawback provisions.	Annual
Constellation Brands Inc	7/16/2019	Elect James A. Locke III	For	Withhold	Against Management	Related party transactions; Adopted forum selection clause in past year w/o shareholder approval; Related party transactions disclosure concern	Annual
Constellation Brands Inc	7/16/2019	Advisory Vote on Executive Compensation	For	Against	Against Management	Large part of the LTIP does not rely on performance metrics, significant one-time payments granted to executives	Annual
Electronic Arts, Inc.	8/8/2019	Advisory Vote on Executive Compensation	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Annual

Electronic Arts, Inc.	8/8/2019	Amendment Regarding Shareholders Ability to Call Special Meetings	For	Against	Against Management	A shareholder proposal on the same topic seeks to implement stronger corporate governance standards and rights for shareholders by setting a lower threshold for calling a special meeting. Therefore, it is important to send a clear message to management by voting against the management proposal and supporting the more shareholder-friendly shareholder proposal.	Annual
Electronic Arts, Inc.	8/8/2019	Shareholder Proposal Regarding Right to Call a Special Meeting	Against	For	Against Management	A 15% threshold for calling a special meeting is appropriate	Annual
Fedex Corp	9/23/2019	Advisory Vote on Executive Compensation	For	Against	Against Management	With an excessive focus on cash-based compensation, and the remaining equity incentives being in the form of stock options and not being linked to performance through performance targets, we find the structure to be substandard, when compared with peers. Further, the performance conditions are too narrow to capture company performance entirely, and therefore can result	Annual

						in executives earning unmerited rewards.	
Fedex Corp	9/23/2019	Shareholder Proposal Regarding Lobbying Report	Against	For	Against Management	Improved transparency on lobbying is in shareholders' best interests.	Annual
Fedex Corp	9/23/2019	Shareholder Proposal Regarding Report on Non-Management Employee Representation on the Board	Against	For	Against Management	In spirit, the proposal addresses an important issue, and the request for a report is reasonable. Though management has provided a fairly expansive response, it has not, in our opinion, fully considered the benefits as well as the risks that non-management employee representation would bring.	Annual
James Hardie Industries plc	8/9/2019	Remuneration Report	For	Against	Against Management	The company has not disclosed a maximum award level.	Annual
JPMorgan European Smaller Companies Trust Plc	7/10/2019	Elect Nicholas Smith	For	Against	Against Management	The nominee serves as Chair of the nominating committee and the board lacks sufficient diversity.	Annual
Kraft Heinz Co	9/12/2019	Elect João M. Castro-Neves	For	Against	Against Management	The nominee is a newly appointed director, serves on a large company, is not independent, and the board lacks sufficient independence.	Annual

Kraft Heinz Co	9/12/2019	Elect George El Zoghbi	For	Against	Against Management	The nominee is a newly appointed director, serves on a large company, is not independent, and the board lacks sufficient independence.	Annual
Kraft Heinz Co	9/12/2019	Advisory Vote on Executive Compensation	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Annual
Kraft Heinz Co	9/12/2019	Shareholder Proposal Regarding Pesticide Reporting	Against	For	Against Management	Request is not overly-prescriptive and is of material relevance.	Annual
Linde Plc	7/26/2019	Elect Martin H. Richenhagen	For	Against	Against Management	Serves on too many boards	Annual
Linde Plc	7/26/2019	Advisory Vote on Executive Compensation	For	Against	Against Management	Long term awards are not linked to performance.	Annual
Macquarie Group Ltd	7/25/2019	Remuneration Report	For	Against	Against Management	Accelerated amortisation limits the time period in which the board effectively exercise malus provisions over the former CEO's profit share awards to just two years, down from seven years. Lack disclosures PSU terms.	Annual
Pan Pacific International Holdings Corp	9/25/2019	Elect Takao Yasuda	For	Against	Against Management	Board lacks sufficient gender diversity. This nominee is the most recently appointed non-independent male director.	Annual
Singapore Telecommunications Limited	7/23/2019	Elect Christina HON Kwee Fong	For	Against	Against Management	Insufficient audit committee independence; Professional Services Relationship	Annual

Suncorp Group Limited	9/26/2019	Shareholder Proposal Regarding Facilitating Nonbinding Proposals	Against	For	Against Management	In the interests of a true shareholder democracy.	Annual
Tsuruha Co. Ltd.	8/9/2019	Elect Motoya Okada	For	Against	Against Management	Serves on too many boards	Annual
UBISoft Entertainment	7/2/2019	Remuneration of Yves Guillemot, Chair and CEO	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
UBISoft Entertainment	7/2/2019	Remuneration of Claude Guillemot, Executive Vice President	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
UBISoft Entertainment	7/2/2019	Remuneration of Michel Guillemot, Executive Vice President	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
UBISoft Entertainment	7/2/2019	Remuneration of Gérard Guillemot, Executive Vice President	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
UBISoft Entertainment	7/2/2019	Remuneration of Christian Guillemot, Executive Vice President	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
UBISoft Entertainment	7/2/2019	Remuneration Policy (Chair and CEO)	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix

UBISoft Entertainment	7/2/2019	Remuneration Policy (Executive Vice Presidents)	For	Against	Against Management	The compensation plan lacks of clawback provisions.	Mix
Worldpay Inc	7/24/2019	Advisory Vote on Golden Parachutes	For	Against	Against Management	Pay not aligned with long term performance, total compensation disregards salary of average employee	Special