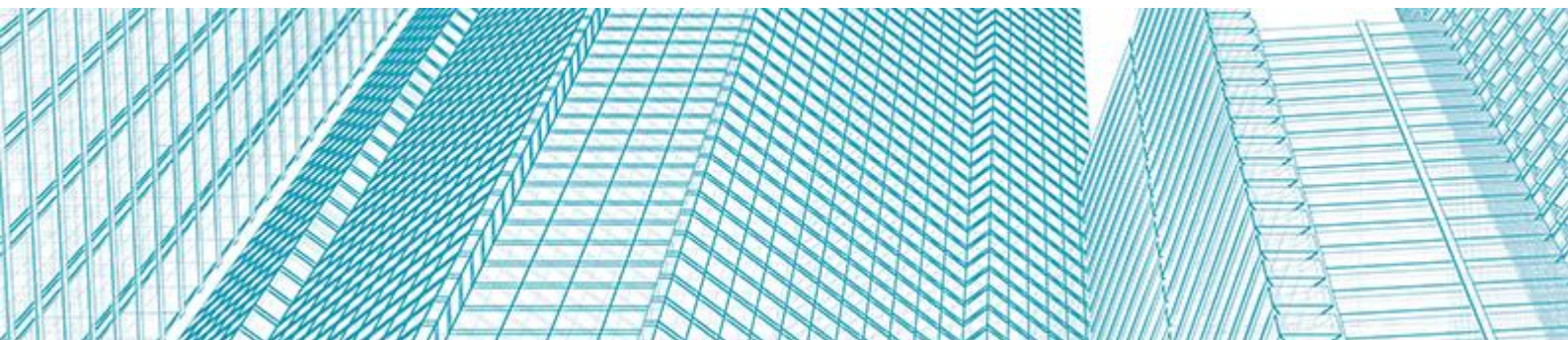


# Border to Coast UK Listed Equity Alpha Fund



## Proxy Voting Report

Period: July 01, 2020 – September 30, 2020

Votes Cast	519	Number of Meetings	35
For	477	With Management	477
Withhold	0	Against Management	42
Abstain	0	Other	0
Against	42		
Other	0		
Total	519	Total	519

In 66% of meetings we have cast one or more votes against management recommendation.

# General Highlights

## **The Outcomes of Say-on-Pay Votes**

The introduction of Say-on-Pay (SOP) regulation in 2002 was intended to improve the ability of shareholders to voice their discontent with companies' remuneration practices. It was thought to ensure that boards were held accountable for alignment between CEO pay and shareholder expectations related to remuneration. Nearly two decades after the first introduction in the United Kingdom various other countries have adopted their own versions of SOP. For example, the Netherlands (2004), Australia (2005) and the United States (2011) all followed suit. Although country specific regulations vary in the level of strictness related to the vote (advisory or binding) all different versions of SOP can be broadly defined as any shareholder vote regarding the approval of executive compensation or parts of it during a firm's annual general meetings. Since the introduction of SOP many observers and practitioners have endeavored to analyze the outcomes.

Research has identified three remuneration related improvements that occur following shareholder dissent of at least ten percent on SOP. First, SOP can help lower excessive compensation levels. Specifically, firms have been found to lower annual bonuses, severance arrangements and salaries. Secondly, the structure of the compensation is changed to improve Pay Performance Sensitivity ensuring a tighter relation between a company's performance and the CEO's remuneration. This improvement of alignment can be seen by an increase of incentive-based pay relative to salary. Lastly, the introduction of SOP has helped to improve disclosure on company's remuneration practices. This is partially due to the legal requirement in certain markets but is also in part guided by shareholders demanding further disclosure to be able to better monitor pay practices. These findings of SOP leading to the remuneration improvements are robust. Researchers from the US Federal Reserve Board found that when comparing an international sample of firms with and without SOP that CEO pay declines on average by 7%, and the Pay Performance Sensitivity of the compensation schemes increases on average by 5%.

Despite several studies finding that SOP can be an effective tool in monitoring executive pay there is no academic consensus on the effectiveness of SOP in all scenarios. Specifically, SOP is more likely to be effective in corporations with overall good corporate governance structures such as greater ownership dispersion and a higher percentage of independent directors. Additionally, several studies have highlighted that for SOP to lead to change in remuneration practices a certain level of dissent has to be reached. There are several factors, such as shareholder collaborations, proxy advisors, and the media that can help accrue this critical mass of dissent. As these actors continue to home in on the subject, we believe executive remuneration will continue to become better aligned with the creation of long-term shareholder value.

## **Anti-social Shareholder Proposals**

Every year, shareholders vote on a handful of "antisocial" shareholder proposals. The most frequent proponents of these proposals are Burn More Coal, a special-interest group supportive of the coal industry, and the Free Enterprise Project, the conservative shareholder activist arm of the National Center for Public Policy Research (NCPFR). Generally, proponents of these proposals are critical of companies' progressive efforts with respect to environmental, social, and governance issues. As such, these proposals are generally aimed at curbing those efforts. At first glance, these proposals appear to be aimed at increasing disclosure and transparency – two aspects that typically garner widespread shareholder support. However, further investigation reveals that the proponent's intentions are usually much more subversive.

The Securities and Exchange Commission (SEC) in the US allows corporations to exclude any resolution from its proxy materials that is substantially similar to one it has already received. This regulation prevents shareholders from having to vote more than once on the same proposal and saves corporate resources from being spent on redundant shareholder concerns. However, proponents like the NCPPR utilize this rule to undermine shareholder proposals that would have been filed by ESG-minded shareholders. On several occasions during the 2020 US proxy voting season, sustainability-related shareholder proposals were rejected by the SEC for being too similar to their anti-social counterparts. And while resolution texts may be very similar, proposals' supporting statements offer management important background on how to implement requests, and these vary drastically between anti-social and ESG-supporting proposals. Supporting anti-social proposals would send a dangerous signal to management to avoid addressing material ESG risks proactively.

However, perhaps due to low shareholder support last year, these entities submitted significantly fewer proposals than they did in 2019—Burn More Coal and NCPPR together submitted 13 proposals to date, compared to 26 in 2019. Due to the broad range of issues addressed by shareholder proposals, they need to be assessed on a case-by-case basis. Nonetheless, shareholders proposals should not be used to undermine the material concerns raised by other shareholders.

# 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
Burberry Group	7/15/2020	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
Experian Plc	7/22/2020	Elect Mike Rogers	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
Homeserve	7/17/2020	Elect J.M. Barry Gibson	For	Against	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity.	Annual
Homeserve	7/17/2020	Elect Stella David	For	Against	Against Management	Affiliate/Insider on compensation committee	Annual
Homeserve	7/17/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Homeserve	7/17/2020	Authority to Set Auditor's Fees	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Aveva Group	7/21/2020	Elect Philip Aiken	For	Against	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity.	Annual

Aveva Group	7/21/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Aveva Group	7/21/2020	Authority to Set Auditor's Fees	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Johnson Matthey plc	7/23/2020	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
Oxford Instruments plc	9/8/2020	Elect Neil A.P. Carson	For	Against	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity.	Annual
Diageo plc	9/28/2020	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
Renishaw plc	9/30/2020	Elect Sir David McMurtry	For	Against	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity. The nominee is the Chair of the board and the company has not put the dividend policy up for vote.	Annual
Renishaw plc	9/30/2020	Elect John Deer	For	Against	Against Management	Failure to implement minority shareholder protections	Annual
Marshall Motor Holdings Plc	7/16/2020	Elect Christopher M.H. Walkinshaw	For	Against	Against Management	The nominee serves on the Audit Committee that lacks sufficient independence.	Annual

Marshall Motor Holdings Plc	7/16/2020	Amendment to Performance Share Plan	For	Against	Against Management	Short vesting period below three years, which is not aligned with long-term shareholders' interests.	Annual
Young & Co's Brewery Plc	7/21/2020	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
Thruvision Group Plc.	9/22/2020	Remuneration Report (Advisory)	For	Against	Against Management	The compensation plan does not disclose the CEO pay compared to median employee.	Annual
Thruvision Group Plc.	9/22/2020	Elect Thomas Black	For	Against	Against Management	The nominee serves on the Audit Committee that lacks sufficient independence. The nominee serves on the Audit Committee that lacks sufficient independence. The nominee is the Chair of the board and the company has not put the dividend policy up for vote.	Annual
Thruvision Group Plc.	9/22/2020	Elect Paul Taylor	For	Against	Against Management	The nominee serves as Chairman of the Nominating Committee and the board lacks sufficient diversity. The nominee serves as Chair of the nominating committee and the board lacks sufficient diversity.	Annual
Codemasters Group Holdings Plc	7/28/2020	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

De La Rue plc	8/6/2020	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
GB Group plc	8/10/2020	Remuneration Report (Advisory)	For	Against	Against Management	The compensation plan does not disclose the CEO pay compared to median employee. An uncapped bonus structure runs contrary to Border to Coast's Voting Guidelines, and the persistently high percentage of base salary paid out in bonus awards is also not line with the market practice.	Annual
Liontrust Asset Management plc	9/22/2020	Remuneration Report (Advisory)	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Liontrust Asset Management plc	9/22/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Liontrust Asset Management plc	9/22/2020	Authority to Set Auditor's Fees	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies becoming involved in funding political processes	Annual
Liontrust Asset Management plc	9/22/2020	Authorisation of Political Donations	For	Against	Against Management	The compensation plan does not disclose the CEO pay compared to median employee.	Annual
Joules Group Plc	9/23/2020	Remuneration Report (Advisory)	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies	Annual
Joules Group Plc	9/23/2020	Authorisation of Political Donations	For	Against	Against Management		Annual

Whitbread plc	7/7/2020	Remuneration Report (Advisory)	For	Against	Against Management	becoming involved in funding political processes Long term awards are not linked to performance.	Annual
Whitbread plc	7/7/2020	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
BT Group	7/16/2020	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
Vodafone Group plc	7/28/2020	Elect Renée J. James	For	Against	Against Management	Less than 75% Attendance; Potential overcommitment	Annual
Vodafone Group plc	7/28/2020	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
SIG plc	7/9/2020	Approve Cash Payment to the CEO	For	Against	Against Management	Not in shareholders' best interests	Ordinary
Babcock International Group plc	8/4/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Babcock International Group plc	8/4/2020	Authority to Set Auditor's Fees	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Babcock International Group plc	8/4/2020	Authorisation of Political Donations	For	Against	Against Management	Oppose all political donations due to reputational risks and democratic implications of companies	Annual



Royal Mail Plc	9/8/2020	Authorisation of Political Donations	For	Against	Against Management	becoming involved in funding political processes Oppose all political donations due to reputational risks and democratic implications of companies becoming involved in funding political processes	Annual
Dixons Carphone plc	9/10/2020	Appointment of Auditor	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Dixons Carphone plc	9/10/2020	Authority to Set Auditor's Fees	For	Against	Against Management	The tenure of the auditor is excessive.	Annual
Dixons Carphone plc	9/10/2020	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

### 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.

