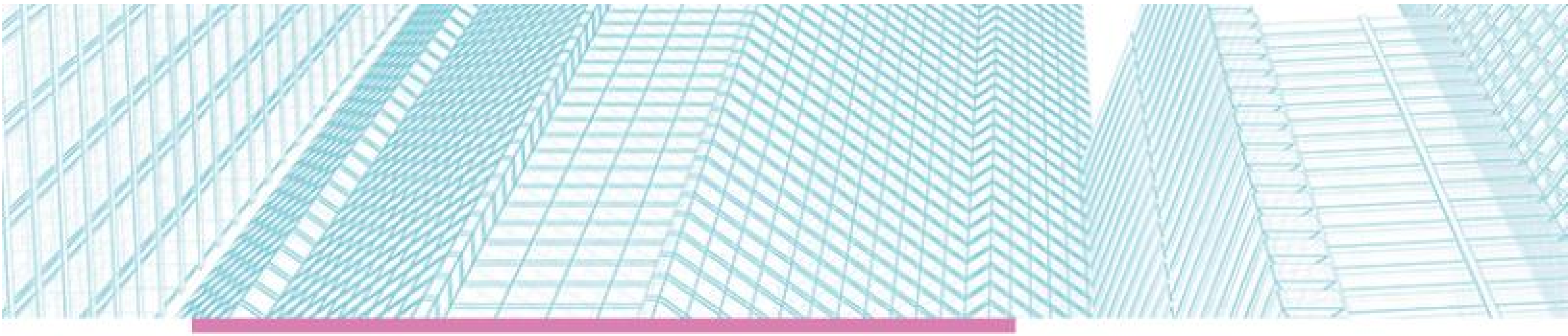
Border to Coast Global Equity Alpha



Proxy Voting Report

Period: October 01, 2023 - December 31, 2023

Votes Cast	243	Number of meetings	45
For	196	With management	204
Withhold	0	Against management	39
Abstain	2		
Against	39		
Other	6		
Total	**243**	**Total**	**243**

In 39% of meetings we have cast one or more votes against management recommendation.

General Highlights

Unlocking value: Corporate governance in state-owned enterprises

Working to improve corporate governance at state-owned enterprises

Many people think that corporate governance is an abstract concept and that its impact on our everyday lives is difficult to grasp. Think again. Only a few months ago, in March 2023, financial stability was tested by a crisis attributed to a large extent to poor corporate governance at US private sector banks. And the crucial importance of good governance becomes even more apparent when we look at State-Owned Enterprises (SOEs).

SOEs are amongst the largest corporations in many countries and account for a growing share of the corporate landscape. The OECD reports a staggering statistic – the ratio of SOEs in the list of top 500 global companies has tripled over the last two decades. The public sector held almost 11% of the listed companies' global market capitalization at the end of 2022. On top of that, in many countries, SOEs are the sole or main providers of essential services such as water or electricity.

Given their size and positioning in high-impact sectors, SOEs play a significant role in achieving the Sustainable Development Goals (SDGs). The consequences of poor corporate governance in SOEs will therefore extend far beyond the boardroom. The figures speak for themselves – the International Monetary Fund highlighted in a 2020 publication that the maximum annual support provided by governments to financial and nonfinancial SOEs reached 18% and 16% of GDP, respectively, with the debt of SOEs exceeding 20% in some countries.

Far from a simple matter

Good governance in SOEs is, however, far from being a simple matter. If an SOE is run well and sufficient checks and balance are in place, state control can provide stability. If not, political involvement may also have downsides. State ownership adds to the known corporate governance challenges faced by listed firms for a number of reasons. For one, as noted by the OECD, "the accountability for an SOE's performance is often dispersed across the public administration and among different state bodies with inherently different policy interests". Secondly, SOEs have the hard task of walking a fine line when balancing different – and sometimes conflicting – objectives.

Listed SOEs have the advantage of being subject to the much stricter requirements applicable to publicly listed firms, as well as monitoring from external investors. However, minority shareholders often have limited rights and therefore little power to hold management to account. Governance challenges are very present – and some argue, even exacerbated – in these firms.
Recent scandals stand testament to this. Telecoms giant Telia, which is partly-owned by the Swedish state, agreed to pay nearly USD 1 billion in 2017 to settle allegations that it paid major bribes in Uzbekistan in a case labeled as "one of the largest criminal corporate bribery and corruption resolutions ever" at the time.

Brazilian oil giant Petrobras was embroiled in the major 'lava jato' (car wash) scandal that triggered an SOE reform in the country. While Petrobras rolled out significant corporate governance improvements following the scandal, the company has recently come under intense scrutiny over proposed bylaw changes that are perceived to increase the risk of undue government interference.

OECD guidelines can help

The growing awareness of the importance of SOEs to our economies and the governance challenges that they face have prompted many countries around the world to roll out reforms. These initiatives point out the fact that there is no one-size-fits-all recipe for reform. Nonetheless, the OECD Guidelines on Corporate Governance of State-Owned Enterprises, which are currently undergoing a review expected to be completed in 2024, are widely regarded as the golden standard for SOE reform.

The guidelines provide a multitude of tailored recommendations for SOEs, from encouraging governments to evaluate and disclose the policy rationale that motivates state ownership, to clearly identifying which part of the public administration is responsible for exercising the state ownership function. That said, the guidelines also say that:

"The state should strive toward full implementation of the OECD Principles of Corporate Governance when it is not the sole owner of SOEs, and of all relevant sections when it is the sole owner of SOEs."

Concerning shareholder protection this includes:
1. The state and SOEs should ensure that all shareholders are treated equally;
2. SOEs should observe a high degree of transparency, including as a general rule, equal and simultaneous disclosure of information towards all shareholders;
3. SOEs should develop an active policy of communication and consultation with all shareholders;
4. The participation of minority shareholders in shareholder meetings should be facilitated so they can take part in fundamental corporate decisions such as board elections;
5. Transactions between the state and SOEs, and between SOEs themselves, should take place on market-consistent terms.

As an investor, we use our voting rights to push for these companies to adopt good governance and sustainable corporate practices. Our votes are guided by a robust policy which sets out our approach to a wide variety of issues ranging from director elections and remuneration to capital management and shareholder rights.

We expect SOEs to have proper safeguards in place, such as the establishment of committees comprising independent members to oversee conflicts of interest, super-majorities or 'majority of minority' voting provisions, and a transparent process for board nominations. If we see that insufficient safeguards are in place, we will hold companies accountable. For example, we vote against article amendments that would lead to a negative impact on minority shareholder rights or to a deterioration in the process for director nominations. Similarly, we vote against related party transactions that are not subject to an adequate oversight process that ensures minority shareholder rights are protected. Where we conclude that a company has not ensured adequate minority shareholder protections, we will consider escalation via a vote against the most accountable board member or via engagement. Because poor corporate governance does make a difference – even in our day-to-day lives.

Voting Highlights

Cisco Systems, Inc. - 12/06/2023 - United States

Proposals: Advisory Vote on Executive Compensation & Shareholder Proposal Regarding Tax Transparency.

Cisco Systems, Inc. designs, manufactures, and sells Internet Protocol based networking and other products related to the communications and information technology industry in the Americas, Europe, the Middle East, Africa, the Asia Pacific, Japan, and China.

The 2023 Annual General Meeting of Cisco Systems had a similar agenda to the company's 2022 AGM. Besides standard management proposals on board elections, ratification of the auditor and remuneration, there was a repeat of a shareholder proposal requesting the company to publish a tax transparency report in line with the Global Reporting Initiative's (GRI) Tax Standard.

We recognize the disclosures on this matter that the company already provided. However, as the issue of tax avoidance can be highly controversial and is receiving increasing attention from authorities and the wider public, we believe it is the company's responsibility to provide shareholders with complete, correct, and comprehensive information regarding its tax practices. Especially after the scrutiny on the global tax basis of the company. Moreover, given recent legislation in Europe, the company will be required to disclose most of the information requested by the proposal, meaning it's demands do not represent a significant additional burden to the company. For these reasons, and in line with our vote last year, we supported the shareholder proposal.

Our second and final vote Against management recommendations regarded the advisory vote on executive compensation. Besides concerns regarding overall quantum and the short performance period under the long-term incentive plan, the remuneration report for 2022 evidenced significant one-off awards. We are generally wary of awards granted outside of the standard incentive schemes, as such awards have the potential to undermine the integrity of a company's regular incentive plans, the link between pay and performance or both. As a result, we voted Against the company's executive compensation report.

Microsoft Corporation - 12/07/2023 - United States

Proposals: Election of Directors, Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Report on Tax Transparency, Shareholder Proposal Regarding Report on Siting in Countries of Significant Human Rights Concern & Shareholder Proposal Regarding Report on AI Misinformation and Disinformation.

Microsoft Corporation develops and supports software, services, devices and solutions worldwide.

Microsoft's 2023 AGM agenda featured a number of routine resolutions for US firm ballots and several pertinent shareholder proposals.

Similarly to past years, we did not support the Say-on-Pay proposal due to concerns regarding the significant height of the remuneration awarded to the CEO. We expect compensation programs with substantial remuneration outcomes to closely follow best practices, and in the case of Microsoft, we determined that the plan was well formulated though lacked enough mitigating components to earn a vote in favor. More specifically, we identified concerns regarding the short performance measurement periods of one year under the Long-Term Incentive (LTI) plan, the limited downside for underperformance due to the relative TSR modifier under the

LTI, and the absence of targets and clear disclosures surrounding the implementation and evaluation of the Operational Assessment metrics under the STI.

Apart from the management proposal on executive compensation, three shareholder proposals were of particular relevance. The first proposal requested Microsoft to publish a tax transparency report in line with the GRI Tax Standard. We supported this proposal, as we deem it increasingly important for companies to establish a robust approach to taxation that aligns tax treatments with the respective underlying economic activities. We also expect companies to report transparently on their approach to tax across all jurisdictions where they operate. Given Microsoft's ongoing dispute with the IRS over taxation issues, this shareholder proposal is particularly pertinent, and this was reflected in the high shareholder support rate of 21%.

The other two shareholder proposals requested the company to report on data operations in human rights hotspots and on the risks of facilitating AI misinformation and disinformation. We consider the issues addressed by these proposals to be of significant relevance to Microsoft, and we determined that the information requested by these proposals would allow shareholders to gain additional insights into these material risks. Therefore, we supported both proposals, which ultimately received considerable wider support with 34% and 21% of votes For, respectively.

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