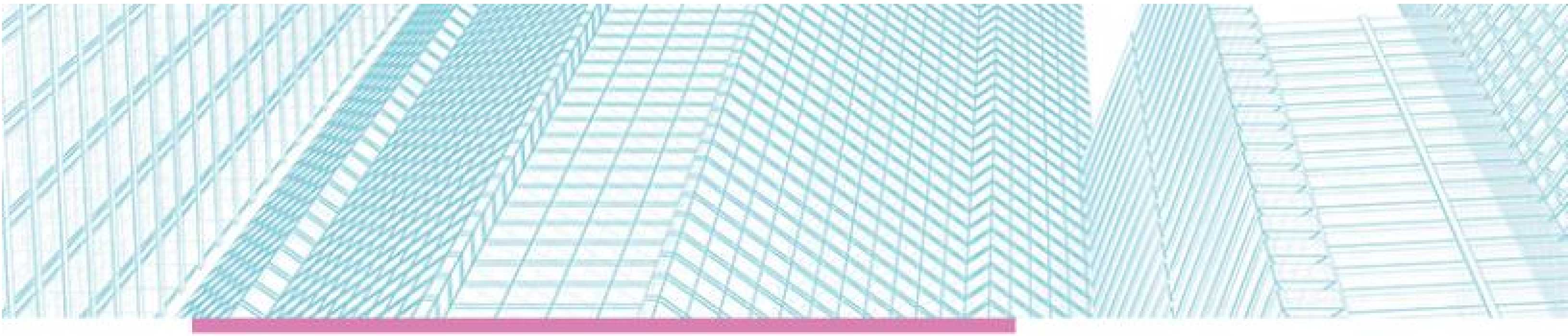
Border to Coast Global Equity Alpha



Proxy Voting Report

Period: October 01, 2021 - December 31, 2021

Votes Cast	126	Number of meetings	16
For	109	With management	103
Withhold	0	Against management	19
Abstain	3	Other	4
Against	14		
Other	0		
Total	**126**	**Total**	**126**

In 50% of meetings we have cast one or more votes against management recommendation.

General Highlights

ESG & Compensation
Executive compensation has repeatedly been a topic of discussion among investors and companies. Shareholders, through voting and engagement, have an immense influence on executive remuneration matters, and are pushing companies to focus on long-term value creation and sustainable growth.

The trend we have seen over the recent years, is for investors to push companies to incorporate Environmental, Social, and Governance (ESG) metrics into their Short-term (STI) and Long-term (LTI) incentive plans. This trend is based on the idea that companies that promote sustainable business practices, and link executive pay to ESG metrics, are more likely to outperform those that do not. A study conducted by the Sustainable Insight Capital Management (SICM) and the Carbon Disclosure Project (CDP), showed that companies that are industry leaders with respect to climate, are generating superior profitability, cash flow stability and dividend growth for investors. But that hypothesis is not always confirmed, since there have been cases where shareholders experienced a significant hit due to ESG-related issues. The main challenge nowadays is for companies to determine the key sustainable metrics that are highly related to their sustainable business strategy, and how these should be linked to pay incentives.

One side of this challenge is that not all companies today are in a position to instantly change their business strategy and implement initiatives that are solely based on sustainable thinking. Nevertheless, executives and boards in those companies should recognize that sustainability will be one of the main drivers that will lead to a shift in the way their businesses operate over the next years. As such, they should find a way to implement small changes today while they work towards bolder transformations in the future. Compensation committees are too focused on trying to incorporate metrics in their remuneration schemes that are mostly related to mitigating ESG risk. Instead, they should aim to link executive bonuses to strategic opportunities related to sustainability that would create value. Metrics that reward executives' efforts to improve future performance by adopting sustainable practices, are welcomed by investors.

There is no one-size-fits-all solution on how to link executive compensation to sustainability and at the same time drive performance and successfully manage all stakeholders. That is why companies should look for those ESG metrics that are material for their industry. For example, a food company could link executive compensation to metrics that show the percentage revenue growth from the sales of healthy products. This metric would align executives with the societal goal of reducing junk food consumption to reduce dietary-related illnesses such as diabetes and obesity. A car manufacturer, on the other hand, might link compensation to the company's strategic shift to the sales of electric vehicles. Lastly, a financial services firm might reward its executives for successfully shifting the focus in capital allocation from fossil fuels, like coal, to sustainable projects and other sources of renewable energy.

Investors have increasingly supported the link of executive remuneration to sustainability. Over the last years many companies worldwide have adopted, based on their industry, ESG-related goals in their compensation packages. However, companies should clearly define those metrics that have a meaningful impact in their business strategy, by conducting a materiality assessment. The outcome of this assessment should be transparently disclosed, and the metrics used in the compensation scheme should have a measurable impact on stakeholders and a financial materiality for shareholders.

Addressing issues like climate change or social injustice might not have been the main priorities of management teams or supervisory boards a few years ago. However, the world we live in is rapidly changing, and as companies are part of our society, they need to find a way to address those issues too. Linking executives' pay to various sustainability metrics can be a useful tool and a good starting point that would help address multiple ESG opportunities and risks. In our voting approach we assess remuneration plans on incentive structure, transparency and total height. ESG components are an important part of the analysis on structure. If companies include relevant and adequate ESG metrics that are relevant to their business, the assessment gets a better result. Robeco also conducts an engagement program on executive remuneration, one key point of this engagement is to move companies to include the most relevant sustainability aspects in the variable pay for executive management.

Market Highlights

Corporate Governance Update: United Kingdom

The United Kingdom (UK) is known for being at the forefront of corporate governance and shareholder rights. The Companies Act provides shareholders, even those with relatively small positions, various instruments to ensure they can voice their opinion and draw the attention of the board of directors. Through the strong facilitation of the right to ask questions, submit proposals or present statements during the general meeting of listed companies, equity investors can share their views and act as a driver for specific courses of corporate action. The legal and regulatory framework in the UK lays out a strong fundamental environment for shareholder stewardship, which has been on the rise globally. Moreover, the country offers particular fertile conditions for shareholder activism to flourish, as it is in the midst of structural change, organising a post-Brexit economy, tackling a pandemic and mitigating climate change.

In recent years, the UK's Financial Reporting Council (FRC), has also raised the bar when it comes to approving signatories to their updated Stewardship Code. Stewardship codes set market expectations of how investors should behave themselves in relation to their investee companies and set a high standard of reporting on such activities. This year we have seen over one third of applications, including some major institutional investors, be rejected by the FRC after careful consideration.

The FRC recently published its annual review of corporate governance reporting in which they discuss the quality of disclosures against the UK Corporate Governance Code, setting out expectations of companies' reporting practices for 2022. The review focused on reporting around compliance with the code, the impact and outcomes of engagements, remuneration, and diversity and succession planning. Generally, the FRC recommends companies to enhance disclosure around their review processes, the link between their policies and strategy and around their interactions with stakeholders, using clear and consistent explanations supported by real life examples.

As reporting is key for shareholders to assess a company's performance and impact on all types of material matters, we fully agree with and support the recommendations of the FRC. The need for improvement around the coherence between a company's succession planning, diversity policies and strategy is also brought to light by the Parker Review, another great UK example of corporate governance leadership. This initiative is designed to address and improve racial and ethnic diversity in organisations. The Parker Review not only recommends a target for FTSE100 companies to include at least one director of colour as of January 1st 2022, it also takes a more holistic approach to diversity and inclusivity. For example, the Parker Review recommends companies to establish or revisit diversity and human capital policies in light of the corporate strategy and openly endorse the importance of diversity by leadership.

The UK continues to take a leading role in terms of spirit and legislative developments regarding corporate governance and shareholder rights. As a responsible investor, we will continue to closely monitor all (legislative) developments in areas of investment stewardship and corporate governance, to make sure we align with best practices.

Voting Highlights

Microsoft Corporation - 11/30/2021 - United States
Proposal : Shareholder proposals focusing on Social topics

Microsoft Corporation is a U.S. based multinational corporation that develops, licenses, and supports software, services, devices, and solutions worldwide.

In this year's proxy season, we saw many big tech companies' shareholders submitting resolutions focusing on human rights, social justice, employment rights, and gender/racial equality. As expected, this trend continued at Microsoft's AGM, with a total of five shareholder proposals (SHP) covering all kinds of social aspects.

One shareholder proposal asked the company to report on median pay gaps across race and gender. This proposal raised the importance of ensuring equal work for equal pay, no matter the gender or the racial background. Despite some progress being made in closing the gender pay gap, recent research shows that men and women in tech companies are still not getting paid equally. Similarly, the research also found that there is a high racial pay inequity in the tech industry. Though we recognise that the company is fairly disclosing the steps it's taking to promote pay equality, we also consider it highly important for companies to take further action to resolve the issue, thus we supported this proposal. The proposal reached a 40.04% support from shareholders, stressing the importance of the topic.

Another social oriented SHP with a focus on employment rights, asked the company to release a transparency report assessing the effectiveness of the company's workplace sexual harassment policies. Over the last few years, and with the rise of the #MeToo movement, there has been an increased focus on incidents of discrimination and sexual harassment, especially in tech companies. We acknowledge the importance of the issue to employees and that it entails reputational risks that can harm shareholder value. Thus, we decided to support the resolution, contributing to the majority of shareholders that voted FOR (approximately 78%).

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.