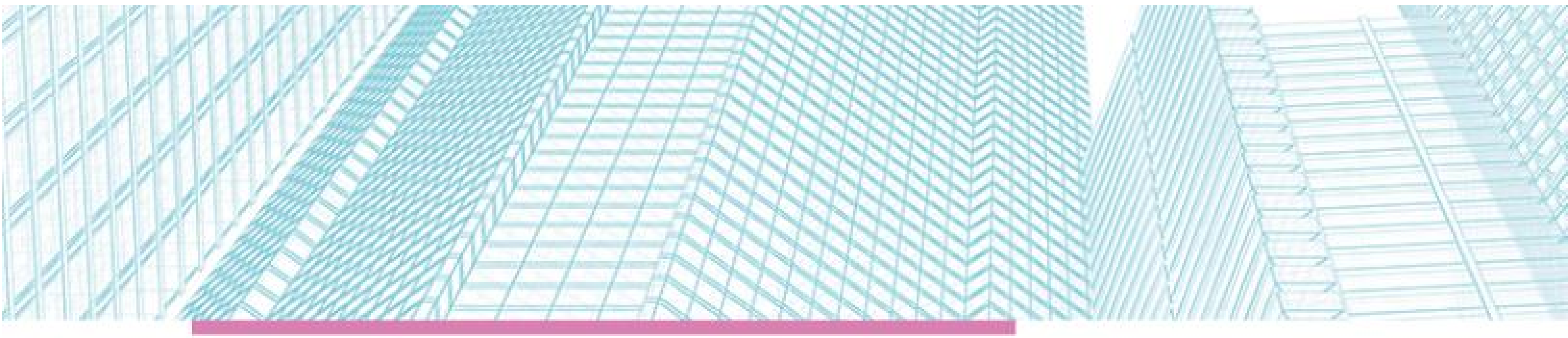
# Border to Coast Global Equity Alpha



# Proxy Voting Report

Period: April 01, 2023 - June 30, 2023

| Votes Cast | 3203 | Number of meetings | 197 |
|---|---|---|---|
| For | 2709 | With management | 2654 |
| Withhold | 0 | Against management | 492 |
| Abstain | 12 | N/A | 57 |
| Against | 437 | | |
| Other | 45 | | |
| **Total** | **3203** | **Total** | **3203** |

In 81% of meetings we have cast one or more votes against management recommendation.

# General Highlights

**2023 Banking Crisis: A cautionary tale of corporate governance**
The spring of 2023 was far from serene. The world watched in shock as Silicon Valley Bank (SVB), Signature Bank and First Republic failed in the US, spreading fears of contagion to other regional banks and beyond. Credit Suisse, once a symbol of Swiss financial power and stability, collapsed after years of scandals, and was taken over by its long-time domestic rival UBS in a rushed deal orchestrated by the government.

One question is now on everybody's mind – what went wrong? The simple answer is corporate governance.

In recent years, environmental, social and governance (ESG) factors have gained growing importance. The 'E' and the 'S' have arguably drawn the most attention recently, led by the focus on combating climate change. There is now a growing awareness that effective governance is imperative to long-term ESG success, and that poor corporate governance can have far-reaching consequences for the economy as a whole. Governance – once a more traditional topic for investors – seemed to have gone out of fashion, but every time something goes wrong, investor attention refocuses on it.

Where are we at?

The Federal Reserve's report examining the SVB collapse concluded that the bank failed because of a "textbook case of mismanagement". The regulator found that the directors and management failed to manage risk, noting that the full board was neither adequately informed by management on risk, nor did they hold management accountable for effectively managing this risk. According to the report, the growth of Silicon Valley Bank Financial Group, the holding company of SVB, "far outpaced the abilities of its board of directors and senior management", while executive compensation packages incentivized managers to focus on short-term profit.

Similarly, a report from the Federal Deposit Insurance Corporation (FDIC) concluded that the collapse of Signature Bank was due to "poor management". The regulator noted that "the board of directors and management pursued rapid, unrestrained growth without developing and maintaining adequate risk management practices and controls appropriate for the size, complexity and risk profile of the institution."

While the report into the Credit Suisse collapse is yet to be released by the Swiss government, the lender was engulfed in one scandal after another in recent years. Its long list of missteps ranged from accusations of spying to money laundering, and pointed out deep-rooted corporate governance issues. In fact, the 2021 report by the Paul Weiss law firm into the Archegos debacle, in which Credit Suisse lost billions on highly risky financial swaps, reads like a case study of what can go wrong in a firm's corporate governance.

The report revealed no less than "a lackadaisical attitude towards risk and risk discipline; a lack of accountability for risk failures; risk systems that identified acute risks, which were systematically ignored by business and risk personnel; and a cultural unwillingness to engage in challenging discussions or to escalate matters posing grave economic and reputational risk." While the lender rolled out an extensive set of measures to remediate the shortcomings identified, the ensuing events which ultimately led to its demise suggest that these issues were far from being resolved.

What next?

Looking back, the enhancement of corporate governance regulations was often a result of corporate failures. The Sarbanes-Oxley Act was passed in the aftermath of the Enron and WorldCom scandals. The 2003 collapse of Italian food giant Parmalat prompted a reform of insolvency law. We can therefore expect that the unfolding crisis will again trigger regulatory reform. However, should this reform be the sole focus?

In a recent speech, the European Central Bank's Chair of the Supervisory Board noted the following:

"We should abandon the ambition of designing ever-more precise regulations that accurately measure all risks under any circumstances, covering even the most extreme business models and risk configurations. That approach only results in excessive complexity, with burdensome procedures for supervisors and excessive rewards for the few institutions that have the wherewithal to game the system. Instead, we should focus our efforts on empowering supervisory teams, within a strong accountability framework."

The reality is that a myriad of factors contribute and lead to good governance. It's not only about having experienced directors on the board. It is also about fostering a sound ethical tone at the top and having the right board dynamics, ensuring that directors are engaged, that they challenge management and promote a culture of accountability. It is also about ensuring that shareholders have the proper tools available to hold the board and management accountable.

As shareholders, we are co-owners of many companies, and thus have the right to vote at their shareholder meetings. We use our voting rights with the aim of influencing a company's corporate governance and other relevant investment-related decisions in the best interest of our clients. This ensures that we can hold companies accountable for poor performance across all three dimensions of ESG. Voting can be used to push for basic governance tools and should be used by shareholders to flag their concerns by voting against the appropriate agenda item. Corporate governance only functions well if shareholders make active use of their rights and hold management to account for their performance – something that we still need much more of.

# Market Highlights

**Key Trends in Japan's Proxy Voting Season: Embracing ESG, Diversity, and Shareholder Activism**

This year's proxy voting season in Japan has emerged as a pivotal time for shareholders to influence corporate governance and advocate for change. Several notable trends have emerged, highlighting a shifting landscape that prioritizes environmental, social, and governance (ESG) factors, pushes for greater diversity and inclusion, and demands stronger shareholder rights and accountability.

In line with global trends, shareholders are placing increased emphasis on ESG considerations in many Japanese companies. They call for greater transparency and accountability, particularly on matters related to climate change, diversity, and sustainability. For example, at the recent shareholder meeting of a Japanese "mega-bank", shareholders voted on resolutions requesting the company to issue and disclose a transition plan to align its lending and investment with the Paris Agreement. Additionally, Japanese companies' shareholders assert their rights and demand stronger participation in the decision-making process. A record number of shareholder proposals have been submitted to companies, urging improvements in governance and higher returns. These proposals encompass a range of initiatives, including calls for share buybacks, and increased dividends. Robeco assesses all these shareholder proposals case by case, and we are generally supportive of proposals that aim to increase transparency on material ESG issues and enhance long-term shareholder value creation. Nevertheless, when reviewing the merits of these shareholder proposals, we identified numerous instances where the text of the resolution was overly prescriptive, and therefore decided not to support it.

Moreover, there has been a growing emphasis in Japan on greater gender diversity in corporate boards. Shareholders are increasingly advocating for concrete targets to be integrated into listing rules and the Corporate Governance Code, signaling their commitment to promoting diverse and inclusive leadership. The Asian Corporate Governance Association (ACGA), of which Robeco is a member, has recommended changes to the Corporate Governance Code over the following years to encourage both Prime and non-Prime Market-listed companies to enhance the role of women on boards and in management. Prime Minister Fumio Kishida's endorsement of a target to fill at least 30% of executive officer positions with women by 2030 for all Prime Market companies has set an ambitious goal. The Prime Minister's remarks have raised the bar and highlighted the importance of female leaders for the long-term sustainability of the Japanese economy.

To conclude, this proxy voting season in Japan has witnessed a significant shift in shareholder priorities, with ESG considerations, diversity, shareholder rights, governance reforms, and long-term value creation at the forefront. Shareholders continue to leverage their voting power to drive positive change, promote transparency, and hold companies accountable. These trends are reshaping the Japanese corporate landscape as shareholders actively contribute to the evolution of corporate governance practices and pave the way for a more sustainable and inclusive future.

# Voting Highlights

**Walt Disney Co (The) - 04/03/2023 - United States**
Proposals: Advisory Vote on Executive Compensation, Shareholder Proposal regarding Report on Political Expenditures and Values Congruency, and Anti-ESG Shareholder Proposals.

The Walt Disney Company, together with its subsidiaries, operates as an entertainment company worldwide. It operates through two segments, Disney Media and Entertainment Distribution; and Disney Parks, Experiences and Products.

Several proposals were presented at The Walt Disney Company's Annual General Meeting (AGM), addressing both management matters and shareholder resolutions focused on social and governance issues.

Regarding the advisory vote on executive compensation, Robeco voted against the executive remuneration report. This decision was based on concerns regarding the height of the total compensation and issues with the remuneration package structure. Specifically, the Long-Term Incentive (LTI) plan raised concerns due to the short performance period of the adjusted ROIC, which is measured over three one-year performance periods with targets set annually, and the insufficient disclosure of the performance goals. Furthermore, the one-off awards granted outside of the scheme, particularly for the former chief corporate affairs officer whose employment contract lasted only for a few months, raised additional issues. The proposal received 86% support from shareholders.

With regard to the shareholder proposal regarding the Report on Political Expenditures, Robeco voted favorably. This decision was based on the belief that companies should review their political spending and lobbying activities to ensure alignment with their sustainability strategies and the long-term interests of investors and relevant stakeholders. Robeco also noted that The Walt Disney Company's current disclosures could be enhanced, and providing detailed disclosure would mitigate risks, especially considering the current political environment and the company's involvement in the Don't Say Gay Controversy.The proposal received 36% support from shareholders.

The AGM agenda also featured anti-ESG shareholder proposals, including the shareholder proposal regarding the Report on Corporate Operations with China and the shareholder proposal regarding Charitable Contributions Disclosure. Robeco voted against both. The rationale behind this decision was the concern that the objective of these proposals was to hinder the company's ESG efforts. After closely examining the proponents' supporting statements, Robeco concluded that the proposals were driven by political activism promoting anti-ESG rhetoric. Both resolutions received around 7% support from the shareholders.

**Texas Instruments Inc. - 04/27/2023 - United States**
Proposals: Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Report on Customer Due Diligence.

Texas Instruments Incorporated designs, manufactures, and sells semiconductors to electronics designers and manufacturers in the United States and internationally. It operates in two segments, Analog and Embedded Processing.

The company’s 2023 Annual General Meeting (AGM) featured several routine agenda items and two shareholder proposals. Two of these items were particularly noteworthy, namely the Advisory Vote on Executive Compensation and a Shareholder Proposal Regarding a Report on Customer Due Diligence.

Upon analyzing the company's executive remuneration proposal, we identified significant issues regarding the total height of the compensation awarded to the CEO and the overarching structure of the remuneration policy. More specifically, we were concerned that the vast majority of the total payout was awarded through the company's Long-Term Incentive plan (LTI), which is not subject to performance criteria. In addition, the remaining awards connected to the short-term incentive plan (STI) were largely discretionary, and altogether these structural elements created a poor alignment of pay with performance. Due to our aforementioned concerns, we voted Against the proposal, which received ca. 85% support from shareholders.

Moreover, the Shareholder Proposal Regarding a Report on Customer Due Diligence was particularly noteworthy due to the context behind it and its connection with the Russia-Ukraine war. A report from Statewatch NGO, the Economic Security Council of Ukraine, and B4Ukraine was submitted to the UN Independent International Commission of Inquiry on Ukraine in late September 2022, which pointed towards evidence that products from Western Multinationals, including Texas Instruments, were found in Russian weapons used in the invasion. In light of this report, the shareholder proponent requested that the company commission an independent third-party report on Texas Instruments' (TI) due diligence process to determine whether its products or services contribute to or are linked to violations of international law. This proposal was also featured in ShareAction's Resolutions to Watch for 2023 list. We supported the proposal as we determined that it was sensible and material and that additional disclosures around this issue would benefit the company's stakeholders. The shareholder proposal was met with ca. 23% of votes For, which shows considerable support from shareholders.

**American Express Co. - 05/02/2023 - United States**

Proposals: Advisory Vote on Executive Compensation, Shareholder Proposal regarding Regarding Report on Risks from Abortion-Related Information Requests.

American Express Company, together with its subsidiaries, provides charge and credit payment card products, and travel-related services worldwide.

At the company's 2023 Annual General Meeting (AGM), shareholders had the opportunity to vote on multiple striking resolutions. Two notable proposals were the Remuneration Report and a Shareholder Proposal Regarding a Report on Risks from Abortion-Related Information Requests.

With respect to our vote on the executive remuneration package, Robeco voted Against. This decision was driven by concerns over the excessive nature of the compensation and its impact on shareholders. We were also concerned that the retention awards included in the package lacked proper structure and thus failed to provide sufficient incentives for sustained long-term performance. The proposal received 54% support from shareholders, signaling a strong message to the company about investors' disapproval of their remuneration practices.

Regarding the reproductive-health shareholder resolution, the proposal requested the company to report on any known and potential risks of fulfilling customer information requests to enforce laws criminalizing abortion. Robeco decided to support this resolution, which received 11.5% support from shareholders. The decision was motivated by the desire to promote transparency on material Environmental, Social, and Governance (ESG) issues. We recognize the importance of addressing risks associated with fulfilling information requests related to abortion, and we acknowledge that ongoing developments in the abortion debate and related laws can pose risks for the company. Therefore, we believe that shareholders can benefit from increased disclosures.

**Amazon.com Inc. - 05/24/2023 - United States**

Proposals: Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Report on Customer Due Diligence.

Amazon.com, Inc. engages in the retail sale of consumer products and subscriptions through online and physical stores in North America and internationally.

Amazon's 2023 AGM agenda included a series of management proposals covering director elections, the auditor's ratification, executive compensation, an amendment to the stock plan, and a record of 18 shareholder proposals. This exceeded the 2022 record of 15 shareholder proposals, highlighting that investors are directing a high level of scrutiny to Amazon over a wide variety of ESG issues. Two proposals were particularly noteworthy.

The first was co-filed by Robeco and requested that Amazon commission a report assessing its customer due diligence process to determine whether customers' use of its products and services with surveillance, computer vision, or cloud storage capabilities contributes to human rights violations. The proposal received 34% support, which equates to over 41% support from independent shareholders if the 12.3% shareholding of the Executive Chairman and other Amazon board members is excluded from the calculation. This represents the fourth-largest level of support received by a shareholder proposal at Amazon's 2023 AGM, indicating that the company's customer due diligence on human rights is deemed a material topic for shareholders.

At the 2022 AGM, Amazon's Say-on-Pay proposal was met with high opposition (44%). We voted Against the resolution at the previous AGM and concluded that the company did not implement any material changes in response to the dissent. Most notably, the company does not grant any performance-based long-term incentives under its compensation plan and continues to grant significant one-off awards to executives; in 2022, it awarded a discretionary award with a grant date fair value of over USD 31 million, while in 2021, the value of the one-off grants awarded to executives stood at over USD 350 million. We have significant concerns that the company fails to align pay and performance and, therefore, once again voted Against the Say-on-Pay proposal, which was opposed by 32% of the votes cast at the meeting.

**Meta Platforms Inc - 05/31/2023 - United States**

Proposals: Shareholder Proposal Regarding Recapitalization, Shareholder Proposal Regarding Report on Risks from Abortion-Related Information Requests.

Meta Platforms, Inc. engages in the development of products that enable people to connect and share with friends and family through mobile devices, personal computers, virtual reality headsets, and wearables worldwide.

The company's 2023 AGM featured several shareholder proposals, addressing various topics ranging from governance practices and lobbying disclosures to environmental and social issues.

Similarly to last year, shareholders requested that the company initiate and adopt a recapitalization plan for all outstanding stock to have one vote per share. Notably, the company's CEO maintains majority control despite owning approximately 14% of shares outstanding. Meta's current ownership structure means that minority shareholders are entitled to disproportionately fewer voting rights and cannot reasonably hold management accountable for their actions, as the controlling shareholder largely determines voting outcomes. We supported the proposal because we believe that allowing one vote per share would considerably improve minority shareholder representation and act as a safeguard by providing them with a more significant voice on voting matters. This proposal received ca. 28% support from shareholders.

Another noteworthy shareholder proposal requested that the company issue a report assessing the feasibility of diminishing the extent that the company will be a target of abortion-related law enforcement requests. Following the revocation of constitutional abortion rights in the US, personal digital data can be used to enforce laws that ban or restrict abortion access. Meta is subject to receiving such data requests from law enforcers, as was the case in 2022 when the company complied with a police warrant demanding access to private messages from a mother facing felony charges for allegedly helping her daughter terminate a pregnancy. As a result, the company was under significant criticism and is likely to continue receiving similar warrants as more states prosecute abortion-related crimes. We voted For the proposal, as we believe that the company and its stakeholders would benefit from an assessment of whether Meta can better avoid similar controversies in the future. The proposal was met with ca. 10% support.

**Alphabet Inc - 06/02/2023 - United States**

Proposals: Election of Directors, Advisory Vote on Executive Compensation, Shareholder Proposal Regarding Human Rights Impact Assessment, Shareholder Proposal Regarding Assessment of Audit and Compliance Committee.

Alphabet Inc. offers various products and platforms in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America. It operates through Google Services, Google Cloud, and Other Bets segments.

On June 2, Alphabet's Annual General Meeting (AGM) featured 13 shareholder proposals (SHPs) focusing on a wide range of Environmental, Social, and Governance (ESG) issues. As in previous years, none of these resolutions passed due to the company's multi-class share structure, which allows insiders to hold a majority of the voting power and largely determine voting outcomes. This is not in the best interests of shareholders and it is a deviation from best governance practices which, together with the fact the proposed composition of the Board of Directors did not reach the minimum requirement of 30% gender diversity, informed our vote Against the election of the Chair of the Board, who also chairs the Governance and Nomination Committees. Additionally, due to multiple concerns regarding the company's pay practices, such as discretionary annual bonus awards and the lack of sufficient recovery provisions, we also did not support the advisory vote on executive compensation.

An SHP that Robeco co-filed last year came back on the agenda this year, requesting the company to publish an independent third-party human rights impact assessment examining the human rights impacts of Google's targeted advertising. Given the Company's prominent role in the internet landscape, Alphabet plays a crucial role in ensuring the integrity of the information on its platform. Moreover, allowing any form of human rights violations on its platforms could lead to significant legal, reputational, and operational risks. For these reasons, we supported the resolution again this year.

Another notable SHP on the agenda requested the Board to commission an independent assessment of the role of its Audit and Compliance Committee in ensuring effective Board oversight, above and beyond legal compliance, of material risks to public well-being from company operations. In Alphabet's case, we noted that the Audit Committee is tasked with the oversight of a wide range of major risk exposures. Given the size and scope of the company's operations, the numerous controversies and lawsuits faced by the company, and the relevance for all its stakeholders, we are concerned that the committee might be overtasked with responsibilities. An independent assessment of the committee could help Alphabet and investors to ensure all risks are appropriately overseen and addressed. Therefore, we supported the resolution, which received approximately 8% support.

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