

## **PAYDEN & RYGEL GLOBAL LIMITED**

### **ISSUER ENGAGEMENT POLICY**

#### **SHAREHOLDER RIGHTS DIRECTIVE II**

**1 SEPTEMBER 2020**

This statement explains how Payden & Rygel Global Limited (the “**Firm**”), complies with its obligations under the revised Shareholder Rights Directive (“**SRD II**”) with regard to shareholder engagement with public companies, as required by the FCA rules at COBS 2.2B.5 R.

#### **Integration of shareholder engagement with investment strategy**

The requirements of SRD II apply to an investment firm regulated under the Markets in Financial Instruments Directive II only to the extent it is investing in shares traded on a regulated market (or on a comparable market outside the EEA). The Firm’s regulated business activity is to act as investment manager for separately managed accounts and for Payden Global Funds plc UCITS sub-funds in predominately fixed income investments. As such, we are engaged to a limited degree in investment management in equity securities on behalf of our clients. Nevertheless, the Firm does seek to engage with investee companies both in respect of its fixed income and public equities’ investment management. In addition to the exercise of voting rights where these are applicable, we approach engagement and stewardship through both ongoing due diligence research/meetings with corporate management and the new issue channel. This approach involves direct engagement with issuers during their debt issuance process.

We are active members of external shareholder engagement related organizations in order to align ourselves with industry practice. These organisations include being a signatory to the Principles for Responsible Investment and an alliance member of the Sustainability Accounting Standards Board. The Firm’s parent company, Payden & Rygel, has constituted both an ESG Group and a Proxy Voting Committee, the remit of both of which extends to consideration of governance issues including monitoring and dialogue with investee companies as well as the analysis of voting issues. The Firm has representation on both these committees.

#### **Monitoring of investee companies**

The Firm actively monitors and analyses news and events concerning investee companies. The monitoring encompasses strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. In addition to its own internal resources, Payden & Rygel has engaged Glass Lewis, a specialist investee company monitoring and proxy voting services provider for research and advice that the Proxy Voting Committee will take into consideration.

#### **Dialogue with investee companies**

It is the Firm’s policy to engage with numerous investee companies (both private sector corporates and quasi-sovereigns) each year as part of our normal course of business. We base our engagement on the SASB Engagement Guide, a standardized, industry-specific framework aimed at driving issuer transparency. We monitor the number of meetings we conduct with issuers’ teams. Our engagement activity and discussions are an important part of our fundamental analysis. This engagement includes in-person and conference call meetings, as well as through meeting with management through conferences. Not only do these discussions enhance our analysis, they also provide an avenue for us to promote ESG values to issuers.

#### **Exercise of shareholder rights**

The Proxy Voting Committee’s remit is to consider any issues related to proxy matters. We regularly engage our proxy voting firm (Glass Lewis) to make sure they are considering ESG in their voting recommendations. For ballot items that are routine in nature, Payden & Rygel has set parameters that are listed in a template used by Glass Lewis. For items that are more complicated in nature, such as shareholder proposals, Glass Lewis will provide research and advice that our Proxy Voting Committee will take into consideration when determining its voting decisions. When evaluating proxy matters, our Proxy Voting Committee will vote in a manner that is consistent with the best interest of the client and

does not subordinate the client's interests to its own. Payden & Rygel does not automatically vote with management. We leverage the expertise of Glass Lewis in evaluating whether any particular shareholder or bondholder voting entitlement would be regarded as significant and in escalating these matters for further analysis. Very broadly, matters that require a special majority/special resolution are not likely to be routine matters and thus are likely to be significant voting event. Similarly, shareholder circulars can also be an indicator that a matter should be regarded as significant.

#### **Annual disclosure**

The Firm makes annual disclosure by means of its website of the following information on a retrospective basis: (i) a general description of the Firm's voting behaviour; (ii) an explanation of the most significant votes; and (iii) report on the use of the services of proxy advisors.

#### **Cooperation with other shareholders and stakeholders of investee companies**

It is not the Firm's policy to participate in formal shareholder coalitions, groups or similar initiatives.

#### **Conflicts of interest**

Any potential or actual conflict of interest pertaining to engagement in investee companies is subject to the Firm's Conflicts of Interest Policy.

#### **Supervision and review**

This Policy is reviewed annually by the Firm's Board of Directors, and more frequently should the need arise. The Firm's Board of Directors authorises the Chief Executive Officer to make disclosure in accordance with this Policy to relevant stakeholders.