



# BlueBay Funds Management Company S.A.

## *Voting Rights Policy*

June 2020



RBC Global  
Asset Management

## Voting Rights Policy

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## A. Overview

### 1. Key terms and concepts

**BBAM:** refers to the BlueBay Asset Management LLP, a limited liability partnership incorporated in England and Wales having its registered office and principal place of business at 77 Grosvenor Street, London W1K 3JR England. Authorised and regulated by the Financial Conduct Authority.

**Board:** means the board of directors of the BlueBay Funds Management Company S.A.

**Conducting Officers:** refers to the conducting officer(s) of the Company, appointed and approved by the CSSF and the Board of Directors.

**Fund or Funds:** means all AIFS or UCITS for which the Company is responsible

**Policy:** means the Voting Rights Policy of the Company.

**the Company:** refers to the BlueBay Funds Management Company S.A. a société anonyme incorporated under Luxembourg law on 1 August 2002 for an unlimited period of time with registered office at 4, Boulevard Royal, L-2449 Luxembourg and registered with the Registre du Commerce et des Sociétés under number B. 88. 445 and its branches.

### 2. Summary

An investment fund manager must develop adequate and effective strategies for determining when and how to exercise voting rights attached to the financial instruments held in the portfolios of the investment funds which it manages; such voting right strategies must be implemented to the exclusive benefit of the said funds and their investors.

### 3. Legal references

- Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

- Law of 17 December 2010 on undertakings for collective investment, as amended (hereinafter referred to as the “UCI Law”);

- Law of 12 July 2013 on relating on alternative investment fund managers, as amended (hereinafter referred to as the “AIFM Law”).

- CSSF Regulation Nr 10-04 of December 24<sup>th</sup>, 2010 transposing Commission Directive 2010/43/EU of July 1st, 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company;

- CSSF Circular 18/698 of August 23<sup>rd</sup>, 2018 on the authorisation and organisation of investment fund managers incorporated under Luxembourg law, and on specific provisions on the fight against money laundering and terrorist financing applicable to investment fund managers and entities carrying out the activity of registrar agent (hereinafter referred to as “CSSF Circular 18/698”).

## B. Purpose and Scope

The Company is required under the laws, rules and regulations of the Grand-Duchy of Luxembourg to design and implement voting rights' strategies which are aimed at ensuring that the exercise of voting rights is conducted in accordance with the investment objectives and restrictions of the Funds, while preventing or managing any conflicts of interests arising from such exercise.

Accordingly, the Company has established this Policy to meet its aforementioned obligations.

The Company has delegated all portfolio management activities to BBAM, and BBAM has established its own voting rights policy, titled BlueBay Proxy Voting Policy on Corporate Governance & Corporate Responsibility (hereinafter referred to as "BBAM Voting Rights Policy") and the Company ensures that BBAM Voting Rights Policy is consistent with the current Policy of the Company.

In light of the foregoing, the Company set out this Policy. The Company will monitor, in accordance with its Delegation and Oversight Policy, that BBAM have at all time an updated voting right policy and that it receives KPI's relating to the number and result of the votes.

This Policy applies to all:

- Conducting Officers of the Company;
- Employees of the Company without restriction (thus to both Employees with a permanent employment contract and Employees with a fixed term employment contract, as well as graduate trainees);
- Employees of affiliates of the Company when acting for or on its behalf; and
- Employees of service providers and other third parties when acting for or on behalf of the Company, such as interim workers.

### **C. Core principles of the Company's Voting Rights Policy**

The Company is a specialised investment funds manager which strategies relies only on fixed income assets.

Accordingly, the number of occasions in which the Company would be required to exercising its voting rights is limited.

Where this may occur is typically with regard to investments made by the Company on behalf of the Funds in either convertible bonds or high yield bonds, where an investment may in some circumstances require formal voting rights (e.g. in case of restructuring...).

It is the policy of the Company to vote or get to vote in a prudent and diligent manner, based exclusively on its reasonable judgement of what will best serve the interests of the Funds and their investors.

In addition, and so far, as practicable, it is the Company policy to vote or get to vote at all of the meetings called by issuers in which investments are made on behalf of the Funds. However, the Company may also choose not to vote where voting may be detrimental to the interests of the Funds and their investors, such as high administrative costs associated with voting or blocking requirements which lock up the financial instruments held in the Fund portfolios, which might in turn limit liquidity or access to market opportunities.

Finally, it should be noted that the Company scrutinises each meeting of an issuer individually, before voting for or against each resolution, or actively withholding its vote, on a case-by-case basis.

For proxy voting purposes, per delegation from the Company, BBAM uses a proprietary IT system, called ProxyEdge.

Details regarding the receipt and notification of proxy rights, the identification of the persons authorised to exercise voting rights, the handling of conflicts of interests and reporting are disclosed in the appendix of BBAM Voting Rights Policy, titled Proxy voting procedure, which is attached hereunder as Annex I.

The Company has committed to incorporating environmental, social and governance-related (hereinafter referred to as "ESG") factors into its portfolio management activities.

Consequently, the integration by the Company of ESG factors into its investment process also translates into how the Company exercises its voting rights. Typically, when voting, the Company or its delegate focuses primarily on decisions which are related to not only standard corporate governance matters, thus voting for, or as the case may be, against recommendations made by the senior management team of the issuers.

BBAM issues on a yearly basis its ESG Investment Report, which is available on the BlueBay Group Website. This annual ESG Investment Report includes details as to how BBAM voted for the previous year in respect of ESG factors.

### **D. Disclosure to Fund investors**

As per the provisions of Point 395 of CSSF Circular 18/698, the Company will arrange for this Policy to be posted on the BlueBay Group Website (<https://www.bluebay.com/en/corporate-governance/>), so as to facilitate its access to Fund investors.

## Annex I

### Proxy voting procedure

#### Receipt and notification of proxy rights

The ProxyEdge system is used for voting and the Operations department receive notifications with regards to holdings of BlueBay funds. Operations then promptly submit such materials to the relevant member(s) of the BlueBay portfolio management team.

#### Persons authorised to exercise voting rights

The relevant members of BlueBay's portfolio management team will be responsible for recommending how proxies relating to securities held by clients in managed portfolios should be voted.

The relevant personnel will consider each exercise of rights and in particular will take into consideration the best interests of clients, with voting on specific events or issues associated with the board and its committees (e.g. such as board independence and diversity), shareholder rights, audit and internal control, executive remuneration, use of capital (e.g. M&As) and other business, being considered on a case by case basis.

With regards to the voting decision, investment teams retain discretion but will consult with the ESG Specialist for advice and guidance, especially around corporate responsibility matters. Once a recommendation on how to vote has been determined, this will be communicated to Operations to handle the voting process. The voting decision is documented by Operations.

#### Segregated mandates

The approach to be taken will be determined by the Investment Management Agreement (IMA) and this will be agreed with relevant departments as part of the account opening process.

#### Conflicts of interest

When evaluating any given proxy, the portfolio management team will consider whether or not BlueBay has a potential conflict relating to the security being voted, such as if a BlueBay Portfolio Manager sits on the Board of Directors of the company. Any such conflict of interest will be notified to the BlueBay Compliance team.

If Compliance deems the conflict to be material, Compliance will determine whether the vote proposed by the portfolio management team is in the best interests of all clients. If Compliance cannot conclusively determine that the vote is in the best interest of the affected client, Compliance will seek the advice of an independent third-party service to provide the proxy voting recommendation. The process will be documented.

#### Reporting

For regulatory purposes, BlueBay's Compliance department maintains a record of all past proxy voting decisions covering a minimum period of the last five years. Reporting on the use of voting rights, where this has occurred, will be available to clients upon request.

This document is proprietary information of the BlueBay group, and it has been issued by BlueBay Funds Management Company S.A. (“BFMC”) which is regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg as: (i) a management company under Chapter 15 of the Law of 17 December 2010 relating to undertakings for collective investment (reference number S00000592); and (ii) as an alternative investment fund manager (AIFM) under Article 5 of the Law of 12 July 2013 relating to AIFMs (reference number A00002404). Policy wording is subject to change without notice. No part of this document may be reproduced, redistributed or passed on, directly or indirectly, to any other person, or published for any purpose without the prior written consent of BFMC. Copyright 2019 © BFMC is a wholly-owned subsidiary of Royal Bank of Canada (RBC), and BFMC may be considered to be related and/or connected to RBC and its other affiliates. ® Registered trademark of RBC. RBC GAM is a trademark of RBC. BlueBay Funds Management Company S.A., registered office 4, Boulevard Royal, L-2449 Luxembourg, company is registered in Luxembourg as a société anonyme with registered number B88445. All rights reserved.