

ESG Good Governance Policy

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Background

Payden & Rygel and affiliated companies ("**Payden**") has been appointed as investment manager/adviser to various EU domiciled collective investment schemes. Payden manages many of these investments so that they can be designated as Article 8 financial products pursuant to the Sustainable Finance Disclosure Regulation (EU 2019/2088) ("**SFDR**"). Payden has further been appointed by certain clients under separately managed accounts to manage assets in accordance with SFDR Article 8. This ESG Good Governance Policy (the "**ESG Good Governance Policy**") applies to the management of such assets, and can also be applied, upon request, for Payden clients wishing to voluntarily adopt and implement these ESG factors into their investment guidelines.

In order to meet SFDR requirements, this ESG Good Governance Policy sets out the way in which Payden evaluates and monitors potential and current investee companies for good governance practices. The framework forms the determination of those corporate issuers that demonstrate good governance practices and thus comprise the investable universe across Article 8 SFDR investment products.

Criteria for Good Governance Assessments

The Payden investment teams follow the ESG Good Governance Policy in their evaluation of companies based on available, quantitative information in order to define a broad and global investment universe. The Governance Assessment (“**Governance Assessment**”) conducted pursuant to the ESG Good Governance Policy covers industry-established recommended practices relating to disclosure, structure, practices, and transparency.

The Governance Assessment is defined by four pillars:

Good Governance Pillars

1.

Governance Disclosure

Companies should disclose information in relation to their governance practices to permit Payden’s assessment of data driven standards. Therefore, companies must have data coverage to pass the quantitative good governance assessment. Data coverage for companies is determined by third party data providers and updates are published from time to time.

2.

Governance Structure

Companies must not have a combined Chairman/CEO if there in the absence of a proportionate number of independent directors. Conversely, a board structure with a combined Chairman/CEO passes the assessment if there is a proportionate number of independent directors.

3.

Governance Practices

Companies must not have been identified by a third party data provider under the Payden ESG Data Policy as misaligned with specified international frameworks, such as but not limited to UN Global Compact (UNGC), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the UN General Principles of Business and Human Rights (UNGP), and the International Labour Organization (ILO) Conventions. Issuers with controversies due to situations such as regulatory action or violations of commonly accepted international norms, are judged to have operations or products that may have a negative ESG impact.

4.

Governance Transparency

Companies must not have been subject to an accounting investigation. This includes companies that have been subject to a fine, a conviction or have a settlement related to their accounting practices.

Payden Use of Third Party Data

The Governance Assessment pursuant to this ESG Good Governance Policy is a quantitative and data driven approach used globally across relevant products. Payden places reliance on third party data for the sector classification of companies and for this analysis. Payden periodically evaluates the data and service providers through due diligence. For a description of data services that Payden uses to evaluate good governance, please find more information at www.payden.com/SFDRPolicies/ESG_Data.pdf.

In addition to the Governance Assessment, Payden may use other tools at its disposal to promote governance practices. Examples may include a proprietary assessment of governance, engagement with companies in line with Payden's stewardship approach, proxy voting, and broader ESG integration tools. More information can be found at www.payden.com/SFDRPolicies/ESG_Engagement.pdf.

Investments Within Scope of the Policy

This ESG Good Governance Policy does not apply to derivatives unless the derivative is used to gain long exposure to a single issuer. The ESG Good Governance Policy will not be applied to short positions or to positions in index funds or other instruments used to gain exposure to multiple underlying issuers. The ESG Good Governance Policy does not apply to sovereigns, securitized bonds, currencies, cash, cash equivalents, and money market funds which are held for cash management/liquidity purposes. Accordingly, such instruments will not be assessed for compliance with the ESG Good Governance Policy. This ESG Good Governance Policy will be applied on a best-efforts basis at the time of purchase based on the information available to Payden. The compliance system can be coded to permit purchases only of companies that pass the Good Governance requirements based on the criteria set out above for the accounts in scope. Where existing information changes or new data comes to light, and a security no longer meets the pillars of the good governance assessment, it is considered a passive compliance breach. Unless client guidelines and/or prospectus contain specific instructions, Payden will review the status and within an appropriate timeframe in the interest of the specific account will adjust portfolios to reflect the new exclusion criteria. Therefore, portfolios may continue to hold the security but will be constrained in making additional purchases.

Policy Governance, Review, Systems and Controls

The ESG Committee is responsible for oversight of the implementation of this Policy working in conjunction with Payden's investment research and strategy teams. The ESG-CMPL Sub-Committee of the Compliance Group is responsible for the monitoring and testing of this Policy. The ESG-CMPL Sub-Committee of the Compliance Group reviews and updates the Policy at least annually and periodically, as appropriate, upon the advice of the ESG Committee and Compliance Group.

For Further Information



Visit: www.payden.com

For our full list of SFDR ESG policies visit: www.payden.com/SFDRPolicies.aspx