



PRINCIPAL ADVERSE IMPACT

ESG Principal Adverse Impact Statement

May 2026

Background

This ESG Principal Adverse Impact Statement (the “**ESG Principal Adverse Impact Statement**”) has been prepared in accordance with the requirements of Article 4 of the EU Sustainable Finance Disclosure Regulation EU 2019/2088 (“**SFDR**”) and sets out the way in which Payden & Rygel and affiliated companies (“**Payden**”) considers principal adverse impacts of investment decisions on sustainability factors in conducting its investment management activities pursuant to SFDR.

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 SFDR. Payden has further been appointed by certain clients under separately managed accounts to manage assets in accordance with SFDR Article 8. This ESG Principal Adverse Impacts Statement 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.

Taking due account of the size, the nature and scale of Payden’s activities and the types of financial products we make available: (a) information about policies on the identification and prioritisation of principal adverse sustainability impacts and indicators; (b) a description of the principal adverse sustainability impacts and of any actions in relation thereto taken or, where relevant, planned; (c) brief summaries of engagement policies in accordance with Article 3g of Directive 2007/36/EC, where applicable; (d) a reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting.

We identify and address the principal adverse impacts and indicators and set parameters on a fund-by-fund basis for how principal adverse impacts are considered in the investment process. Payden seeks to manage the risks connected with potential adverse impacts from our investments as outlined by SFDR regulation. Payden mitigates these risks in various ways, including (i) the application of the Payden ESG Investment Exclusion Policy, (ii) the promotion of E/S characteristics, and (iii) the application of the Payden ESG Engagement Policy. In addition, Payden periodically reviews this disclosure and the data sources and methodologies used to assess and mitigate principal adverse impacts.

Principal Adverse Impact Description

Principal Adverse Impacts	Metric Description	Primary Mitigation Method, as applicable ¹
Corporate Holdings		
Environmental Metrics		
1. GHG Emissions	Sum of portfolio companies' carbon emissions including Scope 1, Scope 2, Scope 3, and total tCO ₂ e weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash.	Related to and byproduct of Climate Change Mitigation
2. Carbon Footprint	Sum of portfolio companies' Total GHG emissions (Scopes 1, 2, and 3) weighted by the portfolio's value of investment in a company and by the company's most recently available enterprise value including cash, adjusted to show the emissions associated with 1 million EUR invested in the portfolio.	Related to and byproduct of Climate Change Mitigation
3. GHG Intensity of investee companies	Portfolio weighted average of companies' Total GHG emissions Intensity per EUR million Sales.	Climate Change Mitigation
4. Exposure to companies active in the fossil fuel sector	Sum of companies' weight in portfolio that has active fossil fuel sector exposure.	ESG Investment Exclusion Policy
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources.	Targeted engagement
6. Energy consumption intensity per high-impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector.	Targeted engagement
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.	Targeted engagement
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average.	Targeted engagement
9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average.	Targeted engagement
A1* Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emissions reduction initiatives aimed at aligning with the Paris Agreement.	Targeted engagement

¹ Not all PAIs are relevant to each investment. The investment manager applies those PAIs that are relevant to the investment concerned. Primary mitigation method indicates main action taken by the investment manager.

Social Metrics

10.	Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles for OECD Guidelines for Multinational Enterprises.	ESG Good Governance Policy
11.	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	Targeted engagement
12.	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies.	Targeted engagement
13.	Board gender diversity	Average ratio of female to male board members in investee companies.	Targeted engagement
14.	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons.	ESG Investment Exclusion Policy

Sovereign Holdings

15.	GHG intensity	Portfolio weighted average of sovereign issuers' Country GHG intensity relative to GDP.	Climate Change Mitigation
16.	Investee countries subject to social violations	Number of investee countries subject to social violations, as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	ESG Investment Exclusion Policy
A2*	Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator.	Targeted engagement

*Denotes Additional Principal Adverse Impacts.

Three Principal Mitigation Approaches

- **Exclusion Criteria:** Products or accounts may employ exclusions related directly to the Principal Adverse Impacts. This serves to mitigate the risk associated with such investments. More information can be found at www.payden.com/SFDRPolicies/ESG_Exclusions.pdf.
- **Promotion:** Some products or accounts may employ specific and binding promotion criteria that serve to mitigate the risk associated with the Principal Adverse Impacts. These can be found in the relevant funds' pre-contractual disclosure document. Please see product-specific disclosures for further information at www.payden.com/ucitsfunds.aspx
- **Targeted Engagement:** Payden's Engagement Policy can be found www.payden.com/SFDRPolicies/ESG_Engagement.pdf. The policy contains information on Payden's approach to engagement as it relates to Principal Adverse Impacts as well as other initiatives undertaken by Payden with investee companies.

Payden Use of Third Party Data

The Principal Adverse Impact Statement takes a quantitative and data driven approach and is used globally across relevant products. Payden places reliance on third party data for this analysis and periodically evaluates the data and service providers through due diligence. For a description of data services that Payden uses to evaluate exclusions, please find more information at www.payden.com/SFDRPolicies/ESG_Data.pdf.

Policy Governance, Review, Systems and Controls

The ESG Committee is responsible for oversight of the implementation of this Statement 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 Statement. The ESG-CMPL Sub-Committee of the Compliance Group reviews and updates the Statement 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