Payden&Rygel

ENGAGEMENT

ESG Engagement Policy

December 2023

Background

Payden & Rygel and its affiliates ("**Payden**") believe environmental, social, and governance ("**ESG**") factors have the potential to impact the long-term financial performance of an issuer and the performance of its securities. We deem engagement, as described in this ESG Engagement Policy (the "**ESG Engagement Policy**"), to be a tool for understanding how issuers intend to deal with ESG issues over time or to seek specific outcomes. In addition, we view engagement as an opportunity to learn about an issuer's response to the evolving ESG landscape.

Pursuant to its commitment to its signatory status of the UK Stewardship Code and the Net Zero Asset Management initiative, Payden applies this ESG Engagement Policy in its ESG investment management activities. Payden has been appointed as investment manager/adviser to certain of its clients including but not limited to EU-domiciled collective investment schemes to manage investments so that they can be designated as Article 8 financial products pursuant to the Sustainable Finance Disclosure Regulation (EU 2019/2088) ("**SFDR**"). Under SFDR investment activity is predicated on the basis of transparency in the promotion of environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices. Payden has further been appointed by certain clients under separately managed accounts to manage assets in accordance with SFDR Article 8. This ESG Engagement 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.

We differentiate our engagement activities into two types, namely integrated engagement and targeted engagement and describe each of these below:

Integrated Engagement

Integrated engagements look to understand dynamics where ESG topics and traditional key performance indicators overlap, and where this overlap can impact the performance of relevant securities over our typical investment horizon, which is over the near to medium term. Investment teams may use the information derived from integrated engagements as inputs along with a host of other qualitative and quantitative information to assess the overall attractiveness of the risk/return of an investment.

These engagements can occur with many different stakeholders. We engage with issuers to understand their plans to address relevant ESG-related topics as well as at times to communicate ESG-related characteristics we believe will improve the risk/return profiles of those issuers' securities. We engage with issuers directly on ESG factors that may impact financial and operating performance. This can occur during the process to issue new financial securities, at industry conferences, roadshows, country research trips, or at individual meetings set up at our request. Where appropriate we may also engage with broker dealers for additional insight into market trends related to ESG to gain an improved understanding of the evolving pricing dynamics across various asset classes. In addition, we may engage with Nationally Recognized Statistical Ratings Organizations to understand how they view ESG-related risks for an asset class, sector, or issuer.

Targeted Engagement

Targeted Engagements seek specific outcomes related to ESG objectives. These objectives align with initiatives we believe can support long-term value creation/protection and/or reflect the values of those on whose behalf we invest. We utilize several methods for conducting targeted engagements in our stewardship efforts. The method and frequency of engagement are determined by several factors including our history of engagement with the issuer, the relevant issue, and asset class.

These engagements generally occur in two manners:

- Direct: Direct Targeted Engagements are when a member of our team communicates with an issuer to make them aware of our expectations for the trajectory of a specific ESG-related metric or practice. These engagements take place via several methods, which include, but are not limited to, written communication and company meetings.

- Collaborative: To the extent permissible by applicable law, we engage in Collaborative Targeted Engagements whereby we partner with other participants in the marketplace in furtherance of one or more desired ESG outcomes. In those instances, we encourage financial industry participants towards greater disclosure, improved transparency of relevant ESG indicators and to seek specific outcomes. These engagements can occur through written communications and meetings.

Payden&Rygel

Determining Targeted Engagement Priorities

Payden's ESG Committee (the "**ESG Committee**") is responsible for determining the priorities for Targeted Engagement themes. The ESG Committee seeks to ensure that we are efficiently utilizing resources to align our efforts with enterprise-wide initiatives, regional-specific ESG engagement requirements, and client-specific requests. The determination of relevant factors for targeted engagements will vary by asset class as they may be driven by a combination of inputs. Payden is selective in its engagement activity. Engagements are prioritized based on a variety of factors ranging from the size of our holding to the distance from a pre-defined target to a topical engagement on a specific subject. Where relevant, our approach is informed by global frameworks (such as UN Global Compact[1], OECD Guidelines[2], Sustainable Development Goals[3], Sustainability Accounting Standards Board (SASB) Engagement Guide[4], and PRI ESG Engagement for Sovereign Debt Investor[5], etc.) or aligned with broader projects. Examples of enterprise-wide initiatives that are integrated into the targeted engagement process may include:

- Climate Change Mitigation: Payden is committed to the goals of the Paris Agreement[6] and is a member of the Net Zero Asset Managers Initiative[7]. Climate change presents a long-term systematic risk and Payden engages with issuers via targeted topics related to climate change, pollution, and biodiversity.

- Principal Adverse Impacts: Payden seeks to manage the risks connected with potential adverse impacts from our investments in various ways, including engagement. More information can be found at
www.payden.com/SFDRPolicies/ESG_PAI_Statement.pdf.

- Governance Practices: Payden's ESG Good Governance Policy is utilized where Payden has been appointed as investment manager/adviser to various EU domiciled collective investment schemes designated as Article 8 financial products pursuant to the Sustainable Finance Disclosure Regulation (EU 2019/2088). This assessment considers good governance to be a standard of governance widely reflective of industry-established norms. More information can be found at
www.payden.com/SFDRPolicies/ESG_Good_Governance.pdf

[1] The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
[2] The OECD Guidelines for multinational enterprises are recommendations on responsible business conduct
[3] The Sustainable Development Goals are a collection of seventeen interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future.
[4] SASB Engagement Guide provides industry-by-industry guidance on how asset owners and asset managers can use the SASB Standards to inform and enhance their engagement with companies
[5] PRI ESG Engagement for Sovereign Debt Investors is a report by the PRI (Principles for Responsible Investment) that explores ESG engagement in sovereign debt
[6] The Paris Agreement | United Nations includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change, and calls on countries to strengthen their commitments over time (https://www.un.org/en/climatechange/paris-agreement)
[7] The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions (https://www.netzeroassetmanagers.org/)

Monitoring and Escalation

Payden has a workflow methodology to track and monitor both integrated and targeted engagements. We catalogue our engagement activity via a third party data aggregation tool and a proprietary tracking system. We provide a summary overview of our engagement activities to required regulatory bodies and to clients upon request.

There are various reasons why we may choose to escalate a targeted engagement with an issuer. Examples of incidences that would indicate a need for escalation include, but are not limited to, where an issuer has failed to respond to or address investor ESG inquiries, failure to implement a stated strategy or a deterioration in standards.

We consider escalation within our targeted engagement strategy based on the nuances of the engagement. Next steps may include escalating the targeted engagement to more senior investment personnel, Head of Research or ESG, or initiating a collaborative engagement. An insufficient outcome of this escalation could inform investment decisions for clients targeting specific ESG criteria in their portfolios.

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