ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONSIDERATIONS


The following sets out the manner in which environmental or social characteristics are promoted in each of the sub-funds (each a “Fund” and together, the “Funds”) of Payden Global Funds plc (the “Company”) and clarifies the Company’s policy on how sustainability risk is integrated in the investment decision making process of its delegates in each of the Funds.

INTEGRATION OF SUSTAINABILITY RISK INTO INVESTMENT DECISION MAKING

The management of sustainability risk (being the risk that the value of the Fund could be materially negatively impacted by an ESG Event, defined below) (“Sustainability Risk”) forms part of the due diligence process implemented by Payden & Rygel, the sub-investment manager of the Company (the “Sub-Investment Manager”) for a number of Funds in the Company as described further in the table below.

To the extent that it is assessing on behalf of the Company the Sustainability Risk associated with underlying investments, the Sub-Investment Manager is assessing the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance (“ESG”) event or condition (“ESG Event”).

The Sub-Investment Manager integrates Sustainability Risk assessment into its investment process in accordance with its status as a signatory to the Principles of Responsible Investment since 2013 and its membership of the Sustainable Accounting Standards Board Alliance. The Sub-Investment Manager’s investment process is dynamic and is designed to be adaptive to changing market conditions, data coverage and developments in global sustainability analysis and may therefore change over time. Sustainability Risk is identified, monitored and managed by the Sub-Investment Manager on behalf of the Company using both quantitative and qualitative processes and the tools described herein within a customised framework developed by the Sub-Investment Manager. The tools used will vary from Fund to Fund as detailed in the table below. The Sub-Investment Manager ensures applicable consistency in the manner of how these tools are used across each Fund through the oversight of its own investment policy committee (“IPC”) and its own ESG committee. The Sub-Investment Manager adopts the “best-in-universe” approach to ESG data where leading or best-performing investments within a universe, category, or class are selected or weighted based on ESG criteria.

(a) Country Scorecard– this is the Sub-Investment Manager’s proprietary assessment framework for emerging market countries. The framework uses various ratings and weightings including ESG factors in scoring emerging market countries. The Sub-Investment Manager utilizes country scores to evaluate its willingness to invest or continue investing in a particular country. The scorecard methodology is based on a combination of macro-economic and ESG factors, a qualitative assessment of these factors and a weighting and score.

The Country Scorecard is binding on the Sub-Investment Manager's assessment and the scoring and weighting analysis is used on an integrated basis in the overall investment process. However,
any particular score or weight does not lead to automatic exclusion or inclusion of a country in that process. ESG factors on the scorecard receive a weight of between 20-40%, ensuring these factors play a key role alongside traditional economic analysis.

(b) **Corporate Framework** – this is the Sub-Investment Manager’s proprietary corporate assessment framework covering corporate issues and equities in both emerging and developed markets. This framework assessment is not binding on the Sub-Investment Manager but, where applied, is given weight in the Sub-Investment Manager’s assessment of a corporate issuer.

(c) **Developed Sovereign Issuers Assessment Framework** – this is the Sub-Investment Manager’s proprietary framework for the assessment of developed sovereign issuers. This framework assessment is not binding on the Sub-Investment Manager but, where applied, is given weight in the Sub-Investment Manager’s assessment of a developed world sovereign issuer.

(d) **Securitised Sub-Sector Materiality Frameworks** – proprietary tailored frameworks for relevant securitised products to inform investment-decision making in the context of ESG factors. These frameworks are not binding on the Sub-Investment Manager but, where applied, are given weight in the Sub-Investment Manager’s assessment of the relevant securitised product.

(e) **Input from third party data providers** including, but not limited to, MSCI ESG Research, MSCI Carbon Metrics, Sustainalytics, CDP, Bloomberg New Energy Finance, Bloomberg and Risq ("Data Providers"). The use of such data providers may evolve or discontinue over time at the discretion of the Sub-Investment Manager.

(f) **Application of third party ESG review standards** including Sustainability Accounting Standards Board ("SASB") Standards, the Principles for Responsible Investment, the Taskforce on Climate-Related Financial Disclosure recommendations, and the United Nations Global Compact.

(g) **Exclusions** – In all Funds, there is an exclusion of companies producing tobacco and tobacco-related products. However, in respect of the other processes, assessments, filtering and restrictions referred to in this Addendum, full discretion is retained by the Sub-Investment Manager in respect of its investment decisions, to ensure that a qualitative ESG assessment may still be made, including where there may be a lack of data, outdated data or the Sub-Investment Manager considers that engagement and stewardship may lead to a more effective and positive change in the business practices affecting ESG characteristics.

Prior to acquiring investments on behalf of a Fund, the Sub-Investment Manager uses applicable tools which may include (a) the application of third party reporting standards and (b) ESG metrics of Data Providers in order to screen the relevant investment against Sustainability Risk and to identify whether it is vulnerable to such risk. The Sub-Investment Manager also conducts fundamental analysis on each potential investment using the scorecard and frameworks outlined above thus allowing it to assess the adequacy of ESG programmes and practices of an issuer to manage the Sustainability Risk it faces.

During the life of the investment, Sustainability Risk is monitored through review of ESG data published by the issuer (where relevant) or by selected Data Providers to determine whether the level of Sustainability Risk has changed since the initial assessment has been conducted.
NO CONSIDERATION OF SUSTAINABILITY OF ADVERSE IMPACTS

As at the date hereof, the Sub-Investment Manager does not consider adverse impacts of its investment decisions in respect of the Company on sustainability factors within the framework of the SFDR. The Sub-Investment Manager's preparatory work to consider these impacts, devise and implement associated due diligence policies and report on the same anticipates a period of significant evolution in the availability and application of relevant data in light of the implementation of SFDR. The Sub-Investment Manager therefore considers it prudent to monitor and evaluate developments in the availability of data and evaluation methodologies with the aim of implementing the consideration of adverse impacts in respect of the Company in conjunction with application regulatory deadlines.

INTEGRATION OF SUSTAINABILITY RISK IN REMUNERATION POLICY OF THE COMPANY

The remuneration policy of the Company is structured so as to ensure that it is consistent with the integration of sustainability risks in the investment decision making process in respect of each of the sub-funds of the Company as contemplated pursuant to Article 5 SFDR.

In this regard the structure of remuneration of the Company is consistent with the following principles:

(a) promotion of sound and effective risk management with respect to sustainability risks;
(b) no encouragement of excessive risk-taking with respect to sustainability risks; and
(c) remuneration is not linked to investment performance.

10 March 2021