



## IR+M'S APPROACH TO ESG

### COMMITMENT

IR+M strives to deliver strong fixed income performance through a transparent, highly selective, bottom-up investment process. We believe that careful security selection and active risk management produce superior results over the long-term. At IR+M, we maintain that comprehensive credit evaluation extends beyond traditional financial analysis. As such, we have been a signatory of the Principles for Responsible Investment (PRI) since 2013, and integrated Environmental, Social, and Governance (ESG) analysis into our investment process. We believe that the consideration of ESG factors allows us to mitigate downside risk and identify investment opportunities. We are fully committed to understanding how ESG factors influence long-term sustainability and creditworthiness. Beyond the investment process, we are committed to being good corporate stewards, partnering with our clients, and giving back to our community.

### INTEGRATION

IR+M's investment team has developed a proprietary, sector-specific assessment of pertinent ESG issues. Our credit and securitized analysts use their sector expertise, along with Sustainability Accounting Standards Board (SASB) guidance, to identify key themes and issues, focusing on materiality. We evaluate industry peer groups, and highlight those that are leaders versus laggards, with the intention of minimizing risks and identifying opportunities. We seek to systematically exclude sectors only when directed to do so by clients. We believe that the robust analysis of material ESG issues is essential to evaluating the long-term viability of an issuer. Our analysis of ESG issues is both qualitative and quantitative, and may include scenario and/or sensitivity analysis. To that end, we rely on data from a myriad of external sources, including Bloomberg, Sustainalytics, rating agencies, company filings, and other third-parties. Our ESG integration provides a holistic level of rigor that enables us to better understand long-term sustainability, creditworthiness, and risk-return characteristics.

### ENGAGEMENT

At IR+M, we believe that engaging with issuers is incredibly important. Our investment team is focused on fostering an effective and ongoing dialogue with management, and encouraging their pursuit of best practices, including those ESG factors that drive long-term value. As fixed income investors, we do not have shareholder voting rights, but as lenders, we routinely communicate our concerns to senior management teams. We believe that management teams that are focused on ESG issues are more likely to decrease event and default risk, increase efficiency of resources, and sustain enterprise value.

### SUSTAINABLE WORKPLACE

Our commitment to ESG extends beyond our investment process. IR+M strives to conduct business responsibly, while adding value to our community. We are located in an Energy Star and LEED Silver Star Certified Building, which has undergone renovations to enhance its energy efficiency. Our office is accessible by all forms of mass transportation, and we are committed to reducing our environmental impact.

IR+M's Sustainability Task Force was formed to reduce waste and improve efficiency at the office, and encourage implementation of these practices in our homes and communities. The Task Force has facilitated a drastic reduction in our firm-wide plastic use, while significantly increasing our recycling and composting efforts.

As of 4/1/19. In addition to the [Principles for Responsible Investment](#), this policy is informed by various sources such as the [UN Global Compact Principles](#), the [UN Guiding Principles on Business and Human Rights](#), the [Universal Declaration of Human Rights](#), and the [International Bill of Human Rights](#).

The views contained in this report are those of IR+M and are based on information obtained by IR+M from sources that are believed to be reliable. This report is for informational purposes only and is not intended to provide specific advice, recommendations for, or projected returns of any particular IR+M product. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission from Income Research & Management.



## DIVERSITY

As we work to promote a diverse culture, we value and welcome diversity of thought. Women and men across the firm participate in our Workforce Integration, Retention, and Engagement (WIRE) Forum, which encourages conversations about racial, cultural, and gender diversity at our firm and in our industry.

## CHARITY

We believe that volunteering and giving back benefits not only our community, but also our employees. We partner with a variety of charities, support our clients' philanthropic missions, and contribute a portion of profits to charity. Our Community Outreach Group leads our philanthropic and charitable endeavors, which revolve around causes affecting education, health and wellness, and youth programs.

Our Volunteer Action Committee provides IR+M employees with diverse and rewarding opportunities to serve our local community. Our employees are provided two paid days to volunteer each year, and also have numerous chances to participate in IR+M volunteer events during the year. In 2016, IR+M employees volunteered over 500 hours with more than 20 different organizations. IR+M also holds an annual Week of Giving, where employees are encouraged to give back through volunteering, monetary donations, and fundraising activities. In 2017, nearly all of the firm's employees participated in the week's events, collectively volunteering over 200 hours.

## SUMMARY

IR+M is dedicated to providing exceptional service to our clients. We believe that incorporating ESG factors into fundamental and technical analysis adds value to the security selection process. As a firm, we strive to produce strong risk-adjusted returns, while making a positive impact on our clients, employees, and community.