



## IR+M'S APPROACH TO ESG

### COMMITMENT

IR+M is deeply committed to conducting business responsibly on behalf of our clients, employees, and community. We consider material Environmental, Social, and Governance (ESG) factors throughout our investment process, which results in a more extensive credit assessment. Additionally, ESG factors are integrated into our own business activities.

While our bottom-up security selection process has incorporated many of these ESG considerations since the inception of the firm, we formally acknowledged our integration of ESG factors when we became a PRI Signatory in 2013. We remain equally steadfast in our commitment to incorporating ESG into our business practices by reducing our environmental impact, fostering a diverse and inclusive workplace, and supporting our community.

### INTEGRATION

As part of our investment approach, we consider material ESG metrics alongside traditional financial metrics, which allows us to more holistically assess risks. Unless otherwise directed by clients, our portfolios do not limit ESG laggards, emphasize ESG leaders, or implement negative screening criteria based on ESG factors or other values-based criteria. We believe that analyzing ESG risks as a part of our investment process helps to mitigate downside risk and identify factors that may influence long-term sustainability and creditworthiness.

As such, ESG integration is embedded throughout our investment process and applied across all of our strategies. At IR+M, we believe that comprehensive security analysis extends beyond traditional financial metrics and includes ESG risk assessment. Robust analysis of material ESG issues is essential to evaluating the long-term viability of an issuer and properly pricing a security. To that end, we rely on data from a myriad of external sources, rating agencies, company filings, and other third parties.

We have developed a proprietary, sector-specific framework to identify and evaluate material ESG factors specific to each industry. Our Credit, Municipal, and Securitized Analysts use their sector expertise, along with Sustainability Accounting Standards Board (SASB) and other industry guidance, to identify key themes and issues, with an emphasis on materiality. Our ESG integration leads to a more complete understanding of potential material issues, and we expect this to ultimately result in superior risk-adjusted returns over the long term.

For clients that desire positively-tilted ESG portfolios, we evaluate industry peer groups and highlight ESG leaders and laggards, with the intention of minimizing risks and identifying opportunities. Clients often have differing values and goals; for these portfolios, we tailor issuer exposures to the clients' needs, enabling them to reflect their specific values within their portfolio. In addition, we offer a variety of custom SRI strategies that use negative screens, and can work with clients to create bespoke thematic portfolios to address their specific needs.

### ISSUER ENGAGEMENT

Engaging with issuers complements our holistic research process by helping us better understand and evaluate issuers' material ESG key issues and their potential impact on longer-term sustainability. As fixed income investors, we do not have shareholder voting rights, but as lenders, we meet regularly with issuers and actively engage with company management to promote greater attention and disclosure related to ESG factors. Our Investment Team is focused on fostering an effective and ongoing dialogue with management and encouraging their pursuit of best practices, including addressing material ESG factors that drive long-term value. We believe that management teams that are focused on material ESG risks are more likely to decrease event risk, increase efficiency of resources, and sustain enterprise value.



## SUSTAINABLE WORKPLACE

As a firm, IR+M remains resolute in our commitment to reducing our environmental impact. Our office is centrally located in an Energy Star and LEED Gold Star certified building, which has undergone renovations to enhance its energy efficiency, and is accessible by all forms of mass transportation. Our Sustainability Committee helps to promote an environmentally conscious culture, leads the firm in educational activities, and works to enhance our firm-wide waste-reduction efforts. The Committee has facilitated a drastic reduction in our firm-wide plastic use, while significantly increasing our recycling and composting efforts, both at home and in our communities.

## DIVERSITY, EQUITY, AND INCLUSION

At IR+M, we place a strong emphasis on supporting and encouraging an environment of Diversity, Equity and Inclusion (“DEI”). We are taking collective action to support equal rights, cognitive and experiential diversity, and responsible, inclusive hiring. We believe that diversity of thought leads to better decision-making, investment performance, and team dynamics. Our [DEI Commitment Statement](#) affirms our dedication to nurturing a diverse and inclusive workforce and aiding efforts to build a pipeline of diversity in the financial services industry through partnerships with external organizations. We believe that there are measurable benefits, both quantitative and qualitative, to increasing diversity across our firm and the broader asset management industry.

## COMMUNITY ENGAGEMENT

Volunteering and giving back to our community is a central tenant of IR+M’s values. We believe these endeavors benefit our community and our employees. Annually, we partner with a variety of charities, support our clients’ philanthropic missions, contribute a portion of our annual profits to charity, and provide matching gifts to non-profit organizations. IR+M’s Community Outreach Group (“COG”) leads our effort of providing a unified strategy for IR+M’s philanthropic outreach and charitable endeavors. COG ensures that we integrate our firm’s cultural values into our philanthropic partnerships by contributing primarily to causes impacting education, health and wellness, and youth programs within our community. Additionally, our Volunteer Action Committee (“VAC”) provides IR+M employees with diverse and rewarding opportunities to serve our local community. Our employees are provided two paid volunteer days each year, as well as numerous chances to participate in IR+M volunteer events. IR+M also holds our annual IR+M Gives BACK Week, where employees give back through volunteering, monetary donations, and fundraising activities.

## SUMMARY

At IR+M, we value all of our stakeholders. We strive to produce strong risk-adjusted returns for our clients, while concurrently supporting our community and colleagues. Although ESG factors are integrated within our investment process in order to more holistically assess risk, we look to our clients for guidance on incorporating and reflecting their specific values within their portfolios.