

Neuberger Berman Internal Audit Verification Statement
June 16, 2020

Background

Neuberger Berman is a founding signatory of the Operating Principles for Impact (“the Principles”), a framework adopted by leading global impact investors to ensure impact considerations are meaningfully integrated throughout the investment process. We are committed to integrating impact management best practice and through this statement affirm that the Neuberger Berman Municipal Impact Fund, including (i) policies and practices and (ii) impact management systems are managed in alignment with the Principles.

Assessment Methodology

The Neuberger Berman Internal Audit Department performed an assessment of internal controls over the Neuberger Berman Municipal Impact Fund including certain controls designed to ensure compliance with ESG principals. Governance controls were tested as part of the 2019 ESG Investing Team Audit. Controls specific to the Municipal Impact Fund were tested as part of the 2019 Municipal Fixed Income Audit.

Summary Assessment

Internal Audit confirmed the degree of alignment of the Neuberger Berman Municipal Impact Fund with Principles 1 through 5. While Internal Audit did confirm that controls were in place to ensure alignment with Principles 6, 7 and 8, we were unable to test the degree of alignment with these principles because the audit was conducted in the early stages of the fund. This document addresses Principle 9.

Areas of Strength

The Municipal Fixed Income team has set clear and consistent strategic impact objectives and has established a strong set of processes to monitor against these objectives.

Areas for Improvement

Internal Audit identified opportunities to further improve engagement tracking (Principle 3) and the Municipal Impact strategy’s overall approach to impact management and monitoring (Principle 6). Documentation regarding monitoring of progress against expectations, review of effects of exits and decision improvement processes will be the subject of a subsequent audit performed in 2021.