

# Environmental, Social, and Governance Investing Capabilities

“As a firm, Neuberger Berman believes that material environmental, social and governance (ESG) characteristics are an important driver of long-term investment returns from both an opportunity and a risk mitigation perspective. We also understand that for many of our clients the impact of their portfolio is an important consideration in conjunction with investment performance.”

## Our ESG Philosophy

As an active manager, we have a long-standing belief that material ESG characteristics can be an important driver of long-term investment returns, as companies with proactive strategies in place to manage ESG-related risks and opportunities have the potential for sustainable competitive advantages.

The firm has considered ESG characteristics in investment processes as far back as the 1940s for avoidance screens and 1989 for integration into fundamental research in U.S. equities; Neuberger Berman has been at the forefront of advancing the integration of ESG characteristics into investment processes.

Today, we continue to build upon this legacy, driven by our belief that ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class and style of each investment strategy. ESG investing can be employed in a variety of ways to help generate enhanced returns as well as to implement non-financial objectives within a portfolio. We believe our approach not only benefits our clients, but can also support better-functioning capital markets and generate positive impacts for the world as a whole.

## Neuberger Berman Integration Framework

AVOID*	ASSESS	AMPLIFY	AIM FOR IMPACT
Excluding <b>particular companies or whole sectors</b> from investment universe	Considering the <b>valuation implications of ESG risks and opportunities alongside traditional factors</b> in the investment process	Focusing on <b>‘better’ companies</b> based on environmental, social and governance characteristics	Seeking to <b>intentionally generate social and environmental impact</b> alongside a financial return

\*Avoidance screens can be combined with other ESG integration strategies based on client requests.

## Neuberger Berman Investment Strategy Examples

### EQUITY

APPROACH	CAPABILITY	
<b>AMPLIFY</b>	<b>Sustainable Equity</b>	Built on the belief that responsibility is the hallmark of quality and invests in companies that have a sustainable competitive advantage derived from ESG characteristics such as environmental sustainability, workplace diversity and supply chain integrity.
<b>ASSESS</b>	<b>Emerging Markets Equity Select</b>	Believes that strong corporate governance aligns management and shareholder interests, and that environmental & social factors can assist in identifying business models that may create sustainable value while avoiding poor environmental and labor practices.
<b>ASSESS</b>	<b>Small Cap Intrinsic Value</b>	Focuses on corporate governance by investing in companies that have effective and independent boards with aligned management and shareholder interests (often through high insider ownership), as well as long-term incentive plans and CEO/management compensation and succession plans in place.

## FIXED INCOME

APPROACH	CAPABILITY	
<b>AIM FOR IMPACT</b>	<b>Municipal Impact</b>	Invests in projects that support socially and environmentally sustainable communities, such as mass transit, affordable housing, and school classrooms, with a bias toward underserved communities.
<b>AMPLIFY &amp; ASSESS</b>	<b>Global Investment Grade (Includes Cash Management)</b>	By going beyond the traditional fundamental analysis to incorporate an ESG integrated process specific to each security type, the team is better able to differentiate how material ESG risks and opportunities may affect valuations.
<b>ASSESS</b>	<b>Global Non-Investment Grade Credit</b>	Analyzing ESG characteristics enhances traditional credit analysis by providing a fuller understanding of the risk profile of each issuer. Our proprietary credit analysis frameworks integrate bottom-up ESG research that enables our investment teams to better assess investment opportunities.
<b>ASSESS</b>	<b>Emerging Markets Debt</b>	Integrates ESG criteria in their investment process across its platform as it provides a more comprehensive view of the issuer's fundamentals to assess the risk premium.
<b>ASSESS</b>	<b>Municipal (Includes Cash Management)</b>	Assessing the ESG considerations of the issuer is integrated into the standard credit analysis framework.

## ALTERNATIVES

APPROACH	CAPABILITY	
<b>AIM FOR IMPACT</b>	<b>Private Markets Impact</b>	Target investments with a thematic lens that address the UN Sustainable Development Goals, while meeting NB Private Equity underlying standards.
<b>ASSESS</b>	<b>Private Equity</b>	Identifying and incorporating material ESG factors into investment due diligence with a focus on reducing overall risk and potentially helping to generate stronger investment outcomes for the portfolio.

## QUANTITATIVE

APPROACH	CAPABILITY	
<b>AMPLIFY &amp; ASSESS</b>	<b>ESG Factor</b>	Researching ESG screens to supplement existing premia and uncover alternative risk mitigating & return generating signals.

## ALL ASSET CLASSES

APPROACH	CAPABILITY	
<b>AMPLIFY &amp; ASSESS</b>	<b>Multi-Asset Class</b>	A collaborative, research-driven approach allocating across asset classes and styles to Neuberger Berman investment strategies that consider ESG factors.
<b>AMPLIFY &amp; AVOID</b>	<b>Separately Managed Accounts</b>	Customized investment criteria based on a client's values and preferences.
<b>AVOID</b>	<b>UCITS Funds</b>	Avoid companies that produce anti-personnel land mines, cluster munitions and biological/chemical weaponry.

FOR MORE ABOUT OUR APPROACH TO ESG & IMPACT INVESTING, PLEASE VISIT [WWW.NB.COM/ESG](http://WWW.NB.COM/ESG).

Note: Investment strategies' ESG integration approaches may evolve over time. This document is addressed to professional clients only.

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