

A full-page background image showing three rock climbers on a steep, rocky mountain face. One climber in a yellow jacket and helmet is on the left, another in a blue jacket and white helmet is in the middle, and a third in a red jacket and orange helmet is on the right. They are all equipped with ropes and harnesses. The sky is overcast with soft light.

NEUBERGER | BERMAN

QUALITY EQUITY GROUP

ANNUAL STEWARDSHIP REPORT
2024

ABOUT NEUBERGER BERMAN

Neuberger Berman is an employee-owned, private, independent investment manager founded in 1939 with over 2,800 employees in 26 countries. The firm manages \$508 billion of equities, fixed income, private equity, real estate and hedge fund portfolios for global institutions, advisors and individuals. Neuberger Berman's investment philosophy is founded on active management, fundamental research and engaged ownership. In 2024, Neuberger Berman was named #1 [Best Place to Work in Money Management](#) by *Pensions & Investments* for firms with more than 1,000 employees, marking its fourth top ranking—the most of any firm in the category. Overall, the firm has placed #1 or #2 for 11 consecutive years. Visit www.nb.com for more information. Data as of December 31, 2024.

LETTER TO INVESTORS

Dear Investors,

At Neuberger Berman, the Quality Equity team's investment philosophy is deeply rooted in the principle of quality ownership, which shapes how we think, act and engage as long-term investors. We set a high bar for the businesses we choose to own, focusing on those that meet our rigorous standards of excellence and demonstrate leadership on critical sustainability issues. Our approach is not about acquiring underperforming businesses and attempting to make them better; instead, we seek out quality compounders—companies that exhibit strong business practices through what we refer to as an "ownership lens" and deliver value to shareholders. While many of these companies are already leaders in their fields, we believe there are always opportunities to raise the bar and drive further improvement. In line with our quality ownership philosophy, we seek to invest in businesses with sustainable, forward-looking practices that benefit stakeholders and shareholders.

Engagement is a cornerstone of our long-term ownership strategy and a process we view as an enduring endeavor. While proxy season often brings visibility to investor actions, we believe the most meaningful progress occurs through multi-year, behind-the-scenes dialogues with management teams. These ongoing conversations, which rarely make headlines, allow us to collaborate constructively in seeking to create long-term value for shareholders over time. Of course, we remain committed to voting our proxies, providing consultative input and supporting governance initiatives during proxy season. However, we believe the value of our engagement is best illustrated through real-world examples.

Direct dialogue with management teams and boards of directors is a hallmark of our approach. These conversations are critical in building trust, exchanging insights and supporting cultures of candor and accountability. Whether it's offering feedback on governance practices or discussing strategies for sustainable growth, these ongoing dialogues are integral to our investment process. In many cases, companies proactively seek our input, recognizing the value of our perspective as long-term shareholders. This collaborative relationship underscores the importance of maintaining open, constructive communication as a key driver of effective engagement.

As fiduciaries entrusted with our clients' capital, we believe our credibility, expertise and impact are enhanced by embracing multi-stakeholder dialogue. In keeping with our approach as multidisciplinary investors, we seek broad input to inform our investment decision-making on material and emerging issues. To enhance our research process and on behalf of our clients, we engage with organizations such as the Interfaith Center on Corporate Responsibility (ICCR), CDP, U.S. Sustainable Investment Forum (SIF), labor groups, academia, NGOs and other asset owners who share our commitment to stewardship and sustainable investing. These partnerships allow us to leverage diverse expertise while maintaining our independence and focus on delivering long-term value. By participating in these broader conversations, we not only enhance our own insights, but also contribute to the development and advancement of best practices across industries.

In this report, we are pleased to share several case studies that highlight how we have driven positive change and supported sustainable business practices that create long-term value for our shareholders as well as potentially benefitting other stakeholders. These examples reflect our approach to quality ownership, and which we believe illustrate the opportunity for active long-term investors to contribute to real-world financial outcomes on behalf of our clients.

Thank you for your continued trust and partnership. We remain committed to delivering value through meaningful, long-term ownership and look forward to sharing more updates on our progress and initiatives going forward.



DANIEL HANSON, CFA
Group Head and Senior
Portfolio Manager

"In this report, we are pleased to share case studies that highlight the importance of sustained, thoughtful engagement in both driving positive change and real-world financial impact, further underscoring our investment conviction."

IN MEMORY OF JANET PRINDLE (1936 – 2025)

Janet joined Neuberger Berman in 1977 and left an inspiring mark on the firm during her career before retiring in 2004. Not only was she named our first female partner in 1983, but she was a pioneer in socially responsible investing (SRI). In 1988, Janet approached Larry Zicklin, then Managing Partner, and the firm's other partners with her thesis that SRI would be an emerging theme. As Larry said succinctly then, and time has proven, "she was right." The SRI strategy launched the following year and, as one of the first of its kind, laid the groundwork for our continued focus on sustainable investing.



"We pride ourselves on client service and our ability to work with clients to help them translate their values into practical investment guidelines."

Summary of Stewardship Efforts: January 2022 to December 2024

STRATEGY LAUNCH DATE
NOVEMBER 1989

STRATEGY ASSETS UNDER MANAGEMENT
\$4.9bn

COMPANIES ENGAGED
60

ENGAGEMENTS HELD
135

120 MEETINGS VOTED

53% OF MEETINGS WHERE WE VOTED AGAINST MANAGEMENT FOR AT LEAST ONE PROPOSAL

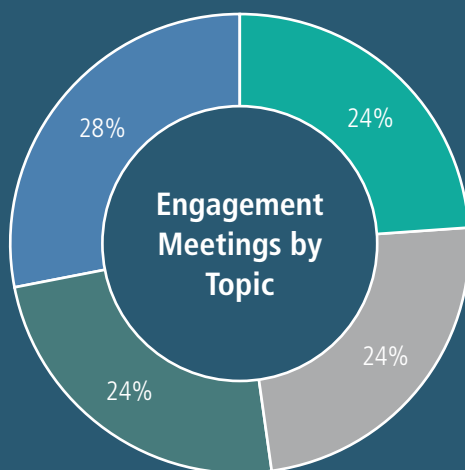
TOPICS WE ENGAGED ON¹

CLIMATE ACTION

- Climate change
- Energy efficiency
- Renewable energy sourcing
- Water management
- Chemical management
- Circular economy
- Deforestation

GOVERNANCE, OVERSIGHT & ACCOUNTABILITY

- Political contributions
- Board oversight of ESG issues
- Board independence
- Executive compensation
- Over boarding



HUMAN CAPITAL RIGHTS

- Workplace inclusivity
- Health & safety
- Access to medicine/healthcare
- Access to nutrition
- Income/economic inequality
- Animal welfare

PRODUCT INTEGRITY & SUPPLY CHAIN

- Supply chain/sustainable sourcing
- Supply chain/labor practices
- Product life cycle assessment
- Product quality/impact

Source: Neuberger Berman, engagement information shown represent activities conducted over the three years ending December 31, 2024.

Our Strategy

The Neuberger Berman Quality Equity Strategy employs a fundamental, research-driven approach to stock selection and portfolio construction, with a focus on long-term sustainability issues that are financially material in our view. We seek to identify high-quality, well-positioned companies with leadership focused on sustainability issues relevant to their business and certain practices, including:

- i. clear and relevant communication regarding management’s understanding, commitment to, and prioritization of, sustainability issues relevant to the business;
- ii. identification and disclosure of financially material sustainability considerations and management objectives (e.g., sustainability-linked goals and targets, including their supply chain, or executive compensation frameworks linked to such goals and targets); and/or
- iii. board-level oversight on financially material sustainability issues.

APPROACH TO ENERGY TRANSITION: SEEK TO IDENTIFY LEADERS IN THE ENERGY TRANSITION

We have been at the forefront of advocating for financially material sustainability issues as part of our investment philosophy and process. Consistent with that, we continue to identify companies that we believe are responsive to environmental issues, including those that have identified and communicated climate-related risks and opportunities, have identified and communicated net-zero transition plans, and have committed to or are transitioning to facilitate global decarbonization and/or the reduction of other greenhouse gas emissions.

As such, the portfolio may own energy companies that have demonstrated a commitment to the carbon transition, which may include the following:

- Companies with board-level oversight on climate change issues and climate transition plans in place;
- Companies with robust disclosure around climate risks and opportunities;
- Companies who have set science-based emissions reduction targets; and
- Companies deriving significant revenue from contributing activities violations

A combination of the above characteristics and leadership qualities will be taken into consideration to provide a holistic view of a company’s overall management, preparedness and actionable commitments in order to transition to a lower-carbon economy, all of which may influence decisions regarding security purchases and portfolio construction.

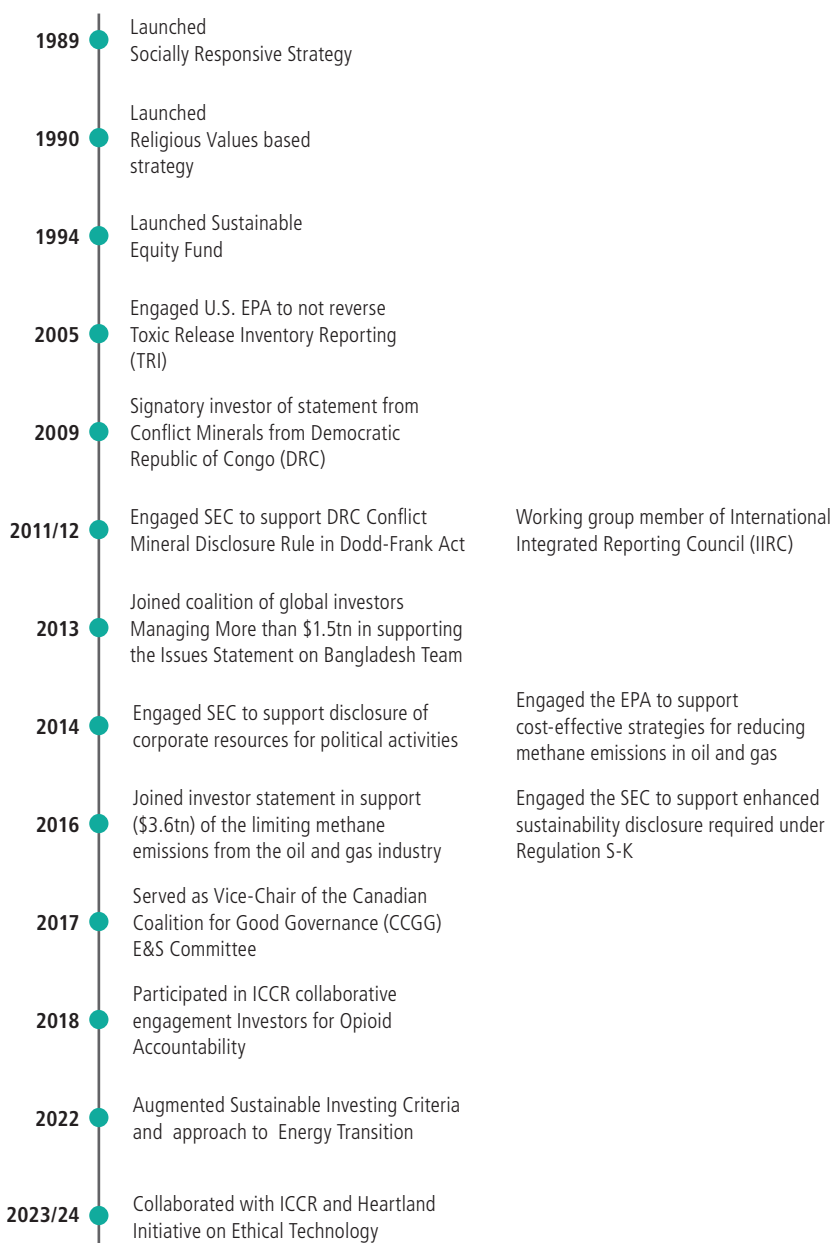
BUSINESS QUALITY AND SUSTAINABILITY CRITERIA		
Sustainability Due Diligence <ul style="list-style-type: none">• Formal process in addition to ongoing monitoring, criteria include:	Inclusionary Criteria <ul style="list-style-type: none">• C-suite level leadership• Disclosure practices and commitments• Governance and accountability• Energy transition leaders	Exclusionary Criteria* <ul style="list-style-type: none">• We seek to avoid companies which generate negative public externalities including, but not limited to, tobacco, alcohol, weapons, gambling, private prisons• Human Rights (UN Global Compact compliance)

*Exclusionary criteria for illustrative purposes only. Full details of Sustainable Investing Criteria available at: [NB Sustainable Investing Criteria](#). This material is intended as a broad overview of the portfolio managers’ current style, philosophy and process and is subject to change without notice. Portfolio managers’ views may differ from those of other portfolio managers as well as the views of Neuberger Berman.

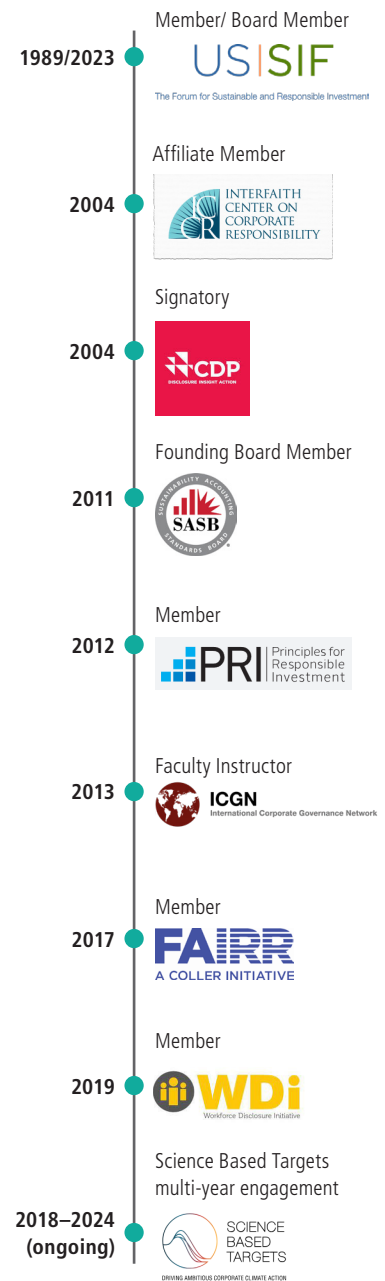
Driving Change Through Active Engagement

Over 30 years of partnerships, engagements and driving change

MAJOR MILESTONES AND MULTI-STAKEHOLDER ENGAGEMENTS*



ACTIVE ADVOCATES OF SUSTAINABLE INVESTING

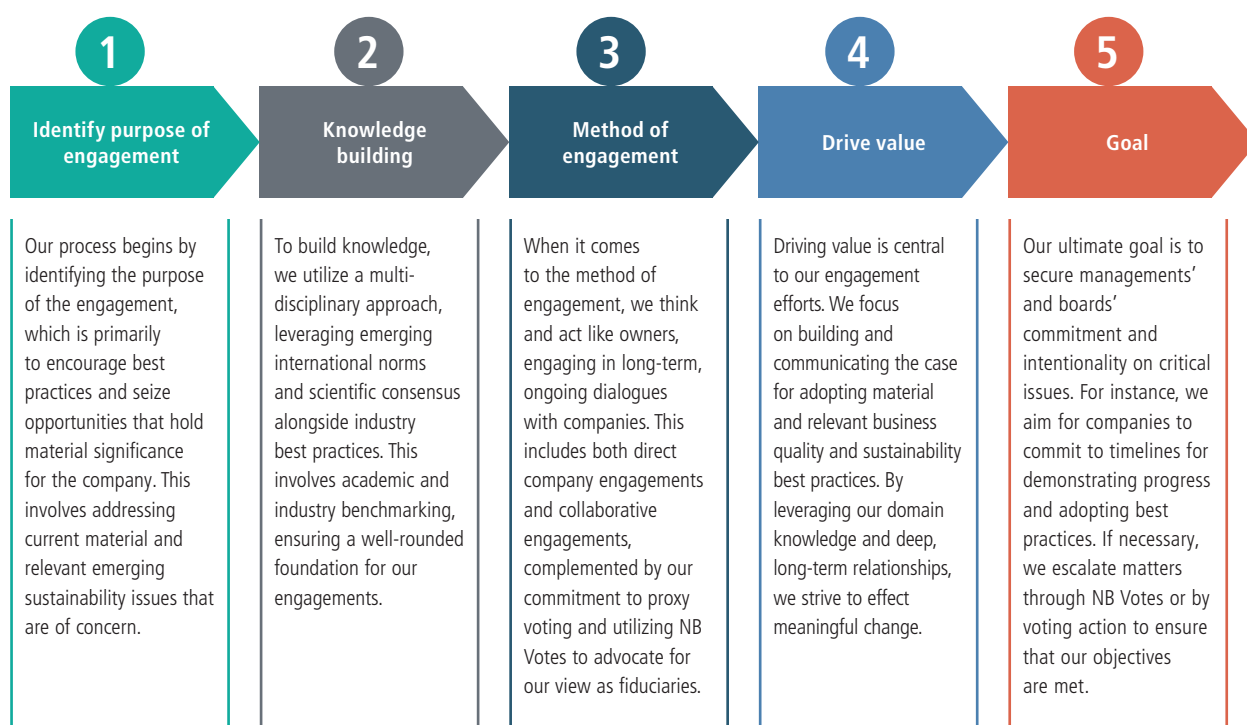


Memberships referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Memberships are not indicative of the past or future performance of any Neuberger Berman product or service. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. See Additional Disclosures at the end of this presentation.

Our Approach to Engagement

We adopt a multi-stakeholder perspective aimed at driving long-term shareholder value as fiduciaries on behalf of our clients. Our approach is distinct in that our engagement timelines typically span multiple years, in keeping with our ownership time horizon.

QUALITY OWNERSHIP, MULTIYEAR HORIZON



As long-term owners, with our deep domain knowledge and long-term business relationships, we engage high-quality company management to raise the bar of their attention to material, relevant and emerging environmental, social and governance issues that have the potential to improve the long-term competitive advantage of the companies we invest in, in return, benefitting shareholders and stakeholders.

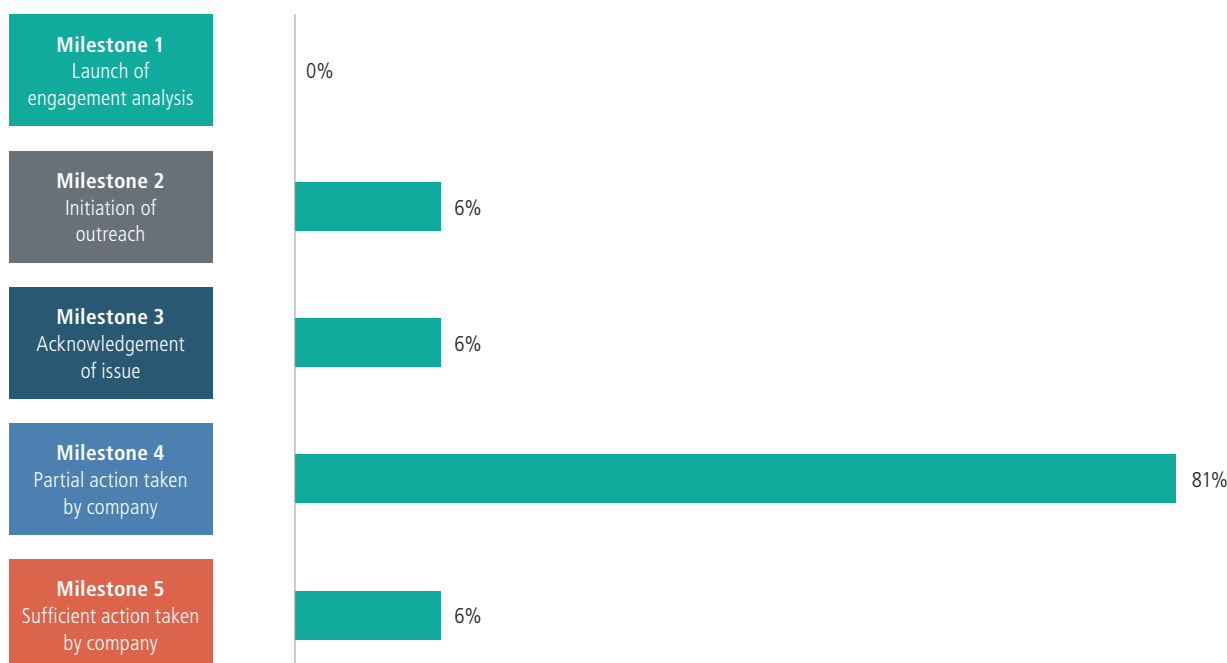
FROM 2022 – 2024 WE ENGAGED WITH 60 COMPANIES IN OUR PORTFOLIO AND CONDUCTED 135 ENGAGEMENTS IN TOTAL.



ENGAGEMENT TRACKING IN FIVE STAGES

In 2024, we refined our methodology by implementing a formal process for engagement tracking and reporting, a multistaged tracking system that records issuer progress toward our engagement objectives. Below we show how engagements are split across five stages based on issuer responsiveness. Given our long-term investment horizon and multiyear engagement timelines, the majority of our engagement milestones have reached stage 4, where partial action has been taken by the company and we continue to monitor progress on stated actions and any further potential progress.

Quality Equity Engagement Milestones: 2024 Calendar Year



Milestone 1: Launch of engagement analysis

Neuberger Berman identifies topics that are financially material to an issuer's business and sets an engagement objective.

Milestone 2: Initiation of outreach

Neuberger Berman contacts the company to discuss the established engagement objective.

Milestone 3: Acknowledgement of issue

Company management acknowledges the identified financially material issue.

Milestone 4: Partial action taken by company

Company has made some degree of progress toward achieving the engagement objective.

Milestone 5: Sufficient action taken by company

Company addresses the identified financially material topic and has met the engagement objective.



ANDY PRITTI
Senior Research Analyst,
Quality Equity Team,
New York

ENGAGEMENT CASE STUDY: CSX

Advocating for Executive-Level Accountability

Background

According to the Environmental Protection Agency (EPA), freight railroads contribute to only 0.5% of the total U.S. GHG emissions and to 1.7% of transportation-related greenhouse gas (GHG) emissions, while cars and trucks contribute to 58.5% and 23.4%, respectively. This stark difference underscores rail's potential to contribute to U.S. and global environmental goals by shifting freight from road to rail. While the direct fuel efficiency benefit of moving a ton of freight by rail four times as far as a ton of freight by truck is easy to understand, there are additional more nuanced benefits from rail removing freight from truck. Decreased highway congestion has a number of wide-ranging benefits, including reduced emissions, increased safety and better quality of life.

Given the railroad industry is classified as common carriers serving a public good for societal benefit, there is meaningful federal regulatory oversight. In recent years, the industry has faced increased scrutiny especially following incidents such as the highly publicized derailment in Ohio in 2023. Notwithstanding these challenges, railroads have shown significant improvements in safety and accident rates since 2000. According to 2023 Federal Railroad Administration (FRA) data, derailment rates across all railroads and hazardous materials accident rate per carload have significantly decreased. Further, among U.S. Class I railroads, main line accident rates and yard accident rates have also improved substantially. Railroad safety is deeply intertwined with financial materiality, affecting everything from operational efficiency to legal liabilities and social license to operate.

Scope and Process

Our engagement with CSX, the leading supplier of rail-based freight transportation, began in 2018 as part of our overall due diligence ahead of our initial investment. Our relationship with the prior CEO Jim Foote, and his predecessor Hunter Harrison, recognized industry leaders, spans two decades, underscoring our long-term engagement with the sector. At that time, we were attracted by the company's overall governance and culture as a solid operator. Since then, our interactions with CSX have included multiple visits to the company, allowing us to meet with operations personnel, the management team, and to tour classification yards and maintenance facilities. Our conviction in the operational depth of management, and an enduring governance and executive accountability framework, have been pivotal given the succession of CEOs during our ownership to current CEO Joe Hinrichs (since 2022).

In our opinion, safety with board-level oversight in a railroad operator is a critical Key Performance Indicator (KPI). As such, in seeking to compound multiyear returns for shareholders, we encouraged the company to add safety metrics to its executive compensation plan, and to refine its existing emissions reduction targets to be aligned to net zero and have them approved by the Science-based Targets initiative (SBTi).

Furthermore, during the Covid-19 pandemic, we proactively engaged the company, in consultation with the Workforce Disclosure Initiative (WDI), advocating for the health and safety of the company's essential workforce, enhancing paid sick leave policies, and addressing workforce concerns.

Outcomes and Outlook

In response to our engagement, safety metrics were included in CSX's executive compensation plan for the first time in 2019 at a 10% weighting. We view CSX's early adoption of credible safety metrics and KPIs, which include both workforce injuries and derailments, as a reflection of an authentic pro-stakeholder culture, which we communicated in our NB Votes in 2020 and 2024. The relentless focus on safe operations represented by the 2019 targets has helped to drive a 9% improvement for CSX in train accident frequency and a 13% improvement in personal injury frequency.

The company also successfully navigated its essential workforce throughout the Covid-19 pandemic and subsequent union negotiations while also refining its emissions targets to align to a net-zero pathway and certification by the SBTi. CEO Hinrichs has been successful in improving employee engagement, labor relations and reinforcing an overall culture of safety and a priority on social license to operate, all of which directly impact shareholder outcomes.



ANDY PRITTI
Senior Research Analyst,
Quality Equity Team,
New York

ENGAGEMENT CASE STUDY: COTERRA ENERGY

Advocating for Leadership in Methane Management

Background

COP28 highlighted the need to reduce methane emissions while natural gas continues to play an important role in the transition away from more carbon-intensive fossil fuels. We believe that establishing best practices in natural gas production, with particular regard to methane management is a key imperative for gas producers. We have engaged and encouraged Coterra Energy to take a leadership role in defining and adopting industry best practices for methane management, including operational and technology investments, transparency and reporting and joining industry collaborations such as the Oil and Gas Methane Partnership 2.0 (OGMP 2.0).

Methane, the primary component of natural gas, is a potent greenhouse gas with significant financial, regulatory and reputational implications for businesses. Today, the energy sector accounts for around 40% of total methane emissions attributable to human activity, second only to agriculture. Methane is responsible for around 30% of the rise in global temperatures since the Industrial Revolution.¹ Methane that is emitted is essentially product that is lost. Capturing methane can improve operational efficiency by turning potential waste into a marketable product. Companies that effectively manage their methane emissions can improve their reputation with stakeholders, investors and the public, helping to maintain their social license to operate.

Scope and Process

We have been engaging with Coterra CEO Tom Jorden on a range of sustainability issues for well over a decade, dating from when he served as CEO of Cimarex. During his tenure, the company was responsive to shareholder feedback regarding expanding its disclosures and initiating a methane leak detection and reporting system, among other actions.

After a merger establishing the current Coterra organization was completed, our dialogue continued within the context of generating a new set of practice standards, disclosures and emission targets for the combined company. At the request of management, we sat down with CEO Jorden, the senior operating team with direct responsibility for establishing emissions reduction targets, and members of the company's sustainability team to discuss related issues and provide comprehensive recommendations, such as aligning climate disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), formalizing board oversight of climate matters, and including an emission-reduction metric in the compensation program.

In addition to direct engagements with the company, in 2023 we also reinforced this feedback through the inclusion of our support in NB Votes, our advanced voting disclosure initiative, for the shareholder proposal that called on Coterra to provide more comprehensive reporting on its approach to methane measurement, including collaboration with industry efforts, such as the OGMP 2.0. Within the oil and gas industry, the move toward real-time methane emissions methodologies is becoming a central part of regulatory standards.

Outcomes and Outlook

Coterra, in our view, has an engineering-based culture that is committed to reducing methane emissions across its own operations, thus reducing the risk that such emissions pose to its business and the environment over the long term. In response to our engagement, the Company published a TCFD/SASB aligned sustainability report, included an emissions reduction metric in its incentive program, and joined the OGMP 2.0, demonstrating leadership and advancing industry best practices. We value our ongoing dialogue with Coterra and look forward to continued discussions in addressing the opportunity for responsible natural gas producers to drive climate leadership.

¹ [IEA Global Methane Tracker 2023](#).



VITOR CEPELOWICZ
Senior Research Analyst,
Quality Equity Team,
New York

ENGAGEMENT CASE STUDY: AMAZON

Enhancing Commitments to Safety

Background

As a premier e-commerce company, Amazon has leveraged its expansive scale, logistics expertise and operational finesse to outpace competitors, with its commitment to warehouse automation, fleet modernization and sustainable packaging initiatives significantly bolstering its market dominance. A key consideration in our decision to invest in Amazon was our confidence that management is credibly committed to best-in-class human capital management and strong employee relations.

In following through on Executive Chair Jeff Bezos's 2021 commitment to be "Earth's best employer and safest place to work", in 2022, newly minted CEO Andy Jassy formalized two bold leadership principles: "Strive to be Earth's Best Employer" and "Scale Brings Broad Responsibility". Jassy further acknowledged that safety continues to be a priority at the company by disclosing and benchmarking employee safety statistics and stating "we don't seek to be average, we want to be best in class". This ambition has driven substantial investments in labor practices and a robust framework for continued improvement in working conditions and safety outcomes.

The company's operational model, although efficient, may carry significant health and safety costs for its workforce, potentially affecting long-term worker availability and company sustainability. Over many years, Amazon has continued on an aggressive expansion path which presents challenges and complexities in human capital management. Our analysis takes into consideration that employment at Amazon can at times be a high-intensity working culture, but on balance, the company is committed to being a best-in-class status and delivering positive outcomes.

As investors, we are impressed with Amazon's data-driven culture of accountability. However, with regards to contract employees and delivery service providers (DSPs) we were concerned that the company may have had a blind spot with how they were assessing company safety.

After extensive due diligence, the Sustainable Equity team initiated an investment position in the third quarter of 2022 based on Amazon's strong fundamentals, entrepreneurial leadership, and record of working to improve its standards with relation to material environmental, social and governance practices. With regard to human capital, we believed that proactive management and commitment to best-in-class status would reduce reputational risks, improve workforce stability and potentially avert future regulatory or labor challenges.

Scope and Process

Our engagement with Amazon began in mid-2022 as an integral component to our investment underwriting process. Our fundamental and sustainability research on material Key Performance Indicators (KPIs) and engagement on emerging issues was comprehensive and included communication with a variety of stakeholders, including employees, journalists, non-governmental organizations and academia.

Over the subsequent two years, our direct dialogue with the company included in-depth discussions with key governance figures, including three active board members, and sustainability executives, including roles such as Workplace Health and Safety, Governance and External Affairs, Associate General Counsel, Labor and Employee Relations, Senior Human Rights Manager and Senior Program Manager, Career Choice and Operations Human Resources. These interactions allowed us to delve into critical areas such as health and safety, employee turnover, wages, unionization and initiatives aimed at employee skill enhancement and career advancement.

Through reviews of Amazon's sustainability disclosures and filings, coupled with regular safety-focused discussions, we gained insights into the company's evolving safety practices and metrics, indicating a positive trend in safety improvements. However, we noted that the company did not disclose safety metrics for its outside Delivery Service Providers or DSPs, something that we believed was essential to better capture its overall safety record. In keeping with our view that, "what gets measured gets managed", we encouraged the company to expand their safety disclosures to include DSPs.

Outcomes and Outlook

Subsequent to our dialogue, the company began reporting safety metrics for DSPs in the first quarter of 2024, reflecting not only its commitment to improvement but also, we believe, illustrating the impact that engagement can have, even on the largest of companies. We believe that Amazon's data-driven management approach and commitment to transparent disclosure are driving real results. We continue to closely monitor Amazon's performance regarding human capital. Given the company's extraordinary reach, its practices have ramifications across a host of areas, including raising the bar for competitor labor practices. Our ongoing engagement ensures that we are well positioned to assess Amazon's business execution and adherence to its commitments, aligning investment strategy with sustainability objectives and with shareholder and stakeholder expectations.



DINA CIARMATORI
Senior Research Analyst,
Quality Equity Team,
New York

ENGAGEMENT CASE STUDY: NET-ZERO ALIGNMENT

Ongoing Thematic Engagement – Science-Based Targets 2018 – 2024

Background

Climate change poses significant risks and opportunities for companies across all sectors, and investors are increasingly aware of these impacts. Many of the companies in our portfolio participate in the CDP (formerly known as the Carbon Disclosure Project), which we regard as the most effective platform for communicating climate-related risks and opportunities at the company level. This aligns with the TCFD recommendations. To further promote action on reducing GHG emissions, SBTi plays a critical role in driving ambitious climate action within the private sector. It provides a framework for companies to set science-based emissions reduction targets. Setting SBTs demonstrates that a company is actively addressing climate risks, which are seen as financially material by investors, particularly those with a long-term investing horizon.

Science-based targets offer companies a clear, actionable pathway to reduce emissions in alignment with the goals of the Paris Agreement. These targets are deemed “science-based” if they align with the latest climate science, which outlines the necessary actions to limit global warming to well below 2°C above pre-industrial levels, while pursuing efforts to limit warming to 1.5°C. By encouraging the adoption of science-based targets, investors have the ability to decarbonize their portfolios and mitigate climate-related risks. Companies of all sizes and across all sectors are urged to adopt these targets and submit them for approval by the SBTi.

Scope and Process

Our efforts began with an evaluation of each holding within the Neuberger Berman Quality Equity portfolio. We discovered that by the end of 2017, only one company in the portfolio had SBTi-approved targets. The majority of companies were either unaware of the SBTi or in the very early stages of assessing their own emissions reduction targets to determine alignment with Paris Agreement goals.

In early 2018, we initiated outreach by sending letters to each portfolio company. These letters were addressed to the CEO, Chairman, Lead Director and Investor Relations contact, explicitly asking whether the company was considering or implementing science-based targets. This initial outreach was complemented by follow-up discussions during ongoing ESG-related engagement activities. We began tracking company responses, including insights from their CDP submissions, to identify which companies were actively implementing or considering science-based targets.

Our efforts expanded in 2020 when Neuberger Berman joined a coalition of investors with US\$2.3 tn in assets under management to support the CDP Science-Based Targets campaign. This collaboration helped amplify outreach efforts and promote SBT adoption not only among our portfolio companies, but also across a broader range of firms.

Outcomes and Outlook

As of December 31, 2024, approximately 65% of the companies in our portfolio have adopted SBTi-approved targets, compared to 59% in the S&P 500 benchmark. The SBTi reports that over 7,000 businesses and financial institutions globally are striving to implement these targets to reduce emissions in line with climate science.¹

While some engagements have been challenging—management teams may resist additional disclosures—other efforts have been met with enthusiasm, leading to greater adoption of science-based targets. These discussions represent a multiyear endeavor that requires sustained attention and collaboration. We continue to work with CDP and SBTi to identify ways to better support companies in achieving their emissions reduction goals, particularly in enhancing their scope 3 targets where materially relevant.

Looking ahead, we remain committed to increasing the adoption of science-based targets across our portfolio. By fostering these conversations and partnerships, we aim to strengthen climate action and drive meaningful progress toward reducing emissions in alignment with global climate goals.

¹ [Sciencebasedtargets.org](https://sciencebasedtargets.org) accessed March 2025.

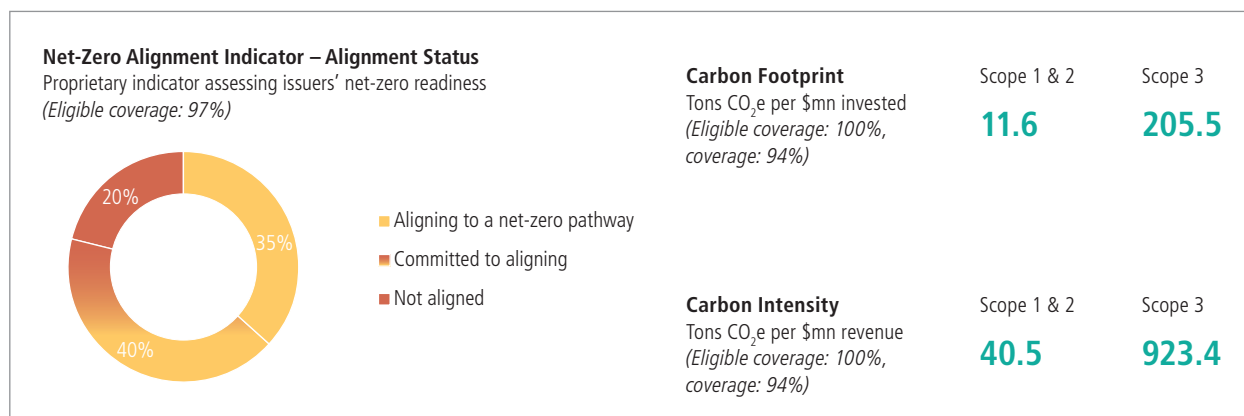
Our Net-Zero Journey

We incorporate a bottom-up analysis when evaluating climate-related risks and opportunities. Climate change considerations, which have been a part of our investment process for more than 30 years, will have significant and varying impacts across many sectors. We encourage the companies we invest in to improve disclosure across their operations and supply chains globally. These disclosures are an important step forward in enabling investors to more accurately identify risks and opportunities that can help to support a smooth transition to a low-carbon economy. Investors need to understand how climate-related risks and opportunities are likely to impact companies' future financial position and each company's sustainable competitive advantage.

As described in the previous case study, we have been having ongoing dialogues across all our portfolio holdings advocating for the adoption of science-based targets since 2018. We believe the SBTi framework of focusing on interim targets (e.g. 2030) allows us to better assess a company's progress toward their long-term 2050 net-zero goals.

In addition, we measure issuer net-zero readiness using Neuberger Berman's proprietary [Net-Zero Alignment Indicator](#), a forward-looking tool that seeks to capture an issuer's status and progress toward net-zero targets. The Indicator was created in partnership with our clients with decarbonization targets and incorporates specific sub-indicators that were informed by the high-level expectations of the Institutional Investor Group on Climate Change (IIGCC). The net-zero alignment status of the strategy is measured by the sum of investments in issuers with approved science-based emissions reduction targets.

QUALITY EQUITY – CLIMATE METRICS



Source: Neuberger Berman, as of December 31, 2024.

READ MORE ABOUT THE NET-ZERO ALIGNMENT INDICATOR IN A HARVARD BUSINESS SCHOOL CASE STUDY BY PROFESSOR GEORGE SERAFEIM, [INVESTING IN THE CLIMATE TRANSITION AT NEUBERGER BERMAN](#), WHICH EXPLAINS HOW THE INDICATOR IS IMPLEMENTED IN NEUBERGER BERMAN CLIMATE TRANSITION FIXED INCOME AND EQUITY SOLUTIONS.

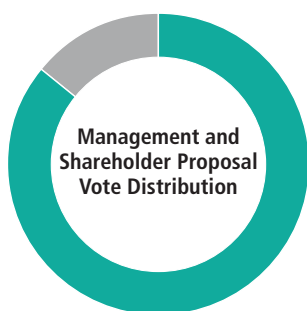


Voting Statistics

Over the last three years (January 2022 – December 2024), we voted at 100% of meetings, where 86% of the proposals were put forth by management and 14% by shareholders. We have been strong supporters of environmental and social proposals since our strategy's inception that we believe are aligned with our sustainability focused proxy voting guidelines along with shareholder interests. This is reflected in both the 3% of management proposals and the 68% of shareholder proposals we opposed during the three-year time period. We opposed management on at least one ballot item at 53% of meetings during the 2022 – 2024 period.

This period highlighted key themes such as executive compensation scrutiny, demands for greater AI governance, increased interest in climate related disclosures, and human capital. In addition, we initiated 16 NB Votes involving the escalation of various sustainability issues such as Responsible AI, ethical use of technology, workplace conditions, freedom of association, climate reporting and lobbying alignment. We continue to be proactive in voting our proxies and contributing to the NB Votes initiative.

Shareholder Proposals, **14%**

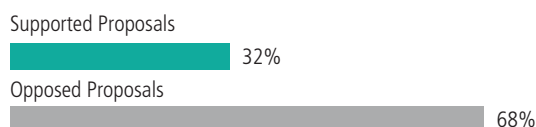


Management Proposals, **86%**

Management Proposals (1,402 votes)



Shareholders Proposals (232 Votes)



NB Votes

In 2020, Neuberger Berman launched [NB Votes](#), an advance proxy vote disclosure initiative in which our firm announces our voting intentions and rationales in advance of the annual general meetings (AGMs) of a select group of companies in which we invest on behalf of clients. This program seeks to share our opinions and provide insight to our analysis by preannouncing our proxy-voting intentions on an array of voting topics that, we believe, have material economic consequences for our clients.

Below we present our NB Votes activities over the past three calendar years.

100% PROXIES VOTED

1,605 NUMBER OF VOTES CAST

69% OF NB VOTES IN SUPPORT OF MANAGEMENT

31% OF NB VOTES IN OPPOSITION TO MANAGEMENT

IMPORTANT INFORMATION

As announced on May 29, 2025, the Neuberger Berman Sustainable Equity Group has been renamed the Neuberger Berman Quality Equity Group, effective on or about July 28, 2025.

This material is intended as a broad overview of the portfolio managers' current style, philosophy and process. This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability.

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