

Dear Client,

As a firm, Neuberger Berman believes that material environmental, social and governance (ESG) characteristics are important drivers of long-term investment returns from both an opportunity and a risk mitigation perspective. At a time when COVID-19 is threatening the health of people around the world, the responsibility of businesses to their workers, suppliers, customers, communities and the planet has never been clearer. Paying attention to these factors helps make us smarter investors and allows us to better serve you, our clients. In recognition of our continued commitment to ESG integration, I am pleased to share that Neuberger Berman received A+ ratings across all categories for the second year in a row in the UN-Supported Principles for Responsible Investment (PRI) assessment report. Even as the bar continues to be raised, our top scores have put us above the peer median in every category.

Our investment professionals integrate ESG characteristics into their research and portfolio construction in a manner which is consistent with the specific asset class and style of each investment strategy. We believe that this is to the benefit our clients, supports better functioning capital markets, and generates positive impacts for the world as a whole. We continue to enhance the sophistication of our ESG analysis across the firm given a fast-changing market and evolving regulatory landscape.

Since 2012, we have demonstrated our commitment to ESG investing by being a signatory to the PRI. The PRI provides one framework through which to report and assess our ESG integration efforts, and so we are pleased to provide you with a copy of our 2020 Transparency Report which is based on our efforts through year end 2019.

Also available is a copy of our [ESG Policy](#), which provides a broad framework for our approach to ESG integration. You can read more about how ESG has shaped our decision making in our [2019 ESG Annual Report](#), as well as our latest white papers, articles and perspectives on ESG topics from investment professionals across the firm on www.nb.com/esg.

And finally, feel free to reach out to us with questions. Our investment teams can provide you with a deeper understanding of how ESG characteristics are considered in their strategies and how we can most fully address the impact objectives that matter most to you. We welcome your feedback and suggestions.

Thank you for your interest.

Sincerely,



Joseph V. Amato
President and Chief Investment Officer – Equity
Member, ESG Committee



Jonathan Bailey
Head of ESG & Impact Investing
Chair, ESG Committee

Neuberger Berman Group LLC

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2020 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO TG		🔒	n/a							
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Active ownership practices for listed assets	✓	Public							✓
OO 11	ESG incorporation practices for all assets	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓
OO LE 01	Breakdown of listed equity investments by passive and active strategies	✓	Public							✓
OO LE 02	Reporting on strategies that are <10% of actively managed listed equities	🔒	n/a							✓
OO FI 01	Breakdown of fixed income investments by passive and active strategies	✓	Public							✓
OO FI 02	Reporting on strategies that are <10% of actively managed fixed income	🔒	n/a							✓
OO FI 03	Fixed income breakdown by market and credit quality	✓	Public							✓
OO SAM 01	Breakdown of externally managed investments by passive and active strategies	🔒	n/a							✓
OO PE 01	Breakdown of private equity investments by strategy	✓	Public							✓
OO PE 02	Typical level of ownership in private equity investments	✓	Private							✓
OO PR 01	Breakdown of property investments	🔒	n/a							✓
OO PR 02	Breakdown of property assets by management	🔒	n/a							✓
OO PR 03	Largest property types	🔒	n/a							✓
OO INF 01	Breakdown of infrastructure investments	🔒	n/a							✓
OO INF 02	Breakdown of infrastructure assets by management	🔒	n/a							✓
OO INF 03	Largest infrastructure sectors	🔒	n/a							✓
OO HF 01	Breakdown of hedge funds investments by strategies	✓	Private							✓
OO End	Module confirmation page	✓	-							

CCStrategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 01 CC	Climate risk	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Public							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Public							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 07 CC	Climate-issues roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09.2	Assets managed by PRI signatories	✓	Private	✓						
SG 10	Promoting RI independently	✓	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Public				✓	✓	✓	
SG 12	Role of investment consultants/fiduciary managers	✓	Public				✓			
SG 13	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13 CC		✓	Public							✓
SG 14	Long term investment risks and opportunity	✓	Public	✓						
SG 14 CC		✓	Public							✓
SG 15	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 16	ESG issues for internally managed assets not reported in framework	✓	Public							✓
SG 17	ESG issues for externally managed assets not reported in framework	✓	Public							✓
SG 18	Innovative features of approach to RI	✓	Public							✓
SG 19	Communication	✓	Public		✓				✓	
SG End	Module confirmation page	✓	-							

Indirect – Manager Selection, Appointment and Monitoring				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SAM 01	ESG incorporation strategies	🔒	n/a	✓						
SAM 02	Selection processes (LE and FI)	✓	Public	✓						
SAM 03	Evaluating engagement and voting practices in manager selection (listed equity/fixed income)	🔒	n/a		✓					
SAM 04	Appointment processes (listed equity/fixed income)	✓	Public	✓						
SAM 05	Monitoring processes (listed equity/fixed income)	✓	Public	✓						
SAM 06	Monitoring on active ownership (listed equity/fixed income)	🔒	n/a	✓						
SAM 07	Percentage of (proxy) votes	🔒	n/a		✓					
SAM 08	Percentage of externally managed assets managed by PRI signatories	✓	Public	✓						
SAM 09	Examples of ESG issues in selection, appointment and monitoring processes	✓	Public	✓					✓	
SAM End	Module confirmation page	✓	-							

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Percentage of each incorporation strategy	✓	Public	✓						
LEI 02	Type of ESG information used in investment decision	✓	Public	✓						
LEI 03	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 04	Types of screening applied	✓	Public	✓						
LEI 05	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 06	Processes to ensure fund criteria are not breached	✓	Public	✓						
LEI 07	Types of sustainability thematic funds/mandates	✓	Public	✓						
LEI 08	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 09	Processes to ensure integration is based on robust analysis	✓	Public	✓						
LEI 10	Aspects of analysis ESG information is integrated into	✓	Public	✓						
LEI 11	ESG issues in index construction	🔒	n/a	✓						
LEI 12	How ESG incorporation has influenced portfolio composition	✓	Public	✓						
LEI 13	Examples of ESG issues that affected your investment view / performance	✓	Public	✓						
LEI End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Role in engagement process	✓	Public		✓		✓			
LEA 07	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 08	Tracking number of engagements	✓	Public		✓					
LEA 09	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 10	Engagement methods	✓	Public		✓					
LEA 11	Examples of ESG engagements	✓	Public		✓					
LEA 12	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 13	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 14	Securities lending programme	✓	Private		✓					
LEA 15	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 16	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 17	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 18	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 19	Proportion of ballot items that were for/against/abstentions	✓	Public		✓					
LEA 20	Shareholder resolutions	✓	Public		✓					
LEA 21	Examples of (proxy) voting activities	✓	Public		✓					
LEA End	Module confirmation page	✓	-							

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Incorporation strategies applied	✓	Public	✓						
FI 02	ESG issues and issuer research	✓	Private	✓						
FI 03	Processes to ensure analysis is robust	✓	Public	✓						
FI 04	Types of screening applied	✓	Public	✓						
FI 05	Examples of ESG factors in screening process	✓	Public	✓						
FI 06	Screening - ensuring criteria are met	✓	Public	✓						
FI 07	Thematic investing - overview	🔒	n/a	✓						
FI 08	Thematic investing - themed bond processes	🔒	n/a	✓						
FI 09	Thematic investing - assessing impact	🔒	n/a	✓						
FI 10	Integration overview	✓	Public	✓						
FI 11	Integration - ESG information in investment processes	✓	Public	✓						
FI 12	Integration - E,S and G issues reviewed	✓	Public	✓						
FI 13	ESG incorporation in passive funds	✓	Public	✓						
FI 14	Engagement overview and coverage	✓	Public		✓					
FI 15	Engagement method	✓	Public	✓	✓					
FI 16	Engagement policy disclosure	✓	Public	✓	✓					
FI 17	Financial/ESG performance	✓	Public							✓
FI 18	Examples - ESG incorporation or engagement	✓	Public	✓	✓					
FI End	Module confirmation page	✓	-							

Confidence building measures				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
CM1 01	Assurance, verification, or review	✓	Public							✓
CM1 02	Assurance of last year`s PRI data	✓	Public							✓
CM1 03	Other confidence building measures	✓	Public							✓
CM1 04	Assurance of this year`s PRI data	✓	Public							✓
CM1 05	External assurance	🔒	n/a							✓
CM1 06	Assurance or internal audit	✓	Public							✓
CM1 07	Internal verification	✓	Public							✓
CM1 01 End	Module confirmation page	✓	-							

Neuberger Berman Group LLC

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	☐ 0% ☐ <10% ☐ 10-50% ☒ >50%
Fund of funds, manager of managers, sub-advised products	☐ 0% ☒ <10% ☐ 10-50% ☐ >50%
Other	☒ 0% ☐ <10% ☐ 10-50% ☐ >50%
Total 100%	

Further options (may be selected in addition to the above)

- ☒ Hedge funds
- ☒ Fund of hedge funds

OO 01.2

Additional information. [Optional]

Firm Overview

Neuberger Berman was founded in 1939 to do one thing: deliver compelling investment results for our clients over the long term. This remains our singular purpose today, driven by a culture rooted in deep fundamental research, the pursuit of investment insight and continuous innovation on behalf of clients, and facilitated by the free exchange of ideas across the organization. Institutions, advisors, families and individuals across the globe have entrusted us with \$356 billion of their capital.

As a private, independent, employee-owned investment manager, Neuberger Berman is structurally aligned with the long-term interests of our clients. We have no external parent or public shareholders to serve, nor other lines of business to distract us from our core mission. And with our employees and their families invested alongside our clients-plus 100% of employee deferred cash compensation directly linked to team and firm strategies-we are truly in this together.

From offices in 23 countries, Neuberger Berman takes an active approach to the management of equity, fixed income, private equity and debt, hedge fund and quantitative strategies, along with the multi-asset class portfolios that bring them together. With more than 600 investment professionals and approximately 2,200 employees¹ in total, Neuberger Berman has built a diverse team of individuals united in their commitment to investment excellence

and dedicated to engagement in support of the material environmental, social and governance characteristics that Neuberger Berman believes help drive long-term returns for our clients. Our culture has afforded us enviable retention rates among our senior investment staff and has earned us a citation from Pensions & Investments as a Best Place to Work in Money Management for six consecutive years.

Several key elements reinforce who we are:

Culture of Partnership and Innovation: As a private, independent, employee-owned investment manager, Neuberger Berman has the freedom to focus exclusively on investing for our clients for the long term. As such, we are deeply attuned to each client's distinct combination of investment goals, risk tolerance, and income and liquidity requirements, and we can act in partnership to address them as they change over time.

Inherent in this culture of partnership is a commitment to innovation, a firm-wide drive to uncover new solutions as markets and client needs evolve. Not merely innovation for its own sake, but rather the development of transformative concepts rooted in practical client applications. Since 1939 we have been on the forefront of a number of industry trends now considered commonplace-from the launch of one of the first no-load mutual funds to the early adoption of socially responsive investment techniques.

Our commitment extends beyond our line-up of investment products. We look to collaborate with clients to overcome a variety of challenges, and we are proud to be a thought partner to our clients, offering access to our investment professionals, both in person and through our thought leadership publications, training and joint research projects.

Experience and Stability: Neuberger Berman - by design - attracts individuals who share a passion for investing and who thrive in an environment of rigorous analysis, challenging dialogue, and professional and personal respect. In a testament to the strength of the culture we have built-honed by more than 80 years of markets and countless "once-in-a-lifetime" events-these professionals have tended to stay with the firm. This stability over time drives results and consistency of process.

On average, our portfolio managers have worked in asset management for an average of 25 years, most of it at Neuberger Berman. And while our clients benefit from the wisdom of our seasoned professionals, we are always looking to supplement their ranks with emerging talent. By enabling the transfer of knowledge, providing growth opportunities for skilled investors and building thoughtful succession plans, we seek to ensure a consistent client experience over the long term.

Breadth of Perspective: Our portfolio management professionals are critical, independent thinkers who benefit from being part of a global, diverse investment organization composed of more than 600 investment professionals with different perspectives on markets, economies and strategies. Clients benefit from the firm's intellectual capital across investment disciplines-equity and credit, public and private, long and short, large and small-as our breadth of perspective bolsters individual conviction and often results in portfolios with high active shares and the potential for alpha generation.

We continue to value the free exchange of ideas in pursuit of insight that might otherwise go undiscovered. We host multiple forums in which our investment professionals can share research, test theories and expose to scrutiny their investment ideas. These include both formal assemblies-such as our various asset class investment committees and the cross-class Asset Allocation Committee, along with our various research teams-as well as informal connections initiated by like-minded professionals with a shared dedication to the pursuit of investment insight on behalf of clients.

* All information as of December 31, 2019 unless otherwise indicated. Firm data reflects the collective data for the various subsidiaries of Neuberger Berman Group LLC.

OO 02	Mandatory	Public	Peering	General
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OO 02.1	Select the location of your organisation's headquarters.
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United States

OO 02.2	Indicate the number of countries in which you have offices (including your headquarters).
☐ 1 ☐ 2-5 ☐ 6-10 ☒ >10	

OO 02.3	Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).
	FTE
2197	

OO 03	Mandatory	Public	Descriptive	General
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OO 03.1	Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.
☐ Yes ☒ No	

OO 04	Mandatory	Public	Gateway/Peering	General
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OO 04.1	Indicate the year end date for your reporting year.
31/12/2019	

OO 04.2	Indicate your total AUM at the end of your reporting year.
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Include the AUM of subsidiaries, but exclude advisory/execution only assets, and exclude the assets of your PRI signatory subsidiaries that you have chosen not to report on in OO 03.2

	trillions	billions	millions	thousands	hundreds
Total AUM		355	794	000	000
Currency	USD				
Assets in USD		355	794	000	000

☐ Not applicable as we are in the fund-raising process

OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year
☒ Not applicable as we do not have any assets under execution and/or advisory approach	

OO 06	Mandatory	Public	Descriptive	General
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OO 06.1

Select how you would like to disclose your asset class mix.

- ☐ as percentage breakdown
☒ as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income	10-50%	0
Private equity	<10%	10-50%
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	<10%	0
Fund of hedge funds	0	<10%
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	<10%	0
Other (2), specify	0	0

`Other (1)` specified

Includes Multi-Asset Class, Alternative Credit, Options and Insurance-Linked Strategies.

OO 06.2

Publish asset class mix as per attached image [Optional].

OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
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- ☐ Yes
☒ No

OO 06.5	Indicate whether your organisation uses fiduciary managers.
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- ☐ Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
☒ No, we do not use fiduciary managers.

OO 09	Mandatory	Public	Peering	General
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OO 09.1	Indicate the breakdown of your organisation's AUM by market.
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	Developed Markets	90
	Emerging Markets	10
	Frontier Markets	0
	Other Markets	0
	Total 100%	100%

Asset class implementation gateway indicators

OO 10	Mandatory	Public	Gateway	General
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OO 10.1	Select the active ownership activities your organisation implemented in the reporting year.
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	Listed equity – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
☐ We do not engage directly and do not require external managers to engage with companies on ESG factors.

	Listed equity – voting
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- ☒ We cast our (proxy) votes directly or via dedicated voting providers
- ☐ We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

	Fixed income SSA – engagement
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- ☒ We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

	Fixed income Corporate (financial) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

	Fixed income Corporate (non-financial) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

	Fixed income Corporate (securitised) – engagement
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- ☒ We engage with companies on ESG factors via our staff, collaborations or service providers.
- ☐ We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11	Mandatory	Public	Gateway	General
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OO 11.1	Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).
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	Listed equity
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Fixed income - SSA
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Fixed income - corporate (financial)
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Fixed income - corporate (non-financial)
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Fixed income - securitised
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Private equity
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Hedge funds
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	Other (1)
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- ☒ We address ESG incorporation.
- ☐ We do not do ESG incorporation.

	`Other (1)` [as defined in OO 05]
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Includes Multi-Asset Class, Alternative Credit, Options and Insurance-Linked Strategies.

OO 11.2	Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.
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Asset class	ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes
Private equity	Private equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes ☒ We incorporate ESG into our external manager selection process ☒ We incorporate ESG into our external manager appointment process ☒ We incorporate ESG into our external manager monitoring process ☐ We do not do ESG incorporation
Fund of hedge funds	Fund of hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes ☒ We incorporate ESG into our external manager selection process ☒ We incorporate ESG into our external manager appointment process ☒ We incorporate ESG into our external manager monitoring process ☐ We do not do ESG incorporation

OO 11.4

Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

At Neuberger Berman, we recognize that our clients expect rigorous ESG integration from their investment manager. We firmly believe that attention to material ESG factors helps make us smarter investors and that engagement with companies on ESG topics helps them perform better for their investors and for society. Today, the majority of assets managed by Neuberger Berman consistently and demonstrably integrate ESG factors in portfolio construction and security analysis.

ESG integration occurs across our investment platform to varying degrees based on the product's asset class and the investment teams' specific processes and strategies. In general, integration is based on the principle of financial materiality, recognizing that ESG integration should be specific to the asset class, capital structure, sector, geographic location, issuer size and type, holding period of the security, degree of influence or control, and other considerations.

The ESG integration process identifies how ESG factors are used (both as a source of risk mitigation and enhanced opportunity), measured and reported, as well as their influence on decision-making and how each of the investment teams continue to enhance and evolve its process over time. We believe that the most effective way to integrate ESG into an investment process over the long term is for investment teams themselves to research ESG factors and consider them alongside other inputs into the investment process. For this reason, we embed such research in the work of our security research analysts rather than employing a separate ESG research team. The investment teams can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to sell a security when it no longer offers an attractive risk-adjusted potential return.

Our ESG working groups have developed policy statements for ESG integration at the asset class level.

- **PUBLIC EQUITY:** Neuberger Berman believes that responsibility is a hallmark of quality. We also believe that strong corporate governance aligns management and shareholder interests, and that analyzing environmental and social factors can assist in identifying business models that may create sustainable value while potentially reducing risk.
- **PUBLIC FIXED INCOME:** Neuberger Berman believes that the consideration of material ESG factors is critical to our credit review process. Systematic integration of these considerations combined with our engagement activities can help us reduce the overall credit risk of our portfolios and enhances our analysis.
- **MUNICIPAL FIXED INCOME:** Neuberger Berman believes ESG factors are an important part of fundamental municipal credit analysis. Governance has historically been an excellent leading indicator of future credit quality in our view, as fiscal decisions and public policies ultimately flow through to financial performance.

Environment and Social factors are growing in importance as climate change impacts municipal economies and debt positions or municipal economic development policies influence income disparities.

- **PRIVATE EQUITY:** Neuberger Berman believes that material ESG factors are an important part of the due diligence of private investment. We consider ESG factors when we conduct diligence on a particular company and on a private equity fund (primary or secondary). Given our positioning in the private equity ecosystem, we engage with our partners to share and promote best practices and resources related to ESG integration.
- **PRIVATE DEBT:** Neuberger Berman believes that identifying and incorporating ESG analysis into the due diligence of portfolio companies and private equity sponsors is essential for high-quality credit selection and provides a lens to identify value-creation opportunities. We believe that this allows us to seek consistent positive investment returns and appropriately manage and reduce risk in the portfolio.
- **MULTI-ASSET CLASS (MAC):** Neuberger Berman believes that incorporating ESG considerations in multi-asset class solutions can help improve risk and return profiles. With ESG considerations implemented in strategies across the firm's investment platform, the dedicated Multi-Asset Class team is able to build diversified portfolios that provide explicit exposure to ESG factors in an effort to drive alpha generation and risk management.

Monitoring Processes

We monitor the progress we are making and are continuously enhancing the integration of ESG into our investment processes. Relevant indicators of progress include the proportion of assets under management that are formally ESG-integrated, our score in the PRI assessment report each year, the effect of ESG analysis on portfolio performance, the impact of our engagement and proxy voting activities, and whether we are meeting the needs of our clients for ESG-integrated solutions.

Given the dynamic and evolving nature by which ESG factors are material to investment performance, we are committed to continued innovation and improvement.

OO 12	Mandatory	Public	Gateway	General
OO 12.1	Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.			
	Core modules			
	☒ Organisational Overview ☒ Strategy and Governance			
	RI implementation directly or via service providers			
	Direct - Listed Equity incorporation			
	☒ Listed Equity incorporation			
	Direct - Listed Equity active ownership			
	☒ Engagements ☒ (Proxy) voting			

	Direct - Fixed Income
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- ☒ Fixed income - SSA
- ☐ Fixed income - Corporate (financial)
- ☒ Fixed income - Corporate (non-financial)
- ☐ Fixed income - Securitised

	Direct - Other asset classes with dedicated modules
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- ☐ Private Equity
- ☐ Hedge Funds and/or Fund of Hedge Funds

	RI implementation via external managers
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	Indirect - Selection, Appointment and Monitoring of External Managers
--	---

- ☒ Private Equity

	Closing module
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- ☒ Closing module

Peering questions				
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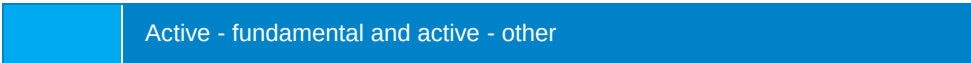
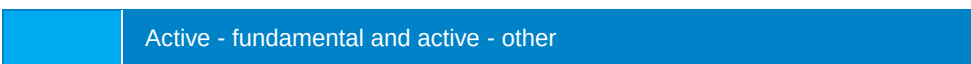
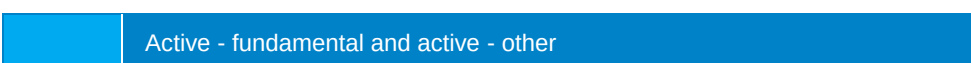
OO LE 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
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OO LE 01.1	Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.
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Percentage of internally managed listed equities

	Passive	0
	Active - quantitative (quant)	2
	Active - fundamental and active - other	98
	Total	100%

OO FI 01	Mandatory to Report Voluntary to Disclose	Public	Gateway	General
OO FI 01.1	Provide a breakdown of your internally managed fixed income securities by active and passive strategies			

SSA	 Passive
	3
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	97
Corporate (financial)	 Total
	100%
	 Passive
	19
	 Active - quantitative (quant)
	0
Corporate (non-financial)	 Active - fundamental and active - other
	81
	 Total
	100%
	 Passive
	1
	 Active - quantitative (quant)
	0
	 Active - fundamental and active - other
	99
	 Total
	100%

Securitised		Passive
	7	
		Active - quantitative (quant)
	0	
		Active - fundamental and active - other
	93	
		Total
	100%	

OO FI 03	Mandatory	Public	Descriptive	General
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Update: this indicator has changed from "Mandatory to report, voluntary to disclose" to "Mandatory". **Your response to this indicator will be published in the Public Transparency Report.** This change is to enable improved analysis and peering.

OO FI 03.1	Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.
------------	---

SSA		Developed markets
	65	
		Emerging markets
	35	
		Total
	100%	

OO FI 03.2	Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.
------------	---

Type	Investment grade (+/- 5%)	High-yield (+/- 5%)	Total internally managed
Corporate (non-financial)	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%	100%

If you are invested in private debt and reporting on ratings is not relevant for you, please indicate below

☐ OO FI 03.2 is not applicable as our internally managed fixed income assets are invested only in private debt.

OO PE 01	Mandatory	Public	Descriptive	General
OO PE 01.1	Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.			

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)
Venture capital	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%
Growth capital	☐ >50% ☒ 10-50% ☐ <10% ☐ 0%
(Leveraged) buy-out	☐ >50% ☐ 10-50% ☒ <10% ☐ 0%
Distressed/Turnaround/Special Situations	☐ >50% ☐ 10-50% ☒ <10% ☐ 0%
Secondaries	☒ >50% ☐ 10-50% ☐ <10% ☐ 0%
Other investment strategy, specify (1)	☐ >50% ☐ 10-50% ☐ <10% ☒ 0%
Other investment strategy, specify (2)	☐ >50% ☐ 10-50% ☐ <10% ☒ 0%
Total 100%	

Neuberger Berman Group LLC

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
☒ Policy setting out your overall approach ☒ Formalised guidelines on environmental factors ☒ Formalised guidelines on social factors ☒ Formalised guidelines on corporate governance factors ☐ Fiduciary (or equivalent) duties ☒ Asset class-specific RI guidelines ☐ Sector specific RI guidelines ☒ Screening / exclusions policy ☒ Engagement policy ☒ (Proxy) voting policy ☐ Other, specify (1) ☐ Other, specify(2)	☒ Applicable policies cover all AUM ☐ Applicable policies cover a majority of AUM ☐ Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- ☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- ☒ Your investment objectives that take ESG factors/real economy influence into account
- ☐ Time horizon of your investment
- ☒ Governance structure of organisational ESG responsibilities
- ☒ ESG incorporation approaches
- ☒ Active ownership approaches
- ☒ Reporting
- ☒ Climate change
- ☐ Understanding and incorporating client / beneficiary sustainability preferences
- ☐ Other RI considerations, specify (1)
- ☐ Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Our ESG Policy provides a framework to ESG integration, formalizing and focusing on responsible investment efforts, with the recognition that ESG issues have a meaningful impact on delivering investment results.

Key elements include our commitment to the PRI:

Incorporate ESG issues into investment analysis and decision-making processes
 Be active owners and incorporate ESG issues into ownership policies/practices
 Seek appropriate disclosure on ESG issues by the entities in which we invest
 Promote acceptance and implementation of the PRI within the investment industry
 Work together to enhance our effectiveness in implementing the PRI
 Report activities/progress toward implementing the PRI

Key factors include:

The establishment of an ESG Committee and ESG Investing Team
 Investment and research approach to incorporating ESG
 Our firm's long history and leadership in ESG investing
 Our ongoing commitment to responsible investment

NB became the first North American asset manager with a sustainability-linked corporate credit facility. The firm's cost of debt will be higher or lower depending on its performance against key ESG metrics benchmarked annually across: Alignment with Clients, Objective ESG Integration and Increased Diversity. By linking our performance on material ESG factors, we further align the firm with clients and show our commitment to responsible investment practices (<https://www.nb.com/en/global/press-releases/neuberger-berman-first-north-american-financial-services-firm-to-link-corporate-financing>).

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As a firm, Neuberger Berman believes that material environmental, social and governance characteristics are an important driver of long-term investment returns from both an opportunity and a risk mitigation perspective.

We are committed to strengthening and refining our ESG approach-enhancing the dialogue with industry peers, augmenting our ESG-related reporting and research processes, and documenting existing activities. At the core, we believe that the Principles for Responsible Investment ("PRI") are consistent with our heritage as a fundamentals- and research-focused investment firm. We work diligently for their acceptance and relevance, consistent with our focus on serving the interests of our clients.

1. Introduction and Philosophy: Since the inception of the firm in 1939, Neuberger Berman has remained singularly focused on delivering attractive investment results for our clients over the long term. As an active manager, we have a long-standing belief that material environmental, social and governance (ESG) factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective.

Therefore, we take a comprehensive approach toward managing client assets, including the integration of ESG criteria into our investment process. We also understand that for many clients the impact of their portfolios is an important consideration in conjunction with investment performance.

From our first application of "avoidance screens" in the early 1940s to the launch of our U.S. Sustainable Equity team in 1989, Neuberger Berman has been at the forefront of integrating ESG factors into investment processes.

Today, we continue to innovate, driven by our belief that ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class, strategy and style of each investment strategy. ESG factors can be employed in a variety of ways to seek to generate enhanced returns, as well as to meet specific client objectives within a portfolio. We believe our approach not only benefits our clients but can also support better-functioning capital markets and have a positive impact for people and the planet.

2. Scope: The firm's ESG Policy applies to capabilities across our investment platform and is intended to provide a broad framework for our approach to ESG integration. The specific approach to ESG integration in any given investment strategy depends upon multiple elements, including the objectives of the strategy, asset class, investment time horizon, as well as the specific research and portfolio construction, philosophy and process used by the portfolio manager. The approach to integration can be customized by type of investment vehicle.

3. Oversight: The ESG Committee ("Committee") is responsible for reviewing the ESG Policy annually and amending it as needed. The Committee is chaired by the Head of ESG Investing and is comprised of senior investment professionals across all asset classes, including the Chief Investment Officer (CIO) for Equities, senior portfolio managers from the Fixed Income and Private Investment teams, and the heads of research for Equities and Fixed Income. The Committee also includes senior professionals from client coverage, client service, legal, marketing, operations, and risk management.

Our dedicated ESG Investing team is responsible for setting the firm's ESG strategy in collaboration with the Committee and after consultation with portfolio managers, CIOs and our CEO. The ESG strategy is reviewed by the firm's Partnership Committee and Board of Directors on an annual basis.

4. Integration: Individual research analysts and portfolio managers are responsible for implementing ESG integration in their portfolios and investment research. We believe this bottom-up approach encourages strategy-specific innovation while allowing each portfolio management team to learn from best practices across the investment platform. Our ESG Investing team accelerates this process with top-down expertise and support.

Each portfolio management team selects an approach from our ESG Integration Framework: Avoid, Assess, Amplify or Aim for Impact. This clarifies why the ESG factors are being integrated into their research and portfolio construction process: whether to simply exclude particular companies ("Avoid"), reach a more holistic understanding of risk and return ("Assess"), tilt the portfolio to best-in-class issuers ("Amplify") or invest in issuers that are intentionally generating positive impact ("Aim for Impact").

In 2019, we formalized our Sustainable Labelling System to help communicate our approach to integration and to meet client demand. For "ESG Integrated" portfolio managers systematically consider material ESG risks and opportunities for every security as a part of the investment process. ESG factors have an explicit influence on buy/sell decisions. For "Sustainable," portfolio managers select and include securities on the grounds that they fulfil certain sustainability criteria, such as being best-in-class issuers. There is clear investment rationale for focusing on sustainability leaders. For "Impact," portfolio managers seek positive social and environmental outcomes for people and the planet alongside a market-rate financial return.

The approach to integration can be customized by type of investment vehicle: for example, to implement client-specific avoidance criteria, to tilt toward specific ESG characteristics valued by the client or to seek certain types of positive impact that are meaningful to the client.

Each portfolio management team determines how best to achieve its ESG integration objective and lays out how ESG analysis is conducted to mitigate risk and enhance opportunity, how ESG issuers are analyzed and measured at the security level, and how they influence portfolio construction.

☐ No

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 01.6
CC**

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

☒ Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We developed a firm-wide climate-related corporate strategy that covers investment risk and opportunity, and the operational resilience of our business. We are committed to understanding these climate-related risks and opportunities and managing those risks that we believe are material to our business. Our strategy is in-line with the voluntary disclosure recommendations of the TCFD. As a firm, we are committed to integrating climate-related factors into our business and investment-risk assessments.

We can segment climate-related risks into two categories:

1) Transition Risk: The global transition to a low-carbon economy will cause policy, legal, technology and market shifts as the world addresses the mitigation and adaptation requirements related to climate change over the short, medium and long term. We have identified four types of risks that could affect our business:

- Investment value chain
- Financial impact due to policy risks
- Financial impact due to legal risks
- Reputational risks

2) Physical Risk: Physical risks resulting from climate change will be both event-driven (acute) and longer-term shifts (chronic) in climate patterns. These risks may have direct financial implications, such as through weather-related damage to our assets, as well as indirect impacts such as through disruption to our operations via our supply chain.

Transition and physical risk may affect both (a) our investment portfolios and (b) our business operations.

a) Investment portfolios: We have implemented top-down scenario analysis for modelling transition and physical risks at the company level. Multiple scenarios estimate the impact of warming average temperatures at levels of less than 1.5°C and less than 2°C, for example. This scenario analysis currently focuses on our listed public equity and corporate-issuer fixed income holdings in the firm's U.S. mutual funds and international UCITS range. The portfolio analytics output helps us understand the Climate Value-at-Risk for the portfolio. Over time, we will seek to expand this analysis to holdings in other client portfolios. This scenario analysis can also help identify engagement with companies. We use engagement as a tool to mitigate exposure to transition and physical risk by encouraging companies to evaluate and make changes where necessary.

b) Business operations: Within our business operations, Neuberger Berman recognizes that transitioning to a low-carbon economy presents both opportunities and challenges. As the implicit price on carbon increases, we may face additional costs. There may also be disruptions to the business models of our suppliers as the global economy transitions away from fossil fuels. Both our clients and our employees expect Neuberger Berman to be prepared for these scenarios, and we have already begun taking a number of steps to reduce our operational footprint.

In addition to climate-related risk, there are also potential opportunities from climate change.

a) Within our existing investment strategies, our proprietary ESG ratings consider energy efficiency, carbon emissions intensity and low-carbon opportunities. As clients increasingly seek to align their investment portfolios with positive outcomes, we are continually evaluating our investment offerings and developing new strategies.

b) We continue to focus on capturing the benefits associated with operational efficiencies in our own operations.

☐ No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

☒ Yes

Describe the associated timescales linked to these risks and opportunities.

Neuberger Berman has identified climate-related risks and opportunities over the short-term and long-term. We consider potentially relevant policy changes and product demand in the near-term as a fundamental input into the short to medium-term investment horizon. As long-term investors though, future costs associated with policies not currently being contemplated and opportunities from current R&D activities (patents, potential revenue) associated with climate change are modelled at least 15 years into the future.

☐ No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

☒ Yes

☐ No

**SG 01.9
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

☒ Yes

Describe

In 2019, Neuberger Berman developed a firm-wide climate-related corporate strategy in line with the voluntary disclosure recommendations of the TCFD. The firm's Board of Directors has been charged with oversight of climate risk. Chief Officers for Investment (CIOs), Risk (CRO), and Operations (COO) will oversee the climate-related corporate strategy as part of the entire firm's overall management working alongside the firm's ESG Investing team and portfolio managers. This corporate strategy covers investment risk and opportunity, as well as the operational resilience of our business. We are committed to understanding these climate-related risks and opportunities and managing risks that we believe are material to our business.

We implemented our climate-related corporate strategy to seek to identify and manage Neuberger Berman's climate-related risks and opportunities. We conduct climate scenario analysis to seek to identify potential climate-related risks relevant to the companies in which we invest to seek to better inform our investment decisions. Portfolio Managers and analysts have direct access to climate scenario analysis. They can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to sell a security when it no longer offers an attractive risk-adjusted potential return. We will continue monitoring the risks and opportunities through the scenario analysis of portfolios on an annual basis, tracking climate-related engagements and measuring our travel-related carbon footprint.

☐ No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

☒ Public PRI Climate Transparency Report

☒ Annual financial filings

☒ Regular client reporting

☐ Member communications

☒ Other

specify

We provide Independent TCFD Reporting in our ESG Annual Report and Climate-related Corporate Strategy. All Climate Change sections of PRI report are disclosed publicly.

☐ We currently do not publish TCFD disclosures

SG 02	Mandatory	Public	Core Assessed	PRI 6
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SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

☒ Policy setting out your overall approach

URL/Attachment

☒ URL

URL

<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Formalised guidelines on environmental factors

URL/Attachment

☒ URL

URL

<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Formalised guidelines on social factors

URL/Attachment

☒ URL

URL

<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Formalised guidelines on corporate governance factors

URL/Attachment

☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Asset class-specific RI guidelines

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Screening / exclusions policy

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ Engagement policy

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☒ (Proxy) voting policy

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment (will be made public)

☐ We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

☒ Your organisation's definition of ESG and/or responsible investment and it's relation to investments

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ Your investment objectives that take ESG factors/real economy influence into account

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ Governance structure of organisational ESG responsibilities

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ ESG incorporation approaches

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ Active ownership approaches

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ Reporting

	URL/Attachment
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☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☒ Climate change

	URL/Attachment
--	----------------

☒ URL

	URL
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<https://www.nb.com/pages/public/en-us/esg-investing.aspx>

☐ Attachment

☐ We do not publicly disclose any investment policy components

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ Yes

SG 03.2

Describe your policy on managing potential conflicts of interest in the investment process.

Generally, employees of Neuberger Berman's North American based registered investment advisers are subject to the firm's Code of Ethics (the "COE"). The COE complies with Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 17j-1 of the Investment Company Act of 1940 (the "Company Act"), which requires registered investment advisers and investment companies to adopt and enforce codes of ethics applicable to their supervised persons (as defined in the COE) that include certain provisions regarding standards of business conduct; compliance with applicable federal securities laws; reporting and reviewing of personal securities transactions and holdings; reporting of code violations; and the furnishing and acknowledging of a firm's code of ethics.

The COE contains standards of business conduct based upon established principles, including: (a) placing client interests ahead of employees' personal interests; (b) refraining from any practice which would operate as a fraud or deceit; (c) conducting personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; (d) reporting actual and potential conflicts of interest; and (e) maintaining confidentiality of client information.

☐ No

SG 03.3

Additional information. [Optional]

The Code of Ethics also contains employee trading policies and procedures that are closely monitored by our Legal and Compliance Department. Key aspects of the employee trading policies and procedures include: (a) requirements for securities account to be maintained with the firm or other approved entities; (b) an employee price restitution policy; (c) prohibitions against employee participation in initial public offerings; (d) prohibitions against trading on the basis of material non-public information; (e) pre-approval requirements for certain security transactions such as private placement offerings; (f) minimum holding periods for most personal securities transactions; and (g) annual written affirmation of reporting obligations and compliance with the Code. The price restitution policy attempts to address the potential conflict that could arise from employees owning the same securities as clients, or where the accounts of both enter the market at the same time. Subject to certain exclusions, including certain accounts that are custodied and traded by third parties as part of programs sponsored by financial intermediaries, employee trades that are executed on the same day and in the same security as a Client Account are reviewed to ensure that the employee does not receive a better price than the client. In the event that the employee does receive a better price, the employee's price is "switched" to that of the client's and the cash difference in the execution price is disgorged from the employee account. Disgorged proceeds are often allocated to Client Accounts in the form of revised execution prices. In some instances, however, a revised execution price may, for operational reasons beyond the firm's control, not be feasible and the proceeds will either be remitted to Client Accounts or donated to charity.

Advisory Persons (as defined by the Code) are subject to a broader review period with respect to their own clients. There may also be differences in policies within the Code as it relates to Advisory Persons of the NB Funds with respect to certain employee trading policies and procedures, such as holding periods, blackout periods and price switch/disgorgements policies.

SG 04

Voluntary

Public

Descriptive

General

SG 04.1

Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

☒ Yes

☐ No

SG 04.2	Describe your process on managing incidents
----------------	---

As an active manager, our analysts and portfolio managers select and monitor each of the investments that they make on behalf of clients. As part of the investment research process they assess the potential for incidents by reviewing the company's historical track record as well as the quality of the management team. Our proprietary ESG ratings incorporate historical incidents on topics that our analysts believe are both financially material and may be indicative of future incidents. Our research analysts review industry trends in order to stay abreast of emerging issues which may impact portfolio holdings.

After an investment is made, our analysts and portfolio managers monitor portfolio holdings through direct engagement as well as by utilizing media monitoring and specialist ESG controversy data sets. We believe engagement is one of the most powerful ways to manage issues and we believe that conducting our own engagements is an important component of fulfilling our fiduciary obligations to clients. Engagement is an extension of good portfolio management and cannot be outsourced. If a company's management team is not responsive to the engagement efforts of our analysts and portfolio managers, we follow our engagement escalation process. This may include formal public communication, action at the proxy meeting, and/or selling out of the position.

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
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- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not set/reviewed

SG 05.2	Additional information. [Optional]
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Our dedicated ESG Investing team is responsible for setting the firm's ESG strategy in collaboration with the ESG Committee and after consultation with portfolio managers, CIOs and our CEO. The ESG strategy is reviewed by the firm's Partnership Committee and Board of Directors on an annual basis.

Implementation of the strategy is reviewed throughout the year, including by the ESG Committee during its quarterly meetings.

Additionally, in 2019 we formalized our ESG Sub-Committee on Products to ensure that our new and existing investment strategies that make ESG-related claims have integrity and verification in their integration of ESG, based on our Sustainable Labelling System. The Sub-Committee meets regularly on a monthly basis.

SG 06	Voluntary	Public	Descriptive	General
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SG 06.1	List the main responsible investment objectives that your organisation set for the reporting year.
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	Responsible investment processes
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- ☒ Provide training on ESG incorporation

	Key performance indicator
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Proportion of investment teams (weighted by assets) engaged in training on ESG incorporation by ESG Investing team.

	Progress achieved
--	-------------------

All of our major investment teams were engaged in training on ESG incorporation in 2019 by our ESG Investing team. Teams who were involved in detailed training represented over 90% of our total assets under management.

☒ Provide training on ESG engagement

	Key performance indicator
--	---------------------------

Proportion of investment teams (weighted by assets) engaged in training on ESG engagement by ESG Investing team

	Progress achieved
--	-------------------

All of our major credit and equity investment teams were engaged in training on ESG engagement in 2019 by our ESG Investing team. Teams who were involved in detailed training represented over 95% of our equities and credit assets under management.

☒ Improved communication of ESG activities within the organisation

	Key performance indicator
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Number of employees reached by ESG communication activities within the firm.

	Progress achieved
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ESG-focused internal communications have more than doubled since 2017, averaging at least one per month, reaching our 2000+ employees across a variety of mediums including videos, conferences, events, blogs and intranet pieces including regular 'ESG headlines'.

☒ Improved engagement to encourage change with regards to management of ESG issues

	Key performance indicator
--	---------------------------

Percent AUM engaged for equities and fixed income for corporates.

	Progress achieved
--	-------------------

Over the course of 2019, we enhanced our tracking of engagements by investment teams on ESG and increased our overall level of engagement with issuers - for the full year 68% of our listed equity AUM as well as 59% of our developed markets corporate credit AUM has been engaged on ESG topics.

For further details please refer to our Listed Equity Active Ownership and Fixed Income reporting.

- ☒ Improved ESG incorporation into investment decision making processes

Key performance indicator

Investment teams making specific enhancements to their incorporation of ESG factors in investment decision making.

Progress achieved

All of our investment teams made enhancements to the way that ESG factors were considered in their investment process over the course of 2019, specifically:

- We introduced a new Sustainable Product Labelling System to ESG integration and harmonized our standards for exclusion of security exclusions in portfolios, also introducing a new Sustainable Exclusions Policy
- We launched an ESG Sub-committee on Products to ensure that our new and existing investment strategies that make ESG-related claims have integrity and verification in their integration of ESG, based on the Product Labelling System.
- We completed a comprehensive review of climate-related risks and opportunities of our public equity and corporate-issuer fixed income holdings in the firm's U.S. mutual funds and international UCITS funds.
- We continued to enhance our proprietary ESG ratings across equities and fixed income, and have expanded our ratings to 2,200 issuers for equity and 941 issuers for credit
- We continued to enhance our ESG diligence in Private Equity and Private Debt.

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Financial performance of investments

- ☒ Increase portfolio performance by consideration of ESG factors

Key performance indicator

Identify financial performance impact of ESG factor incorporation for one or more investment teams.

Progress achieved

In the fixed income asset class where downside mitigation is more of a focus, we saw that the lowest rated of issuers in the high yield universe based on our proprietary ESG ratings underperformed the benchmark. In 2019, the high yield credits we avoided resulted in an additional 17bps of performance, while the avoided loans added 11bps to performance on a total return basis, supporting our belief that our ESG rating system can lead to stronger insights on issuers.

*Calculation uses standard attribution analysis comparing the returns of the Avoidance List with the returns of the overall HY market. Benchmark: ICE BofA US High Yield Constrained Index.

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

	ESG characteristics of investments
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- ☒ Over or underweight companies based on ESG characteristics

	Key performance indicator
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Respond to client requests for 'best-in-class' ESG portfolios by over or underweighting companies based on ESG characteristics.

	Progress achieved
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Several of our investment teams manage 'best-in-class' ESG portfolios on behalf of clients. Most recently, our High Yield team launched the Sustainable High Yield Action Fund which prioritizes issuers with business practices and/or products and services aligned with the Sustainable Development Goals. Additionally, our EMD team runs an EMD Sustainable IG Blend Fund which is a 'best-in-class' strategy only investing in issuers highly rated on our proprietary ESG ratings.

- ☒ Improve ESG ratings of portfolio

	Key performance indicator
--	---------------------------

Monitor third party ESG ratings across portfolios.

	Progress achieved
--	-------------------

Over the course of 2019, our Portfolio Analytics & Reporting team monitored the average ESG ratings of portfolios compared to the benchmark and provided this information to portfolio managers and the ESG Investing team in order to inform investment decisions.

- ☒ Setting carbon reduction targets for portfolio

	Key performance indicator
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Monitoring number of portfolio companies setting carbon reduction targets.

Progress achieved

In 2019, our Sustainable Equity team monitored which of their portfolio companies had made public commitments to reduce their carbon footprint and engaged with many of them on how best to deliver on those commitments. 32 portfolio companies have made carbon footprint reduction commitments, of which 22 have committed to setting science-based targets and/or have had their targets approved by the science based targets initiative (SBTI).

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Other activities

- ☒ Joining and/or participation in RI initiatives

Key performance indicator

Prioritising depth of participation in high impact RI initiatives.

Progress achieved

We recognize that we have a responsibility to improve the functioning of capital markets as a whole by encouraging the broader implementation of ESG investing activities. We believe this can best be achieved by working collaboratively with clients and others in the investment industry, including by engaging with individual companies and whole industries, conducting joint research on ESG topics, and supporting the creation and use of industry-standard ESG disclosures.

While we support many highly impactful groups and initiatives, each year we seek to particularly focus our efforts where we feel our leadership can make a significant difference.

Please see SG 09 for specific examples of the collaborative initiatives we have participated in.

- ☒ Encouraging others to join a RI initiative

Key performance indicator

Encourage private equity general partners to join the PRI.

Progress achieved

Our private equity platform invests as an LP in multiple private equity funds. Over the course of 2018 and 2019, our private equity colleagues have continued to encourage many of these GPs to become members of the PRI. In 2019, we were appointed as a member of PRI's Private Equity Advisory Committee (PEAC) which has furthered our commitment to advising our partners to join the PRI. We will continue to promote PRI participation and help our GPs better understand ESG-related expectations, with a focus on guiding the dialogue on disclosure.

- ☒ Documentation of best practice case studies

Key performance indicator

Publication of ESG Annual Report with detailed case studies and examples of our ESG integration.

	Progress achieved
--	-------------------

In 2019, our ESG Investing team worked with many of our investment teams to document best practice case studies of ESG integration. These case studies were used internally for knowledge building and training between investment teams, to better educate client-facing colleagues, and externally with clients and industry initiatives. These case studies were also used externally and included in our ESG Annual Report.

- ☒ Using case studies to demonstrate engagement and ESG incorporation to clients

	Key performance indicator
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Incorporating case studies into standard client materials, and publish annual engagement report with case studies.

	Progress achieved
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In 2019, our research analysts contributed 35 'ESG headlines' providing timely and interesting insights for our clients and colleagues. We also launched a regular engagement case study series for our clients as part of our ESG newsletter. Some of these case studies were also used in our 2019 ESG Annual Report or will be used in our 2020 ESG Annual Report.

- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☐ None of the above

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1	Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles
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- ☒ Board members or trustees
- ☒ Oversight/accountability for responsible investment
 - ☐ Implementation of responsible investment
 - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Internal Roles (triggers other options)

Select from the below internal roles

☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee

☒ Oversight/accountability for responsible investment

☒ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☒ Other Chief-level staff or head of department, specify

Heads of Research (3)

☐ Oversight/accountability for responsible investment

☒ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☒ Portfolio managers

☐ Oversight/accountability for responsible investment

☒ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☒ Investment analysts

☐ Oversight/accountability for responsible investment

☒ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☒ Dedicated responsible investment staff

☒ Oversight/accountability for responsible investment

☒ Implementation of responsible investment

☐ No oversight/accountability or implementation responsibility for responsible investment

☐ Investor relations

☐ Other role, specify (1)

☐ Other role, specify (2)

☐ External managers or service providers

SG 07.2

For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

In 2019, we continued to deepen our commitment at a firm level to impact and sustainable investing by enhancing our ESG Investing team, which today consists of seven full-time professionals, led by Jonathan Bailey, who reports to Joe Amato, President and Chief Investment Officer - Equity. The team's primary responsibility is setting and implementing the global ESG strategy by deepening the integration of ESG themes into new and existing investment strategies. The team also coordinates the firm's approach to proxy voting and engagement, works with research teams on innovating our proprietary ESG assessment of companies and issuers, and leads thought leadership highlighting our ESG research as a way to encourage dialogue and share best practice.

Our ESG Investing team works with multiple departments across the firm to deepen the integration of ESG themes into new and existing investment strategies, and is supported by the ESG Committee and ESG working groups at the asset-class level that are responsible for providing context-specific expertise and assisting with education and implementation among the investment teams. To review the degree of ESG integration across the firm, the Head of ESG Investing participates in the investment performance review of all ESG integrated investment teams chaired by each platform's Chief Investment Officer.

Ultimately, for individual strategies, we consider the incorporation of ESG issues as part of our analysts' overall duties and choose not to carve out a dedicated responsible investment team. As such, the team's research analysts are responsible for researching and integrating ESG issues into the investment decision-making process. The investment teams can then choose how best to apply all the tools of active management, whether that is to engage

or ultimately to sell a security when it no longer offers an attractive risk-adjusted potential return. The ESG research process will vary by strategy.

Please see below for members of the ESG Committee.

Jonathan Bailey, Head of ESG Investing

Joe Amato, President and Chief Investment Officer - Equities

Irina Babushkina, Equity Research

Chrystelle Charles-Barral, Risk Management

Tim Creedon, CFA, Head of Equity Research

Rob Drijkoningen, Co-Head of Emerging Markets Debt

Ingrid Dyott, Co-Portfolio Manager, Sustainable Equity Team

Steve Flaherty, Director of Investment Grade Research

Maura Reilly Kennedy, Managing Director, Private Equity

Erik Knutzen, CFA, CAIA, Co-Head of the Neuberger Berman Quantitative and Multi-Asset Class investment team and Multi-Asset Class Chief Investment Officer

Chris Kocinski, Portfolio Manager, Global Non-Investment Grade Credit

Lawrence Kohn, Chief Operating Officer - Equities

Dina Lee, Associate General Counsel

Jim Lyman, Director of Research Municipal Fixed Income

Raluca Pencu, Head of RFP

Gorky Urquieta, Co-Head of Emerging Markets Debt

Dik van Lomwel, Head of EMEA and Latin America

We have over 150 colleagues have a formal role on the ESG Committee or one of our ESG Working Groups, sharing innovations across asset classes, functions and teams.

SG 07.3	Indicate the number of dedicated responsible investment staff your organisation has.
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	Number
--	--------

13

SG 07.4	Additional information. [Optional]
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The number above includes our ESG Investing team and our Sustainable Equity team.

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
	☒ Oversight/accountability for climate-related issues ☐ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
	☒ Oversight/accountability for climate-related issues ☒ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
	Other Chief-level staff or heads of departments
	☒ Oversight/accountability for climate-related issues ☐ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
	Portfolio managers
	☒ Oversight/accountability for climate-related issues ☒ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
	Investment analysts
	☐ Oversight/accountability for climate-related issues ☒ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
	Dedicated responsible investment staff
	☒ Oversight/accountability for climate-related issues ☒ Assessment and management of climate-related issues ☐ No responsibility for climate-related issues
SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

The firm's Board of Directors has been charged with oversight of climate risk. Chief Officers for Investment (CIOs), Risk (CRO), and Operations (COO) will oversee the climate-related corporate strategy as part of the entire firm's overall management working alongside the firm's ESG Investing team and portfolio managers.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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Senior management is responsible for overseeing the firm's operations, risk department and investment professionals, with climate-related risks and opportunities as a subset of overall management of the enterprise. The CEO is ultimately responsible for updating the Board on material updates and relevant climate-related risks and opportunities, and is supported in this by the Head of ESG Investing, Chief Risk Officer, Chief Investment Officers and Chief Operating Officer. The Head of ESG Investing works with the CIOs and the CRO to ensure appropriate climate expertise and analytical capabilities are in place to support portfolio managers and research analysts in understanding the potential implications of climate change for security analysis and portfolio construction. The COO and CRO play an especially active role in managing the firm's business operations and resiliency to climate-related risks. This includes improvements to the firm's operational efficiencies and carbon footprint or adaptation and mitigation actions with respect to both transition and physical risk.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- ☒ Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- ☐ Request incorporation of TCFD into regular client reporting
- ☐ Request that external managers complete PRI climate indicator reporting
- ☐ Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- ☐ Other
- ☐ We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1	Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.
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	Board members/Board of trustees
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SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan

SG 08.2	Describe any activities undertaken during the reporting year to develop and maintain Board members' skills and knowledge in relation to responsible investment.
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The Neuberger Berman Board sets aside a dedicated portion of its agenda each year to develop and maintain members' skills and knowledge in relation to responsible investment. In 2019, the Board particularly focused on the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD) including the implications for governance and investment analysis.

- ☐ None of the above

	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee
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SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
-----------------	---

- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Other C-level staff or head of department
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Heads of Research (3)

SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Portfolio managers
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SG 08.1a	RI in objectives, appraisal and/or reward
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- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b	RI in personal development and/or training plan
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- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

	Investment analysts
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SG 08.1a RI in objectives, appraisal and/or reward

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b RI in personal development and/or training plan

- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

Dedicated responsible investment staff**SG 08.1a** RI in objectives, appraisal and/or reward

- ☒ Responsible investment KPIs and/or goals included in objectives
- ☒ Responsible investment included in appraisal process
- ☒ Variable pay linked to responsible investment performance
- ☐ None of the above

SG 08.1b RI in personal development and/or training plan

- ☒ Responsible investment included in personal development and/or training plan
- ☐ None of the above

SG 08.3

Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

As of 31 December 2019, 60% of the assets that we manage on behalf of clients systematically consider ESG risks and opportunities for every security as part of the investment process. The investment performance of these strategies directly impacts the variable pay of investment professionals at all levels. In addition, many investment professionals have specific goals relating to responsible investment in their objectives and performance against these objectives are evaluated in their appraisal process. For example, research analysts are responsible for completing and maintaining proprietary ESG ratings on the securities that they cover and this is incorporated into their appraisal process.

In 2019, many of our investment teams were awarded ESG integration status, including in equities our Multi Cap Opportunities Strategy, in fixed income our European Private Loans strategy and Special Situations, and in alternatives, our Private Credit Strategy.

Promoting responsible investment**SG 09****Mandatory****Public****Core Assessed****PRI 4,5****SG 09.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We continued to strengthen our partnership with the UN-supported Principles for Responsible Investment. In 2019, Neuberger Berman actively contributed to the PRI's work by showing ongoing support for the ESG in Credit Risk and Ratings Initiative and have seen significant positive response from credit agencies as a result. In 2019 we were also appointed as a member of the PRI's Private Equity Advisory Committee (PEAC). Lastly, we were delegated to speak at the PRI in Person Conference in Paris on impact in public equities and the economics of climate change.

- ☐ Asian Corporate Governance Association
☐ Australian Council of Superannuation Investors
☐ AVCA: Sustainability Committee
☐ France Invest – La Commission ESG
☐ BVCA – Responsible Investment Advisory Board
☒ CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Neuberger Berman has been an Investor Member and Signatory of CDP since 2004 and supports CDP's work running the leading global disclosure system for self-reported company environmental data. We continue to engage companies on the importance of CDP reporting.

☒ CDP Forests

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
☒ Moderate
☐ Advanced

☒ CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced
- ☐ CFA Institute Centre for Financial Market Integrity
- ☒ Climate Action 100+

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We are a 'Lead Investor' in the Climate Action 100+ initiative. While much work continues to be required over the years ahead, we are pleased with improvement in both the oversight of climate issues as well as the reduction of actual emissions. We hope our continued pressure and expertise sharing will accelerate the progress as the campaign continues.

- ☐ Code for Responsible Investment in SA (CRISA)
- ☒ Council of Institutional Investors (CII)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

We have been involved with CII's advocacy of the protection of shareholder rights in the recent consultations with the SEC. We expressed agreement with the CII position on these issues, which stood against the SEC guidance on raising the minimum shareholder proposal and resubmission thresholds. We also submitted our own letters to the SEC to that effect. One of our investment professionals sits on the Corporate Governance Advisory Council for the organization where we contribute our views to the overall direction setting.

- ☐ Eumedion
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ ESG Research Australia
- ☐ Invest Europe Responsible Investment Roundtable
- ☐ Global Investors Governance Network (GIGN)
- ☒ Global Impact Investing Network (GIIN)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Neuberger Berman joined the Global Impact Investing Network (GIIN) in 2017. We are involved in various working groups and actively support the development of the impact investing industry. We also actively participated in the GIIN Investor Forum and the Annual Impact Investor Survey.

- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Green Bond Principles
- ☐ HKVCA: ESG Committee
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☒ Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

In 2004, Neuberger Berman became an Affiliate Member of ICCR. Members of the Sustainable Equity team participate in the ICCR conferences held in NYC as well as relevant meetings. The Sustainable Equity team also supports ICCR investor initiatives on a case by case basis and participates in collaborative dialogues.

- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☒ Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☐ Moderate
- ☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Neuberger Berman is a member of the Ceres network of investors and companies, who tackle the world's biggest sustainability challenges, including climate change, water scarcity and pollution, and human rights abuses. Our role as a 'Lead Investor' in the Climate Action 100+ initiative is coordinated by Ceres.

- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action in the 21st Century
- ☐ Principles for Sustainable Insurance
- ☒ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

US SIF

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Neuberger Berman has been an active member of US SIF since 1989. In previous years we have sponsored the organization's biennial "Report on US Sustainable, Responsible and Impact Investing Trends" and its conference.

- ☐ Responsible Finance Principles in Inclusive Finance
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☒ United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Neuberger Berman became a registered participant of the UNGC in 2017. Neuberger Berman is a signatory of the UN Global Compact and is committed to aligning our operations with universal principles on human rights, labour, environment and anti-corruption, and to taking actions that advance societal goals.

In 2018, we submitted our first Communication on Progress renewing our continued commitment to the UNGC. We submitted a description of practical actions that Neuberger Berman has taken to implement the Ten Principles in each of the four areas (human rights, labour, environment and anti-corruption) and provided valuable information on our internal metrics to our stakeholders.

Many of these principles are already deeply ingrained in our firm and culture, but in formalizing our commitment, we joined other companies in not only upholding our basic responsibilities to people and the planet, but also in setting the stage for long-term success. We are committed to publicly communicating on our progress as a firm in supporting the principles of the UNGC on an annual basis.

- ☒ Other collaborative organisation/initiative, specify

Sustainability Accounting Standards Board (SASB)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Neuberger Berman is a proponent of the SASB, which aims to develop and maintain standards for public company ESG disclosures using a rigorous process of evidence-based research. The Standards identify the handful of ESG and sustainability topics that most directly impact their long-term value creation. As a founding member of the SASB Alliance and the SASB Standards Advisory Group, and as a member of its Investor Advisory Group (IAG), in 2019, we introduced three companies to join the IAG and now have representatives on the Standards Advisory Group.

- ☒ Other collaborative organisation/initiative, specify

Impact Management Project

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Neuberger Berman is a member of the Advisory Board of the IMP, which is a global network facilitating an industry standard for impact measurement and management. We utilize the framework in our impact investing strategies; in 2019, we published a co-authored paper on impact in the public markets. We've applied the IMP framework to our investment processes across a range of strategies and have continued to drive awareness and application of the framework globally.

- ☐ Other collaborative organisation/initiative, specify

- ☒ Other collaborative organisation/initiative, specify

Transition Pathway Initiative (TPI)

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
☐ Moderate
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.
[Optional]

Neuberger Berman became the first North American Research Funding Partner of the TPI. The initiative seeks to encourage companies to set practical targets and to increase disclosure of companies' progress in the transition to a low-carbon economy. Our support helps the TPI broaden coverage and to continue making their important analysis available as a public good. Additionally, we are incorporating the TPI methodology in our proprietary ESG ratings.

SG 10	Mandatory	Public	Core Assessed	PRI 4
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SG 10.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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☒ Yes

SG 10.2	Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.
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☒ Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

	Description
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In 2019 we hosted several regional roundtables on trends in ESG Investing for clients and peers.

	Frequency of contribution
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- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Provided financial support for academic or industry research on responsible investment

	Description
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We are currently engaged in research projects with academics in the United States, United Kingdom and Japan.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Provided input and/or collaborated with academia on RI related work

Description

We regularly collaborate with academic institutions, academics and students on RI related work.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

As part of our UN Global Compact Communication on Progress, we publicly disclosed data about the diversity of our firm. This data is also disclosed in our ESG Annual Report (published in 2019) and firm-wide Annual Report. We disclosed this data as part of our broader efforts to encourage diversity across the investment industry.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☒ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Spoke publicly at events and conferences to promote responsible investment

Description

Our ESG Investing team, PMs, heads of research and other colleagues regularly speak at events and conferences to promote responsible investment.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Wrote and published in-house research papers on responsible investment

Description

We regularly publish original research and thought leadership in ESG and Impact Investing topics. These are authored by our ESG Investing team, Sustainable Equity Team, Portfolio Managers, CIOs and individual research analysts. The latest papers can be found at www.nb.com/esg.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☒ Encouraged the adoption of the PRI

Description

Our Private Equity team invests as an LP in many private equity funds, many of which are small to mid-sized and whose GPs are not members of the PRI. The PE team actively encourages GPs to join the PRI.

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☐ Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

☒ Wrote and published articles on responsible investment in the media

Description

Regular articles and op-eds.

Frequency of contribution

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad hoc
- ☐ Other

☒ A member of PRI advisory committees/ working groups, specify

Description

Member of the Advisory Committee of the PRI's Credit Ratings Initiative and the PRI Private Equity Advisory Committee (PEAC)

Frequency of contribution

- ☒ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☐ Ad hoc
- ☐ Other

☐ On the Board of, or officially advising, other RI organisations (e.g. local SIFs)

☐ Other, specify

☐ No

SG 11	Voluntary	Public	Additional Assessed	PRI 4,5,6
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SG 11.1	Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.
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☒ Yes

If yes

- ☒ Yes, individually
- ☒ Yes, in collaboration with others

SG 11.2	Select the methods you have used.
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- ☐ Endorsed written submissions to governments, regulators or public policy-makers developed by others
- ☒ Drafted your own written submissions to governments, regulators or public-policy markers
- ☒ Participated in face-to-face meetings with government members or officials to discuss policy
- ☐ Other, specify

SG 11.3

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

☒ Yes, publicly available

provide URL

<https://www.sec.gov/comments/4-725/4725-4649975-176475.pdf>

provide URL

<https://www.nb.com/en/us/press-releases/neuberger-berman-files-proxy-statement-seeking-to-replace-three-verint-directors>

provide URL

<https://www.sec.gov/comments/s7-22-19/s72219-6718144-206171.pdf>

☐ No

☐ No

SG 11.4

Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

During 2019 we continued our work with several regulators on ESG matters. Most notable was our work with the US Securities and Exchange Commission (SEC) where we have continued to build on our participation in consultations and comments to ensure that robust ESG standards are advanced for the benefit of all shareholders. To that effect our Head of ESG Investing, Jonathan Bailey, provided our views on the best approach to potentially regulate corporate disclosure of ESG metrics during an exchange with the SEC on behalf of the Investor Advisory Council. He advocated for reasonable commentary by regulators that both helps investors understand a path forward while continuing to enable a diversity of innovative approaches. On a different topic in this area, our CIO and President, Joseph Amato, submitted another letter supporting strong protections of small shareholders which are imperiled by some recent guidance by the SEC around the proxy voting system. We continue to be involved in these processes, both on our own, and in support of our fellow shareholders through organizations like the Council of Institutional Investors.

We continued to take steps to encourage focus by policy-makers and regulators on climate-related risk in financial markets, including by signing the Global Investor Statement to Governments on Climate Change. This statement urges governments to step up their ambition and action to achieve the goals of the Paris Agreement, support investment in the low-carbon transition, and improve climate-related financial disclosures. Additionally, we participated in the United Kingdom Financial Reporting Council's Climate Related Corporate Reporting Initiative to seek to identify specific best practices in climate-related disclosure, and to enable a move towards more effective and comprehensive reporting.

We are also keenly aware of the European Union's Sustainable Action Plan and its related regulatory requirements and have been involved in industry-wide working groups and collaborative efforts. For example we are part of the PRI's EU Taxonomy Practitioner Group, which is convening on a regular basis to discuss how the taxonomy is applied to funds or investment decisions. Our main contribution to this effort is a case study where we will examine a fund and report against alignment in collection that will be available to PRI Signatories who are looking for guidance on implementation.

As part of our efforts to engage regulators all across the globe we submitted a letter to the Japanese Ministry of Finance articulating our concerns surrounding the Foreign Exchange and Foreign Trade Act and its implications for both our ability to deliver returns for our clients, as well as the maintenance of healthy governance at Japanese companies. We continue to remain involved in the conversation, both directly, as well as through local investor organizations, of which we are members. We also took part in the Hong Kong Securities and Futures Commission's (SFC) survey on ESG to assist the SFC in considering appropriate policies, codes and guidance for companies and investors.

Outsourcing to fiduciary managers and investment consultants

SG 12	Mandatory	Public	Core Assessed	PRI 4
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate whether your organisation uses investment consultants.
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- ☐ Yes, we use investment consultants
- ☒ No, we do not use investment consultants.

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
---------	--

- ☒ Yes, in order to assess future ESG factors

	Describe
--	----------

Neuberger Berman's Risk department runs scenario analysis and stress testing on the companies that we hold. The risk team monitors the ESG ratings of a portfolio and is taking responsibility for the climate scenario analysis. Our proprietary ESG ratings also include scenario analysis results for the relevant sectors.

- ☒ Yes, in order to assess future climate-related risks and opportunities

	Describe
--	----------

We have implemented top-down climate scenario analysis for all listed equity and corporate bond portfolios. The security analysis results in an aggregate portfolio level Climate Value-at-Risk based on a range of scenarios. This is reviewed at least annually for each strategy and candidates are identified for engagement.

- ☐ No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
---------	---

	We do the following
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- ☐ Allocation between asset classes
- ☐ Determining fixed income duration
- ☐ Allocation of assets between geographic markets
- ☐ Sector weightings
- ☐ Other, specify
- ☒ We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC	Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.
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- ☒ Initial assessment

	Describe
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We start with a top-down, systematic scenario analysis of climate value-at-risk for every publicly-listed corporate security in our U.S. mutual funds and UCITS funds at least once a year. The tool is highly nimble, enabling us to evaluate economic risks under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by Risk and presented on a portfolio level to our portfolio managers.

The climate value-at-risk tool is also available to all Portfolio Managers and analysts who can use their judgment on how the information is considered within the investment process. The resource augments existing risk monitoring activities and provides a framework for identifying climate-risk over the long-term and helps us understand how companies can shift their strategies and risk practices over time. The scenario analysis serves as a starting point for further bottom-up analysis, a comparison to the relevant benchmark and identifying potential climate-related risks for engagement opportunities.

- ☒ Incorporation into investment analysis

	Describe
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Our ESG Investing team and Central Research Analysts include scenario analysis in our proprietary ESG ratings for the most relevant sectors. In the spirit of capturing and most accurately quantifying the environmental risk to these businesses, two types of scenario analysis are employed. In the Utilities space we leverage the LSE Grantham Center's Transition Pathways Initiative framework to forecast company's carbon intensity in 2030 relative to levels needed to deliver on The Paris Climate Accord. We normalize relative to peers and include the results as a factor in our proprietary ESG ratings. Importantly, this analysis goes beyond carbon emissions data and gives us a preliminary view of what the generation profile of each utility under coverage may look like in 2030.

Climate value-at-risk is a second form of scenario analysis incorporated into our ESG ratings, whereby physical risk is included in the Climate Transition Alignment factor in the Utilities group and it is used as an alternative to backward looking carbon footprint data in the Integrated Oils group under the Greenhouse Gas Emissions factor. We believe both methods of scenario analysis are vital to providing a holistic view of the climate risks in our ESG rating and combines our fundamental analysts' perspective with a systems-driven approach.

In our analysis of sovereign issuers, our Emerging Markets Debt team uses the Notre Dame Global Adaptation Index as one of the inputs to the ESG rating of each sovereign issuer in the universe. The index summarizes a country's potential future vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

When our analysis shows excessive climate risks and limited mitigate paths, we take action by reducing exposure in portfolios. This is the case in Emerging Market Debt where we have instituted a coal phase out

policy for all emerging market corporate holdings in order to mitigate risks related to thermal coal mining and power generation. Any ownership of companies that derive more than 25% of revenue from thermal coal were sold and will be excluded from future purchase, with the threshold ratcheting lower to 10% by 2022 - in line with the firm's Sustainable Exclusions Policy. The team also sees risk to pure-play coal generators and put in place a policy that limits exposure to those with coal generation capacity of >95%. Importantly the team emphasizes cleaner energies in the capacity investments of these utilities, via detailed engagement in this respect.

Our Insurance Linked Strategies Group provides property insurance companies with innovative risk mitigation solutions against extreme storms, hurricanes and other natural disasters. A key focus of the investment process is proprietary analysis of both short-term weather variables and longer-term climate trends including sea level rise in exposure data (bathymetry) and supplemental flood analyses. These capabilities were also used to evaluate a potential investment in Private Equity to assess the concentrated asset risk of one manufacturing facility. The geographic area has low peril exposure for hurricanes and earthquakes, but flooding and severe storms pose minor threats.

☒ Inform active ownership

Describe

The climate scenario analysis can help efficiently identify the positions affected by climate change in our portfolios and sector coverage. This helps prioritize the opportunity for engagement to understand steps a particular company has taken to both monitor and mitigate the potential physical and transition risks from climate change. These steps precipitated many company engagements in 2019 as we engaged with 12 of the top 15 holding weighted Climate Value-at-Risk contributors across our equity portfolio and a majority of our top 100 climate value-at-risk holdings.

In one case our analysis of physical risks led us to engage a portfolio company on the basis of its exposure to the risk of storm damage to its physical assets in Puerto Rico. Based on exposure identified by our model, our Sustainable Equity team worked with the company to understand the mitigation investments that had been made since Hurricane Maria damaged company facilities in 2017. This discussion gave the team more confidence that the company can withstand future storms but bears continued monitoring going forward. Our success in this case and others led the ESG Investing team to conduct a broader analysis to identify what we believe are the highest risk positions across our portfolios. The results of this analysis will serve as a jumping-off point for company-specific assessments and inform our engagement priorities with these management teams.

☐ Other

SG 13.5 CC	Indicate who uses this analysis.
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- ☒ Board members, trustees, C-level roles, Investment Committee
- ☒ Portfolio managers
- ☒ Dedicated responsible investment staff
- ☐ External managers
- ☐ Investment consultants/actuaries
- ☒ Other

specify

Dedicated ESG Investing Team

SG 13.6 CC	Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.
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☒ Yes

	Describe
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The 15-year climate scenario analysis we use in the Climate Value-at-Risk tool is beyond the typical investment time horizon. Additionally, much of the proprietary analysis around climate risks that directly feed into our ESG Ratings go beyond the traditional investment time horizon such as the forecasted carbon intensity in 2030 of utility generation or scoring of carbon reduction targets in the 2030-2050 timeframe.

☐ No

SG 13.7 CC	Indicate whether a range of climate scenarios is used.
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- ☒ Analysis based on a 2°C or lower scenario
- ☒ Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- ☒ Analysis based on a 4°C or higher scenario
- ☐ No, a range is not used

SG 13.8 CC	Indicate the climate scenarios your organisation uses.
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Provider	Scenario used	
IEA	☐ Beyond 2 Degrees Scenario (B2DS)	
IEA	☒ Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	☐ Sustainable Development Scenario (SDS)	
IEA	☐ New Policy Scenario (NPS)	
IEA	☐ Current Policy Scenario (CPS)	
IRENA	☐ RE Map	
Greenpeace	☐ Advanced Energy [R]evolution	
Institute for Sustainable Development	☐ Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	☐ BNEF reference scenario	
IPCC	☐ Representative Concentration Pathway (RCP) 8.5	
IPCC	☐ RPC 6	
IPCC	☐ RPC 4.5	
IPCC	☐ RPC 2.6	
Other	☒ Other (1)	Other (1) please specify: AIM/GCE
Other	☒ Other (2)	Other (2) please specify: GCAM 2DS
Other	☒ Other (3)	Other (3) please specify: IMAGE 2DS

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- ☐ Changing demographics
- ☒ Climate change
- ☒ Resource scarcity
- ☒ Technological developments
- ☒ Other, specify(1)

	other description (1)
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- Policy and regulatory changes.
- ☐ Other, specify(2)
 - ☐ None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- ☐ Established a climate change sensitive or climate change integrated asset allocation strategy
- ☐ Targeted low carbon or climate resilient investments
- ☒ Phase out your investments in your fossil fuel holdings
- ☒ Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- ☒ Used emissions data or analysis to inform investment decision making
- ☒ Sought climate change integration by companies
- ☒ Sought climate supportive policy from governments
- ☐ Other, specify
- ☐ None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
----------------	--

- ☒ Scenario analysis
- ☒ Disclosures on emissions risks to clients/trustees/management/beneficiaries
- ☒ Climate-related targets
- ☒ Encouraging internal and/or external portfolio managers to monitor emissions risks
- ☐ Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- ☒ Weighted average carbon intensity
- ☒ Carbon footprint (scope 1 and 2)
- ☒ Portfolio carbon footprint
- ☒ Total carbon emissions
- ☒ Carbon intensity
- ☒ Exposure to carbon-related assets
- ☐ Other emissions metrics
- ☐ Other, specify
- ☐ None of the above

SG 14.4	If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.
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We use third-party data sets including TruCost, MSCI ESG Manager and a climate value-at-risk scenario analysis tool.

SG 14 CC	Voluntary	Public		General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess climate transition and physical risk of securities and portfolios.	Climate value-at-risk	Calculates costs and revenue opportunities from a sector decarbonization approach based on various climate scenarios.
Weighted average carbon intensity	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess average carbon intensity exposure in a portfolio.	CO2e/\$M	Using third party assessment data of carbon emissions in concert with annual revenue to calculate a weighted average carbon intensity of portfolio holdings compared to the benchmark.
Carbon footprint (scope 1 and 2)	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess absolute level of carbon emissions emitted by a company.	Tons of CO2	Using third party assessment data of scope 1-3 carbon emissions.
Portfolio carbon footprint	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess absolute carbon footprint of an entire portfolio.	Tons of CO2	Summation of portfolio holdings carbon footprint using scope 1 and scope 2 emissions
Total carbon emissions	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess absolute total carbon emissions of an entire portfolio.	Tons of CO2	Summation of portfolio holdings carbon footprint using scope 1, scope 2 and scope 3 emissions
Carbon intensity	☐ All assets ☒ Majority of assets ☐ Minority of assets	Assess companies on the amount of carbon released relative to business activity.	CO2e/\$M	Using third party assessment data of carbon emissions together with annual revenue.
Exposure to carbon-related assets	☐ All assets ☒ Majority of assets ☐ Minority of assets	To screen companies with fossil fuel reserves or generation exposure	% of reserves or % of revenue	Total fossil fuel reserves or % of revenue as reported in the latest available period.

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
☒ Absolute target ☐ Intensity target	2019		Offset our firm-wide travel carbon emissions via purchases of carbon credits.	
☒ Absolute target ☐ Intensity target	2019	2020	Prohibit investment in companies that have more than 25% of revenue derived from thermal coal mining or are expanding thermal coal power generation.	
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				
☐ Absolute target ☐ Intensity target				

**SG 14.8
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- ☒ Processes for climate-related risks are integrated into overall risk management

Please describe

Neuberger Berman's risk team incorporates Climate Value-at-Risk in the comprehensive risk management process. The Climate Value-at-Risk analysis is used in annual investment performance/risk reviews in conjunction with more traditional risk assessments. The risk team can use the tool as a way to quantify the tail risk associated with climate risks for portfolio managers and monitor the risk over time (as it is likely to increase). Given the security level analysis, the Climate Value-at-Risk tool also serves to help identify securities with elevated climate-related risks and those that could be better positioned. A snapshot of best and worst positioned in a portfolio provides a digestible method for portfolio managers to prioritize the companies for engagement on the topic, especially if a plan of mitigation or emissions reduction is absent. The risk team also monitors ESG characteristics of a portfolio for an annual review, many of which in the Environmental pillar are related to climate risk.

- ☐ Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC**

Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- ☒ Yes

	Please describe
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Neuberger Berman undertakes action in several areas to encourage the adoption of the TCFD. We are a signatory and lead investor in the Climate Action 100+ campaign where we have been explicitly engaging with issuers around their preparedness to tackle climate change.

Our Proxy Voting Guidelines contain an expectation about familiarity with the TCFD, which read: "Neuberger Berman is broadly supportive of the work of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) and issuers can look to those frameworks as a reference of leading best practices. We expect directors to be familiar with those recommendations and be able to discuss how they relate to the risk assessment for their business.

Those same Guidelines outline our support for shareholder resolutions, some of which reference and advocate for the framework. Lastly, we educated our analysts and portfolio managers on climate-related financial risks and opportunities by hosting representatives from the TCFD for a presentation in our offices.

- ☐ No, we do not undertake active ownership activities.
- ☐ No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- ☐ Yes
- ☒ No

Asset class implementation not reported in other modules

SG 16	Mandatory	Public	Descriptive	General
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SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
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Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Fixed income - Corporate (financial)	Our fixed income - corporate (financial) ESG integration process follows the same approach as for fixed income - corporate (non-financial). Our credit analysts have developed proprietary ESG ratings specific to financial issuers. Ratings influence internal credit ratings and portfolio construction. Credit analysts engage with issuers directly on material ESG topics. Please see the FI section of our reporting for more information.
Fixed income - Securitised	Material ESG factors plays an important role in determining the true risk adjusted credit profile of a securitization through an understanding of the GSE corporate governance strategy. Corporate governance includes factors such as risk management, regulatory compliance with the FHFA, litigation risks as well as management control issues. We believe understanding these issues will provide an investment framework for the true risks associated with the GSE guarantee and will allow us to better evaluate the relative value attractiveness of various investment opportunities.
Private equity	Neuberger Berman believes that material ESG factors are an important part of the due diligence of private investments. We conduct this diligence when we invest alongside other general partners on a particular transaction. We also consider ESG factors when investing in private equity funds or private firms through primary and secondary investments. Given our positioning in the private equity ecosystem, we engage with our partners to share and promote best practices and resources related to ESG integration.
Hedge funds - DDQ	Select whether you have responded to the PRI Hedge Fund DDQ ☐ Yes ☒ No
Hedge funds	Our Alternatives group has the ability to incorporate ESG factors into its due diligence process and portfolio monitoring, and is able to create customized portfolios around specific client ESG objectives. The group adopts the policies and leverages the experience of the overall firm with regard to ESG.
Other (1) [as defined in Organisational Overview module]	None

SG 17	Mandatory	Public	Descriptive	General
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SG 17.1	Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.
---------	--

Asset Class	Describe what processes are in place and the outputs or outcomes achieved
Hedge funds - DDQ (Fund of Hedge Funds)	Select whether you use the PRI Hedge Fund DDQ ☐ Yes ☒ No
Fund of hedge funds	Our Alternatives group has the ability to incorporate ESG factors into its due diligence process and portfolio monitoring, and is able to create customized portfolios around specific client ESG objectives. The group adopts the policies and leverages the experience of the overall firm with regard to ESG.

Innovation

SG 18	Voluntary	Public	Descriptive	General
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SG 18.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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☒ Yes

SG 18.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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We believe that encouraging free thinking by each portfolio management team accelerates the rate of innovation. Our ESG Investing team provides top-down assistance, including by sharing best practices. We believe we are differentiated in 5 ways:

1. ESG is embedded across our firm

Our analysts and portfolio managers have responsibility for identifying, analyzing and incorporating material ESG factors into security analysis and portfolio construction. We do not outsource this work to a separate ESG research team because we believe ESG analysis is more effective when conducted by analysts with decades of industry experience.

ESG considerations are embedded in credit committees, investment committees, investment performance reviews, and have a direct influence on end-of-year analyst bonuses. Furthermore, over 150 colleagues have a formal role on either the ESG Committee or one of our ESG Working Groups, sharing innovations across asset classes, functions and teams.

2. Our ESG analysis constantly improves

Our analyst-owned proprietary ESG rating systems were built specifically and separately for different asset classes. These custom ratings cover 2,200 equities and 941 credit issuers while incorporating the analysts' extensive industry experience to make decisions on qualitative categories that may be hard to measure. Our methodologies and data sources constantly improve. Our analysts are not constrained by backwards looking data - a portion of our ratings are based on forward looking judgement from analysts who are engaging directly with management teams. We also leverage the capabilities of our Data Science team, for example by incorporating employee review data.

3. Climate risk analysis is systematically integrated

We have implemented top-down climate scenario analysis for all listed equity and corporate bond portfolios. This security analysis results in an aggregate Climate Value-at-Risk at the portfolio level based on a range of scenarios including those aligned with a 2° Celsius and a 1.5° Celsius transition. Climate VaR is reviewed at least annually for each investment strategy and the security-specific Climate VaR helps prioritise engagement with issuers. We have published an Independent TCFD report.

Top-down analysis is complemented by bottom-up transition prepared analysis in key sectors by our analysts leveraging the LSE's Transition Pathways Initiative methodology. The trained climate scientists on our

Insurance Linked Strategies team provide bottom-up physical risk modelling, including for individual private equity direct investments.

We are also phasing out exposure to thermal coal mining across co-mingled portfolios.

4. Engagement applies just as much to our fixed income portfolios as equities

We diligently vote proxies in the best interest of our clients, however the heart of our active ownership activities is engagement by experienced analysts and portfolio managers directly with management teams and Board members.

We do not outsource engagement to a separate stewardship team as we believe engagement is core to good fundamental analysis and portfolio management. That means that our credit analysts engage with corporate issuers separately from our equity teams so that they can act in the best interests of our fixed income clients.

5. Our investment processes evolve to meet changing client needs

We have developed a range of innovative investment products to meet evolving client needs - most recently our Global High Yield Sustainable Action fund which seeks to achieve measurable contributions to the UN SDGs as a result of targeted engagements on operations/products with issuers.

Our Emerging Market Debt team has been running a proprietary ESG model for sovereign credit analysis since 2004 in which up to 40% of the country credit score is a result of ESG factors. The team also systematically incorporates ESG factors into its credit analysis of corporate issuers, and has a systematic process of engaging with corporate issuers.

Our Municipal Fixed Income investment team integrates ESG in the investment process through the evaluation of material ESG factors, with a particular focus on the issuer. The team also manages a Municipal Bond Impact Strategy with an explicit focus on projects that contribute to positive social and environmental impact aligned to the UN SDGs.

Our Global Developed Market (Non-Investment Grade and Investment Grade) Credit team undertakes ESG research as a core part of its Credit Best Practices, including a proprietary ESG rating system covering all issuers - including the approximately 40% of the non-investment grade benchmark which is not covered by 'off-the-shelf' ESG ratings providers. The team actively tracks the performance of credits which they decided not to invest in for ESG reasons to assess the performance attribution from ESG in their investment process.

Our Sustainable Equity U.S. equities team formally incorporates ESG as part of its investment process. The team's mutual fund has one of the longest track records in the industry for an ESG integrated strategy.

Our Emerging Markets Equity Select team uses ESG ratings to initially screen for high quality companies. When companies do not meet our screening threshold, they systematically engage to improve their ESG practices. If companies do not improve, the team divests or chooses not to invest in the company.

Our Small Cap Intrinsic Value team seeks to identify companies with what they believe are underappreciated assets or value and to actively work to unlock that potential. Their highly engaged approach involves working closely with boards to enhance their capability, encouraging a focus on a long-term strategy, and the implementation of long-term performance metrics and compensation structures. Where necessary the team will use active ownership techniques including nominating new directors to unlock long-term value for clients.

Our Private Investments team sees hundreds of middle market private equity managers each year, allowing us to have a unique view of which are most committed to ESG integration and impact, as well as to unique co-invest and secondary opportunities in the highest impact opportunities. This has allowed them to develop an innovative Private Equity Impact strategy which seeks to deliver measurable positive outcomes for people and planet aligned with the UN SDGs.

Our Private Credit team has been at the forefront of innovating ESG integration in the private debt markets and believes that this is essential for high quality credit selection in order to manage and seek to reduce risk in portfolios.

○ No

Communication

SG 19	Mandatory	Public	Core Assessed	PRI 2, 6
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SG 19.1

Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Selection, Appointment and Monitoring**Do you disclose?**

- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☒ We disclose to clients/beneficiaries only.
- ☐ We disclose to the public

Disclosure to clients/beneficiaries**Disclosure to clients/beneficiaries**

- ☒ How responsible investment considerations are included in manager selection, appointment and monitoring processes
- ☒ Details of the responsible investment activities carried out by managers on your behalf
- ☒ E, S and/or G impacts and outcomes that have resulted from your managers' investments and/or active ownership
- ☐ Other

Frequency

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☐ Less frequently than annually
- ☒ Ad-hoc/when requested

Listed equity - Incorporation**Do you disclose?**

- ☐ We do not proactively disclose it to the public and/or clients/beneficiaries
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- ☒ Yes
- ☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☐ Broad approach to ESG incorporation ☒ Detailed explanation of ESG incorporation strategy used
	Frequency ☒ Quarterly or more frequently ☐ Biannually ☐ Annually ☐ Less frequently than annually ☐ Ad-hoc/when requested
	URL https://www.nb.com/pages/public/en-us/sustainable-equity-investing.aspx
	URL http://www.nb.com/esg

	Listed equity - Engagement
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	Do you disclose?
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- ☐ We do not disclose to either clients/beneficiaries or the public.
☐ We disclose to clients/beneficiaries only.
☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
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- ☒ Yes
☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☒ Details on the overall engagement strategy ☐ Details on the selection of engagement cases and definition of objectives of the selections, priorities and specific goals ☒ Number of engagements undertaken ☒ Breakdown of engagements by type/topic ☐ Breakdown of engagements by region ☐ An assessment of the current status of the progress achieved and outcomes against defined objectives ☒ Examples of engagement cases ☒ Details on eventual escalation strategy taken after the initial dialogue has been unsuccessful (i.e. filing resolutions, issuing a statement, voting against management, divestment etc.) ☐ Details on whether the provided information has been externally assured ☒ Outcomes that have been achieved from the engagement ☐ Other information
	Frequency ☐ Quarterly or more frequently ☐ Biannually ☒ Annually ☐ Less frequently than annually ☐ Ad-hoc/when requested
	URL http://www.nb.com/esg

Listed equity – (Proxy) Voting	
	Do you disclose? ☐ We do not disclose to either clients/beneficiaries or the public. ☐ We disclose to clients/beneficiaries only. ☒ We disclose to the public
	The information disclosed to clients/beneficiaries is the same ☒ Yes ☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☒ Disclose all voting decisions ☐ Disclose some voting decisions ☐ Only disclose abstentions and votes against management
	Frequency ☒ Quarterly or more frequently ☐ Biannually ☐ Annually ☐ Less frequently than annually ☐ Ad hoc/when requested
	URL https://www.nb.com/pages/public/global/fund-governance.aspx

	Fixed income
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	Do you disclose?
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- ☐ We do not disclose to either clients/beneficiaries or the public.
- ☐ We disclose to clients/beneficiaries only.
- ☒ We disclose to the public

	The information disclosed to clients/beneficiaries is the same
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- ☒ Yes
- ☐ No

Disclosure to public and URL	
	Disclosure to public and URL ☐ Broad approach to RI incorporation ☒ Detailed explanation of RI incorporation strategy used
	Frequency ☐ Quarterly ☒ Biannually ☐ Annually ☐ Less frequently than annually ☐ Ad hoc/when requested
	URL https://www.nb.com/pages/public/en-us/esg-investing.aspx

Hedge Funds

Do you disclose?

- ☒ We do not disclose to either clients/beneficiaries or the public.
☐ We disclose to clients/beneficiaries only.
☐ We disclose to the public

SG 19.2

Additional information [Optional]

Each of our portfolio managers integrates ESG factors in a manner which we believe is appropriate for their investment horizon, investment style and asset class. With this in mind we have answered 'Listed Equity - Incorporation' from the perspective of our Sustainable Equity fund.

We provide disclosure of proxy votes cast at all the company meetings for which we own stock in the company in one or more of our mutual funds. We believe this represents all material votes, however on occasion we will cast votes at additional company meetings for stock held in employee accounts, client-directed accounts, or separately managed accounts. These votes are not disclosed.

Please note, the link corresponding to voting decision disclosure provides the publicly available proxy voting record for the US open end mutual funds.

Neuberger Berman Group LLC

Reported Information

Public version

Indirect – Manager Selection, Appointment and Monitoring

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

						Private equity		
Assess the time horizon of the investment manager's offering vs. your/beneficiaries' requirements						☒		
Assess the quality of investment policy and its reference to ESG						☒		
Assess the investment approach and how ESG objectives are implemented in the investment process						☒		
Review the manager's firm-level vs. product-level approach to RI						☒		
Assess the ESG definitions to be used						☒		
Other						☐		
None of the above						☐		

ESG people/oversight

						Private equity		
Assess ESG expertise of investment teams						☒		
Review the oversight and responsibilities of ESG implementation						☒		
Review how is ESG implementation enforced /ensured						☒		
Review the manager's RI-promotion efforts and engagement with the industry						☒		
Other						☒		
None of the above						☐		

Process/portfolio construction/investment valuation

						Private equity		
Review the process for ensuring the quality of the ESG data used						☐		
Review and agree the use of ESG data in the investment decision making process						☒		
Review and agree the impact of ESG analysis on investment decisions						☒		
Review and agree ESG objectives (e.g. risk reduction, return seeking, real-world impact)						☒		
Review and agree manager's ESG risk framework						☒		
Review and agree ESG risk limits at the portfolio level (portfolio construction) and other ESG objectives						☐		
Review how ESG materiality is evaluated by the manager						☒		
Review process for defining and communicating on ESG incidents						☒		
Review and agree ESG reporting frequency and detail						☒		
Other, specify						☒		
None of the above						☐		

If you select any `Other` option(s), specify

Neuberger Berman Private Equity believes that integrating ESG considerations throughout our investment process can lead to more consistent and better investment outcomes - by helping to identify both material risks and opportunities to drive value. We are focused on long-term partnerships and engage with our partners to promote ESG integration best practices and resources.

Neuberger Berman Private Equity seeks to engage formally and informally with private equity managers and encourage them to incorporate environmental, social, and governance considerations into their investment strategy. In addition to informal engagement with managers, with whom we have relationships, we formally incorporate ESG issues into our fund and direct investment sourcing, investment diligence and investment monitoring processes.

The materials that we include in our investment committee materials are a culmination of the robust discussions / engagement we have with managers (both for fund investments and direct investments).

SAM 02.3

Indicate the selection process and its ESG/RI components

- ☒ Review ESG/RI responses to RfP, RfI, DDQ etc.
- ☒ Review responses to PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire (LP DDQ)
- ☒ Review publicly available information on ESG/RI
- ☒ Review assurance process on ESG/RI data and processes
- ☒ Review PRI Transparency Reports
- ☒ Request and discuss PRI Assessment Reports
- ☒ Meetings with the potential shortlisted managers covering ESG/RI themes
- ☒ Site visits to potential managers offices
- ☐ Other, specify

SAM 02.4

When selecting external managers does your organisation set any of the following:

						Private equity		
ESG performance development targets						☒		
ESG score						☒		
ESG weight						☒		
Real world economy targets						☒		
Other RI considerations						☒		
None of the above						☐		

You selected an 'Other' option in table SAM 02.4 above, please specify

Neuberger Berman Private Equity incorporates our proprietary ESG rubric as framework for (i) engagement with the manager, (ii) fund diligence and (iii) ongoing monitoring of fund investments. Those ESG issues addressed during the due diligence phase are observed during the monitoring period, as well.

Neuberger Berman Private Equity seeks to engage formally and informally with private equity managers and encourage them to incorporate environmental, social, and governance considerations into their investment strategy. An example of our engagement efforts is a series of roundtables and one-on-one meetings that Neuberger Berman hosts. These GP-only interactions have convened over 35 GPs to discuss best practices in ESG in private equity, including presentations from the PRI and SASB, and to encourage peer learning and collaboration.

Neuberger Berman's Private Equity Impact strategy involves the tracking and reporting of certain environmental and social Key Performance Indicators (KPIs) with the intent to communicate the real world impacts of the strategy's investments.

SAM 02.5

Describe how the ESG information reviewed and discussed affects the selection decision making process.[OPTIONAL]

Neuberger Berman Private Equity believes that mitigating ESG-related risks may reduce overall portfolio risk and increase defense against serious reputational harm. We further believe that integrating ESG factors into our

diligence may lead to a more consistent investment outcome and strong financial returns. With this mind-set, we incorporate a robust ESG analysis in our investment due diligence materials and ESG factors are an integral part of the fund and direct investment committee discussion and decision making process.

Appointment				
SAM 04	Mandatory	Public	Core Assessed	PRI 1
SAM 04.1	Indicate if in the majority of cases and where the structure of the product allows, your organisation does any of the following as part of the manager appointment and/or commitment process			
☒ Sets standard benchmarks or ESG benchmarks ☒ Defines ESG objectives and/ or ESG related exclusions/restrictions ☐ Sets incentives and controls linked to the ESG objectives ☐ Requires reporting on ESG objectives ☒ Requires the investment manager to adhere to ESG guidelines, regulations, principles or standards ☐ Other, specify (1) ☐ Other, specify (2) ☐ None of the above				
SAM 04.2	Provide an example per asset class of your benchmarks, objectives, incentives/controls and reporting requirements that would typically be included in your managers' appointment.			
	Asset class			
☒ Private equity				
	Benchmark			
☒ Standard benchmark, specify We monitor the performance of all of our private equity funds and separate accounts against appropriate benchmarks. ☐ ESG benchmark, specify				
	ESG Objectives			
☐ ESG related strategy, specify ☐ ESG related investment restrictions, specify ☒ ESG integration, specify Neuberger Berman Private Equity seeks to engage formally and informally with private equity managers and encourage them to incorporate environmental, social, and governance considerations into their investment strategy. By having a consistent diligence framework and engaging with managers on ESG topics to convey our expectation of improvement, we signal to managers that ESG is an important part of our investment decision making. As of 2019, we aggregate and track ESG fund assessment data to inform a proprietary benchmarking system. This analysis helps to inform client ESG reporting.				

- ☐ Engagement, specify
- ☐ Voting, specify
- ☒ Promoting responsible investment

As part of our fund manager ESG assessment, we encourage participation in industry organizations such as the UN PRI. We also host GP education events on ESG to raise awareness of responsible investment.

- ☒ ESG specific improvements

We partner with GPs to share best practices in ESG policy and investment process enhancements. We expect to increasingly engage with GPs that especially have room for improvement to provide feedback on where and how they can improve their ESG integration practices.

- ☐ Other, specify
- ☐ ESG guidelines/regulation, principles/standards, specify

Incentives and controls

- ☒ We do not set incentives and controls

Reporting requirements

- ☒ We do not require the reporting on ESG objectives

SAM 04.3

Indicate which of these actions your organisation might take if any of the requirements are not met

- ☒ Discuss requirements not met and set project plan to rectify
- ☐ Place investment manager on a “watch list”
- ☒ Track and investigate reason for non-compliance
- ☐ Re-negotiate fees
- ☐ Failing all actions, terminate contract with the manager
- ☒ Other, specify

As part of our due diligence process, we review a GP's prior track record to evaluate its ability to integrate ESG factors into their diligence and monitoring. If in our diligence we find that the GP has had any material ESG issues in prior funds this would be factored into our investment decision making process. As a minority investor, when financial or ESG related issues arise, we engage with the GP to voice our concerns.

- ☐ No actions are taken if any of the ESG requirements are not met

SAM 04.4

Provide additional information relevant to your organisation's appointment processes of external managers. [OPTIONAL]

Neuberger Berman Private Equity believes that mitigating ESG-related risks may reduce overall portfolio risk and increase mitigation against serious reputational harm. We further believe that integrating ESG factors into our diligence may lead to a more consistent investment outcome and attractive financial returns. With this mindset, we incorporate a robust ESG analysis in our investment due diligence materials and ESG factors are an integral part of the fund and direct investment committee discussion and decision making process.

Monitoring

SAM 05

Mandatory

Public

Core Assessed

PRI 1

SAM 05.1

When monitoring managers, indicate which of the following types of responsible investment information your organisation typically reviews and evaluates

						Private equity		
ESG objectives linked to investment strategy (with examples)						☒		
Evidence on how the ESG incorporation strategy(ies) affected the investment decisions and financial / ESG performance of the portfolio/fund						☒		
Compliance with investment restrictions and any controversial investment decisions						☒		
ESG portfolio characteristics						☒		
How ESG materiality has been evaluated by the manager in the monitored period						☒		
Information on any ESG incidents						☒		
Metrics on the real economy influence of the investments						☒		
PRI Transparency Reports						☒		
PRI Assessment Reports						☒		
RI-promotion and engagement with the industry to enhance RI implementation						☒		
Changes to the oversight and responsibilities of ESG implementation						☒		
Other general RI considerations in investment management agreements; specify						☒		
None of the above						☐		

If you select any `Other` option(s), specify

Neuberger Berman Private Equity incorporates our proprietary ESG rubric as framework for (i) engagement with the manager, (ii) fund diligence and (iii) ongoing monitoring of fund investments. Those ESG issues addressed during the diligence phase are observed during the monitoring period, as well.

When monitoring managers, we review and evaluate the information above, as appropriate and as available. As an active limited partner and a member of over 130 LP advisory committees, NB seeks to use our position in the private equity ecosystem to encourage managers to incorporate environmental, social, and governance considerations into their investment strategy and to continuously improve on ESG integration, monitoring and reporting.

Neuberger Berman's Private Equity Impact strategy involves the tracking and reporting of certain environmental and social Key Performance Indicators (KPIs) with the intent to communicate the real world impacts of the strategy's investments.

SAM 05.2

When monitoring external managers, does your organisation set any of the following to measure compliance/progress

						Private equity		
ESG score						☒		
ESG weight						☒		
ESG performance minimum threshold						☒		
Real world economy targets						☒		
Other RI considerations						☒		
None of the above						☐		

If you select any `Other` option(s), specify

Similar to question SAM 02.4, Neuberger Berman Private Equity incorporates our proprietary ESG rubric as framework for (i) engagement with the manager, (ii) fund diligence and (iii) ongoing monitoring of fund investments. Those ESG issues addressed during the diligence phase are observed during the monitoring period, as well.

When monitoring managers, we review and evaluate the information above, as appropriate and as available. As an active limited partner and a member of over 130 LP advisory committees, NB seeks to use our position in the private equity ecosystem to encourage managers to incorporate environmental, social, and governance considerations into their investment strategy and to continuously improve on ESG integration, monitoring and reporting.

Neuberger Berman's Private Equity Impact strategy involves the tracking and reporting of certain environmental and social Key Performance Indicators (KPIs) with the intent to communicate the real world impacts of the strategy's investments.

SAM 05.3

Provide additional information relevant to your organisation's monitoring processes of external managers. [OPTIONAL]

NB Private Equity actively monitors each of our private equity fund investments (including RI information) through:

- Ongoing and in-depth analysis of the fund's underlying portfolio
- Meetings with the sponsoring private equity firm and the fund's portfolio company professionals
- Quarterly and annual reviews
- Active participation on advisory boards and committees when appropriate
- Periodic contact with the manager to discuss portfolio development and valuations
- Ad hoc in person meetings

Outputs and outcomes

SAM 08	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SAM 08.1

Describe how you ensure that best RI practice is applied to managing your assets

- ☒ Encourage improved RI practices with existing investment managers

Measures

Neuberger Berman Private Equity seeks to engage formally and informally with private equity managers and encourage them to incorporate environmental, social, and governance considerations into their investment strategy. In addition to informal engagement with managers, with whom we have relationships, we formally incorporate ESG issues into our investment sourcing, investment diligence and investment monitoring processes. We expect to increasingly engage with GPs that especially have room for improvement to provide feedback on where and how they can improve their ESG integration practices.

- ☐ Move assets over to investment managers with better RI practices
- ☐ Other, specify
- ☐ None of the above

SAM 08.2

Additional information. [Optional]

As a fund manager, we encourage our managers to incorporate RI practices and do so at the time of manager selection, and it is an integral part of our systematized fund diligence. We regularly host roundtables and one-on-one meetings with leading managers to share ESG best practices and facilitate peer discussion and collaboration. Going forward, we plan to continue to actively encourage improved RI practices with existing investment managers.

SAM 09**Mandatory****Public****Additional Assessed****PRI 1,6****SAM 09.1**

Provide examples of how ESG issues have been addressed in the manager selection, appointment and/or monitoring process for your organisation during the reporting year.

- ☒ Add Example 1

Topic or issue	Incorporation of ESG in Operational Due Diligence
Conducted by	☒ Internal staff
Asset class	☐ All asset classes ☒ Private equity
Scope and process	Neuberger Berman Private Equity has a dedicated independent Operational Due Diligence (ODD) team. This team conducts ODD alongside the investment team and the analysis is an important part of risk management. Based on our belief that ESG can be material to the investment process and investment decision-making, incorporating ESG into ODD is a natural extension of our due diligence and monitoring.
Outcomes	Stemming from a pilot in 2H 2019, as of early 2020, ESG considerations are now incorporated as part of the standard ODD process. This includes requesting and reviewing PRI Transparency Reports if the GP is a PRI signatory

☒ Add Example 2

Topic or issue	External manager seeking to improve ESG integration
Conducted by	☒ Internal staff
Asset class	☐ All asset classes ☒ Private equity
Scope and process	Engagement: When diligencing a GP for a potential primary fund investment, Neuberger Berman Private Equity met with the GP onsite to help them improve their ESG integration practices. The GP had a minimal ESG policy, with a checklist on ESG matters not related to materiality, and junior oversight in an IR function. We engaged candidly on areas of improvement, encouraging them to become a UN PRI signatory, improve industry-specific ESG diligence, incorporating into IC memos, and introducing senior oversight.
Outcomes	The GP made improvements or is undergoing improvements to its ESG integration process, based on our recommendations, and Neuberger Berman approved a primary fund commitment to the GP.

☒ Add Example 3

Topic or issue	Co-Investment alongside External Manager
Conducted by	☒ Internal staff
Asset class	☐ All asset classes ☒ Private equity
Scope and process	Neuberger Berman Private Equity diligenced an opportunity to co-invest alongside an external manager in a healthcare company with a large single manufacturing facility. Based on the location of the facility and the enterprise value at stake, the team partnered with climate scientists at the firm to run probability models of a physical climate-related event affecting the specific location of the facility. This analysis was conducted in addition to the assessment of material ESG factors for a healthcare manufacturing facility.
Outcomes	Neuberger Berman Private Equity assessed the outputs of the climate-related risk models and determined that the likelihood of a catastrophic extreme weather event was minimal. NB shared this analysis with the GP as part of our commitment to engage with our GP partners on ESG-related topics such as climate risk.

☒ Add Example 4

Topic or issue	Fund investment
Conducted by	☒ Internal staff
Asset class	☐ All asset classes ☒ Private equity
Scope and process	Neuberger Berman Private Equity was presented with a secondary opportunity that had exposure to a vaping company. Given the significantly negative health outcomes directly resulting from this company's product, the company was facing heightened regulatory risk and negative consumer sentiment.
Outcomes	The potential 'going concern' issues related to the material health risks posed by the company's product was a key reason for declining the investment opportunity.

☒ Add Example 5

Topic or issue	Co-Investment alongside External Manager
Conducted by	☒ Internal staff
Asset class	☐ All asset classes ☒ Private equity
Scope and process	Neuberger Berman Private Equity conducted due diligence on a biomass company that produces wood pellets as an alternative power source to coal and natural gas. Because of the exposure to Europe as an end-market, the company was subject to European regulation related to wood pellets, e.g. recycled content thresholds in order to meet biomass plant requirements, as well as broader controversy of whether burning wood is better from an emissions standpoint than burning gas.
Outcomes	Based on further due diligence based on the ESG issues highlighted above, the investment team incorporated a high level of conservatism in our underwriting. For instance, the conservative base case did not attribute credit to any new projects or customers due to the uncertainty of regulations in the end-market.

- ☐ Add Example 6
- ☐ Add Example 7
- ☐ We are not able to provide examples

Neuberger Berman Group LLC

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

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ESG incorporation in actively managed listed equities

Implementation processes

LEI 01	Mandatory	Public	Gateway	PRI 1
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LEI 01.1

Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

☒ Screening alone (i.e., not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	%
	15

☐ Thematic alone (i.e., not combined with any other strategies)

☒ Integration alone (i.e., not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	%
	25

☒ Screening and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	%
	45

☒ Thematic and integration strategies

Percentage of active listed equity to which the strategy is applied — you may estimate +/- 5%	%
	15

☐ Screening and thematic strategies

☐ All three strategies combined

☐ We do not apply incorporation strategies

Total actively managed listed equities

100%

LEI 01.2

Describe your organisation's approach to ESG incorporation and the reasons for choosing the particular strategy/strategies.

As a firm, Neuberger Berman believes that material environmental, social and governance 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.

We recognize ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class, strategy and style of each investment strategy. We consider ESG factors across our investment platform and offer a range of solutions to meet client objectives.

Neuberger Berman's general approach to investing in listed equities is to build portfolios from the bottom up. This involves thoughtfully researching each potential investment, using multiple tools and techniques. Due to the nature of this investing style, primarily using "Integration alone" is the most effective means to both assess the overall merits of a potential investment, as well as meet our fiduciary responsibility to our clients. Hence this is the method we follow for the vast majority of our investments. Thematic portfolios utilize ESG factors in their fundamental analysis of each investment.

LEI 01.3

If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Many of our clients have expressed an interest in their assets being managed with exclusions. For all of our Sustainable labelled funds, we maintain a standard list of minimum exclusions. These exclusions are comprised of companies deemed to have violated the UN Global Compact, tobacco producers, controversial weapons manufacturers, civilian firearm manufacturers, private prisons and fossil fuels that do not meet acceptable environmental and climate risks. These funds are also managed with ESG integration which leads to a combination of screening and integration.

LEI 02**Voluntary****Public****Additional Assessed****PRI 1****LEI 02.1**

Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

Type of ESG information

- ☒ Raw ESG company data

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Company-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Sector-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Country-related analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ Screened stock list

Indicate who provides this information

- ☒ ESG research provider
- ☐ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☒ ESG issue-specific analysis or ratings

Indicate who provides this information

- ☒ ESG research provider
- ☒ Sell-side
- ☒ In-house – specialised ESG analyst or team
- ☒ In-house – analyst or portfolio manager
- ☐ Other, specify

LEI 02.2

Indicate whether you incentivise brokers to provide ESG research.

- ☒ Yes

LEI 02.3

Describe how you incentivise brokers.

We compensate Sell-side Research Providers based on the results of our quarterly Broker Research Vote. The vote allows Portfolio Management teams and Research Analysts to allocate commissions to Research Providers who've been helpful in the prior quarter, including with providing research on ESG related issues.

☐ No

(A) Implementation: Screening**LEI 04****Mandatory****Public****Descriptive****PRI 1****LEI 04.1**

Indicate and describe the type of screening you apply to your internally managed active listed equities.

Type of screening

☒ Negative/exclusionary screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

Description

We utilise negative/exclusionary screens across multiple funds as well as in response to specific requests from clients. Our entire European-domiciled UCITS platform excludes securities that have been identified by the firm through the utilization of third party data, as having corporate involvement in the end manufacture or manufacture of intended use components of controversial weapons.

For our Sustainable labelled funds, we maintain a standard list of minimum exclusions. These exclusions are comprised of companies deemed to have violated the principals of the UN Global Compact, tobacco producers, controversial weapons manufacturers, civilian firearm manufacturers, private prisons and fossil fuels that do not meet acceptable environmental and climate risks.

Our Sustainable Equity mutual fund endeavours to avoid companies that derive revenue from gambling or the production of: tobacco, alcohol, weapons or nuclear power.

At the request of clients invested in strategies other than Sustainable Equity managed assets, Neuberger Berman can implement additional screening based on global norms, business activity involvement, social values, and country/location. In some instances, clients provide their own exclusionary list. Client-mandated screening makes use of the following screens: product; country/geographic region; and environmental and social practices and performance.

☒ Positive/best-in-class screening

Screened by

- ☒ Product
- ☒ Activity
- ☒ Sector
- ☒ Country/geographic region
- ☒ Environmental and social practices and performance
- ☒ Corporate governance

	Description
--	-------------

We utilise positive/best-in-class screening across multiple strategies. For example the Sustainable Equity Fund looks for companies that show leadership in their environmental and workplace practices and seeks to invest in companies that demonstrate ESG policies in the following areas:

- Environmental issues
- Employment practices and diversity policies
- Community relations
- Supply chain issues
- Product integrity (safety, quality)
- Disclosure and sustainability reporting

Other strategies, for example, Emerging Markets Equity Select, tilt their portfolios towards best in class management companies as well as selecting securities based on country-level ESG risks, sector specific sustainability assessments, and other factors.

All of our equity portfolio managers and analysts evaluate governance structures of companies, the quality of oversight of boards, as well as shareholder rights features, and in many cases tilt their portfolios towards best-in-class companies. Our proprietary ratings system can be used by portfolio managers and analysts to complement their own judgement and assessment.

- ☒ Norms-based screening

Screened by

- ☒ UN Global Compact Principles
- ☐ The UN Guiding Principles on Business and Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify

	Description
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Our Sustainable labelled funds exclude issuers who we deem to be in breach of the Principles of the UN Global Compact. We are also able to apply norm-based screening to separate accounts on client request.

LEI 04.2

Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

For client-mandated screening, Neuberger Berman contracts with a third party research firm which provides monthly exclusionary lists, based on their most up-to-date research. Clients may be notified, as applicable, in instances where a security which was previously held is added to the "involvement-list".

Where we have established exclusions in co-mingled funds or across an entire platform like our UCITS platform, a 3rd party research firm provides monthly exclusionary lists, based on their most up-to-date research.

LEI 05**Mandatory****Public****Core Assessed****PRI 1****LEI 05.1**

Indicate which processes your organisation uses to ensure ESG screening is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies.
- ☐ External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar.
- ☒ Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- ☒ Trading platforms blocking / restricting flagged securities on the black list.
- ☒ A committee, body or similar with representatives independent of the individuals who conduct company research reviews some or all screening decisions.
- ☒ A periodic review of internal research is carried out.
- ☒ Review and evaluation of external research providers.
- ☒ Other; specify

The ESG Committee reviews cases where a company may have been wrongly included or failed to be included on an exclusion list.

- ☐ None of the above

LEI 05.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 05.3

Indicate how frequently third party ESG ratings are updated for screening purposes.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 05.4 Indicate how frequently you review internal research that builds your ESG screens.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 05.5 Additional information. [Optional]

All portfolios that are either negatively or positively screened take advantage of comprehensive ESG research.

LEI 06

Voluntary

Public

Additional Assessed

PRI 1

LEI 06.1 Indicate which processes your organisation uses to ensure fund criteria are not breached.

- ☒ Systematic checks are performed to ensure that stocks meet the fund's screening criteria
- ☒ Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria
- ☒ Audits of fund holdings are undertaken regularly by internal audit function
- ☒ Periodic auditing/checking of the organisations RI funds by external party
- ☐ Other; specify
- ☐ None of the above

LEI 06.2 If breaches of fund screening criteria are identified, describe the process followed to correct those breaches.

For fund and client-mandated screening, breaches are communicated to portfolio managers and applicable compliance personnel upon discovery. Breaches may be identified by independent supervisors via the order management system compliance module, or other means, including via the portfolio manager themselves. Breaches are remedied as soon as reasonably possible, in accordance with the terms of client investment management agreements. A breach may require market action by the portfolio manager. Active breaches are reviewed by a committee to determine portfolio impact, trends, and to identify potential areas for control enhancement.

(B) Implementation: Thematic

LEI 07

Mandatory

Public

Descriptive

PRI 1

LEI 07.1 Indicate the type of sustainability thematic funds or mandates your organisation manages.

- ☐ Environmentally themed funds
- ☐ Socially themed funds
- ☒ Combination of themes

LEI 07.2

Describe your organisation's processes relating to sustainability themed funds. [Optional]

We maintain several thematic funds that focus on long term sector trends underpinned by rapid social disruption and changing consumer demand. These portfolios originate from a broad universe of companies and narrowed down to thematic relevance. Analysts individually evaluate the merits of the inclusion of the portfolio companies based on fundamental research, and utilize various elements of ESG integration, including Neuberger Berman's proprietary ESG Rankings, which they help develop.

(C) Implementation: Integration of ESG factors**LEI 08****Mandatory****Public****Core Assessed****PRI 1****LEI 08.1**

Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis
Environmental	Environmental ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%
Social	Social ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%
Corporate Governance	Corporate Governance ☐ <10% ☐ 10-50% ☐ 51-90% ☒ >90%

LEI 08.2

Additional information. [Optional]

Neuberger Berman portfolio managers and research analysts perform thorough due diligence on all holdings and potential investments. Their research includes evaluation of strategy, financial measures, as well as ESG related issues.

As described in other sections ESG information is available to and reviewed by all members of the Global Equity Research department as well as portfolio managers. Those data points are systematically reviewed as part of the continuous evaluation of holdings.

LEI 09**Mandatory****Public****Core Assessed****PRI 1****LEI 09.1**

Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- ☒ Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- ☒ Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Third-party ESG ratings are updated regularly
- ☒ A periodic review of the internal research is carried out
- ☒ Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ☒ ESG risk profile of a portfolio against benchmark
- ☒ Analysis of the impact of ESG factors on investment risk and return performance
- ☒ Other; specify

Research produced by NB analysts is evaluated in a comprehensive annual survey by portfolio managers as well as Director of Research on an ongoing basis.

- ☐ None of the above

LEI 09.2

Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

LEI 09.3

Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 09.4

Indicate how frequently you review internal research that builds your ESG integration strategy.

- ☒ Quarterly or more frequently
- ☐ Bi-Annually
- ☐ Annually
- ☐ Less frequently than annually

LEI 09.5

Describe how ESG information is held and used by your portfolio managers.

- ☒ ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ☒ ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- ☒ Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- ☒ Other; specify
ESG issues are incorporated into analyst research reports and notes when they are relevant to investment process.
- ☐ None of the above

LEI 09.6

Additional information. [Optional]

The Research Department conducts comprehensive ESG research on company activities and products that is available to all portfolio managers. Within the Research Department, as of December 31, 2019, Neuberger Berman has 30 senior analysts covering 1,700 companies. Our analysts provide comprehensive coverage of companies in their universe, including proprietary ratings and assessments of ESG as well as ESG data and research which is available to them using both internal portals and external platforms like Factset and MSCI.

The layers of fundamental value-add in the proprietary ESG ratings include: 1) identifying material factors by sector using our own Materiality Matrix created with analyst input, 2) measuring companies' absolute and relative performance against those issues through a variety of public and proprietary sources and 3) actively engaging with companies to facilitate improvement and encourage greater disclosure of material information. Given limited disclosure of ESG data, many ratings include significant qualitative judgment from analysts themselves. Analysis is supported by our Big Data team and insights gleaned from engagement.

These ratings are used by central research analysts in their fundamental analysis of companies and by portfolio managers as part of their approach to ESG integration.

LEI 10**Mandatory to Report Voluntary to Disclose****Public****Core Assessed****PRI 1**

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEI 10.1

Indicate which aspects of investment analysis you integrate material ESG information into.

- ☒ Economic analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Portfolio weighting

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☒ Security sensitivity and/or scenario analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☒ 51-90%
- ☐ >90%

☒ Fair value/fundamental analysis

Proportion of actively managed listed equity exposed to investment analysis

- ☐ <10%
- ☐ 10-50%
- ☐ 51-90%
- ☒ >90%

☐ Other; specify

LEI 10.2

Indicate which methods are part of your process to integrate ESG information into fair value/fundamental analysis.

- ☒ Adjustments to forecasted company financials (sales, operating costs, earnings, cash flows)
- ☒ Adjustments to valuation-model variables (discount rates, terminal value, perpetuity growth rates)
- ☐ Valuation multiples
- ☐ Other adjustments; specify

LEI 10.3

Describe how you integrate ESG information into portfolio weighting.

ESG issues are incorporated in our research process for all the stocks we cover. We communicate our recommendations to portfolio management teams and ESG considerations are part of the overall evaluation of the holdings.

Each team adjusts the weighting in the portfolio in a manner that is appropriate to their investment style and time horizon. Many teams overweight their portfolios towards companies they determine to be best in class performers who built sustainability businesses for the long term. Some teams select companies that face specific ESG challenges that may be remediated through engagement or shareholder action.

LEI 10.4

Describe the methods you have used to adjust the income forecast/valuation tool.

We take a holistic approach to valuation of securities we cover/own. Any ESG concerns would result in appropriate adjustments to our resulting forecasts.

Some teams evaluate ESG issues that impact the business model - and therefore the earnings prospects for companies, and in turn their conviction in a company's future cash flows and price. For example, in evaluating environmental policy and governance issues, teams have uncovered both positive (maintain holdings) and negative (sell or not buy stock) decisions.

LEI 10.5

Describe how you apply sensitivity and /or scenario analysis to security valuations.

Neuberger Berman has implemented top-down scenario analysis for modelling transition and physical risks at the company level in line with the recommendations of the TCFD. Multiple scenarios estimate the impact of warming average temperatures at levels of less than 1.5°C and less than 2°C, for example. This scenario analysis currently focuses on our listed public equity and corporate-issuer fixed income holdings in the firm's U.S. mutual funds and international UCITS range. The portfolio analytics output helps us understand the Climate Value-at-Risk for the portfolio. Over time, we will seek to expand this analysis to holdings in other client portfolios.

Scenario analysis considers both transition and physical risks. Different securities and companies will have varying levels of exposure to physical risk depending on the nature of their businesses, real asset holdings and locations of key assets. Additionally, the analysis considers potential regulatory costs, as well as technology opportunities related to low-carbon technology solutions for companies that need to comply with GHG reduction requirements.

The conclusions drawn from this analysis can be used by portfolio managers to more accurately price securities in their investment selection process. Additionally, portfolio managers can use this information in the construction of more resilient portfolios.

LEI 10.6

Additional information. [OPTIONAL]

The Neuberger Berman Sustainable Equity team's investment research begins with the development and maintenance of the Prospect list. The businesses on the prospect list represent best-of-class companies by sector that the team has developed from various internal and external sources. Validating new ideas for this "prospect list" of approximately 170 stocks is one area of focus for the team's intensive business analysis process, which consists of industry research, management profiles and company research. In validating a new idea for the prospect list, the goal is to answer the question, "Does this business have attractive long-term fundamentals?" While conducting industry research, the team seeks to characterize end market dynamics, identify and measure the company's total and served market, and understand secular and cyclical dynamics. This includes understanding the industry dynamics that impact the company's business, management's track record of success, its approach to corporate governance and shareholder disclosure and the relevant environmental, workplace, community and product characteristics. The final stage of their business analysis involves integrating the results of their industry research and management profile with their company research.

Outputs and outcomes**LEI 12****Voluntary****Public****Descriptive****PRI 1****LEI 12.1**

Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

☒ Screening

Describe any reduction in your starting investment universe or other effects.

None of the UCITS funds shall invest in securities that have been identified by the firm through the utilisation of third party data, as having corporate involvement in the end manufacture or manufacture of intended use components of biological and chemical weapons, anti-personnel land mines, or cluster munitions as defined in the Biological and Toxin Weapons Convention of 1972, the Chemical Weapons Convention of 1993, the Anti-personnel Landmines Convention of 1997, and/or the Convention on Cluster Munitions of 2010.

Specifically for our Sustainable labelled funds, we maintain a standard list of minimum exclusions. These exclusions are comprised of companies deemed to have violated the principals of the UN Global Compact, tobacco producers, controversial weapons manufacturers, civilian firearm manufacturers, private prisons and

fossil fuels that do not meet acceptable environmental and climate risks. Together, these exclusions represent roughly 420 names globally, or roughly 5% of the MSCI ACWI by market cap.

Our Sustainable Equity mutual fund endeavours to avoid companies that derive revenue from gambling or the production of: tobacco, alcohol, weapons or nuclear power.

Within separate accounts, the Emerging Market Equities team currently manages accounts that prohibit tobacco investments, and those companies are negatively screened out of the portfolio.

	Specify the percentage reduction (+/- 5%)
--	---

	%
--	---

5

☐ Thematic

☒ Integration of ESG factors

	Select which of these effects followed your ESG integration.
--	--

☒ Reduce or prioritise the investment universe

☒ Overweight/underweight at sector level

☒ Overweight/underweight at stock level

☒ Buy/sell decisions

☒ Engagement / Voting

☐ Other; specify

☐ None of the above

LEI 12.2	Additional information.[Optional]
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LEI 13	Voluntary	Public	Descriptive	PRI 1
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LEI 13.1	Provide examples of ESG factors that affected your investment view and/or performance during the reporting year.
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☒ ESG factor 1

	ESG factor and explanation
Opportunities in transitioning to a low carbon economy	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
A portfolio holding in the Sustainable Equity strategy is a reliable transmission and distribution network serving 20 million people in both the UK and US where there is a transparent regulatory process supporting the ongoing need for infrastructure investment. The company is leading the industry in helping to drive an industry wide low carbon transition. The company has allocated capital investments on safety, reliability and modernization of networks which support asset growth in the 5-7% range. This includes a strong focus on increasing renewable penetration to the grid. In addition, the company has a net zero target in place for its own emissions by 2050. The company is also implementing a new 5% carbon weighting on new construction projects as a criteria for suppliers designing for lower-carbon solutions can win business - resulting in 20% emissions reduction from UK construction business.	

☒ ESG factor 2

	ESG factor and explanation
Corporate governance implications of executive compensation and shareholder alignment	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
Motorola Solutions is a case in which Corporate Governance has been critical to the Multi Cap Opportunities team's investment process. Motorola is the leading provider of mission-critical communications products and services. In 2015 the company announced a new compensation structure for senior management in conjunction with an investment from a private-equity partner. This program provided significant, one-time stock awards to senior management with strike prices of \$85.00, \$102.50, and \$120.00 per share (the share price was \$60 at the time), representing 1% of the market capitalization of the company. Importantly, if the stock price did not meet and remain above these thresholds, the awards would expire worthless. Subsequent to this announcement, the team increased its position size in Motorola Solutions, believing that management would be further incentivized to create long-term value for shareholders. Management took steps to improve the organic growth profile of the underlying business, reduce operating costs to increase margins and cash flow, repurchase significant amounts of stock, and make highly accretive acquisitions. These steps resulted in the achievement of the incentive targets and a favorable outcome for shareholders with the share price three times the level when the compensation program was put in place.	

☒ ESG factor 3

	ESG factor and explanation
Circular Economy opportunities	
	ESG incorporation strategy applied
Integration ☐ Screening ☐ Thematic ☒ Integration	
	Impact on investment decision or performance
One new player in the growing "re-commerce" industry is The RealReal (REAL), which operates an online and offline marketplace of authenticated used luxury goods. Historically, if a consumer had a luxury item they were ready to part ways with, their choices were local consignment shops, gifting or the landfill. REAL connects global supply to global demand, resulting in greater marketplace depth and breadth, and a more efficient business model. From an environmental perspective, REAL is helping to extend the lives of apparel and other luxury goods, reducing the significant footprint that the industry leaves behind. Fashion accounts for five times more emissions than aviation and REAL has begun disclosing the impressive total amount of emissions, water and energy avoided from the goods sold on its platform. REAL also disclosed that 56% of consignors cited environmental impact as a motivation for consignment, demonstrating the importance to consumers. We currently rate REAL positively on material environment and social factors largely because of the positive impact its business model has on waste, emissions and water. Given the opportunity for growth ahead and the favorable ESG tailwinds we initiated a position in our Research Opportunities Portfolio in 2019.	

☒ ESG factor 4

	ESG factor and explanation
	Pollution and environmental litigation liability
	ESG incorporation strategy applied
	Integration ☐ Screening ☐ Thematic ☒ Integration
	Impact on investment decision or performance
	We identified environmental liabilities related to PFAS at 3M in our ESG rating of the company. PFAS refers to long-chain chemicals developed by 3M that was used in firefighting foams and everyday consumer products such as Teflon. However, these chemicals bio-accumulate, are toxic/carcinogenic, and are not biodegradable. 3M started phasing out PFAS manufacturing in 2000 and stopped completely in 2008, but only within the last five years have the EPA, municipalities, politicians, and the class action tort community recognized the issue, and all are moving to regulate, legislate, and litigate. 3M has reserved/charged over \$1.3 billion to settle litigation and fund remediation of its former manufacturing sites as well as provide equipment to filter drinking water for the surrounding communities. However, the ultimate liability is unknown as waterway contamination, product liability, personal injury assessments and litigation are still in the early discovery stages. As a result we adjusted our ESG rating downward in 2018 to recognize the accelerating pace of PFAS litigation and regulation. This remained an important factor in our analysis of the company and was one of the determining factors in deciding to underweight the shares in our Research Opportunity Fund, starting in April 2019 to December 2019.

☒ ESG factor 5

	ESG factor and explanation
	Plastic waste and recycling opportunities
	ESG incorporation strategy applied
	Integration ☐ Screening ☐ Thematic ☒ Integration
	Impact on investment decision or performance
	Plastics provide many essential hygiene, health protection, and convenience benefits, yet used plastics present a global environmental challenge and are becoming a focus for legislators aiming to reduce waste. Our proprietary ESG rating system elevates forward-thinking companies such as LyondellBasell (LYB), one of the largest plastics, chemicals and refining companies in the world. Lyondell has formed a joint venture to develop new polymers in conjunction with a resource management and recycling company. The ultimate goal of the venture is to move toward a more effective plastics system that can ultimately demonstrate the potential for a wider shift from a linear to a circular economy, in which plastics never become waste. The company's executives have clearly made this a priority, as CEO Bob Patel is one of three CEOs leading the global Alliance to End Plastic Waste, a consortium of chemical companies, plastics manufacturers, consumer good companies, retailers, and waste management firms together seeking to help end the flow of plastic litter into the environment. Lyondell's broader environmental efforts, exemplary safety track record, and well respected governance practices are reflected in our above average ESG rating and helps inform our positive view on the position in our Research Opportunities Fund.

Neuberger Berman Group LLC

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

☒ Yes

LEA 01.2

Attach or provide a URL to your active ownership policy.

☐ Attachment provided:

☒ URL provided:

URL

<http://www.nb.com/esg>

LEA 01.3

Indicate what your active engagement policy covers:

General approach to Active Ownership

- ☒ Conflicts of interest
- ☒ Alignment with national stewardship code requirements
- ☒ Assets/funds covered by active ownership policy
- ☒ Expectations and objectives
- ☒ Engagement approach

Engagement

- ☒ ESG issues
- ☒ Prioritisation of engagement
- ☒ Methods of engagement
- ☒ Transparency of engagement activities
- ☒ Due diligence and monitoring process
- ☐ Insider information
- ☒ Escalation strategies
- ☒ Service Provider specific criteria
- ☐ Other; (specify)
- ☒ (Proxy) voting approach

Voting

- ☒ ESG issues
- ☒ Prioritisation and scope of voting activities
- ☒ Methods of voting
- ☒ Transparency of voting activities
- ☐ Regional voting practice approaches
- ☒ Filing or co-filing resolutions
- ☐ Company dialogue pre/post-vote
- ☒ Decision-making processes
- ☒ Securities lending processes
- ☐ Other; (specify)

☐ Other

☐ None of the above

☐ No

LEA 01.4	Do you outsource any of your active ownership activities to service providers?
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☐ Yes

☒ No

LEA 01.6	Additional information [optional]
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For public equities, the Neuberger Berman Governance and Proxy Committee oversees active ownership and is responsible for the proxy voting process, our Governance and Proxy Policy and Proxy Voting Guidelines. The Governance and Proxy Committee also plays a key role in coordinating and overseeing engagement activities that are conducted in line with our Governance and Engagement Principles. Where we believe it appropriate, we will encourage companies to incorporate consideration of material ESG factors in their business models and operations, as well as to disclose their performance against such ESG factors. We seek to engage with companies in a constructive and pragmatic manner, communicating our views and concerns directly to company management. Where relevant, we participate in collaborative engagements in support of these goals, for example, through joint letters such as the Climate Action 100+ campaign, or signing industry letters. We are signatories to the U.K. Stewardship Code, Japan Stewardship Code, the U.S. Investor Stewardship Group as well as the PRI. Neuberger Berman proactively reports on our active ownership activities as encouraged by these bodies.

Engagement

LEA 02	Mandatory	Public	Core Assessed	PRI 1,2,3
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LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
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Type of engagement	Reason for interaction
Individual / Internal staff engagements	☒ To influence corporate practice (or identify the need to influence it) on ESG issues ☒ To encourage improved/increased ESG disclosure ☒ To gain an understanding of ESG strategy and/or management ☐ We do not engage via internal staff
Collaborative engagements	☒ To influence corporate practice (or identify the need to influence it) on ESG issues ☒ To encourage improved/increased ESG disclosure ☒ To gain an understanding of ESG strategy and/or management ☐ We do not engage via collaborative engagements
Service provider engagements	☐ To influence corporate practice (or identify the need to influence it) on ESG issues ☐ To encourage improved/increased ESG disclosure ☐ To gain an understanding of ESG strategy and/or management ☒ We do not engage via service providers

LEA 02.4

Additional information. [Optional]

The bulk of our engagement efforts take place through in-depth, in-person meetings with management and boards. Related conference calls, as well as industry events, public and private letter campaigns, proxy votes, and activist campaigns all work together to round out the research, analysis, and investment decisions made by our professionals.

We believe that conducting our own engagements is an important component of fulfilling the fiduciary obligation to our clients. Engagement is an extension of good portfolio management and can't be outsourced. We have both the resources and expertise to carry out this duty and believe this to be the most faithful reflection of our clients' delegated authority. Our analysts and portfolio managers have multi-year track records of engaging and voting on ESG issues and as such bring an important complement to the third-party research and analysis that our professionals already consume as part of their decision-making process.

LEA 03

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagements.

☒ Yes

LEA 03.2

Indicate the criteria used to identify and prioritise engagements for each type of engagement.

Type of engagement	Criteria used to identify/prioritise engagements
Individual / Internal staff engagements	Individual / Internal staff engagements ☒ Geography/market of the companies ☒ Materiality of the ESG factors ☒ Exposure (size of holdings) ☒ Responses to ESG impacts that have already occurred ☐ Responses to divestment pressure ☐ Consultation with clients/beneficiaries ☒ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) ☒ Follow-up from a voting decision ☒ Client request ☒ Breaches of international norms ☐ Other; (specify) ☐ We do not outline engagement criteria for our individual engagements
Collaborative engagements	Collaborative engagements ☒ Potential to enhance knowledge of ESG issues through other investors ☒ Ability to have greater impact on ESG issues ☒ Ability to add value to the collaboration ☒ Geography/market of the companies targeted by the collaboration ☒ Materiality of the ESG factors addressed by the collaboration ☒ Exposure (size of holdings) to companies targeted by the collaboration ☒ Responses to ESG impacts addressed by the collaboration that have already occurred ☐ Responses to divestment pressure ☒ Follow-up from a voting decision ☐ Alleviate the resource burden of engagement ☒ Consultation with clients/beneficiaries ☒ Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) ☐ Other; (specify) ☐ We do not outline engagement criteria for our collaborative engagement providers

☐ No

LEA 03.3	Additional information. [Optional]
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Our engagement prioritization is primarily a function of the following considerations: severity of ESG concern as assessed by our proprietary ESG Ratings, economic exposure to the risk, relative level of influence on a situation (be it through engagement or a voting decision), and the existence of an emergent risk as identified through our internal assessment or collaborative engagement campaigns.

While the prioritization assessment is ongoing, the timing of the engagement may be reactionary in urgent cases, opportunistic in cases of industry events or pre-planned meetings, or proactive where time allows and restrictions such as quiet periods or M&A events don't prevent outreach actions.

Ultimately, we aim to prioritize engagement that we believe has the largest impact on the best interest and improvement of our clients' assets, be it through the advancement of actionable disclosure, understanding of risks and risk management at an issuer, or through influence and action to seek to mitigate risks and take advantage of investment opportunities.

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
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Individual / Internal staff engagements	☒ All engagement activities ☐ Majority of engagement activities ☐ Minority of engagement activities ☐ We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	☒ All engagement activities ☐ Majority of engagement activities ☐ Minority of engagement activities ☐ We do not define specific objectives for engagement activities carried out through collaboration

LEA 04.2	Additional information. [Optional]
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Our portfolio companies are tracked continuously by both the portfolio managers holding the position as well as by the covering research analyst. Additionally, for ESG-focused engagements we maintain a record of the objective, follow up, and timeline for each instance of the engagement. While many of the objectives are, by default, tracked on an annual improvement basis we have a minority of instances where more frequent engagement or more urgent concerns raised accelerate those objective timelines. As we refine our process and accumulate lessons and experiences we aim to integrate those more systematically into the investment process.

LEA 05	Mandatory	Public	Core Assessed	PRI 2
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LEA 05.1	Indicate whether you monitor and/or review engagement outcomes.
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Individual / Internal staff engagements	☒ Yes, in all cases ☐ Yes, in a majority of cases ☐ Yes, in a minority of cases ☐ We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	☒ Yes, in all cases ☐ Yes, in a majority of cases ☐ Yes, in a minority of cases ☐ We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

LEA 05.2

Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	☒ Define timelines/milestones for your objectives ☒ Track and/or monitor progress against defined objectives and/or KPIs ☒ Track and/or monitor the progress of action taken when original objectives are not met ☒ Revisit and, if necessary, revise objectives on a continuous basis ☐ Other; specify
Collaborative engagements	☒ Define timelines/milestones for your objectives ☒ Track and/or monitor progress against defined objectives and/or KPIs ☒ Track and/or monitor the progress of action taken when original objectives are not met ☒ Revisit and, if necessary, revise objectives on a continuous basis ☐ Other; specify

LEA 05.3

Additional information. [Optional]

In collaborative engagements our prioritization is a function of the urgency of the risk at the company and the level of exposure to the issuer of our clients' holdings. Where we deem the engagement to be of high value, we seek leadership positions in the shareholder group; where the opportunities are selected without our, or with minimal involvement, we evaluate the potential opportunities using our standard process, albeit reactively.

In the case of collaborative engagement, we see the greatest value in understanding and addressing systemic risk and emerging risks that are difficult to assess using current data or methodology. This provides both an opportunity to learn and a chance to work over an extended time horizon, often in contrast to the urgency of individual issuer engagement.

Ultimately, we aim to prioritize engagement that we believe has the largest impact on the best interest and improvement of our clients' assets, be it through the advancement of actionable disclosure, understanding of risks and risk management at an issuer, or through influence and action to mitigate risks and take advantage of investment opportunities.

LEA 06

Mandatory

Public

Additional Assessed

PRI 2,4

LEA 06.1

Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

☒ Yes

LEA 06.2

Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- ☐ Collaborating with other investors
- ☒ Issuing a public statement
- ☐ Filing/submitting a shareholder resolution
- ☒ Voting against the re-election of the relevant directors
- ☒ Voting against the board of directors or the annual financial report
- ☒ Submitting nominations for election to the board
- ☐ Seeking legal remedy / litigation
- ☒ Reducing exposure (size of holdings)
- ☒ Divestment
- ☐ Other; specify

☐ No

LEA 06.3

Additional information. [Optional]

Neuberger Berman recognizes that public markets function on the fundamental principle of shareholder input into the governance of invested companies. As such, we believe it is appropriate to pursue a variety of avenues to exercise our fiduciary obligation to clients and ensure the best interest of their investment principal, as well as, the long-term sustainable performance of the companies we invest in. While we strongly believe constructive engagement must precede other action, where that has failed, shareholders should not shy away from more direct action that we, as active managers with fundamental analysis of the business, are well positioned to pursue. While the overwhelming majority of our feedback is communicated to companies through our regular dialogue, where situations demand a more aggressive approach, we communicate our expectations through public or private letters and explore more involved strategies including vote intention disclosure, director nominations, and contested meetings of shareholders, among others. These situations are rare and only take place where we are not satisfied with the pace of improvements or where there is a rare opportunity to address a particular problem.

LEA 07

Voluntary

Public

Additional Assessed

PRI 1,2

LEA 07.1

Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No
Collaborative engagements	☒ Yes, systematically ☐ Yes, occasionally ☐ No

LEA 07.2	Indicate the practices used to ensure that information and insights gained through engagements are shared with investment decision-makers.
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- ☒ Involving investment decision-makers when developing an engagement programme
- ☒ Holding investment team meetings and/or presentations
- ☒ Using IT platforms/systems that enable data sharing
- ☐ Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- ☐ Other; specify
- ☐ None

LEA 07.3	Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.
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Type of engagement	Insights shared
Individual/Internal staff engagements	☐ Yes, systematically ☒ Yes, occasionally ☐ No
Collaborative engagements	☐ Yes, systematically ☒ Yes, occasionally ☐ No

LEA 07.4	Additional information. [Optional]
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Research analysts regularly update all of our investment professionals on their engagements with corporate management, as do professionals responsible for the engagement program, who converse with the relevant analysts and PMs prior to, and following engagements. High profile ESG engagements are tracked in detail, including participants, topics discussed, notes, and follow-up objectives and timelines.

Clients gain insights from our engagements through our regularly published case studies and reports detailing our activities in this area. These include reasons for the engagement, lessons learned, communicated expectations, as well as outcomes. These serve to provide clients with a sampling of the broader engagement program, the success of which remains dependent on the ability to carry out constructive private dialogue, and to demonstrate both the scope of our activities as well as our outcome-focused approach.

LEA 08	Mandatory	Public	Gateway	PRI 2
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LEA 08.1	Indicate whether you track the number of your engagement activities.
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Type of engagement	Tracking engagements
Individual/Internal staff engagements	☐ Yes, we track the number of our engagements in full ☒ Yes, we partially track the number of our engagements ☐ We do not track
Collaborative engagements	☐ Yes, we track the number of collaborative engagements in full ☒ Yes, we partially track the number of our collaborative engagements ☐ We do not track

LEA 08.2

Additional information. [Optional]

NB utilizes a firm-wide tracking system to capture our engagements on ESG topics. This system is integrated within our broader calendar/research technology platform and ensures that engagement opportunities are visible to investment professionals and captured in a systematic way that additionally archives information for future reference. Though this system captures our formal meetings with companies it does not account for informal interactions with companies that take place during our routine conversations or industry events. Additionally, for more focused ESG engagements, including our collaborative engagements, we maintain records of event date, internal participants, external participants, analyst and portfolio management involvement, objectives, top topics discussed, content of the engagement, follow-ups, ownership, and several other factors. We are continually adding functionality to this platform to provide greater detail while ensuring consistency across the many investment professionals who contribute to our engagement program.

Outputs and outcomes

LEA 10	Voluntary	Public	Additional Assessed	PRI 2
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LEA 10.1	Indicate which of the following your engagement involved.
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- ☒ Letters and emails to companies
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Meetings and/or calls with board/senior management
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Meetings and/or calls with the CSR, IR or other management
 - ☐ In a minority of cases
 - ☒ In a majority of cases
 - ☐ In all cases
- ☒ Visits to operations
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☒ Visits to supplier(s) in supplier(s) from the company's supply chain
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☒ Participation in roadshows
 - ☒ In a minority of cases
 - ☐ In a majority of cases
 - ☐ In all cases
- ☐ Other

LEA 10.2	Additional information. [Optional]
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The bulk of our engagement efforts take place through in-depth, in-person meetings with management and boards. Related conference calls, as well as industry events, public and private letter campaigns, proxy votes, and activist campaigns all work together to round out the research, analysis, and investment decisions made by our professionals.

LEA 11	Voluntary	Public	Descriptive	PRI 2
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LEA 11.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.
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- ☒ Add Example 1

ESG Topic	Executive Remuneration, Company leadership issues, Other governance ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Ashland has been a part of Neuberger Berman portfolios since 2012. We were attracted to Ashland originally in light of its potential for transformation-from a collection of cyclical, largely commoditized businesses to a higher-margin, true specialty chemical company. Although generally pleased with the progress at Ashland, we grew more concerned about capital allocation with its 2017 purchase of a nutraceutical and fragrance ingredients producer, something we felt was inconsistent with the previously announced goal of moving toward a less complex business. Despite positive multi-year engagements with the company, beginning in 2017 we began to develop concerns about a divergence of planned and executed capital deployment strategies, as well as creeping complacency in governance structures. Instead of a protracted proxy battle launched by Cruiser Capital, we believed that a separate agreement between Ashland and us could lead to better results for all stakeholders.
Scope and Process	In our view, a protracted proxy battle could prove very distracting and could potentially increase the risk of a suboptimal outcome. Given the company's large passive investor base, our assessment was that the leading proxy advisor firms were set to decide the makeup of the boardroom, but were unlikely to agree to more than one proposed director. We offered to lend our support to management if certain changes were swiftly implemented, namely: A new Lead Independent Director, new board members, arrived at in consultation with investors, new chairs of the board's key committees, including the establishment of a capital allocation committee, reintroduction of ROIC into the executive compensation plan, and separation of Chair and CEO. While the company did not implement the last suggestion, the compromise on the other points enabled what we consider to be attractive potential benefits to long-term shareholders.

Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 2

ESG Topic	Climate Change, Pollution, Sustainability reporting ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☒ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	The company we engaged with has been part of our portfolios for the better part of two decades. It is a leading provider of business and financial management solutions for an array of companies and financial institutions. As part of our ongoing engagement, we have communicated regularly regarding the company's environmental strategy, including emissions reductions, use of renewable energy and setting improvement targets. The outcome was particularly meaningful, as the company was very receptive to our engagement efforts, which ultimately led to action. We recognize, however, that our task as active investors is a marathon, not a sprint, which requires broad comprehensive effort. We reach out regularly to all of our portfolio holdings regarding ESG concerns, advocating best practices and a forward-looking, strategic-minded approach to head off potential challenges and get ahead of potential opportunities. In all of our engagements, our primary goal is to drive a higher level of management attention to key ESG issues that we believe have the potential to improve the long-run competitive position of the companies in which we invest.
Scope and Process	Underlying its financial success, the company has been a standout on ESG issues. With a workforce of 9,000, it successfully conducted and published the results of its gender pay gap analysis since 2017, which helped to identify and close compensation differences between men and women. However, one of the material environmental issues for technology and software companies is the emissions generated from energy use. In our letter to the CEO and the lead outside director, we articulated the business and environmental case for emission reduction, uses of renewable energy and setting improvement targets. Company management decided to take a closer look to better understand this process. In early 2019, it agreed to set science-based targets and seek approval for those targets with the Science-Based Target Initiative ("SBTI"), which administers the standard. Subsequently, in April 2019, the SBTi approved the submission, which included a commitment to reduce absolute

	"scope 1, 2 and 3" greenhouse gas emissions 50% by 2025 from 2012. The company also agreed to increase its annual sourcing of renewable electricity from 32% in 2015 to 100% by 2030. Both goals are consistent with the global goal of limiting global warming to 1.5°C, as articulated in the Paris Agreement.
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 3

ESG Topic	Pollution ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☒ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Our team has built a position in a leading metal beverage can packaging company over the past two years, as we believe the company could be a major beneficiary of the trend toward environmental sustainability by consumers and packaged-goods companies. More than 75% of all aluminum ever produced is still in use, while approximately 90% of plastics have never been recycled. We believe that producers of metal could have tremendous runway to take market share from plastic packaging as recyclable beverage container demand grows.
Scope and Process	Over time, we engaged with the company on a range of material ESG-related issues including aluminum recycling, plastic waste and pollution, supply chain improvement, manufacturing footprint and energy usage. As is typical with our process, we also sought the views of competitors, suppliers and customers to gain perspective. We learned that the company was more focused than its peers on promoting environmental sustainability, and had more insights on the role aluminum cans may play in the evolving landscape. Although the company's priority was to return substantially all of its free cash flow to shareholders, we believed that its forward-looking orientation would make it amenable to new ideas for profit generation. In our discussions with the company, we emphasized that investing in high-return, long-term initiatives would have the potential to create more value than dividends and buybacks—a position that was quite different from the narrower focus of many shareholders. As its plans evolved, we supported the company's decision to reinvest in its core business by enhancing specialty can production, which would align with customers' increasing demand for

	more sustainable products. The company continues to innovate and has announced meaningful investments to create new "infinitely recyclable" lightweight aluminum cups.
Outcomes	☐ Company changed practice ☐ Company committed to change ☒ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 4

ESG Topic	General ESG, Sustainability reporting, Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☒ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	A hallmark of our ESG engagement program is our ability to explain to companies how disclosure affects the investment process. We were approached by a public asset manager to help them understand key ESG priorities and optimal ways of communicating with investors. The company had business segments with significant environmental and social dimensions, but no disclosure and unclear ESG oversight.
Scope and Process	Over two years of close engagement, including regular in-person meetings in both of our offices, at conferences and on calls, we have advised the company on evaluation frameworks, suggested Key Performance Indicators, pointed them to potential innovations and peer best practices, and clearly articulated what the company needs to do to be assessed in a positive way through our ESG investment process. Those meetings involved all members of senior management, as well as specialists from their respective environmental and social-focused business segments, while our side included research analysts, portfolio managers and ESG specialists. These efforts have yielded significant management focus on ESG issues, a resolution of a major governance issue, forthcoming disclosure and a strong process for accountability and communication with other investors.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published

	☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 5

ESG Topic	Company leadership issues, Diversity, Water risks ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☒ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☒ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Neuberger Berman recently hosted a delegation from an industrials company, which was part of the company's annual outreach to institutional investors on ESG issues. The company prioritizes ESG and its record, as measured by its consistent inclusion on lists such as the Dow Jones Sustainability Index and Ethisphere's World's Most Ethical Companies appears to be, on the surface, of high quality. The conversation focused on a range of material ESG issues, including succession planning and board diversity. However, the company's exposure to "long-chain" perfluoralkyl substances, or PFAS, was the dominant topic of the meeting. To its credit, the team included its VP of Environmental Affairs as well as its General Counsel to specifically discuss the issue.
Scope and Process	The company started phasing out PFAS manufacturing in 2000 and stopped completely in 2008, but only within the last five years have the EPA, municipalities, politicians, and the class action tort community recognized the issue, and all are moving to regulate, legislate, and litigate. Meanwhile, the company's position is that much of the science has been narrow or inconclusive and that their preference would be to focus on further research. The company has reserved over \$1.1 billion to settle litigation and fund remediation of its former manufacturing sites as well as provide equipment to filter drinking water for the surrounding communities. However, the ultimate liability is unknown as waterway contamination, product liability, personal injury assessments and litigation are still in the early discovery stages. We continue to engage with the company regularly as the pace of PFAS litigation and regulation accelerates and remains an important factor in our broader analysis of the company.

Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 6

ESG Topic	Company leadership issues, General ESG, Diversity, Cyber security ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☒ General ESG ☒ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☒ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Our engagement last year with Verint Systems Inc. provides a telling example of our process. We originally purchased the company in 2006, on the strength of its powerful technology and presence in both corporate call centers and cybersecurity systems. Although recognizing the company's potential, we became concerned about its frequent acquisitions, and insistence on maintaining the two very distinct businesses. Within its call center business, we also worried that Verint was not moving fast enough toward the cloud-based model that was gaining traction in the industry. Also, we had issues with corporate governance and a lack of detail in financial disclosures. To its credit, the company agreed in 2016 to our recommendation of a new board member-the first woman on the board and someone who provided needed technology and corporate structure expertise. However, the rest of the board remained long-tenured and dominated by individuals who, while distinguished in their fields, lacked pertinent expertise to guide the company in a rapidly changing environment.
Scope and Process	Over time, our recommendations for new board members and added disclosures were brushed aside. Ultimately, it was management's inconsistent signals on capital allocation and an extended period of weak stock performance that led us to take action. In May 2019, we filed a proxy seeking the substitution of three new board members and a series of new disclosures to make analyzing the company more feasible. Although the company's immediate response was vocal opposition-in which it pledged to spend several million dollars to fight our initiative-our approach eventually worked, and we were able to sit down and discuss our issues in a meaningful way. Although we withdrew our board slate, we secured management's agreement to institute measurable financial targets, as well as to consider more seriously our strategic and governance concerns. Seeing the same value opportunities as we did, a distinguished private equity firm, Apax Partners, has since invested

	\$400 million in Verint and secured two additional board seats to help accelerate its corporate transformation. In December, the company announced that it would spin off its cybersecurity business.
Outcomes	☒ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other

☒ Add Example 7

ESG Topic	Climate Change, General ESG, Sustainability reporting ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☒ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	We hosted senior sustainability professionals from a company working to understand the right metrics for reporting as well as how they can entice investors to invest in the name as part of climate transition portfolios. They already provide fairly comprehensive sustainability reporting, in line with best practices in their region, but wanted to understand which specific metrics investors are using in our evaluation. Additionally the company wanted to understand what qualifies a company for consideration in more impact/sustainable types of portfolios as they were shifting their business to be a part of energy transition solutions.
Scope and Process	We provided views on our preferences on material metrics, how those metrics fit into the ratings and investment processes, and where the company can provide more clarity for investors. Much of our conversation involved efficiency metrics, both on emissions and on water use, where we expressed views on making sure the metrics were measuring material elements of the company's operations, were comparable to others in the industry, and were rigorously arrived at using a standardized methodology. The same applied to setting targets around them. As a public utility the company has explicit mandates around the provision of services to communities it operates in and serves as an example of a leader in the disclosure of that information. Lastly, we engaged in a conversation around how the company can continue to evolve to be a provider of transition solutions and hope that our opinions can lead to a business transformation that accelerates the ability of the company's business customers to participate in the change as well.
Outcomes	☐ Company changed practice ☐ Company committed to change

	☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☒ Increased understanding / information ☐ Invested in company ☐ Ongoing ☐ Voting ☐ Other
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☒ Add Example 8

ESG Topic	Company leadership issues, General ESG, Diversity, Shareholder rights, Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☒ General ESG ☒ Diversity ☒ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	Continuing a multi year ESG engagement following suggestion to improve the company's profile in the past.
Scope and Process	As a result of our input in the last year the company has gone through a radical shift in its ESG profile. Notably they appointed a new female director to the board, eliminated supermajority voting, added performance components to executive compensation, and provided additional disclosure on board skills and practices. In addition the company produced some of first sets of disclosures on important topics, including a Human Rights Policy, a Supplier Code of Conduct, and an Environmental policy. We think these are all important first steps, especially as the company is small, and we expressed encouragement to continue the momentum in the adoption of meaningful KPIs and the production of future disclosure. One outstanding issue is the maintenance of the classified board, which, while not out of practice with companies of similar size in the industry, is viewed by us as a negative. The company expressed an understanding and pledged to revisit the issue regularly as it grows. We will continue working with the company on these important issues.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment

	☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 9

ESG Topic	Climate Change, Sustainability reporting ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	For several years, we have engaged a leading US financial services company on enhancing climate related disclosure. Banks have been disclosing their own climate and emissions data of their own operations for many years. Less clear however is the exposure banks have to climate related risks within their lending portfolios. The TCFD provides a framework for the financial industry to address this by providing companies a more transparent way to communicate these risks to their investors and the broader community. Given that the TCFD is still a relatively new initiative, we began by engaging our portfolio holding on a TCFD disclosure timeline.
Scope and Process	Our objectives were to encourage the company to publish a TCFD report that would further enhance their climate related risks and exposure. We engaged the company directly by sending a letter to the CEO/Chairman, Lead Director and IR. We held several conference calls over the course of nearly two years to discuss the topic. The company did commit to publishing a TCFD report and followed through with a publication in mid-2019. Subsequent to the release, we additionally joined a Ceres led collaborative engagement where we had a meeting at company headquarters to provide feedback on the report and to make the case for even more and better disclosure going forward. The company is making progress on meeting its disclosure commitments to the broader investor community. We found that in the case of engaging a large multi-national financial institution, a combination of the individual direct engagement along with the collaborative multi-stakeholder engagement to be impactful in delivering our message and constructive feedback. The company also recently announced that it will no longer provide loans to oil and gas companies drilling in the Arctic. While the company has more room for improvement, we continue to keep the dialog open and monitor progress.

Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 10

ESG Topic	Diversity ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☒ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual / Internal ☐ Collaborative
Objectives	A medical devices company has been a long term holding in the Sustainable Equity portfolio for several years. The company is a leader in diversity & inclusion where the company had laid out diversity targets through 2020 that were largely met as of 2019. Subsequent to our past engagements on the gender pay gap, the company also disclosed that in 2019 they had achieved 99% gender pay equity globally and 10% in several countries including the US.
Scope and Process	Given that the company is a leader in addressing inequalities particularly within diversity and inclusion, we continued on the engagement efforts to further expand on this to include income inequality. We encouraged the company to review wages paid to employees across all operations and supply chains globally to ensure they were meeting fair wage standards. While they recognized that this was a more complex issue, they ensured that minimum wages were met locally to keep manufacturing roles competitive. The company is currently looking across the manufacturing base and determining what portions of compensation would be included when benchmarking a living wage. The company is focused on large employee populations in high risk countries and has outlined a 5 year plan to address and increase wages. In addition, the company is tracking upward mobility to ensure all demographics are represented across the organization from entry level to upper levels.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment

	☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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(Proxy) voting and shareholder resolutions

LEA 12	Mandatory	Public	Descriptive	PRI 2
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LEA 12.1 Indicate how you typically make your (proxy) voting decisions.

Approach

- ☐ We use our own research or voting team and make voting decisions without the use of service providers.
- ☒ We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.

Based on

- ☐ The service-provider voting policy we sign off on
- ☒ Our own voting policy
- ☐ Our clients' requests or policies
- ☐ Other (explain)
- ☐ We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.
- ☐ We hire service providers who make voting decisions on our behalf.

LEA 12.2 Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Neuberger Berman executes proxy votes to support the long-term interests of clients. We seek to cast all votes where we have been delegated voting authority by clients as one part of our broad commitment to being an active and engaged owner.

Our internally-developed Proxy Voting Guidelines comprehensively lay out our voting positions on corporate governance, environmental, and social issues. Additionally, our Proxy Voting Procedures detail the governance of our process designed to reasonably ensure that Neuberger Berman votes proxies prudently and in the best interest of its advisory clients for whom Neuberger Berman has voting authority. It also describes how Neuberger Berman addresses any conflicts that may arise between its interests and those of its clients with respect to proxy voting.

NBIA's Governance and Proxy Committee ("Proxy Committee") is responsible for developing, authorizing, implementing and updating the Proxy Voting Guidelines and Procedures, administering and overseeing the proxy voting process, and engaging and overseeing any independent third-party vendors as voting delegates to review, monitor and/or vote proxies.

LEA 15	Mandatory	Public	Descriptive	PRI 2
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LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.
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- ☐ 100%
- ☐ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☒ 24-1%
- ☐ Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.
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- ☐ Vote(s) concerned selected markets
- ☐ Vote(s) concerned selected sectors
- ☒ Vote(s) concerned certain ESG issues
- ☒ Vote(s) concerned companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concerned significant shareholdings
- ☒ Client request
- ☐ Other

LEA 15.3	Additional information. [Optional]
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We routinely raise concerns about a wide variety of issues as part of our engagement program. While the focus is articulated by our previously described prioritization process some of the communication may be opportunistic, taking place during conversations not primarily focused on ESG.

We generally do not communicate our voting rationale to companies, though we may use discretion where we have submitted a vote that has the potential to have a material impact on the outcome or where clarity on the rationale provided to the board serves to better achieve the intention of the vote. This is particularly the case in instances where extensive dialogue has taken place on a subject, for example such as compensation situations where we may continue to oppose a plan despite constructive engagement on the subject.

LEA 16	Mandatory	Public	Core Assessed	PRI 2
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LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.
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- ☐ 100%
- ☒ 99-75%
- ☐ 74-50%
- ☐ 49-25%
- ☐ 24-1%
- ☐ We do not communicate the rationale to companies
- ☐ Not applicable because we and/or our service providers did not abstain or vote against management recommendations

LEA 16.2	Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.
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- ☐ Vote(s) concern selected markets
- ☐ Vote(s) concern selected sectors
- ☒ Vote(s) concern certain ESG issues
- ☒ Vote(s) concern companies exposed to controversy on specific ESG issues
- ☒ Vote(s) concern significant shareholdings
- ☐ Client request
- ☐ Other

LEA 16.3	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.
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- ☐ Yes
- ☒ No

LEA 16.4	Additional information. [Optional]
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Neuberger Berman provides extensive disclosure of its proxy voting activities and voting record. This includes regular reporting as well as quarterly updates on the voting record of our mutual funds. Company management teams can review these records in conjunction with our publicly released Proxy Voting Guidelines to understand our voting rationale. When a company contacts us to discuss the rationale for our vote, we are happy to provide an explanation. At times we proactively communicate our voting decisions as part of our broader engagement program, however we are not aware of a practical means for us to establish a proactive communication of detailed voting rationales with corporate management teams at all of the 5,000 companies which we own on behalf of our clients. We have had no indication that the companies in which we invest expect such communication.

LEA 17	Mandatory	Public	Core Assessed	PRI 2
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LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- ☒ We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

100

	Specify the basis on which this percentage is calculated
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- ☒ Of the total number of ballot items on which you could have issued instructions
- ☐ Of the total number of company meetings at which you could have voted
- ☐ Of the total value of your listed equity holdings on which you could have voted
- ☐ We do not track or collect this information

LEA 17.3 Additional information. [Optional]

Neuberger Berman will seek to vote all shares under its authority so long as that action is not in conflict with client instructions. There may be circumstances under which Neuberger Berman may abstain from voting a client proxy, such as when Neuberger Berman believes voting would not be in clients' best interests (e.g., not voting in countries with share blocking or meetings in which voting has extensive administrative impediments). Neuberger Berman understands that it must weigh the costs and benefits of voting proxy proposals relating to foreign securities and make an informed decision with respect to whether voting a given proxy proposal is prudent and solely in the interests of the clients and, in the case of an ERISA client and other accounts and clients subject to similar local laws, a plan's participants and beneficiaries. Neuberger Berman's decision in such circumstances will take into account the effect that the proxy vote, either by itself or together with other votes, is expected to have on the value of the client's investment and whether this expected effect would outweigh the cost of voting.

LEA 18 Voluntary Public Additional Assessed PRI 2

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

☒ Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

Voting instructions	Breakdown as percentage of votes cast
For (supporting) management recommendations	% 88.4
Against (opposing) management recommendations	% 11.6
Abstentions	% 0

100%

☐ No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

19.1

LEA 19 Mandatory Public Core Assessed PRI 2

LEA 19.1	Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.
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- ☒ Yes
☐ No

LEA 19.2	Indicate the escalation strategies used at your organisation following abstentions and/or votes against management.
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- ☒ Contacting the company's board
☒ Contacting the company's senior management
☒ Issuing a public statement explaining the rationale
☒ Initiating individual/collaborative engagement
☐ Directing service providers to engage
☒ Reducing exposure (holdings) / divestment
☐ Other

LEA 19.3	Additional information. [Optional]
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Neuberger Berman recognizes that public markets function on the fundamental principle of shareholder input into the governance of invested companies. As such, we believe it is appropriate to pursue a variety of avenues to exercise our fiduciary obligation to clients and ensure the best interest of their investment principal, as well as, the long-term sustainable performance of the companies we invest in. While we strongly believe constructive engagement must precede other action, where that has failed, we believe shareholders should not shy away from more direct action that we, as active managers with fundamental analysis of the business, are well positioned to pursue. While the overwhelming majority of our feedback is communicated to companies through our regular dialogue, where situations demand a more aggressive approach, we communicate our expectations through public or private letters and explore more involved strategies including vote intention disclosure, director nominations, and contested meetings of shareholders, among others. These situations are rare and only take place where we are not satisfied with the pace of improvements or where there is a rare opportunity to address a particular problem.

LEA 20	Voluntary	Public	Descriptive	PRI 2
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LEA 20.1	Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.
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- ☐ Yes
☒ No

LEA 21	Voluntary	Public	Descriptive	PRI 2
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LEA 21.1	Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.
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- ☒ Add Example 1

ESG Topic	Executive Remuneration, Company leadership issues, Other governance ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	A portfolio company received a shareholder proposal requesting the separation of the roles of Chairman and CEO.
Scope and Process	Neuberger Berman usually supports governance shareholder proposals that separate the positions of Chairman and CEO except in cases where we recognize that there is a current strong lead independent director, strong performance, and strong governance provisions. Although this portfolio company has a lead independent director, its management was responsible for poor performance while receiving excessive compensation and despite numerous engagements with our teams, the management team demonstrated no progress. In this instance we believed that separation was needed to provide improved governance and we supported the shareholder proposal. Though it did not garner majority support the company indicated it would explore the change at the next succession opportunity.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information

	☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 2

ESG Topic	Diversity ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☒ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	A portfolio company received shareholder proposal regarding diversity reporting, a material factor, both in the SASB and our own assessment for the sector where the company operates.
Scope and Process	Neuberger Berman believes topics related to human capital are among the most significant risks and opportunities for companies. As such, the company has a long time commitment to diversity. The board oversees the company's diversity efforts, monitors progress through a Diversity Council chaired by the CEO along with senior executives and provides disclosure on diversity and its initiatives. However, the company does not file an EEOC-1 report due to their perceived misrepresentation of diversity with EEOC-defined job categories. We expect boards to disclose and be able to discuss efforts to make the companies inclusive, attractive and high-retention environments. We identify this as a vital component in attracting and retaining talent for the long-term sustainable success of the companies we invest. We believe that without the information on workforce gender and ethnicity it would be difficult for shareholders to understand how the company is managing this issue and how it tracks progress towards a more inclusive workplace. As such, we decided to vote for the shareholder proposal on diversity reporting. Following the vote, the company has released substantial improvements in the disclosure, including SASB reporting and has hired a sustainability head to assist in their communication of various initiatives to shareholders.
Outcomes	☐ Company changed practice ☐ Company committed to change

	☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 3

ESG Topic	Company leadership issues ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☒ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	An energy company has suffered from poor execution and performance during a strategic turnaround. A proxy contest was launched by an activist to replace the board members to execute a proposed plan on cost reduction and sustainable free cash flow growth. Dissident nominated seven candidates for election to the board, serving a one year period until the 2020 annual meeting.
Scope and Process	Neuberger Berman generally scrutinizes director nominees to include experiences that aligns with the ESG needs of the company. After an extensive review of the proposed plan of the dissident, we believe that the dissident has a proven track record of successfully executing on cost reductions and sustainable free cash flow growth. In communication with both management team and the dissident team, we evaluated plans for additional savings and realistic assessments of what's possible in terms of creating sustainable long term value for shareholders. Recognizing the management team's challenges and expertise of dissident team, we decided to vote for the dissident slate of directors which resulted in them receiving representation on the board.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment

	☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 4

ESG Topic	Political spending / lobbying ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	Following a significant shareholder support for disclosure on political spending and lobbying, a new proponent has submitted a similarly worded proposal on political spending and lobbying disclosure criticizing the progressive efforts of the company. Specifically in this case, the proponent pointed out that the company has become a target for anti-free speech activist and that it should increase relationship with pro-business groups to advance the company's interests.
Scope and Process	While Neuberger Berman generally supports shareholder proposals asking for disclosure and/or reports on political spending and lobbying given the potential reputational impact of the use of company funds, we carefully scrutinized this unique proposal that seems to seek more information on such topic but intends to frustrate a company's actions in those areas. A similar shareholder proposal submitted by another proponent asking for disclosure on political spending and lobbying received 33.5% support in 2018. Without proper scrutiny on the context of the resolutions and support in such similarly worded shareholder proposals pose a risk of sending mixed messages to the company and possibly taking a step backwards in the progressive efforts. Despite our general support in such topics, we carefully reviewed the content and proponents reasoning behind such proposals on our shareholder proposal votes. After such a review, we decided to vote against the shareholder proposal.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published

	☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 5

ESG Topic	Human rights, Labour practices and supply chain management ☐ Executive Remuneration ☐ Climate Change ☒ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☒ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	A portfolio company received a shareholder proposal regarding a report on human rights risks. Shareholders requested to consider disclosure of human rights principles, frequency of assessment, methodology used to track and measure performance, and the incorporation of results in company policies and decision-making. Though this issue is not explicitly labeled as material for the technology space by SASB we have seen increased relevance to many of our portfolio companies and have begun including it in our own assessments of companies in some of the sectors.
Scope and Process	As a manufacturer of electronic products, the company stated that they are committed to conducting business in a lawful and ethical manner, in both their own operations and through engagement with suppliers. We generally believe that given the vast exposure to human rights risk of the company's operations, it is important to identify and prevent risks to shareholder value stemming from labor violations in its supply chain. The company incorporates a code of business conduct and ethics and a zero-tolerance policy on human trafficking and slavery. According to the sustainability report, the company is in progress of incorporating procedures and oversight committees on all global operations to uphold their commitment. In light of these commitments already in progress, we believe that the company is able to broaden its disclosure to include additional details requested by shareholders to better understand and mitigate risks.
Outcomes	☐ Company changed practice ☐ Company committed to change

	☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 6

ESG Topic	Climate Change, Sustainability reporting ☐ Executive Remuneration ☒ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☒ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	A portfolio company received shareholder proposal regarding climate change report. The proposal request that the company issue report describing plans for disruptions posed by climate change and reduction of company-wide dependence on fossil fuel.
Scope and Process	Neuberger Berman believes that all issuers must be able to identify key environmental risks to their business and generally support shareholder proposals asking for increased disclosure where our assessment finds that existing materials are significantly lagging behind recognized frameworks, such as TCFD or SASB, for investors to assess these risks. After assessing the open letter and shareholder proposal submitted by a group of current or former employees and disclosure on environmental initiatives, we believe that current progress on sustainability was lagging in many aspects. In response to the shareholder proposal the company articulated plans to disclose its carbon footprint. However, we believe that the disclosure only provides transparency and does not address the company's plans to mitigate climate change risks. Additionally, it was evident from the open letter that continued inaction from the company could lead to human capital risks that would affect attracting and retaining talented employees. As such, we decided to support the shareholder proposal.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published

	☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☒ Ongoing ☐ Voting ☐ Other
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☒ Add Example 7

ESG Topic	Other governance ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☒ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	Management proposed re-election of directors without the compliance of stock ownership guidelines.
Scope and Process	Neuberger Berman believes it is imperative for management and the board to maintain a significant equity ownership in the Company to ensure alignment with shareholders' interests. As part of the company's risk-mitigating policies, the stock ownership policy entails ownership of five times the annual cash payout for being on the board. However, in this case two directors have been recent seller's of the company's stock and no longer comply with the policy. Given the company's lack of independence on the board and misalignment of compensation plans to performance, we decided to vote against directors who no longer meet the stock ownership requirement.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information

	☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 8

ESG Topic	Diversity ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☒ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	Over the past several years, we've carefully scrutinized votes around gender pay gap disclosure. We generally support shareholder proposals requesting further disclosure of a company's gender pay gap with a few exceptions; where the team had substantive engagements and where the company had made progress on commitments, or where the disclosure is misleading due to divergence in reporting standards among the employee base's jurisdictions. In other cases, where engagement and commitments were lacking, we voted in support of gender pay gap proposals.
Scope and Process	We supported a gender pay gap proposal filed with a healthcare company that was recently added to a portfolio. Though, given the recent addition, we did not have the opportunity to engage the company directly on this topic we believed that the company could benefit from becoming more transparent in this area and voted in support of the gender pay gap proposal.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information

	☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 9

ESG Topic	Executive Remuneration ☒ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☐ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	With sustainability issues becoming increasingly viewed as material and relevant to a company's business, we believe that aligning a relevant sustainability metric(s) to executive comp can help management better focus on the sustainability issues that help to contribute to a company's bottom line and overall success. Team engagements are increasingly focusing on this topic with portfolio holdings.
Scope and Process	A large tech company within one of our portfolios had a shareholder proposal on its proxy requesting that the company link executive pay to sustainability metrics. We believe that there are sustainability issues, in this case particularly human capital management, that are relevant to the company's long term success. We chose to vote in support of this proposal as we believe the company could benefit from articulating how a sustainability metric can enhance their overall management of relevant sustainability issues.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment

	☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company ☐ Ongoing ☒ Voting ☐ Other
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☒ Add Example 10

ESG Topic	Political spending / lobbying ☐ Executive Remuneration ☐ Climate Change ☐ Human rights ☐ Company leadership issues ☐ Pollution ☐ General ESG ☐ Diversity ☐ Shareholder rights ☐ Health and Safety ☐ Sustainability reporting ☐ Water risks ☐ Labour practices and supply chain management ☐ Anti-bribery and corruption ☐ Deforestation ☐ Aggressive tax planning ☐ Cyber security ☒ Political spending / lobbying ☐ Other governance ☐ Plastics ☐ Other
Conducted by	☒ Individual/Internal ☐ Service provider
Objectives	Over the past several years, we have engaged portfolio holdings on political spending and lobbying disclosure. As a guideline, the team uses the CPA-Zicklin index to identify leaders and laggards with regards to best disclosure practices in this area.
Scope and Process	A media company received a shareholder proposal on lobbying activities and disclosure. While the company was not considered an egregious laggard by the CPA-Zicklin index, there was still room for improvement for better disclosure on lobbying activities, particularly on disclosing contributions to third party and trade organizations. The team engaged the company directly and also decided to vote in favor of the proposal. The company has since disclosed that it has enhanced practices in this area.
Outcomes	☐ Company changed practice ☐ Company committed to change ☐ Disclosure / report published ☐ Divestment ☐ Failed/no outcome ☐ Increased understanding / information ☐ Invested in company

	☐ Ongoing ☒ Voting ☐ Other
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Neuberger Berman Group LLC

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed fixed income

Implementation processes

FI 01	Mandatory	Public	Gateway	PRI 1
FI 01.1	Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.			

SSA	Screening alone 10 Thematic alone 0 Integration alone 0 Screening + integration strategies 90 Thematic + integration strategies 0 Screening + thematic strategies 0 All three strategies combined 0 No incorporation strategies applied 0 100%
Corporate (non-financial)	Screening alone 0 Thematic alone 0 Integration alone 45 Screening + integration strategies 55

	Thematic + integration strategies 0
	Screening + thematic strategies 0
	All three strategies combined 0
	No incorporation strategies applied 0
	100%

FI 01.2	Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.
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Integration alone

The primary ESG incorporation strategy that Neuberger Berman utilizes throughout our fixed income process is the Integration approach. ESG Integrated portfolios are constructed through a research driven framework that builds on our proprietary bottom up fundamental credit analysis and the overall scale of our research. Our ESG Scorecard influences internal credit ratings and is overlaid with a macro focused analysis that seeks to optimize the appropriate risk adjusted sector weightings to construct a client's portfolio. Systematic integration of ESG factors combined with our engagement activities helps us seek to reduce the overall credit risk of our portfolios and enhances our analysis.

Screening + Integration

Neuberger also utilizes an Integration and Screening approach. Our UCITS platform in Europe excludes issuers deemed tied to Controversial Weapons. Neuberger also implements additional screening for applicable portfolios based on global norms, business activity involvement, social values, and country/location-specific exclusions as requested by clients. Neuberger utilizes third party research to implement exclusionary rules in our trading systems. Our co-mingled Emerging Markets funds also exclude companies involved in Direct Child Labour and Tobacco. The Municipal team can apply screens for separate accounts per request on top of its integrated approach.

FI 03	Mandatory	Public	Additional Assessed	PRI 1
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FI 03.1

Indicate how you ensure that your ESG research process is robust:

- ☒ Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- ☒ Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- ☒ Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- ☒ Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- ☒ A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- ☒ Other, specify

specify description

Fixed Income incorporates ESG analysis into its credit process on a systematic basis using a proprietary ESG Scorecard. Scores are reviewed by our Credit Committee.

- ☐ None of the above

FI 03.2

Describe how your ESG information or analysis is shared among your investment team.

- ☒ ESG information is held within a centralised database and is accessible to all investment staff
- ☒ ESG information is displayed on front office research platforms
- ☒ ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- ☒ Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- ☒ Records capture how ESG information and research was incorporated into investment decisions
- ☐ Other, specify
- ☐ None of the above

FI 03.3

Additional information. [Optional]

Non Investment Grade and Investment Grade

ESG is a critical component of the fundamental process of the fixed income teams, incorporated into our Credit Best Practices framework for over 20 years. We adopted a proprietary methodology of evaluating Governance through a Management Scorecard during 2009 and began using third party ESG scoring providers during 2014. Additionally, our credit committee conducts quarterly ESG reviews that monitor the effectiveness of the scoring system, reviews portfolio wins/losses tied to ESG and evaluates attribution data regarding the impact of ESG on returns.

Municipal Fixed Income

The Municipal team has a proprietary rating system in place to assess the environmental or social use of proceeds and place-based potential for impact using both social and environmental indicators from external data sources, with respect to the Municipal Impact strategy.

Emerging Markets Debt

In sovereigns, ESG factors constitute 40% of the team's proprietary Country Credit Model, using data from the World Bank, UNDP, Emissions Database for Global Atmospheric Research and Transparency International. Corporates integrate selected E and S indicators from Sustainalytics and MSCI with its own Governance assessment. The resulting Risk Ratings can be 1 notch or more lower than the internal Credit Ratings.

(A) Implementation: Screening

FI 04	Mandatory	Public	Gateway	PRI 1
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FI 04.1 Indicate the type of screening you conduct.

Select all that apply

	SSA	Corporate (non-financial)	
Negative/exclusionary screening	☒	☒	
Positive/best-in-class screening	☒	☒	
Norms-based screening	☒	☒	

FI 04.2 Describe your approach to screening for internally managed active fixed income

At the request of clients, Neuberger can implement exclusions based on global norms, business activity involvement, social values, and country/location-specific. We utilize 3rd party research to implement these exclusionary tests in our trading systems. In some instances, clients provide their own exclusionary lists. The Emerging Markets Debt team excludes from its investable universe those companies involved in Controversial Weapons, Direct Child Labour and Tobacco.

For the Municipal Impact strategy, the team applies positive and negative screens. Negative screens include issuers deemed not sustainable and use of proceeds that have an overall negative impact on people and the planet. The strategy targets bonds that fund projects that have an overall positive impact based on our proprietary framework, with a bias to underserved communities.

None of our UCITS funds invest in securities that have been identified by the firm through the utilisation of third party data, as having corporate involvement in the end manufacture or manufacture of intended use components of biological and chemical weapons, anti-personnel land mines, or cluster munitions as defined in the Biological and Toxin Weapons Convention of 1972, the Chemical Weapons Convention of 1993, the Anti-personnel Landmines Convention of 1997, and/or the Convention on Cluster Munitions of 2010.

FI 04.3 Additional information. [Optional]

FI 05	Voluntary	Public	Additional Assessed	PRI 1
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FI 05.1

Provide examples of how ESG factors are included in your screening criteria.

☒ Example 1

	Type of fixed income
☒ SSA ☒ Corporate (non-financial)	
	ESG factors
☐ Environmental ☒ Social ☐ Governance	
	Screening
☒ Negative/ exclusionary ☐ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
An Institutional fixed income portfolio for an existing US corporate client has guidelines with alcohol and tobacco exclusions. In addition, guidelines for various existing institutional clients have restrictions on the purchase of securities issued by corporations with business operations in prohibited countries. The restricted country list is due primarily to social related concerns.	

☒ Example 2

	Type of fixed income
☒ SSA ☒ Corporate (non-financial)	
	ESG factors
☒ Environmental ☐ Social ☐ Governance	
	Screening
☒ Negative/ exclusionary ☐ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
An institutional fixed income portfolio for an existing Japan based corporate client has guidelines that restricts the purchase of securities from companies that generate a percentage of their revenue from thermal coal. The environmental related screen includes both thermal coal producers and companies that generate revenue from thermal coal based power generation.	

☒ Example 3

	Type of fixed income
☒ SSA ☐ Corporate (non-financial)	
	ESG factors
☐ Environmental ☐ Social ☒ Governance	
	Screening
☒ Negative/ exclusionary ☐ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
Specific to the Municipal Impact strategy we implement a negative/exclusionary screen for issuers that we do not consider sustainable. These are issuers that are either poorly governed, have weak financial policies, or a toxic political process. One example of an issuer we do not currently hold in the Impact Fund is State of Illinois. There are many historical examples of fraud and corruption by elected officials, but in recent years, our concerns have been more focused on policy making and the political process. For a number of years during the annual budget negotiations the governor and legislative leadership have put their political positioning and control of power ahead of the citizens during the budget process. This has taken a toll on funding for education among other things. In approving credits for the impact fund, we look for issuers that serve their citizens well and do it in a financially responsible way. Our analysis leads us to conclude that the State of Illinois does not fit in this group.	

☒ Example 4

	Type of fixed income
☒ SSA ☐ Corporate (non-financial)	
	ESG factors
☒ Environmental ☒ Social ☒ Governance	
	Screening
☐ Negative/ exclusionary ☒ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
NB's Emerging Markets Debt Sustainable Investment Grade Blend Fund, recently awarded the Febelfin sustainability label, implements a best-in-class approach in investment grade issuers by excluding the bottom 25-percentile in ESG scores among the 80 emerging markets under our coverage. This approach has led us to exclude investments in an Eastern European sovereign where we see weak performance in a number of areas, primarily with regards to carbon emissions, voice and accountability, corruption and financial sector's sustainability policies.	

☒ Example 5

	Type of fixed income
☐ SSA ☒ Corporate (non-financial)	
	ESG factors
☒ Environmental ☒ Social ☐ Governance	
	Screening
☒ Negative/ exclusionary ☐ Positive/ best-in-class ☐ Norms-based	
	Description of how ESG factors are used as the screening criteria
Through our screening process, Neuberger Berman's Global High Yield Sustainable Action fund has established an exclusion policy that restricts the purchase of securities of companies whose business products and services generate significant negative outcomes. Our screening policy also restricts companies that can not exhibit the potential for increased alignment with a Sustainable Development Goal following direct engagement between the company and NB.	

FI 06	Mandatory	Public	Core Assessed	PRI 1
FI 06.1	Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments.			

Type of screening	Checks
Negative/exclusionary screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☐ Other, specify ☐ None of the above
Positive/best-in-class screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☒ Other, specify other description Reporting is provided on request to clients around positive/best-in-class portfolios, and also reviewed on a quarterly basis by Portfolio Analytics. ☐ None of the above
Norms-based screening	☒ Analysis is performed to ensure that issuers meet screening criteria ☒ We ensure that data used for the screening criteria is updated at least once a year. ☒ Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria ☒ Audits of fund holdings are undertaken yearly by internal audit or compliance functions ☐ Other, specify ☐ None of the above

FI 06.2

Additional information. [Optional]

For fund and client-mandated screening, breaches are communicated to portfolio managers and applicable compliance personnel upon discovery. Breaches may be identified by independent supervisors via the order management system compliance module, or other means, including via the portfolio manager themselves. Breaches are remedied as soon as reasonably possible, in accordance with the terms of applicable investment management agreements. A breach may require market action by the portfolio manager. Active breaches are reviewed by a committee to determine portfolio impact, trends, and to identify potential areas for control enhancement. The EMD team has hard-coded rules in portfolio management systems to block trades in companies that meet its Negative Screening/Exclusion criteria: Controversial Weapons, Direct Child Labour and Tobacco.

For the Municipal Impact Strategy, the team seeks investments into fixed income instruments that support positive social and environmental impact. The Impact Fund uses a three pillar approach to identify the level of impact. The First Pillar looks at the sustainability of the issuer. Do they act responsibly both from a policy and financial perspective. There are issuers that are precluded from purchase by the fund because their politically motivated policies have negative consequences to its citizens. The second pillar looks at the use of proceeds,

which are scored based on impact under a proprietary scoring system. The third pillar is placed-based. We look at wealth levels and pollution data and try to maximize investments in communities with the most need based on these factors. An example of a transaction in the portfolio is a recycling facility serving a county's solid waste system. Prior to the transaction, the county did not have any recycling and all waste was landfilled. This transaction reduces landfill and leads to the reuse of plastics metals and paper..

(C) Implementation: Integration

FI 10	Mandatory	Public	Descriptive	PRI 1
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FI 10.1	Describe your approach to integrating ESG into traditional financial analysis.			
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We have established a systematic process of integrating ESG analysis into our Fixed Income research capabilities. Neuberger Berman Fixed Income uses the depth of our research capabilities, access to management teams and third party data analytics to develop independent opinions on ESG factors that are relevant to credit risk in each industry. The research team plays an integral part in the investment process at Neuberger Berman. Analysts take ESG factors into account when assessing whether a company merits consideration as a viable investment or to continue holding that investment. Our analysts also identify what they believe are ongoing ESG risks, and consider them as inputs when calculating expected targets for their recommendations. As part of our research process, we frequently meet with corporate management teams to discuss a variety of issues, including ESG related information.

Investment Grade and Non-Investment Grade

ESG is a critical component of the fundamental research process that determines Neuberger Berman Internal Credit Ratings.

As previously mentioned, the teams have integrated ESG issues into their Credit Best Practices framework since its inception over 20 years ago. We initiated a proprietary methodology of evaluating Governance through a Management Scorecard during 2009, and began using third party ESG scoring providers during 2014. Since then, we enhanced our process through the creation of an ESG Scorecard which we use to assign a proprietary Neuberger Berman ESG Score to all issuers that we invest in, including those not scored by third party providers.

ESG analysis is performed by the Investment Grade and Non-Investment Grade Credit research teams directly and is not outsourced to a centralized group within Neuberger Berman or a third party ESG rating service. The systematic ESG process that we have established is focused on identifying industry-specific factors within Environmental and Social that we believe are material to credit risk assessment, and which are customized for each sector. We also analyze Governance through a proprietary methodology that is standardized across industries. Proactive engagement with issuers is completed to enhance disclosure, improve ESG analysis, and seek to affect positive change. In addition, the teams conduct quarterly ESG Reviews with the Credit Committee and performance attribution is monitored to determine the impact of ESG analysis and our system.

In addition the firm's Chief Data Scientist and Big Data team work collaboratively with the ESG Investing team to identify innovative and non-traditional data sources that may provide additional insights. We continuously seek to identify additional data and research, which may enhance our analysis. For example, during 2018, we began the process of systematically incorporating Glassdoor data into our corporate credit research process. While care must be taken in determining how to use Glassdoor data given well-known limitations on self-reported data, we believe that for some sectors and some credit risk profiles, it can provide additional insights into corporate culture, management quality, labour management and future business growth. As a result of this integration, employee feedback is discussed with our Credit Committee prior to our investment decisions being executed and evaluated by our most senior investment professionals. This data also has a role in our engagement prioritization process - meaning that we may discuss management's plans to improve employee engagement for issuers with poor or declining employee feedback.

Emerging Markets Debt

ESG factors are an integral part of EMD investment process, both in sovereigns and corporates. In sovereigns, ESG factors make up 40% of the Country Credit Model (CCM) ratings, drawing data from international organizations such as the World Bank, Emissions Database for Global Atmospheric Research, United Nations Development Programme, Transparency International, Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung. These ratings are incorporated in Hard Currency and FX scorecards.

The EMD Corporate team integrates selected E and S sub-indicators from MSCI and Sustainalytics, based on the materiality results obtained through a backtesting against financial ratios and bonds spreads from 1Q-2009 through 2Q-2018. Adding to E and S scores based on these selected Indicators, the EM Corporate analysts generate their own Governance scores through an internally developed tool which is 70% based on bottom-up topics centered on the bond issuers (i.e., controlling shareholder's experience and reputation), and 30% from top-down factors of their respective Country of Risk, taken from the Sovereign EMD team methodology. Weights for the E, S and G vary depending on the industry when calculating the overall ESG score. The integration of this internally generated ESG scores with the internal Credit Rating make up a comprehensive Risk Rating, which can be 1 or more notches lower than the internal Credit Rating if the ESG score is comparably low within its own industrial sector. Fair value assumptions for bonds' valuation and investment decisions are derived from this comprehensive Risk Rating. In addition, the incurrence of severe Controversies & Incidents triggers mandatory Engagement efforts whose answers are discussed by our analysts and the Portfolio Managers, and can influence investment decisions further.

Municipal Fixed Income

The nature of governmental finance means that ESG is naturally integrated into financial analysis. Budgets reflect the policy choices of the elected officials and the level of responsible budgeting can be impacted by the political environment. A politically charged budget which is either not balanced, or spends money on politically motivated yet ineffective programs fall under poor governance. A lack of proper capital spending on environmental projects like sewer system maintenance, will, in our view, ultimately lead to greater financial impact through leverage in later years.

FI 10.2	Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.
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	SSA
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Municipal Fixed Income

As part of all municipal fixed income research, ESG is an integrated part of the investment analysis, with a particular focus on risk mitigation and valuation. The quality of issuers' governance and management practices are assessed, including corruption, sound budgetary practices, and responsible use of debt. The team also considers environmental and social risks that may affect the borrower's ability to repay. For instance, are chronic social or environmental factors a significant risk to the economic viability of the issuer (e.g., crime or polluted drinking water)? Environmental factors also include climate risk and Issuer's climate risk mitigation strategies. We divide climate risk into two categories; Snap Risk which looks at instant credit shocks from storms or other natural disasters and Transition Risk which looks at the glacial changes in the climate and they will impact the future appearance of credit quality. Risk mitigation strategies overlap with governance and we believe is very predictive of future credit risk depending on how active the mitigation strategies are. Neuberger Berman is investing in technologies to assist analysts in identifying these risks. As previously mentioned, social factors look at the potential impact of current concerns like crime and polluted drinking water. However, we believe the growing income disparity in the United States is pointing to a negative long-term economic trend that can weaken municipal tax bases and credit quality. We believe it's important to consider a municipality's economic development and zoning policies to ascertain if they will lead to gentrification and homelessness. These are very slow developing factors, but ones that should not be minimized when looking at long duration exposures.

Emerging Markets Debt

As previously mentioned, in sovereigns, ESG Factors make up 40% of the Country Credit Model (CCM) ratings, drawing data from international organizations such as the World Bank, Emissions Database for Global Atmospheric Research, United Nations Development Programme, and Transparency International, Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung. These ratings are incorporated in Hard Currency, Rates and FX scorecards. In 2018, we increased the number of environmental factors in our ESG process, with higher emphasis on areas such as the country's carbon footprint, exposure to climate change and clean energy production.

We believe that material ESG factors are important drivers of credit risk. As a result, the Global Investment Grade Credit and Global Non-Investment Grade Credit teams systematically consider and evaluate ESG factors as an important component of their credit analysis discipline when making investment decisions for their portfolios. Proprietary ESG Scores are a key component of their internal credit ratings. Internal credit ratings are notched up or down depending on the ESG profile of the issuer, under the oversight of the team's Credit Committee. By integrating our proprietary ESG analysis into our internal credit ratings, there is a direct link between our analysis of material ESG factors and our portfolio construction activities across our teams' strategies.

Importantly, these proprietary scores are assigned to all issuers, even those not scored by third party services and including privately owned companies, which the team believes is unique to the market. Additionally, the team is directly engaged in the ESG research process - it is not outsourced to a third party or a different group within the firm - and derives ESG Scores as part of their credit analysis process, which is overseen by the team's most senior investment professionals that comprise the Credit Committee.

The proprietary ESG Scoring System is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Sustainability Accounting Standards Board ("SASB") framework for sector specific criteria are used as a starting point, but the teams customize each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. We believe SASB provides an excellent minimum set of industry-specific sustainability factors. However, not all factors identified by SASB are relevant for fixed income investors, or for the time horizon over which we are valuing a security. Therefore, each credit analyst has modified the factors specifically for their industry or sector based on their expert judgement. The factors identified by credit analysts are reviewed and discussed with the Head of Investment Grade Credit Fixed Income Research and the Head of ESG Investing, and the analyst's rationale is debated and any modifications made. The teams also assigns weightings to E, S and G which vary by sector and are aimed at enhancing their credit risk assessment. The credit analyst is then responsible for scoring each issuer on an industry-relative basis against each of these factors. Where possible robust data sources are used to complete this scoring, however many material factors have poor levels of disclosure and in those cases the credit analyst provides their own scoring based on qualitative inputs including engagement with management.

The teams believe that maintaining an active dialogue with senior management is an essential driver of consistent long-term investment results, as it provides them with a more holistic understanding of the credit risk, enables the team to offer feedback when they see shortcomings, and allows them to suggest alternative steps to protect value when necessary.

The teams believe that the depth of our research capabilities and scale provide a unique platform to engage with issuers in their markets on ESG related issues. Through our proprietary ESG Engagement Tracker, we closely monitor our engagement activities, report on these discussions to our Credit Committee and are helping to lead efforts to educate the credit markets on ESG issues and decrease the credit risk of our portfolio companies over time.

The EMD Corporate team integrates selected E and S indicators from MSCI and Sustainalytics, based on the materiality results obtained through a backtesting against financial ratios and bonds spreads from 1Q-2009 through 2Q-2018. Adding to E and S scores based on these selected Indicators, the EM Corporate analysts generate their own Governance scores through an internally developed tool which is 70% based on bottom-up topics centered on the bond issuers (i.e., controlling shareholder's experience and reputation), and 30% from top-down factors of their respective Country of Risk, taken from the Sovereign EMD team methodology. Weights for the E, S and G vary depending on the industry when calculating the overall ESG score. The integration of this internally generated ESG scores with the internal Credit Rating make up a comprehensive Risk Rating, which can be 1 or more notches lower than the internal Credit Rating, if the ESG score is comparably low within its own industrial sector. Fair value assumptions for bonds' valuation and investment decisions are derived from the comprehensive Risk Rating. In addition, the incurrence of severe Controversies & Incidents, triggers mandatory Engagement efforts whose answers are discussed by our analysts and the Portfolio Managers, and can influence investment decisions further.

FI 10.3	Additional information [OPTIONAL]
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Our Fixed Income Investment Teams work closely with our ESG Investing Team and collaborate closely with other asset class Investment teams to review and continuously improve our process for ESG integration and share best practices. Oversight of the ESG process and the development of data regarding the effectiveness of ESG in the Fixed Income market are also important priorities for all teams. The teams work collaboratively within the firm through a Fixed Income ESG Working Group and through the firm's ESG Committee. The ESG Committee, which has members from across our investment teams at the firm, oversees progress and ensures access to various resources at the firm level. Additionally, the ESG Investing team participates in quarterly reviews of the ESG integration process across each investment team.

FI 11	Mandatory	Public	Core Assessed	PRI 1
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FI 11.1	Indicate how ESG information is typically used as part of your investment process.
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Select all that apply

	SSA	Corporate (non-financial)	
ESG analysis is integrated into fundamental analysis	☒	☒	
ESG analysis is used to adjust the internal credit assessments of issuers.	☒	☒	
ESG analysis is used to adjust forecasted financials and future cash flow estimates.	☒	☒	
ESG analysis impacts the ranking of an issuer relative to a chosen peer group.	☒	☒	
An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in.	☒	☒	
The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed.	☒	☒	
Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation.	☒	☒	
ESG analysis is integrated into portfolio weighting decisions.	☒	☒	
Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits.	☒	☒	
The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark.	☒	☒	
Other, specify in Additional Information	☐	☐	

FI 11.2

Additional information [OPTIONAL]

Corporate fixed income teams systematically consider and evaluate ESG factors as an important component of their credit analysis discipline when making investment decisions for their portfolios. Proprietary ESG scores are a key component of the teams' internal credit ratings. Internal credit ratings are notched up or down depending on our view of the ESG profile of the issuer, under the oversight of the Credit Committee (a Committee comprised of the teams' most senior investment professionals). By integrating proprietary ESG analysis into their internal credit ratings, the teams establish a direct link between their analysis of material ESG factors and their portfolio construction activities across strategies.

ESG analysis is an important component of the teams' fundamental credit research, and can help to identify business risks, which could cause deterioration in an issuer's credit profile. The teams have integrated ESG issues into their Credit Best Practices framework since the inception of the framework, and have more recently formalized the framework in the form of a proprietary ESG Scoring System. Importantly, these proprietary scores are assigned to all issuers, even those not scored by third party services and including privately owned companies, which the teams believe is unique to the market. Additionally, the teams are directly engaged in the ESG research process - it is not outsourced to a third party or a different group within the firm - and derives ESG Scores as part of their credit underwriting process, which is overseen by the Credit Committee.

Oversight of the ESG process and the development of data regarding the effectiveness of ESG in the Fixed Income market are also important priorities for the Teams.

- Quarterly ESG Portfolio Reviews are presented to the Credit Committee with updates on key ESG related events and data regarding performance impact of ESG related decision making. Current priorities for engagement activities are also discussed in this setting.
- Engagement activities are closely tracked at the issuer level through an ESG Engagement Tracker.
- The teams collaborate closely with our Fixed Income ESG Working Group and the firm's ESG Committee.

FI 12	Mandatory	Public	Additional Assessed	PRI 1
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FI 12.1	Indicate the extent to which ESG issues are reviewed in your integration process.
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	Environment	Social	Governance
SSA	Environmental ☒ Systematically ☐ Occasionally ☐ Not at all	Social ☒ Systematically ☐ Occasionally ☐ Not at all	Governance ☒ Systematically ☐ Occasionally ☐ Not at all
Corporate (non-financial)	Environmental ☒ Systematically ☐ Occasionally ☐ Not at all	Social ☒ Systematically ☐ Occasionally ☐ Not at all	Governance ☒ Systematically ☐ Occasionally ☐ Not at all

FI 12.2	Please provide more detail on how you review E, S and/or G factors in your integration process.
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SSA

Municipal Fixed Income

E,S,and G factors are a part of the internal credit analysis process with a particular focus on the material issues that could affect the ability of a borrower to repay and the reliability of future cash flows. The research analyst assesses these factors alongside every other credit factor they consider and confirms in the system that the analysis was conducted in order for the bond to be eligible for purchase.

EMD

ESG factors are an integral part of EMD investment process, both in sovereigns and corporates. As previously mentioned, in sovereigns, ESG factors make up 40% of the Country Credit Model (CCM) ratings, drawing data from international organizations such as the World Bank, Emissions Database for Global Atmospheric Research, Trucost, United Nations Development Programme, Transparency International, Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung. These ratings are incorporated in Hard Currency and FX scorecards.

The proprietary ESG Scoring System is built around the concept of sector specific criteria, which focuses on the ESG issues that are the largest drivers of credit risk in each industry. The Sustainability Accounting Standards Board ("SASB") framework for sector specific criteria are used as a starting point, but the teams customized each set of sector criteria based on their judgement, leveraging their significant sector/industry expertise. The teams also assigns weightings to E, S and G which vary by sector and are aimed at enhancing their credit risk assessment.

Each issuer is evaluated using an ESG Scorecard, which is comprised of the factors that our analysts view as most material to credit risk for the company. After using several data sources, combined with our own access to management teams and industry peers, our analysts assign scores to these material factors. The output of this research process is then presented to our Credit Committee, comprised of our portfolio managers and most senior investment professionals, along with our factors such as business fundamentals, industry trends, covenants and financial metrics. As part of these presentations, our Credit Committee provides direct oversight of the ESG Scorecard for each issuer, requests changes to criteria in certain circumstances, provides feedback and adjusts their assessment of relative value and portfolio positioning based on the analysis and dialogue with our research analysts.

FI 12.3

Additional information.[OPTIONAL]

Material ESG factors are identified and assessed during the credit research process using the following framework for environmental and social factors:

- We start by utilizing the environmental and social factors identified by the Sustainability Accounting Standards Board (SASB) as potentially material for the given industry. Our analysts were involved in the development of the SASB standards through participation in the industry working groups, and our heads of Investment Grade and Non-Investment Grade Fixed Income Research have volunteered to serve on SASB's Sector Working Groups. We believe SASB provides an excellent minimum set of industry-specific sustainability factors and have formally integrated an expectation that Board members be familiar with them in our Proxy Voting Guidelines. However, not all factors identified by SASB are relevant for fixed income investors, or for the time horizon over which we are valuing a security. Therefore, each credit analyst has modified the factors specifically for their industry or sector based on their expert judgement. A good example would be the Technology sector where the SASB standards include product lifecycle management including metrics around recoverability of materials and certifications of recyclability. Our Technology analyst views this as being unlikely to affect the ability of a technology hardware company to be able to repay principal and interest, whereas issues around energy, water and waste efficiency of manufacturing processes, supply chain management, and labour standards and data security are considered
- The factors identified by credit analysts are reviewed and discussed with the Head of Investment Grade Fixed Income Research and the Head of ESG Investing, and the analyst's rationale is debated and any modifications made. This discussion also includes the relative weight to place on each factor
- The credit analyst is then responsible for scoring each issuer on an industry-relative basis against each of these factors. Where possible robust data sources are used to complete this scoring, however many material factors have poor levels of disclosure and in those cases the credit analyst provides their own scoring based on qualitative inputs including engagement with management

We do not believe that the materiality of Governance factors varies significantly between sectors and so we have a proprietary Investment Grade Credit Governance score which is standardized across all sectors. This considers:

- Level of independence of Board members
- Capability of the Board
- Compensation tied to cash flow and long-term viability
- Capability of management
- Financial statements quality and disclosure

ESG scores allow credit analysts to reach more comprehensive views on relative value between issuers, and to prioritize additional research and engagement efforts on the specific ESG factors on which a given issuer appears to be lagging. In this way, credit analysts are focusing on the material ESG factors which they believe are likely to be most financially material to the portfolio as a whole.

ESG scores are reviewed in aggregate on a quarterly basis by Portfolio Managers, the Head of Investment Grade Fixed Income Research, and the Head of ESG Investing.

ESG incorporation in passively managed fixed income

FI 13	Voluntary	Public	Descriptive	PRI 1
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FI 13.1	Describe your RI approach for passively managed fixed income assets.			
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Neuberger Berman currently offers passively managed fixed income assets. The primary investment objective of these portfolios is to efficiently manage the risk exposures of the holdings versus a predetermined benchmark. While this objective will influence the actual securities that are held, our fundamental internal research process which incorporates ESG related risk factors is also utilized in the portfolio construction and its ongoing composition. Portfolio managers utilize the ESG risk adjusted research views of the Neuberger Berman research teams which may result in manageable deviations in the position weights of the portfolio versus its respective benchmark. These deviations are calculated adjustments and are not intended to have a meaningful impact on the portfolio's performance versus its benchmark. This process allows us to utilize our fundamental research process across all of our portfolio strategies including our passively managed accounts in a manner that is consistent with the original objectives of our clients.

Fixed income - Engagement

FI 14	Mandatory to Report Voluntary to Disclose	Public	Core Assessed	PRI 2
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FI 14.1	Indicate the proportion of your fixed income assets on which you engage. Please exclude any engagements carried out solely in your capacity as a shareholder.			
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Category	Proportion of assets
SSA	☐ >50% ☒ 26-50% ☐ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (SSA fixed income assets). ☒ To gain an understanding of ESG strategy and/or management ☒ To encourage improved/increased ESG disclosure ☒ To influence issuer practice (or identify the need to influence) on ESG issue
Corporate (non-financial)	☒ >50% ☐ 26-50% ☐ 5-25% ☐ More than 0%, less than 5% FI 14.2 Indicate your motivations for conducting engagement (Corporate, non-financial fixed income assets) ☒ To gain an understanding of ESG strategy and/or management ☒ To encourage improved/increased ESG disclosure ☒ To influence issuer practice (or identify the need to influence) on ESG issue

FI 14.3	Additional information.[OPTIONAL]
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Neuberger Berman Fixed Income Investment teams conduct a systematic engagement program with management teams and industry participants regarding material Environmental, Social and Governance topics. Importantly, our research team directly conducts these engagements because we view them as critical to our credit underwriting process. We assign proprietary ESG Scores to each issuer that we invest in using sector-specific material factors and customized E, S and G weightings for each industry vertical. For evaluating progress, we closely track our engagement activities through an ESG Engagement Tracker. We report internally on our activities through an ESG Quarterly Review where our most senior investment professionals approve and oversee all aspects of our ESG integration and engagement efforts. For example, during 2019, we held over 1,000 company meetings and engaged with management teams on approximately 1,630 specific E, S and G issues which are incorporated into our proprietary ESG Scores and overall credit assessment.

Information gained during our engagements is critical to creating our proprietary ESG Scores, which are then evaluated and approved by our most senior investment professionals which comprise our Credit Committee.

Our engagement activities are comprised of three primary components: (1) market-wide initiatives, (2) direct issuer engagements, and (3) evaluating progress.

For market-wide initiatives, we engage with market regulators and infrastructure providers. Recent examples including engagements with ratings agencies, including S&P, Moody's and Fitch, regarding the integration of ESG into their credit ratings. Neuberger Berman has taken part in PRI initiatives and participated in panel discussions to encourage wider adoption of ESG integration at the rating agencies in the United States, Europe and in Asia.

For direct issuer engagements, we follow a systematic process to conduct our engagement activities. We establish an engagement goal for each issuer and track our dialogue, and the issuer's progress towards this goal over-time, in our ESG Engagement Tracker. Our focus in the direct issuer engagements is to seek to reduce the risk of our portfolios over-time by encouraging adoption of ESG best practices and a focus by management on the E, S and G factors which are most material to their businesses.

As our focus on ESG continues to evolve, we are enhancing ESG analytics reporting for our clients. ESG reporting often combines third-party vendor data with insights directly from our research analysts and is able to assess

portfolios relative to their respective benchmarks across asset classes and investment objectives. Additionally, starting in October 2018, we published an annual ESG Engagement Report which summarizes publicly the focus of our engagement efforts, provided case studies, summary data and our feedback on the fastest growing aspects of our ESG analysis. We intend to report publicly on our ESG Engagement activities once per annum going forward.

The EMD Team places special emphasis on direct engagement with companies and countries as part of the investment process. Analysts meet with companies at conferences, in one-on-one meetings with company management, and during roadshow meetings for new issues. Analysts also participate in earnings calls and other calls with management, either in a group setting or a one-on-one format. The focus of our engagement includes sector reviews, company specific meetings, and new issue opportunities. Sovereign analysts attend investor roundtables, conferences and country visits periodically, where we will have the opportunity to meet with key decision-makers, including government officials, political leaders and their staff. When possible, we actively discuss ESG factors with Sovereigns and Corporates, highlighting areas of improvement and examples where peers have made progress, due to the importance they have in these issuers' creditworthiness.

The Municipal Team does engage with Issuers when appropriate. Where possible we discuss with issuers how different budget results can be viewed by the market place. Having said that, the nature of politics and electability of officials gives bondholders less leverage than our corporate counter-parts. We have increased our dialogue with Issuers to increase quality of disclosure, as well as engage in dialogue in the overall market place about avoiding selective disclosure. A recent example of this is a successful effort to work with an underwriter that specializes in bridge financings for rural issuers that ultimately will take-out the bridge finance with loans for the US Department of Agriculture. Initially, these deals had poor disclosure on status of construction which is necessary so that the investor can intervene if the project is behind schedule. We developed a disclosure format that made this critical information easy to monitor. In another example of engagement by the municipal team, we had exposure to a clean water project where the technology was not operating as planned. We worked with the issuer to help finance engineering studies and improvements, while seeking to help them avoid bankruptcy.

FI 15	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

FI 15.1	Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)
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Select all that apply

Type of engagement	SSA	Corporate (non-financial)
Individual/Internal staff engagements	☒	☒
Collaborative engagements	☒	☒
Service provider engagements	☐	☐

FI 15.2	Indicate how your organisation prioritises engagements with issuers.
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Select all that apply

	SSA	Corporate (non-financial)	
Size of holdings	☒	☒	
Credit quality of the issuer	☒	☒	
Duration of holdings	☐	☒	
Quality of transparency on ESG	☒	☒	
Specific markets and/or sectors	☒	☒	
Specific ESG themes	☒	☒	
Issuers in the lowest ranks of ESG benchmarks	☒	☒	
Issuers in the highest ranks of ESG benchmarks	☒	☒	
Specific issues considered priorities for the investor based on input from clients and beneficiaries	☒	☒	
Other	☐	☐	

FI 15.3

Indicate when your organisation conducts engagements with issuers.

Select all that apply

	SSA	Corporate (non-financial)	
We engage pre-investment.	☒	☒	
We engage post-investment.	☒	☒	
We engage proactively in anticipation of specific ESG risks and/or opportunities.	☒	☒	
We engage in reaction to ESG issues that have already affected the issuer.	☒	☒	
We engage prior to ESG-related divestments.	☐	☒	
Other, describe	☐	☐	

FI 15.4

Indicate what your organisation conducts engagements with issuers on.

Select all that apply

	SSA	Corporate (non-financial)	
We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer.	☒	☒	
We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to.	☐	☒	
We engage on specific ESG themes across issuers and industries (e.g., human rights).	☐	☒	
Other, describe	☐	☐	

FI 15.5

Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process.

Select all that apply

	SSA	Corporate (non-financial)	
Ensuring regular cross-team meetings and presentations.	☒	☒	
Sharing engagement data across platforms that is accessible to ESG and investment teams.	☒	☐	
Encouraging ESG and investment teams to join engagement meetings and roadshows.	☒	☒	
Delegating some engagement dialogue to portfolio managers/credit analysts.	☒	☒	
Involving portfolio managers when defining an engagement programme and developing engagement decisions.	☒	☒	
Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements.	☒	☒	
Considering active ownership as a mechanism to assess potential future investments.	☒	☐	
Other, describe	☐	☐	
We do not ensure that information and insights collected through engagement can feed into the investment decision-making process.	☐	☐	

FI 15.6

Additional information.[OPTIONAL]

We believe consistent and timely engagement with companies can impact how management teams address key environmental, social and governance issues, and help to potentially reduce credit risk. Engagement is a core part of our ESG integration approach that we have established across our Fixed Income platform.

Neuberger Berman follows a systematic process that governs our engagement efforts. The team considers engagement with senior management as an essential driver of consistent long-term investment results, as it provides them with a more holistic understanding of the credit risk, enables the team to offer feedback when they see shortcomings, and allows them to suggest alternative steps to protect value when necessary.

The team also believes that the depth of our research capabilities and scale provide a unique platform to engage with issuers in their markets on ESG related issues. Through an ESG Engagement Tracker, the team closely monitors their engagement activities, reports on these discussions to the Credit Committee and are helping to lead efforts to educate the credit markets on ESG issues and decrease the credit risk of their portfolio companies over time.

Our proprietary ESG scoring systems also provide investment teams with the ability to evaluate issuers on credit-relevant ESG factors, both within and across sectors. Establishing a relative assessment of ESG performance is an important part of the engagement process because it allows investment teams to clearly identify outliers and prioritize our engagement with those issuers.

The detailed nature of our proprietary scoring systems provide insight on specific areas of concern and facilitates efficient and precise engagement with issuers supported by data. Additionally, by comparing issuers to sector-leading peers, we believe our investment teams have a framework to establish achievable ESG objectives with issuers that may ultimately lower credit risk and provide positive outcomes for broader stakeholders over the long term. We have historically found that consistent engagement on specific areas of concern is more likely to result in constructive dialogue with issuers, resulting in the highest probability of success.

The team also works collaboratively with peers and clients both on individual engagements and on market-wide initiatives. For example, in the past two years, the team played a leadership role in the UN-supported Principles for Responsible Investment (PRI)'s Credit Ratings Initiative, engaging with Standard & Poor's and Moody's on enhancing their integration of ESG into credit ratings. The team sees the credit rating agencies as an important lever to encourage issuers to improve their disclosure practices, potentially reducing borrowing costs for ESG leaders and enhancing our ability to create value for our clients.

Oversight of the ESG integration and engagement process and the development of data regarding the effectiveness of ESG in the Fixed Income market are important priorities for the teams. We have several established processes which help us ensure that our most senior professionals are providing oversight of our process and incorporating key takeaways into our portfolios. These include:

- Quarterly ESG Portfolio Reviews are presented to the Credit Committee with updates on key ESG related events and data regarding performance impact of ESG related decision making. Current priorities for engagement activities are also discussed in this setting.
- Engagement activities are closely tracked at the issuer level through an ESG Engagement Tracker.
- Collaborative idea sharing within our firm through a Fixed Income ESG Working Group and through the firm's ESG Committee.

Over the last year, Neuberger Berman's non-investment grade team has also utilized our active engagement process to develop a Sustainable Action Fund. The funds strategy is to utilize the firms "Credit Best Practices" framework including systematic evaluation of material ESG factors to prioritize investment in companies whose products and services are aligned with a Sustainable Development Goal or has the potential for increased alignment with a SDG following NB engagement. Engagement objectives are established and tracked for each issuer which are aligned with the Sustainable Development Goal. Progress toward engagement will be evaluated semi-annually by the NB ESG Investing team and reported annually to investors. We also evaluate portfolio action for issuers unresponsive to engagement objectives within a 2-3 year timeframe. We believe through our active engagement process we are able to invest in companies that meet Sustainable Investment criteria and in the process continue to meet our client stated objectives.

FI 16	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1,2
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FI 16.1	Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.
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☒ Yes

FI 16.2	Please attach or provide a URL to your fixed income engagement policy document. [Optional]
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	URL
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<https://www.nb.com/en/global/insights/global-corporate-credit-esg-engagement-report>

	Attach document
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☐ No

FI 16.3	Additional information [OPTIONAL]
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Please see this URL for our Global Corporate Credit ESG Engagement Report which we published in 2019:
<https://www.nb.com/en/global/insights/global-corporate-credit-esg-engagement-report>

Outputs and outcomes

FI 17	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	General
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FI 17.1

Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

Select all that apply

	SSA	Corporate (non-financial)	
We measure whether incorporating ESG impacts portfolio risk.	☒	☒	
We measure whether incorporating ESG impacts portfolio returns.	☒	☒	
We measure the ESG performance/profile of portfolios (relative to the benchmark).	☒	☒	
None of the above	☐	☐	

FI 17.2

Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

Through our reporting process, we are able to measure a portfolio's ESG characteristics versus a defined benchmark. This allows NB's fixed income team to monitor the impact of ESG analysis on performance attribution. In addition, through our proprietary ESG scoring system which results in corporate internal credit ratings being raised or lowered due to ESG factors, we have shown the ability to add value over various time periods. For example, in certain cases we view the ESG deficiencies of a company as material enough to its credit risk that we avoid investing in that security. NB is then able to track our Avoidance List on a quarterly basis, including its performance relative to our benchmark with the approach generating positive returns in 2019. While low or weak ESG rated companies are also traditionally weaker credits, we do believe our proprietary scoring system provides attractive risk adjusted investment opportunities that will lead to consistent outperformance versus a benchmark over the long term. This positive attribution versus a benchmark can be seen in 2019 as the NB Loans and High Yield ESG avoidance lists applicable for certain products generated +17 and +11 bps of outperformance.

FI 18	Voluntary	Public	Descriptive	PRI 1,2
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FI 18.1

Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

☒ Example 1

	Type of fixed income
☐ SSA ☒ Corporate (non-financial)	
	ESG issue and explanation
A privately owned utilities issuer pursued aggressive financial policies while only minimally engaging with bondholders. The issuer also lacked disclosure on several key ESG topics such as carbon emissions and employee health and safety, which we view as highly material to its operations as the operator of a large portfolio of power generation assets. These factors prompted us to engage with the issuer about revising its capital allocation strategy and enhancing its social and environmental disclosure, with the ultimate goal of improving the issuer's credit quality. Our engagement focused on addressing the company's capital allocation policy, which we viewed as unsustainable. We believed that by pursuing a more conservative financial strategy, the company would be better positioned to adapt to industry shifts, including taking advantage of low-carbon or renewable energy opportunities. Additionally, by highlighting the importance of ESG risk management to our investment process, we hoped to enhance the company's disclosure on key topics such as greenhouse gas emissions and workforce relations.	
	RI strategy applied
☐ Screening ☐ Integration ☒ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
Our engagements included monthly conversations with the issuer, site visits and discussions with industry competitors, regulators and the firm's financial sponsor. Originally focused as a targeted discussion of the company's capital allocation policy, we broadened our focus to include social and environmental disclosure opportunities, as well as the long-term potential for the issuer to transition toward lower-carbon forms of power generation. Throughout our engagement, the issuer exhibited a clear shift toward increased transparency with investors. They attended industry conferences, conducted management roadshows, hosted its first Analyst Day and alleviated many of our initial concerns by articulating a revised financial policy including specific leverage targets. In regard to employee health and safety, the company disclosed its OSHA incident rate, which declined between 2015 and 2018. They also reported its historical CO₂, NO_x and SO₂ emissions, which notably declined between 2010 and 2018, and communicated an expectation for further emissions declines through 2025, which includes the phasing out of one of the issuer's coal plants. This allowed us to identify opportunities with respect to a company's climate value at risk profile and its ability to address a 2-degree transition in order to push for change while reducing long-term credit risk.	

☒ Example 2

	Type of fixed income
☐ SSA ☒ Corporate (non-financial)	
	ESG issue and explanation
We have been a long term holder of a midstream issuer that has trailed its peers in terms of ESG disclosure. Its lack of publicly disclosed ESG information has resulted in the company being rated poorly by third party assessors. However, our positive view of the company has been driven by its conservative management team, strong operating performance and moderate leverage policy. In addition, from our meetings with management, it was our view that the company has strong internal ESG policies and a track record to support this view, but the lack of disclosure was limiting its ability to be accurately evaluated by the market. Our intent was to leverage our long-term relationship with the issuer to advocate for more robust disclosure on the company's ESG policies and performance. Due to the growth of U.S. energy production over the last decade, we believe the importance of fully disclosing ESG policies and performance standards will be key in assessing the sustainability risks of companies involved in the transport and delivery of oil and gas reserves. The low carbon transition can result in stranded fixed assets and significant financial costs if not properly managed.	
	RI strategy applied
☐ Screening ☐ Integration ☒ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We had several discussions with senior management regarding ESG topics over the years and expressed our concerns about the company's lack of disclosure. In collaboration with our equity research department, we developed a list of material ESG-related subjects that could be used as a guide for future discussions and disclosures. Consistent with SASB industry guidelines, topics of importance included the company's carbon footprint, community engagement strategy, health and safety performance and approach to managing transition risk. Shortly after our engagement, the company informed us that it had updated its website to provide greater public disclosure on ESG topics. Many of the topics addressed directly answered concerns we voiced in our questions. Additionally, the company has recently published its inaugural Sustainability Report, which further expanded the disclosure on the company's ESG policies and performance. While we are pleased with the company's progress, the report stops short of fully aligning with SASB guidelines for the midstream industry. We intend to maintain an ongoing dialogue with the company in order to advocate for further disclosures. We believe performance improvements, and not just disclosure, must be the goal of management, and our engagement efforts will focus on seeing sustainable success in the future.	

☒ Example 3

	Type of fixed income
☒ SSA ☐ Corporate (non-financial)	
	ESG issue and explanation
We purchased bonds issued through a conduit by a deaf charter school after evaluating the social need and significant positive impact potential. There are limited options for tailored education as 85% of Deaf/Hard of hearing students in the U.S. are enrolled in mainstream schools. As a solution, the school is using the proceeds from the issuance to build a suitable facility for deaf students in order to expand enrollment. The school operator provides high-quality education tailored to deaf students evidenced by outperformance relative to Deaf/Hard of Hearing national peers. Furthermore, the issuing county has a higher relative social need as the median household income is below the national average. Tangible outcomes from the issuance include a new school that is double the size of the prior school and a 25% increase in student enrollment over the next 3 years.	
	RI strategy applied
☐ Screening ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
We assessed the bonds to contribute to the fourth Sustainable Development Goal by seeking to ensure that all girls and boys complete free, equitable and quality primary and secondary education - including persons with disabilities, indigenous peoples and children in vulnerable situations. As a result of the significant positive impact we decided to purchase the bonds. We will monitor the construction progress of the new facilities and the future impact of the expanded enrollment.	

☒ Example 4

	Type of fixed income
☒ SSA ☐ Corporate (non-financial)	
	ESG issue and explanation
In the fall of 2019, our research team uncovered stories about a particular city's underinvestment in its sanitary sewer system. We believed that the underinvestment would lead to sewage spills, EPA fines and ultimately the need to raise material amounts of debt to fix the concerns. Recently, local papers reported the city had a number of spills totalling 211.6 million gallons of sewage into local waterways, that's equal to 320 Olympic-sized pools. The papers also reported a negative impact to sea life in the waterways.	
	RI strategy applied
☐ Screening ☒ Integration ☐ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
It is still early to total the financial impact, as there could be civil litigation as well as clean-up and capital costs, but we can assume a material change in credit ratings as a result.	

☒ Example 5

	Type of fixed income
☐ SSA ☒ Corporate (non-financial)	
	ESG issue and explanation
In 2019 we stepped-up our engagement with a Russian miner, which we identified a couple of years back as one of the largest polluters among local peers. Significant environmental controversies and a very poor Environmental score were also amongst the triggers to engage with this company. We engaged with the company's management a couple of times 2018, and increased our effort last year to address the mentioned concerns. During this period the company has taken a number of important steps: it completed the first phase of the environmental upgrade of its facilities and reported an overall pollution reduction of 11%, and in the residential area up to 35%. Further, during our latest meeting with the company in November 2019 - we were explained in detail about its US\$3.5 billion on-going environmental expenditures targeted at reducing its sulphur dioxide emissions by 45% by 2023 at its Polar Division, and by 90% by 2025. The issuer's ESG reporting has also improved dramatically, including a dedicated ESG portal on its company website.	
	RI strategy applied
☐ Screening ☐ Integration ☒ Engagement ☐ ESG incorporation in passively managed funds	
	Impact on investment decision or performance
After meeting several times with this company's CFO and IR officials in the last few years, its targeted capex has started to become noticeable, and while the company still has some way to go, we like the direction of its revisited Environmental Policy and investment commitments. ESG rating agencies are also taking note of these efforts, with one of them (Sustainalytics) revising the company's status from "underperformer" to "average performer," and upgrading the company's ESG score, while another ESG agency (MSCI) has upgraded the company's ESG rating from CCC to B3. In terms of investment decision, the price of this issuers' bonds have unfortunately remain too expensive, but now we are looking for a convenient entry level, while in the past this company's more passive approach to its Environmental issues prevented us upfront to invest in its bonds.	

FI 18.2	Additional information.
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Neuberger Berman Group LLC

Reported Information

Public version

Confidence building measures

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Confidence building measures

CM1 01	Mandatory	Public	Additional Assessed	General
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CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:
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- ☐ Third party assurance over selected responses from this year's PRI Transparency Report
- ☐ Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year
- ☐ Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year)
- ☒ Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year)
- ☒ Internal verification of responses before submission to the PRI (e.g. by the CEO or the board)
 - ☒ Whole PRI Transparency Report has been internally verified
 - ☐ Selected data has been internally verified
- ☐ Other, specify
- ☐ None of the above

CM1 02	Mandatory	Public	Descriptive	General
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CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report
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- ☐ Whole PRI Transparency Report was assured last year
- ☐ Selected data was assured in last year's PRI Transparency Report
- ☒ We did not assure last year's PRI Transparency report
- ☐ None of the above, we were in our preparation year and did not report last year.

CM1 03	Mandatory	Public	Descriptive	General
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CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:
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- ☒ We adhere to an RI certification or labelling scheme

CM1 03.2	Which scheme?
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- ☒ National SRI label based on the EUROSIF Transparency guidelines

	% of total AUM the scheme applies
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- ☒ < 25%
☐ 25-50 %
☐ 50-70 %
☐ >75 %
☐ B-corporation
☒ UK Stewardship code

	% of total AUM the scheme applies
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- ☐ < 25%
☐ 25-50 %
☐ 50-70 %
☒ >75 %
☐ GRESB
☐ Commodity type label (e.g. BCI)
☐ Social label
☐ Climate label
☐ RIAA
☐ Other
☐ We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report
☐ ESG audit of holdings
☒ Other, specify
 Our submission is reviewed by our Head of ESG Investing, our Legal Department, our President and CIO (Equities), as well as investment teams.
☐ None of the above

CM1 04	Mandatory	Public	Descriptive	General
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CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?
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- ☐ Whole PRI Transparency Report will be assured
☐ Selected data will be assured
☒ We do not plan to assure this year's PRI Transparency report

CM1 06	Mandatory	Public	Descriptive	General
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CM1 06.1	Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year)
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	What RI processes have been assured
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- ☐ Data related to RI activities
- ☒ RI policies

	Specify
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ESG Policy; Controversial Weapons; etc

- ☒ RI related governance
- ☒ Engagement processes
- ☒ Proxy voting process
- ☒ Integration process in listed assets
- ☒ Screening process in listed assets
- ☐ Thematic process in listed assets
- ☐ Manager selection process for externally managed assets
- ☐ Manager appointment process for externally managed assets
- ☐ Manager monitoring process for externally managed assets
- ☒ ESG incorporation in selection process for private equity investments
- ☐ Other

	When was the process assurance completed(dd/ mm/yy)
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29/03/2020

	Assurance standard used
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- ☒ IIA's International Standards for the Professional Practice of Internal Auditing
- ☐ ISAE 3402
- ☐ ISO standard
- ☐ AAF 01/06
- ☐ SSE18
- ☐ AT 101 (excluding financial data)
- ☐ Other

CM1 06.2	Additional information [OPTIONAL]
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The date of the process assurance represents the most recent completed date, which focused on the proxy voting. Other elements of the assurance were completed on 11/1/2019.

CM1 07	Mandatory	Public	Descriptive	General
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CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed
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Who has conducted the verification

☒ CEO or other Chief-Level staff

Sign-off or review of responses

☒ Sign-off

☒ Review of responses

☐ The Board

☒ Investment Committee

Sign-off or review of responses

☐ Sign-off

☒ Review of responses

☒ Compliance Function

☒ RI/ESG Team

☒ Investment Teams

☒ Legal Department

☐ Other (specify)