

PROXY VOTING POLICIES

Sustainable Equity Fund | AMT Sustainable Equity Portfolio | Sustainable Equity Portfolio

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Introduction

The Neuberger Berman Sustainable Equity Fund (NB Sustainable Equity Fund) seeks to support and promote important environmental, social and governance (ESG) issues. Integrating key ESG criteria into investment analysis of securities sends a strong message to all companies that investors are concerned about the long-term sustainability and overall impact of their businesses. Attention not only to financial fundamentals, but also to ESG practices is critical to creating long-term shareholder value. Additionally, as investors, we can leverage our investment dollars by actively promoting our viewpoints in shareholder votes and by maintaining active dialogue with corporate management to encourage proactive, responsive policies that address the sustainability challenges and opportunities relevant to their business. It is our belief that high-quality businesses are characterized by managers and directors who are thoughtful in their policies and practices concerning their impact on all stakeholders because there is an economic cost associated with not doing so. Increasingly, companies that recognize that responsibility is a hallmark of quality are well positioned to enhance their overall financial health.

This document outlines the general framework for corporate engagement followed by the NB Sustainable Equity Fund. These policies support dialogue and shareholder proposals that encourage management to enhance the sustainability of their businesses.

We examine all shareholder proposals with one important consideration in mind: the best long-term interests of investors. In the following pages, we explain our voting positions on a wide range of social, environmental and corporate governance issues.

We trust you will find this information useful.

In Brief: General Proxy Voting Policies

In general, we support relevant environmental, social and governance issues across all companies, industries and sectors in which we invest in accordance with the NB Sustainable Equity Fund's prospectus. As part of the rigorous analysis that is integral to our stock selection process, we conduct in-depth financial and ESG research to identify high-quality, well positioned businesses that are demonstrating leadership in the environment, community and workplace, including diversity and favorable change in employment practices. Among the general avoidance criteria applied in our initial stock selection process, we seek to avoid companies that derive revenue from alcohol, tobacco, gambling, weapons or nuclear power. We also look at a company's record in public health, the nature of its products and its overall corporate citizenship.

Once a company's stock is selected for our portfolio, we continue to apply our influence on a variety of issues through dialogue and, when needed, by voting shareholder proxies in accordance with general principles we support.

In most cases, we vote to support disclosure reports that seek additional information which is not available elsewhere and that is not proprietary, particularly in cases where it appears that a company has not adequately addressed the social and environmental concerns of its shareholders.

In determining our vote on shareholder social and environmental proposals, we also analyze the following factors:

- Whether adoption of the proposal would have a positive or negative impact on the company's short-term or long-term share value
- The degree to which the company's stated position on the issues could affect its reputation or sales, or leave it vulnerable to boycott or selective purchasing
- Whether the company has already responded in some appropriate manner to the request embodied in a proposal
- Whether the proposal itself is well framed and reasonable
- Whether implementation of the proposal would achieve the desired objectives
- Whether the issues presented would best be handled through government or company-specific action

The following pages give a brief summary of the issues—environmental, social and corporate governance—and our general support or opposition relating to them.

We examine all shareholder proposals with one important consideration in mind: the best long-term interests of investors.

ESG Disclosure – Sustainability Reporting

Shareholders often ask companies to prepare sustainability reports concerning plans, programs and continued progress to improve their commitment to sustainability. Frequently, shareholders also request greater and clearer ESG disclosure than required by U.S. Securities and Exchange Commission regulations. The disclosure requests may, for example, be specific to business risks related to climate change, greenhouse gases, hazardous wastes, or employment practices, but they may also cover a wide range of issues, such as supply chain standards the company imposes on its suppliers and vendors. The Global Reporting Initiative (GRI), the CDP and the Sustainability Accounting Standards Board (SASB) standards are commonly used as guidelines. In general, we support resolutions asking for enhanced ESG transparency and disclosure as it relates to the environmental, social and governance issues.

Environmental/Energy Issues

Reducing/Eliminating Toxic Emissions and Pollutants

WE SUPPORT

We review all calls to action on a case-by-case basis, assessing whether the wording of the proposal will result in effective progress or potentially place the company at a distinct competitive disadvantage. Generally, however, we support environmental proposals requesting that a company reduce or eliminate toxic wastes and/or emissions (greenhouse gases). Many of these toxic wastes have proven hazardous to human, animal and plant life. In addition, there may be an economic component that reinforces the desirability of eliminating toxic wastes and emissions. For example, government regulations already demand certain levels of compliance, with fees and further legal action imposed on violators.

Reducing Environmental Toxins

WE SUPPORT

We review all calls to action on a case-by-case basis, assessing whether the wording of the proposal will result in effective progress or potentially place the company at a distinct competitive disadvantage. Poor corporate management of toxic hazards can increase risks for investors and burden share performance, while corporate efforts to minimize or avoid exposures, or to offer safer alternatives, can benefit corporation by building public trust and reducing regulatory costs. Increasing numbers of companies are adopting safer chemicals policies, working to identify chemicals in their supply chains, establishing reduction and reduction goals, and reporting results to the public. We generally support resolutions for companies to establish collaborative partnerships that may provide guidance on how to address the financial and public health risks associated with corporate toxic chemical policies.

Preservation of the Natural Environment and Biodiversity

WE SUPPORT

All corporations have an impact on the environment; however, the policies and practices a company adopts can have a meaningful impact on reducing its environmental footprint and ensuring the sustainable use of natural resources. We support conservation of our natural resources. We support shareholder resolutions requesting reports from companies concerning the use of natural resources, development plans in environmentally sensitive locations, sustainable forestry practices and biodiversity initiatives.

Climate Change Related Initiatives

WE SUPPORT

We support greater disclosure on the financial risks associated with climate change and transparency on action plans to reduce overall impact. The likelihood that businesses will be affected by global climate change is fairly certain. However, the degree to which they are affected will be heavily dependent on a number of factors, the most obvious being the industry sectors within which they operate. All companies will have, to varying degrees, exposure to reputational and competitive issues relating to climate change that ultimately could have a financial impact. Transparency and standard corporate disclosure on the issue of climate change are paramount to investors seeking to analyze the risks. In general, we support requests for board-level oversight of water policies, strategies, or plans, and/or transparency on companies' energy efficiency goals and progress and related incentive compensation

Renewables and Energy Efficiency

WE SUPPORT

Energy efficiency can be considered an alternative low-cost, long-term and 'conflict-free' source of energy. Companies with strong EHS (Environmental, Health, and Safety) systems in place, focused on efficiency across their operations and throughout the supply chain, often find that they can benefit from cost-reductions and better operational performance that result from EHS practices. Conserving energy, water, and materials can reduce harmful emissions, energy, waste, and disposal costs. The benefits of energy efficiency can be felt at both the national and local level and range from reduced environmental damages to poverty alleviation and can even contribute to improved health and well being. Companies with thoughtful business plans have the ability to both implement cost saving strategies as well as generate revenue from the products and services they offer. Such strategies may result in a competitive advantage ultimately benefiting shareholders, employees and communities. We support resolutions seeking transparency on energy efficiency programs, goals and progress.

Water Quality & Management

WE SUPPORT

As growing demand for water from industrialization and population growth is compounded by climate change and growing uncertainty of supply, businesses are increasingly faced with water scarcity challenges as well as related opportunities. We believe companies that have taken steps to identify water-related risks and opportunities within their operations and supply chains will be better prepared to address the potential impact water issues may have on their business. In general, we support resolutions for board-level oversight of water policies, strategies, or plans and/or transparency on water management programs, goals and progress and related incentive compensation.

Reporting On Environmental Impacts to Community

WE SUPPORT

There are many substances that companies may use that pose environmental health hazards and safety risks to the surrounding communities. Shareholders have increasingly requested that companies make information available to the public to assess a facility's potential impact on its neighbors. In recent years, shareholders have been particularly concerned with the regulatory, legal, reputational and financial risks associated with the environmental, water, health, and social impacts of hydraulic fracturing operations. In general, we support resolutions seeing sufficient disclosure on potential environmental impacts associated with their operations and the policies and systems in place to mitigate environmental hazards.

Genetically Modified Agricultural Products

CASE-BY-CASE

Widespread availability of genetically modified foods is already a reality: an estimated two-thirds of processed foods in American supermarkets are made with genetically altered corn, soy or other crops. While such foods have positive qualities, there are ongoing safety and sustainability issues related to their use and impact. We approach our review of companies and their products on a case-by-case basis. We look at many factors and support disclosure of companies' programs concerning research and testing and their policies on withholding or removing genetically modified food products that need further safety testing.

Employment Practices and Diversity Policies

Human Resources Improvements

WE SUPPORT

A company's most valuable asset is often its employees. Providing them with respect and good pay enhances productivity and encourages loyalty. Companies that invest in continuing education and training may also be able to limit the cost of hiring and training new employees. Companies with poor labor relations run the risk of being placed on worker-led boycott lists. We support shareholder proposals requesting that companies form committees to review the effects of plant closings and drastic downsizing on communities, worker morale, and the long-term effects on the company itself. On a case-by-case basis, we may investigate the benefits to a company of shareholder resolutions requesting that executive compensation be linked to employee satisfaction, as well as financial and/or other social criteria.

Equal Employment Opportunity

WE SUPPORT

Proponents of greater adherence to equal employment principles argue that the majority of future entrants to the workforce will be women and minorities. They further argue that companies without comprehensive equal employment opportunity programs will have a difficult time recruiting qualified employees. As a result, those companies could find themselves at a competitive disadvantage. We support proposals and requests for reports on a company's equal employment opportunity practices, including hiring policies, initiatives to advance women and minorities into managerial positions.

Non-Discrimination on Sexual Orientation Issues

WE SUPPORT

We support shareholder proposals asking that the board adopt and implement a written policy barring discrimination based on sexual orientation. Proponents of such initiatives believe that this discrimination diminishes employee morale and reduces overall corporate productivity. As a result, a company may work in the best interests of shareholders by specifically banning discrimination based on sexual orientation. Proponents also argue that companies with formal commitments in this area have a competitive advantage over companies that have not enacted such policies because they can recruit and retain employees from a wider talent pool. Furthermore, companies have an interest in preventing discrimination and resolving complaints internally to avoid costly litigation or damage to reputations as an equal opportunity employer. Such litigation could have a severe economic impact on the company. Several cities have adopted, and other jurisdictions are considering adopting, legislation restricting business with companies that do not guarantee equal treatment for lesbian and gay employees. Non-compliance with these standards thereby limits a company's competitive capabilities.

Seeking Women and Minorities for the Board of Directors

WE SUPPORT

Many companies have increased the percentage of women and minorities in managerial and executive positions. However, most companies still lack appropriate representation by women and people of color at the board of directors level. We support shareholder resolutions requesting reports on improving company search procedures for identifying women and minority candidates.

We support proposals and requests for reports on a company's equal employment opportunity practices, including hiring policies, initiatives to advance women and minorities into managerial positions and executive level roles.

Human Rights & Community Relations

Establishment of Global Human Rights Principles for International Operations Policies

CASE-BY-CASE

Global companies face many important issues that are not respected equally in all countries, such as human rights, child labor and community development. The United Nations' Sustainable Development Goals (SDGs) have created a global partnership among governments, civil society and the private sector with the purpose of reducing poverty, hunger, disease, lack of adequate shelter, and exclusion while promoting gender equality, health, education and environmental sustainability — all basic human rights.

Universal Human Rights Principles

WE SUPPORT

We support corporations as part of a multifaceted approach to uphold human rights standards within their spheres of influence, which can help support or fill in the gaps where governments and civil society have limited reach. Shareholders for many global companies have requested reports on such topics as: human rights policies & standards including human trafficking, vendor standards; use of forced, child or prison labor; abuse of foreign workers' rights and infringement on the rights of indigenous people and lands. Shareholders have also made requests to divest business from countries known to have human rights violations. We encourage corporations to adopt human rights principles relevant to global business operations such as the *United Nations Guiding Principles on Business and Human Rights*. We review on a case-by-case basis shareholder resolutions for improved global human rights principles for international operations, paying close attention to the specifics of effective measures for viable near- and long-term progress.

Sustainable Supply Chains

WE SUPPORT

With the rapid rise of globalization over the past decade, the average corporation in the U.S. today has seen its supply chain grow more complex as a result of expansion across multiple regions and varying regulatory standards. With costs and revenues distributed throughout the world, today's global enterprise is exposed to new risks and opportunities. It is important to understand the industry-specific issues that are relevant to a business, and the potential impact they can have on the company, as well as management's ability to execute its business plan effectively and consistently. We encourage the efforts of well-managed companies to identify the components of their supply chains and engage suppliers to commit to the standards they have put in place. We support proposals for related supply chain disclosure surrounding sustainability issues as an integral part of our investment framework.

Conflict Minerals Disclosure

CASE-BY-CASE

The sourcing of conflict minerals from the Democratic Republic of Congo (DRC) potentially exposes companies and shareholders to supply disruptions as well as reputational risks deriving from human rights atrocities that have occurred in the region. The electronics industry and other industries exposed to these minerals continually grapple with the challenge of verifying that their supply chains are conflict mineral free in order to uphold the integrity of their products while ensuring consistent supply. Independent of regulatory status, we encourage the efforts to establish an industry code of conduct and set standards for social and environmental performance in the electronic industry's global supply chain. We will review all proposals for transparency surrounding conflict minerals within the supply chain on a case-by-case basis.

Disclosure of Payments to Foreign Governments

CASE-BY-CASE

We support the disclosure of company payments made to foreign governments for the commercial development of oil, natural gas or minerals. Transparency allows U.S. shareholders to see how much of their investment is flowing to foreign governments with the goal of reducing corruption and improving the likelihood that revenues will be spend to further economic development. Independent of regulatory statues, we encourage the efforts of pro-transparency and anti-corruption initiatives such as Extractive Industries Transparency Initiative (EITI), established to set a global standard for transparency in oil, gas and mining. We will review all proposals for transparency surrounding anti-corruption initiatives issues as an integral part of our investment framework on a case-by-case basis.

Internet Freedom of Expression & Privacy

CASE-BY-CASE

Companies in the information and communications industries face increasing government pressure to comply with the laws and policies of countries that require censorship and disclosure of personal information in ways that conflict with internationally recognized human rights laws and standards. In general, we support proposals focused on protecting freedom of expression and privacy of information.

Reporting on Military Business

CASE-BY-CASE

Our general guidelines support proposals requesting reporting on military business. However, we review all issues on a case-by-case basis, making sure that specific proposals do not request the disclosure of sensitive, proprietary information. Shareholder proposals that we generally support often request a report of the company's defense spending, sales to foreign countries, lobbying activities, technology transfers, military contracts, or the company's involvement in the nuclear defense system.

Increasing Relationships with Minority or Women-Owned Businesses

WE SUPPORT

To complement the acceleration of equal opportunity initiatives within companies, shareholders are requesting reports and resolutions to increase the sourcing of goods and services from minority-owned and women-owned businesses. We support resolutions requiring disclosure of company goals for increasing their use of these vendors and suppliers.

Product Marketing & Integrity

WE SUPPORT

Companies must comply with industry standards to ensure the integrity of their products and services throughout the manufacturing process. There are numerous regulations surrounding food safety, toxic chemicals, and pharmaceuticals that set minimum standards for companies operating in these industries. We encourage companies to adopt and implement proactive policies on toxic chemicals that exceed regulatory and compliance standards. We support resolutions asking for elimination or reduction of toxic chemicals in products and activities.

We review on a case-by-case basis shareholder resolutions for improved global human rights principles for international operations policies, paying close attention to the specifics of effective measures for viable near- and long-term progress.

Access to Credit and Responsible Lending Practices

WE SUPPORT

The federal government's Equal Credit Opportunity Act prohibits lenders from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age, or because an applicant receives income from a public assistance program. We firmly support shareholder requests for reports concerning company lending practices in low or moderate income areas and requests concerning possible lending patterns to minority groups. We encourage responsible lending practices concerning consumer loan products that contain features that undermine the very customers they serve. We support proposals for remedying any lending discrimination by financial companies—such as banks, credit unions or insurance companies—or others, such as automobile companies.

Animal Rights/Welfare

WE SUPPORT

Animal rights activists have submitted numerous proposals protesting the use of animals in product testing. Proponents argue that certain companies have successfully used animal-free testing as a marketing advantage. They also contend that exploring alternative testing procedures could lead to more cost effective methods. They further note that negative publicity surrounding animal testing could lead to product boycotts. Some proponents object to animal testing for cosmetic and frivolous purposes, while others object to animal testing entirely. We support shareholder resolutions in favor of animal rights in most cases. However, we recognize that most medical products are required to undergo animal testing, in compliance with U.S. Food and Drug Administration regulations.

Corporate Governance Issues

I. Board of Directors

Voting on Director Nominees in Uncontested Elections

CASE-BY-CASE

Votes on director nominees are made on a case-by-case basis. Among the factors we examine are: long-term corporate performance relative to a market index and peer group composition of the board and key board committees; the nominee's attendance at meetings; the nominee's investment in the company; whether a retired CEO sits on the board; and whether the chairman is also serving as CEO. We also examine the diversity of the board to determine if sufficient efforts were made to include women and minority candidates.

In cases of significant votes and when information is readily available, we also review: corporate governance provisions and takeover activity; board decisions regarding executive pay; director compensation; the number of other board seats held by nominee; interlocking directorships and independence of directors.

We Support the Separation of Chairman and CEO Positions

CASE-BY-CASE

We vote on a case-by-case basis on shareholder proposals that would require the positions of chairman and CEO to be held by different persons.

Establishing a Majority of Independent Directors on the Board WE SUPPORT

We vote for shareholder proposals requesting a majority of independent directors on the board. We support shareholder proposals that request the board's audit, compensation and/or nominating committees include independent directors exclusively.

Stock Ownership Requirements for Directors WE OPPOSE

We vote against shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director or to remain on the board. We believe this imposes an unnecessary financial limitation on the qualifications for independent directors.

Term of Office Limitations WE OPPOSE

We vote against shareholder proposals to limit the tenure of outside directors. The limitation of tenure can unduly risk the effectiveness of outside directors and increase management control of the board.

Director and Officer Indemnification and Liability Protection CASE-BY-CASE

Proposals concerning director and officer indemnification and liability protection are evaluated on a case-by-case basis. We vote against proposals to limit or eliminate entirely director and officer liability for monetary damages for violating the duty of care. We also vote against indemnification proposals that would expand coverage beyond just legal expenses to acts such as negligence that are more serious violations of fiduciary obligations than mere carelessness. We support only those proposals that provide such expanded coverage in cases where a director's or an officer's legal defense was unsuccessful if: (1) the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company, and (2) only if the director's legal expenses would be covered.

Corporate Charitable Contributions CASE-BY-CASE

We vote case-by-case on shareholder proposals to eliminate, direct, or otherwise restrict charitable contributions. We support shareholder proposals requesting more information regarding corporate charitable contributions.

Political Spending and Lobbying Disclosure CASE-BY-CASE

Shareholders are increasingly concerned about the increase in corporate political spending. Shareholders have submitted proposals requesting that companies do not dedicate resources to partisan political activities. They have also requested that companies cease any activities pressuring employees to contribute to or support partisan causes. Other proposals have requested that companies establish political contribution guidelines and reporting procedures. We encourage efforts that; promote responsible corporate political activity, protect shareholders and strengthen the integrity of the political process. We vote case-by-case on shareholder proposals that aim to bring transparency and accountability to corporate political spending.

In cases of significant votes and when information is readily available, we also review: corporate governance provisions and takeover activity; board decisions regarding executive pay; director compensation; the number of other board seats held by nominee; interlocking directorships and independence of directors.

II. Proxy Contests

Voting for Director Nominees in Contested Elections

CASE-BY-CASE

Votes in a contested election of directors are evaluated on a case-by-case basis, considering the following factors: long-term financial performance of the target company relative to its industry; management's track record; background to the proxy contest; qualifications of director nominees (both slates); board diversity (both slates); evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions.

III. Auditors

Ratifying Auditors

WE SUPPORT

In most cases, we support proposals to ratify auditors. However, if an auditor has a financial interest in or association with the company, and is therefore not independent, we will oppose the ratification if the potential financial conflict of interest is substantial enough to potentially compromise the objectivity of the audit function. We will also oppose ratification if there is reason to believe that the independent auditor has rendered an opinion that is neither accurate nor indicative of the company's financial position.

IV. Proxy Contest Defenses

Staggered Terms for Board Structure

WE OPPOSE

In their efforts to exercise greater control over the board of directors, management will frequently introduce proposals to stagger or classify board terms. Because this harms a board's accountability to shareholders, we oppose proposals to classify the board. In keeping with this policy, we support shareholder proposals to repeal classified boards and to elect all directors annually.

Shareholder Ability to Remove or Replace Directors

WE SUPPORT

We vote *for* proposals giving shareholders the ability to remove directors with or without cause. We vote against proposals that provide that directors may be removed *only* for cause.

We vote for proposals that permit shareholders to elect directors to fill board vacancies. We vote against proposals that provide that only continuing directors may elect replacements to fill board vacancies.

We vote against proposals to limit or eliminate entirely director and officer liability for monetary damages for violating the duty of care.

Eliminating Cumulative Voting

WE SUPPORT

Cumulative voting, whereby shareholders can cast all of their votes for a single nominee, is a practice meant to facilitate the representation of minority viewpoints on the board of directors. The policy is not equitable and often gives a disproportionate voice to small, dissident blocks of shareholders in the running of a company. We support proposals to eliminate cumulative voting. We oppose proposals to permit cumulative voting.

Shareholder Ability to Call Special Meetings

WE SUPPORT

As an important part of the checks and balances on corporate management, we oppose any proposals to restrict or prohibit shareholder ability to call special meetings. To that effect, we will support proposals that remove restrictions on the right of shareholders to act independently of management.

Shareholder Ability to Act by Written Consent

WE SUPPORT

We vote for proposals that allow or make easier shareholder action by written consent. We vote against proposals to restrict or prohibit shareholder ability to take action by written consent.

Shareholder Ability to Alter Board Size

WE SUPPORT

On occasion, management may try to manipulate the number of board members to increase their control over the board. We vote against proposals that give management the ability to alter the size of the board without shareholder approval. We vote for proposals that seek to fix the size of the board.

V. Tender Offer Defenses

Poison Pills

CASE-BY-CASE

In general we vote against management proposals to ratify a poison pill. We vote for shareholder proposals that ask a company to submit its poison pill for shareholder ratification.

Fair Price Provisions

WE SUPPORT

We vote for fair price proposals, as long as the shareholder vote requirement embedded in the provision is no more than a majority of disinterested shares. We vote for shareholder proposals to lower the shareholder vote requirement in existing fair price provisions.

As an important part of the checks and balances on corporate management, we oppose any proposals to restrict or prohibit shareholder ability to call special meetings.

Anti-Greenmail Amendments

WE SUPPORT

In some instances of unwanted takeover bids, management may feel it is convenient simply to buy out the minority shares held by the unwanted suitor at a higher-than-market price. These “greenmail” actions by a company’s management may be convenient for management, but they are not in the shareholders’ best interest. We vote for proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company’s ability to make greenmail payments. However, we review on a case-by-case basis anti-greenmail proposals when they are bundled with other charter or bylaw amendments.

Unequal Voting Rights

WE OPPOSE

We vote against dual class exchange offers. We vote against dual class recapitalizations.

Supermajority Shareholder Vote Requirement to Amend the Charter or Bylaws

WE OPPOSE

Amendments to a company’s charter or bylaws typically require approval by a simple majority (more than 50%). Management may propose a bylaw requiring excessively high “supermajority” votes—often between 67%–75%, but sometimes as high as 90%. We vote against management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments. We support shareholder proposals to lower supermajority shareholder vote requirements for charter and bylaw amendments.

Supermajority Shareholder Vote Requirement to Approve Mergers

WE OPPOSE

We vote against management proposals to require a supermajority shareholder vote to approve mergers and other significant business combinations. We vote for shareholder proposals to lower supermajority shareholder vote requirements for mergers and other significant business combinations.

VI. Capital Structure

Common stock authorization

CASE-BY-CASE

We review on a case-by-case basis proposals to increase the number of shares of common stock authorized for issue. We apply a series of quantitative criteria to determine our decision.

Reverse stock splits

CASE-BY-CASE

We will review management proposals to implement a reverse stock split on a case-by-case basis. We will generally support a reverse stock split if management provides a reasonable justification for the split.

We vote against management proposals to require a supermajority shareholder vote to approve charter and bylaw amendments.

Blank check preferred authorization

CASE-BY-CASE

We vote for proposals to create blank check preferred stock in cases when the company expressly states that the stock will not be used as a takeover defense or carry superior voting rights.

We review on a case-by-case basis proposals that would authorize the creation of new classes of preferred stock with unspecified voting, conversion, dividend and distribution, and other rights. In addition, we review on a case-by-case basis proposals to increase the number of authorized blank check preferred shares. If the company does not have any preferred shares outstanding, we will vote against the requested increase.

Shareholder proposals regarding blank check preferred stock

WE SUPPORT

In most instances, we vote for shareholder proposals to have blank check preferred stock placements submitted for shareholder ratification. However, we oppose shareholder ratification requests of shares issued for the purpose of raising capital or making acquisitions in the normal course of business.

Adjust par value of common stock

WE SUPPORT

We vote for management proposals to reduce the par value of common stock.

Preemptive rights

CASE-BY-CASE

On a case-by-case basis, we review proposals to create or abolish preemptive rights. In evaluating proposals on preemptive rights, we look at the size of a company and the characteristics of its shareholder base.

Debt restructurings

CASE-BY-CASE

On a case-by-case basis, we review proposals to increase common and/or preferred shares or proposals to issue shares as part of a debt restructuring plan. There are four primary issues upon which we base our decision: 1) How much will ownership interest of existing shareholders be reduced, and how extreme will dilution to any future earnings be? 2) Will the transaction result in a change in control of the company? 3) Is the threat of bankruptcy, which would result in severe losses in shareholder value, the main factor driving the debt restructuring? 4) Are there signs of self-dealing or other abuses?

Share repurchase programs

WE SUPPORT

We vote for management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

On a case-by-case basis, we review proposals to create or abolish preemptive rights.

VII. Executive and Director Compensation

In general, we vote on a case-by-case basis on executive and director compensation plans, with the view that viable compensation programs should be tied to underlying business performance and creation of shareholder value. We may oppose members of the compensation committee when they have approved compensation plans that are not tied to clear metrics or have not amended existing policies in response to shareholder concerns in times of underperformance.

Cash bonus plans for executives

CASE-BY-CASE

We review all resolutions and amendments to cash bonus plans for executives on a case-by-case basis, making sure they are in compliance with federal laws, including Section 162(m) of the Omnibus Budget Reconciliation Act of 1993 (OBRA). For example, we vote for plans that simply amend shareholder-approved plans to include administrative features or place a cap on the annual grants any one participant may receive. We vote for amendments to add performance goals to existing compensation plans. On a case-by-case basis, we evaluate votes on amendments to existing plans to increase shares reserved and to qualify the plan for favorable tax treatment under the provisions of Section 162(m). We vote for cash or cash-and-stock bonus plans to exempt the compensation from taxes under the provisions of Section 162(m) of OBRA.

Advisory Vote on Executive Compensation (“Say-on-Pay”)

CASE-BY-CASE

We review on a case-by-case basis all shareholder proposals that seek to examine executive pay. In reviewing these proposals we will analyze the company’s stock price, past compensation practices, peer group practices and workforce reductions. We will take various factors into consideration and review on a case-by-case basis.

Shareholder proposals concerning Proxy Access

CASE-BY-CASE

We generally support proposals requesting shareholders’ ability to nominate director candidates to management’s proxy (“proxy access”), as we believe that significant, long-term shareholders should have the ability to nominate their representatives to the board. We will take various factors into consideration such as company size, board independence, percentage of ownership requested and holding period requirement among other items and review on a case-by-case basis.

Golden and tin parachutes

CASE-BY-CASE

As part of efforts to discourage takeover bids, managements may draft employment agreements that include exorbitant top executive pay packages. These packages may be disadvantageous to shareholders. We vote for shareholder proposals that would require golden and tin parachutes to be submitted for shareholder ratification. We review on a case-by-case basis all proposals to ratify or cancel golden or tin parachutes.

Shareholder approval of employee stock ownership plans (ESOPs)

WE SUPPORT

In most cases, we vote for proposals that request shareholder approval in order to implement an ESOP or to increase the authorized shares for existing ESOPs. However, in cases where the number of shares allocated to the ESOP is “excessive” (i.e., generally greater than 10% of outstanding shares), we vote against such proposals.

VIII. State of Incorporation

State takeover statutes

CASE-BY-CASE

We review on a case-by-case basis proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freeze-out provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, anti-greenmail provisions, and disgorgement provisions).

Reincorporation proposals

CASE-BY-CASE

We examine on a case-by-case basis proposals to change a company’s state of incorporation. We will generally vote against these proposals if the reincorporation is to a state that allows more antitakeover devices.

IX. Mergers and Corporate Restructurings

Mergers and acquisitions

CASE-BY-CASE

On a case-by-case basis, we consider votes on mergers and acquisitions. Our review takes into account a variety of factors, including: anticipated financial and operating benefits; offer price (cost vs. premium); prospects of the combined companies; how the deal was negotiated; changes in corporate governance and their impact on shareholder rights; and the acquiring company’s history of equal opportunity employment, social issues and environmental issues.

Corporate restructuring

CASE-BY-CASE

On a case-by-case basis, we review corporate restructuring proposals, including minority squeeze-outs, leveraged buyouts, spin-offs, asset sales, and liquidations.

In the case of spin-offs, we examine the tax and regulatory advantages, planned use of sale proceeds, market focus, and managerial incentives before determining our vote. With votes concerning asset sales, we will first consider the impact on the balance sheet/working capital, value received for the asset, and potential elimination of diseconomies. We determine our votes on liquidations after reviewing management’s efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation.

Shareholder appraisal rights

WE SUPPORT

We vote for proposals that provide shareholders with rights of appraisal. We also support proposals that restore appraisal rights that were previously rescinded.

X. Miscellaneous Governance Provisions

Confidential voting

WE SUPPORT

Confidential voting is critical in allowing shareholders to vote freely and without being unduly influenced by any voting bloc. We vote for shareholder proposals that request corporations to adopt confidential voting, use independent tabulators and use independent inspectors of election as long as the proposals include clauses for proxy contests as follows: In the case of a contested election, management is permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents do not agree, the confidential voting policy is waived. We will also support management proposals to adopt confidential voting.

Equal access

WE SUPPORT

We vote for shareholder proposals that would allow significant company shareholders equal access to management's proxy material in order to evaluate and propose voting recommendations on proxy proposals and director nominees, and in order to nominate their own candidates to the board.

Bundled proposals

CASE-BY-CASE

We review on a case-by-case basis bundled or "conditioned" proxy proposals. When a number of proposals are conditioned upon each other, we examine the benefits and costs of the packaged items. If the joint effect of the conditioned items is not in shareholders' best interests, we vote against the proposals. If the combined effect is positive, we support such proposals.

Shareholder advisory committees

CASE-BY-CASE

We review on a case-by-case basis proposals to establish a shareholder advisory committee. In cases where there are already a sufficient number of independent, outside directors, the interests of shareholders are usually adequately represented, and a shareholder advisory committee shouldn't be necessary. However, our case-by-case review may uncover extenuating circumstances that warrant further representation of shareholder viewpoints.

The Neuberger Berman Sustainable Equity Team

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23 Years of Industry Experience

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