

# 2022 Summary of Material Changes to Proxy Voting Guidelines

## NEUBERGER BERMAN

*Neuberger Berman believes that engagement is a dialogue between investors and companies focused on positively influencing corporate governance behaviors to drive long-term, sustainable returns. One important way in which we exercise engagement is through voting proxies on behalf of our advisory clients for whom we have voting authority. We do this in order to fulfill our fiduciary responsibility to protect our clients' best interests and as an important component of our approach to creating shareholder value.*

*Our Governance and Proxy Voting Guidelines serve as a guide to our voting approach and are representative of our general views on key matters. The Guidelines are reviewed annually by our Governance and Proxy Committee. This document provides an overview of material changes made to our Governance and Proxy Voting Guidelines in 2022.*

### **Board Gender Diversity**

We believe there has been ample time for boards to take up and address issues of gender representation. If the board has not included a female director in the last 12 months or if there are no clearly articulated plans to include a qualified female nominee, we will vote against the chair of the nominating committee. Starting in 2023, Neuberger Berman may hold the chair of the nominating committee accountable if the board is not at least 30% female.<sup>1</sup>

In Japan, we are expanding the scope of our board gender diversity guideline. Starting in 2022, we may vote against the Representative Director(s) at companies with a market capitalization of more than 200 billion yen at the time of the record of holder date, down from 500 billion yen, that do not have at least one female director and have not provided an adequate explanation.

### **Board Racial/ Ethnic Diversity<sup>2</sup>**

Neuberger Berman expects companies to disclose board racial and ethnic diversity at the aggregate level. Starting in 2022, Neuberger Berman may hold the chair of the nominating committee accountable if the board fails to disclose board composition and may take voting action if the board lacks racial or ethnic diversity.

### **Board Oversight of ESG Risk**

Neuberger Berman has a longstanding belief that material environmental, social, and governance (ESG) factors are important drivers of long-term investment returns from both an opportunity and risk mitigation perspective. We believe the board should identify and appropriately address financially material risks to the company's business fundamentals and to its long-term sustainable growth including but not limited to environmental, social, and governance (ESG) issues. Starting in 2022, Neuberger Berman may hold the chair of the governance committee accountable if the board does not maintain oversight of material ESG issues.

### **Climate Expectations**

We expect directors to be familiar with the practices outlined below and be able to discuss how they relate to the risk assessment for their business. Starting in 2022, Neuberger Berman may hold the chair of the board or lead independent director accountable

<sup>1</sup> Announced changes effective in 2023. We may hold companies to higher standards of board diversity where market or listing requirements are more stringent.

<sup>2</sup> We may hold companies to higher standards of board diversity where market or listing requirements are more stringent.

if we determine a company is not adequately managing climate-related risks.

Specific to climate-related risk, Neuberger Berman expects companies to:

- Establish board oversight of climate risk
- Disclose key climate-related metrics such as Scope 1 and 2 Greenhouse gas (GHG) emissions and material Scope 3 GHG emissions
- Establish GHG emissions reduction targets certified by a credible third party such as the Science Based Targets Initiative
- Produce reporting in alignment with the recommendations of the TCFD

### **Director Time Commitments**

We generally believe a director who is not a public company executive should serve on no more than four public company boards. In cases where a director serves on more than four public company boards, we may oppose the director's reelection.

### **Japan-specific Guidelines**

Since corporate governance related law, standards, and best practices tend to differ between markets, we consider these local nuances when voting in a given market. To that end, we've made the following updates to our expectations of Japanese companies.

- Boards of listed subsidiaries should be at least majority independent or should have a special committee comprised of independent directors
- Tenure of independent directors should not be more than 10 years
- We expect companies to have an average Return on Equity (ROE) of the past five fiscal years that is greater than 5% or exceeds this threshold in the last fiscal year
- Cross shareholdings should not be more than 5% of total assets

Neuberger Berman Investment Advisers LLC's Proxy Voting Policy and Procedures as well as the complete Governance and Proxy Voting Guidelines are available online at [www.nb.com](http://www.nb.com).



**Neuberger Berman**  
1290 Avenue of the Americas  
New York, NY 10104-0001

[www.nb.com](http://www.nb.com)