Neuberger Berman Europe Limited

Stewardship Conflicts of Interest Policy
October 2021

Various EU Directives require asset managers to take necessary specific arrangements in terms of organisation and controls to prevent conflicts of interest and, when they cannot be avoided, to identify, manage and monitor them to avoid damaging clients' interests and should they arise, disclose these situations to clients.

The U.K. Stewardship Code 2020, under its third principle, provides that its signatories disclose their conflicts policy and how it has been applied to stewardship arrangements.

The Shareholder Rights Directive requires asset managers to disclose certain information to some institutional investors in the aim of increasing transparency, including whether, and if so, which conflicts of interest have arisen in connection with engagement activities and how they have been managed.

This document aims at explaining Neuberger Berman Europe Limited's (**"NBEL"**) approach to conflicts of interest arising from its stewardship, engagement and voting activities. As an investment management firm, NBEL is authorised and regulated by the Financial Conduct Authority (**"FCA"**), and therefore will follow the FCA's regulations when it comes to conflicts of interest.

NBEL's business is conducted at arm's length from its parent company, Neuberger Berman Group LLC (**"NBG"**) and as such any conflicts of interest which may arise are therefore likely to be rare. NBG is a private company, owned by employees, ex-employees and some family members. However, NBEL's objective is always to act in the client's best interests when considering matters which are relevant to stewardship, including voting and engagement. In accordance with FCA requirements, NBEL has established and implemented effective conflicts of interest arrangements that are appropriate to its size and organisation, nature, scale and complexity of its business. Further details are outlined below, as well as within NBEL's Conflicts of Interest Policy.

INTRODUCTION

NBEL's Conflicts of Interest Policy sets out its commitment to always act professionally and to keep the best interests of clients and their beneficiaries in mind. NBEL will take appropriate steps to identify circumstances that may give rise to actual and potential conflicts of interest that could entail a risk of damage to our clients' interests.

In the normal course of business, as in any large financial institution, situations resulting in potential or actual conflicts of interest may arise. There is nothing inherently unethical when such situations arise, subject to compliance with regulatory and legal requirements. However, the abuse of such situations is clearly improper, and NBEL is committed to managing these conflicts of interest to prevent abuse and protect clients, employees, and counterparties.

Across NBG all reasonable steps are taken to identify conflicts of interest between the business of NBG, including its managers, employees or any person with a relevant direct or indirect link to them – and our clients; and any one client of NBG's business and other clients.

Due to the importance of stewardship to our business, NBEL has developed this specific Stewardship Conflicts of Interest Policy. NBEL acknowledges its position as a fiduciary for its clients' and their beneficiaries and will seek always to act in their best interests. Accordingly, we take reasonable steps to identify actual as well as potential conflicts which may give rise to a material risk of damage to the interests of our clients.

NBEL's business is also subject to many of the wider NBG policies, including, but not limited to, the Code of Conduct which outlines the legal and ethical framework within which we conduct ourselves and Code of Ethics which is designed to ensure NBEL employees put client interests first and conduct their activities in a manner consistent with applicable laws and regulations.

Integrity, fairness, impartiality and primacy of clients' interests occupy a leading place in our ethical rules and values.

STEWARDSHIP ARRANGEMENTS
Key aspects of our Stewardship Conflicts of Interest arrangements are set out below, and are complemented by further information and mitigations provided in our Conflicts of Interest Policy.

- Ownership Conflicts -

The business of NBG is investment management. As NBG is privately owned by current and former employees and some family members, we believe this ownership structure generally aligns with clients, and as such we consider the conflicts of interest which may arise in relation to ownership to be rare.

- Client and prospect client conflicts -

NBEL and its affiliates provide a range of investment services to institutional investors, including several pension funds sponsored by corporations, governments and other organisations. These services include proxy voting and engagement activities in accordance with our Stewardship and Engagement Policy with companies in which NBEL and its affiliates clients are equity shareholders and/or bond investors.

As a result, the following real or perceived conflicts may arise:

- We may engage with or vote the shares held in a company that is the sponsor of one of our pension fund clients, or is in the same group as one of our clients or prospective clients.
- We may engage with a government or government body that is the sponsor or associate of the sponsor of one of our clients or prospective clients.
- We may engage with a company that has a strong commercial relationship, including a service provider, with NBG/NBEL and its affiliates, and/or with clients or potential clients.
- We may vote on a corporate transaction, the outcome of which would benefit one client or prospect more than another.
- We may engage with a company in which certain clients or prospects are equity holders and others are bond holders.
- We may otherwise act on behalf of clients who have differing interests in the outcome of our activities.

- Employee conflicts –

At the individual level, employees may have a personal relationship with senior members in a company or board members, or personally own the securities of that applicable company in which we invest on behalf of our clients. Where such a personal connection exists, employees are required to disclose this to NBEL Compliance, where an evaluation of the potential conflict is made, and relevant action taken. Employees are required to highlight any changes to their personal conflict circumstances as soon as they arise, and this is complemented through regular attestations.

- Securities lending conflicts –

While NBEL is not currently engaged with securities lending activities, some accounts advised by other NBG entities do. Income generated from such activity is retained by the relevant account(s). NBG entities do not retain any benefit.

MANAGING STEWARDSHIP ENGAGEMENT AND MONITORING CONFLICTS

In all our activities, we seek to promote the long-term value and success of the companies in which our clients invest.

Stewardship and engagement activities are exercised with the aim of influencing the company's behaviour and enhancing long-term risk adjusted returns for investors. However, these activities are not carried out with the intention to change control of the issuer or obtain non-public information, nor is information obtained intended to manipulate the market or to be used in any other impermissible manner. In the case that material non-public information is obtained through stewardship or engagement activities, our Compliance Department is informed, and restrictions put in place around the issuer until the information is publicly disseminated. During the application of the information barrier, stewardship professionals or any other member of Neuberger Berman's staff are not allowed to act upon, or share the non-public material information. The Compliance Department of NBEL requires that all staff certify that they have complied with NBEL's policies as they relate to conflicts arrangements on a quarterly basis.

While we welcome client input and suggestions for engagement, all our engagement activities are selected and pursued based on an objective assessment of the severity of the problems faced by the companies being engaged or the opportunities available to them, the likely effect of public policy and regulation and the likelihood of success in achieving value-enhancing change or mitigating value-destroying change. We give due regard to the value of the company to our clients and the value at risk given the issues in question.

In our engagements with companies which are the sponsors of (or in the same group as) our clients, we are careful to protect and pursue the interests of all our clients by seeking to enhance or protect the long-term value of the companies concerned. In the first instance, we make clear to all pension fund clients with corporate sponsors that we will treat their sponsoring parent or associated companies in the same way as any other company. In addition, we ensure that in such situations the relevant client relationship director or manager within NBG or NBEL, is not involved with the engagement or proxy voting process. This same approach would hold true with respect to any engagement with a company with whom we, our owners or our clients have a strong commercial relationship, including suppliers. If we become aware of potential conflicts, they are disclosed as appropriate.

Proxy matters are conducted in the best interests of clients, in accordance with Neuberger Berman's fiduciary duties, and applicable rules and standards as outlined by the U.S. Investment Advisers Act of 1940, fiduciary standards and responsibilities for ERISA clients set out by the U.S. Department of Labor, the U.K. Stewardship Code, the Japan Stewardship Code and other applicable laws and regulations.

In instances where NBEL does not have authority to vote client proxies, it is the responsibility of the client to instruct NBEL. In all circumstances where NBEL has voting authority, NBEL will on a best-efforts basis comply with specific instructions to vote proxies, whether or not such client directions specify voting proxies in a manner that is different from NBEL's policies and procedures. NBEL 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 NBEL may abstain from voting, when it believes it would not be in the client's best interests for reasons such as the presence of share-blocking requirements or meetings in which voting would entail additional costs.

Clients and internal investment teams may at times have different immediate interests in the outcome of certain corporate activities, most notably in the result of a takeover bid involving two public companies. In addressing such situations, we are open with clients about the conflict and disclose it where practically possible. Written communications would be entered into with the client as applicable, in accordance with FCA rules.

PROXY VOTING COMMITTEE ("PROXY COMMITTEE")

As in other cases, we consider through our company engagements and voting recommendations we give greater consideration to the long-term value that could be created or is at risk of being destroyed for our clients than to the financial effect of a deal for any one client. For our internal investment teams, NBG's Proxy Voting Guidelines serve to inform their assessment. However, they will make their final judgement independently with a view to their fiduciary obligations to their clients. In the event that a senior investment professional at Neuberger Berman believes that it is in the best interest of a client or clients to vote proxies in a manner inconsistent with NBG's Proxy Voting Guidelines, the investment professional will submit in writing to the Proxy Committee the basis for his or her recommendation. The Proxy Committee will review this recommendation in the context of the specific circumstances and with the intention of remaining consistent with our proxy voting responsibilities and Governance & Engagement Principles.

The Proxy Committee has designated responsibility for –

- Developing, authorising, implementing and updating NBG's proxy voting policies and procedures;
- Administering and overseeing the governance and proxy voting processes; and
- Engaging and overseeing any third-party vendors as voting delegates to review, monitor and/or vote proxies.

The Proxy Voting Committee consists of Senior Management from across NBG, including the Chief Investment Officer (Equities), the Head of Global Equity Research, the Head of ESG Investing, senior portfolio managers, and a senior member of the Legal & Compliance Department who will advise on matters as they arise. If one of more members of the Proxy Committee are not independent with respect to a particular matter, the remaining members of the Committee shall constitute an ad hoc independent sub-committee, which will have full authority to act in the event of a conflict.

NBG at the recommendation of the Proxy Committee, has retained Glass, Lewis & Co., LLC ("Glass Lewis") as its voting agent to provide research on proxy matters, vote in accordance with NBG's Proxy Voting Guidelines or as otherwise instructed and submit such proxies in a timely manner, and to handle administrative matters, maintain records and details of votes cast. NBG retains final authority and fiduciary responsibility for proxy voting.

CONFLICTS OF INTEREST ARE REVIEWED

In addition to the activities undertaken by the Proxy Committee and Glass Lewis, all staff members must flag to their line managers any potential conflict of interest they recognise. We also have policies that seek to avoid any potential conflicts for individual staff members of NBEL that arise from engagements with companies in which individuals have personal investments or some material personal relationship with a relevant individual. Where a staff member has a personal connection with a company, they are required to make the necessary disclosure, and are not involved in any relevant engagement activities undertaken by NBEL.

As part of NBG's efforts to address and mitigate potential conflicts of interest, it has formed a committee comprised of Chief Investment Officers, Chief Risk Officer, members of Neuberger Berman's Legal and Compliance Department, including Neuberger Berman's Chief Compliance Officer and General Counsel – Asset Management, and the Head of our Asset Management Guideline Oversight function. This committee generally meets quarterly to review the following, among other things: (i) investments by the funds and other accounts advised by NBG or its affiliates in other funds or other pooled investment vehicles (e.g., UCITS Funds); (ii) asset allocation decisions, including decisions to allocate assets to internal portfolio managers (e.g., the allocation to Eisman's sleeve of the Neuberger Berman Absolute Return Multi-Manager Fund); and (iii) compliance with Neuberger Berman Investment Adviser's policy on side-by-side accounts (this review focuses on trade allocation and rotation, a full holdings review, IPO allocation and performance review).

RECORDING AND ESCALATION

NBG maintains details of instances of conflicts as they arise in respect of proxy voting and engagement matters.

In those limited circumstances where a conflict over our approach to providing voting recommendations (aside from that directed by third-party/client-specific policies) or engagement arises that is not able to be resolved in the manner set out above, the matter is referred to those members of the Proxy Committee not deemed conflicted. They would form a separate sub-committee to consider appropriate further action. The group is guided by Neuberger Berman's mission to deliver long-term holistic returns, our published Responsible Ownership Principles, voting policies and other appropriate industry-endorsed guidance. All such instances would be documented and reported to the NBEL Conflicts of Interest Committee, which is an independent subcommittee of the NBEL Board.

ANNUAL REVIEW

Consistent with the firm's active management strategies, NBG professionals remain informed of trends and best practices related to the effective fiduciary administration of proxy voting, engagement and stewardship. NBG will revise its Proxy Voting Guidelines and engagement policies when it determines it is appropriate or when we observe the opportunity to materially improve the economic outcome for clients. Additionally, we will regularly undertake reviews of selected voting and engagement cases to better learn how to improve monitoring of our portfolio companies and the effectiveness of our stewardship activities.

We review this Policy at least annually, or more frequently if we note a material change, to ensure it adequately reflects the types of conflicts that may arise so that we can ensure that they are appropriately managed and as far as possible mitigated.