

2025 Stewardship & Sustainable Investing Report



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Neuberger is an employee-owned, private, independent investment manager founded in 1939 with approximately 3,000 employees across 26 countries. The firm manages \$567 billion of equities, fixed income, private markets, real estate and hedge fund portfolios for global institutions, advisors and individuals. Neuberger's investment philosophy is founded on active management, fundamental research and engaged ownership. The firm is proud to be recognized for its commitment to its two constituents, clients and employees. Again this past year, we were named Best Asset Manager for Institutional Investors in the US (Crisil Coalition Greenwich) and the #1 Best Place to Work in Money Management (Pensions & Investments, firms with more than 1,000 employees). Neuberger has no corporate parent or unaffiliated external shareholders. Visit www.nb.com for more information, including www.nb.com/disclosure-global-communications for information on awards. Data as of March 31, 2026.

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A Message From Our CEO

Active management is at a moment of consequence. Passive stewardship is retreating. Concentration risk in global indices is building. And a world of deepening regional divergence is demanding a more nuanced view of where opportunity lies. At Neuberger, our response to each of these shifts starts from the same place: the belief that engagement and investing are fundamentally inseparable. Investing with conviction demands a thorough understanding of company fundamentals, and the best way to build that understanding is through the kind of ongoing dialogue that only genuine active ownership makes possible. Helping you, our clients, benefit from that approach is core to what we do.

Over the past year, we have watched several large passive managers dramatically scale back their stewardship capabilities. Some have handed voting decisions to end clients; others have signed agreements that severely limit their ability to engage with the companies they hold on behalf of clients. The stated rationale is that as passive managers, it is not their place to exercise oversight and hold management accountable. Evolving regulations around shareholder engagement have also created compliance burdens for large shareholders that may discourage the very dialogue that should be central to sound capital allocation. The result is a market in which the largest shareholders are becoming, by design, the least engaged. Passive ownership was not a systemic concern when it represented 5% of fund assets, or even 25%. But it has crept steadily upward, crossing 55% today¹ and still climbing. At some point, a market in which the dominant owners have chosen not to act like owners stops functioning as it should. We may not be at that point yet, but few could argue that a market at 80% passive ownership would be a well-functioning one. We must ask: who is playing the role of owner, and how engaged are they really?

At Neuberger, our view remains consistent: active ownership is not a slogan; it is core to who we are. We are long-term holders, committed to engaging with management teams thoughtfully and constructively on behalf of our clients. The difference shows up in the data: in 2025, our engagement volume increased by 15%,² while engagement activity among large passive managers declined by an estimated 20 – 30% from 2024 levels.³ Our NB Votes initiative, launched in 2020, reflects our commitment to transparency: we regularly publish our voting intentions ahead of select shareholder meetings on issues we believe carry material economic consequences. We select the most significant votes on important topics at companies where we have meaningful economic exposure on behalf of clients. These are votes on which we think management teams need to understand how their shareholders are thinking. In 2025, we disclosed our intentions and rationales at 38 meetings and opposed company recommendations in 55% of them. We support management teams when we believe they are creating long-term value, but we are not reluctant to vote differently when we think it is in shareholders' best interests. That is what engaged ownership looks like.

It is not only the absence of stewardship that is prompting many large institutional asset owners to rethink passive strategies. Some have concluded they are misaligned with their sustainability objectives. After all, owning thousands of companies means limited understanding of what you own. Concentration compounds this concern. The “Magnificent Seven”—Apple, Microsoft, Alphabet, Amazon, NVIDIA, Meta, and Tesla—dominate the S&P 500 and other major global indices, accounting for 35% of the S&P 500's market capitalization⁴ and an estimated 50% of its volatility.⁵ These companies are not just large, they are volatile and highly correlated, with betas well above one.⁶ In contrast, in previous periods of index concentration such as the 1950s and 1960s, leaders like IBM, AT&T and Exxon were more stable and less correlated. The current level of index dominance by big tech companies is raising concerns from some asset owners about systemic risk and diversification.



George Walker
Chairman
and CEO of
Neuberger

¹ Source: Morningstar, “8 Charts on US Fund Flows in 2025”. Data as of year-end 2025.


² Compares the number of public equity engagement meetings held in 2024 and 2025, as of year-end.

³ Source: Blackrock and Vanguard Annual Stewardship Reports for 2024 and 2025.

⁴ Source: S&P Global and Neuberger Solutions, as of 31 December 2025.

⁵ Source: S&P Global and Neuberger Solutions, measured over 2024 and 2025.

⁶ Source: S&P Global and Neuberger Solutions, as of 31 December 2025.



Each of the “Magnificent Seven” is exposed to financially material risks: from litigation related to the alleged effects of social media, to human capital challenges as they pivot their workforce to AI, to the difficulties of securing power, water, and permits for their growing data center needs. Understanding and evaluating these risks in pursuit of a financial objective is part of the role of an active manager. Some asset owners are moving from passive to actively managed strategies precisely because they hope to better mitigate their exposure to a concentrated set of risks. Others go further, seeking a specific sustainability outcome alongside a financial return. This year, we saw particular interest in custom equity solutions targeting net-zero or impact objectives within a defined tracking error budget.

Delivering on a client’s individual climate objective demands more than the right investment tools. It requires a deep understanding of how policy and market conditions are shifting across regions, and a commitment to giving clients genuine choice over how they pursue their climate objectives. Whether that means integrating climate risk into a broader financial mandate or designing an outcome-driven portfolio around a specific transition pathway, we work closely with clients to build solutions that reflect their individual objectives. One of Neuberger’s strengths is our multiregional perspective on sustainability, which clients tell us has become even more important in the current era of deglobalisation. Each year, we publish our State of Decarbonisation report to track how technologies, companies and investment opportunities are evolving. Our 2025 report found that global momentum in decarbonisation remained more stable than in 2024, but regional divergence deepened and the attractiveness of investment opportunities remained uneven across sectors.

Home country bias is a well-documented phenomenon in investing, and for good reason; global investors may focus disproportionately on climate transition decisions being made by companies in their home market. But with 30% of global carbon emissions coming from China, a Dutch or Norwegian asset owner has the potential to have an order of magnitude more impact from engaging with companies and policymakers in the world’s second-largest economy. Many of these asset owners know they are structurally underweight China in their portfolios, allocating around 2 – 3% of the portfolio across asset classes; and yet, as a point of comparison, some allocate more to NVIDIA and Microsoft alone than to Chinese assets in totality. It is against this backdrop that we brought a group of European institutional clients to Beijing, Suzhou and Shanghai in June 2025 to engage directly with regulators, financial institutions, and listed companies on China’s sustainable finance landscape and the investment opportunities within its climate transition. We intend to build on this in 2026, connecting clients across geographies where we see the most consequential divergences.

Underpinning all of this is who we are as a firm. As a 100% independent, employee-owned firm, we manage \$563 billion of client assets⁷ with the same focus we have always had: fundamental research, long-term thinking, and engaged ownership in service of clients. That structure matters: it reinforces a culture free from competing interests, oriented entirely around the long term, and accountable to you. This report brings that commitment to life through data, case studies, and examples drawn from across our stewardship and sustainable investing work.

Thank you for your continued partnership.



George Walker

Chairman and CEO of Neuberger

⁷ As at 31 December 2025. Includes the firm’s current and former employees, directors and, in certain instances, their permitted transferees.



Neuberger Snapshot 2025

2,900+
EMPLOYEES
WORLDWIDE

100%
INDEPENDENT,
EMPLOYEE-OWNED¹
STRUCTURE

\$563bn
ASSETS UNDER
MANAGEMENT

ACTIVE IN
26
Countries and
40
Cities Worldwide

DISCLOSED VOTES
IN ADVANCE OF
38
SHAREHOLDER
MEETINGS

BEST PLACES TO WORK
1st or 2nd
P&I "Best Places To Work
in Money Management" Survey
(Every Year 2014 – 2025)

779
INVESTMENT
PROFESSIONALS
(19 Net Added In 2025)

1989
FIRST DEDICATED
SOCIALLY RESPONSIVE
INVESTING TEAM

97%
RETENTION RATE
Annualised retention rate of senior
investment professionals at MD
and SVP level since becoming an
independent company in 2009

¹ Includes the firm's current and former employees, directors and, in certain instances, their permitted transferees.



2026 Strategic Priorities

1. Continued Focus on Financial Materiality

The environmental, social and governance factors that are financially material to companies continue to evolve as business models, cash flows, operating performance, access to financing and cost of capital shift. Certain themes are becoming increasingly material at a macro level, driven by global trends such as responsible AI use and energy security. Our approach remains grounded in robust, research-led integration—applied with nuance by strategy and asset class—to support risk management and a long-term return focus for clients.

2. Intentional, Investment-Led Stewardship for Value Creation

Investor expectations for stewardship are increasingly focused on decision-useful insights and portfolio outcomes. Our stewardship is led by portfolio managers and analysts, designed to manage risk and support long-term value creation across asset classes, remaining mindful of the realities that investee companies face during periods of market volatility. We invest purposefully in our engagement and voting capabilities, including NB Votes, our innovative advanced proxy voting disclosure initiative.

3. Offering Clients Choice in a Divergent Global Landscape

Sustainability priorities continue to diverge globally while parts of the regulatory and policy agenda push toward simplification and greater comparability, creating complexity for global investors and issuers. We maintain our conviction in delivering clear client choice, adding value through deep partnerships that draw on the capabilities and tools developed across our platform over many years.

4. Meeting Transition Investment Needs Across Asset Classes

Global investment in the energy transition continues to rise, with sustained focus on renewables and grid buildout, while AI-driven growth reinforces demand for power, water and minerals. Accordingly, we focus our efforts where capital is most needed and best rewarded: identifying scalable transition-enablers, engaging on credible transition plans and further developing portfolio assessment tools across asset classes.

5. Strategic, Selective AI Deployment

The rapid scaling of AI is prompting investors to seek practical use cases that address long-standing challenges in sustainable investing, from gaps in corporate disclosure and noncomparable reporting frameworks to the inherent complexity of underlying topics. We continue to invest in applying AI responsibly to enhance investment research and operational efficiency, partnering closely with our internal data and technology teams and external vendors to strengthen data quality and support processes.



Stewardship and Sustainable Investing at Neuberger





Our Philosophy

Since our founding in 1939, Neuberger's purpose has been to deliver compelling investment results for our clients over the long term, supporting them to achieve their investment objectives. We do this as an active manager, applying fundamental research, long-term thinking and engaged ownership.

We believe stewardship is integral to our investment process and a core responsibility of our investment teams. Through ongoing dialogue with companies and other relevant stakeholders, we seek to deepen our understanding of risks and opportunities, strengthen decision-making and support long-term value creation.

We also believe financially material environmental, social and governance factors can be an important driver of long-term returns, both by identifying opportunity and helping mitigate risk. Alongside investment performance, we recognise that for some clients the outcomes their portfolios enable are an important consideration, and we partner with them to develop solutions aligned to their objectives.

This philosophy is long-standing, from our first application of avoidance screens in the early 1940s, to the launch of our Socially Responsive Investing team in 1989, and more recently our development of innovative proprietary tools such as our Neuberger Quotient and Net-Zero Alignment Indicator.

We invite you to learn more on our [website](#).

Our History: A Decades-Long Commitment

■ Evolution of Neuberger’s Capabilities

■ Evolution of Neuberger’s Industry Presence

FOUNDATIONS



BUILDING CAPABILITIES



CONTINUOUS INNOVATION



¹ Also compliant with the principles of the UK Stewardship Code 2020.

² Formal signatory participating in direct individual engagements with focused companies.

³ The year 2020 represents the first year that asset managers became eligible for PRI Leader designation, which formerly included asset owners only. The new designation was awarded to only 20 of approximately 2,100 investment manager PRI signatories. The Leaders’ Group showcases signatories at the cutting edge of responsible investment, and highlights trends in what they are doing. PRI uses signatories’ reporting responses and assessment data to identify those that are doing excellent work in responsible investment, across their organizations and with a focus on a given theme each year. The 2020 theme was climate reporting. Information about PRI Leader is sourced entirely from PRI, and Neuberger makes no representations, warranties or opinions based on that information.

⁴ Neuberger Berman Asset Management Ireland Limited (“NBAMIL”), our principal investment management and distribution entity operating in the European Economic Area, is a signatory.

Please note that certain strategies may not be available in all jurisdictions or only to qualified investors.

Neuberger's Stewardship and Sustainable Investing Group

Our 28-member team drives the firm's global stewardship and sustainable investing strategy and supports the deepening of environmental, social and governance integration into investment strategies across various asset classes.¹

Dedicated team of 28 Professionals with Diverse Backgrounds and Expertise

Asset class focus across equities, fixed income and private markets	Subject matter experts in regulation landscape, stewardship, climate and impact	Regional focus across 3 continents with 8 languages spoken
6 members with board roles at non-profit and venture capital organizations	11 members with portfolio management / research experience	13 members with sustainability- or investment-related professional qualifications

“Our team has the expertise, global reach and innovative tools to support investment teams in integrating financially material environmental, social and governance factors into their investment processes, as well as build tailored solutions for our clients. It is this commitment to resourcing that allows us to deliver on the needs of our clients.”



Jonathan Bailey, CFA
Global Head of Stewardship
and Sustainable Investing

¹ As of 31 January 2026.

Neuberger's Stewardship and Sustainable Investing Advisory Council

Established in 2021, our Stewardship and Sustainable Investing Advisory Council brings together respected thought leaders from academia, non-profits and institutional asset owners to provide guidance on key stewardship and sustainability topics and bring fresh perspectives into the heart of the firm.

The Advisory Council meets quarterly. In 2025, key discussions included:

Q1

- Sustainable Investing in Asia
- Impact of US Administration
- EU Competitiveness Compass

Q2

- Sovereign Net-Zero Alignment
- State of Decarbonisation
- Proxy Season

Q3

- Future State of Stewardship
- Climate Week Review
- Neuberger's Materiality Matrix and Quotient

Q4

- AI
- Reflections on COP30
- Quarterly Reporting
- Future State of Equity Markets



Our Approach to Integration



Why is Integration Important to Neuberger?

Today, we continue to innovate, driven by our belief that the determination of the financial materiality of environmental, social and governance factors, like the determination of the financial materiality of any other factor, should be incorporated in a manner appropriate for the specific asset class, investment objective and style of each investment strategy. Considering these financially material factors in an investment process may help generate enhanced returns or mitigate risk within a portfolio. For those clients who seek them, we believe that our outcomes-focused investment strategies, such as our Impact strategies, may have a positive impact for people and the planet.



Process or Outcomes – Neuberger’s Integration Framework

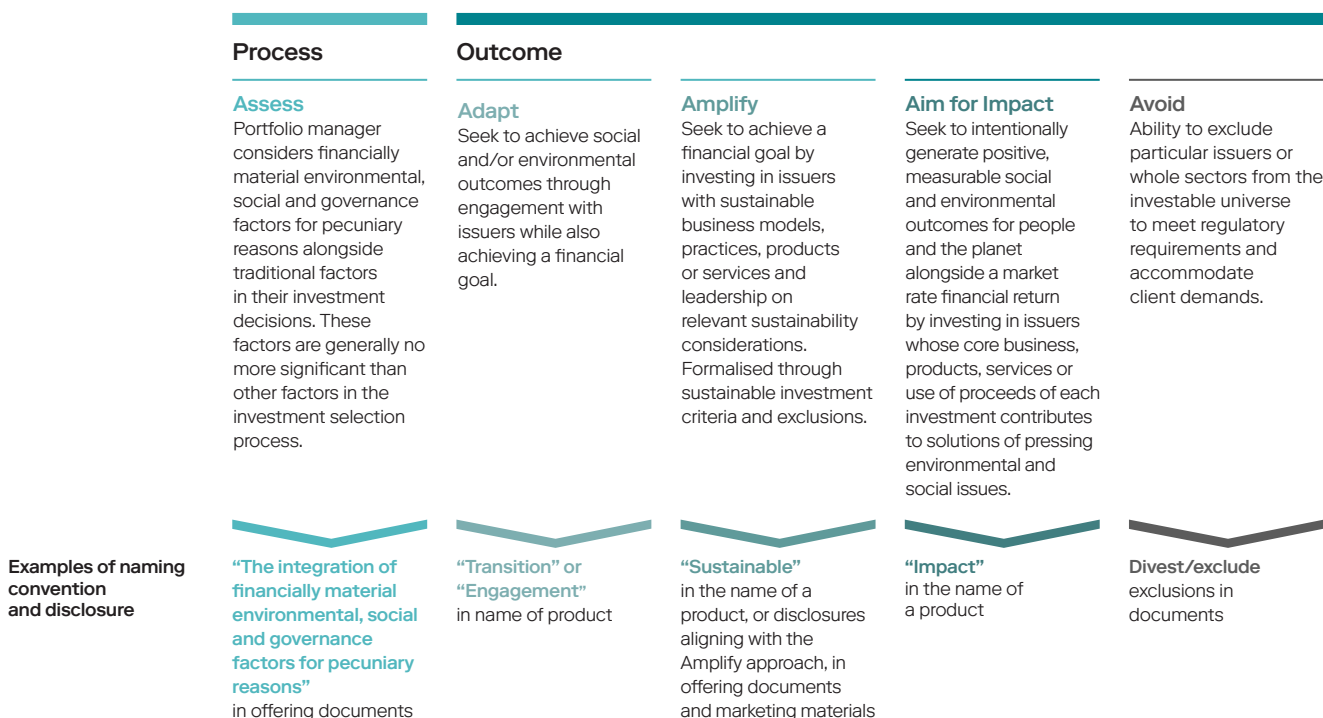
Portfolio managers and research analysts are responsible for selecting, where relevant, an approach from our Neuberger Integration Framework: Assess, Adapt, Amplify, Aim for Impact or Avoid, spanning process-focused integration through to outcomes-based and exclusionary approaches. Our Stewardship and Sustainable Investing Group supports this with top-down expertise, encouraging strategy-specific innovation and the sharing of best practices across the platform.

Our process-focused approach, Assess, integrates financially material environmental, social and

governance factors into the investment process alongside many other traditional factors, while our outcomes-based approaches—Adapt, Amplify and Aim for Impact—allow clients to target specific environmental or social objectives, and our Avoid approach enables exclusion of particular issuers. We also offer clients the ability to customise by investment vehicle to reflect individual client needs.

Please refer to our [Stewardship and Sustainable Investing Policy](#) for a full description of our integration approach.

Neuberger Integration Framework



Note: The above summary of the Neuberger Integration Framework is provided for illustrative purposes only. There may be exceptions to our internal naming conventions above in cases depending on the investment process of a product. Investment strategies’ environmental, social and governance integration approaches may evolve over time. Product names and classifications are subject to change as a result of changing sustainability-related regulatory requirements across different jurisdictions. Not all Neuberger investment strategies consider financially material environmental, social and governance factors. The Stewardship and Sustainable Investing Group works together with respective investment teams to receive approval from the ESG Product Committee for appropriate taxonomy designation. Avoidance screens can be combined with other strategies that integrate financially material environmental, social and governance factors into the process based on client requests. Please refer to specific fund and strategy disclosures for further information.

Process-Focused: Integration of Financially Material Factors in Practice

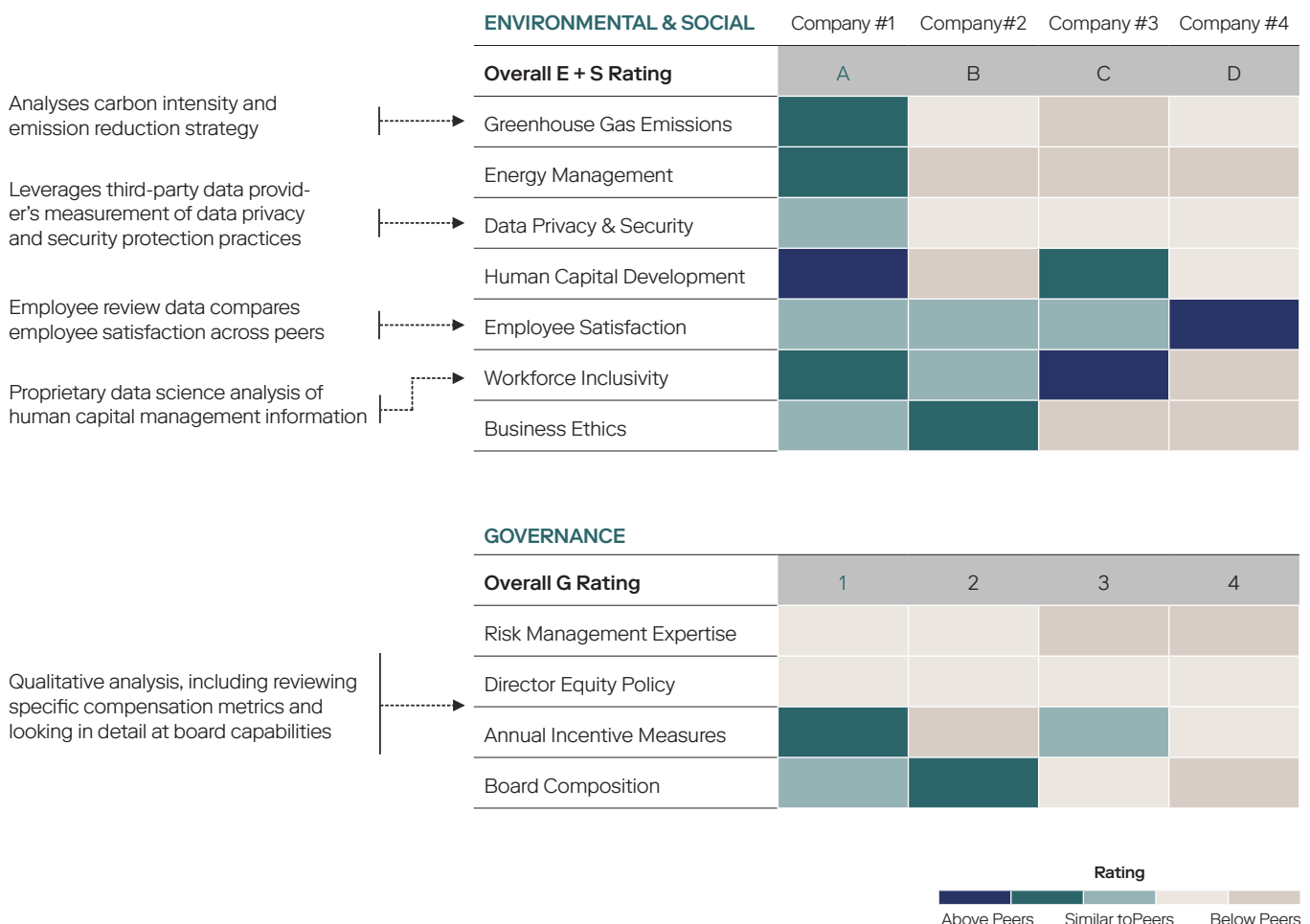
At Neuberger, identifying financially material factors is a rigorous, systematic process embedded within investment research. Two proprietary tools sit at the heart of this approach.

Firstly, the Neuberger Materiality Matrix provides a consistent framework for identifying which environmental, social and governance issues are most financially relevant for a given industry, spanning more than 30 potentially material factors across over 70 industries.

Building on the Materiality Matrix, the Neuberger Quotient is an issuer-level rating that assesses financially material factors across environmental, social and governance issues identified by the Neuberger Materiality Matrix, combining third-party data with the qualitative judgement of our research analysts to develop a differentiated, issuer-specific view.

The Neuberger Equity Quotient example illustrates this in practice across four companies within the Software industry: Environmental & Social factors, such as data privacy and security, human capital development and greenhouse gas emissions, are rated A to D, where A is most favorable; Governance factors, including board composition, risk management expertise and annual incentive measures, are rated 1 to 4, where 1 is most favorable. Each pillar score reflects a weighted average of individually assessed factors.

Neuberger Equity Quotient Example: Software Industry



Spotlight

Progressing AI Integration in Stewardship and Sustainable Investing

Artificial intelligence presents a significant opportunity to enhance how our teams access, process and apply information. In 2025, our Stewardship and Sustainable Investing team progressed several initiatives aimed at harnessing AI to deepen the quality and efficiency of research and stewardship activities, building on our internal AI platform, NBGPT, which provides a secure environment for teams to query and analyse large volumes of information.

Stewardship and Sustainable Investing AI Taskforce

A dedicated internal forum, meeting monthly since 2024, that brings together investment, stewardship, legal, and technology colleagues to collaboratively explore and accelerate the integration of AI across Stewardship and Sustainable Investing workflows, identifying opportunities, sharing learnings and shaping our approach as the technology evolves. The forum reflects a firm belief that broad, cross-functional collaboration is essential to integrating AI effectively.

AI Stewardship and Sustainable Investing Assistant

An AI-powered tool designed to support teams in navigating large volumes of environmental, social and governance data, research and engagement information. Trained on our proprietary Neuberger Materiality Matrix, the tool can identify the most financially material environmental, social and governance factors for a specific company, improving the speed and quality of analysis and enabling more targeted, evidence-based research and stewardship activity. The tool's capabilities are constantly enhanced and improved, leveraging internal frameworks, new and additional data sources, and user-driven insights to broaden its functionality over time.

AI in Stewardship and Sustainable Investing

AI in Proxy Voting

An initiative leveraging AI to streamline the collation and processing of proxy voting data for proxy voting analysis and reporting purposes. Through the embedding of AI in our stewardship workflows, we are able to more efficiently synthesise data from several unconnected sources. This assists in vote screening, analysis, decision-making, engagement prioritisation and reporting, all while decreasing time spent on data aggregation to support these tasks. At scale, these AI tools have the potential to meaningfully enhance the efficiency and quality of our proxy voting analysis, engagement efforts and stewardship reporting.

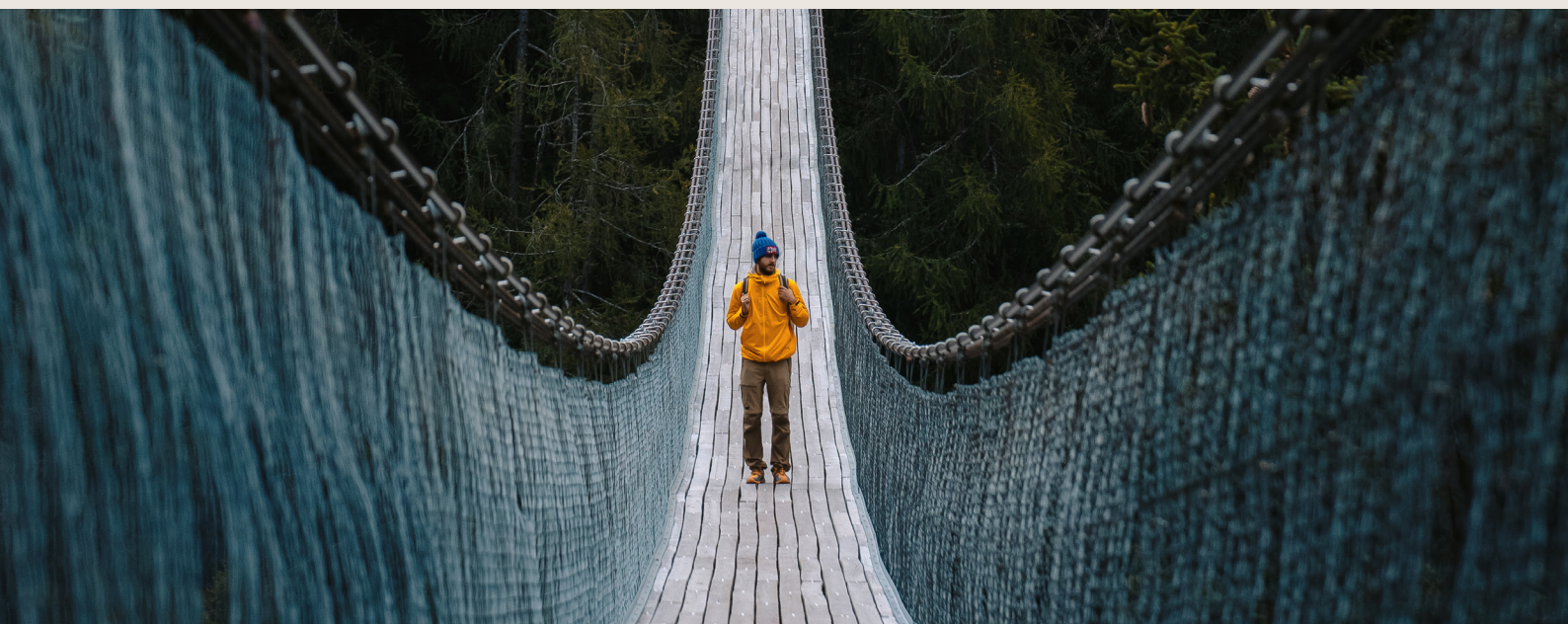
AI in Climate Investing

Beyond core stewardship workflows, we have explored targeted AI-supported tools for climate-specific applications, including supporting qualitative assessments within our Net-Zero Alignment Indicator framework, screening labelled bonds, structuring engagement frameworks, and tracking portfolio-level climate commitments across internal platforms. These tools are intended to enhance research efficiency and analytical consistency, acting as inputs to analyst judgement rather than substitutes for it.

Neuberger Private Markets

Generally, in an effort to protect and enhance the financial value of Neuberger Private Markets' funds and accounts, Neuberger Private Markets' Direct Investment Due Diligence is used to support the analysis of financially material risk factors, including environmental, social and governance risks, as one of many inputs in the investment due diligence. When conducting due diligence on companies, our investment teams consider risks that may be financially material to each investment based on its industry, geography, business model and other characteristics, as well as the mitigants companies have in place. Investment teams also assess the lead sponsor for direct investments and primary fund commitments by analysing how the GP integrates environmental, social and governance factors into the investment process to protect and create value. The environmental, social and governance due diligence is incorporated into investment analysis and is assessed as part of, not outside of, financial considerations.

For our clients with additional commitments, such as those related to achieving positive social or environmental outcomes, or climate goals and objectives, Neuberger Private Markets has built tools and capabilities to support them. For example, the team developed a Manager Climate Assessment (the "Assessment") that can be utilised when conducting due diligence on primary fund commitments for select mandates. The Assessment aims to help clients analyse a GP's progress on governance, financially material climate risk management, portfolio company engagement and reporting, in relation to their own goals and objectives. It also serves as a starting point for engagement and a means to inform relative assessment among peers and over time. Furthermore, Neuberger Private Markets can provide annual carbon footprint reporting on Scope 1 and 2 financed emissions for certain mandates, informed by actual data and supplemented with estimation capabilities.





Stewardship

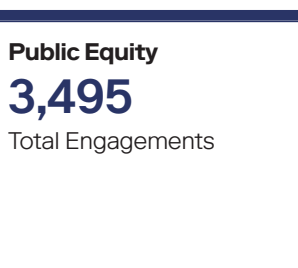


Our Approach to Engagement

As an active manager, engagement is core to our investment process, whether to inform our investment decisions or as part of our stewardship of the asset on behalf of our clients. We embed stewardship responsibilities, including engagement, within our investment teams, which we believe is crucial to integrating stewardship insights into the investment process and helping inform investment decisions. This approach enables us to combine subject

matter expertise with fundamental insights to engage on financially material issues specific to a given company and its operating profile in an effort to drive sustainable value creation on behalf of our clients. Much of our engagement with issuers arises organically from the investment diligence process, but we are also focused on ensuring that the same attention and intensity are sustained throughout our stewardship of the asset.

2025 Engagement Overview



Primary Engagement Topics

Governance

- Long-term business strategy (2,910)
- Capital structure (1,296)
- Financial disclosure and controls (640)
- Risk management (380)
- Board independence and leadership (316)

Social

- Human capital management (548)
- Government relations (375)
- Supply chain management (320)
- Accessibility and affordability (186)
- Community relations (170)

Environmental

- Climate risk management (2,695)
- Energy management (319)
- Water management (89)
- Circular economy and product/packaging lifecycle (87)
- Waste and hazardous materials management (76)

Engagement Case Study:

Expanding Access to Life-Changing Pharmaceuticals

Background

Eli Lilly is the largest pharmaceutical company in the US, engaged in the development and sale of pharmaceutical products on a global basis. Key treatment areas range from oncology to immunology, but its market-leading position is in incretins (GLP), which treat Type 2 diabetes and obesity, and have generated industry-leading growth over the past five years. Given the prevalence and health burdens of obesity, the addressable market is large, but carries patient access issues tied to pricing, insurance coverage and government budgets. Due to its financial materiality, this topic has been broached by many investors, as well as policymakers, patients and the health insurance industry.

Scope and Process

Neuberger has a long history of investing in and engaging with Eli Lilly on a range of issues, including as part of the Equity Impact strategy since 2020. As the obesity category has grown with new product launches, we have engaged multiple times per year with the company's management, investor relations and sustainability team on their pricing and access strategies, pushing for a responsible balance. Collaboration between our Global Equity Research and Equity Impact teams around third-party cost effectiveness ratios (ICERs) grounded discussions around benefits to patients and value provided, which are often overlooked in the headlines. In 2025 we connected multiple times with the company—including once with the CEO directly—on the opportunity to increase access to existing medicines and lower patient barriers with direct cash channels or new oral options slated for launch in 2026. The company responded that it uses similar data in negotiations with insurers and governments; and that, as evidence builds of their effectiveness in addressing the comorbidities of obesity, access could increase significantly.

Outcomes and Outlook

In 4Q 2025, Eli Lilly announced a significant breakthrough in collaboration with the US government, with a two-year pilot program covering obesity treatments in Medicare, expanding access to an additional 20 million Americans. Importantly, there will be a \$50/month out-of-pocket cap to ensure affordability, and a large discount given the volume opportunity, with the government paying \$250 per month to Eli Lilly. Finally, the company previewed a more affordable \$150 per month starting price for its oral obesity treatment, which is slated for availability in 2026.

Ultimately, we see the pilot program as a constructive example of working with the government to expand access, while maintaining the potential for profitable growth.

Going forward, we will track the health outcomes and cost savings estimates from the two-year pilot program for signs of its continued viability. We also anticipate that, over time, the obesity drugs will migrate into the state-run Medicaid market as well, although budgetary constraints may slow this process. Evidence of positive outcomes is beginning to appear in national data, with the annual Gallup survey showing a decline in the US obesity rate from a high of 40% in 2022 to 37% in 2025. Longer term, the impact on weight is expected to translate into cardiovascular benefits as well as overlapping comorbid conditions such as kidney disease, obstructive sleep apnea and, possibly, a fatty liver condition known as MASH. We believe Eli Lilly's medicines will be a key contributing factor in any further declines as access across the globe expands.

Company

Eli Lilly

Issue

Access to Affordable Obesity Drugs

Category

Social

Asset Class

Equities

Strategy

Equity Impact

Sector

Pharmaceuticals

Status

Ongoing

This case study is provided for illustrative purposes and is not a stock recommendation. Please refer to the full disclaimer at the end of the report.

Engagement Case Study: Realigning Compensation With Returns

Background

Toro Company designs and manufactures equipment used for professional turf maintenance, landscaping, snow/ice removal and underground construction. Neuberger has held a stake in the company for roughly two decades, based on its leading market position across product categories, reputation for innovation, and extensive distribution and customer care network.

Scope and Process

Although a strong operator of its core businesses, Toro made an expensive and ill-timed acquisition in 2022, which compressed its return on assets and return on invested capital (ROIC), and contributed to the stock's subsequent underperformance. This came shortly after management had revised its long-standing incentive compensation program to a profitability-driven formula from a returns-based metric.

After the acquisition, we initiated new engagements to reorient the company's incentive compensation and capital allocation. The team conducted multiple meetings with management, including one-on-one sessions with the CEO and CFO, exploring (1) the root causes of declining profitability, (2) whether management and the Board of Directors had become less diligent in their oversight of capital allocation and (3) the potential reestablishment of return on assets or ROIC as its long-term compensation metric. As part of the dialogue, we encouraged management to use free cash flow, when available, for share repurchases.

Outcomes and Outlook

In 2025, Toro reverted its incentive compensation plan to a more effective structure, with performance metrics for its performance share units (PSUs) now reflecting 60% ROIC and 40% cumulative revenue over three years. We believe this is a step in the right direction that should give shareholders confidence in management's future capital allocation decisions. In addition, the company has accelerated share repurchases—even exceeding our initial expectations.

We highlighted our support for the improved alignment of compensation structure and performance through our NB Votes initiative, where we publish the firm's voting intentions on key proxy issues in order to share our thinking and encourage improved practices across an array of financially material areas.

Company

Toro Company

Issue

Compensation,
Capital
Allocation

Category

Governance

Asset Class

Equities

Strategy

Small Cap

Sector

Agricultural
Machinery

Status

Ongoing

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Engagement Case Study:

Building Out Biodiversity Programs and Disclosure

Background

CEMEX, a global leader in cement and concrete production, heavily depends on natural resources such as limestone, aggregates, clay and water. Operating in an industry that has a significant environmental impact, the company has recognized the importance of issues like water management and biodiversity to its business and pursuing relevant efforts and disclosures accordingly. Biodiversity plays a particularly pivotal role to the cement and aggregates industry due to its direct link to resource access, permitting, and the long term viability of quarry operations. Cement production depends on the extraction of limestone, aggregates, clay, and water—activities that are often located in or adjacent to ecologically sensitive areas and subject to increasing environmental scrutiny. Impacts on habitats and species can result in permitting delays, operational restrictions, remediation costs, or constraints on site expansion, directly affecting production volumes and asset valuations. As regulatory and stakeholder expectations around nature related impacts increase, proactive biodiversity management is increasingly critical to protecting asset longevity, operational continuity, and long-term financial performance.

Scope and Process

Neuberger has owned CEMEX in fixed income portfolios for over a decade. Since 2020, we have held discussions with the company's Sustainability and Investor Relations teams annually on an array of financially material sustainability topics. Our engagement initially focused on climate, where the company has made meaningful progress in relation to its emission targets, use of renewable electricity and carbon capture, among other initiatives. We later shifted the focus of dialogue to biodiversity and nature-related practices and disclosures.

In collaboration with other investors and industry experts, we evaluated the company's progress in integrating biodiversity and water initiatives into its sustainability strategy. We also wanted to assess its ability to meet evolving regulatory requirements, and encourage the company to enhance the transparency of its disclosures, and scale environmental initiatives across global operations.

Outcomes

Given the financial relevance to its business operations, CEMEX has a long history of working on biodiversity issues. For example, it collaborated with BirdLife International starting in 2008 on biodiversity conservation through habitat mapping, quarry rehabilitation and circular resource use.

Building on this history, the company is now looking to implement Biodiversity Action Plans (BAPs) at all high-priority sites by 2030, having covered 43 out of 51 sites as of 2024. In discussions, we encouraged the company to adopt standardized biodiversity metrics, achieve measurable habitat or species improvement at a minimum of 60% of sites by 2030, and enhance reporting transparency.

During the engagement, we also noted several existing strong practices and achievements including grassland restoration, recovery of 70 mammal species, and exploration of biodiversity offsets at the El Carmen Nature Reserve. That said, scaling BAPs across quarry sites remains challenging due to economic fluctuations and site divestments.

In addition to its BAPs goal, CEMEX is looking to develop Water Action Plans for all high- to medium-stress sites by 2030, with 40% covered as of 2024. It will also work with partners to improve basin-level management and meet Corporate Sustainability Reporting Directive requirements, although regulatory gaps and data collection challenges may impede progress.

The company has adopted sustainability-linked and green financing frameworks, issuing \$1 billion in hybrid notes and funding 175 projects worth \$340 million. Green financing faces challenges such as complex qualification requirements, no discounted rates for compliance, and limited recognition in the U.S. market for lower-carbon products. In addition, CEMEX is exploring ecosystem-based financing options like carbon credits and biodiversity offsets.

Despite challenges, sustainability-linked financing remains effective for advancing environmental goals while maintaining financial discipline.

Outlook

Our engagement with CEMEX is ongoing as we monitor progress against stated biodiversity and water management objectives, with a continued focus on implementation, site-level transparency and accountability.

This case study is provided for illustrative purposes and is not a stock recommendation. Please refer to the full disclaimer at the end of the report.

Company

CEMEX

Issue

Biodiversity

Category

Environmental

Asset Class

Fixed Income

Strategy

Emerging Markets Debt

Sector

Industrial

Status

Ongoing



Our Approach to Voting

We believe that proxy voting is an integral aspect of active investment management. Many of our clients entrust us with the responsibility of proxy voting on their behalf, and we take that responsibility seriously. Accordingly, we believe proxy voting must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager. Neuberger

has developed custom Proxy Voting Guidelines that comprehensively lay out our voting positions based on our consideration of the potential financial impact on a company from corporate governance, environmental and social issues. These Guidelines are updated as deemed appropriate and reviewed at least on an annual basis.

Bringing Transparency and Accountability to Proxy Voting

In 2020, we launched NB Votes, an advance proxy vote disclosure initiative in which our firm regularly announces our voting intentions in advance of the annual general meetings (AGMs) of a select group of companies in which we invest on behalf of clients. Now in its sixth year, this program seeks to share our opinions and provide insight into our analysis by preannouncing our proxy-voting intentions on an array of voting topics that, we believe, have material economic consequences for our clients. The program underscores our commitment to bringing more transparency into the proxy voting decision-making process.

NB Votes has three main goals:

- Highlight for companies the governance practices we believe can enhance long-term value for our clients
- Improve the transparency of our voting decisions
- Demonstrate how our long-term approach to active-management drives our voting decisions

In 2025, we disclosed our voting intentions and rationales for proposals at 38 meetings and opposed the company's recommendation in 55% of them. Our initiative also spans

the regions where we invest our clients' capital, with 18% of our votes at meetings of non-US companies.

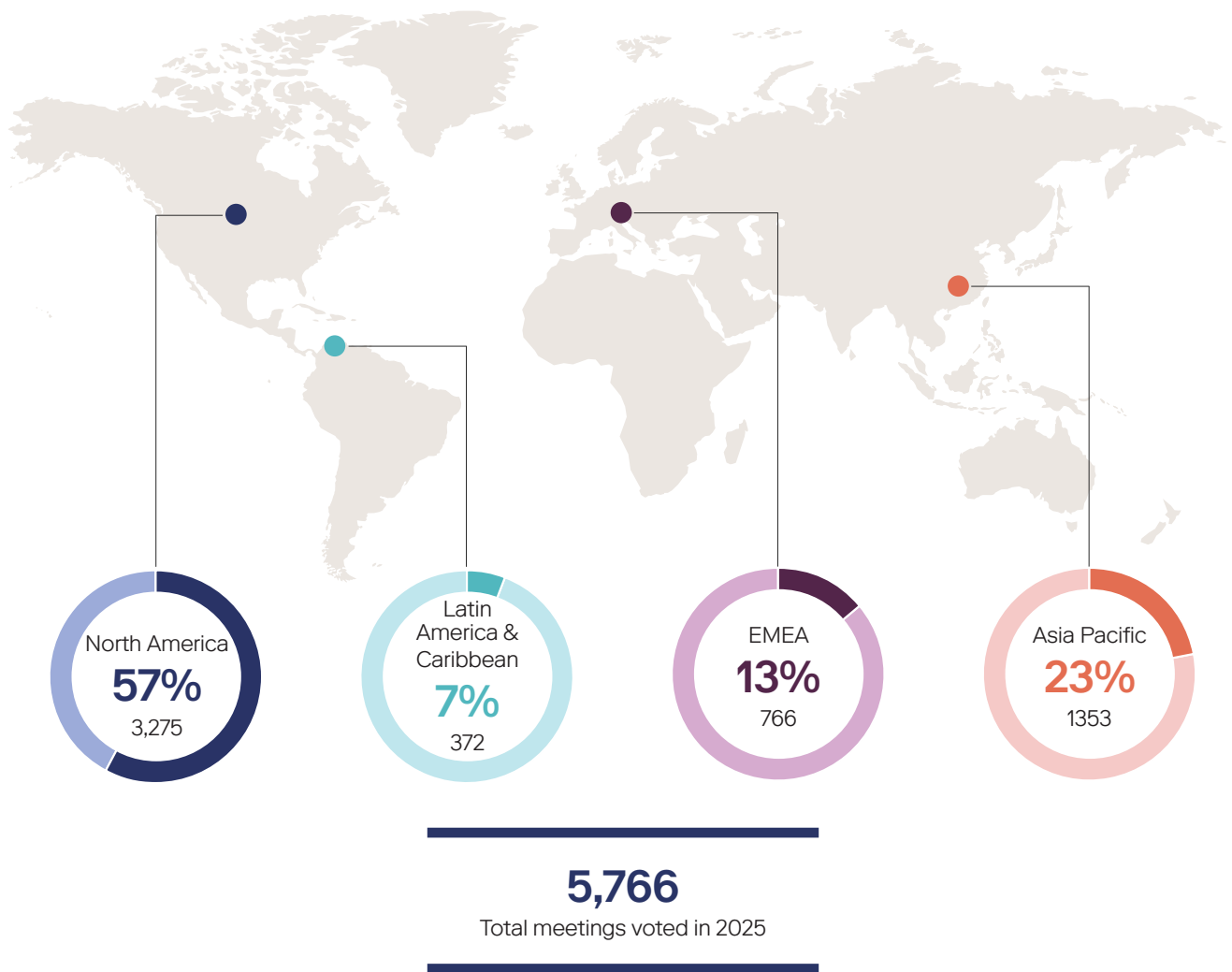
In this latest proxy season, we focused on proposals addressing a host of issues—from board composition and succession planning to incentive schemes and capital allocation—that we believe ultimately can shape companies' long-term financial performance. At Neuberger, we believe sound corporate governance policies and transparent reporting are essential for navigating the cross-currents of the evolving macro environment. That is why we will continue to demonstrate to companies and their boards what we see as best practices through our NB Votes program, while also assessing our own ability to identify the most salient issues and use our voice in pursuit of attractive risk-adjusted returns for our clients. Pre-announcement of proxy voting intentions may still not be common practice. Yet as an active manager with voting responsibility on behalf of our clients, we believe we are well positioned to continue serving our clients by being transparent with our expectations that companies raise their governance standards and enhance their financial performance for the benefit of shareholders. For a full list of the votes disclosed as part of our NB Votes initiative in 2025, please see our [NB Votes](#) website.

Voting Statistics

In 2025, Neuberger voted at over 5,000 meetings globally. At meetings voted, proposals put forth by management comprised the vast majority at 98% of proposals with shareholder proposals comprising the remaining 2%. We find ourselves opposing many proposals that are either unclear in their alignment with shareholder interests or at odds with our judgement of the best course for the company's financial success. This is reflected in both the 10% of management proposals and the 71%

of shareholder proposals we opposed. We opposed management on at least one ballot item at 43% of meetings in 2025. Some of the main areas of opposition for management proposals involved concerns with the structure of executive compensation plans, governance concerns with the election of a director, and the capital management practices of a company. Main drivers for opposing management recommendations on shareholder proposals were related to the election of dissident nominees, the separation of chair and CEO and improved governance practices.

Regional Representation of Meetings Voted



Engagement Works: 2025 Highlights From NB Votes

Through our NB Votes initiative, we publish our vote intentions in advance of select shareholder meetings, with a focus on companies where our clients have significant economic exposure.

Company	Issue	Action	Result	Why Is It Financially Material?
Lions Gate Entertainment Corp.	One share, one vote	In 2023, Neuberger filed a shareholder proposal regarding recapitalisation, which received majority support from shareholders.	In response to shareholder feedback, when the company completed the separation of its STARZ business in May 2025, both standalone, publicly traded companies adopted a single class of stock structure.	We believe “one share, one vote” is a foundational principle of effective corporate governance and that collapsing the structure would improve the company’s governance profile.
Keisei Electric Railway	Lack of transparency on strategic objectives and capital inefficiencies	Neuberger has had multiyear engagements with the company regarding capital management. Specifically, we have focused on the importance of sound capital management and improving related disclosures.	In response to shareholder feedback, the company published its long-awaited mid-term plan to reduce cross shareholdings. While we view the disclosure positively, we believe the company continues to maintain an opaque capital management strategy, including how the company plans to leverage its cash and underutilised assets to achieve sustainable growth and enhance capital returns over the long term. We continue to engage with the company on these matters.	We believe the company should maintain an efficient capital structure that minimises the risk-adjusted cost of capital, avoids excessive leverage or cash buildup, and allows for the return of surplus capital to shareholders.
Rollins Inc.	Independent board leadership	For several years, Neuberger has engaged the board to appoint a lead independent director and on matters related to board composition and shareholder rights.	In late 2023, the company appointed its first lead independent director. Following that director’s retirement from the board in 2024, the board committed to maintain the lead independent director role appointing a successor. Since then, the company has also declassified the board, disclosed an individualised director skills matrix, and increased board independence to two-thirds independent.	In absence of an independent chair, we believe it is important to appoint a lead independent director to oversee management and set an agenda aligned with shareholder interests without conflicts of interest that an executive or insider director might encounter.
Veralto Corporation	Shareholder rights	Since the company’s spin-off, Neuberger has engaged the company and provided feedback regarding corporate governance best practices, and supported management’s proposals regarding board declassification and the elimination of supermajority provisions to signal the importance of shareholder rights.	In response to shareholder feedback, the company put forth proposals at its annual meeting to declassify the board over a three-year period and remove supermajority requirements to the company’s certificate of incorporation.	We believe sound governance practices are foundational to sustained, long-term value creation.

Spotlight

How Our Active Managers Are Navigating a Changing Proxy Environment

The proxy voting landscape has shifted considerably in recent years. Regulatory changes enabling companies to exclude shareholder proposals more easily, growing political pressure around sustainability, and the decision by several large asset managers to scale back engagement efforts have all contributed to a more complex environment for stewardship. This backdrop has heightened the importance of sustained, credible dialogue and widened the gap between managers who are genuinely present and those who are not.

In this context, engaged active managers play an increasingly important role. Long-term investors with deep company knowledge, established relationships and the capacity for meaningful dialogue are often best positioned to engage constructively with boards and management teams on financially material issues. In our view, effective stewardship today is defined by multiyear engagement, access to senior decision-makers, and a pragmatic focus on how governance, strategy and sustainability considerations are integrated into core business performance.

The Neuberger Quality Equity strategy, managed by Dan Hanson, exemplifies this approach. The team runs a high-conviction portfolio of quality US companies and maintains ongoing, multiyear engagement with management teams on the issues that underpin durable business quality and long-term value creation. These conversations are informed by fundamental research, insights from third-party experts and a clear focus on sector-specific materiality. Over the past three years, the team has conducted over 150 engagements at portfolio companies, building trusted relationships that support constructive outcomes beyond the proxy season, including enhanced safety disclosures, refined executive compensation plans better aligned with long-term performance, and meaningful climate commitments, including SBTi-validated targets.



Daniel Hanson, CFA

Group Head and Senior
Portfolio Manager

Joined Neuberger in 2022

“To a manager with only a ballot, every problem looks like a vote. We take a different view. The most meaningful outcomes we’ve achieved have come from years of consistent, trusted dialogue with management teams, not just from the ballot itself. The relationships that make those conversations possible are earned over time, and their value is ultimately reflected in the outcomes we commit to shape.”



Climate Investing



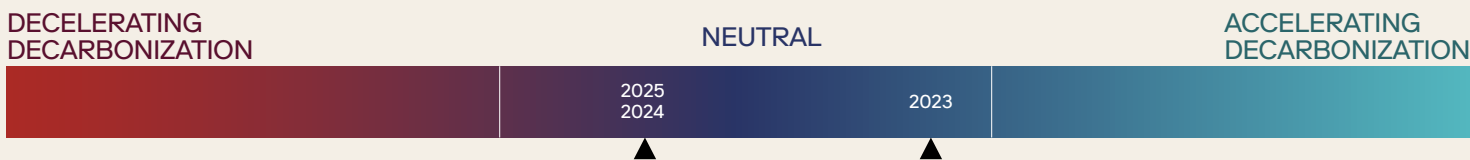
Investor Implications of the Climate Transition

The energy transition represents one of the most significant structural shifts in the global economy, reshaping capital flows, energy systems and long-term investment risk and return profiles. For investors, it is both a risk management imperative and a source of opportunity: understanding which companies are credibly navigating the transition and which face stranded asset risk requires active analysis, not passive exposure.

Each year, we publish our State of Decarbonisation report, examining the global energy transition and its implications for investors. Key findings from the 2025 edition include:

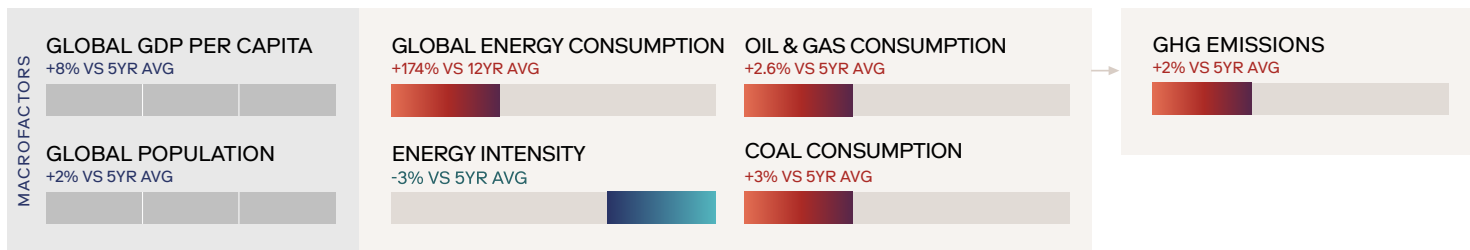
- 2025 decarbonisation progress stagnated; despite advancements in clean deployment, energy demand growth and fossil fuel persistence kept emissions outcomes off-track.
- Regional pathways continued to diverge, with China emerging as a key player in the transition.
- Progress was uneven, but sectors such as industrials offer meaningful opportunities to accelerate the transition through innovation and efficiency gains.

OVERALL DECARBONIZATION STATUS

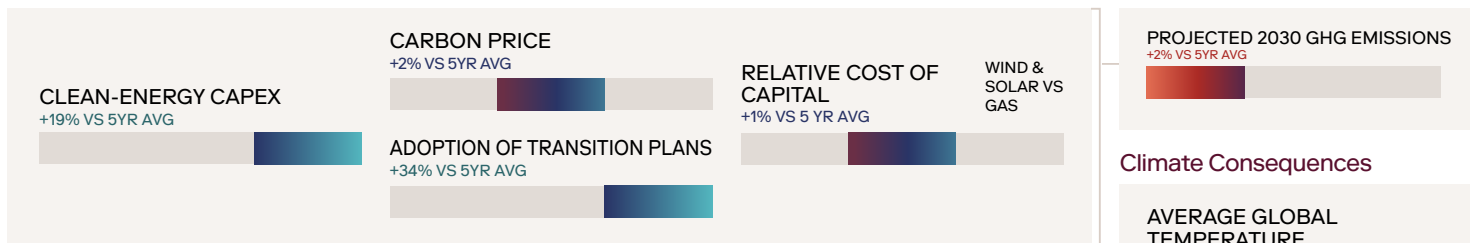


2025 INDICATORS¹

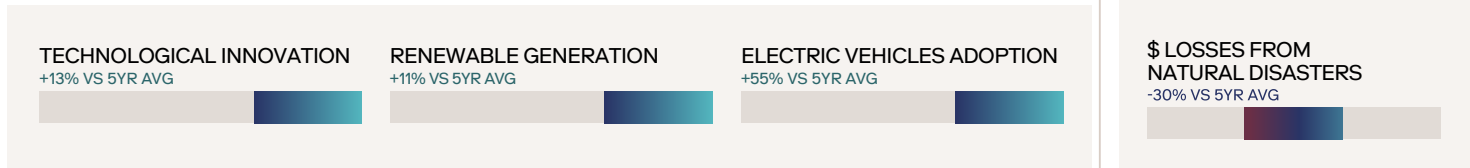
Structural Drivers



Enabling Conditions



Deployment & Substitution



¹ Indicators in the decarbonisation dashboard are categorised as decelerating, neutral, or accelerating (left to right) based on their contribution to overall decarbonisation. Indicators that are directly correlated with decarbonisation (e.g., clean energy capex) contribute to acceleration as they increase, while inversely correlated indicators (e.g., global energy demand) contribute to deceleration as they rise. Factors that influence emissions outcomes or climate impacts but do not directly impact decarbonisation efforts are not categorized and are included for reference only.

Our Approach to Climate Investing

As part of our process-driven approach, we assess financially material climate-related risks and opportunities alongside traditional financial factors, using a suite of proprietary and external tools to quantify exposure, assess transition and physical risks, and identify opportunities. In 2025, we further enhanced our Starling platform, which embeds these tools directly into analyst and portfolio manager workflows, combining consistent analytics with qualitative judgement.

For clients with outcome-driven objectives, including net-zero commitments or those seeking to position portfolios around the climate transition, identifying credible transition leaders is central to portfolio construction. Passive implementation through climate indices can misallocate capital, systematically favoring low-emission sectors while underweighting higher-emitting industries where strong decarbonisation pathways may represent the most significant transition opportunity. We believe an active, nuanced approach is best placed to capture this.

Engagement is central to both approaches. For process-focused strategies, it deepens understanding of issuer-specific climate risks and tests the credibility of transition plans. For outcome-driven mandates, it enables targeted milestones, escalation where progress is insufficient, and direct influence on long-term transition pathways across corporates, sovereigns and private market managers. In 2025, we held over 880 climate-related meetings with issuers.

Our Climate Offering

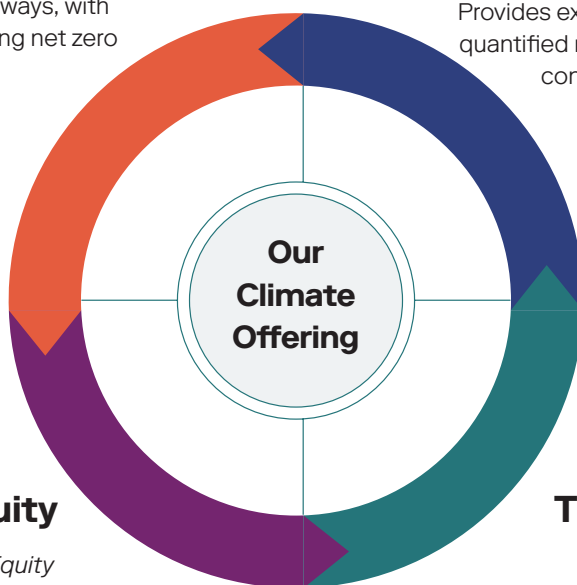
We work closely with clients to design portfolios that reflect their individual climate objectives, drawing on deep expertise across fixed income, equity and impact strategies. Examples of how we have delivered against different client objectives include:

Fixed Income

Climate Transition Multi-Sector Credit
Seeks to capture yield while supporting issuers on decarbonisation pathways, with engagement focused on improving net zero alignment over time.

Impact Equity

Global Equity Impact
Provides exposure to climate solutions, with a quantified measure of avoided emissions in a concentrated equity portfolio.



Quantitative Equity

Climate Transition Global Equity
Delivers high diversification global equity exposure while targeting an accelerated pace of carbon footprint reduction within a 1.5°C aligned framework.

Thematic Equity

Climate Innovation
Targets long-term capital appreciation through exposure to innovation led decarbonisation technologies and activities.



Net-Zero Alignment Indicator Improvements

Our proprietary [Net-Zero Alignment Indicator](#) (the “Indicator”) is a forward-looking tool for assessing corporate transition readiness, created with our clients’ decarbonisation targets in mind and informed by the expectations of the Institutional Investor Group on Climate Change (IIGCC). It combines 60+ quantitative data points from multiple providers with qualitative judgement from 125+ equity and credit analysts to contextualise issuers’ net-zero commitments, benchmark progress against peers and identify areas where transition execution may be lagging.

We continue to enhance and expand the Indicator to ensure it captures the most relevant and sector-specific drivers of a credible corporate transition. Key areas of development in 2025 included:

- **Credibility Adjustment for High-Impact Companies:** Refining the way we link an issuer’s stated decarbonisation strategy to its long-term ambition, capital allocation alignment and near-term targets.
- **Banking Model:** Developing a dedicated framework to assess alignment for financial institutions, focusing on the credibility of their financed emissions strategies, sectoral transition policies, and integration of climate considerations into lending and capital markets activities.
- **Sovereign Model:** Creating an assessment approach for sovereign issuers that evaluates national decarbonisation policies and long-term transition readiness at the country level.

Together, these enhancements are designed to ensure the Indicator remains robust, differentiated and reflective of the transition levers most material to each issuer type across equity, credit and sovereign exposures.

To complement these issuer-level assessments, in 2025 we began exploring scenario analysis to understand how corporate net-zero alignment could evolve in the near term. Rather than modelling idealised pathways, the analysis explores three illustrative trajectories—reversal, base case and acceleration—based on companies’ current commitments, disclosures and transition signals. For clients with net-zero alignment objectives, these scenarios support portfolio design, monitoring and engagement by grounding expectations in observable company behavior.



Strategy Highlight

Climate Transition Plus – World Equity Strategy

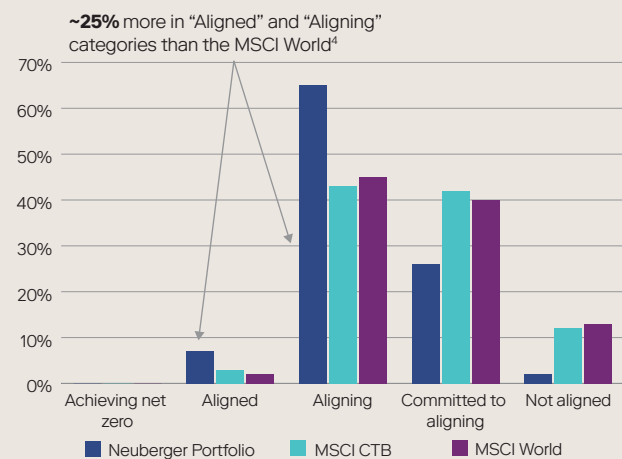
The Neuberger Climate Transition Plus – World Equity Strategy seeks to invest in companies globally that appear well positioned for a transition to a low-carbon economy, without taking excessive benchmark risk. The strategy currently delivers 56% lower carbon footprint¹ and materially higher net-zero alignment than the MSCI World Index.²

This is achieved through our Net-Zero Alignment Indicator, which provides a forward-looking, sector-specific

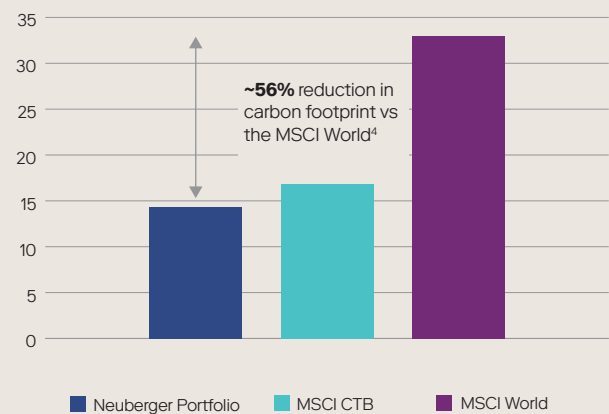
assessment of companies' climate transition readiness. Analyst engagement and real-time overrides ensure a dynamic and nuanced view, while rigorous risk management avoids unintended biases and ensures a disciplined approach. This strategy seeks to achieve tangible climate impact and real-world emissions reductions without compromising on investment rigor or performance.

Climate Transition Plus – World Equity Strategy Summary

Invests in better net-zero aligned companies³



Substantial carbon footprint (scope 1 and 2) reduction³



Targeted Risk Budget

1%

Target Tracking Risk

Active Engagement

~72%

Of current portfolio holdings have been actively engaged⁵

Alpha Generation

Balances risk budget between improving net-zero alignment and alpha opportunities

As of December 31, 2025. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger. Investing entails risks, including possible loss of principal. Model portfolios are provided for illustrative and discussion purposes only. They do not constitute research, investment advice or investment recommendation. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns.

¹ 2 Scope 1+2, Tons CO₂ / \$ Mn Invested.

² The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the large- and mid-cap equity market performance of developed markets. With 1,546 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI World Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

³ Source: Neuberger, S&P Capital IQ, MSCI ESG Research LLC and S&P Trucost.

⁴ MSCI CTB refers to MSCI World ESG Enhanced Focus CTB Index. Data may have adjustments for unavailable data. The data shown is of a representative account, is for informational purposes only and is not indicative of future portfolio characteristics. There are differences in the fee structure, investment policy, strategy and portfolio composition between the representative account and a portfolio. Actual results may vary due to specific client and fund guidelines and other factors.

⁵ Engagement data used is for calendar year 2025. Portfolio holdings as of December 31, 2025.

China Sustainable Finance Tour – June 2025

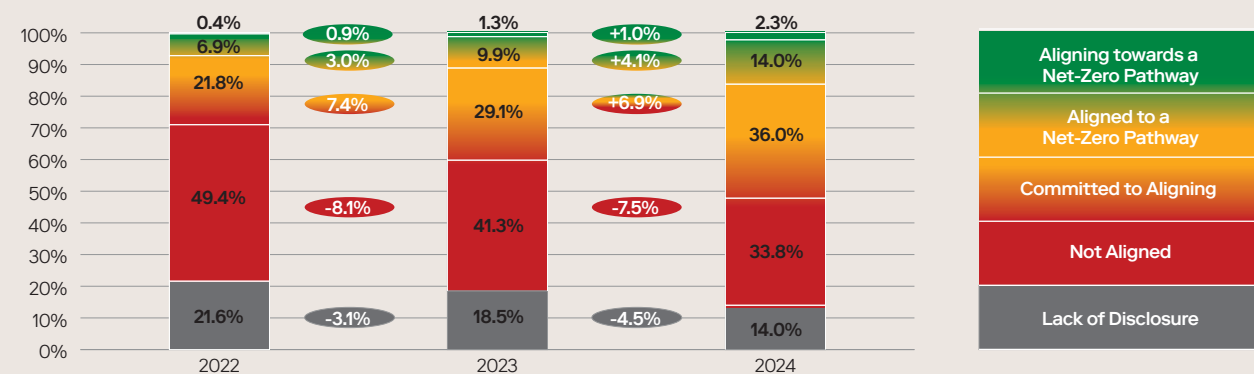
Overview

China accounts for approximately 30% of global carbon emissions, making its decarbonisation trajectory critical to whether global net-zero goals are achievable. In June 2025, a group of European institutional clients travelled with us to Beijing, Suzhou and Shanghai, to engage directly with Chinese regulators, financial institutions and listed companies, gaining first-hand perspectives on China’s sustainable investment landscape and climate transition.

Key Takeaways

- **China’s regulatory environment for sustainable finance is advancing with notable momentum:** ISSB-aligned disclosure standards were published in 2025, targeting a unified sustainable disclosure system by 2030. From 2026, a new stewardship code will require public fund managers to engage on environmental, social and governance matters and disclose voting records. Policy makers are also increasingly focused on promoting long-term institutional capital in still largely retail-driven markets.
- **At a corporate level, we found a genuine appetite for dialogue:** Many listed companies are seeking to communicate their progress on climate transition and welcoming engagement on decarbonisation strategies, presenting an opportunity for investors to share engagement expectations aligned with international best practices.
- **Sustainable investing practices in China are still maturing:** Chinese institutional investors are relatively early in their journey, relying heavily on third-party ESG ratings. Global investors can help introduce global investment frameworks, such as the IIGCC Net Zero Investment Framework, which allows for a nuanced combination of quantitative and qualitative judgements for climate-related investment decisions.

ALIGNMENT STATUS (CSI 800, EQUAL WEIGHTED) – % OF TOTAL AND YEAR-ON-YEAR CHANGE 2022 TO 2024



Source: Neuberger Research. Data is as of the end of each Financial year.

China’s Net-Zero Alignment: A Positive but Gradual Trajectory

Applying our proprietary China climate transition alignment score¹ to the CSI 800 equity universe shows encouraging progress: the proportion of companies demonstrating net-zero alignment has improved in recent years, supported by stronger disclosure and climate governance oversight. Nonetheless, monitoring absolute corporate emissions reductions over time remains important given China’s 2035 goal of reducing emissions by 7 – 10% from peak levels.² For a more in-depth analysis of China’s state of decarbonization, please refer to our report: [China State of Decarbonization & Sustainable Finance Overview | Neuberger](#).

¹ Our China climate transition alignment score is a separate framework from our global net zero alignment indicator as it incorporates China’s 2030 peaking and net zero by 2060 decarbonisation pathway aligned with the Common But Differentiated Responsibilities principles under the Paris climate agreement.

² Source: China’s nationally determined contribution update - September 2025.



Impact Investing



Our Approach to Impact Investing

Impact, as we define it, is investing with intentionality to generate positive, measurable social and/or environmental outcomes for people and the planet, alongside a market-rate financial return. This framing is consistent with the Global Impact Investing Network's (GIIN) core characteristics: a clear intention supported by a credible theory of change; the use of evidence and impact data to inform investment design and decision-making; active management of impact performance through ongoing measurement, feedback loops and transparent reporting; and contributing to the growth of the industry through shared terms, indicators and learnings.

For clients seeking outcomes alongside financial return, we offer outcomes-oriented capabilities, included in our Impact strategies. For example, our Global Equity Impact Strategy invests in publicly listed companies whose products and services can help address real-world challenges at scale, and we engage with management teams to support progress and strengthen outcomes over time.

We organise and report impact primarily through our five Impact Themes: drive sustainable and equitable growth; improve positive health and safety outcomes; combat climate change and enable energy transitions; conserve natural environment; and promote gender and racial equality.

Neuberger's Impact Themes

Social Themes



Drive sustainable and equitable growth



Improve positive health and safety outcomes



Combat climate change and enable energy transitions



Conserve natural environment

Examples of Market Opportunities

- AI/automation has the potential to improve productivity and drive growth
- Increased demand for resources and consumption

- Aging demographics and increasing demand for quality healthcare
- Population and demographic trends increasing demand for nutritious food and healthy lifestyles

- Renewables technology is mature, with opportunities in the value chain and storage
- Global demand for electricity is growing and the grid is aging

- Need to conserve the natural environment (land and water), while supporting growing populations and economies
- Biodiversity preservation and restoration

Examples of Investable Business Models

- Artificial Intelligence & Cloud Infrastructure
- Railroads
- SME Enablement
- Education

- Emergency & Disaster Response
- Nutrition & Fitness
- Healthcare
- Sanitation & Hygiene

- Energy Efficiency
- Electric Equipment
- Renewable Energy
- Transmission & Distribution

- Circular Economy
- Precision Agriculture
- Recycling
- Waste and Water Treatment



Cross Cutting Themes



Promote gender and racial equality

Examples of Market Opportunities

- Improving gender equality in leadership roles correlated with better financial outcomes
- Climate adaptation for vulnerable or underserved communities

Examples of Investable Business Models

- Education
- Women's Health
- Financial Inclusion
- Climate Adaptation

Source: United Nations. This material is a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

Strategy Highlight

Global and US Equity Impact Strategies

The Global and US Equity Impact team seeks attractive financial returns by investing in public companies whose products and services we believe have the potential to deliver positive social and environmental outcomes. Across size, geography, and investment style, we aim to identify opportunities characterized by high returns and strong free cash flow generation.

Impact in Action

Approximately 40% of holdings across the Global and US Equity Impact strategies contribute to the Combat Climate Change and Conserve the Natural Environment themes, spanning renewable energy generation, grid infrastructure, rail, energy efficiency technologies, electrification enablement and resource conservation. Companies such as Brookfield Renewable, E.ON and Prysmian exemplify climate change mitigation, while Trane Technologies and Ecolab represent adaptation.

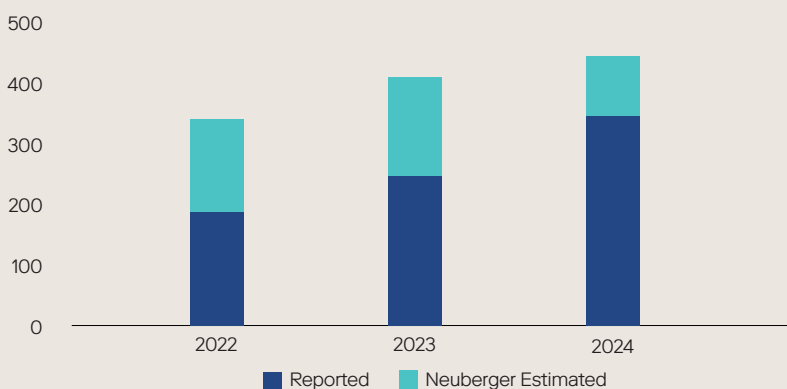
For these holdings, avoided emissions is our primary outcome metric, representing the tons of greenhouse gases that would have been released had customers used conventional, higher-carbon alternatives. Over the strategy's five-year track record, we have consistently measured portfolio-level avoided emissions through our proprietary Impact Ratio tool.

This extends our visibility beyond reducing operational footprints (Scope 1 – 3) to measurable, economy-wide emissions reductions, often a key value proposition to customers. Trane Technologies, for example, has cumulatively avoided 237 million metric tons of CO₂e since 2019 through its high-efficiency HVAC systems, while E.ON's grid infrastructure enabled the avoidance of 119 million metric tons in 2024 alone by connecting renewable power to millions of households and businesses. We use both company-reported figures and Neuberger estimates where data is not disclosed. Disclosure quality has also improved markedly: reported avoided emissions rose to 78% of our US total in 2024 from only 55% in 2022.

Our 2025 Impact Reports isolate companies held across consecutive periods to assess genuine operational progress rather than changes driven by portfolio trading activity. **On this comparable basis, Global Equity Impact holdings grew avoided emissions 8% in 2024, while comparable US Equity Impact holdings grew avoided emissions at a 14% CAGR between 2022 and 2024.**

US Equity Impact Avoided Emissions (GHG Avoided) – comparable YoY basis

GHG Avoided (Millions MT CO₂e)



607 million
tons of avoided greenhouse gas emissions from portfolio companies annually¹

¹ Based on portfolio holdings as of 31 December 2025. Sustainability reports for Brookfield Renewable, CSX, Descartes, Ecolab, Hannon Armstrong, Pentair, Republic Services, Trane Technologies and Xylem. Aligned with IRIS Metric, Greenhouse Gas Reductions due to Products Sold (PI5376).

Source: Company reports, Neuberger estimates. Data as of December 31, 2024. For illustration purposes only. Comparisons made for companies held in the portfolio in each of the last two years.

Reviewing climate solution holdings that we have exited over the same period, a decline in fundamental earning power was often accompanied by slowing avoided emissions delivery. Residential solar companies exited in 2023, for example, have yet to return to their peak of annual incremental avoided emissions. **In contrast, holdings retained in the portfolio have grown earnings at a ~15% CAGR from 2022 – 2024, closely mirroring the 14% avoided emissions growth and reinforcing the strong correlation between financial and sustainable outcomes.**



Voice of the Client



PME Pensioenfond:

Investing in the Future

PME is the pension fund of the Dutch metal and technology industries, with more than €60 billion in assets under management for approximately 700,000 participants and pensioners. We spoke to Daan Spaargaren, Senior Strategist for Responsible Investment, about how PME's deep roots in industrial transition have shaped a forward-looking investment philosophy.

Q: PME has a distinctive institutional identity and long-term investment philosophy. How would you describe the organisation and its investment beliefs?

Daan Spaargaren: PME's core responsibility is clear and non-negotiable: we exist to deliver solid, long-term financial returns for our participants and pensioners. A good pension starts with a good return. Our focus and efforts regarding sustainable investing must be consistent with that fiduciary objective and contribute to a robust risk-return profile.

PME is the pension fund of the Dutch metal sector and the technology industry: the makers of the future, as we often describe the workers and companies in the sector we serve. The sector is rooted in the old, fossil-fuel-dependent economy: metal, smelters and heavy industries. At the same time this sector is transitioning rapidly toward the industries and technologies of tomorrow. That transition strongly shapes who we are as an institutional long-term investor. Our identity is defined by at least four groups of stakeholders: our participants and pensioners, the employers we serve, supervisory bodies, and society more broadly.

Our participants and pensioners care deeply about a good pension, but they also have genuine views on how their capital is invested. That is why PME invests, for example, in high-tech start-ups and scale-ups through various funds, investments that reflect the sector that we represent. The participants and pensioners of PME, but also the employers we serve, support investments in the future industries and technologies they need to flourish in.

Of course we invest in full compliance with applicable regulations. Transparency about our investment policies and meeting the expectations of supervisory bodies are obvious. Society, finally, sets the broader regulatory and normative boundaries within which we operate: from the OECD guidelines to the Dutch prohibition on cluster munitions investments.

Being responsible and accountable is not an add-on to our investment beliefs; it is embedded in them. We aim to invest in companies that are resilient, transition-minded, and genuinely future-oriented. We believe that, in the long term, this is also how we generate the best returns for our participants and pensioners.

Q: How has PME's commitment to sustainability grown over time, and how has the organisation demonstrated this in areas such as fossil fuels and emissions?

Daan Spaargaren: Our approach has evolved significantly. In the past, we operated from the assumption that excluding certain sectors or companies would automatically lead to a more sustainable investment portfolio. Over time, that view proved too simplistic.

Developments such as the Paris Agreement, increasing regulation, and more active participant engagement have reshaped what responsible investment means in practice. One key insight for us was that engagement with companies must be meaningful and outcome-oriented, it cannot be unconditional.

For example, we engaged extensively with oil and gas companies for many years, supporting climate resolutions on their AGM-agendas and pushing for change. While there was progress on policies and targets, we saw little evidence of real capital reallocation towards renewables. That ultimately led us to conclude that the sector was not transitioning at the required pace.



Daan Spaargaren
Senior Strategist
for Responsible
Investment

In 2021, we therefore decided to fully exit oil and gas. Not as an end in itself, but as part of a reallocation of capital towards the energy transition. By early 2025, the full €1.2 billion had been reinvested in renewable energy.

At the same time, we learned that exclusions alone are not sufficient. For example, after excluding coal producers, we still had exposure to companies with significant absolute coal production. This led to a shift in thinking; rather than relying primarily on broad exclusions, we need to understand in detail what we own and make deliberate, informed investment decisions.

A similar reflection applies to emissions targets. We achieved both our relative and absolute CO₂ reduction targets, but the question remains whether such metrics translate into real-world impact. Emissions are highly concentrated in a limited number of companies, which makes it relatively easy to meet portfolio-level targets without driving underlying meaningful change.

For us, the focus is therefore shifting towards Paris alignment: assessing whether our portfolio is on a credible transition pathway towards 2040 and 2050, rather than relying solely on point-in-time metrics.

Q: Achieving your aims in sustainability requires partners that are philosophically aligned with your organisation. How then do you think about external managers and their selection?

Daan Spaargaren: Selecting an external manager is not just a transaction, it is also an act of trust. We are entrusting significant capital, on behalf of our participants and pensioners, to a third party. That requires confidence that managers will deliver both financially and in terms of how they operate.

What matters to us in a partner such as Neuberger is whether they truly understand what we expect: how we operate, what we stand for, and how they intend to manage the assets we entrust to them. Sustainability alignment is not a soft criterion. It determines whether engagement is credible, whether stewardship is meaningful, and ultimately whether the mandate serves the long-term interests of our participants well.

Q: What was the thinking behind moving to a fundamental equity strategy with a Focus portfolio?

Daan Spaargaren: The “know what you own” principle is an important starting point. We want to make deliberate choices about where we invest, both financially and non-financially. A good return remains the primary objective, but we aim to pursue it through a strategy that combines the best possible return with the best achievable sustainability characteristics, given the real constraints of data quality and the complexity of assessment.

One important insight that shaped this shift concerns engagement. During our long engagement with oil and gas sector, we observed that engagement was often conducted in parallel silos: financial teams talking to company finance departments, ESG teams talking to sustainability officers. The two dialogues rarely connected and converged. We think that is suboptimal. Meaningful stewardship requires fund managers whose financial and ESG teams operate in genuine integration, not in parallel, but together.

The practical implication of that conviction is portfolio concentration. You cannot exercise that kind of engagement discipline across 1,500 positions. That is economically and operationally unviable. To know what you own, to be accountable for every holding, and to engage with real depth, you need smaller, more concentrated portfolios managed by integrated teams.

The Focus portfolio split between North American and European markets reflects this approach. The North American component, for instance, holds 50 to 80 names, each positively selected based on financial performance, business activities, and operating practices. Every holding must align with PME’s sustainability themes and carry a credible sustainable thesis, validated through robust qualitative and quantitative assessment.

Q: Custom indexing also raises questions of diversification and concentration that flow through into the Focus portfolios. Given the volatility we have seen in AI-related and large-cap technology names—some of which carry quite significant sustainability challenges—how do you approach that tension?

Daan Spaargaren: Artificial Intelligence is, in my view, a blind spot for ESG investors. The economic upside is clear and real. But the democratic and human rights risks are substantial and largely unaddressed by current ESG frameworks. Rating providers focus almost exclusively on data security and privacy, which, while important, capture only a small part of the broader risk landscape. The deeper issue is what these technologies enable. Some companies are actively positioning themselves outside the democratic order through the solutions they provide and the governments and security forces that

deploy them. Mass surveillance, autonomous weapons systems, the transfer of state responsibilities to private actors: these are material risks that investors should be actively scrutinising, not overlooking because they fall outside a standard ESG checklist. Technology matters enormously for productivity, for welfare, for the economy. Precisely because of that importance, the governance questions it raises are more urgent, not less.

Q: We are seeing notable divergence on sustainability topics globally, which carries real investment implications. How do you think about that development?

Daan Spaargaren: There is a troubling contradiction at work here. Climate risks are intensifying, that is the scientific consensus. Yet the instruments available to investors to manage those risks are contracting. The current US administration is challenging a lot of scientific work with potentially severe consequences for people, societies, and economies worldwide. Climate change is, by definition, a systemic risk: we cannot fully insulate ourselves from what happens in Washington, however robust our own policies are.

At the same time, this moment also presents opportunities. For Europe, this moment is also a chance to accelerate energy independence, to break the dependence on autocratic regimes for critical resources, and to build a more resilient economic base. That will require significant capital, and it will require us to think beyond classical economic frameworks. Strategic autonomy is now a legitimate investment consideration. Where capital flows matters for security, for resilience, and for the long-term interests of the people whose pensions we manage.

Q: On the theme of resilience and security, how do you think about the growing debate around defence investment?

Daan Spaargaren: When investing in energy, defence, and industrial technology, geopolitics can no longer be a background assumption, it has to be part of the investment thesis. The instinct, in a deteriorating security environment, to simply increase exposure to defence producers is understandable but misguided. You could easily end up financing adversaries. If the goal is to strengthen European military deterrence, the investment choices have to be specific: European capacities, European industrial base.

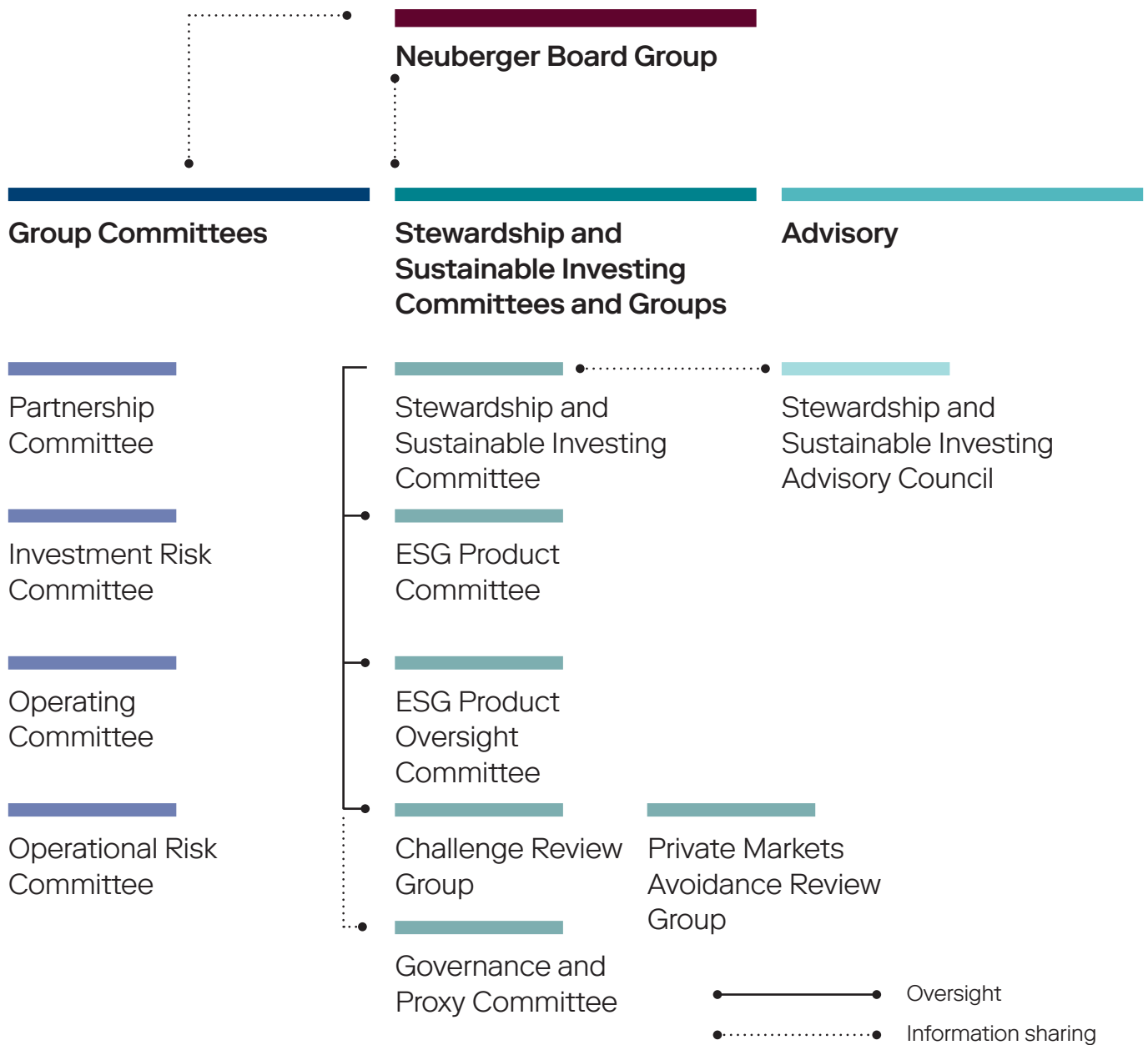
Europe is currently experiencing its third major wake-up call in five years, after COVID, after the Russian invasion of Ukraine, and now the current confluence of geopolitical and energy pressures. Each response has been faster than the last. But speed alone is insufficient. What is required is deliberateness: more conscious choices about where capital flows, and a clearer-eyed understanding of what Europe's long-term security and resilience require from us, as institutional long-term investors acting in the best interests of our participants and pensioners.



Stewardship and Sustainable Investing Governance



Neuberger's Stewardship and Sustainable Investing Governance Structure



Committees, Groups & Councils	Description
Stewardship & Sustainable Investing Committee	Reviews the stewardship and sustainable investing strategy for the firm and serves as a cross-asset class forum to share research, deepen engagement and drive innovation on sustainability topics.
ESG Product Committee	Oversees sustainability-related commitments made at the product and/or investment strategy level.
ESG Product Oversight Committee	Monitors previously approved sustainability-related commitments made at the product and/or investment strategy level.
Challenge Review Group	Reviews and adjudicates appeals from investment teams against names identified as breaching an applicable avoidance policy.
Private Markets Avoidance Review Group	Reviews and approves investment challenges under the Neuberger Private Markets Avoidance Policy for eligible clients and commingled funds.
Governance & Proxy Committee	Oversees firmwide proxy voting guidelines and procedures, including the NB Votes initiative.
Stewardship & Sustainable Investing Advisory Council	Draws on expertise from academia, non-profits, and institutional asset owners to provide guidance on impact investing and sustainability, and to challenge us to go further in our own efforts.

Stewardship and Sustainable Investing Committee Members



Joseph Amato
President and CIO –
Equities



Jonathan Bailey (Chair)
Global Head of
Stewardship and
Sustainable Investing



Ashok Bhatia
CIO of Fixed Income



Jeff Blazek
Co-CIO, Multi-Asset
Strategies



David Brown
Global Co-Head of
Investment Grade



Timothy Creedon
Director of Global
Equity Research



Tully Cheng
Co-Head of
Neuberger Solutions



Rob Drijkoningen
Global Co-Head of
EM Debt



Fekko Ebbens
Head of Institutional
Business Benelux &
EMEA



Simon Griffiths
Co-Head of Investment
Research & Development



Daniel Hanson
Group Head of
Quality Equity



James Iselin
Head of Municipal
Fixed Income



Corey Issing
Co-General Counsel –
Asset Management



**Maura
Reilly Kennedy**
Managing Director,
Private Markets



Henry Detering
Chief Marketing Officer



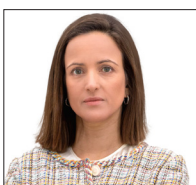
Keita Kubota
Head of Japanese
Equities



Richard Nackenson
Senior PM,
Nackenson Group



Lesley Nurse
Head of Global
Consultant Relations



Joana Rocha Scaff
Managing Director,
Private Markets



Jennifer Signori
Head of Private Markets
Sustainable Investment



Alan Tsang
Director of
Research – Asia



Stephen Wright
Head of Business Risk



Rachel Young
Director of Research
& Sr. Research Analyst

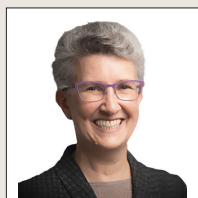
Stewardship and Sustainable Investing Advisory Council



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of Nuveen, the Investment
Management arm of TIAA,
and current Chairman of
the U.S.-India Business
Council Global Board
of Directors



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Director, Oxford
Sustainable Finance
Program & Founding
Director of the UK
Centre for Greening
Finance & Investment



Janine Guillot
Former Special
Advisor to the Chair
of the International
Sustainability
Standards Board



Mindy Lubber
President and CEO of
Ceres, a sustainability
focused nonprofit
organization based in
Boston, MA



George Serafeim
Charles M. Williams
Professor of Business
Administration and
Chair of the Impact-
Weighted Accounts
Project at Harvard
Business School

As of April 30, 2026. Committee and Advisory Council membership is subject to change over time without prior notice.

Disclaimers

As used in this document, Neuberger Private Markets consists of the following investment strategies that are currently classified as ESG-Integrated by the Neuberger ESG Product Committee: Private Equity Investment Portfolios and Co-investment Platform, Private Equity Secondary Platform, Almanac ARS Funds, Private Credit Platform, Marquee, Neuberger Insurance-Linked Strategies Platform, Renaissance, Athyrium, Specialty Finance and NBAIM Fund-of-Funds Platform. Unless explicitly noted, the environmental, social and governance integration processes described in this document apply solely to the Private Equity Investment Portfolios and Co-investment Platform and Private Equity Secondary Platform (“Neuberger Private Equity”).

Neuberger Equity Quotient Methodology: Disclosures

For Environmental and Social rankings, A – D quartiles are used, where A is best (top quartile), D is worst (lowest quartile). For Governance rankings, 1 – 4 quartiles are used where 1 is best, 4 is worst. This rating scale is specific to Equity Quotient ratings. Average environmental, social and governance rating is not a rating of the strategy itself.

Neuberger’s Equity Research Department and the Stewardship and Sustainable Investing team work together to rate corporations on financially material environmental, social and governance factors at the industry level, across public equity and fixed income. We measure company performance on financially material environmental, social and governance factors by using quantitative data and qualitative analysis, informed by engagement with individual companies. Neuberger’s Research Department conducts comprehensive environmental, social and governance research on company activities and products that are available to all portfolio managers. Our analysts provide comprehensive coverage of companies in their universe, including proprietary ratings and assessments of environmental, social and governance. Analysts also have environmental, social and governance data and research available to them through internal portals and external platforms like MSCI. Given limited disclosure of environmental, social and governance data, many ratings include significant qualitative judgement from analysts themselves. These ratings are used by central research analysts in their fundamental analysis of companies and by portfolio managers as part of their approach to environmental, social and governance integration.

The methodology for determining the proprietary Environmental and Social ratings is a multi-step process. In the first step, the firm’s central research equity analysts determine which environmental and social issues are likely to be financially material for the sector that each analyst covers. Neuberger’s Research Department then works with the Stewardship and Sustainable Investing team to identify quantitative sources to measure a particular company’s performance against those issues by applying a variety of public and proprietary sources. For Environmental and Social issues requiring additional incremental insight, research analysts use proprietary quantitative or qualitative assessments. Each company analyzed within a sector is then compared to peer companies on a normalized distribution. That analysis produces an overall Environmental and Social score for the company, which is then converted into a quartile rating (A – D). As a final step, further refinements up or down by no more than one quartile are applied to the ranking by the analysts based on their engagement with the company or their overall industry experience. The data underlying the ratings is updated regularly and the entire sector is reviewed at least every two years.

The methodology for determining the proprietary Governance ratings is also a multi-step process. First, the firm’s central research equity analysts in partnership with our Stewardship and Sustainable Investing team determine which governance issues are relevant for a given market. Neuberger’s Research Department then works with the Stewardship and Sustainable Investing team to identify quantitative sources to measure a particular company’s performance against those issues. The analysts then rate the companies within the sector on a normalised distribution for their overall Governance performance, which is converted into a quartile rating (1 – 4). As a final step, analysts are given the opportunity to adjust the ratings, but only after completing a standardised qualitative assessment of the company governance characteristics. The data underlying the ratings is updated weekly and the methodology is reviewed at least every two years.

A Portfolio’s application of environmental, social and governance criteria is designed and utilised to help identify companies that demonstrate the potential to create economic value or reduce risk; however as with the use of any investment criteria in selecting a portfolio, there is no guarantee that the criteria used by the Portfolio will result in the selection of issuers that will outperform other issuers, or help reduce risk in the portfolio. The use of the Portfolio’s environmental, social and governance criteria could also affect the Portfolio’s exposure to certain sectors or industries, and could impact the Portfolio’s investment performance depending on whether the environmental, social and governance criteria used are ultimately reflected in the market.

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