

NEUBERGER BERMAN

# GLOBAL EQUITY IMPACT STRATEGY REPORT 2024

## ABOUT NEUBERGER BERMAN

Neuberger Berman is an employee-owned, private, independent investment manager founded in 1939 with over 2,800 employees in 26 countries. The firm manages \$508 billion of equities, fixed income, private equity, real estate and hedge fund portfolios for global institutions, advisors and individuals. Neuberger Berman's investment philosophy is founded on active management, fundamental research and engaged ownership. The firm's leadership in stewardship and sustainable investing is recognized by the PRI based on its consecutive *above median* reporting assessment results. Neuberger Berman has been named by *Pensions & Investments* as the #1 or #2 Best Place to Work in Money Management for each of the last 11 years (firms with more than 1,000 employees). Visit [www.nb.com](http://www.nb.com) for more information. Data as of December 31, 2024.

## TABLE OF CONTENTS

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Message from the Team	1	Portfolio Impact Reporting	23
Portfolio Snapshot	3	Unlocking the Full Potential of Impact Investing Through Public Equities	25
Portfolio Company Impact Highlights	5	Appendix A	26
Our Strategy	6	Appendix B	31
Our Approach to Net Zero	16	Appendix C	75
Our Engagement	17		
Advisory Council	22		



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**RICHARD S. NACKENSON**  
Senior Portfolio Manager  
The Nackenson Group

## Message from the Team

Dear Investors,

We are proud to share our inaugural Global Impact Report with you.

Our strategy seeks to generate positive measurable impact alongside a market-rate financial return by intentionally investing in companies whose products and services we believe have the potential to deliver measurable positive social and environmental outcomes. 2024 was a strong year for the strategy, buoyed by overall market strength and our deep fundamental analysis of the companies we own.

We built our investment process on the belief that there are long-term secular growth opportunities aligned with positive social and environmental sustainability outcomes. We believe that companies whose business models have collinearity between sustainability outcomes and financial performance will be more resilient and hence better positioned to succeed over the long term. Of course, identifying these companies is challenging given the lack of standardized sustainability outcomes disclosure and the complexity of multi-business unit companies. This creates opportunities for active managers like us who conduct proprietary bottom-up research across the market capitalization spectrum. We believe that this impact research must be combined with forward-looking free cash flow analysis which seeks to identify resilient businesses at attractive valuations that are more likely to contribute to generate positive outcomes over time.

The four years that we have been managing the US Equity Impact strategy have allowed us to test these beliefs through a period of negative real interest rates, a period of rapidly rising rates, and now a period of gradual rate cuts. Navigating this cycle has been challenging for many businesses—both because of the implications for their cost of capital and because of the implications for the end-demand for their products and services. We believe that our approach giving responsibility to the investment analysts for both impact and fundamental research strengthens our ability to identify companies with the potential to generate collinear financial returns and positive outcomes. These lessons provided the confidence for us to launch a Global Equity Impact Strategy in 2024, which applies the same impact investing tenets of our US Equity Impact Strategy on a global basis.

Our strategy results in a portfolio that we anticipate will typically be overweight small and mid-cap companies. This leads to a high active share and meaningful deviations from the broad index sector weights. Yet it does not mean that we need to have material growth or value factor exposure.

Our largest sector exposure is to the industrial sector, partly because of the broad range of opportunities companies have. This is especially true among small and mid-cap companies, with differentiated product offerings which help end customers avoid emissions, reduce waste, improve water quality, or develop more sustainable infrastructure. We saw particularly strong contributions from portfolio companies with end-market exposure to rail transportation, heating and cooling, and water treatment and pumping.

The portfolio also has meaningful exposure to the healthcare sector with a focus on companies that develop and sell medical devices or therapeutics, or which deliver health care with enhanced cost-adjusted patient outcomes. While the sector lagged the broad index in 2024, companies like Boston Scientific and Eli Lilly were additive to portfolio performance. Demonstrating our focus on the collinearity of positive outcomes and financial returns, we exited our position in health insurer Humana when it became clear that its Medicare Advantage plan would be downgraded by the Centers for Medicare & Medicaid Services to 4 stars given concerns around patient satisfaction.

This report provides detailed case studies of our engagement with portfolio companies. Here are highlights from two that stand out to us. For “impact leaders” we are often encouraging the company to quantify their outcomes and grow their impact. A good example is Halma, a safety, environmental and health care company, which we added to the portfolio in 2024. The company has a unique decentralized structure that prioritizes bolt-on acquisitions in industries that generate positive outcomes, funded by free cash flow. The company reports extensive positive product outputs annually, but our engagement objective for the year ahead is for the company to convert these to aggregated outcomes that could serve as the baseline for outcome targets in the future.

Not all our portfolio companies are currently “impact leaders”; some are going through a period of change and benefit from input from impact-oriented long-term investors as they make governance and capital allocation decisions. A good example is Veralto, a global water treatment company that was spun off from Danaher Corp. in the fall of 2023. As a newly independent business, Veralto adopted several governance structures that we believe were not aligned with best practices for long-term value creation and lacked quantified climate targets. However, through constructive engagement with executives, investor relations and sustainability professionals, we gained confidence that the board was open to changing certain governance structures over time. The company also established carbon targets aligned with a 1.5°C climate pathway in September 2024 and has stated its intention to set and communicate additional targets in the future.

Global equity market returns have been driven by a thin leadership group in the last two years as a handful of US-based technology names (many of which do not meet our impact threshold) have performed particularly well. Looking ahead we anticipate that equity markets will broaden in the coming years. We believe the outlook for global equities remains attractive, supported by the prospect of positive real global GDP growth. Additionally, key regions, including the US, Japan and Europe, are anticipated to experience an acceleration in corporate earnings growth. Furthermore, the moderation of inflation across major markets has the potential to be supportive of consumer and business activity, further enhancing the equity environment. The new US Administration has indicated that it will pursue a pro-business policy agenda focusing on economic growth, yet potential policies such as increased trade tariffs, a moderation of government-led support for renewables and electric vehicles, and changes in environmental and health care regulation, may present risk for select non-US equity regions and companies within our impact universe. We will continue to remain focused on identifying businesses that have strong free cash flow characteristics absent government support. We believe these companies are more likely to be resilient and to successfully generate the positive measurable environmental and social outcomes that you are seeking.

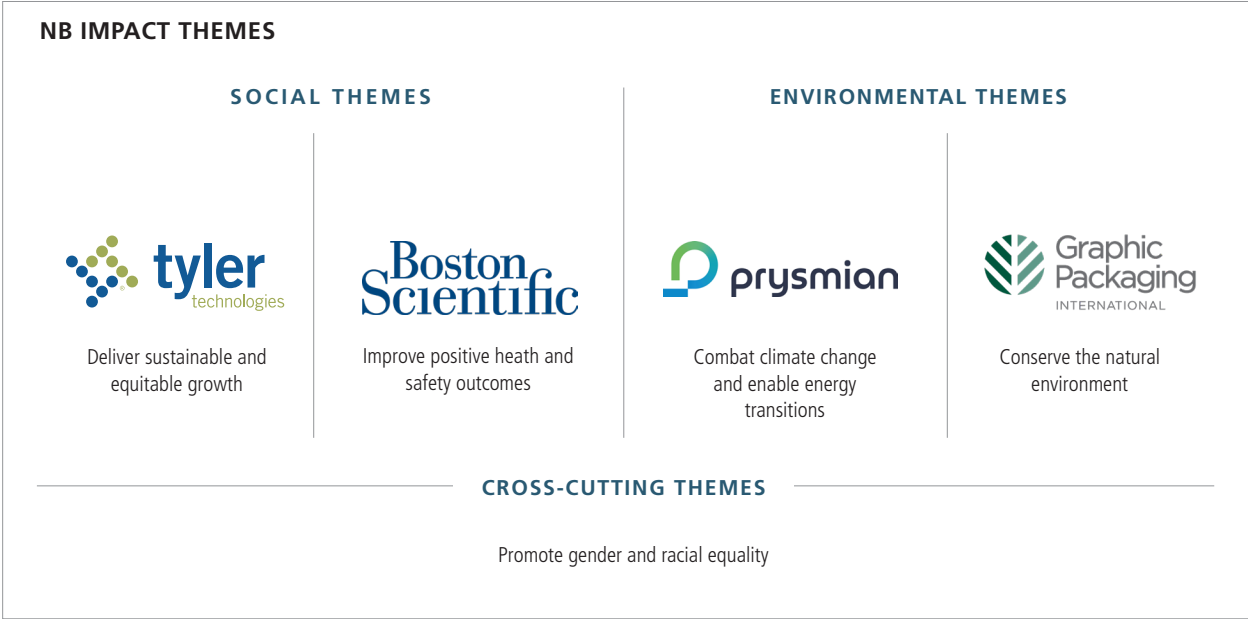
Thank you for your continued trust.

Sincerely,

Jonathan Bailey and Richard Nackenson

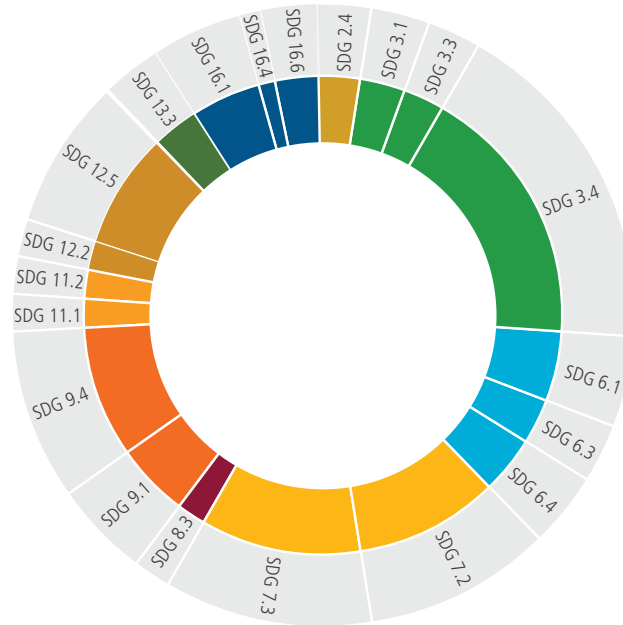
The image shows two handwritten signatures in black ink. The signature on the left is 'Bailey' and the signature on the right is 'R. Nack'. Both are written in a cursive, professional style.

# Portfolio Snapshot



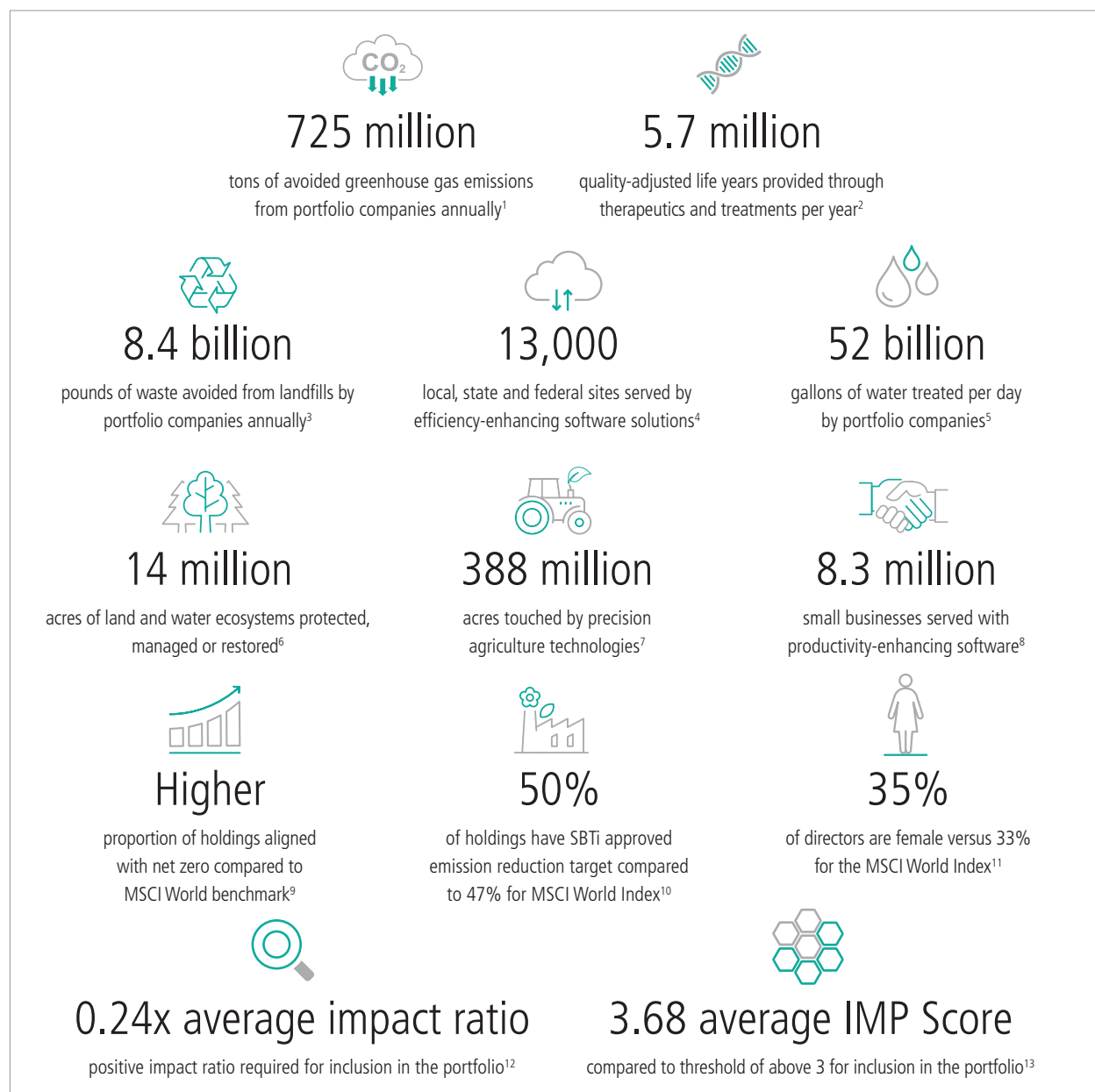
Illustrative examples of portfolio holdings, not exhaustive. For additional information on the NB Impact Themes, please refer to page 7.

## ALIGNMENT OF PORTFOLIO COMPANY PRODUCT IMPACT WITH SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND UNDERLYING TARGETS



Source: Neuberger Berman. Data as of December 31, 2024. Portfolio company product alignment refers to the asset-weighted percentage of portfolio companies, whose products drive positive progress toward a given Sustainable Development Goal (SDG). Individual companies may be aligned with multiple SDG targets. Percentages reflect company alignment with primary SDG target. The SDGs are a collection of 17 interlinked global goals designed to be a blueprint to achieve a better and more sustainable future for all. The SDGs were set up by the United Nations and are intended to be achieved by the year 2030.

# Portfolio Company Impact Highlights



Based on portfolio holdings as of December 31, 2024. For a more complete discussion of our Portfolio company impact metrics and our impact measurement methodology, please see Appendix A – Impact Measurement.

<sup>1</sup> Sustainability reports for ABB, Brookfield Renewable, CSX, Ecolab, Linde, Organo, Pentair, Tetra Tech, Trimble and Trane Technologies. Aligned with IRIS Metric, Greenhouse Gas Reductions due to Products Sold (PI5376).

<sup>2</sup> Sustainability and annual reports for AstraZeneca, Boston Scientific, HCA Healthcare, Eli Lilly, Merck, and Novo Nordisk.

<sup>3</sup> Sustainability and annual reports for Ball Corp, Ecolab, and Graphic Packaging, Aligned to IRIS Metric Waste Reductions from Products Sold (PI5926).

<sup>4</sup> Sustainability report for Tyler Technologies.

<sup>5</sup> Sustainability reports for Ecolab, Xylem, Organo, Tetra Tech and Veralto. Aligned with IRIS Metrics. Water Conserved (OI4015) and Wastewater Treated (OI9412).

<sup>6</sup> Sustainability report for Tetra Tech. Aligned to IRIS Metric Ecological Restoration Management Area (PI9556).

<sup>7</sup> Sustainability report for Deere. Aligned to IRIS Metric Land Indirectly Controlled: Sustainably Managed (PI6796).

<sup>8</sup> Sustainability report for Intuit. Aligned to IRIS Metric Client Organizations: SME (PI4940).

<sup>9</sup> Neuberger Berman Net-Zero Alignment Indicator. Please see page 16 for additional information.

<sup>10</sup> Science-Based Targets Initiative, Neuberger Berman.

<sup>11</sup> Company reports, Aladdin. Aligned with IRIS Metric Board of Directors: Female (OI8118).

<sup>12</sup> For more information on Impact Ratio, please see the Our Strategy and Appendix C sections of this report.

<sup>13</sup> For more information on IMP score, please see the Our Strategy and Appendix C sections of this report.

# Our Strategy

We seek to invest in globally listed public companies with the potential to deliver significant, intentional and measurable positive social and environmental impact alongside attractive financial return. The world faces numerous environmental and societal challenges which can be addressed at scale through the products and services provided by publicly listed companies. In response to this need, we invest in, and engage with, companies with significant positive impact potential to support their journeys and contribute to positive solutions for people and planet.

INVESTMENT OBJECTIVES	ACTIVELY ENGAGING TO INCREASE IMPACT	TARGETING ATTRACTIVE RETURN
<ul style="list-style-type: none"><li>• Invest in global public companies with product and services:<ul style="list-style-type: none"><li>– With potential to deliver significant positive social and environmental solutions</li><li>– Aligned with the UN Sustainable Development Goals<sup>1</sup></li></ul></li></ul>	<ul style="list-style-type: none"><li>• Focus on long-term-oriented engagement to:<ul style="list-style-type: none"><li>– Support a differentiated approach to capital allocation, where long-term financial return and impact are priority</li><li>– Extract unique investment insights</li><li>– Share best practices</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Construct a diversified portfolio of impact leaders, opportunistic and special situations investments</li><li>• Target global equity market returns</li></ul>

<sup>1</sup> See page 4 for portfolio holding alignment with SDGs. Alignment based on portfolio company products or services. For more information on the UN SDGs please visit <https://sdgs.un.org/goals>.

This material is intended as 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 Berman. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

## Theory of Change

We implement our strategy through five impact themes that are aligned with the UN Sustainable Development Goals (SDGs). These themes serve as a guidepost for the strategy, and within each theme and SDG, we focus each investment on a specific SDG target. This plays a critical role at the beginning of our impact diligence process in framing how companies may contribute to positive impact.

We develop a theory of change that informs our investment process at both the investor and individual company levels.

**Investor Theory of Change:** Our investor theory of change expresses the challenges that we intentionally seek to address (our NB Impact Themes) through our investments and how we leverage the broader resources available to us at Neuberger Berman to play a positive role as investors in support of the attainment of positive outcomes alongside financial return.

**Company-Level Theory of Change:** Each individual investment is also assessed with a company-level theory of change that identifies the measurable inputs, outputs and outcomes generated by each business which support the achievement of our impact themes.

As public market investors we seek to contribute to the impact generated by the companies in which we invest by signaling that impact matters, engaging actively and contributing capital through IPOs or secondary offerings. We believe the greatest role we have to play as public market investors is in engaging actively with portfolio companies to influence capital allocation that supports the reinvestment of retained earnings in positive impact projects as well as help companies to attract other investors by improving investor communication and governance. Active investors, especially those with large asset bases and a long-term focus, can have direct conversations with management over many years and engage in proxy voting to influence change. Neuberger Berman's global scale, centralized research and data science resources, and experience in impact investing across public equity, private equity and fixed income, enables the Equity Impact team to engage deeply with portfolio companies over a multi-year horizon. By concentrating engagement efforts on key areas that drive both financial and social or environmental value, we believe we may not only help companies to increase positive outcomes, but also help them to manage their financial risks, growth opportunities and company value.

## NB IMPACT THEMES



### SOCIAL THEMES

#### Deliver sustainable and equitable growth



We believe rising inequality poses risks to long-term economic growth and social cohesion.<sup>1</sup> Within this theme we seek to identify profitable business models that support the economic development and prospects of people and small businesses to drive more inclusive growth. The key metrics we use to assess a business' contribution to this theme include educational qualifications conferred (e.g. degrees awarded), incremental profit/savings enabled and efficiencies gained for small businesses from productivity enhancing software, among others. We leverage our proprietary analysis and Neuberger Berman's global scale to engage with these companies, to encourage capital allocation policies that support broader reach, access or deeper contributions of their solutions and to enhance measurement and reporting of our key impact metrics.

#### Improve positive health and safety outcomes



OECD countries are estimated to spend ~10% of GDP on health care.<sup>2</sup> Within this theme we seek to identify profitable business models that enable people to live healthier and safer lives, as well as enjoy greater access to food and clean water which supports a healthy life. The key metrics we utilize to assess a business' contribution to this theme include quality-adjusted life years,<sup>3</sup> patients treated, gallons of water treated / conserved, and agricultural yield improvement, among others. We see a multitude of underserved communities, patients and geographic regions that can benefit from greater access as well. We leverage our proprietary analysis and Neuberger Berman's global scale to engage with these companies, to encourage capital allocation policies that support positive impact, and to promote enhanced measurement and reporting of our key impact metrics.

### ENVIRONMENTAL THEMES

#### Combat climate change and enable energy transitions



The global economy continues to produce GHG emissions that are inconsistent with the goal of limiting global warming to less than 1.5°C. Within this theme we seek to identify profitable business models that either directly or indirectly help to reduce GHG emissions. The key metric we utilize to assess a business' contribution to this theme is avoided emissions. Beneficiaries are global but we see particular benefit to least developed nations with physical climate risk that do not have the financial resources for extensive climate adaption projects. We leverage our proprietary analysis and Neuberger Berman's global scale to assess the materiality of companies' contributions to avoiding emissions or improving climate resiliency through adaptation. We also engage with these companies, to encourage capital allocation policies that support positive impact, and to promote enhanced measurement and reporting of our key impact metric.

#### Conserve the natural environment



Legacy production models are based on extracting materials from the earth to make products and eventually disposing of these products as waste, with damaging effects on nature and the potential for knock-on impacts on human health and climate change. Within this theme we seek to identify profitable business models that enable the circular economy, reduce waste and protect or restore natural environments. The key metrics we utilize to assess a business' contribution to this theme include waste recycled / averted, virgin material avoided, and land restored, among others. We leverage our proprietary analysis and Neuberger Berman's global scale to assess the materiality of companies' contributions to a circular economy and engage with these companies, to encourage capital allocation policies that support positive impact, and to promote enhanced measurement and reporting of our key impact metrics.

### CROSS-CUTTING THEMES

#### Promote gender and racial equality



This theme cuts across all companies that we assess. Women and racial minorities (in the US) typically remain underrepresented in leadership positions and pay equity has not yet been broadly achieved. In many instances, the greatest contribution that companies can make to gender and racial equality is by enacting best practices within their own organizations. As a result, we seek to engage with portfolio companies on measuring, managing and disclosing key metrics such as pay equity, board / management representation and retention rates. By engaging constructively on these topics, we believe that we can promote progress toward more equitable outcomes.

Source: United Nations. For illustrative and discussion purposes only.

<sup>1</sup> IMF – Causes and Consequences of Income Inequality.

<sup>2</sup> OECD Library 2020.

<sup>3</sup> For more information on Quality-Adjusted Life Years please see Appendix C – Glossary.

## INTEGRATING FINANCIAL, IMPACT AND FINANCIALLY MATERIAL ESG ANALYSIS

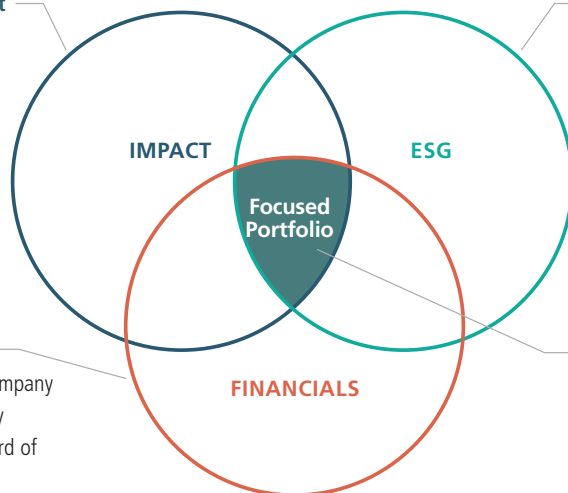
Our strategy integrates impact analysis, fundamental equity analysis and financially material environmental, social and governance analysis in seeking to identify companies with significant potential to deliver positive social or environmental impact alongside attractive financial returns.

### Identify opportunity for impact

Utilize proprietary research tools, datasets and impact ratio analysis to distill opportunities seeking to effect incremental positive impact

### Integrate ESG analysis

Leverage in-house capabilities and frameworks to underwrite and ensure alignment in financially material ESG factors that could affect performance



### In-depth financial analysis

Deep fundamental research into company financials seeking to identify quality businesses with demonstrated record of building shareholder value

### Build focused portfolio

Engage constructively with a focused set of portfolio companies to better measure and seek to drive incremental positive impact

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## Impact Diligence

Our impact diligence process incorporates both the third-party Impact Management Project (IMP) framework and our proprietary impact ratio analysis. We qualitatively evaluate every company we invest in across the IMP's dimensions of impact in order to assess the alignment of its business with the specific impact objective. Supported by real-world evidence, the materiality of the outcomes generated by the business are analyzed. Companies are scored on a scale of 1-5 (with 5 being highest impact). We enforce a stringent minimum threshold of at least 3 and conduct this diligence for every investment and all companies on our watchlist.

### IMP ANALYSIS

#### □ WHAT

What impact themes do the company's products / services address? What outcome(s) do business activities drive? Are the outcomes positive or negative?

#### ≡ HOW MUCH

How significant is the effect of the company's products / services on the targeted impact theme? How much of the outcome occurs in terms of scale, depth and duration?

#### ○ WHO

Who experiences the outcome? How underserved are the stakeholders in relation to the outcome?

#### + CONTRIBUTION

What is the company's unique contribution to the impact theme?

#### △ RISK

What is the risk to people that impact does not occur as expected?

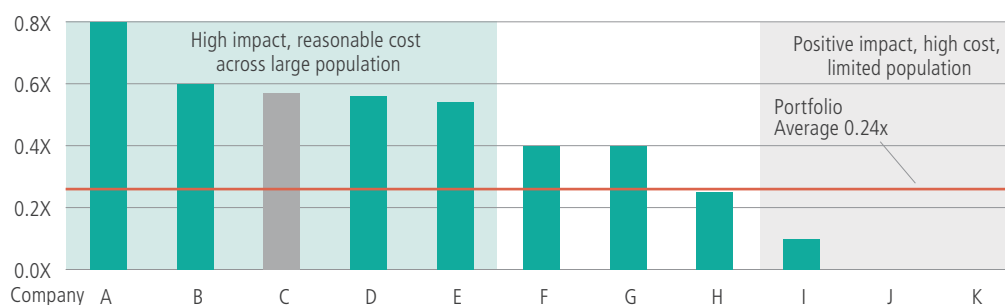
For more information on the IMP framework please visit <https://impactfrontiers.org/norms/>.

Our proprietary impact ratio analysis requires a deep understanding of a company's potential product outcomes for key stakeholders, is rooted in a theory of change and adds additional insight to the fundamental investment process. The theory of change for each investment contemplates the company's "inputs" (the resources it deploys to generate revenue), its "outputs" (the products or services offered by the company to its customers), and its "outcomes" (the impact that these products and services have on the environment or

society). As impact investing continues to mature, practitioners are coalescing around a more uniform set of metrics to measure impact performance on a consistent basis. Where possible, we therefore assess the impact potential of investments based on their contributions to impact metrics set forward by the Global Impact Investing Network (GIIN) in its IRIS+ database. These include measures such as avoided emissions, water treated and patients reached. Our impact ratio analysis enables us to go a step further and quantify the value of these outcomes in order to compare the relative impact of companies within the same theme. This informs our engagement with companies, deepens our understanding of the key operational drivers of positive impact and helps maintain valuation discipline.

	INCLUDED	DECLINED
<b>ISSUER</b>	<b>Company C</b> NB Impact Ratio <sup>1</sup> 0.55X / NB IMP Score <sup>2</sup> : 4.5 / NB ESG Rating: B4	<b>Company K</b> NB Impact Ratio <sup>1</sup> 0.01X / NB IMP Score <sup>2</sup> : 3.2 / NB ESG Rating: C1
<b>NB THEME/SECTOR</b>	Improve positive health & safety outcomes/Therapeutics	Improve positive health & safety outcomes/Therapeutics
<b>FUNDAMENTAL CONSIDERATIONS</b>	<ul style="list-style-type: none"> <li>• Strong string of recently introduced products projected to drive 18% organic growth over next three years</li> <li>• Trial readouts and approvals on key new pipeline drugs in areas of unmet need such as Alzheimer’s and obesity expected in 2024</li> <li>• Strong culture of innovation has limited M&amp;A need</li> </ul>	<ul style="list-style-type: none"> <li>• Narrower product lines focused on rare genetic disorders</li> <li>• Recently failed trial of rare kidney condition treatment create pipeline and growth questions</li> <li>• Strong environmental and social profile, but governance issues around overboarding and past executive issues</li> </ul>
<b>THEORY OF CHANGE</b>	<ul style="list-style-type: none"> <li>• <b>Inputs:</b> Invests in R&amp;D to support new treatment development</li> <li>• <b>Outputs:</b> Provider of cost-effective treatments for leading causes of death globally</li> <li>• <b>Outcomes:</b> High weighted average cost effectiveness of the drug portfolio translates to high willingness to pay</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Inputs:</b> Invests in R&amp;D to support new treatment development</li> <li>• <b>Outputs:</b> Provider of treatment for cystic fibrosis (underpenetrated market)</li> <li>• <b>Outcomes:</b> With limited alternatives in rare disease, absolute pricing is high and population served is relatively small</li> </ul>
<b>IMPACT ENGAGEMENT OBJECTIVE</b>	<ul style="list-style-type: none"> <li>• Introduce more lower-cost alternatives for vulnerable populations</li> </ul>	<ul style="list-style-type: none"> <li>• Increase reinvestment in pipeline expansion to deliver treatments for other rare genetic disorders</li> </ul>

**PROPRIETARY IMPACT RATIO ANALYSIS**



<sup>1</sup> NB Impact Ratio is our proprietary sector-specific quantitative measure of Impact. A positive value indicates positive company impact, with a higher number representing greater impact efficiency.

<sup>2</sup> IMP Score is our proprietary assessment of the company on the Impact Management Project’s five Dimensions of Impact, 1-5, with 5 being highest impact. NB ESG Quotient Ratings is the Research Analyst view of the environmental, social and governance characteristics of a company on material factors. A-D where A is best and 1-4 where 1 is best. For illustrative and discussion purposes only. There is no guarantee that other opportunities will have similar characteristics or results to the ones described herein.

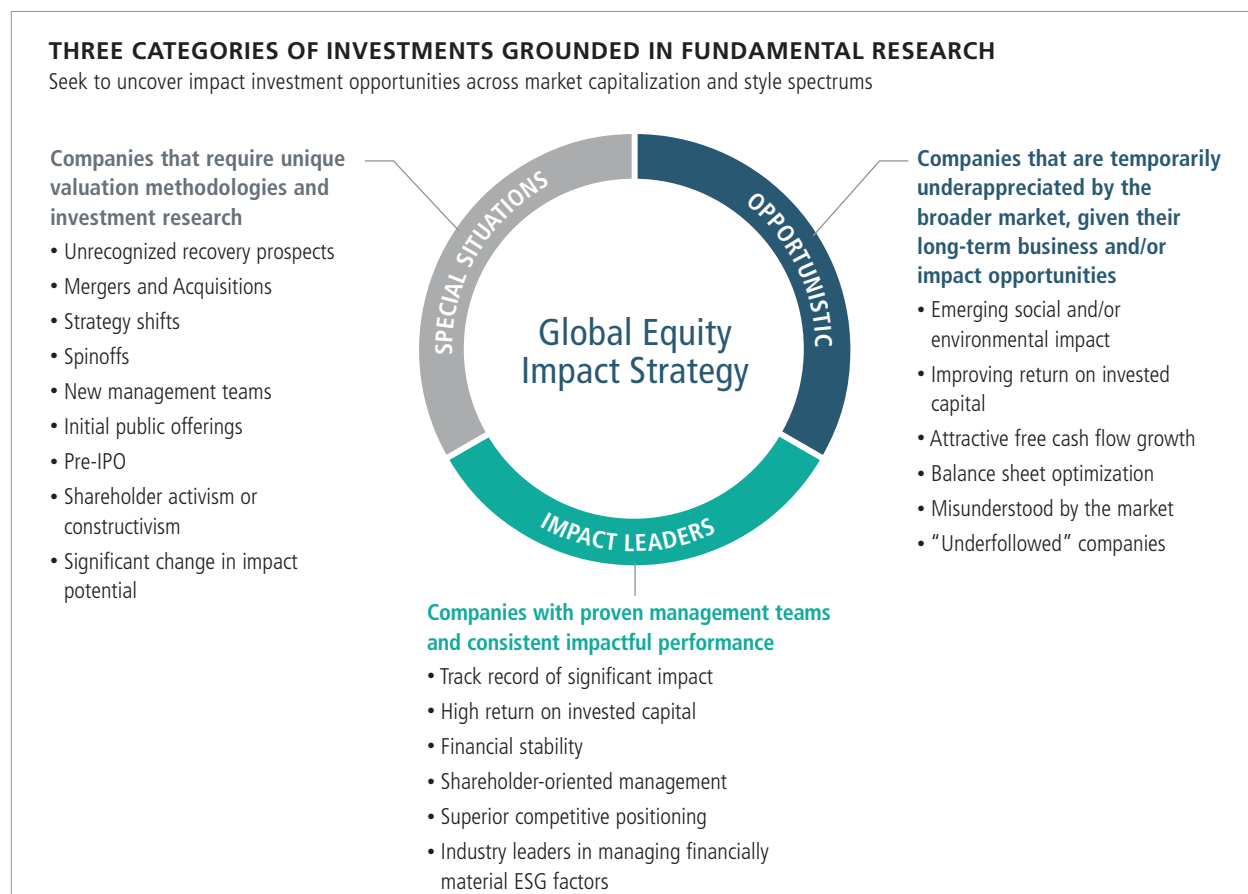
The evaluation of potential negative outcomes also plays an important role throughout our impact diligence and ESG integration process. We recognize that all companies produce both positive and negative impacts throughout the value chain. Our process is designed to identify those companies that generate material positive contributions through their products and services, which more than offset potential negative contributions (whether in the supply chain, operating base or product offering). We enforce a stringent threshold of positive net impact (i.e. impact ratio greater than 0), and conduct this diligence for every investment.

### Fundamental Analysis

We conduct deep fundamental financial analysis on all our investments with a focus on free cash flow and capital structure consideration. We identify the free cash flow generation characteristics for a particular company. Then we evaluate the potential opportunities to utilize free cash flow in developing the business and/or optimizing the capital structure. The combination and potential of these choices impact shareholder value and are an essential part of our investment process.

### Portfolio Construction

Our investment process incorporates three differentiated investment categories (Special Situations, Opportunistic and Impact Leaders). Each investment category has unique attributes and performance drivers. The relative attractiveness of each category tends to shift over the course of a business cycle. The team directs the portfolio toward the areas that we believe offer the most attractive opportunities at a particular time. Taken together, we believe the three categories improve the potential for superior returns and may mitigate risk across the market cycle.



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## CASE STUDY

# Strategic Focus on Life-Saving Technology With Purpose

### Company Description

Halma (HLMA-GB) provides hazard and life protection products focused on Safety, Environmental & Analysis and Healthcare.

### Theory of Change

**Inputs:** The company invests in R&D to support new products and innovate across critical end markets.

**Outputs:** The company delivers a wide variety of products and services that include fire safety, environmental testing and support healthcare procedures. Several output metrics are regularly reported.

**Outcomes:** These products generate a range of positive outcomes from various businesses including water conservation or quality, safety improvements and healthcare patient monitoring to prevent deaths.

### Opportunity

Across a decentralized and flat organization Halma is unified by a clear purpose to “grow a safer, cleaner, healthier future.” The company was early to track and report a variety of impact outputs with their contribution to the Sustainable Development Goals.

Inorganic growth funded primarily by free cash flow has been a key part of the unique strategy for decades, compounding mid-single digit organic growth. As a result, business unit leaders are empowered to acquire small to medium sized companies that fit the strategic safety alignment and financial criteria of mid-single digit growth and ~20% operating margins. The market was concerned about the impact of higher rates on both the pace and returns of acquisitions near-term, which presented an attractive entry point ahead of rebounding organic growth trends.

### NB Engagement Objectives

Report the aggregated outcomes of their critical products, which the company has piloted on a one-off basis for certain products compared to current disclosures largely focused on positive outputs of the portfolio.

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## CASE STUDY

# Cabling Company Expands in the US With Vertical Integration

### Company Description

Prysmian (PRY-IT) is a leading provider of cables for transmission, power grid and electrification end markets.

### Theory of Change

**Inputs:** The company employs 30,000 employees to manufacture cabling from copper, aluminum and fiber.

**Outputs:** The company produces, installs and services thousands of kilometers of cabling for customers in energy, construction and technology.

**Outcomes:** These products and services enable emissions reductions through grid expansion and renewable energy connections.

### Opportunity

We initiated a position with market concerns over limited 2024 growth due to cyclical end markets and offshore wind project exposure. The latter was more limited than peers and we appreciated management's commitment to use improving free cash flow for accretive share-buybacks or M&A. This transpired in 1H24 with the large acquisition of a US-listed peer. The strategic merits of expanding in the US with greater vertical integration and attractive valuation were well received by investors. Most attractive was the high accretion, before synergies, and the strong balance sheet still had capacity to execute a €375 million share buyback plan in 2024.

### NB Engagement Objectives

The company reports key impact metrics such as the number of households provided access to clean electricity; however, we see an opportunity to start tracking and disclosing avoided emissions in the Transmission segment given discrete and large project work. Additionally, we will continue to engage on increasing the percentage of recycled copper or aluminum after the acquisition increased vertical integration.

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## CASE STUDY

# Merger Creates Opportunity to Invest in High-Impact Biosolutions Leader

### Company Description

Novonosis (NSIS.B-DK) is a provider of biosolutions, including cultures and enzymes used in a range of end markets, including agriculture, food and biofuels.

### Theory of Change

**Inputs:** The company invests over \$400 million into R&D annually for the development of novel enzymes and cultures.

**Outputs:** The company produces unique biological ingredients for a variety of end markets, including food and beverage, health care, household products and bio-energy.

**Outcomes:** These products enable reduced food waste without introducing artificial material into food, improved nutritional content in food as well as greater yields in the production of biofuels that drive avoided emissions.

### Opportunity

The company emerged as the combination of two leading biosolutions companies, specializing in cultures and enzymes respectively. While the independent companies worked toward closing the merger, we assessed that there were significant benefits to new product innovation to be unlocked by combining the organizations that had the potential to drive positive impact. Volatile trading surrounding the close of the merger created the opportunity to acquire shares at prices that we believe were attractive on a long-term basis.

### NB Engagement Objectives

Our primary engagement objective is to work with the company to develop more detailed outcome reporting and targets for avoided emissions and food waste avoided through the use of its biosolutions.

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## CASE STUDY

# Gearing up for Climate Adaptation

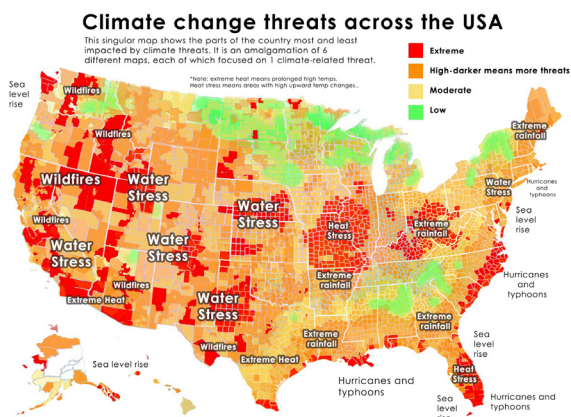
As more severe weather events are linked to the impacts of climate change, climate adaptation is growing in relevance and importance as an investment theme. This creates risks and opportunities that we assess utilizing a variety of tools such as quantitative physical risk data and direct company engagement.

The potential impacts of climate change pose significant risks to physical assets, labor availability and supply chains. We assess these factors and engage with companies where relevant on the resilience of their operations to these potential shocks. Though our portfolio generally has similar physical risk compared to its benchmark according to third-party data,<sup>1</sup> Baxter, NextEra Energy and HCA Healthcare all faced disruptions from hurricanes that impacted the US Southeast. NextEra Energy's past investments and storm preparedness helped restore service faster than peers. For example, smart-grid technology avoided more than 700,000 outages and line undergrounding performed six times better than existing overhead distribution lines. Despite third-party data suggesting Baxter has low physical climate risk, Hurricane Helene forced Baxter to temporarily close a key production facility of IV solutions in North Cove, North Carolina, reducing sales in the fourth quarter. However, the company minimized the impact to patients through pre-moving inventory and stockpiles elsewhere. Since then, the company has been ahead of schedule in opening back up the facility and has restarted IV manufacturing lines and expects important products to be back to 100% production levels by year-end. HCA saw two hurricanes impact its hospitals and the company is working diligently to reopen its Largo Hospital in Pinellas County, Florida. Through HCA's large network and points of care, they have been able to effectively treat patients impacted by temporary hospital closures.

Climate adaptation also presents growth opportunities, particularly for businesses that provide solutions for preparing for and responding to climate change. Tetra Tech, an environmental consulting company, saw increased demand for its coastal resilience and disaster response practices following these same hurricanes. Trane Technologies, a provider of HVAC

equipment, is seeing greater demand for its products as more extreme temperatures drive a need for greater energy efficiency in building heating and cooling. While Deere's precision agriculture technologies are helping farmers to deliver strong crop yields despite unpredictable weather patterns.

As we look to the future, we anticipate that adaptation will continue to increase in importance on the climate agenda. Our focus remains on managing the risks that climate change will pose to company's operations while also seeking out investment opportunities in those companies that are well placed to deliver solutions.



This material is intended as 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 Berman. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

<sup>1</sup>Source: MSCI.

<sup>2</sup>Source: <https://hazards.fema.gov/nri/wildfire>.

## Integration of Financially Material Environmental, Social and Governance Factors

Neuberger Berman views the integration of financially material environmental, social and governance factors into the investment process as integral to our firm: In our 2024 PRI reporting assessment, we scored above the median of all reporting signatories globally for our integration efforts in every reported category.<sup>1</sup> This also marks the fifth consecutive year in which we obtained the top rating in the overarching Policy, Governance and Strategy category, which aims to capture signatories' overall approach to responsible investment, including engagement and proxy voting.

The Global Equity Impact team is supported by Neuberger Berman's Stewardship and Sustainable Investing Group and utilizes Neuberger Berman's proprietary ESG Quotient when analyzing current and prospective investments. The ratings are a result of the efforts of Neuberger Berman's Global Equity Research Department working with the Stewardship and Sustainable Investing Group. We believe the strength of our integration of these financially material ESG factors is well reflected in our portfolio, which scores a B2 on our NB Quotient (A1-D4 scale) and has an average MSCI rating of AA (94th percentile, 100 being best).

GLOBAL IMPACT PORTFOLIO ESG SUMMARY		
 <b>ENVIRONMENTAL</b>	 <b>SOCIAL</b>	 <b>GOVERNANCE</b>
50% of holdings have a SBTi approved emission reduction target vs. 47% for MSCI World index  Higher proportion of portfolio aligned with net zero compared to MSCI World index	100% of holdings compliant with United Nations Global Compact  100% of holdings are compliant with the NB Global Standards Policy aligned with OECD Guidelines, UN Guiding Principles and ILO conventions	35% of directors are female vs. 33% for MSCI World Index  ~14% of holdings' MSCI ESG ratings increased in last review due to improvements

Source: MSCI, Neuberger Berman Net-Zero Alignment Indicator, Aladdin. As of December 31, 2024.

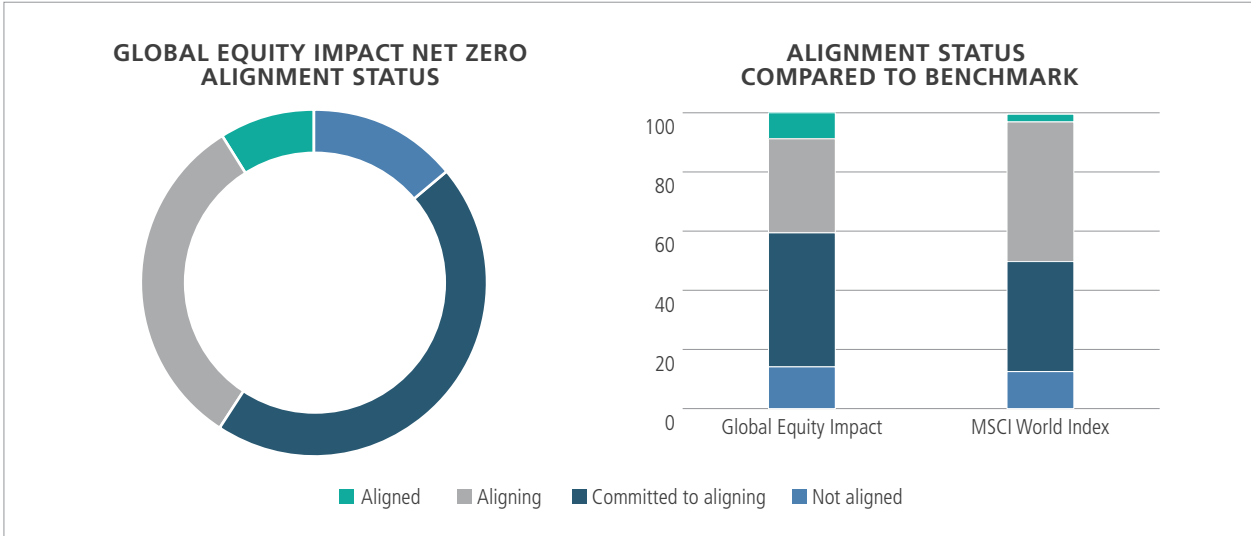
<sup>1</sup> For illustrative and discussion purposes only. PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 2,651 for 2024, 3,123 for 2023, 2,791 for 2021, 1,545 for 2020, and 1,247 for 2019. All PRI signatories are eligible to participate and must complete a questionnaire to be included. The underlying information submitted by signatories is not audited by the PRI or any other party acting on its behalf. Signatories report on their responsible investment activities by responding to asset-specific modules in the Reporting Framework. Each module houses a variety of indicators that address specific topics of responsible investment. Signatories' answers are then assessed and results are compiled into an Assessment Report. Neuberger Berman pays a fee to be a member of PRI and the grades are only available to PRI members. Ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service. Moreover, the underlying information has not been audited by the PRI or any other party acting on its behalf. While every effort has been made to produce a fair representation of performance, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for damage caused by use of or reliance on the information contained within this report. Information about PRI grades is sourced entirely from PRI and Neuberger Berman makes no representations, warranties or opinions based on that information.

# Our Approach to Net Zero

The transition to global net-zero emissions is a key consideration for the Global Equity Impact strategy. The strategy seeks to have at least 90% of the portfolio’s assets under management (AUM) invested in companies with science-based (“SBTi”) validated targets (or equivalent as assessed by Neuberger Berman’s Net-Zero Alignment Indicator) by 2030, and aims to reach 100% of the portfolio’s AUM by 2050. Additionally, the team plans to reduce its portfolio’s carbon footprint across scope 1, 2 and material scope 3 GHG emissions by a minimum of 30% by 2030 relative to a 2019 baseline, with a subsequent decline to net zero by 2050.

## Global Equity Impact Net-Zero Alignment

The Net-Zero Alignment indicator assesses the progress of companies and portfolios toward net zero in five categories: Achieving, Aligned, Aligning, Committed to Aligning and Not Aligned. The Global Equity Impact portfolio had a higher proportion of its assets invested in companies that are aligned and committed to aligning compared to the MSCI World Index; additionally 50% of our holdings have set SBTi validated targets compared to 47% for the MSCI World Index.



As of December 31, 2024.

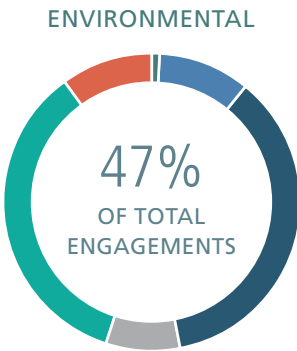
## Our Engagement

Engagement is a central pillar of the Global Equity Impact strategy. We deeply value the touch points that we have with our portfolio companies. Through thoughtful, consistent and long-term oriented engagement with corporations, we have the potential to help our portfolio companies maximize their impact potential, while managing for long-term shareholder value. In the past year, we have engaged vigorously with our portfolio companies on a wide variety of topics, including capital allocation to support positive outcomes, leadership succession, impact metric disclosure, emission reduction targets, and governance best practices, among others.

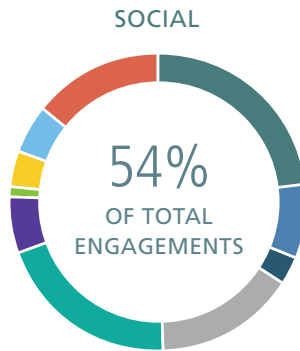
As investors, we recognize the critical role we hold to influence corporate decision-making. All of our engagements involve direct dialogue with a company. Approximately 40% of our engagements were with CEOs and CFOs, demonstrating the importance of our long-term relationship with portfolio holdings and the value of the Neuberger Berman platform. The strength of these relationships and our long-term perspective enable us to have direct and meaningful dialogue with companies, which we believe drives a higher likelihood of success in effecting change and positive impact through our engagements. We track the performance of portfolio holdings and assign a progress rating against the key performance indicators developed in our research and diligence process. Companies that deviate significantly from our financial and impact investment theses may call for divestment from the portfolio. However, we maintain a post-exit relationship with these companies, and continue to monitor for impact and financial performance to assess opportunities to reinvest.



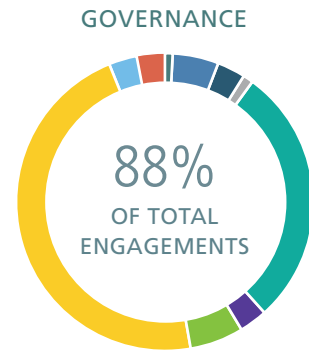
## 2024 ENGAGEMENT SUMMARY



- Biodiversity and deforestation
- Circular economy and product/packaging lifecycle (recyclable products)
- Climate: capital allocation, decarbonization strategy, disclosure, emissions performance, targets
- Energy management
- Green opportunities
- Waste and hazardous materials management
- Water management



- Accessibility and affordability
- Community relations
- Cybersecurity & data privacy
- Government relations
- Human capital management
- Labor relations
- Product safety & integrity
- Responsible use of AI
- Selling practices & product labeling
- Supply chain management



- Anti-takeover provisions
- Board composition and quality
- Board independence and leadership structure
- Board diversity
- Capital structure
- Compensation structure
- Financial and ESG disclosure
- Long-term business strategy
- Risk management
- Succession planning

Engagements involving Neuberger Berman between January 1, 2024 and December 31, 2024 for holdings as of June 30, 2024. One engagement can extend across environmental, social and governance categories. Subcategories reflect the primary topic of conversation in an engagement meeting. An engagement meeting refers to a substantive meeting with portfolio company management to discuss the advancement of one or more sustainability goals.



## CASE STUDY

# Enhancing Governance Structures Post-Spinoff

### Company and Description

Veralto (VLTO) engages in the provision of water quality and product identification services for municipal and industrial customers.

### Issue

Veralto completed a spinoff from Danaher in the fall of 2023. As a newly independent public company, Veralto has adopted several governance structures that we believe are not aligned with governance best practices. The company also had not set climate targets.

### NB Engagement

Our engagement with Veralto began once the senior leadership team was announced, shortly before the spinoff was completed in the fall of 2023. We met with the company's CEO and CFO on several occasions after the spinoff. In May 2024 the proxy was released and we set up a call with the company's IR in order to convey our concerns. We expressed our desire for Veralto to adopt best-in-class governance practices, such as: declassifying the board, adopting a majority vote election method and giving the right for shareholders to call a special meeting. We informed the company that based on our governance standards we would be voting against the election of their nominated directors. We also expressed our desire to see the company set Science-Based climate targets.

### What Happened

The company acknowledged our feedback and noted that the board was open to changing certain governance structures, though it would take time, given that the company was still in the early days of its life as an independent public company.

In September 2024, the company released an updated sustainability report in which it established new Scope 1 and 2 carbon emission reduction targets that the company says are aligned with a 1.5-degree climate pathway. Veralto also stated an intention to set and communicate additional public sustainability goals in the future.

We will continue to engage with the company on governance best practices as well as having their climate targets validated by the Science-Based Targets Initiative. We believe that enacting these best practices increases the probability that management will pursue capital allocation decisions that maximize long-term shareholder value, by strengthening accountability within the organization while also attracting as broad an investor base as possible.

For illustrative purposes only. The inclusion of any individual security in this document does not constitute a recommendation to invest. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable.



## CASE STUDY

# Increasing Sustainability Profile at a Water Treatment Leader in Japan

### Company

Organo (6368-TKS) engages in the manufacture and sale of water purifiers and electrical equipment, including ultra-pure water systems for manufacturing.

### Issue

As a leading provider of ultra-pure water systems in Japan the company had a robust sustainability program with 2030 targets on a variety of metrics. However, we felt the sustainability profile of the products and organization were underappreciated outside Japan. Annual progress was only reported sparsely in Japanese and the company had not reported Scope 3 emissions yet.

### NB Engagement

We organized a call with the company in collaboration with our local Japan Equity colleagues to discuss the business fundamentals and sustainability targets. Key topics included understanding their 2030 product sustainability targets, interim progress, and our request to publish the annual product outcomes in English. In addition, we encouraged the company to set Scope 3 emission reduction targets and consider applying for Science Based Targets in due course.

### What Happened

We followed up with Organo's Sustainability Team, sharing learnings from other successful portfolio companies in the water industry and how improving transparency led to greater appreciation of the positive product contributions to water reuse and avoided emissions. We shared how other leading companies approached Scope 3 emissions and received assurances that annual product outcomes would be reported in English in the next version of the Annual Report. We will continue to engage on setting Scope 3 emissions targets since they often represent a majority of company emissions in the water industry. We also are monitoring the company's international expansion projects.

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In 2020, Neuberger Berman launched NB Votes, an advance proxy vote disclosure initiative in which our firm 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 its clients. This program seeks to share our opinions and provide insight to our analysis by pre-announcing 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.

In 2024, the Global Equity Impact Team supported Neuberger Berman publicly announcing votes in favor of management teams that have demonstrated progress on historical engagement topics related to the inclusion of sustainability metrics in executive compensation and board diversity and skills disclosures, as well as in favor of shareholder proposals calling for more prudent capital allocation focused on long-term shareholder value creation. These votes reflect our balanced commitment to governance practices that promote increased accountability and long-term shareholder value creation.

### **CSX Corporation (CSX)**

CSX introduced safety and fuel efficiency metrics to short-term executive incentive plan back in 2020. In instances where companies employ sustainability metrics in their executive compensation packages, we will evaluate them and apply the same criteria that is applied to more traditional financial metrics. That is, metrics should be clearly defined and materially relevant to the company's strategy and long-term performance. In this case, we believe CEO Joe Hinrichs has been instrumental to making both operational and cultural changes to the company that have greatly contributed to stakeholder and shareholder value. We believe the company has favorable alignment with shareholders and stakeholders with regards to executive compensation and has provided adequate disclosure regarding the efficiency and safety KPIs within its compensation program and the rationale for their inclusion. For these reasons, we voted in support of the advisory vote on executive compensation. The proposal passed with 83% support from shareholders, reflecting strong investor support for management. We will continue to engage the company on executive compensation alignment with long-term shareholder and stakeholder interests.

### **Keisei Electric Railway (9009-JP)**

Keisei Electric, a major shareholder in Oriental Land Company (OLC), which operates Tokyo Disneyland and Disney Sea, faces a valuation issue. Despite Keisei's core business being a profitable commuter rail, its stake in OLC has grown so significantly that it now surpasses the company's enterprise value. However, this stake is not accurately reflected on Keisei's balance sheet, leading to a distorted book value. A 2024 shareholder proposal suggested Keisei should (i) develop a capital allocation plan by January 2025 to enhance corporate value, and (ii) reduce its OLC stake to less than 15% by March 2026.

In collaboration with local Japan Equity colleagues, we engaged with Keisei on capital management issues and supported the shareholder proposal. We advocated for strategies to realize the value of Keisei's OLC stake, emphasizing transparency and effective capital utilization. Although Keisei sold about 1% of its OLC shares, it lacked transparency regarding further plans to reduce ownership or reinvest proceeds to boost corporate value.

Consequently, we voted in favor of the shareholder proposal and disclosed our vote through the NB Votes initiative. The proposal, though not passed, garnered significant support (30%). Our support was driven by the need for Keisei to clarify its strategy for enhancing shareholder value and effectively managing its OLC investment. We continue to engage with Keisei to explore value realization opportunities from its OLC stake.

### **NextEra Energy (NEE)**

Neuberger Berman expects companies to disclose a board skills matrix that identifies the skills, experience and qualifications of key importance to the board and the relevant skills held by each director. We believe a skills matrix can be a helpful tool to evaluate a board's composition of skills and experience, identify skills gaps, and support succession planning and the director nomination process. In this case, as long-term shareholders of NextEra on behalf of our clients, we have a strong engagement history with the company. Last year, we engaged and encouraged the company to disclose an individualized director skills matrix. We also disclosed in NB Votes our support for the shareholder proposal regarding disclosure of a board diversity and skills matrix, and provided direct feedback to the company. While its board diversity disclosure provided met our governance expectations for operating companies, we believed there was opportunity to enhance board composition disclosures.

For this reason, we were pleased to see that since then the company has enhanced existing disclosures through the inclusion of an individualized director skills matrix. Given the company's direct responsiveness to shareholder feedback, we voted against the shareholder proposal regarding disclosure of a board diversity and skills matrix on behalf of our clients for whom we have proxy voting authority. The proposal did not pass, with 59% of shareholders voting against. We continue to engage closely with NextEra on the strength of their governance practices.

# Advisory Council

Our impact investing process is overseen by Neuberger Berman’s internal stewardship and sustainable investing committees, while the Stewardship and Sustainable Investing Advisory Council (the Council) provides expert guidance on key sustainability and impact issues relevant to the strategy’s investment process.

The Council meets quarterly and provides insights from the perspective of leaders from academia, the non-profit sector and institutional asset owners. Independent guidance from the Council is then integrated into Neuberger Berman’s sustainable and impact investing processes to ensure alignment with industry best practices. Topics on which the council offered insights include policy implications from the US elections, physical risks from climate change and climate adaptation, the impact of generative AI on climate transition, the landscape of sustainable investing in China, and just transition.



**Vijay Advani**

Former Executive Chairman of Nuveen, the Investment Management arm of TIAA, and current Chairman of the US-India Business Council Global Board of Directors



**Ben Caldecott**

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



**Janine Guillot**

Former CEO of Value Reporting Foundation (formerly Sustainability Accounting Standards Board)



**Mindy Lubber**

President and CEO of Ceres, a sustainability-focused non-profit 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



**Theresa Whitmarsh**

Former Executive Director of the Washington State Investment Board and Chair of the Board of Directors, FCLT (Focusing Capital on the Long Term) Global

# Portfolio Impact Reporting

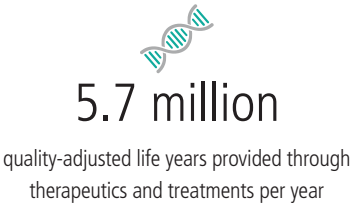
Impact measurement and reporting is a critical aspect of our investing process, and we are proud that the companies within our portfolio are delivering material positive environmental and social outcomes across each of the NB Impact themes.<sup>1</sup> We monitor annual progress on impact metrics for individual companies in the portfolio and while aggregate reported impacts across the total portfolio will change from year to year based on new adds and exits, we also keep track of the aggregate growth in impact metrics for those companies that are in the portfolio in both time periods.

## SOCIAL IMPACT: DELIVER SUSTAINABLE GROWTH AND FAIR EMPLOYMENT



Software solutions have the capacity to unlock efficiencies in critical government services that facilitate better education, public safety and other key social outcomes. They can also enhance the productivity and survival rate of small businesses, which are a key driver of job creation within the economy. Our portfolio companies reached more than 13,000 local, state and federal sites and 8.3 million small businesses with efficiency-enhancing software solutions.

## SOCIAL IMPACT: INCREASE POSITIVE HEALTH AND SAFETY OUTCOMES



A number of companies in our portfolio improve the health and well-being of consumers, resulting in a higher-quality, longer life. Through innovative medicines, medical devices or care provision, consumers benefit from over 5.7 million quality-adjusted life years, a measure of both longevity and quality of life. Our portfolio companies also delivered precision agriculture technology across 388 million acres, enabling more efficient crop production systems. Furthermore, the 52 billion gallons of water per day treated by our portfolio companies in the last year equate to the annual drinking water needs of over 145 million American households.<sup>2</sup>

<sup>1</sup> Forecasted company impacts in 2023 given corporate impact reporting for 2024 has not yet concluded.

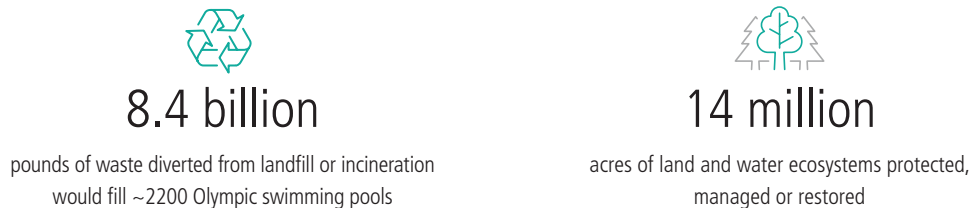
<sup>2</sup> US EPA <https://www.epa.gov/watersense/statistics-and-facts>.

## ENVIRONMENTAL IMPACT: COMBAT CLIMATE CHANGE AND ENABLE ENERGY TRANSITIONS



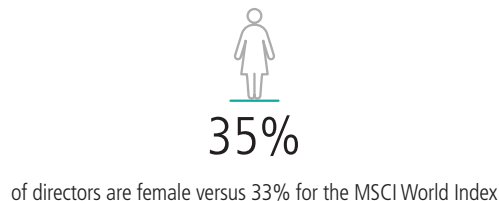
The need for urgent climate action is clearer than ever to us. We estimate that the companies in our portfolio avoided ~725 million metric tons of CO<sub>2</sub>e emissions through the enablement of clean energy production and more efficient energy use. This is equivalent to the annual carbon emissions of more than 199 million passenger vehicles.<sup>1</sup> A greater percentage of our portfolio scores as Aligned with net zero compared to the benchmark, while 50% of holdings have an SBTi approved emissions-reduction target, compared to 47% of the MSCI World Index.

## ENVIRONMENTAL IMPACT: CONSERVE NATURAL ENVIRONMENT



Taking care of the environment extends beyond reducing greenhouse emissions, it also demands preserving the natural surroundings around us. The ~8.4 billion pounds of waste diverted from landfill or incineration represent ~2200 Olympic swimming pools. Companies in our portfolio also worked on projects that protected, managed or restored 14 million acres of natural ecosystems.

## CROSS-CUTTING THEME: PROMOTE GENDER AND RACIAL EQUALITY



Ensuring women's full and effective participation and equal opportunities for leadership is a key objective of the UN SDGs. As such, female representation at the board level is a core impact metric included in the GIIN's IRIS+ database. We are fully committed to advancing racial and gender equity, and we engage closely with portfolio companies to improve the representation of women and ethnic minorities at all levels of an organization. The companies in our portfolio have greater female representation at the board level when compared to the MSCI World Index.

<sup>1</sup> <https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>.

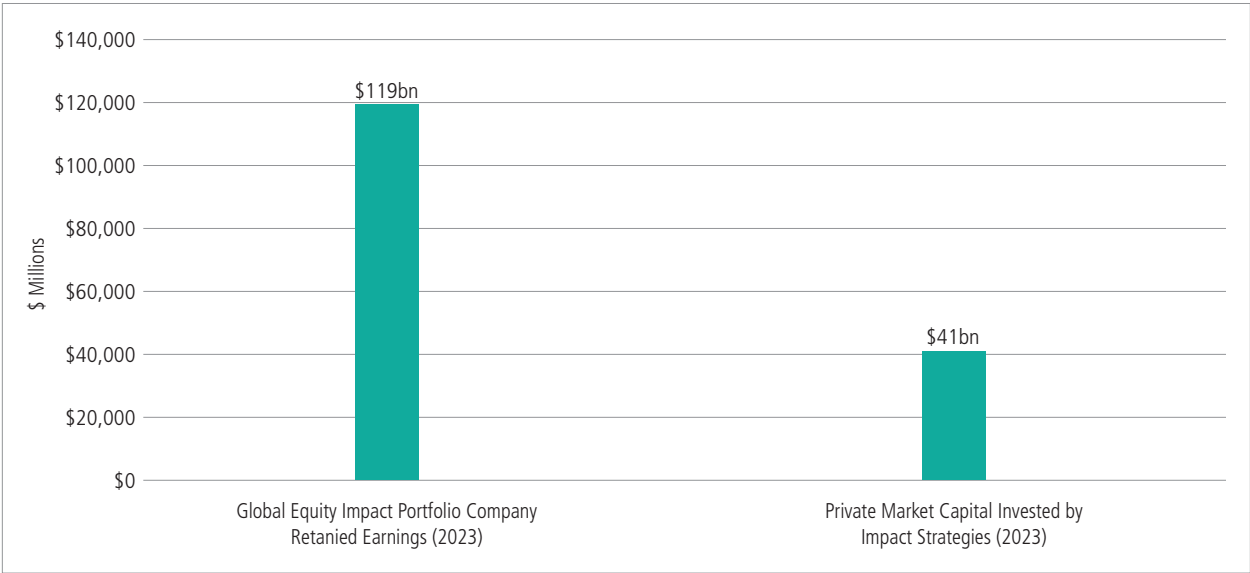
Source: Company reports, MSCI. For further discussion of our portfolio company impact metrics and our impact measurement methodology, please see Appendix A – Impact Measurement.

# Unlocking the Full Potential of Impact Investing Through Public Equities

The Organization for Economic Cooperation and Development (OECD) estimates that to achieve the UN SDGs by 2030 an incremental \$4.2 trillion<sup>1</sup> in annual global spending will be required. We believe that publicly listed companies represent a significant and underappreciated source of capital to address this spending gap.

As shown below, the Global Impact Investing Network (GIIN) estimates that capital deployed by private market impact funds totaled approximately \$41 billion<sup>2</sup> in 2023. In comparison, the retained earnings in 2023 of only the portfolio companies held in our Global Equity Impact Strategy totaled approximately \$119 billion,<sup>3</sup> while the annual retained earnings of all public companies globally are greater than \$3 trillion.<sup>4</sup> This highlights the significant source of capital that is waiting to be unlocked in support of the UN SDGs. The GIIN has also highlighted the opportunity presented by the scale of cash reserves on corporate balance sheets to grow the impact investing market in its previous reports on the size of the impact market.<sup>5</sup>

We believe the key to unlocking the potential benefits of this capital is a system that rewards companies for their contribution and a market that values positive and negative outcomes from products or services. As such, we engage actively with the companies in our portfolio (as showcased in the “Our Engagement” section of this report) to encourage impact target setting and capital allocation decisions that support positive social and environmental outcomes, in keeping with our theory of change for each investment. Through the creation of an “Impact Ecosystem” in the public equity market and active engagement to encourage on capital allocation decisions that support positive outcomes, we believe public markets can be a significant driver of positive impact.



<sup>1</sup> OECD Global Outlook on Financing for Sustainable Development.  
<sup>2</sup> 2024 GIINsight – Impact Investing Allocations, Activity and Performance.  
<sup>3</sup> FactSet.  
<sup>4</sup> FactSet, MSCI All-Country World Index.  
<sup>5</sup> Global Impact Investing Network Sizing the Impact Investment Market 2023.

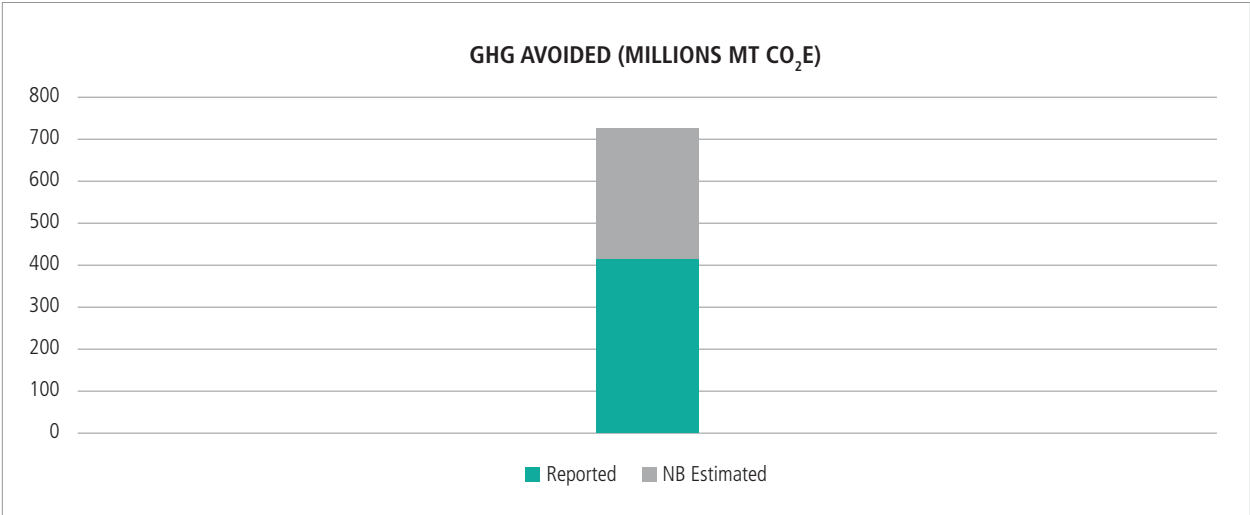
# Appendix A – Impact Measurement

Our impact measurement process begins with an assessment of company disclosures on positive impacts delivered through its products and services. However, there are also companies within our portfolio that have no or limited impact disclosures. In such instances, we utilize our proprietary impact measurement analysis to estimate company impacts. Adequacy of disclosures also informs our engagement with portfolio companies, as we encourage them to enhance their impact reporting. We believe this active process of dialogue is a critical component in developing a robust practice of impact measurement and reporting that will bring greater transparency to the market over the long term and incentivize greater management focus on increasing positive outcomes. Where possible we seek to align our impact metrics with standardized metrics listed in the GIIN’s IRIS+<sup>1</sup> system for measuring, managing and optimizing impact.

The charts below show our calculations for company-generated impact compared to the reported impact disclosed by our portfolio companies in 2023, given the lagged reporting cycles of corporates.

## Avoided Emissions (GHG Avoided)

Our measure for avoided emissions takes into consideration the lower carbon intensity of renewable energy generated or enabled by portfolio companies compared to fossil fuel-based alternatives, the lower carbon intensity of rail compared to truck freight, the lower carbon intensity of higher efficiency HVAC units, and more efficient resource consumption enabled through the advisory and data platforms enabled by our portfolio companies.

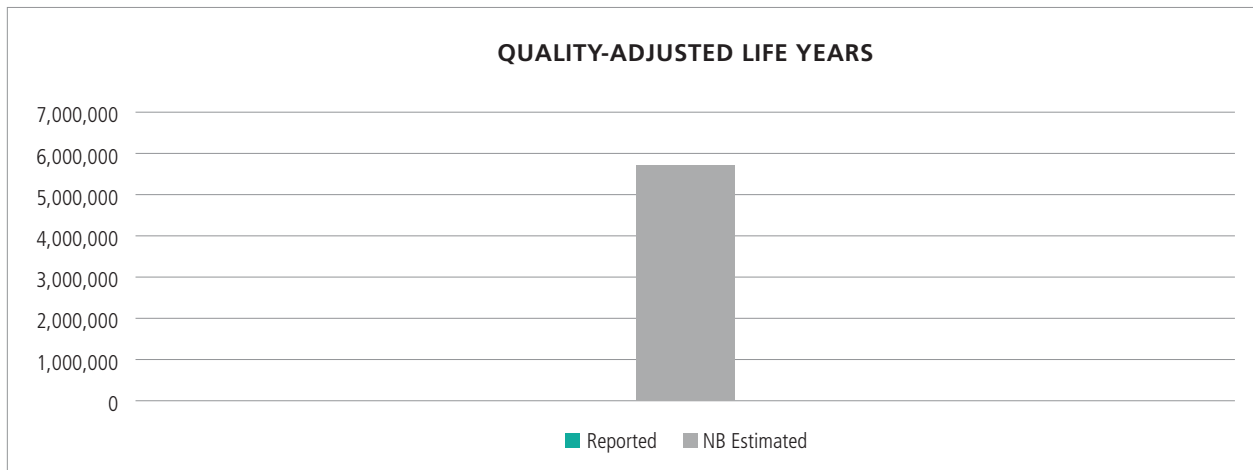


Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. GHG – Greenhouse Gas. Impacts during calendar year 2023.

<sup>1</sup> For more information on the IRIS+ system please see <https://iris.thegiin.org/>.

### Quality-Adjusted Life Years (QALYs)<sup>1</sup>

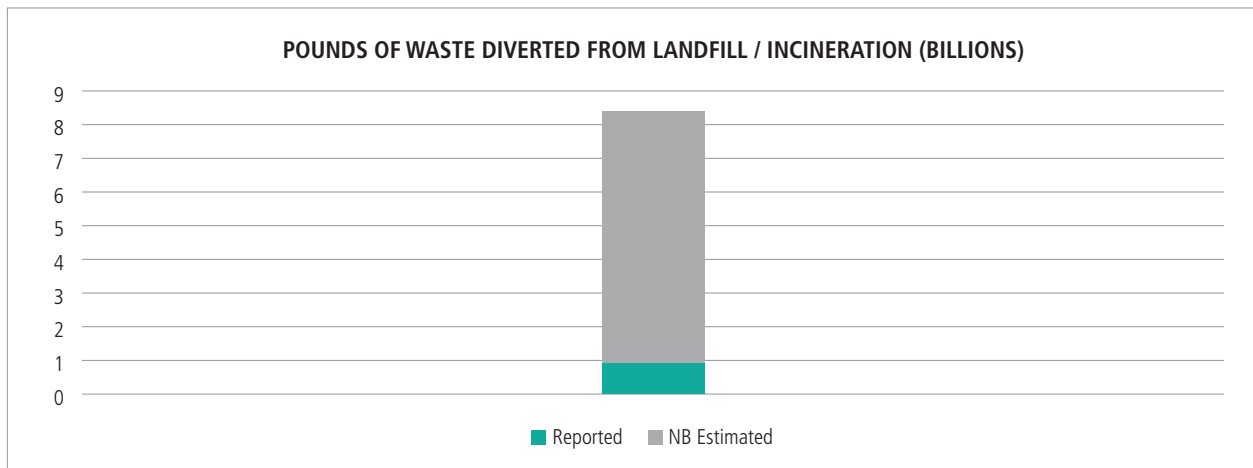
When assessing the impact of health and wellness products, such as therapeutics, medical devices or healthy foods, we focus on the benefit to end consumers' quality and length of life, reflected in QALY. We review peer-reviewed academic studies on specific drugs or diets which measure the effectiveness of these products relative to their cost. We then leverage these studies to estimate the QALYs generated by a company's products. While QALYs are not listed as a metric in the IRIS+ system, we believe this measure gives us a clearer view of the relative positive health impact generated by company products.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

### Pounds of Waste Diverted from Landfill or Incineration

Our measurement for waste diverted reflects the higher recycling rate of materials produced by our portfolio companies, such as aluminum and paper, compared to the primary material used in packaging (typically plastic) which results in less material being sent to landfill or incinerators as well as the virgin material saved by leveraging recycled content in product manufacturing.

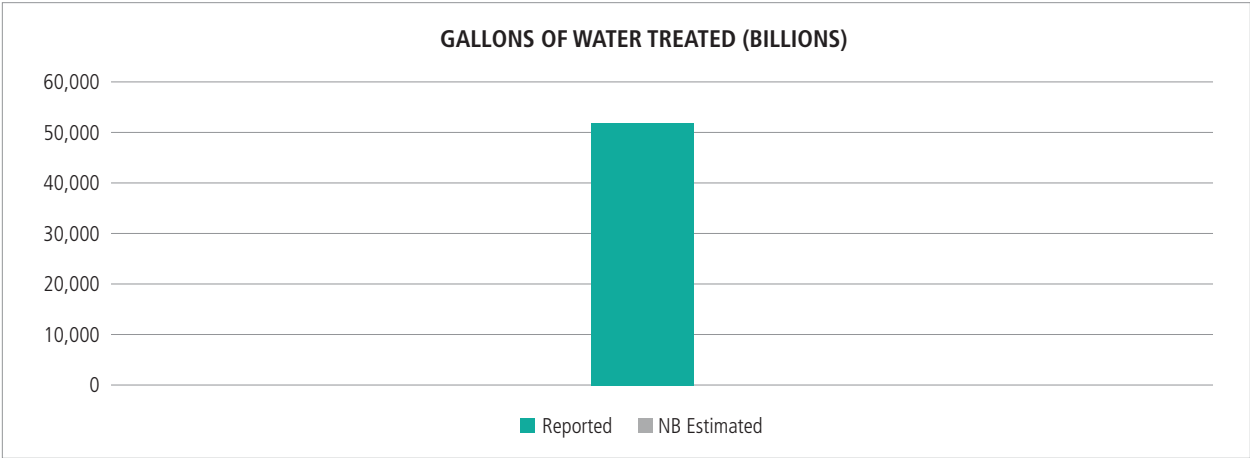


Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

<sup>1</sup> For more information on QALYs please see <https://icer.org/our-approach/methods-process/cost-effectiveness-the-qaly-and-the-evlyg/>.

### Gallons of Water Treated

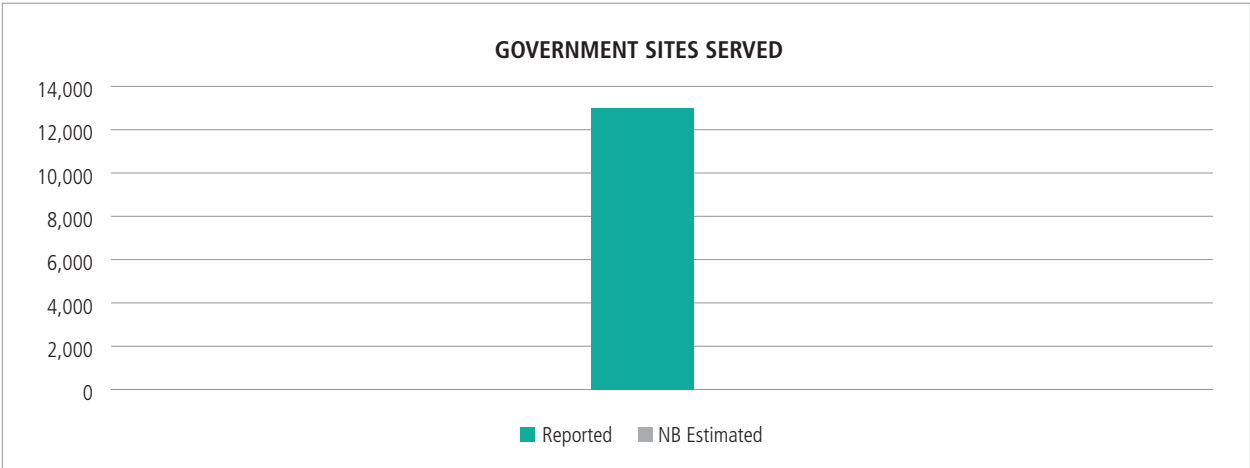
Water treated reflects company-disclosed metrics as well as our estimates for how many gallons have been treated or conserved by their products.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

### Government Sites Served

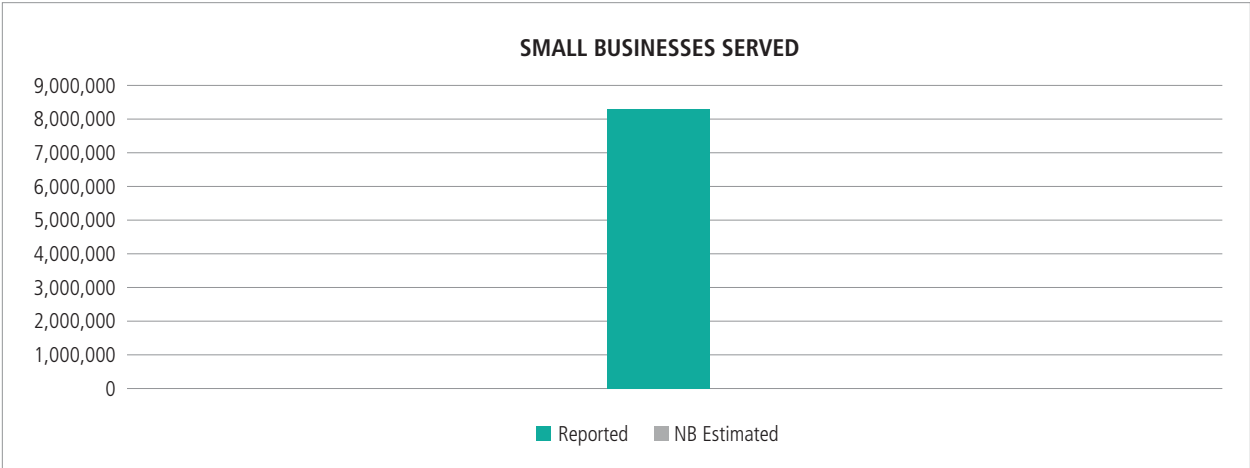
Corporate disclosures enabled our measurement of government sites served with productivity-enhancing software. These offerings play a key role in promoting sustainable economic development.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

### Small Businesses Served

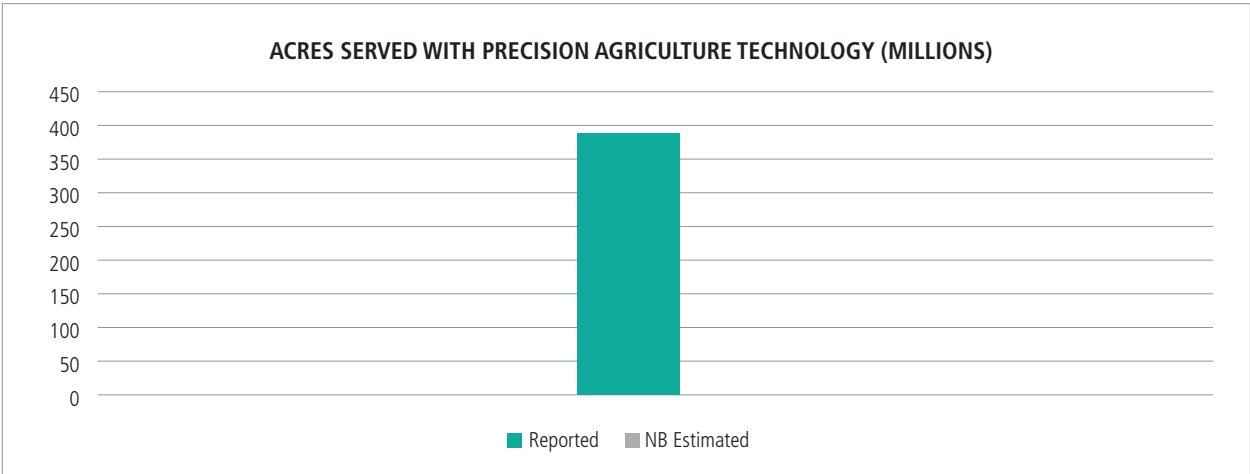
Corporate disclosures enabled our measurement of small businesses served with productivity-enhancing software. These offerings play a key role in promoting sustainable economic development.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

### Acres Served With Precision Agriculture Technology

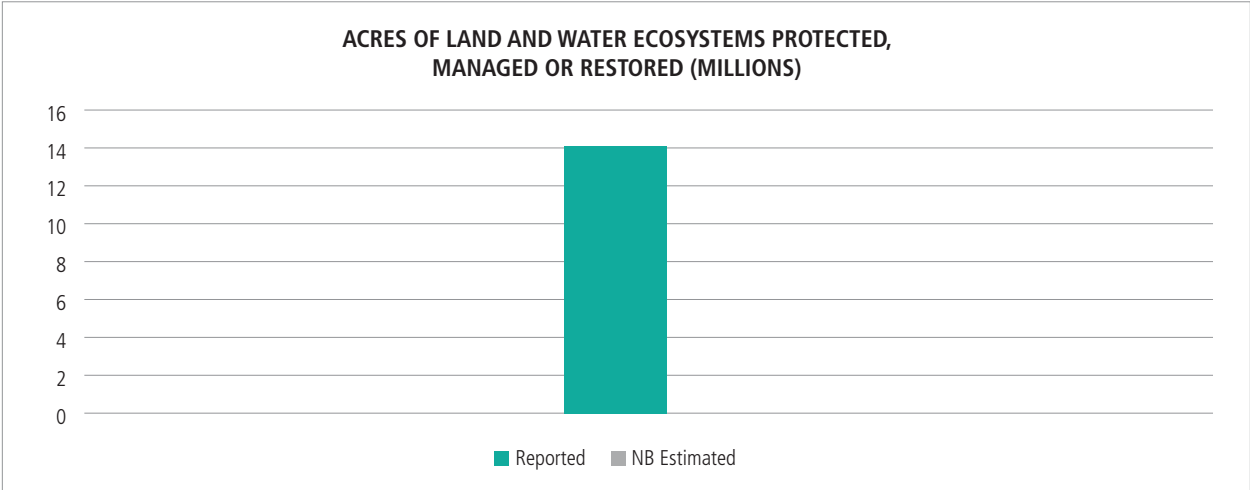
Corporate disclosures enabled our measurement of acres served with precision agriculture technologies This represents the penetration of more efficient agricultural practices.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

### Acres of Land and Water Ecosystems Protected, Managed or Restored

Corporate disclosures enabled our measurement of acres of land and water ecosystems that were protected, managed or restored. The restoration and preservation of natural environments enables more sustainable management of the Earth's land.



Source: Company reports, NB estimates. Data as of December 31, 2023. For illustration purposes only. Impacts during calendar year 2023.

## Appendix B – Portfolio Company Overviews (as of December 31, 2024)

### ABB LTD. (ABBN-CH)

<b>Company Overview</b>	ABB Ltd. engages in the development and provision of electrification, motion and automation solutions.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 7.3: By 2030, double the global rate of improvement in energy efficiency.
<b>Theory of Change</b>	<b>Inputs:</b> ABB invests \$1.3B in R&D annually to support new product development. <b>Outputs:</b> The company produces electrical products and systems, including connectors and electrical motors that serve a number of end markets. <b>Outcomes:</b> These products enable more energy-efficient industrial operations that result in avoided carbon emissions when put into use.
<b>Key Outcomes</b>	ABB's products enabled the avoidance of 74 MMT in 2023. The company has a target to help its customers avoid 600 MMT of GHG emissions through products sold from 2022 – 2030. <b>Annual Progress:</b> 74MMT of CO <sub>2</sub> e avoided in 2023 vs. 65MMT in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Provide reporting on the drivers of avoided emission ambitions, continue to take steps on strengthening global anti-corruption practices.

## AIA GROUP (1299-HK)

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<b>Company Overview</b>	AIA Group Ltd. is an investment holding company, which engages in the provision of life and health insurance.
<b>Sector and Primary SDG Target</b>	<b>Financials</b> 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
<b>Theory of Change</b>	<b>Inputs:</b> AIA's 26,000 employees and total assets of \$286 billion provide financial and health security for plan holders. <b>Outputs:</b> AIA serves 42 million individual policies and more than 18 million members in group insurance schemes. Some of these customers participate in the AIA Vitality program focused on wellness and pre-emptive health interventions. <b>Outcomes:</b> Benefits paid enable financial security for plan holders and programs can reduce healthcare cost, while AIA Vitality members show an improvement in a number of health metrics after enrolling.
<b>Key Outcomes</b>	AIA paid out \$21 billion in benefits in 2023, while increasing annual enrollment in AIA Vitality to 3.1 million customers. AIA Vitality members improved their Vitality Age by 0.1 years since joining the program with a majority of at-risk members seeing an improvement in blood pressure and glucose levels. 43% of at-risk AIA Vitality members also saw their cholesterol levels decline. <b>Annual Progress:</b> Total benefits paid increased 31% year-over-year and AIA Vitality customers increased 19% year-over-year. For AIA Vitality there was a 22% year-over-year increase in the number of customers with a biometric result moving to healthy from unhealthy or with an AIA Vitality Age improvement.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Increase adoption of AIA Vitality and improve real-world outcomes via program enhancements, while investing in new policy growth in lower to middle income countries such as India.

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## ANALOG DEVICES (ADI)

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<b>Company Overview</b>	Analog Devices, Inc. is a semiconductor company that engages in the combination of analog, digital and software technologies into engineering solutions. Its products include analog and mixed signals, power management and reference, amplifiers radio frequency, and reference, sensors and actuators, and digital signal processing systems.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.
<b>Theory of Change</b>	<b>Inputs:</b> 26,000 employees, half of which are in engineering roles, design and manufacture analog semiconductors at owned and outsourced fabrication plants. ADI spent \$1.6 billion on R&D in calendar 2023, above peer averages as a percent of sales. <b>Outputs:</b> ADI provides 75,000 stock-keeping units (SKUs) of integrated circuits. Products generally take real-world inputs (light, speed, etc.) and convert to digital signals. <b>Outcomes:</b> ADI semiconductors enable electrification and power intelligent edge devices that conserve energy and/or reduce emissions.
<b>Key Outcomes</b>	ADI battery management systems (BMS) enable electric vehicles that avoid 100mn tons of CO <sub>2</sub> e annually, of which we ascribe a portion to ADI based on the bill of materials share. Other products enable 30% longer battery life in energy storage systems to support renewable energy integration and the company expects significant emissions savings from their transceivers and algorithms by 2030. <b>Annual Progress:</b> Outcome data was not updated in 2023 as the company implements a new methodology to report going forward. Sustainable product revenue of 30% was also flat year over year as the company transitions to reporting against the EU Taxonomy.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Detail methodology of ADI's unique contribution to avoided emission calculations.

## APTIV PLC (APTV)

<b>Company Overview</b>	Aptiv Plc specializes in advanced technologies and software solutions for mobility, including the manufacture of vehicle components and the design of advanced safety systems and automated driving systems. The firm also manufactures vehicle components/charging stations for EVs.
<b>Sector and Primary SDG Target</b>	<b>Consumer Discretionary</b> 3.6: By 2030, halve the number of global deaths and injuries from road traffic accidents. 7.3: By 2030, double the global rate of improvement in energy efficiency.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D and capex to support the development and manufacturing of new products. <b>Outputs:</b> Produces auto components to enable advanced driver-assistance systems (ADAS) and the electrification of vehicles. <b>Outcomes:</b> ADAS saves lives by reducing vehicle accidents, and electric vehicles enabled by components contribute to lower emissions from transportation.
<b>Key Outcomes</b>	More than 55 million vehicles have been equipped with APTV's active safety products such as automatic braking which can reduce front-to-rear crashes by 56%. APTV's products such as high voltage cabling, connectors, battery monitoring and onboard chargers enable EVs, which APTV reports helped avoid 72 million tons of CO <sub>2</sub> e in 2023. <b>Annual Progress:</b> The number of vehicles equipped with APTV's active safety products increased by 15 million, or 38% in 2023, while the avoided emissions increased 130% compared to 2022. The company also increased electric high voltage electric vehicle platform revenue 41% to \$1.7 billion in 2023, from \$1.2 billion in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Improve financial communication and consistency under new CFO with disciplined capital allocation.

## ASAHI INTECC (7747-JP)

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### Company Overview

Asahi Intecc Co., Ltd. engages in the development, manufacture and sale of medical and industrial equipment products. It operates through the following segments: Medical Business and Device Business. The Medical Business segment deals with the development, manufacture and sale of self-branded and original equipment manufacturer products of medical equipment. The Device Business segment manufactures and sells parts for medical and industrial equipment.

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### Sector and Primary SDG Target

#### Health Care

3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

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### Theory of Change

**Inputs:** Invests more than 10% of sales in R&D to develop new products.

**Outputs:** Leading developer of innovative medical devices for coronary and other medical procedures.

**Outcomes:** These minimally invasive treatments improve patient health outcomes in 110 countries around the world.

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### Key Outcomes

Asahi Intecc's PCI guidewires and catheter products significantly improve treatment for coronary artery disease at an effective cost of \$36,000 per quality life year, driving more cost-effective positive patient outcomes.

**Annual Progress:** Asahi Intecc expanded its presence in more regions across North America, Europe and Asia, leading to over 50% market share for its PCI guidewires that significantly improve the cost and quality of care for coronary artery disease.

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### Our Role

**Investment Category:** Opportunistic

**Engagement Topics:** Opportunity to expand to new products to help patients and ability to expand market share globally on its core products.

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## ASML (ASML-NL)

<b>Company Overview</b>	ASML Holding NV engages in the development, production, marketing, sales, upgrading and servicing of advanced semiconductor equipment systems. It includes lithography, metrology and inspection systems.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.
<b>Theory of Change</b>	<b>Inputs:</b> ASML spent €4 billion on R&D with 42,400 employees working to produce semiconductor manufacturing tools and advance semiconductor manufacturing technology. <b>Outputs:</b> Delivered an estimated 450 tools to semiconductor customers in 2023. <b>Outcomes:</b> As the sole supplier of UV lithography tools, ASML enables smaller semiconductor technology nodes which leads to more efficient computing and energy efficiency.
<b>Key Outcomes</b>	We estimate ASML's technology and tools contributed to avoiding 55 million tons of CO <sub>2</sub> e through the end-use of semiconductors for energy efficiency and electrification use-cases. This is greater than the emissions directly generated by the semiconductor industry, which ASML is also addressing as a founding member of the Semiconductor Climate Consortium. <b>Annual Progress:</b> ASML shipped the first 0.55 (High) NA modules intended for R&D purposes to customers in 2023. This extreme ultraviolet (EUV) lithography system is the next generation of the technology roadmap, enabling further shrink and greater process efficiency.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Quantify the power usage implications of node advancements enabled by EUV and continue tool efficiency efforts to reduce power consumption by customers.

## ASTRAZENECA PLC (AZN-GB)

<b>Company Overview</b>	AstraZeneca Plc engages in the research, development, manufacture, and commercialization of prescription medicines for a range of illnesses including cancer, heart disease and rare diseases.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> AstraZeneca invests ~\$12 billion in R&D annually to support the development of new therapeutics. <b>Outputs:</b> The company produces a number of innovative therapeutics that treat a range of diseases, including cancer, cardiovascular disease and rare diseases. <b>Outcomes:</b> These treatments enable positive patient health outcomes and an increase in life years.
<b>Key Outcomes</b>	AstraZeneca's medicines reach more than 66 million people annually through access to healthcare programs. The company is a market leader in the development of treatments for cancer, which is the #2 cause of death in the US. <b>Annual Progress:</b> More than 66 million people reached through access to healthcare programs in 2023, roughly flat vs. 2022.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Continue to enhance access to medicines in Emerging markets, continue to take steps on strengthening global anti-corruption practices.

## BALL CORPORATION (BLL)

<b>Company Overview</b>	Ball Corporation (BALL) is a leading global provider of innovative, sustainable packaging solutions for beverages and household products.
<b>Sector and Primary SDG Target</b>	<b>Materials</b> 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in capex to expand the production of aluminum beverage cans. <b>Outputs:</b> Produces aluminum beverage cans and promotes the increased usage of these products. <b>Outcomes:</b> Aluminum beverage cans are more recyclable and have higher recycle rates than plastic alternatives, diverting waste from landfills. Investment in new product innovation also contributes to lower energy usage and associated emissions.
<b>Key Outcomes</b>	Ball is a leading participant in the circular economy via its 36% market share in the manufacturing of aluminum cans in North and Central America. Aluminum cans are 100% infinitely recyclable, and 75% of aluminum ever produced is still in use today, while approximately 90% of plastics are not recycled. Ball has a 2030 goal of aligning the packaging industry to achieve a 90% global recycling rate for aluminum beverage cans, bottles and cups. <b>Annual Progress:</b> Increased recycled content in packaging to 70% from 66% in 2023.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Provide regular updates for improving recycling rates of aluminum and for reducing carbon footprint in can production.

## BAXTER INTERNATIONAL INC. (BAX)

<b>Company Overview</b>	Baxter International, Inc. engages in the provision of a portfolio of essential healthcare products, including acute and chronic dialysis therapies, infusion systems and devices, parental nutrition therapies, surgical equipment, smart bed systems, patient monitoring and diagnostic technologies, and respiratory health devices.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Baxter invested over \$650 million in R&D in 2023 to develop essential healthcare products. <b>Outputs:</b> Baxter produces renal care equipment, hospital beds, front line care equipment, and medication delivery products among other essential products. <b>Outcomes:</b> Baxter's products help to reduce health care costs while also improving patient outcomes.
<b>Key Outcomes</b>	Baxter continues to improve product quality to enhance patient outcomes, including by reducing the rate of leaks for sterilized solutions. <b>Annual Progress:</b> In 2023, Baxter achieved a 9% improvement compared with 2022 in reducing the rate of leaks for sterilized solutions and sets.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Enhance disclosure on positive patient impact of product portfolio, increase focus of R&D to enhance patient outcomes.

## BELLRING BRANDS (BRBR)

<b>Company Overview</b>	BellRing Brands, Inc. is a holding company operating in the global convenient nutrition arena. BellRing delivers nutrition products that seek to better meet the needs of all consumers.
<b>Sector and Primary SDG Target</b>	<b>Consumer Staples</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in selling and marketing to promote its food offerings. <b>Outputs:</b> Produces and markets low-carb, high-protein food products and shakes. <b>Outcomes:</b> Low-carb diets are associated with weight loss, which in turn helps consumers to address the health issues associated with weight problems and obesity.
<b>Key Outcomes</b>	A low-carb diet has been shown by numerous academic studies to drive weight loss by an average of 11 pounds per participant over a one-year period. BellRing's Premier Protein brand increased its share to over 23% share in the ready-to-drink protein shake market. <b>Annual Progress:</b> BellRing expanded the household penetration of its Premier Protein brand to 19.4% from 17.1% previously, expanding the company's reach among health-conscious customers.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Disclose more data on the link between BellRing's products and positive health outcomes, continue to expand manufacturing supply to ensure lower risk of product shortages.

## BOSTON SCIENTIFIC (BSX)

<b>Company Overview</b>	Boston Scientific is a medical device manufacturing company that creates less invasive technologies across a variety of medical specialties, including endoscopy, cardiovascular disorders such as coronary artery disease & structural heart disorders and rhythm management.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment, and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to support new product development and capex for manufacturing facilities. <b>Outputs:</b> Produces a wide portfolio of innovative and safe medical devices. <b>Outcomes:</b> Products enable an improvement in patient treatment and health outcomes for millions of patients, including those affected by heart disease, the #1 cause of death in the United States.
<b>Key Outcomes</b>	Boston Scientific reaches more than 37 million patients annually, providing both life-saving technologies and innovative solutions that significantly improve their quality of life. For example, Boston's FARAPULSE ADVENT clinical trial read out positively in 2023 with better patient safety and outcome consistency than the standard of care. The company conducted 63 clinical trials in 2023. <b>Annual Progress:</b> More than 37 million patients reached in 2023, vs. 33 million in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Successful launch and increase access of innovative products like ablation tools and drug coated balloons, revenue growth opportunity from expansion in emerging markets, particularly in APAC.

## BROOKFIELD RENEWABLE CORPORATION (BEPIC)

<b>Company Overview</b>	Brookfield Renewable is a globally diversified, multi-technology renewable power company. The company is one of the largest owners, operators and investors in renewables globally with ~\$60 billion in total power assets and 21,000 megawatts of generating capacity across hydro, wind, storage, solar and distributed generation.
<b>Sector and Primary SDG Target</b>	<b>Utilities</b> 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in capex to develop renewable energy projects. <b>Outputs:</b> Operates ~8,000 power generating facilities globally all of which operate on renewable energy. <b>Outcomes:</b> The renewable energy generated by Brookfield's power facilities enables emissions reductions compared to fossil-fuel-based power facilities.
<b>Key Outcomes</b>	Brookfield Renewable generates ~90k gigawatt hours (GWh) of clean energy annually, displacing ~42 million metric tons of carbon dioxide emissions. Additionally, the company's development pipeline contains another 155k megawatts of renewable capacity. <b>Annual Progress:</b> Avoided emissions of 42 million metric tons in 2023 vs. 33 million in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Increase progress on company emissions reductions targets; expand business to new viable geographies to pursue new clean energy opportunities.

## CANADIAN PACIFIC KANSAS CITY LIMITED (CP)

<b>Company Overview</b>	Canadian Pacific Kansas City Limited is a transportation holding company which was formed out of the acquisition of Kansas City Southern by Canadian Pacific. The company ships a variety of products across multiple areas, including agricultural products, chemicals & petroleum, industrial & consumer goods, automobiles and energy.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in capex to enhance its rail network and increase efficiency. <b>Outputs:</b> Specializes in rail transportation to enable land-based freight transportation. <b>Outcomes:</b> Rail is the most fuel-efficient mode of freight transportation on land (on average three to four times more fuel-efficient than trucks), enabling avoided emissions compared to other modes of transportation.
<b>Key Outcomes</b>	The combination of Canadian Pacific and Kansas City Southern will help avoid more than 1.9 million tons of GHG emissions within five years due to improved efficiency versus current operations. Approximately 64,000 long-haul truck shipments will be diverted to combined intermodal services, which is expected to reduce total truck vehicle miles by 2 billion miles over the next 20 years. <b>Annual Progress:</b> Locomotive fuel efficiency improved again last year as measured by gallons of fuel consumed per gross-ton miles, improving by 43% since 1990.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Continue to improve fuel efficiency ratios, further proactive safety approach to make sustained progress on employee and overall railroad safety metrics.

## CLOROX (CLX)

<b>Company Overview</b>	The Clorox Company is a multinational manufacturer of consumer and professional products, including cleaning products (laundry, home care), household products (pet products, plastic bags, containers), and lifestyle products (personal care, dietary supplements, and water filtration systems).
<b>Sector and Primary SDG Target</b>	<b>Consumer Staples</b> 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases, and combat hepatitis, water-borne diseases and other communicable diseases.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in selling and marketing to promote its portfolio of cleaning and disinfectant products. <b>Outputs:</b> Provides disinfectant wipes in the US with 50% market share. <b>Outcomes:</b> These wipes kill over 99.9% of bacteria and viruses where used. Additionally, the company's EPA-registered disinfectants and UV electrostatic technology help reduce the spread of pathogens that cause healthcare-associated infections (HAIs) in hospitals and clinics.
<b>Key Outcomes</b>	Clorox disinfectants are used to clean hospital rooms and reduce the spread of HAIs. The CDC estimates that one in 25 hospital patients across the US has at least one HAI on any given day. Clorox also works to address water safety through its Brita brand. <b>Annual Progress:</b> Expanded Brita municipality program to over 180+ partnerships across the US, helping cities with lead in their drinking water provide their communities with safe and lead-free water.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Disclose more data around effectiveness of products in disease/infection prevention; enhance progress on consumer well-being goal.

## COHERENT CORP. (COHR)

<b>Company Overview</b>	Coherent engages in the development and manufacturing of engineered materials, optoelectronic components, and optical systems for applications in industrial, communications, aerospace & defense, life sciences, semiconductor capital equipment, automotive and consumer electronics.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D for innovation and capex for production capacity across manufacturing sites. <b>Outputs:</b> Manufactures silicon carbide substrates (SiC), which are an advanced material used in conversion systems that power electric vehicles. They also manufacture high-speed data networking components critical to artificial intelligence infrastructure. <b>Outcomes:</b> These products significantly boost efficiency in electric vehicles and networking technology through the ability to operate at higher power levels, e.g., enabling greater EV range or energy-efficient networking at higher speeds.
<b>Key Outcomes</b>	Coherent is a leading manufacturer of SiC materials. We estimate the company's SiC production enables ~350K EVs per year, collectively avoiding an estimated 1,000,000 metric tons of carbon emissions annually. <b>Annual Progress:</b> The company increased revenue from SiC materials by >30% in 2023 and brought in two JV partners to expand the business and help fund the long-term capital investment plan.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Disclose total power efficiency benefits or avoided emissions of products to quantify impact, reduce leverage after sizable acquisition.

## CSX CORPORATION (CSX)

<b>Company Overview</b>	CSX Corporation is one of the nation's largest transportation suppliers. The company provides rail, intermodal and rail-to-truck transload services and solutions to customers across an array of markets, including energy, industrial, construction, agricultural and consumer products.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
<b>Theory of Change</b>	<b>Inputs:</b> Invests significantly in capex to maintain and enhance its rail network. <b>Outputs:</b> Specializes in rail transportation to enable land-based freight transportation. <b>Outcomes:</b> Rail is the most fuel-efficient mode of freight transportation on land (on average three to four times more fuel-efficient than trucks), enabling avoided emissions compared to other modes of transportation. Rail is also a safer mode of transport compared to trucking, with fewer safety incidents.
<b>Key Outcomes</b>	CSX's volume keeps less-efficient trucks off the road and reduces CO <sub>2</sub> by more than 12.9 million metric tons annually. CSX continues to be a leader in transportation safety, with train accident rates decreasing a further 1% in 2023. <b>Annual Progress:</b> Avoided emissions of 12.9 million metric tons in 2023 vs. 12.5 million in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Continue to improve fuel efficiency ratios, further proactive safety approach to make sustained progress on employee and overall railroad safety metrics.

## DANAHER (DHR)

<b>Company Overview</b>	Danaher Corp. designs, manufactures and markets professional, medical, industrial and commercial products and services. It offers a range of research tools that scientists use to study the basic building blocks of life, to understand the causes of disease, identify new therapies, test new drugs and vaccines, diagnose disease and make treatment decisions.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to support the development of new tools and diagnostic tests. <b>Outputs:</b> Develops innovative life science tools and consumables, as well as clinical tests. <b>Outcomes:</b> These products enable faster and more efficient medical innovations and diagnoses, which drive improved patient health outcomes.
<b>Key Outcomes</b>	100% of the companies that received FDA approval for gene therapies in 2023 utilized Danaher genomic medicine products; more than 90% of the global production volume of approved monoclonal antibodies is supported by Danaher; and more than 9 billion diagnostic tests are enabled by Danaher across a range of disease types every year. <b>Annual Progress:</b> More than 9 billion diagnostic tests across were conducted using Danaher instruments in 2023, roughly consistent with 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Establish specific impact targets for health care and life science businesses.

## DEERE & CO. (DE)

<b>Company Overview</b>	Deere & Co. manufactures and distributes equipment used in agriculture, construction, forestry and turf care. It is a market leader in these industries as well as the emerging precision ag industry, in which it provides technology solutions to enable precise crop input applications and farm monitoring for farmers around the world.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
<b>Theory of Change</b>	<b>Inputs:</b> Invests significantly in capex and R&D to enhance production of more efficient ag machinery. <b>Outputs:</b> Produces and sells market-leading agricultural equipment and precision agriculture systems. <b>Outcomes:</b> These systems enable improved crop yields and more efficient use of crop inputs such as fertilizer and crop chemicals, leading to more food production with less resource intensity.
<b>Key Outcomes</b>	Deere connected 650k machines to its digital platforms with 388 million acres using at least one of Deere's precision agriculture technologies, of which 160 million acres are sustainably engaged, using two or more sustainability-focused precision agriculture features. Deere has set targets to improve farmer nitrogen and crop protection use efficiency by 20% and reduce farmer CO <sub>2</sub> e emissions by 15% by 2030. <b>Annual Progress:</b> Deere increased engaged acres to 388 million in 2023 vs. 329 million in 2022. The company set a target of 500 million engaged acres by 2026.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Enhance disclosure of precision ag opportunities, increase tracking and reporting of realized customer benefits on the farm from fuel, yield and overall cost saving.

## ECOLAB INC. (ECL)

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### Company Overview

Ecolab engages in the provision of water, hygiene and infection prevention solutions across a diverse array of industries, including food & beverage processing, health care, hospitality, manufacturing and retail. Example solutions include: water treatment, pest control operations, HVAC filtration, and the provision of cleaning & sanitizing products.

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### Sector and Primary SDG Target

#### Materials

6.4: By 2030, substantially increase water-use efficiency across all sectors; ensure sustainable withdrawals and supply of freshwater to address water scarcity; substantially reduce the number of people suffering from water scarcity.

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### Theory of Change

**Inputs:** Employs 47,000 associates, including 12,000 in R&D to service its customers and develop new products.

**Outputs:** Provides industry-leading service in water treatment/sanitation and natural resource use-efficiency, serving clients across a wide cross-section of industrial and institutional end-markets.

**Outcomes:** Ecolab products and services enable significant water and energy savings for customers as well as safer environments for their customers' clients.

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### Key Outcomes

Through its water treatment services, Ecolab helped customers save 226 billion gallons of water in 2023. By 2030, Ecolab is targeting water savings of 300 billion gallons of water per year. Additionally, the company has helped customers to avoid 3.8 million metric tons of GHG emissions. The company is targeting an annual reduction of 6 million metric tons of GHG emissions in 2030. The company's products also cleaned 60 billion hands in 2023.

**Annual Progress:** Water conserved 226 billion gallons (vs. 219 billion in 2022) avoided emissions, 3.8 million metric tons (vs. 3.6 million in 2022).

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### Our Role

**Investment Category:** Impact Leader

**Engagement Topics:** Set interim impact targets to better monitor progress, enhance reporting on opportunity to reduce PFAS contamination.

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## ELI LILLY (LLY)

<b>Company Overview</b>	Eli Lilly is an American pharmaceutical company engaged in the development, manufacture and sale of pharmaceutical products, including treatments in the areas of bone muscle joint, cancer, cardiovascular, diabetes, immunology and neurodegeneration.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests \$9 billion in R&D to support the development of new therapeutics. <b>Outputs:</b> Provider of cost-effective treatments for a range of conditions, including cancer and diabetes, which are top 10 causes of death in the United States. <b>Outcomes:</b> These treatments enable positive patient health outcomes and an increase in life years, while taking steps to ensure increased access by establishing programs to reduce patient out-of-pocket costs.
<b>Key Outcomes</b>	Eli Lilly's medicines reach 55.8 million people annually, and the company reached 18 million people in resource-limited settings compared to their target of 30 million by 2030. Lilly's net price for the US product portfolio rose 9% in 2023 after multiple years of declines owing to new US launches, though the company remains committed to improving affordability for its end-users. <b>Annual Progress:</b> Medicines reached 55.8 million people annually in 2023, a 9% increase from 2022, with FDA approval of a new treatment in chronic weight management (obesity) where there is an unmet need for effective treatments.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Ensure adequate access for diabetes and obesity treatments. Continue to invest in Alzheimer drug program and diagnosis infrastructure.

## ESSILOR LUXOTTICA (EL-FR)

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<b>Company Overview</b>	Essilor Luxottica SA engages in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. The Professional Solutions segment represent the supply of the Group's products and services to all the professionals of the eyecare industry. The Direct-to-Consumer segment represents the supply of the Group products and services directly to the end consumer either through physical stores operated by the Group or the online channel.
<b>Sector and Primary SDG Target</b>	<b>Consumer Discretionary</b> 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
<b>Theory of Change</b>	<b>Inputs:</b> 190,000 employees manufacture eyewear frames and lenses, while €333 million of R&D spending develops new products and innovations. <b>Outputs:</b> Produced 710 million lenses, of which 75% were prescription, and produced 112 million frames. <b>Outcomes:</b> Evidence shows the health and economic benefit of prescription eyewear at relatively low cost compared to other medical interventions.
<b>Key Outcomes</b>	Through OneSight EL Foundation more than 14 million people in underserved communities were equipped with eyeglasses in 2023 generating an estimated 280,000 quality-adjusted life years. More than 4,900 rural optical points and visions centers were also established to provide permanent access to vision care. <b>Annual Progress:</b> The effort was formally founded in May 2022 so annual comparison for all of 2022 comparison is not possible. The Foundation consolidates previously disparate charitable and advocacy organizations.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Increase the adoption of myopia corrective lenses in children by launching new geographies to help prevent or correct the rising prevalence.

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## GRAPHIC PACKAGING HOLDING COMPANY (GPK)

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<b>Company Overview</b>	Graphic Packaging Holding Co. is one of the largest manufacturers of paperboard and paper-based packaging for some of the world's most recognized brands of food, beverage, household and other consumer products.
<b>Sector and Primary SDG Target</b>	<b>Materials</b> 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in capex to support paper packaging manufacturing capacity. <b>Outputs:</b> Provides paper-based packaging solutions. <b>Outcomes:</b> These packaging solutions displace plastic and Styrofoam-based alternatives that have lower recycling rates and higher carbon intensity, thus diverting waste from landfills.
<b>Key Outcomes</b>	Graphic Packaging achieved 95% of sales from recyclable products in 2023. The company had its emission reduction targets approved by the Science Based Targets Initiative, and maintains a target to ensure that all its products are 100% recyclable by 2025. <b>Annual Progress:</b> 450 million plastic packages replaced with paperboard in Europe and 665 million foam cups replaced with paper cups in North America.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Accelerate timeline to achieve forest and wood-fiber certification; release disclosures on waste mitigation strategy and results; push for more aggressive reduction of use of non-renewables.

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## HALMA (HLMA-GB)

<b>Company Overview</b>	<p>Halma Plc is a holding company which engages in the development, production and sale of hazard and life protection products. It operates through three segments. Safety's technologies protect people, assets and infrastructure, enable safe movement, and enhance efficiency in public and commercial spaces. Environmental &amp; Analysis provides technologies that monitor and protect the environment, analyze materials, and ensure the quality of resources. Healthcare's technologies and digital solutions help providers improve the care they deliver.</p>
<b>Sector and Primary SDG Target</b>	<p><b>Information Technology</b></p> <p>8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>
<b>Theory of Change</b>	<p><b>Inputs:</b> Invests in R&amp;D to support new products and innovate across critical end-markets.</p> <p><b>Outputs:</b> As a holding company with more than 40 portfolio companies, the company delivers a wide variety of products and services that include fire safety, environmental testing and support healthcare procedures. Several output metrics are regularly reported.</p> <p><b>Outcomes:</b> Halma generates a range of positive outcomes from various businesses, including water conservation or quality, safety improvements and healthcare patient monitoring to prevent deaths.</p>
<b>Key Outcomes</b>	<p>Amongst a number of outcomes reported, highlights include:</p> <ul style="list-style-type: none"><li>• 1 million health diagnostics products for eye health, blood pressure and vital signs monitoring that can avoid deaths and reduce healthcare costs.</li><li>• 150,000km of water pipelines monitored reducing water leakage rates by up to c.75%, conserving an estimated 75 billion gallons of water annually</li></ul> <p><b>Annual Progress:</b> The comparable reported metrics in 2022 and 2023 were generally flat year over year..</p>
<b>Our Role</b>	<p><b>Investment Category:</b> Impact Leader</p> <p><b>Engagement Topics:</b> Report the outcomes of their critical products, which the company has piloted on a one-off basis, compared to current disclosures largely focused on outputs for the portfolio.</p>

## HCA HEALTHCARE INC. (HCA)

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<b>Company Overview</b>	HCA Healthcare Inc. owns and operates 187 hospitals and over 2,000 sites of care, including surgery centers, free-standing emergency rooms, urgent care centers and physician clinics in 20 US states and the United Kingdom.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b>  3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being  3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in healthcare staff and treatment practices to improve patient outcomes. <b>Outputs:</b> Operates hospitals across the United States and United Kingdom. <b>Outcomes:</b> HCA's sites of care report shorter recovery times, increased maternal safety and improving surgical outcomes.
<b>Key Outcomes</b>	HCA's Enhanced Surgical Recovery (ESR) program has resulted in a 44% decrease in opioid use, 54% decrease in 30-day readmissions for joint replacements and 45% decrease in 90 readmissions for gynecological surgery in its last update. The company also provided an estimated \$3.7B in charity care, uninsured discounts and uncompensated care in 2023.  <b>Annual Progress:</b> HCA's facilities achieved a median door-to-needle time of 35 minutes for stroke care (42% faster than the national average)
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic  <b>Engagement Topics:</b> Continue to fight US opioid crisis through targeted initiatives and alternatives in surgical recovery that help reduce opioid misuse; increase data transparency around customers and costs; continue linking hospital quality metrics with executive compensation Report consistent care metrics each year that are comparable.

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## INTERCONTINENTAL EXCHANGE (ICE)

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<b>Company Overview</b>	Intercontinental Exchange, Inc. engages in the provision of market infrastructure, data services and technology solutions. The Exchanges segment operates marketplace technology for the listing, trading and clearing of derivatives contracts and financial securities. The Fixed Income and Data Services segment provides fixed income pricing, reference data, indices, analytics and execution services as well as global credit default swap, clearing and multi-asset class data delivery technology. The Mortgage Technology segment provides a technology platform that offers digital workflow tools to address inefficiencies and mitigate risks that exist in the U.S. residential mortgage market.
<b>Sector and Primary SDG Target</b>	<b>Financials</b> 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
<b>Theory of Change</b>	<b>Inputs:</b> Invests over \$800 million in R&D annually. <b>Outputs:</b> Leading provider of more efficient and digital US mortgage loan originations. <b>Outcomes:</b> These offerings have the potential to reduce the average one-time costs associated with buying a home by over 25%, particularly helping lower income home buyers.
<b>Key Outcomes</b>	Intercontinental Exchange is increasing the reach of its end to end mortgage service offerings, for US mortgage originations and refinancings, that drive over \$3,000 in mortgage cost savings per year. <b>Annual Progress:</b> After acquiring Black Knight, ICE is now positioned to drive over \$3,000 in mortgage savings for US homebuyers vs. the company's prior estimate of \$2,600, facilitating greater affordability for homebuyers.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Increase opportunities and quantification of reduced costs for lower-income consumers and through digital mortgage process.

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## INTUIT INC. (INTU)

<b>Company Overview</b>	Intuit, Inc. engages in the provision of business and financial management solutions. It operates through the following segments: Global Business Solutions Group, Consumer and Credit Karma.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 8.3: Encourage the formalization and growth of micro-, small- and medium sized enterprises, including through access to financial services. 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.
<b>Theory of Change</b>	<b>Inputs:</b> Intuit employs roughly 19,000 people and invests over \$2.5 billion on R&D to develop software tools that enable small businesses and consumers to make smart financial decisions. <b>Outputs:</b> Intuit provides a comprehensive software platform for small businesses with 10 million annual users that includes managing more than \$2 trillion in invoices. For Intuit's 87 million Consumer customers, \$107 billion in tax refunds were realized with visibility into \$10.4 trillion of debt. <b>Outcomes:</b> This software platforms helps small businesses to save costs and time, leading to better business survival rates. For consumers, understandable tax refunds and financial product access increases savings rates.
<b>Key Outcomes</b>	Quickbooks small and medium enterprise customers have a five-year survival rate of 69% compared to the US average of 50%. Consumers using Intuit's products have a household savings rate 90% higher than the national average. <b>Annual Progress:</b> The household savings rate of customers increased to 7% in 2023 vs. 6% in 2022, while the small and medium enterprise persistence rate was unchanged.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Increase the details and frequency of disclosures on household savings rate and small business success rates, ensure artificial intelligence (AI) accuracy and ethical use.

## KEISEI ELECTRIC RAILWAY (9009-JP)

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<b>Company Overview</b>	Keisei Electric Railway Co., Ltd. engages in the railway business. It operates through the following segments: Transportation, Distribution, Real Estate, Leisure and Service, Construction, and Other. The Transportation segment operates railways, buses and taxis. The Distribution segment handles the sale of goods such as department store business. The Real Estate segment engages in the sale and lease of real estate properties. The Leisure and Service segment offers hotel and travel services. The Construction segment covers civil engineering and construction works. The Other segment deals with the maintenance of railways and automobiles.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
<b>Theory of Change</b>	<b>Inputs:</b> Invests \$350 million in capex annually. <b>Outputs:</b> Provider of passenger rail transportation around the Tokyo metropolitan area. <b>Outcomes:</b> Rail transportation enables avoided emissions by substituting the use of privately owned cars or other less efficient modes of transportation.
<b>Key Outcomes</b>	Ridership trends continue to improve with most lines well ahead of pre-COVID levels at over 112% year-to-date. <b>Annual Progress:</b> The company looks to invest in new rail lines that can help further reduce emissions from other forms of transport.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Engaged regarding reducing its ownership stake in non-core railroad holdings, specifically in Oriental Land Co.

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## LINDE PLC (LIN)

<b>Company Overview</b>	Linde Plc is a global industrial gases and engineering company. It designs and builds equipment that produces industrial gases for a variety of industrial, food and beverage, and health care end markets.
<b>Sector and Primary SDG Target</b>	<b>Materials</b> 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
<b>Theory of Change</b>	<b>Inputs:</b> LIN invests in a project backlog that includes ~\$6 billion in clean energy related projects. <b>Outputs:</b> LIN develops blue hydrogen projects and carbon capture projects at existing facilities on behalf of industrial customers, as well as medical gases such as oxygen for health care customers. <b>Outcomes:</b> These projects enable LIN's industrial clients to reduce their carbon footprint, resulting in avoided emissions, while medical gases enable better patient outcomes in hospitals.
<b>Key Outcomes</b>	Linde's gas applications enabled its customers to avoid 91 million metric tons (MMT) of CO <sub>2</sub> e in 2023. <b>Annual Progress:</b> 91 MMT of carbon emissions avoided annually in 2023 vs. 90 MMT in 2022. The company also reduced its Scope 1-2 emissions to 38.1 MMT from 38.8 MMT in 2022.
<b>Our Role</b>	Investment Category: Opportunistic <b>Engagement Topics:</b> Establish LT avoided emissions targets from the development of clean energy projects, continue to make progress on Scope 1-2 emission reduction targets.

## MERCK & CO. (MRK)

<b>Company Overview</b>	Merck & Co. is a global biopharmaceutical company that engages in the discovery, development and manufacture of medicines, vaccines, and other consumer and animal healthcare products.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to support the development of new vaccines and therapeutics. <b>Outputs:</b> Provides a wide portfolio of efficacious therapeutics to combat a variety of diseases, including HPV, pneumonia, HIV, diabetes and cancer. <b>Outcomes:</b> These products improve patients' health outcomes and enhance quality of life.
<b>Key Outcomes</b>	Merck products and pipeline seeks to address 83% of the top 20 global burdens of diseases (as defined by Institute for Health Metrics and Evaluation). The company's products reached 385 million people enabling improved health outcomes across patients suffering from a wide range of diseases across oncology, immunology and vaccine-preventable diseases. <b>Annual Progress:</b> Merck reported 385 million people reached globally through access programs vs. 359 million in 2022. The company also received FDA approval for a new treatment in Pulmonary Arterial Hypertension (PAH), where there is significant unmet need.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Continue to enhance reporting around access to medicines and develop longer-term access targets beyond 2025; focus capital allocation on development and acquisition of innovative therapies.

**MOTOROLA SOLUTIONS, INC. (MSI)**

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<b>Company Overview</b>	Motorola Solutions engages in the provision of communication infrastructure, devices, accessories, software and services for government, public safety and commercial customers. Their products include command center software, video security solutions, and managed & support services.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 16.1: Significantly reduce all forms of violence and related death rates everywhere.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to support new product development and enhancement. <b>Outputs:</b> Provides mission-critical communication products that support enterprises and public safety customers by enabling real-time communication, monitoring and analysis. MSI has invested \$12 billion in organic R&D and acquisitions in last 10 years to advance public safety. <b>Outcomes:</b> These products enable public safety operations to act more quickly and accurately, which in turn helps to reduce crime and increase transparency in public safety.
<b>Key Outcomes</b>	Motorola’s command center software can help cities reduce crime by up to 40% through implementation of a Real-Time Analysis Center (R-TAC), which allows for quick analysis of surveillance footage by crime analysts. Reducing 911 response by 1 minute is estimated to have a significant impact on saving lives. Additionally, Motorola aims to improve transparency and accountability in public safety via its police body camera technology. <b>Annual Progress:</b> Now over 60% of US Public Safety Answering Points rely on MSI’s command center solutions.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Increase transparency of how Motorola technologies are making cities safer; help cities to set specific goals related to improving response times.

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## NEXTERA ENERGY (NEE)

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<b>Company Overview</b>	NextEra Energy, Inc. is an electric power and energy infrastructure company. It operates through FPL and NEER. The FPL segment engages primarily in the generation, transmission, distribution and sale of electric energy in Florida. The NEER segment produces electricity from clean and renewable sources, including wind and solar.
<b>Sector and Primary SDG Target</b>	<b>Utilities</b> 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
<b>Theory of Change</b>	<b>Inputs:</b> Invests capex in the development of renewable energy power projects and regulated electrical grid. <b>Outputs:</b> Develops renewable energy projects in the US, including solar, wind and energy storage. Reliable and affordable electric power for FL service territory. <b>Outcomes:</b> The power generated by renewable power projects avoids emissions that otherwise would be generated by traditional fossil fuel-based plants.
<b>Key Outcomes</b>	We estimate NextEra's 37 gigawatts of renewable and nuclear capacity avoids ~52 million tons of GHG emissions per year and the company expects to develop more than 42 gigawatts of renewables between 2024 and 2027. The company remains committed to their Real Zero target, which will require significant emission reductions at existing natural gas power plants through lower utilization or clean fuels. <b>Annual Progress:</b> In 2023 the company expects to develop 42 gigawatts of renewable energy over the next four years vs. 38 gigawatts in the prior four-year period (2023 – 2026).
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Measure and report avoided emissions from clean energy portfolio, increase energy storage investments to increase grid reliability and support renewables integration.

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## NOVONESIS (NSIS.B-DK)

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<b>Company Overview</b>	Novonesis A/S engages in the era of biosolutions. It innovates and develop transformative biosolutions that improve the way the world produces, consumes and lives.
<b>Sector and Primary SDG Target</b>	<b>Materials</b> 12.3: By 2030, halve per-capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
<b>Theory of Change</b>	<b>Inputs:</b> Novonesis invests over \$400 million into R&D for the development of novel enzymes and cultures. <b>Outputs:</b> Novonesis produces unique biological ingredients for a variety of end markets, including food and beverage, health care, household products and bioenergy. <b>Outcomes:</b> The company's products enable reduced food waste without introducing artificial material into food, improved nutritional content in food as well as greater yields in the production of biofuels that drive avoided emissions. This drives both positive social and environmental impacts.
<b>Key Outcomes</b>	The company's solutions reduce the consumption of water, energy and chemicals in household products, reduce the environmental footprint of food production, reduce emissions in the transportation sector and improve agricultural yields without utilizing chemicals. <b>Annual Progress:</b> The company grew volumes in its bioenergy solutions business by over 20% in 2023 and also initiated a long-term strategic partnership to invest R&D towards enabling biological recycling of plastic waste.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Develop more detailed and quantified outcome reporting for avoided emissions and avoided food waste enabled, continue to prioritize R&D spending in capital allocation mix.

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## NOVO NORDISK (NOVO.B-DK)

<b>Company Overview</b>	Novo Nordisk A/S is a global healthcare company, which engages in the discovery, development, manufacturing and marketing of pharmaceutical products. It operates through the Diabetes and Obesity Care, and Rare Disease segments. The Diabetes and Obesity Care segment includes diabetes, obesity, cardiovascular, and emerging therapy areas. The Rare Disease segment refers to rare blood disorders, rare endocrine disorders and hormone replacement therapy.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
<b>Theory of Change</b>	<b>Inputs:</b> Invests \$4.8 billion in R&D to support the development of new therapeutic candidates. <b>Outputs:</b> Provider of cost-effective treatments for cardiovascular disease, diabetes and obesity which are in the top 10 causes of death in the US. <b>Outcomes:</b> Treatments enable positive patient health outcomes and an increase in life years while increasing access through coverage.
<b>Key Outcomes</b>	Novo Nordisk's medicines reached 41.6 million patients in diabetes and obesity in 2023, while US net pricing declined 8.2% year over year. <b>Annual Progress:</b> The 41.6 million diabetes and obesity patients reached in 2023 increased 13% year over year as the company expands the label indications for key treatments and manufacturing capacity.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Ensuring adequate access for diabetes and obesity treatments with increased disclosures on pricing changes for transparency.

## NVENT (NVT)

<b>Company Overview</b>	nVent Electric engages in the provision of electrical connection and protection solutions. It offers solutions that protect, connect and manage heat in critical electronics, communication, control and power equipment.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 7.3: By 2030, double the global rate of improvement in energy efficiency
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to spur the development of new products. <b>Outputs:</b> Produces and provides electrical connectors, cooling devices, thermal management systems and protective equipment. <b>Outcomes:</b> These products enable enhanced energy efficiency and resilience for electrical systems, driving avoided emissions.
<b>Key Outcomes</b>	nVent's liquid cooling solutions used in data centers are 5x more energy efficient than traditional cooling systems. Its thermal management cables and control systems can enable 20 – 70% energy savings vs. uncontrolled systems. <b>Annual Progress:</b> nVent increased sales of its Data Solutions products by more than 20% in 2023.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Enhance disclosure of avoided emissions enabled by products, set science-based targets for emission reductions.

## NVIDIA CORPORATION (NVDA)

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<b>Company Overview</b>	NVIDIA Corp. engages in the design and manufacture of computer graphics processors, chipsets and related multimedia software. It operates through the following segments: Graphics and Compute & Networking.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b>  9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.  8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.
<b>Theory of Change</b>	<b>Inputs:</b> Intellectual property for semiconductors, system architecture and development ecosystem derived from 29,600 employees with the use of outsourced chip manufacturers.  <b>Outputs:</b> Millions of graphic processing units (GPU) per year with associated packaging, networking components and system software.  <b>Outcomes:</b> Diffused but significant absolute computing and energy efficiency gains that avoid emissions relative to standard CPU architecture. These efficiency gains are balanced against absolute power demand increases that we are monitoring for incremental emissions, depending on the generation mix, which is out of NVDA's control.  Artificial intelligence economic benefits are not yet quantified, but likely to manifest over the long term.
<b>Key Outcomes</b>	More efficient GPUs result in computing and energy efficiency gains that are estimated to avoid 15 million tons of CO <sub>2</sub> e annually based on semiconductor industry research and company disclosures.  <b>Annual Progress:</b> The estimated avoided emissions increased from 8 million tons of CO <sub>2</sub> e in the prior year owing to volume increases, while the percentage of renewable energy used in operations increased to 76% from 44%.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic  <b>Engagement Topics:</b> Understand the processes to ensure ethical AI development and quantify economic benefits from applications.

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## ORGANO (6368-JP)

<b>Company Overview</b>	Organo Corp. engages in the manufacture and sale of water purifiers and electrical equipment. The Water Treatment Engineering segment manufactures and sells large-scale water treatment equipment; and provides remodeling, replacement and maintenance services. The Functional Products segment offers standard water treatment equipment, water treatment chemicals, and food additives.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
<b>Theory of Change</b>	<b>Inputs:</b> Organo employs 2,500 across manufacturing, service and sales to support its water solutions. <b>Outputs:</b> The second-largest provider of ultrapure water products and services in Japan to address customer's specialized needs across the water cycle such as treatment and reuse. <b>Outcomes:</b> Organo's products and services help customers treat water to specialized standards and conserve the scarce resource through reuse.
<b>Key Outcomes</b>	In 2023 the company treated or recycled 8.7 billion gallons of water for customers, while helping them avoid 3,740 MT of CO <sub>2</sub> e through energy-efficient processes. <b>Annual Progress:</b> The reporting initiative did not exist in 2022 so there are no comparable figures.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Expand Scope 1 + Scope 2 emission reduction targets to include Scope 3 after the inventory and reporting is complete in 2024. Report product outcomes in English to attract sustainability oriented international investors.

## PALO ALTO NETWORKS (PANW)

<b>Company Overview</b>	Palo Alto Networks, Inc. engages in the provision of cyber security solutions to enterprises, service providers, and government entities.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.
<b>Theory of Change</b>	<b>Inputs:</b> Palo Alto invests \$1.4 billion in R&D to develop enhanced cybersecurity systems. <b>Outputs:</b> Palo Alto is a leading provider of cybersecurity networking hardware and software tools. <b>Outcomes:</b> Palo Alto's cybersecurity offerings protect enterprises from dangerous and costly cyber-attacks.
<b>Key Outcomes</b>	Palo Alto Networks protected over 80,000 businesses from cyberattacks in 2023. Data breaches are estimated to cost large enterprises \$1.4 million on average. <b>Annual Progress:</b> Palo Alto protected over 80,000 businesses from cyber attacks in 2023 vs. over 70,000 businesses in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Enhance disclosure on effectiveness of security offerings in preventing and responding to cybercrime, develop quantitative metrics on threats averted/resolved.

## PENTAIR (PNR)

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<b>Company Overview</b>	Pentair Plc engages in the provision of water solutions for residential, commercial, industrial, infrastructure and agriculture applications. Its portfolio of solutions enables people, businesses and industries to access clean, safe water, reduce water consumption, and recover and reuse it.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 6.1: By 2030, achieve universal and equitable access to cheap and affordable drinking water for all.
<b>Theory of Change</b>	<b>Inputs:</b> Invests capex in manufacturing and service networks, plus R&D for product innovation. <b>Outputs:</b> Produces water pumps, filters, treatment equipment for residential, commercial and industrial markets. <b>Outcomes:</b> These products enable energy-efficient water treatment, reuse, cleaner discharge and conservation.
<b>Key Outcomes</b>	Pentair's residential water treatment systems avoid the use of ~7 billion plastic water bottles annually, equivalent to avoiding 600,000 metric tons of GHGs. Energy-efficient pumps reduce power consumption by >1 billion kWh annually, equivalent to avoiding 547,000 metric tons of GHGs. <b>Annual Progress:</b> The company's energy-efficient pumps avoided 32% more metric tons of GHGs compared to 2022, while the number of plastic water bottles avoided decreased 10% compared to 2022.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Measure and report additional impact outcomes such as gallons of water treated or conserved through commercial water solutions.

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## PRYSMIAN (PRY-IT)

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<b>Company Overview</b>	<p>Prysmian SpA engages in the development, design, manufacturing, supply and installation of cables. The company operates through four business segments: Transmission, Power Grid, Electrification and Digital Solutions.</p>
<b>Sector and Primary SDG Target</b>	<p><b>Industrials</b></p> <p>7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>
<b>Theory of Change</b>	<p><b>Inputs:</b> Inputs: 30,000 employees manufacture cabling from copper, aluminum and fiber, consuming more than 500,000 MT of copper annually (2-3% of global market).</p> <p><b>Outputs:</b> Thousands of kilometers of cabling shipped, installed and serviced for customers in energy, construction and technology.</p> <p><b>Outcomes:</b> Enables emissions reductions through grid expansion and renewable energy connections.</p>
<b>Key Outcomes</b>	<p>Enabled green electricity access to 56 million households with 37% of revenue linked to company determined Sustainable products, while increasing the recycled contents of inputs to 13%. We estimate offshore wind farms using Prysmian's cables provided in 2023 will avoid 4 million MT of CO<sub>2</sub>e annually in operation.</p> <p><b>Annual Progress:</b> The number of households Prysmian provided access to green electricity for grew 166% year over year, and revenues linked to sustainable products increased from 30% in 2022. Recycled content increased 3 points while estimated avoided emissions were largely flat.</p>
<b>Our Role</b>	<p><b>Investment Category:</b> Opportunistic</p> <p><b>Engagement Topics:</b> Start tracking and disclosing avoided emissions from projects in the Transmission segment while increasing the recycled content with more circular products.</p>

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## RELX PLC (RELX-GB)

<b>Company Overview</b>	RELX Plc engages in provision of information and analytics solutions for professional and business customers across industries. The Scientific, Technical & Medical segment is a global information analytics business that helps institutions and professionals advance health care, open science, and improve performance for the benefit of humanity. The Risk & Business Analytics segment provides customers with solutions to assist them in evaluating and predicting risk and enhancing operational efficiency. The Legal segment is a global provider of legal, regulatory and business information and analytics. The Exhibitions segment is an event business.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime
<b>Theory of Change</b>	<b>Inputs:</b> Invests over \$500 million in R&D to develop data analytics platforms. <b>Outputs:</b> Provides fraud prevention technology that detects billions of human and bot-initiated attacks against customers. <b>Outcomes:</b> These solutions save consumers, governments and small businesses money through fraud prevention, enabling more sustainable economic growth.
<b>Key Outcomes</b>	RELX's technology offerings and AI tools play a critical role in aiding the prevention of financial fraud for customers around the world. <b>Annual Progress:</b> The company reports that one of its LexisNexis risk solutions now stops over \$1 billion in fraudulent state unemployment payments each week, enabling more efficient management of public funds.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Quantification of the positive outcomes from the risk business and the investment prioritization related to those outcomes.

## SIMPLY GOOD FOODS CO. (SMPL)

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<b>Company Overview</b>	Simply Good Foods engages in the development, marketing and sale of nutritional food and snacking products under two brands: Atkins and Quest. Their products include nutrition bars, ready-to-drink shakes, other snacks and frozen meals.
<b>Sector and Primary SDG Target</b>	<b>Consumer Staples</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in selling and marketing to promote its food offerings. <b>Outputs:</b> Provides low-carb food products via its Atkins brand. <b>Outcomes:</b> Low-carb diets are associated with weight loss, which in turn help to address health issues associated with weight problems and obesity.
<b>Key Outcomes</b>	The Atkins diet has been proven by numerous academic studies to drive weight loss. Low-carb diets have been shown to result in an average 11 pounds weight loss per participants over one year. <b>Annual Progress:</b> The company announced the acquisition of Only What You Need, which will expand Simply's portfolio to include ready-to-drink plant-based protein shakes. The company's portfolio of products is now estimated to contribute to the removal of 20 billion grams of sugar and carbohydrates each year, driving healthier food consumption for consumers.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Disclose more data to demonstrate the effect of products on sustained weight loss; leverage Atkins app to record weight loss and encourage healthy eating; improve supplier and contract manufacturing auditing to reduce risk of recalls.

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**STANTEC (STN-CA)**

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<b>Company Overview</b>	Stantec, Inc. engages in the provision of knowledge-based solutions through value-added professional consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in human capital with over 28,000 staff who are highly trained scientists and consultants. <b>Outputs:</b> Deliver high-end design and project management consulting services for projects across water remediation, recycling waste products, infrastructure and disaster response. <b>Outcomes:</b> These projects enable significant emission reductions, water savings and environmental remediation.
<b>Key Outcomes</b>	Stantec reported that \$3.9 billion of the company’s gross revenue supported the furthering of one or more of the company’s core SDGs. This represents ~61% of sales. <b>Annual Progress:</b> Stantec reported SDG aligned revenue of ~\$3.9 billion in 2023 vs. ~\$3.4 billion in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Develop quantitative sustainable outcomes reporting for relevant projects, establish long-term impact targets.

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## STMICROELECTRONICS (STMPA-FR)

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<b>Company Overview</b>	STMicroelectronics NV is a global semiconductor company that engages in the business of designing, developing, manufacturing and marketing products used in a wide variety of applications for automotive, industrial, personal electronics and communications equipment, computers and peripherals.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D for new product development and Capex for manufacturing with 50,000 employees. <b>Outputs:</b> Produces tens of billions of semiconductors and silicon carbide (SiC) devices. <b>Outcomes:</b> These silicon carbide products enable cost savings for electric vehicles as well as range enhancements, a key feature for their adoption in the market and greater avoided emissions.
<b>Key Outcomes</b>	In 2023 we estimate that STMicroelectronics produced silicon carbide devices for more than 1.5 million electric vehicles, which will avoid 5 million MT of equivalent CO <sub>2</sub> e emissions in a year of average driving. Furthermore 23% of revenue was classified as Sustainable Technology revenue, which is defined as providing environmental and social benefits. <b>Annual Progress:</b> Silicon carbide revenue grew more than 60% year over year, indicative of the incremental electric vehicles enabled minus price declines. Sustainable Technology revenue was stable year over year.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Increase transparency on number of EVs enabled, content per EV and report avoided emissions from these solutions.

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## TAIWAN SEMICONDUCTOR MANUFACTURING CO. (2330-TW)

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<b>Company Overview</b>	Taiwan Semiconductor Manufacturing Co., Ltd. engages in the manufacture and sale of integrated circuits and wafer semiconductor devices. Its chips are used in personal computers and peripheral products, information applications, wired and wireless communications systems products, and automotive and industrial equipment, including consumer electronics.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
<b>Theory of Change</b>	<b>Inputs:</b> Invests \$6 billion in R&D for new product development and \$30 billion Capex for manufacturing with 270,000 employees. <b>Outputs:</b> Produces tens of billions of semiconductors for leading technology companies. <b>Outcomes:</b> Semiconductor node shrink leadership advances the industry enabling efficient computing and energy efficiency which ultimately leads to avoided emissions.
<b>Key Outcomes</b>	We estimate TSMC products and technology contributed to avoiding 28 million tons of CO <sub>2</sub> e through the end-use of semiconductors for energy efficiency and electrification use-cases. This is roughly four times the emissions directly generated by the semiconductor industry, which TSMC is taking steps to address with emission reduction targets and supplier coordination or support. <b>Annual Progress:</b> In 2023 TSMC's Enhanced 3nm process (N3E) entered volume production, the next node progression to increase computing efficiency, while investing \$6 billion in R&D for future advancements. The percentage of renewable energy used at fabrication plants increased 1 point to 11%.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Procure renewable and reliable power to reduce carbon intensity of global chip industry while reporting power usage and savings of chips produced annually.

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## TETRA TECH (TTEK)

<b>Company Overview</b>	Tetra Tech, Inc. engages in the provision of consulting and engineering services. The company offers consulting and engineering services to government and commercial clients.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 6.5: By 2030, implement integrated water resources management at all levels. 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D and human capital with over 21,000 staff who are highly trained scientists and consultants. <b>Outputs:</b> Deliver high-end design and project management consulting services for projects across water remediation, recycling waste products, infrastructure and disaster response. <b>Outcomes:</b> These projects enable significant emission reductions, water savings and environmental remediation.
<b>Key Outcomes</b>	TTEK's projects enabled the avoidance of over 52 million metric tons of carbon equivalent emissions, the treatment, saving or reuse of over 4.1 trillion gallons of water, and the conservation or restoration of 5.7 million hectares of land in 2023. <b>Annual Progress:</b> 52 million metric tons of avoided emissions vs. 80 million metric tons in 2022, 4.1 trillion gallons of water conserved or treated vs. 502 billion gallons in 2022 and 5.7 million hectares of land conserved vs. 6 million hectares in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Enhance disclosure on PFAS-related opportunities, continue to focus capacity on high-end projects.

## THERMO FISHER SCIENTIFIC (TMO)

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<b>Company Overview</b>	Thermo Fisher Scientific engages in the provision of analytical instruments, equipment, reagents, software and services for research, analysis, discovery and diagnostics.
<b>Sector and Primary SDG Target</b>	<b>Health Care</b> 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in R&D to support new product development. <b>Outputs:</b> Develops innovative life science tools and consumables, as well as clinical tests. <b>Outcomes:</b> These products enable faster and more efficient medical innovations and diagnoses leading to improved patient health outcomes.
<b>Key Outcomes</b>	Thermo's products enable its customers to develop and produce more innovative therapies and deliver more effective care. It also helped scientists study microplastic pollution to advance scientific understanding of the impact of these contaminants on the environment and human health and provided food safety testing laboratories with more advanced solutions for detecting the presence of pesticides in food products. <b>Annual Progress:</b> Thermo launched a number of new products, including a sequential DNA/RNA kit to help researchers better identify unique insights into cancer-causing genetic alterations. It also made strong progress on programs to increase the diversity of patients in clinical trials, improving the efficacy of future treatments for more diverse populations.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Develop more detailed positive outcome reporting for different business units, including clinical research segment, continue to enhance product safety initiatives.

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## TRANE TECHNOLOGIES (TT)

<b>Company Overview</b>	Trane Technologies offers solutions to enhance air quality in buildings and homes, to transport and protect food and perishables, and to increase industrial productivity and efficiency globally. Trane specializes in products and services such as: heating and cooling systems, smart home comfort technology, specialized temperature control solutions for manufacturing, and refrigeration units for retail and distribution.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 7.3: By 2030, double the global rate of improvement in energy efficiency.
<b>Theory of Change</b>	<b>Input:</b> Invests in new product development across HVAC (heating, ventilation and air conditioning), and transport refrigeration. <b>Output:</b> Produces high energy efficiency HVAC systems sold across the US, Europe and Asia. <b>Outcome:</b> These products reduce the energy consumption of buildings, which are a significant contributor of global greenhouse gas emissions.
<b>Key Outcomes</b>	TT's technologies and solutions have avoided 157 million metric tons of CO <sub>2</sub> e cumulatively since 2019, and the company is targeting a reduction of 1 billion metric tons of GHG emissions by 2030 (equivalent to 2% of the world's annual emissions). <b>Annual Progress:</b> Trane reported 157 million metric tons of CO <sub>2</sub> e avoided cumulatively since 2019 vs. 93 million metric tons reported in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Set interim avoided emissions targets to complement gigaton challenge; continue to focus on projects that enhance energy-efficiency efforts, increase disclosure on sales linked to heat pumps.

## TREX COMPANY (TREX)

<b>Company Overview</b>	Trex Co., Inc. manufactures wood-alternative decking and railing. Its products include deck framing and drainage, outdoor lighting, furniture, pergola and outdoor kitchens, fencing, collections and accessory hardware.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
<b>Theory of Change</b>	<b>Input:</b> TREX is investing over \$200 million in Capex to develop new products and increase production capacity. <b>Output:</b> TREX is a leading producer of composite decks and associated products that use recycled wood and plastics. <b>Outcome:</b> These products leverage the recycling of wood and plastic to avoid the use of virgin wood as well as preventing plastic from being sent to landfill.
<b>Key Outcomes</b>	Trex reported 843 million pounds of reclaimed wood and polyethylene film that were sourced for use in the company's products, diverting these materials from landfill. <b>Annual Progress:</b> Trex used 843 million pounds of reclaimed materials in its products in 2023 vs. 1 billion pounds in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Focus on ways to increase recycled content in decking accessory products such as railings, establish science-based emission reduction targets.

## TRIMBLE (TRMB)

<b>Company Overview</b>	Trimble provides positioning technology solutions delivered via hardware and software around the world to customers operating in buildings and infrastructure, geospatial, agriculture, utilities and transportation industries.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 7.3: By 2030, double the global rate of improvement in energy efficiency.
<b>Theory of Change</b>	<b>Input:</b> Invests in developing integrated hardware and software tools for the construction, agriculture and transportation markets. <b>Output:</b> Produces and markets hardware and software tools that enhance resource efficiency of operators in the construction, agriculture and transportation markets. <b>Outcome:</b> These products reduce the greenhouse emissions associated with construction, agriculture and transportation by enhancing resource use efficiency.
<b>Key Outcomes</b>	Trimble's products enabled greater machine accuracy and efficiency which reduced the amount of rework needed on construction sites, civil engineering projects, and farms, while enabling more efficient logistics routes in the transportation sector. These outcomes reduce carbon emissions for end customers. <b>Annual Progress:</b> Trimble estimates that its solutions have the potential opportunity to contribute to more than 100 million metric tons of avoided emissions. The company completed the acquisition of Transporeon in 2023, which provides the ability to reduce transport emissions by enabling more efficient multimodal deliveries.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Set medium- and long-term targets for avoided carbon emissions based on the growth of Trimble's value-added offerings; focus investments on improving performance in transportation where avoided emissions potential is highest.

## TYLER TECHNOLOGIES INC. (TYL)

<b>Company Overview</b>	Tyler Technologies engages in the provision of integrated software and services for governments and schools to assist in their daily operations. The company's solutions include software for: appraisal & tax, corrections facilities, courts & justice, disability & benefits, and student information.
<b>Sector and Primary SDG Target</b>	<b>Information Technology</b> 16.6: Develop effective, accountable and transparent institutions at all levels.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in new product development and customer support to enhance its product offering. <b>Outputs:</b> Provides integrated software and tech solutions to the public sector. <b>Outcomes:</b> These solutions enable governments and schools to improve performance, accessibility, and transparency for citizens which leads to safer, well-connected and more just communities.
<b>Key Outcomes</b>	Since inception, Tyler Technologies has completed 40,000 software installations across 13,000 public sites. These solutions enable public administrations, courts and schools to more efficiently conduct their operations, facilitating more effective and faster delivery of public services across the US. <b>Annual Progress:</b> Tyler reported 44,000 software installations across 13,000 sites in 2023 vs. 40,000 in 2022. Tyler has partnered with Amazon Web Services to provide a cloud-hosted solution that will provide a secure and cost-effective solutions to its public sector clients.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader <b>Engagement Topics:</b> Provide additional data/case studies regarding how Tyler's products are benefitting communities and improve reporting around data protection policies.

## UBER TECHNOLOGIES (UBER)

<b>Company Overview</b>	Uber Technologies, Inc. is a technology platform that engages in the development and operation of technology applications, network and product to power movement from point A to point B. The firm offers ride services and merchants delivery service providers for meal preparation, grocery and other delivery services.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all.
<b>Theory of Change</b>	<b>Inputs:</b> Uber invests over \$5 billion in R&D and operations and support expenses to expand and maintain an industry-leading transportation platform. <b>Outputs:</b> Uber operates a market-leading transportation platform and growing logistics platform. <b>Outcomes:</b> Increasing penetration of clean vehicles and enhanced logistics routing enabled by Uber's platform supports greater access to transportation and reduced emissions.
<b>Key Outcomes</b>	In 2023, expanded to 143,000 monthly Zero Emissions Vehicle active drivers with a target of achieving 100% of rides in the US, Canada and Europe being zero-emission by 2030. <b>Annual Progress:</b> 143,000 monthly Zero Emissions Vehicle active drivers in 2023 vs. 45,700 in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Opportunistic <b>Engagement Topics:</b> Enhance disclosure of conversion of fleet to electric vehicles, enhance reporting of driver safety measures.

## VERALTO (VLTO)

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<b>Company Overview</b>	Veralto provides water quality and product identification services for municipal and industrial customers. The company previously existed as a division of Danaher until September 2023.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.
<b>Theory of Change</b>	<b>Inputs:</b> Invests more than \$1.7 billion annual in R&D and SG&A to support new product development. <b>Outputs:</b> Delivers leading water analytics and treatment equipment, consumables and services to municipal and industrial clients around the world. <b>Outcomes:</b> These products enable cleaner, safer water while also increasing the efficiency of water use.
<b>Key Outcomes</b>	Veralto's water quality products and services support the testing, treatment and recycling of more than 13 trillion gallons of water annually, while helping customers to optimize their water usage and maximize reuse. <b>Annual Progress:</b> Enabled testing, treatment and recycling of more than 13 trillion gallons of water in 2023 vs. 12 trillion gallons in 2022. Established Scope 1-2 emission reduction targets.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Enhance disclosure on PFAS-related opportunities, focus investments on high-impact projects, attain SBTi approval of emission reduction targets, enhance governance structures.

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## VERISK ANALYTICS (VRSK)

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<b>Company Overview</b>	Verisk is a leading strategic data analytics and technology partner to the global insurance industry. It empowers clients to strengthen operating efficiency, improve underwriting and claims outcomes, combat fraud and make informed decisions about global risks, including climate change, extreme events, sustainability and political issues.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b> 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning indicators.
<b>Theory of Change</b>	<b>Inputs:</b> Invests in people and data platforms. <b>Outputs:</b> Provides research, analytics and software to all of the top 100 US property/casualty insurers to estimate climate-related risks. <b>Outcomes:</b> Verisk's solutions help customers better understand risks related to global environment, natural catastrophe and climate-related risks, promoting decisions that enhance climate resiliency.
<b>Key Outcomes</b>	Verisk's products and services are helping insurers, corporates and countries better understand climate risks and weather, as well as promote mitigation and resiliency. Studies show that better climate risk insurance can be a key tool in promoting climate adaptation by accelerating economic recovery following climate disasters. <b>Annual Progress:</b> Verisk conducted 175 sessions helping thousands of community officials to better identify and mitigate property risk related to fire risk.
<b>Our Role</b>	<b>Investment Category:</b> Special Situation <b>Engagement Topics:</b> Quantify how much Verisk analytics and services are contributing to emissions reductions, cybersecurity and customer protection.

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## WABTEC (WAB)

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<b>Company Overview</b>	<p>Wabtec provides equipment, systems and value-added services for the rail industry. It builds new locomotives, manufactures and services components for new and existing freight cars and locomotives, rebuilds freight locomotives, supplies railway electronics, positive train control equipment, and signal design and engineering services, and provides related heat exchange and cooling systems.</p>
<b>Sector and Primary SDG Target</b>	<p><b>Industrials</b></p> <p>9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.</p>
<b>Theory of Change</b>	<p><b>Inputs:</b> Invests in capex and R&amp;D to support development and production of rolling stock and train control equipment.</p> <p><b>Outputs:</b> Produces and provides more fuel-efficient locomotives, components and services to rail operators.</p> <p><b>Outcomes:</b> These products enable significant reductions in carbon emissions for rail operators compared to traditional diesel rolling stock.</p>
<b>Key Outcomes</b>	<p>Wabtec has implemented its Trip Optimizer and LOCOTROL systems, which enable up to 30% carbon emission reductions for locomotives. It performs locomotive modernizations that enable up to 8% carbon emission reductions. The locomotives produced by Wabtec enable rail freight transportation, which is three to four times more efficient than truck freight. The company has also secured contracts to provide several electric battery-driven locomotives, which will reduce rail freight fuel consumption by 11 – 30% per year.</p> <p><b>Annual Progress:</b> Wabtec’s premier fuel-saving technology, FDL Advantage (FDLA), provided carriers a 5% fuel efficiency benefit, driving avoided emissions.</p>
<b>Our Role</b>	<p><b>Investment Category:</b> Opportunistic</p> <p><b>Engagement Topics:</b> Set goals for the customer adoption of alternative fuel source locomotives and increased utilization of CO<sub>2</sub>e-reducing tools like Trip Optimizer.</p>

## XYLEM (XYL)

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<b>Company Overview</b>	Xylem, Inc. engages in the design, manufacture and application of engineered technologies for the water industry. The company focuses on the transportation, treatment and testing of water, as well as developing technology solutions that enable intelligent use and conservation of critical water and energy resources.
<b>Sector and Primary SDG Target</b>	<b>Industrials</b>  6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.  6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater.
<b>Theory of Change</b>	<b>Inputs:</b> Xylem employs over 23,000 people across R&D, service tech and sales to support its water solutions.  <b>Outputs:</b> Xylem is a leading provider of products and services to address customer needs across the water cycle such as pumps, advanced filtration, disinfection systems and meters.  <b>Outcomes:</b> Xylem's products and services help customers to treat and conserve water, protecting this scarce resource and improving energy efficiency, which avoids emissions.
<b>Key Outcomes</b>	Xylem solutions helped its customers reuse 3.1 billion cubic meters of water and helped prevent 1.9 billion cubic meters of polluted water from flooding communities in 2023. In addition Xylem solutions provided water access to 3.8 million people in 2023 living at the base of the global pyramid and reduced the carbon footprint of water by 1.15 million metric tons in 2023.  <b>Annual Progress:</b> 3.1 billion cubic meters of water treated for reuse in 2023 vs. 3.08 billion cubic meters in 2022. 1.9 billion cubic meters of polluted water prevented from flooding communities in 2023 vs. 1.99 billion cubic meters in 2022. Access provided to 3.8 million people in 2023 vs. 2.4 million in 2022. Carbon footprint of water reduced by 1.15 million metric tons in 2023 vs. 1.05 million metric tons in 2022.
<b>Our Role</b>	<b>Investment Category:</b> Impact Leader  <b>Engagement Topics:</b> Set a Science-Based Targets (SBTi) validated Scope 3 emissions reduction target.

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## Appendix C – Glossary

### Global Equity Impact Strategy Report Glossary

**Avoided Emissions / Avoided Greenhouse Gas Emissions:** Greenhouse gas emissions (measured in equivalent units of carbon dioxide) that would have been emitted if not for the use of products or services provided by a portfolio company.

**Climate Value-at-Risk:** A measure of physical climate risks, such as the impact of extreme weather events, wildfires and floods, as well as transition risks, which are business risks associated with the net-zero transition and potential regulatory costs and technology opportunities related to low-carbon technology solutions for companies that need to comply with GHG reduction requirements.

**Emission Intensity:** A ratio of greenhouse gas emissions (measured in carbon dioxide equivalent) per unit of revenue or output.

**Energy Transition:** The shift of the global energy sector from fossil fuel-based systems of energy production and consumption (such as oil and coal) to renewable energy sources (such as wind and solar).

**Fair Employment:** Employment of workers on a basis of equality without discrimination or segregation especially because of race, color or creed (dictionary definition, no specific industry definition).

**Impact Frontiers:** A peer learning and market-building collaboration created by investors for the development of norms and best practices for impact investing.

**Impact Management Project (IMP):** A forum created in 2016 to build global consensus on how to measure, assess and report corporate impacts on people and the natural environment. The resources developed by the IMP migrated to Impact Frontiers following the IMP's conclusion in 2021.

**Impact Ratio:** Neuberger Berman's proprietary quantitative measure of positive corporate impact.

**IMP Score:** Neuberger Berman's proprietary qualitative measure of positive corporate impact.

**Quality-Adjusted Life Years:** Quality-adjusted life years, or QALYs, are a unit of measurement for health outcomes. QALYs are calculated by estimating the total life-years lost due to a disease or gained by a treatment, weighing each year with a quality-of-life score (from 0, representing worst health, to 1 or 100, representing best health) to reflect the quality of life in that year.

**Sustainable Development Goals (SDGs):** Targets adopted by the United Nations that inform the 2030 Agenda for Sustainable Development, which was adopted by all member states to promote ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality and spur economic growth—all while tackling climate change and working to preserve oceans and forests.

**Theory of Change:** A method that explains how a given intervention is expected to lead to a specific desired change.

**Top-Down Climate Scenario:** A process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. To conduct climate scenario analysis, Neuberger Berman uses climate value-at-risk, which provides a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio, sourced from MSCI.

**Waste Diversion:** A measure of waste material that is diverted from landfill by virtue of being reused or repurposed.

**Water Intensity:** A ratio of water use per unit of revenue or output.

## Disclosures

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