



CLIMATE TRANSPARENCY REPORT

2020

Neuberger Berman Group LLC

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-06A299E4-2079-4E04-9367-4905AD0E17E4/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	✓	Private				
SG 01.7 CC	✓	Private				
SG 01.8 CC	✓	Private				
SG 01.9 CC	✓	Private				
SG 01.10 CC	✓	Private				
SG 01.11 CC	-	Private				
SG 01.12 CC	✓	Private				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Private				
SG 07.6 CC	✓	Private				
SG 07.7 CC	✓	Private				
SG 07.8 CC	✓	Private				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Private				
SG 13.5 CC	✓	Private				
SG 13.6 CC	✓	Private				
SG 13.7 CC	✓	Private				
SG 13.8 CC	✓	Private				
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.4	✓	Private				
SG 14.5	-	Private				
SG 14.6 CC	✓	Private				
SG 14.7 CC	✓	Private				
SG 14.8 CC	✓	Private				
SG 14.9 CC	✓	Private				
SG 15.1	✓	Private				
SG 15.2	-	Private				
SG 15.3	-	Private				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS

Name	Neuberger Berman Group LLC
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2012
Region	North America
Country	United States
Disclosure of Voluntary Indicators	10% from 38 Voluntary indicators

Neuberger Berman Group LLC

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01

Mandatory

Public

Core Assessed

General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Our ESG Policy provides a framework to ESG integration, formalizing and focusing on responsible investment efforts, with the recognition that ESG issues have a meaningful impact on delivering investment results.

Key elements include our commitment to the PRI:

Incorporate ESG issues into investment analysis and decision-making processes
 Be active owners and incorporate ESG issues into ownership policies/practices
 Seek appropriate disclosure on ESG issues by the entities in which we invest
 Promote acceptance and implementation of the PRI within the investment industry
 Work together to enhance our effectiveness in implementing the PRI
 Report activities/progress toward implementing the PRI

Key factors include:

The establishment of an ESG Committee and ESG Investing Team
 Investment and research approach to incorporating ESG
 Our firm's long history and leadership in ESG investing
 Our ongoing commitment to responsible investment

NB became the first North American asset manager with a sustainability-linked corporate credit facility. The firm's cost of debt will be higher or lower depending on its performance against key ESG metrics benchmarked annually across: Alignment with Clients, Objective ESG Integration and Increased Diversity. By linking our performance on material ESG factors, we further align the firm with clients and show our commitment to responsible investment practices (<https://www.nb.com/en/global/press-releases/neuberger-berman-first-north-american-financial-services-firm-to-link-corporate-financing>).

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

As a firm, Neuberger Berman believes that material environmental, social and governance characteristics are an important driver of long-term investment returns from both an opportunity and a risk mitigation perspective.

We are committed to strengthening and refining our ESG approach-enhancing the dialogue with industry peers, augmenting our ESG-related reporting and research processes, and documenting existing activities. At the core, we believe that the Principles for Responsible Investment ("PRI") are consistent with our heritage as a fundamentals- and research-focused investment firm. We work diligently for their acceptance and relevance, consistent with our focus on serving the interests of our clients.

1. Introduction and Philosophy: Since the inception of the firm in 1939, Neuberger Berman has remained singularly focused on delivering attractive investment results for our clients over the long term. As an active manager, we have a long-standing belief that material environmental, social and governance (ESG) factors

are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. Therefore, we take a comprehensive approach toward managing client assets, including the integration of ESG criteria into our investment process. We also understand that for many clients the impact of their portfolios is an important consideration in conjunction with investment performance.

From our first application of "avoidance screens" in the early 1940s to the launch of our U.S. Sustainable Equity team in 1989, Neuberger Berman has been at the forefront of integrating ESG factors into investment processes.

Today, we continue to innovate, driven by our belief that ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class, strategy and style of each investment strategy. ESG factors can be employed in a variety of ways to seek to generate enhanced returns, as well as to meet specific client objectives within a portfolio. We believe our approach not only benefits our clients but can also support better-functioning capital markets and have a positive impact for people and the planet.

2. Scope: The firm's ESG Policy applies to capabilities across our investment platform and is intended to provide a broad framework for our approach to ESG integration. The specific approach to ESG integration in any given investment strategy depends upon multiple elements, including the objectives of the strategy, asset class, investment time horizon, as well as the specific research and portfolio construction, philosophy and process used by the portfolio manager. The approach to integration can be customized by type of investment vehicle.

3. Oversight: The ESG Committee ("Committee") is responsible for reviewing the ESG Policy annually and amending it as needed. The Committee is chaired by the Head of ESG Investing and is comprised of senior investment professionals across all asset classes, including the Chief Investment Officer (CIO) for Equities, senior portfolio managers from the Fixed Income and Private Investment teams, and the heads of research for Equities and Fixed Income. The Committee also includes senior professionals from client coverage, client service, legal, marketing, operations, and risk management.

Our dedicated ESG Investing team is responsible for setting the firm's ESG strategy in collaboration with the Committee and after consultation with portfolio managers, CIOs and our CEO. The ESG strategy is reviewed by the firm's Partnership Committee and Board of Directors on an annual basis.

4. Integration: Individual research analysts and portfolio managers are responsible for implementing ESG integration in their portfolios and investment research. We believe this bottom-up approach encourages strategy-specific innovation while allowing each portfolio management team to learn from best practices across the investment platform. Our ESG Investing team accelerates this process with top-down expertise and support.

Each portfolio management team selects an approach from our ESG Integration Framework: Avoid, Assess, Amplify or Aim for Impact. This clarifies why the ESG factors are being integrated into their research and portfolio construction process: whether to simply exclude particular companies ("Avoid"), reach a more holistic understanding of risk and return ("Assess"), tilt the portfolio to best-in-class issuers ("Amplify") or invest in issuers that are intentionally generating positive impact ("Aim for Impact").

In 2019, we formalized our Sustainable Labelling System to help communicate our approach to integration and to meet client demand. For "ESG Integrated" portfolio managers systematically consider material ESG risks and opportunities for every security as a part of the investment process. ESG factors have an explicit influence on buy/sell decisions. For "Sustainable," portfolio managers select and include securities on the grounds that they fulfil certain sustainability criteria, such as being best-in-class issuers. There is clear investment rationale for focusing on sustainability leaders. For "Impact," portfolio managers seek positive social and environmental outcomes for people and the planet alongside a market-rate financial return.

The approach to integration can be customized by type of investment vehicle: for example, to implement client-specific avoidance criteria, to tilt toward specific ESG characteristics valued by the client or to seek certain types of positive impact that are meaningful to the client.

Each portfolio management team determines how best to achieve its ESG integration objective and lays out how ESG analysis is conducted to mitigate risk and enhance opportunity, how ESG issuers are analyzed and measured at the security level, and how they influence portfolio construction.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

- Yes
- No

SG 01.7 CC Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

- Yes

Describe the associated timescales linked to these risks and opportunities.

Neuberger Berman has identified climate-related risks and opportunities over the short-term and long-term. We consider potentially relevant policy changes and product demand in the near-term as a fundamental input into the short to medium-term investment horizon. As long-term investors though, future costs associated with policies not currently being contemplated and opportunities from current R&D activities (patents, potential revenue) associated with climate change are modelled at least 15 years into the future.

- No

SG 01.8 CC Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

SG 01.9 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

In 2019, Neuberger Berman developed a firm-wide climate-related corporate strategy in line with the voluntary disclosure recommendations of the TCFD. The firm's Board of Directors has been charged with oversight of climate risk. Chief Officers for Investment (CIOs), Risk (CRO), and Operations (COO) will oversee the climate-related corporate strategy as part of the entire firm's overall management working alongside the firm's ESG Investing team and portfolio managers. This corporate strategy covers investment risk and opportunity, as well as the operational resilience of our business. We are committed to understanding these climate-related risks and opportunities and managing risks that we believe are material to our business.

We implemented our climate-related corporate strategy to seek to identify and manage Neuberger Berman's climate-related risks and opportunities. We conduct climate scenario analysis to seek to identify potential climate-related risks relevant to the companies in which we invest to seek to better inform our investment decisions. Portfolio Managers and analysts have direct access to climate scenario analysis. They can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to sell a security when it no longer offers an attractive risk-adjusted potential return. We will continue monitoring the risks and opportunities through the scenario analysis of portfolios on an annual basis, tracking climate-related engagements and measuring our travel-related carbon footprint.

No

**SG 1.10
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

We provide Independent TCFD Reporting in our ESG Annual Report and Climate-related Corporate Strategy. All Climate Change sections of PRI report are disclosed publicly.

- We currently do not publish TCFD disclosures

SG 02

Mandatory

Public

Core Assessed

PRI 6

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1

Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

URL/Attachment

- URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

URL/Attachment

- URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

- Attachment (will be made public)

- Formalised guidelines on social factors

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

Engagement policy

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

(Proxy) voting policy

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

Active ownership approaches

URL/Attachment

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{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

Reporting

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{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:https://www.nb.com/pages/public/en-us/esg-investing.aspx}

Attachment

We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6 CC	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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The firm's Board of Directors has been charged with oversight of climate risk. Chief Officers for Investment (CIOs), Risk (CRO), and Operations (COO) will oversee the climate-related corporate strategy as part of the entire firm's overall management working alongside the firm's ESG Investing team and portfolio managers.

SG 07.7 CC	For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.
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Senior management is responsible for overseeing the firm's operations, risk department and investment professionals, with climate-related risks and opportunities as a subset of overall management of the enterprise. The CEO is ultimately responsible for updating the Board on material updates and relevant climate-related risks and opportunities, and is supported in this by the Head of ESG Investing, Chief Risk Officer, Chief Investment Officers and Chief Operating Officer. The Head of ESG Investing works with the CIOs and the CRO to ensure appropriate climate expertise and analytical capabilities are in place to support portfolio managers and research analysts in understanding the potential implications of climate change for security analysis and portfolio construction. The COO and CRO play an especially active role in managing the firm's business operations and resiliency to climate-related risks. This includes improvements to the firm's operational efficiencies and carbon footprint or adaptation and mitigation actions with respect to both transition and physical risk.

SG 07.8 CC	Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.
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- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, in order to assess future ESG factors

	Describe
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Neuberger Berman's Risk department runs scenario analysis and stress testing on the companies that we hold. The risk team monitors the ESG ratings of a portfolio and is taking responsibility for the climate scenario analysis. Our proprietary ESG ratings also include scenario analysis results for the relevant sectors.

- Yes, in order to assess future climate-related risks and opportunities

Describe

We have implemented top-down climate scenario analysis for all listed equity and corporate bond portfolios. The security analysis results in an aggregate portfolio level Climate Value-at-Risk based on a range of scenarios. This is reviewed at least annually for each strategy and candidates are identified for engagement.

No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2 Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Describe

We start with a top-down, systematic scenario analysis of climate value-at-risk for every publicly-listed corporate security in our U.S. mutual funds and UCITS funds at least once a year. The tool is highly nimble, enabling us to evaluate economic risks under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by Risk and presented on a portfolio level to our portfolio managers.

The climate value-at-risk tool is also available to all Portfolio Managers and analysts who can use their judgment on how the information is considered within the investment process. The resource augments existing risk monitoring activities and provides a framework for identifying climate-risk over the long-term and helps us understand how companies can shift their strategies and risk practices over time. The scenario analysis serves as a starting point for further bottom-up analysis, a comparison to the relevant benchmark and identifying potential climate-related risks for engagement opportunities.

Incorporation into investment analysis

Describe

Our ESG Investing team and Central Research Analysts include scenario analysis in our proprietary ESG ratings for the most relevant sectors. In the spirit of capturing and most accurately quantifying the environmental risk to these businesses, two types of scenario analysis are employed. In the Utilities space we leverage the LSE Grantham Center's Transition Pathways Initiative framework to forecast company's carbon intensity in 2030 relative to levels needed to deliver on The Paris Climate Accord. We normalize relative to peers and include the results as a factor in our proprietary ESG ratings. Importantly, this analysis goes beyond carbon emissions data and gives us a preliminary view of what the generation profile of each utility under coverage may look like in 2030.

Climate value-at-risk is a second form of scenario analysis incorporated into our ESG ratings, whereby physical risk is included in the Climate Transition Alignment factor in the Utilities group and it is used as an alternative to backward looking carbon footprint data in the Integrated Oils group under the Greenhouse Gas Emissions factor. We believe both methods of scenario analysis are vital to providing a holistic view of the climate risks in our ESG rating and combines our fundamental analysts' perspective with a systems-driven approach.

In our analysis of sovereign issuers, our Emerging Markets Debt team uses the Notre Dame Global Adaptation Index as one of the inputs to the ESG rating of each sovereign issuer in the universe. The index summarizes a country's potential future vulnerability to climate change and other global challenges in combination with its readiness to improve resilience.

When our analysis shows excessive climate risks and limited mitigate paths, we take action by reducing exposure in portfolios. This is the case in Emerging Market Debt where we have instituted a coal phase out policy for all emerging market corporate holdings in order to mitigate risks related to thermal coal mining and power generation. Any ownership of companies that derive more than 25% of revenue from thermal coal were sold and will be excluded from future purchase, with the threshold ratcheting lower to 10% by 2022 - in line with the firm's Sustainable Exclusions Policy. The team also sees risk to pure-play coal generators and put in place a policy that limits exposure to those with coal generation capacity of >95%. Importantly the team emphasizes cleaner energies in the capacity investments of these utilities, via detailed engagement in this respect.

Our Insurance Linked Strategies Group provides property insurance companies with innovative risk mitigation solutions against extreme storms, hurricanes and other natural disasters. A key focus of the investment process is proprietary analysis of both short-term weather variables and longer-term climate trends including sea level rise in exposure data (bathymetry) and supplemental flood analyses. These capabilities were also used to evaluate a potential investment in Private Equity to assess the concentrated asset risk of one manufacturing facility. The geographic area has low peril exposure for hurricanes and earthquakes, but flooding and severe storms pose minor threats.

Inform active ownership

Describe

The climate scenario analysis can help efficiently identify the positions affected by climate change in our portfolios and sector coverage. This helps prioritize the opportunity for engagement to understand steps a particular company has taken to both monitor and mitigate the potential physical and transition risks from climate change. These steps precipitated many company engagements in 2019 as we engaged with 12 of the top 15 holding weighted Climate Value-at-Risk contributors across our equity portfolio and a majority of our top 100 climate value-at-risk holdings.

In one case our analysis of physical risks led us to engage a portfolio company on the basis of its exposure to the risk of storm damage to its physical assets in Puerto Rico. Based on exposure identified by our model, our Sustainable Equity team worked with the company to understand the mitigation investments that had been made since Hurricane Maria damaged company facilities in 2017. This discussion gave the team more confidence that the company can withstand future storms but bears continued monitoring going forward. Our success in this case and others led the ESG Investing team to conduct a broader analysis to identify what we believe are the highest risk positions across our portfolios. The results of this analysis will serve as a jumping-off point for company-specific assessments and inform our engagement priorities with these management teams.

Other

**SG 13.5
CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

specify

Dedicated ESG Investing Team

**SG 13.6
CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

The 15-year climate scenario analysis we use in the Climate Value-at-Risk tool is beyond the typical investment time horizon. Additionally, much of the proprietary analysis around climate risks that directly feed into our ESG Ratings go beyond the traditional investment time horizon such as the forecasted carbon intensity in 2030 of utility generation or scoring of carbon reduction targets in the 2030-2050 timeframe.

- No

**SG 13.7
CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8
CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> AIM/GCE
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> GCAM 2DS
Other	<input checked="" type="checkbox"/> Other (3)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (3) please specify:</div> IMAGE 2DS

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

	other description (1)
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- Policy and regulatory changes.
- Other, specify(2)
 - None of the above

SG 14.2	Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity
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- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3	Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.
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- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.4	If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.
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We use third-party data sets including TruCost, MSCI ESG Manager and a climate value-at-risk scenario analysis tool.

SG 14 CC	Voluntary	Public	General
SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.		

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess climate transition and physical risk of securities and portfolios.	Climate value-at-risk	Calculates costs and revenue opportunities from a sector decarbonization approach based on various climate scenarios.
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess average carbon intensity exposure in a portfolio.	CO2e/\$M	Using third party assessment data of carbon emissions in concert with annual revenue to calculate a weighted average carbon intensity of portfolio holdings compared to the benchmark.
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess absolute level of carbon emissions emitted by a company.	Tons of CO2	Using third party assessment data of scope 1-3 carbon emissions.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess absolute carbon footprint of an entire portfolio.	Tons of CO2	Summation of portfolio holdings carbon footprint using scope 1 and scope 2 emissions
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess absolute total carbon emissions of an entire portfolio.	Tons of CO2	Summation of portfolio holdings carbon footprint using scope 1, scope 2 and scope 3 emissions
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Assess companies on the amount of carbon released relative to business activity.	CO2e/\$M	Using third party assessment data of carbon emissions together with annual revenue.
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	To screen companies with fossil fuel reserves or generation exposure	% of reserves or % of revenue	Total fossil fuel reserves or % of revenue as reported in the latest available period.

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019		Offset our firm-wide travel carbon emissions via purchases of carbon credits.	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2019	2020	Prohibit investment in companies that have more than 25% of revenue derived from thermal coal mining or are expanding thermal coal power generation.	
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8
CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management

Please describe

Neuberger Berman's risk team incorporates Climate Value-at-Risk in the comprehensive risk management process. The Climate Value-at-Risk analysis is used in annual investment performance/risk reviews in conjunction with more traditional risk assessments. The risk team can use the tool as a way to quantify the tail risk associated with climate risks for portfolio managers and monitor the risk over time (as it is likely to increase). Given the security level analysis, the Climate Value-at-Risk tool also serves to help identify securities with elevated climate-related risks and those that could be better positioned. A snapshot of best and worst positioned in a portfolio provides a digestible method for portfolio managers to prioritize the companies for engagement on the topic, especially if a plan of mitigation or emissions reduction is absent. The risk team also monitors ESG characteristics of a portfolio for an annual review, many of which in the Environmental pillar are related to climate risk.

- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9
CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Neuberger Berman undertakes action in several areas to encourage the adoption of the TCFD. We are a signatory and lead investor in the Climate Action 100+ campaign where we have been explicitly engaging with issuers around their preparedness to tackle climate change.

Our Proxy Voting Guidelines contain an expectation about familiarity with the TCFD, which read: "Neuberger Berman is broadly supportive of the work of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) and issuers can look to those frameworks as a reference of leading best practices. We expect directors to be familiar with those recommendations and be able to discuss how they relate to the risk assessment for their business.

Those same Guidelines outline our support for shareholder resolutions, some of which reference and advocate for the framework. Lastly, we educated our analysts and portfolio managers on climate-related financial risks and opportunities by hosting representatives from the TCFD for a presentation in our offices.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No