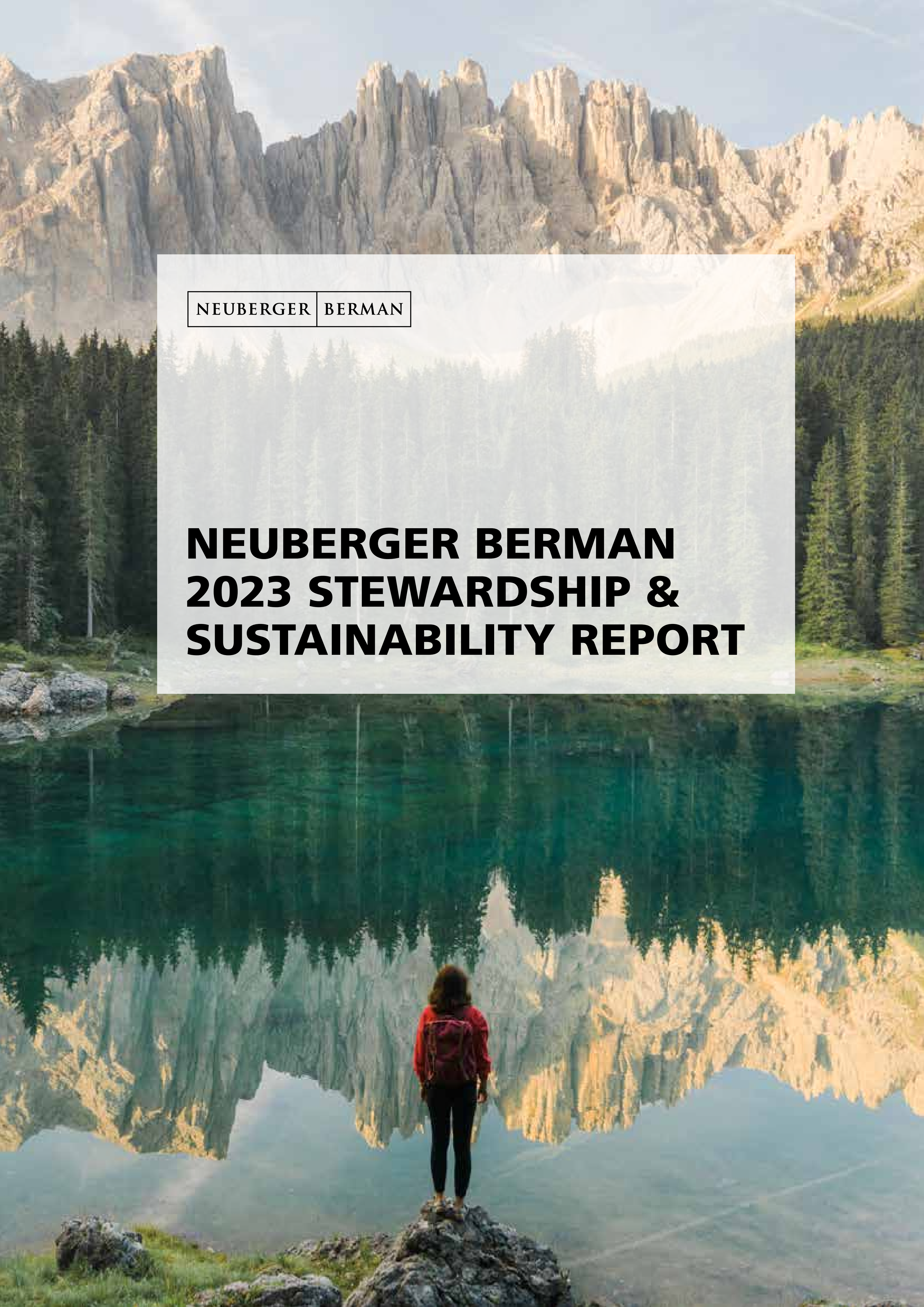
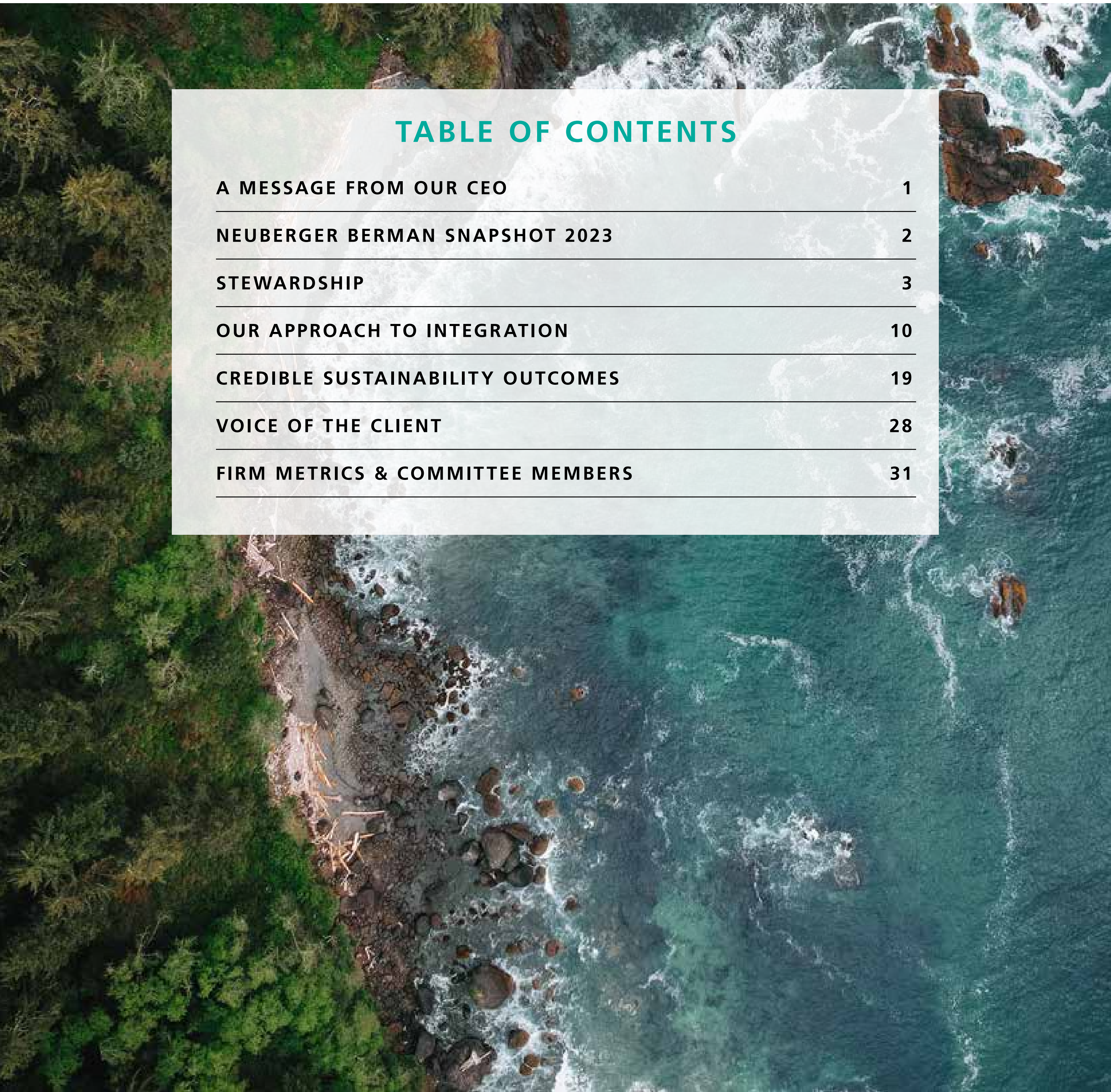


NEUBERGER | BERMAN

NEUBERGER BERMAN 2023 STEWARDSHIP & SUSTAINABILITY REPORT

Neuberger Berman is an employee-owned, private, independent investment manager founded in 1939 with over 2,800 employees in 26 countries. The firm manages $474 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 PRI identified the firm as part of the Leader's Group, a designation awarded to fewer than 1% of investment firms for excellence in environmental, social and governance practices. 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 10 years (firms with more than 1,000 employees). Visit www.nb.com for more information. Data as of March 31, 2024.



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A MESSAGE FROM OUR CEO

This year will be the 15th since Neuberger Berman reclaimed its independence and the 85th since it was founded in 1939. Over those years and decades, much has changed in the investing landscape and at our firm. And because Neuberger Berman tries to marry continuity and innovation, the history of the investment landscape and the history of our firm are closely entwined.

This is as true for our approach to environmental, social and governance (ESG) investing as anything else. From the firm's earliest days, clients came to us seeking to express their values and objectives in the portfolios that we managed for them through avoidance criteria. In the 1980s we established one of the industry's first dedicated Socially Responsive Investing U.S. equity teams. Today our investment teams have significantly greater disclosure from corporates to work with and much more sophisticated analytical tools to help them make informed decisions. Yet our fundamental philosophy of active management, informed judgment and engagement has remained constant.

Terminology has evolved over time. Our venerable "Socially Responsive Investing" equity strategy was renamed "Sustainable Equity" many years ago to reflect the broader understanding of company sustainability practices that the investment team considered. Unfortunately, in recent years the acronym "ESG" has become ever more politicized and divisive in public discourse, particularly in the U.S. We are at a loss to understand how investments can be managed actively and responsibly without due regard to financially material environmental, social and governance risks and opportunities—alongside other, more traditional, risks and opportunities that can affect portfolio outcomes. As an active manager, we also believe those risks and opportunities are comprehensively managed only when contextualized by an investor with a deep understanding of a company and its business model, and who can actively engage with its management teams. Crude screening and exclusion-based approaches inherently lack this judgment.

I have written in the past about why I think the acronym "ESG" is too simplistic and, if used without care, potentially misleading; it was helpful in raising awareness when these risks were underappreciated and inadequately considered by the portfolio management industry, but now the conversation has moved on to the "what" and "how". This report is intended to help you, our client, understand the specifics of what we are doing and how.

This starts with us being clear about language, differentiating between process- and outcome-focused strategies in our ESG integration framework. Our process-focused Assess strategies consider financially material environmental, social and governance factors alongside traditional factors in the investment process and those ESG factors are generally no more significant than other factors. In contrast, our outcome-focused Adapt, Amplify and Aim for Impact strategies may seek to achieve a financial goal by investing in high-quality issuers with sustainable business models and leadership on relevant ESG factors or to achieve specific social and/or environmental outcomes as part of the investment process.

This report includes case studies drawn from the more than 4,600 engagement meetings we held during 2023 (over 3,200 with issuers of public equities and 1,400 with fixed income issuers) and the results of our advance proxy voting disclosure initiative, NB Votes. You will be able to see how our proprietary Industry Materiality Matrix is used as a starting point for determining financial materiality of individual company investments across asset classes, and how we evaluate Private Equity General Partners when we invest indirectly in private markets.

You will also learn about the various tools we employ for our outcomes-focused strategies that seek to deliver specific sustainability outcomes. One area of continued innovation has been our proprietary Net-Zero Alignment Indicator, which assesses the degree to which a company is aligned with a 2050 net-zero objective. The Indicator draws on both third-party data and, importantly, qualitative inputs from our research analysts. Over the past year, our analysts have focused on expanding the qualitative coverage of the Indicator by reviewing 1,829 holdings across equities and fixed income, and applying overrides to 337 of those, effectively covering 76% of the MSCI World index by market capitalization. We are honored that clients have entrusted us with over $5 billion in assets in climate transition strategies managed according to portfolio targets based on the Indicator. And you can now evaluate the merits of our approach through a Harvard Business School case study "Investing in the Climate Transition at Neuberger Berman".

Everything we do, we do in partnership with our clients—one of which, Railpen, which manages £34 bn in assets on behalf of 350,000 members of the U.K. railways pension schemes, is profiled in this report. We are proud of the collaborative initiatives that we are part of and the contributions we can make in partnership with our clients that have expressed similar ambitions to system-level change. This includes advocating for thoughtful regulation and policy frameworks, including the need for a global baseline of corporate sustainability disclosure based on the work of the International Sustainability Standards Board.

I began this letter looking back—over 15 years, 85 years, practically an entire century. It is fitting to end it looking forward. As so many competitors cut back and consolidate, we continue to seek out opportunities to improve. We grow our capabilities, we grow our global footprint, we grow our team, we grow the range of markets we address—and in so doing, we grow our capacity to deliver on the objectives of you, our clients and partners.

We thank you for entrusting us with your capital through 2023 and look forward to building on our partnership in the years ahead.

George

GEORGE WALKER
CHAIRMAN AND CEO OF NEUBERGER BERMAN

NEUBERGER BERMAN SNAPSHOT 2023

85 YEARS OF PARTNERSHIP
15 YEARS OF INDEPENDENCE

2,800+
EMPLOYEES WORLDWIDE

100%
INDEPENDENT, EMPLOYEE-OWNED[1] STRUCTURE

ASSETS UNDER MANAGEMENT
$474 bn

ACTIVE IN
26
COUNTRIES AND
39
CITIES WORLDWIDE

NB VOTES

DISCLOSED VOTES IN ADVANCE OF 43 SHAREHOLDER MEETINGS

BEST PLACES TO WORK
1st OR 2nd
P&I "Best Places to Work in Money Management" Survey
(Every Year 2014 – 2023)

REVENUES
$2,291mn
(↓ 2% year-on-year)

751
INVESTMENT PROFESSIONALS
(60 NET ADDED IN 2023)

1989
FIRST DEDICATED SUSTAINABLE INVESTING STRATEGY

YEARS OF INDEPENDENCE
15

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

STEWARDSHIP

OUR APPROACH TO ENGAGEMENT

As an active manager, engagement is core to our investment process—whether to inform our investment decisions or as part of our stewardship of the asset. We believe having investment teams lead engagements is crucial to integrating stewardship insights into the investment process and informing investment decisions. This approach enables us to combine subject matter expertise with fundamental insights to engage on financially material issues specific to a given company and its operating profile to drive sustainable value creation on behalf of our clients. While much of our engagement with issuers arises organically from the investment diligence process, we are also focused on ensuring that the same attention and intensity are sustained throughout our stewardship of the asset. We look for companies where we can constructively exchange insights with board members and management teams.

2023 ENGAGEMENT OVERVIEW

PUBLIC EQUITY

3,256 TOTAL ENGAGEMENTS

34% ENVIRONMENT

49% SOCIAL

95% GOVERNANCE

PERCENTAGE OF ENGAGEMENTS BY TOPIC

FIXED INCOME

1,402 TOTAL ENGAGEMENTS

58% ENVIRONMENT

46% SOCIAL

79% GOVERNANCE

PERCENTAGE OF ENGAGEMENTS BY TOPIC

PRIMARY ENGAGEMENT TOPICS

ENVIRONMENTAL
- Climate risk management
- Green opportunities
- Environmental/Climate reporting
- Energy management
- Waste and water management

SOCIAL
- Human capital management
- Community and government relations
- Labor relations
- Supply chain management
- Workforce diversity and inclusion

GOVERNANCE
- Long-term business strategy
- Capital structure
- Risk management
- Board independence and quality
- Financial disclosure and controls

ENGAGEMENT CASE STUDY
OPTIMIZING CAPITAL ALLOCATION FOR LONG-TERM SUCCESS

OKINAWA CELLULAR	TELECOMMUNI-CATIONS	CAPITAL ALLOCATION	GOVERNANCE	JAPAN EQUITY, INTERNATIONAL EQUITY	EQUITIES	ONGOING
COMPANY	SECTOR	ISSUE	CATEGORY	INVESTMENT TEAM	ASSET CLASS	STATUS

Background

Okinawa Cellular is a regional telecom company operating in the southern islands of Japan. The result of a joint venture between local business leaders and KDDI (its controlling shareholder and Japan's second-leading telecom company), Okinawa Cellular holds a 50% market share in its region and generates substantial free cash flow.

Over the years, we have favored Okinawa Cellular largely because of its stable revenue and cash-flow generation, which is expanding in the transition from 4G to 5G networks, leading to more data usage, customer plan upgrades and increased revenue per user. However, despite these advantages, the company has historically struggled with capital allocation, with much of its cash deployed in loans to KDDI via its parent's shared cash management system. We believed this was an ineffective use of capital; as a leading cellular company, KDDI could easily obtain loans more cheaply from external sources. Moreover, we felt the cash should be used to benefit Okinawa Cellular shareholders. We urged the company to devote its cash instead to building its business and/or improving shareholder returns.

Scope and Process

Over the years, we engaged with Okinawa Cellular on capital allocation and board composition, among other issues. Although pleased when it initiated its first share buybacks in 2020, limited subsequent progress made it clear we would need to take additional action in line with our milestones-based engagement process.

This emerged in three stages. First, in February 2022, we submitted a letter to Okinawa Cellular's board requesting that the company address the cash issue in a timely manner. Second, in June 2022, we leveraged the NB Votes initiative to pre-disclose our decision to vote our proxy against top management and its external directors for their failure to adequately address the capital inefficiencies and limited board independence. Third, in a joint effort between the Japan Equity and International Equity teams, we engaged with KDDI and its top management on these issues, and asked that the parent address them with Okinawa Cellular.

Outcomes and Outlook

In October 2022, Okinawa Cellular released its first-ever midterm plan, which committed to a three-year earnings per share (EPS) growth target of 15%, half of which would come from organic growth and mergers and acquisitions, and half from share buybacks. Investors reacted favorably to this important step, which was followed six months later by an announcement that the company would unwind a third of its loans to KDDI and use the proceeds for share buybacks.

Looking ahead, we plan to help guide Okinawa Cellular on further capital reallocation, and potential uses for the remaining balance of loans to KDDI, including potential investments in non-cellular businesses. We intend to weigh in on board independence and the skillsets of board members, which we believe will be important to effective capital planning. Finally, the retraining of its workforce remains an important issue as it expands its IT consulting business as part of the digital transition affecting multiple industries. We are pleased with the progress achieved by Okinawa Cellular so far, and look forward to working with management over time.

ENGAGEMENT CASE STUDY
ADVOCATING FOR LEADERSHIP IN METHANE MANAGEMENT

COMPANY	SECTOR	ISSUE	CATEGORY	INVESTMENT TEAM	ASSET CLASS	STATUS
COTERRA ENERGY INC.	ENERGY	METHANE EMISSIONS MEASUREMENT AND DISCLOSURE	ENVIRONMENTAL	U.S. SUSTAINABLE EQUITY	EQUITIES	ONGOING

Background

COP28 highlighted the need to reduce methane emissions while natural gas continues to play an important role in the transition away from more carbon-intensive fossil fuels. We believe that establishing best practices in natural gas production, with particular regard to methane management is a key imperative for gas producers. We have engaged and encouraged Coterra Energy, a U.S.-based independent oil and gas company, to take a leadership role in defining and adopting industry best practices for methane management, including operational and technology investments, transparency and reporting, and joining industry collaborations such as the Oil and Gas Methane Partnership 2.0 (OGMP 2.0).

Today, the energy sector accounts for around 40% of total methane emissions attributable to human activity, second only to agriculture. Methane is responsible for around 30% of the rise in global temperatures since the Industrial Revolution.[2] Capturing methane can improve operational efficiency by turning potential waste into marketable products via electricity generation, heating of homes and raw material usage in the chemical industry. Companies that effectively manage their methane emissions can improve their reputation with stakeholders, investors and the public, helping to maintain their social license to operate.

Scope and Process

We have been engaging with Coterra Energy's CEO Tom Jorden on a range of sustainability issues for well over a decade, dating from when he served as CEO of Cimarex. During his tenure, the company was responsive to shareholder feedback regarding expanding its disclosures and initiating a methane leak detection and reporting system, among other actions.

After its latest merger, our dialogue continued within the context of generating a new set of practice standards, disclosures and emission targets for the combined company. At the request of management, we sat down with CEO Jorden, the senior operating team with direct responsibility for establishing emissions reduction targets, and members of the company's sustainability team to discuss related issues and provide comprehensive recommendations. These included aligning climate disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), formalizing board oversight of climate matters, and including an emission-reduction metric in the compensation program.

In addition to direct engagements with the company, in 2023 we also reinforced this feedback through the inclusion of our support in NB Votes, for the shareholder proposal that called on Coterra Energy to provide more comprehensive reporting on its approach to methane measurement, including collaboration with industry efforts, such as the OGMP 2.0. Within the oil and gas industry, the move toward real-time methane emissions methodologies is becoming a central part of regulatory standards.

Outcomes and Outlook

Coterra Energy, in our view, has an engineering-based culture that is committed to reducing methane emissions across its own operations, thus reducing the risk that such emissions pose to its business and the environment over the long term. In response to our engagement, the company published a TCFD/SASB-aligned sustainability report, included an emission-reduction metric in its incentive program, and joined the OGMP 2.0, demonstrating leadership and advancing industry best practices. We value our ongoing dialogue with Coterra Energy, and look forward to continued discussions in addressing the opportunity for responsible natural gas producers to drive climate leadership.

[2] International Energy Agency, as at February 2023.

ENGAGEMENT CASE STUDY
RAISING THE BAR ON EMISSION TARGETS

COMPANY	SECTOR	ISSUE	CATEGORY	INVESTMENT TEAM	ASSET CLASS	STATUS
PPG INDUSTRIES, INC.	SPECIALTY CHEMICALS	EMISSIONS TARGETS, SUSTAINABLE PRODUCT MIX	ENVIRONMENTAL	INVESTMENT GRADE CREDIT, MULTI-SECTOR CREDIT	FIXED INCOME	ONGOING

Background

PPG Industries, Inc. is a global specialty chemicals company and a leader in paints and coatings with a diverse portfolio of products across several end markets. While the company has made strides in mitigating material climate risk, we believed there was an opportunity to set more ambitious long-term targets around emissions and environmentally sustainable products.

We believe these objectives are particularly relevant for PPG given the potential compliance risks and opportunity costs related to weak decarbonization targets or a lack of sustainable product offerings. Over 30% of PPG's revenues come from European markets, where regulatory requirements are tighter than those in the U.S., and customers are increasingly selective based on these issues.

Scope and Process

As an investor in PPG bonds, we have regularly engaged with senior management, investor relations and its ESG team to provide guidance on a range of issues. We view climate transition as both a financially material risk and opportunity for chemical companies. PPG is an important supplier to many companies across end markets including automotive, aerospace, packaging and architectural coatings, where both regulatory and consumer-driven requirements for lower carbon impact are rising. Given growing demand for products with lower carbon impact by sustainability conscious customers seeking to abate their own Scope 3 emissions, we asked the company to set more ambitious goals to sell sustainable products. We believe capital allocation to expand PPG's product offering to more sustainable products may help their profitability and improve market share.

Initially, PPG only pledged to reduce Scope 1 and 2 emissions intensity by 2025, a shorter-term goal than many of its peers. As part of our engagement, we encouraged the company to set longer-term targets and extend them to Scope 3 emissions as well. We also asked that it more clearly articulate an emissions-reduction pathway, and introduce a net-zero target to better align with a longer-term decarbonization commitment that helps guide future management teams.

Outcomes and Outlook

In July 2023, PPG announced new emissions targets, with the goal of a 50% reduction in Scope 1 and 2 emissions and 30% reduction in Scope 3 emissions by 2030 (relative to 2019 levels), in addition to its existing 15% carbon-intensity reduction target by 2025 (from a 2017 baseline)—goals that have been validated by the Science-Based Targets initiative. Another important commitment was to target 50% of sales from sustainable products by 2030, up from just over 40% of sales today. This will include a greater portion of water-borne coatings with a smaller carbon footprint than traditional paints and coatings—a transition that could not only support climate goals, but also introduce new market opportunities addressing emerging end-market needs.

We view these actions as an important step for PPG in managing its climate risk; however, there are still opportunities to engage on further improvements. At this stage, the company remains reluctant to introduce a net-zero target, which we think would be achievable given its already low-impact profile relative to other more carbon-heavy chemical companies. In the meantime, we acknowledge the company's progress so far, and look forward to continuing our highly constructive dialogue.

OUR APPROACH TO VOTING

We believe that proxy voting is an integral aspect of active investment management. Many of our clients entrust us with the responsibility of proxy voting on their behalf, and we take that responsibility seriously. Accordingly, we believe proxy voting must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager. Neuberger Berman has developed custom Proxy Voting Guidelines that generally represent the voting positions that we believe to most likely support our clients' best economic interests. These guidelines are updated as deemed appropriate and reviewed at least on an annual basis.

Bringing Transparency and Accountability to Proxy Voting

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

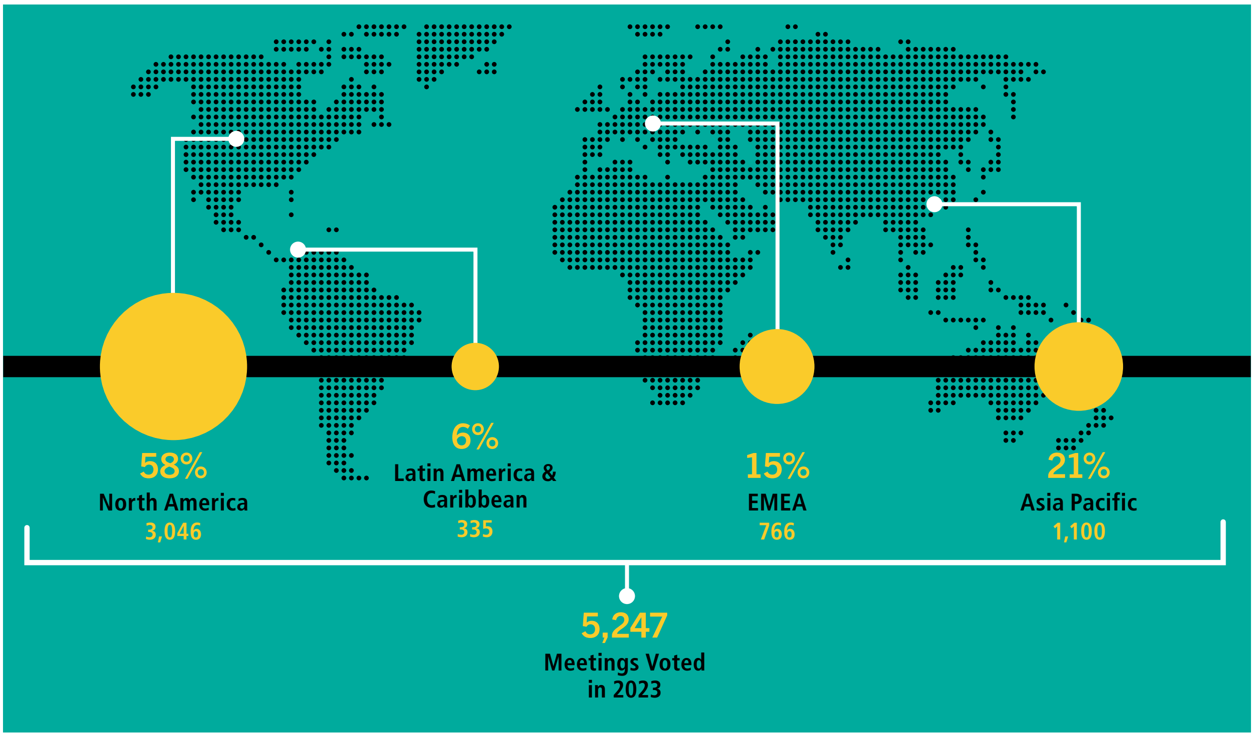
In 2023, we disclosed our voting intentions and rationales for proposals at 43 meetings and opposed the company's recommendation in 58% of them. Our initiative also spans the regions where we invest our clients' capital, with 21% of our votes at meetings of non-U.S. companies. Among these votes was a shareholder proposal regarding recapitalization that we submitted to Lions Gate Entertainment Corporation, a tool not frequently used by institutional investors.

Pre-announcement of proxy voting intentions still may not be common practice. Yet as an active manager with voting responsibility on behalf of our clients, we believe we serve our clients well by openly encouraging companies to raise their governance standards and enhance their financial performance. For a full list of the votes disclosed as part of our NB Votes initiative in 2023, please see our NB Votes website.

Voting Statistics

In 2023, our investment teams voted at over 5,000 meetings globally, where 98% of the proposals were put forth by management and 2% by shareholders. We find ourselves opposing many proposals that we view as not representing proper alignment with shareholder interests or at odds with our judgment of the best financial course for the company. This is reflected in both the 12% of management proposals and the 66% of shareholder proposals we opposed during the year. We opposed management on at least one ballot item at 49% of meetings in 2023. Some of the main areas of opposition for management proposals involved concerns with the structure of executive compensation plans, the size and structure of stock option plans, or the capital management practices of a company. Main drivers for opposing management recommendations on shareholder proposals were related to the separation of chair and CEO, improved governance practices, and enhanced disclosure of financially material environmental, social and governance matters.

REGIONAL REPRESENTATION OF MEETINGS VOTED



ENGAGEMENT WORKS: 2023 HIGHLIGHTS FROM NB VOTES

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

Company	Issue	Action	Result	Why Is It Financially Material?
Ansys, Inc.	Classified board structure.	Last year, we wrote a letter to the board and disclosed our support for a shareholder proposal regarding board declassification.	In response to shareholder feedback, management put forth a proposal to adopt annual director elections.	We believe companies should strive to maximize shareholder representation and that annual director elections serve as an effective mechanism to hold directors accountable for unsatisfactory performance or misalignment with shareholder interests. In this case, we believe declassifying the board will further enhance shareholder rights and representation.
Costco Wholesale Corporation	Lack of independent oversight of company-identified material climate-related risks that could adversely affect the business given its operational footprint, product procurement and sales.	We engaged with the company and opposed the reelection of the chair of the nominating and governance committee due to lack of board oversight of financially material ESG matters in 2022.	The company updated the nominating and governance committee charter to give the committee oversight of important strategic decisions, including "environmental, diversity and sustainability policies and initiatives, including climate-related risks and opportunities."	We believe the board should identify and appropriately address financially material risks to the company's business fundamentals and its long-term sustainable growth, including but not limited to material ESG issues. Given that supply chain resilience and operational efficiency are core to the business strategy, in our view formalization of board oversight of ESG is appropriate.
Okinawa Cellular Telephone Company	Lack of transparency on strategic objectives and capital inefficiencies.	We have written multiple letters and opposed the reelection of directors. Since 2020, we have been disclosing our concerns and voting intentions ahead of annual meetings.	The company announced its first ever mid-term plan, which committed to raising EPS by 15% over the next three years that roughly split into organic EPS growth, as well as a commitment to consistently buy back shares over the next three years.	We believe that an efficient capital structure minimizes the risk-adjusted cost of capital by avoiding excess leverage or cash buildup. In this case, we saw an opportunity for the surplus capital to be returned to shareholders.
Coterra Energy Inc.	While the company has adopted several best practices pertaining to methane management, the quality and accuracy of methane emissions measurement could be improved.	Over the years we have had several engagements where we recommended further action and disclosure on enhancing methane measurement.	Following the meeting and in response to shareholder feedback, the company meaningfully increased its methane-related disclosures in its 2023 Sustainability Report and joined the Oil & Gas Methane Partnership 2.0.	We believe that companies should be able to identify key environmental risks to their businesses and consider the long-term impact such risks may have on their business model and operations. Hence, where we find that existing disclosure practices significantly lag recognized frameworks necessary for investors to assess these risks, we will generally support proposals asking for increased disclosure. We believe there was opportunity to improve Coterra Energy's methane measurement disclosure and practices to be more in line with peer and industry efforts to improve operational efficiency and reduce climate-related risks.

OUR APPROACH TO INTEGRATION

OUR PHILOSOPHY

Since the inception of the firm in 1939, Neuberger Berman's purpose has been to deliver compelling investment results for our clients over the long term, supporting them to achieve their investment objectives. We also understand that for some clients, the outcomes that their portfolios enable are 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 advancing integration of ESG characteristics into investment processes, partnering with clients to provide innovative solutions that seek to achieve the outcomes they value.

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

We invite you to learn more at https://www.nb.com/en/global/esg/philosophy.

JONATHAN H. BAILEY,
Global Head of ESG & Impact Investing

"It is an honor to be entrusted with the precious capital of clients from around the world. Our clients have diverse portfolio objectives—from managing material financial risks to seeking specific environmental or social outcomes. For clients that are focused on sustainability outcomes, our heritage of fundamental research and bottom-up analysis enables us to evaluate the credibility of an issuer's climate transition plan or the impact of its products and services. We are committed to offering clients the choice for how they wish their capital to be invested."

OUR HISTORY: A DECADES-LONG COMMITMENT

■ Evolution of Policies, Initiatives and Commitments
■ Growing Range of Investment Capabilities

1940s
First application of avoidance screens

1980s
Formed one of the first U.S. sustainable equity investment teams

Amplify: U.S. Sustainable Equity Strategy

2002
Formalized Proxy Voting Policy

2012
Established ESG Committee

Became signatory to the UN-supported Principles for Responsible Investment (PRI)

2013
Became signatory to the U.K. Stewardship Code[3]

Assess: Emerging Market Debt Sovereign Strategy

2016
Established ESG working groups for equities, fixed income and private equity

Assess: Corporate Credit Strategy

2017
Established dedicated ESG Investing team

Published first Proxy Voting and Engagement Report

[3] Also compliant with the principles of the U.K. Stewardship Code 2020.

■ Evolution of Policies, Initiatives and Commitments
■ Growing Range of Investment Capabilities

2018

Developed the NB ESG Quotient, a proprietary ESG ratings system for equities and fixed income

Aim for Impact: Municipal Impact Fixed Income Strategy

Assess: Climate Insurance-Linked Strategy

2019

Established Climate-related Corporate Strategy

Published inaugural ESG Annual Report

Aim for Impact: Private Equity Impact Strategy

2020

Established ESG Product Committee

Announced NB Votes

Adopted sustainability-linked corporate credit facility

Identified as part of the 2020 PRI Leaders' Group[4]

Aim for Impact: U.S. Equity Impact Strategy

Amplify: Sustainable Emerging Markets Debt Strategy, Sustainable Research Opportunities Strategy, Global and European Sustainable Equity Strategies

Assess: Japan Equity Engagement Strategy

2021

Became signatory to the Net Zero Asset Managers Initiative (NZAMI)

Established Advisory Council

Established ESG Product Oversight Committee

Amplify: Sustainable Asia High Yield Strategy

Adapt: Climate Transition Multi-Sector Credit Strategy

2022

Launched the proprietary NB Net-Zero Alignment Indicator to assess issuers' climate transition readiness

Climate-Integrated Strategic Asset Allocation

Adapt: Global High Yield SDG Engagement Strategy

2023

Enhanced TCFD Report

Implemented a new Research Management System to centralize equity research and engagement data

Established Asia ESG Investing team

Aim for Impact: Global Equity Impact Strategy

Amplify: Climate Innovation Strategy

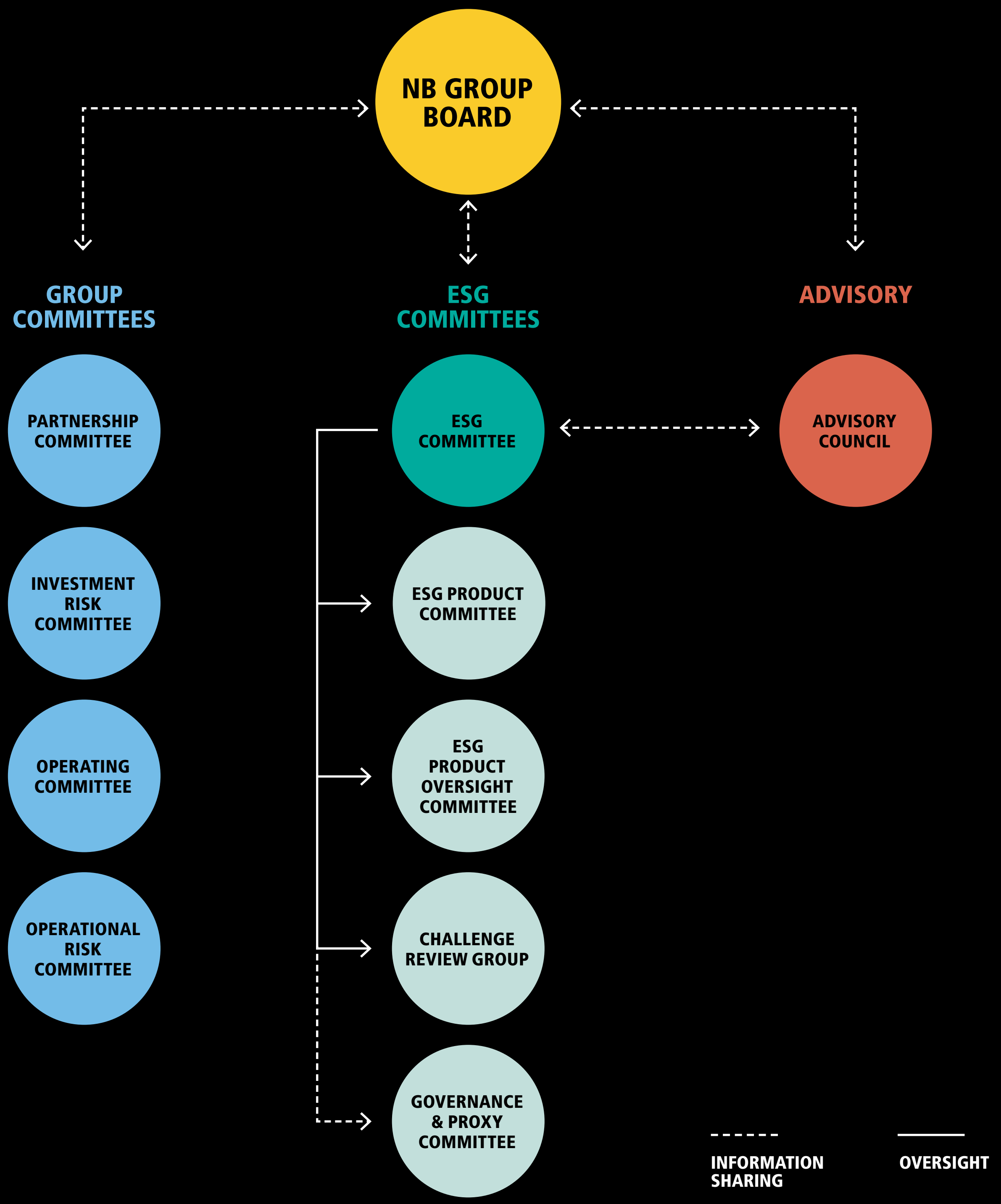
Adapt: Climate Transition Global Equity Strategy

China Green Bond Strategy

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

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

OVERVIEW OF NEUBERGER BERMAN'S ESG GOVERNANCE STRUCTURE



NEUBERGER BERMAN'S KEY ESG COMMITTEES AND GROUPS

	Membership	Description
ESG COMMITTEE	• Chaired by the Global Head of ESG and Impact Investing. • Comprised of senior investment professionals across all asset classes, including the Chief Investment Officer (CIO) for Equities, and representatives from Equity, Fixed Income and Private Equity teams. • Includes senior professionals from client coverage, risk management, legal and compliance, marketing, and our client organization.	The ESG Committee reviews the ESG Strategy for the firm. Its primary responsibility is reviewing the ESG Policy and amending it as needed. It also acts as a cross-asset class forum to share research on ESG issues and trends, and to drive deeper engagement and education on ESG topics across the firm.
ESG PRODUCT COMMITTEE	• Chaired by the Global Head of ESG and Impact Investing. • Includes the CIO for Equities.	The ESG Product Committee oversees ESG commitments made at the product and/or investment strategy level.
ESG PRODUCT OVERSIGHT COMMITTEE	• Co-chaired by the Head of Business Risk and the Head of Investment Risk. • Includes senior leaders such as the Global Head of ESG and Impact Investing, Head of Product Development, and other senior leaders across the support and controls teams (Compliance, Legal, Marketing and Risk).	The ESG Product Oversight Committee oversees previously approved ESG commitments made at the product and/or investment strategy level.
CHALLENGE REVIEW GROUP	• Includes selected members of the ESG Committee.	The Challenge Review Group is responsible for the critical review and decision of appeals submitted by investment teams against names identified as prohibited under an applicable avoidance policy.
GOVERNANCE & PROXY COMMITTEE	• Chaired by President & CIO for Equities. • Comprised of senior investment professionals across the Equities business.	The Governance & Proxy Committee oversees firmwide proxy voting guidelines and procedures, including NB Votes initiative.
ADVISORY COUNCIL	• The council consists of respected external thought leaders across the ESG landscape.	The Advisory Council brings the latest knowledge from academia, the non-profit sector, and institutional asset owners to provide guidance on the future of impact investing and sustainability topics and challenge us to go further in our own efforts.

OUR ESG INTEGRATION FRAMEWORK

Portfolio managers, private markets investment professionals and individual credit and equity research analysts are responsible for environmental, social and governance integration. We believe that 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.

For all ESG-integrated strategies, each portfolio management team selects an approach from our ESG Integration Framework: Assess, Adapt, Amplify, Aim for Impact or Avoid. In building their portfolios, portfolio managers consider whether to reach a more holistic understanding of risk and return (Assess), seek to improve social or environmental performance through engagement (Adapt), tilt the portfolio to best-in-class[5] issuers (Amplify), invest in issuers that are intentionally generating positive social/environmental impact (Aim for Impact) or simply exclude particular issuers (Avoid).

We believe our approach to integrating ESG factors into our investment processes for Assess strategies is consistent with our fiduciary duty to investors. Our focus on financially material and pecuniary ESG factors, as one investment input alongside many other traditional factors, could enable our identification of key risks that individual issuers may face in the near term or over the long haul. We also recognize that certain clients may desire a more outcomes-based approach, which is why we also offer Adapt, Amplify, Aim for Impact and Avoid strategies. Adapt, Amplify and Aim for Impact strategies are appropriately labelled in the product name as "transition", "SDG engagement", "sustainable" or "impact" for ease of client choice.

NEUBERGER BERMAN ESG INTEGRATION FRAMEWORK

Process-focused — Outcome-focused

Assess	Adapt	Amplify	Aim For Impact	Avoid
Considers financially material ESG factors alongside traditional factors in the investment process. ESG factors are generally no more significant than other factors in the investment selection process.	Seek to achieve social and/or environmental outcomes through engagement with issuers while also achieving a financial goal.	Seek to achieve a financial goal by investing in high-quality issuers with sustainable business models, practices, products or services and leadership on relevant ESG factors.	Seek to intentionally generate positive, measurable social and environmental outcomes for people and the planet alongside a market rate financial return by investing in issuers whose core business, products, services or use of proceeds of each investment contributes to solutions of pressing environmental and social issues.	Ability to exclude particular issuers or whole sectors from the investable universe to meet regulatory requirements and accommodate client demands.
"ESG INTEGRATED" In documents	**"TRANSITION" OR "SDG ENGAGEMENT"** In name of strategy	**"SUSTAINABLE"** In name of strategy	**"IMPACT"** In name of strategy	**DIVEST/EXCLUDE** Exclusions in documents

Note: Investment strategies' ESG integration approaches may evolve over time. Strategy names and classifications are subject to change as a result of changing sustainability-related regulatory requirements across different jurisdictions. Please refer to Neuberger Berman's ESG Policy for the full definitions. Not all investment strategies consider ESG factors. The ESG Investing team works together with respective investment teams in order to receive approval from the ESG Product Committee for appropriate taxonomy designation. Avoidance screens can be combined with other ESG integration strategies based on client requests. Transition, Sustainable and Impact named funds may have to meet specific local regulatory requirements, including specific exclusions, investment policies, disclosure and reporting requirements that may go above and beyond what is listed here. Please refer to specific fund and strategy disclosures for further information.

[5] "Best-in-class" means issuers that are, in Neuberger Berman's opinion, leaders compared to their peers in terms of meeting environmental, social and governance criteria.

TEAM SPOTLIGHT
NB PRIVATE MARKETS APPROACH TO ESG INTEGRATION

NB Private Markets believes the most effective way to integrate ESG factors into an investment process is for investment teams to consider financially material ESG factors as part of rigorous due diligence and ongoing portfolio management. As such, the investment teams are responsible for researching and integrating financially material ESG factors into the investment decision-making process. The firm's ESG Investing team provides expert guidance, resources and training to investment professionals during the investment process, and works to continuously improve the firm's ESG practices.[6]

Manager ESG Scorecard[7]

When conducting diligence on primary fund commitments as well as other sponsor-led investments, NB Private Equity and Private Credit investment teams are able to utilize our proprietary Manager ESG Scorecard to assess the lead General Partner's (GP's) level of ESG integration at both the firm and the fund strategy level based on industry best practices. Our Manager ESG Scorecard assesses the GP's commitment to ESG by evaluating the firm's ESG policy and governance, ESG objectives, and how well ESG is incorporated into the investment process (due diligence and selection, ownership and ongoing monitoring, and reporting).

Completed Manager ESG Scorecards are included in the dedicated ESG section of Investment Committee memos. Our Manager ESG Scorecard results in a weighted average score on a scale of 'Absent', 'Initial', 'Developing' or 'Integrated' that can be tracked over time. Importantly, it can serve as a starting point for engagement with GPs on areas of improvement. We also engage with certain GPs in both seminar and one-on-one settings to provide guidance and support to improve ESG integration policies and practices. Over the past several years, we have observed an improvement in the private equity industry overall in ESG integration policies and practices.

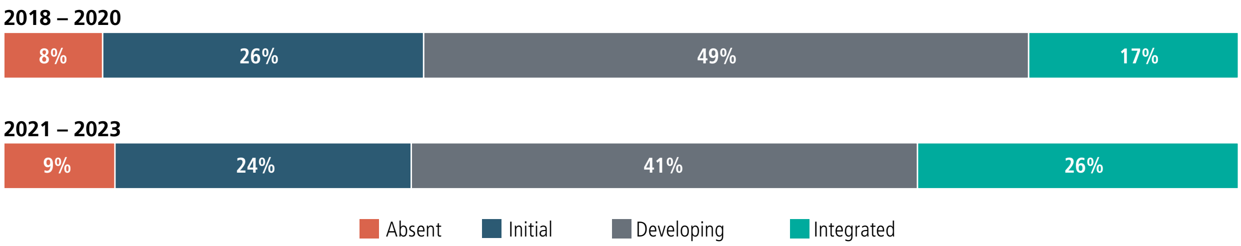
MANAGER ESG SCORECARD

FUND MANAGER	FUND STRATEGY
What is the firm's ESG commitment and governance?	**How is ESG integrated throughout the investment lifecycle?**
POLICY GOVERNANCE RESOURCES	DUE DILIGENCE SELECTION OWNERSHIP REPORTING

Progression Over Time

Using Manager ESG Scorecard data across primary fund investments in Large-Cap, Small/Mid-Cap, and Venture/Growth Capital Funds since 2018, we compared overall trends in the Manager ESG scores for fund investments made between 2018 – 2020 and 2021 – 2023 to understand how ESG integration practices have evolved over time. In the more recent period, we have noticed an increase in GP funds scoring as 'Integrated' using our Manager ESG Scorecard. Interestingly, we also have noticed that the distribution of funds considered to score 'Absent' or 'Initial' has remained relatively stable between the two periods, which could indicate that the majority of progress in the past six years has been within firms already committed to ESG integration who have subsequently strengthened their programs.

As current and proposed regulations linked to ESG integration proliferate across the globe, we expect GPs to continue to enhance their ESG integration practices, and we will monitor whether the proportion of funds with limited to no ESG integration changes over time.



[6] Subject to Neuberger Berman's policies and procedures, including certain information barriers within Neuberger Berman that are designed to prevent the misuse of material information between the NB Private Markets teams and the public side investment and ESG teams.

[7] Manager ESG Scorecard utilized by NB Private Equity and Private Credit Platforms.

DETERMINING FINANCIAL MATERIALITY

In keeping with our belief that ESG integration must be based on the principle of financial materiality specific to the given investment strategy, our teams do not simply rely on a third-party research provider for ESG analysis. Instead, portfolio managers and research analysts have access to a wide range of data sources and research providers, including our Neuberger Berman Industry Materiality Matrix, as well as the advanced analytics capabilities of our Data Science team and the insights we glean from engaging directly with investee company management teams.

Our proprietary Industry Materiality Matrix spans three asset classes, more than 70 different industries, under 11 sectors and across 33 potentially financially material ESG factors. The matrix allows us to develop forward-looking views by industry, guiding investment analysis and engagement in a consistent and comparable way, and accommodating real-time insights from sector experts. The matrix is available to all investment teams to use as a starting point for further analysis, and can be applied to asset classes, including private markets.

The result of this work is used to create asset class-specific NB ESG Quotients,[8] an industry-relative rating for many companies covered by our central equity and credit analysts on potentially financially material ESG characteristics. The ratings are available for all investment professionals at Neuberger Berman throughout the research environment. The underlying data is updated weekly and the rating methodology is reviewed at least every two years with the sector analysts.

Our custom ratings cover over 4,000 equities and 2,700 credit issuers (including sovereigns), some of which incorporate the analysts' extensive industry experience to make decisions on qualitative categories that may be hard to measure. Given limited disclosure of ESG data in some markets and for some types of issuers, some ratings include significant qualitative judgment from analysts themselves. Those ratings may be used by portfolio managers as part of their approach to ESG integration for corporate issuers, for example, by adjusting internal credit ratings up or down based on the NB ESG Quotient.

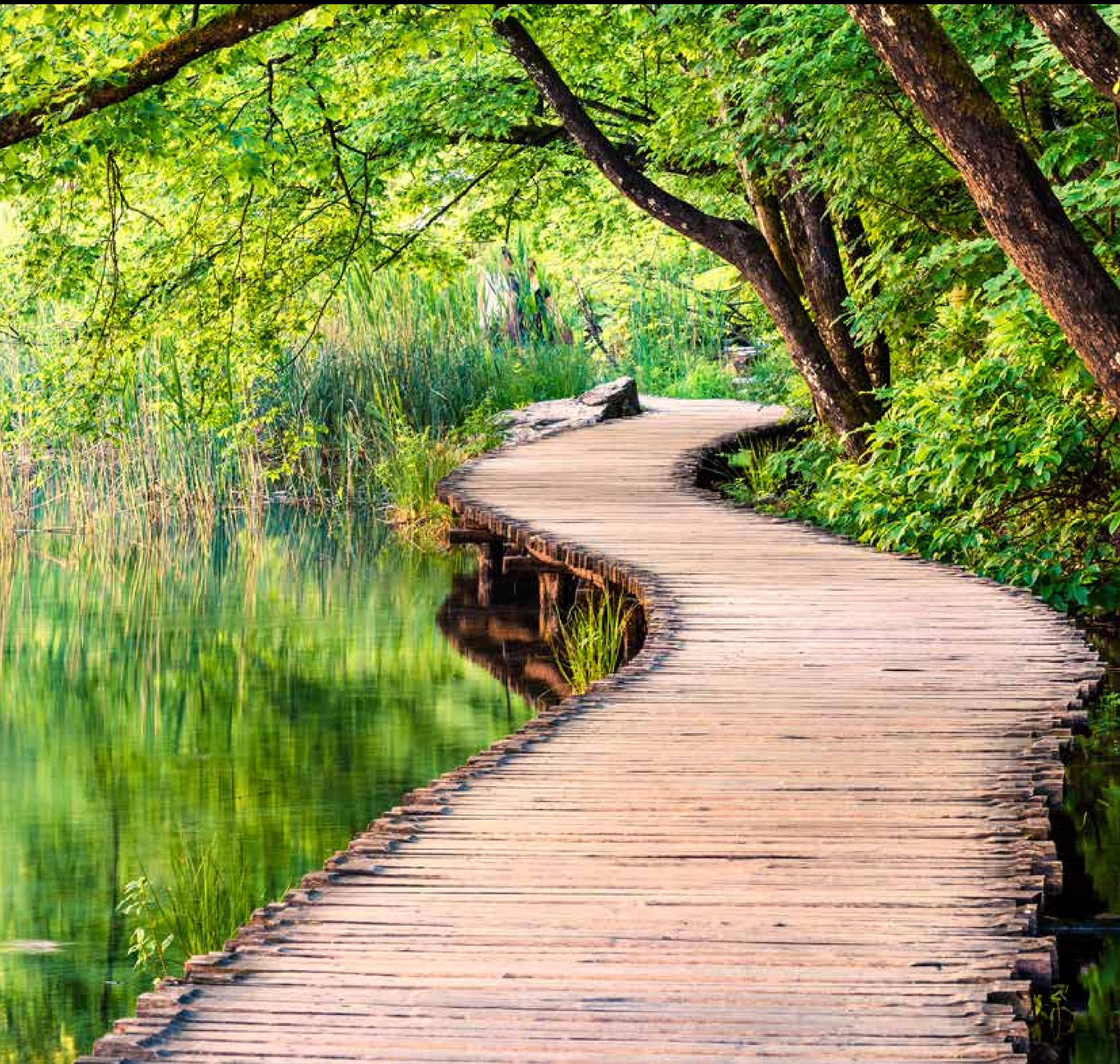
NEUBERGER BERMAN INDUSTRY MATERIALITY MATRIX
(10 selected sectors shown below)

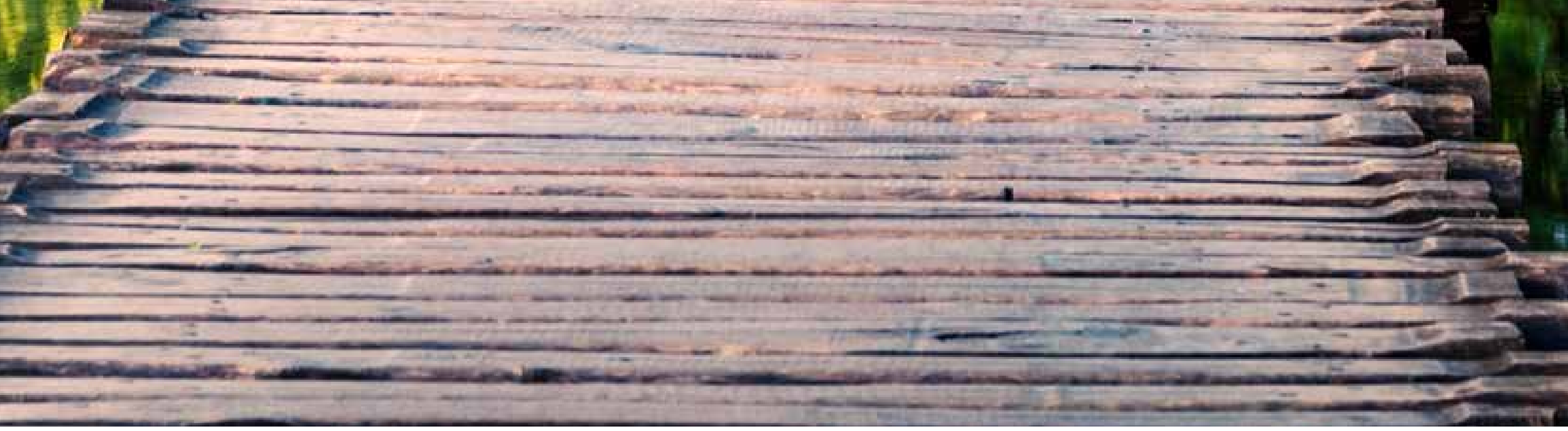
	ENVIRONMENTAL		SOCIAL		WORKFORCE		SUPPLY CHAIN		LEADERSHIP AND GOVERNANCE	
SECTOR ▼ FACTOR ▶	Emissions	Water Management	Data Privacy & Security	Pricing Transparency	Health & Safety	Human Capital Development	Product Safety & Integrity	Materials Sourcing	Innovation	Policy & Regulation Risk
Consumer Goods	■	■	■	□	□	□	■	■	□	□
Extractives & Mineral Processing	■	■	□	□	■	□	■	□	□	□
Financials	■	□	■	□	□	■	■	□	■	■
Food & Beverage	■	■	■	□	■	□	■	■	□	□
Health Care	■	□	■	■	□	■	■	□	■	□
Infrastructure	■	■	■	■	■	■	■	□	■	■
Renewable Resources	□	■	□	□	■	■	□	□	□	■
Resource Transformation	■	■	■	□	■	■	■	■	■	□
Services	■	■	■	□	□	■	■	□	■	□
Technology & Communication	□	■	■	□	■	■	□	■	■	■
Transportation	■	□	□	■	■	■	■	■	□	□

■ Likely to be Material □ Not Likely to be Material

[8] Please refer to the disclosures at the end of the material for additional information on the NB ESG Quotient. The Neuberger Berman Industry Materiality Matrix is as of December 31, 2023 and is subject to change without notice.

CREDIBLE SUSTAINABILITY OUTCOMES





CLIMATE INVESTING

Our Approach

Many investors, including some of our clients, have made net-zero commitments or wish to position their portfolios informed by the climate transition that is underway in many economies. We believe metrics will need to rapidly evolve in response. While first- and second-generation tools that rely solely on carbon emissions or readily available quantitative ESG metrics are important, we increasingly see investors recognize the need for nuanced analyst judgment to understand the complexities of the climate transition. For this reason, we have developed proprietary third-generation climate risk and opportunity assessments that combine quantitative and qualitative inputs, and can be customized for different asset classes.

EVOLUTION OF CLIMATE METRICS

Measuring Progress

FIRST GENERATION

- Third-party frameworks that are backward-looking and can lag financial disclosures by up to two years
- Volatile due to market movement
- Examples: carbon emissions—absolute and intensity metrics

SECOND GENERATION

- Third-party frameworks that are forward-looking but limited in coverage
- Relies on readily available ESG metrics and harder to measure intangibles and assess strategy
- Examples: Climate VaR, quantitative transition ratings

THIRD GENERATION

- Proprietary frameworks that have broad coverage and generate a forward-looking view on issuer climate transition readiness
- Combines quantitative metrics with qualitative judgement and insights gained from active engagement
- Examples: NB Net-Zero Alignment Indicator

Backward-looking | **Forward-looking**

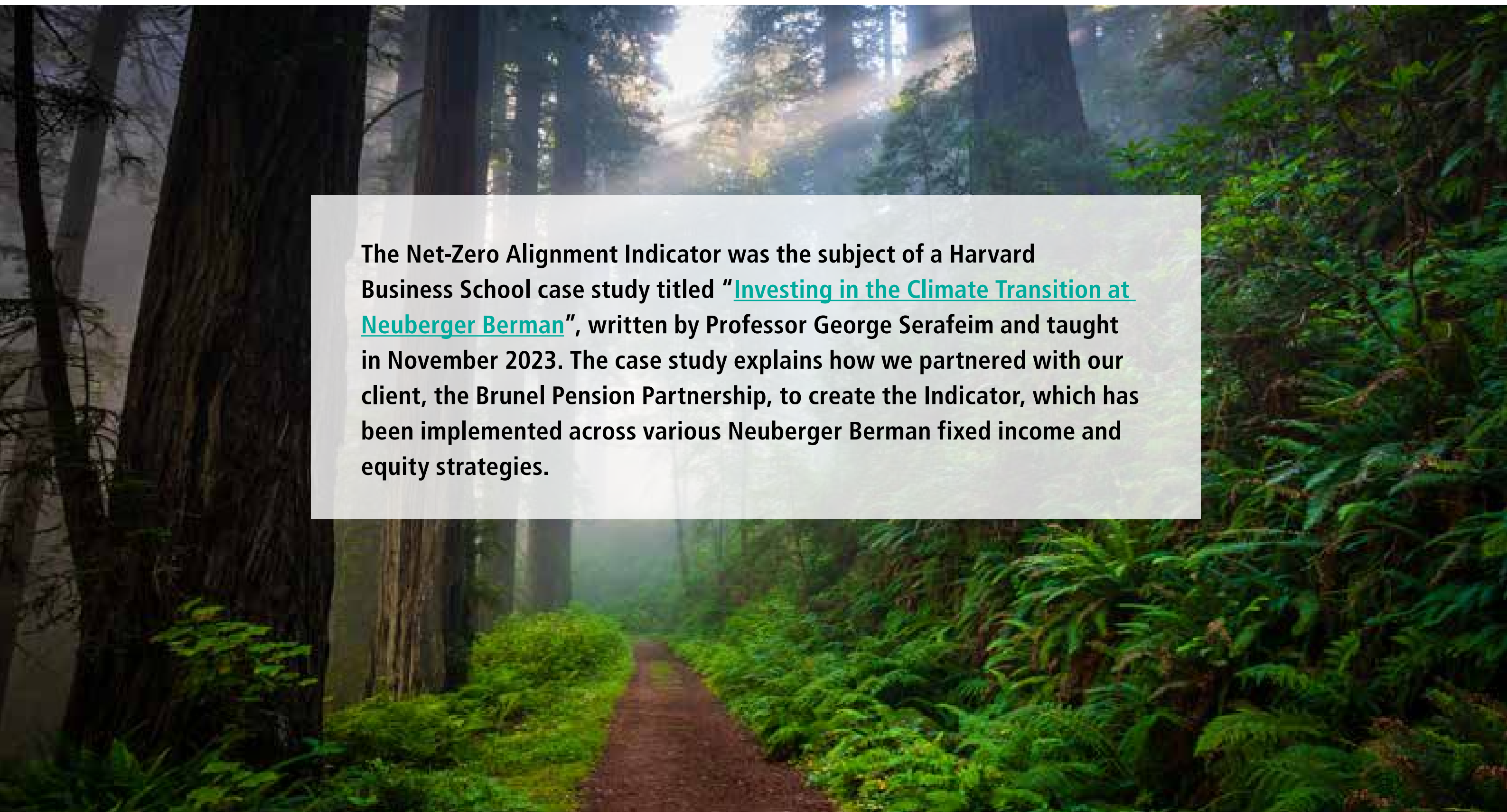
Net-Zero Alignment Indicator

Our proprietary Net-Zero Alignment Indicator (the "Indicator") seeks to capture a company's climate transition readiness. The Indicator was created in partnership with our clients with decarbonization targets, and incorporates specific sub-indicators informed by the high-level expectations of the Institutional Investor Group on Climate Change (IIGCC). The Indicator utilizes over 40 quantitative data points from traditional ESG data providers and specialized climate data sets, as well as real-time insights from our credit and equity research analysts. This allows us to undertake more targeted stewardship in areas where a company is making less progress toward net-zero alignment. As a result, it creates a positive feedback loop: investment teams can focus engagements around the weakest sub-indicators, and the company's responses can be fed back into the Indicator to enhance our insights.

NET-ZERO ALIGNMENT INDICATOR – KEY ADVANTAGES

Proprietary Indicator assesses issuers' net-zero readiness and guides engagement targets to create positive feedback loop

1 ROBUSTNESS of Indicator methodology	**Diversified data sources – 40+** quantitative data points from multiple providers **Qualitative judgment** from **125+** equity and credit research analysts Incorporation of **forward-looking elements,** e.g., decarbonization strategies, planned capital allocation
2 ACCURACY in reflecting real-world transition	**Capturing data anomalies** through data redundancy approach and **reducing information lag** with analyst real-time insights, creating a more accurate picture of issuer transition plans **Net-zero engagement roadmap** informing engagement efforts with results fed back into the Indicator, which helps to address key weaknesses of transition plans
3 EFFECTIVENESS in improving issuer net-zero alignment statuses	**Driving real-world outcomes** by investing in potential transition winners and targeted engagement, with 1,200+ climate-related meetings held in 2023 **Sector-specific engagement** driven by analysts' deep fundamental knowledge target relevant and impactful objectives, resulting in better net-zero alignment over time



The Net-Zero Alignment Indicator was the subject of a Harvard Business School case study titled "Investing in the Climate Transition at Neuberger Berman", written by Professor George Serafeim and taught in November 2023. The case study explains how we partnered with our client, the Brunel Pension Partnership, to create the Indicator, which has been implemented across various Neuberger Berman fixed income and equity strategies.

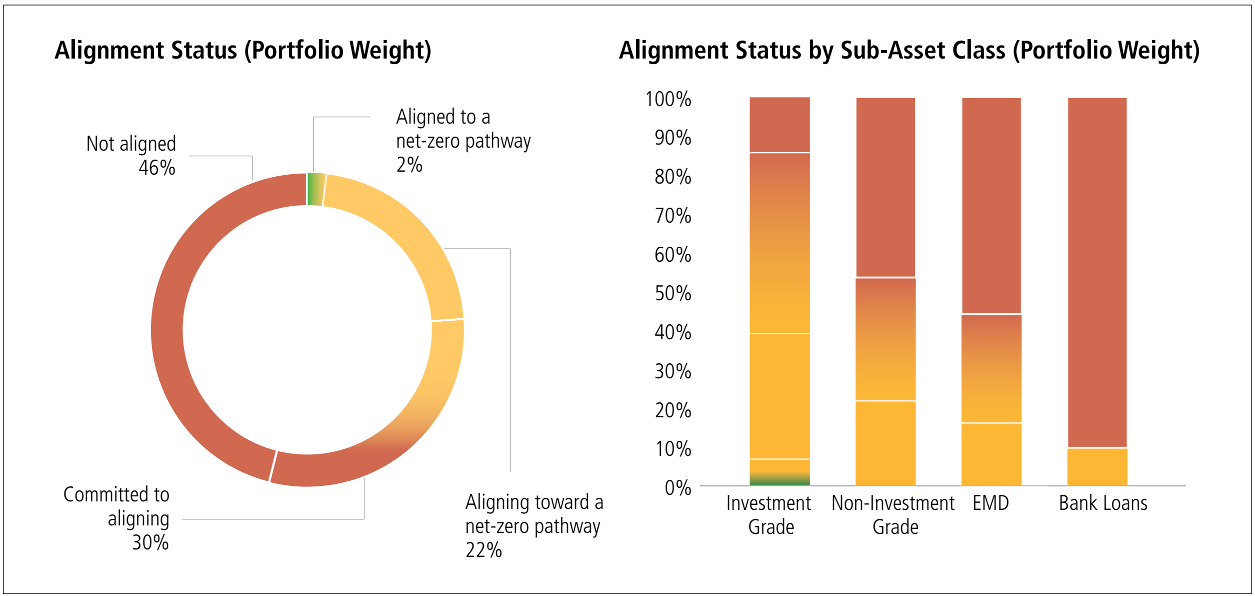
STRATEGY HIGHLIGHT
CLIMATE TRANSITION MULTI-SECTOR CREDIT STRATEGY

The Neuberger Berman Climate Transition Multi-Sector Credit strategy is a relative value, credit-focused strategy with the flexibility to invest across sectors, rating cohorts and geographies. The strategy seeks to decarbonize in line with the Paris Agreement through a multi-tool approach, which includes measuring progress using the Neuberger Berman Net-Zero Alignment Indicator.

- **Portfolio commitment:** aims to align 90% of the portfolio's corporates and quasi-sovereign exposure with 'Aligning to Net Zero' status or higher by 2030, 100% with 'Achieving Net Zero' status by 2050, while reducing scopes 1, 2 and material scope 3 greenhouse emissions by a minimum of 30% relative to a 2019 baseline by 2030 and over time, to net zero by 2050.[9]
- **Minimum standards:** avoids carbon-intensive issuers that are misaligned with the net-zero transition and failing to demonstrate progress through engagement efforts.
- **Company analysis:** uses the proprietary Indicator to assess issuers' net-zero readiness, complemented by proprietary tools such as the NB ESG Quotient to assess financially material sector-specific ESG risks and opportunities, and third-party data tools such as Climate Value-at-Risk (CVaR) scenario analysis to measure company physical and transition risks.
- **Engagement:** company- and sector-specific engagements are informed by the Indicator, identifying the key areas of weaknesses in issuers' transition plans that need to be addressed.

Portfolio Net-Zero Alignment Status

Majority of issuers in the portfolio are Committed to Aligning, Aligning Toward a Net-Zero Pathway and Aligned to a Net-Zero Pathway. Issuers that are currently Not Aligned are a key focus of our engagement strategy, which aims to help us understand issuers' transition plans and inform future positioning. In addition, we believe it is important to extend our analysis to asset classes that have historically offered poorer disclosure, but still play a vital role in financing the transition such as non-investment grade credit bank loans.



As of December 31, 2023. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process and is subject to change without notice. Portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman. Investing entails risks, including possible loss of principal. See Additional Disclosures at the end of this piece, which are an important part of this presentation.

[9] The path to decarbonization is aligned with Paris goals and executed in line with the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework. 30% reduction relative to 2019 baseline.

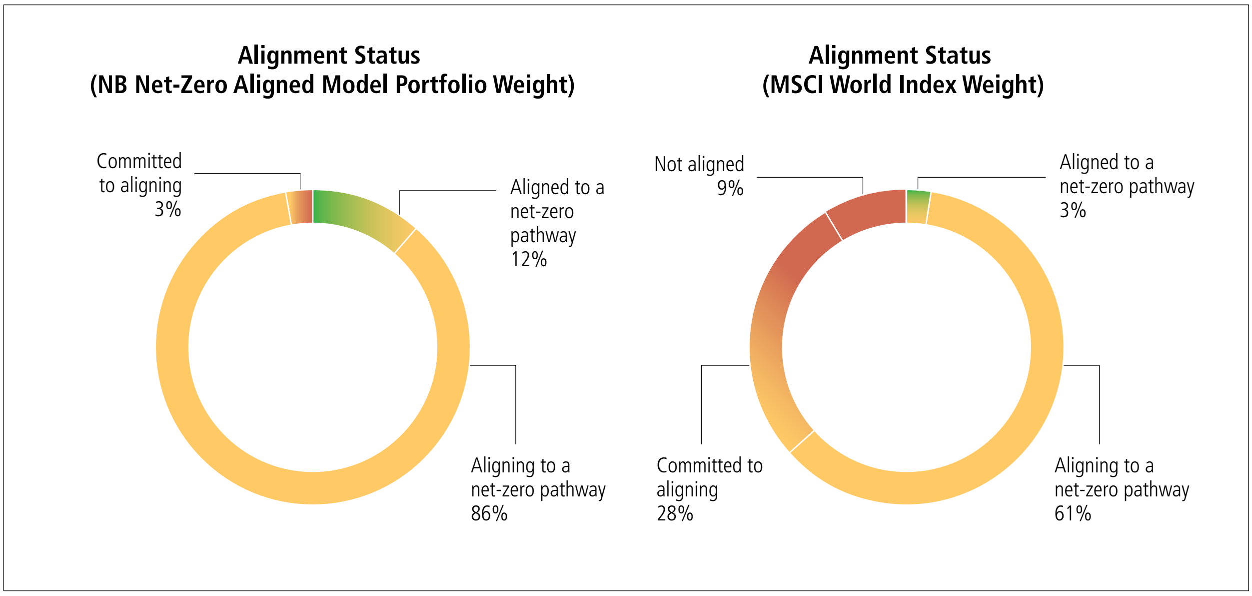
STRATEGY HIGHLIGHT
CLIMATE TRANSITION GLOBAL EQUITY STRATEGY

The Neuberger Berman Climate Transition Global Equity strategy seeks to invest in companies globally that are well positioned for a transition to a low-carbon economy, without taking excessive benchmark risk. To achieve future carbon reductions, we leverage our proprietary Net-Zero Alignment Indicator, which provides bottom-up assessment of each company's progress toward achieving net zero.

- **Insightful assessment of net-zero alignment:** uses a forward-looking score that leverages multiple data sources and includes analyst assessments for 79% of the MSCI World Index.[10] Seeks to invest in companies with a credible transition plan, not just low emitters.
- **Active engagement:** 3,100+ annual equity engagements enabled by a 27-person ESG Investing team and 120+ research analysts. 78% of model portfolio holdings have been engaged with.[11]
- **Detailed net-zero reporting:** granular reporting of the portfolio exposure to key components of net-zero alignment.

Model Portfolio Net-Zero Alignment Status

The Climate Transition Global Equity model portfolio's net-zero alignment status is nearly 30 percentile higher than the MSCI World Index as measured by the Indicator. It also has around 65% lower current carbon footprint (scope 1 and 2 combined) than the MSCI World Index.[12]



[10] As of December 31, 2023. Source: Neuberger Berman, MSCI ESG Research LLC and S&P Trucost.

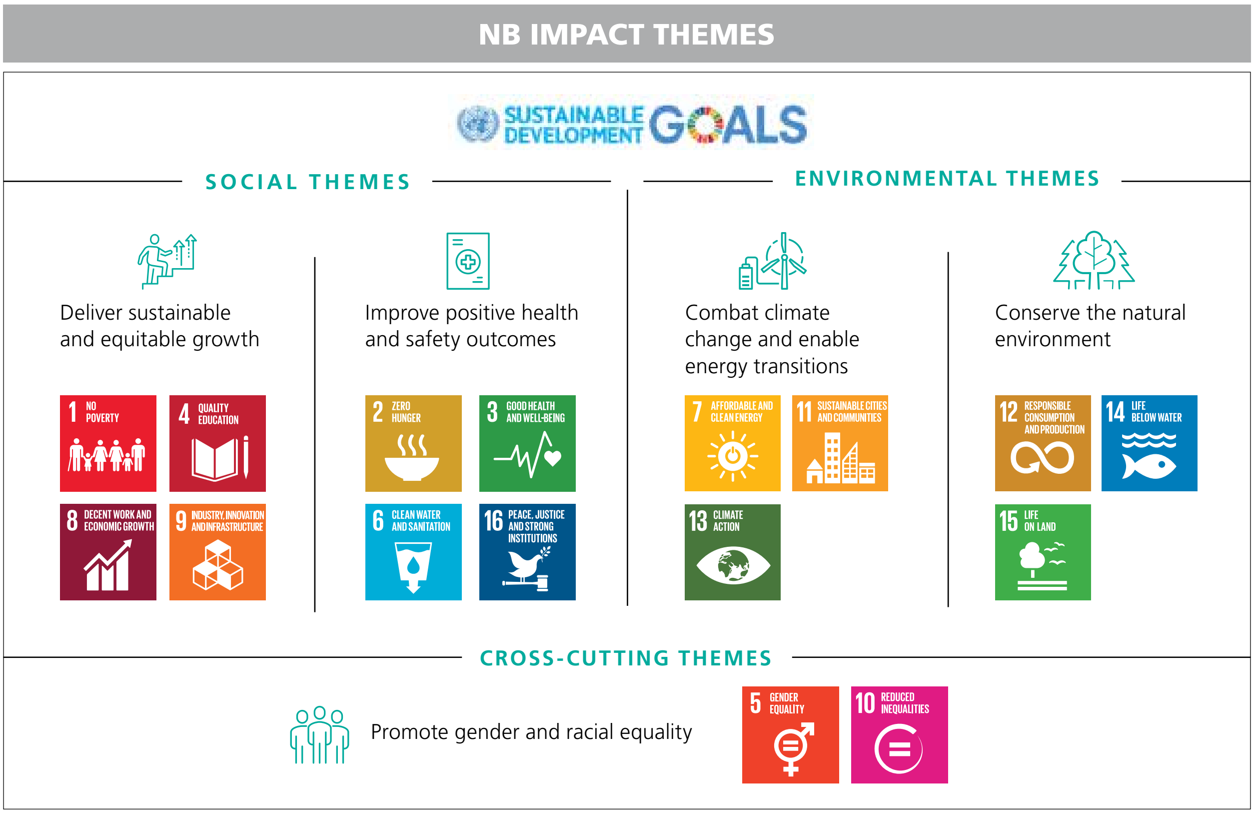
[11] Engagement data used is for calendar year 2023. Portfolio holdings as of December 31, 2023. Model portfolios are provided for illustrative and discussion purposes only. They do not constitute research, investment advice or investment recommendation. Because of the inherent limitations of all models, potential investors should not rely exclusively on the model when making an investment decision. The model cannot account for the impact that economic, market and other factors may have on the implementation and ongoing management of an actual investment portfolio. Unlike actual portfolio outcomes, the model outcomes do not reflect actual trading, liquidity constraints, fees, expenses, taxes and other factors that could impact future returns.

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

IMPACT INVESTING

Our Approach

Our Impact strategies seek to intentionally generate positive, measurable social and environmental outcomes alongside a market-rate financial return. We believe the 17 United Nations Sustainable Development Goals (SDGs), adopted in 2015 to address the world's most pressing social and environmental challenges by 2030, are important to formulating and reporting on the objectives of sustainable and impact investment strategies. At Neuberger Berman, we have organized the SDGs into five consistent investable themes, and believe investors can contribute to closing the $4 trillion SDG funding gap[13] by investing in or engaging with companies whose products and services have the potential to deliver significant positive social or environmental outcomes.



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

[13] OECD Global Outlook on Financing for Sustainable Development, as of November 2022.

STRATEGY HIGHLIGHT
NEUBERGER BERMAN GLOBAL EQUITY IMPACT STRATEGY

The Global Equity Impact team seeks long-term total return by investing primarily in public companies with products and services we believe will deliver positive social and environmental outcomes aligned with the SDGs. Canvassing across size, geography, industry sector and investment style, our team aims to identify attractive financial opportunities in companies that address the five NB impact themes while generating high returns and free cash flow.

Public equity allocations represent 43% of an institutional investor's portfolio on average,[14] the largest of any asset class. If an investor believes in the potential of private markets to achieve positive impact, understanding and managing the positive and negative outcomes of listed equities is a critical next step to comprehensively manage a portfolio's total impact. We use our proprietary quantitative tool, NB Impact Ratio, to measure these outcomes and assess the relative attractiveness of an individual company against the wider opportunity set.

Key Impact Considerations

- **Scale:** given their size, publicly listed companies have a significant contribution to make toward closing the SDG funding gap. The $3 trillion of annual retained earnings and $8 trillion of cash reserves sitting on the balance sheets of publicly listed companies as of 2023 represent underappreciated sources of capital that can be used to drive positive outcomes on a global scale.
- **Theory of Change:** we believe a robust Investor Theory of Change, evidenced with engagement objectives and examples, demonstrates the important role public equity investors can play in contributing to the SDGs.
- **Active engagement:** we seek to partner with management to increase company outcomes over time through intentional capital allocation decisions, industry collaboration, clearer reporting and target-setting. We aim to increase management's focus on outcomes and help attract other investors looking for this signal.
- **Industry convergence:** regulators and industry bodies are creating or endorsing listed equity product labels by advancing guidance, naming rules and holding consultations to help develop a consistent market standard.

Impact in Action

As of December 2023, approximately 45% of the portfolio (by asset weight) is invested in companies whose products and services contribute to combating climate change and enabling energy transitions. In aggregate, our portfolio companies deliver products and services that, by our estimates, help the planet avoid about 445 million tonnes of greenhouse gases every year. In our view, greater global adoption of climate solutions will continue to create an array of investment opportunities—not only in clean tech, but across a range of industries, from freight rail to heating, ventilation and air conditioning—thereby providing welcome portfolio diversification and ultimately enabling further positive climate impact.

THE SCALE OF PUBLIC COMPANY OUTCOMES

Company	SDG	SDG Indicator	Company Overview	Key Outcomes
Clean Energy Developer	7 AFFORDABLE AND CLEAN ENERGY	7.2 – Increase substantially the share of renewable energy in the global energy mix	Global developer, owner and operator of clean energy assets	32GW operating portfolio in 2023 represents ~39 million metric tons of avoided emissions
Packaging	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5 – Substantially reduce waste generation through reduction, recycling and reuse	Leading manufacturer of paperboard and paper-based packaging	Estimated 2.2 million metric tons of waste avoided relative to plastic alternatives
Pharmaceutical	3 GOOD HEALTH AND WELL-BEING	3.4 – Reduce by one third premature mortality from non-communicable diseases through prevention and treatment	Developer of innovative medicines across oncology, immunology and vaccines	Therapeutics and vaccines reached 212 million people globally, addressing 71% of the top global disease burdens (as defined by the Institute for Health Metrics and Evaluation)
Agricultural Machinery	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4 – Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency	Leading provider of agricultural machinery and precision ag tools that enable more efficient use of key crop inputs while enhancing yields	329 million engaged acres utilizing precision ag tools to reduce usage of crop chemicals and fertilizer while maximizing yields

Source: United Nations Sustainable Development Goals, company-disclosed data.

[14] Fidelity, A Study of Allocations by Institutions and Financial Advisors, as of June 2023.

SDG ENGAGEMENT

Our Approach

Neuberger Berman believes consistent engagement with issuers can result in effective dialogue and a greater probability of a successful outcome for investors. We leverage our deep research capabilities on a global basis to build long-term relationships with both public and private issuers over time. Given that approximately 40% of issuers in the global high yield market are privately owned[15] and not commonly reached by investors, we believe our access to these issuers provides a unique opportunity to effect real-world outcomes.

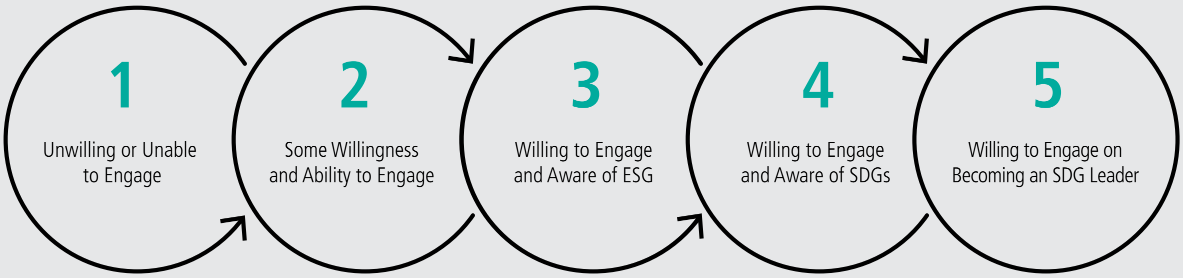
TEAM SPOTLIGHT: NEUBERGER BERMAN HIGH YIELD TEAM

> "There is a growing focus on sustainability among European issuers/companies, where the SDGs serve as a framework for investing. The insights we gain from our dialogues with issuers inform our credit research and investment decisions, which we believe can lead to better risk management and, for those clients that are invested in our SDG Engagement strategies, real-world sustainability outcomes."
>
> – Simon Matthews, Senior Portfolio Manager, European High Yield

Determining Engagement Potential

The engagement process begins with our credit research and ESG Investing teams collaborating to establish engagement objectives aimed at incremental action by each issuer that may contribute to achieving a specific UN SDG target. We closely monitor our engagement activity for progress toward these objectives with a multi-staged tracking system. The opportunity for engagement is critical in deciding whether to purchase an issuer. If an existing holding fails to meet our goals within two or three years, the investment team will consider divestment.

NEUBERGER BERMAN ENGAGEMENT POTENTIAL INDICATOR



While we are as a society halfway to the deadline for the SDG 2030 Agenda, the UN highlighted in its most recent progress report that advancements on more than 50% of SDG targets are weak and insufficient, and have stalled or gone into reverse for another 30%.

[15] JP Morgan, as of December 31, 2023.

ENGAGEMENT CASE STUDY
A SUSTAINABLE ROUTE TO RETAIL SALES GROWTH

COMPANY	SECTOR	ISSUE	CATEGORY	INVESTMENT TEAM	ASSET CLASS	STATUS
EG GROUP	RETAIL	CLEAN INFRASTRUCTURE	ENVIRONMENTAL	INVESTMENT GRADE CREDIT	FIXED INCOME	ONGOING

Background

EG Group is the largest forecourt retailer in Europe with a diversified portfolio of branded sites, providing fuel, convenience retail and food-to-go. It operates over 5,500 sites across the U.S., continental Europe and Australia. The company has been looking to expand its electric vehicle (EV) infrastructure, an endeavor we have supported, while seeking greater transparency around goal-setting and sustainability in general.

Scope and Process

While electrification of motor vehicles has gained substantial momentum as part of the transition to a low carbon economy, infrastructure remains a stumbling block and requires aggressive moves to expand charging stations to facilitate EV use. Retailers have also identified growth opportunity with greater EV adoption, as each charge lasts an average of 20 – 25 minutes, providing meaningful time to shop.

EG Group took initial steps in addressing this market with the addition of close to 400 chargers between 2021 and 2023, and now has a total of 635 across 189 sites in the U.K. and continental Europe. However, in ongoing discussions with the management team, including the heads of investor relations and sustainability teams, we encouraged the company to be more concrete in its business plans around EVs. We also asked the company to enhance its sustainability disclosures, specifically the setting of a quantified public target to substantially increase the number of EV charging stations across the group by 2030, and by publishing an annual sustainability report in line with Sustainability Account Standards Board (SASB) standards.

Outcomes and Outlook

With its recent purchase of 300 ultrafast chargers from Tesla, there is potential for EG Group to roll out 20,000 units across 3,600 sites throughout Europe. The company also has announced the sale of its U.K. locations to ASDA, to which it will lease the newly rebranded "evpoint" chargers, while adding them to its own still-proprietary locations and seeking additional business from third parties. In terms of disclosures, the company published its first sustainability report in October 2022, followed by an annual report in June 2023, which included the SASB metrics we had requested.

Overall, we are encouraged by EG Group's expansion in the EV-charging space, and encourage the company to continue rolling out EV chargers and to set related quantifiable targets.

VOICE OF THE CLIENT

ADAM GILLETT
Senior Investment Manager and Climate Lead
Sustainable Ownership at Railpen

RAILPEN: DIRECT TRAIN TO SUSTAINABILITY

Railpen manages £34bn in assets for the 350,000 members of the U.K. railways pension schemes. We spoke to Adam Gillett, Senior Investment Manager and Climate Lead, Sustainable Ownership, about why sustainable investing is all about the optimal deployment of limited resources for maximum effect.

What are the key principles behind Railpen's approach to Sustainable Ownership?

Adam Gillett: Railpen's purpose is to "secure our members' future." The fundamental starting point for us is that financial and sustainable outcomes are complementary to achieving this purpose. We focus on material ESG and sustainability risks, using the SASB Materiality Map as a starting point and augmented by our own analysis and judgment. But today it feels like all investors have to say that, almost as a disclaimer. What does it really mean?

For one thing, it makes your investment time horizon very important. Railpen's is very long. Unlike many U.K. pension providers, we still have defined benefit scheme open to new members. Our liabilities stretch at least into the next century. That affects the way we invest as we are investing not only for the members and pensioners of today, but for the 18-year-old who may join the industry tomorrow.

For example, in real estate, we're not only operating existing assets, but planning and developing new ones with a view to owning them for decades. That puts us in a good position to future-proof those assets from day one—and as your ownership time horizon gets longer, more sustainability risks become material to your assets.

A focus on materiality also requires close integration of your investment and sustainability teams. That means integrating sustainability research across the whole business, from risk management to asset allocation to portfolio management to securities analysis. And that, in turn, implies that you'll have a distinct and nuanced approach to sustainability across different asset classes and assets—just as the investment team approaches equities and bonds and real estate in different ways.

Does managing a large part of the portfolio in-house help with that integration?

Yes, but in-house requires scale and it comes with its own challenges. However, it works for us because it means we bypass a lot of agency problems, get close to the assets, and achieve a clearer transmission of our members' needs and priorities into the assets that we own. It also means that our Investment and Sustainable Ownership teams are able to evolve together, which does help with integration. One of the challenges is to ensure that integration doesn't just dilute the insights that come from specialized knowledge and experience, and that requires both teams to be able to speak one another's language. Railpen's investment culture has historically had a strong focus on bottom-up ideas, and we have been able to build our Sustainable Ownership approach on that same foundation, with a major focus on the deep work and engagement we can do with individual holdings. However, in recent years we have been dedicating more and more resources to our system-wide integration and stewardship work in recognition of our role as a universal owner of assets.

How do you prioritize things, given there are thousands of holdings in Railpen's portfolio?

Our framework for company engagement is a good way to describe how we prioritize. We split the task into four groups: Fundamental Equities, Thematic, Governance & Conduct Laggards and Quantitative Equities.

Fundamental Equities engagement is what we do with our portfolio of concentrated, long-term holdings. Here, we have good corporate access and deep, long-term relationships with management, and so we can potentially achieve a lot, via tailored engagement programs, to align those businesses with our Sustainable Ownership priorities. In addition, they are large holdings that deserve close attention in terms of the risk they contribute to our overall portfolio.

Thematic engagement is on topics that are relevant to the economy and market as a whole—things like our voting priorities for 2024, which include climate change, dual share classes and late payments to suppliers. We'll engage with individual companies on those issues, but we will also pull other levers if it's more efficient, such as engaging on policymaking or forming and joining investor coalitions. Governance & Conduct Laggards involves drawing up a list each year of companies that are exposing us to some of the more egregious and unrewarded governance risks, and selecting some for an engagement program, which can escalate to divestment. Engagement through our Quantitative Equities portfolios, which are much larger and exhibit much higher turnover, is much more likely to lean on thematic engagement or focus on conduct laggards, because there's just no way we can engage as deeply as we do with our fundamental holdings for every single one of those companies.

It's all about matching the engagement approach with the nature of the investment so you achieve the most efficient route to the maximum possible effect. It's about being outcomes-oriented at all times.

That goes for how we identify our voting priorities for the year, too. We might select something because we know a big-news regulatory development will help to amplify it, for example, like the change to listing laws that are in the pipeline for the U.K. Conversely, we might lend our weight to an issue because we think it's material but underappreciated, like the problem of late payments to suppliers. We can also signal to the market things that are important to us through our public position statements and policies.

Thinking about climate risk, in particular, Railpen focuses on "real-world decarbonization"—is this another example of being "outcomes-oriented"?

Yes, but it's also about recognizing what we can realistically achieve in pursuit of our objectives—which explicitly includes having a positive influence on creating a better world for our members to retire into. We think we have the reach, influence and resources to help achieve real-world decarbonization through our investment and engagement activity. But that doesn't mean it isn't valid for another investor to focus purely on decarbonizing their portfolio: if mitigating that immediate exposure to risk is the most efficient and impactful use of the resources they have, it may take priority over real-world decarbonization, and that is equally outcomes-oriented.

By the same token, we don't think real-world decarbonization should be our sole objective, because we are in a position to do much more than that. Building adaptivity and resilience to climate change into our economies is also important, in terms of both risk and opportunity, and getting the balance right is hard. We simply cannot adapt to a world where we don't mitigate emissions. But it's also true that we won't mitigate emissions enough to obviate adaptation. Some of the problems, though, are that the payoff for adaptation can seem too far off and the uncertainty about who will ultimately bear the costs of failing to adapt is too great. That makes it very difficult to model opportunities and deploy the necessary capital, especially because it is most needed in emerging and frontier markets. We think institutions like Railpen can have a special role to play there.

What role does collaboration play in Railpen's pursuit of Sustainable Ownership?

It's critical. I've spoken about the advantages of managing asset in-house, but the underlying principle is outcomes: the optimal deployment of our resources for maximum effect. Sometimes you can achieve more with the right partner. It's why we work with asset managers like Neuberger Berman, and why we do things like co-chair the IIGCC Bondholder Stewardship working group with Neuberger Berman. What does the right partner look like? It's got to be more than just "filling a gap." There often is a straight injection of expertise, sometimes in operations or infrastructure as well as investing, but a good partner should be more deeply additive—not just bringing knowledge but sharing it, making the relationship more than the sum of its parts. As far as possible, they should be aligned with your objectives and there should be a significant overlap between their investment beliefs and your own. These relationships are long-term and the day-to-day activity is going to change over time, so you look for a culture that aligns with yours and you know is going to persist.

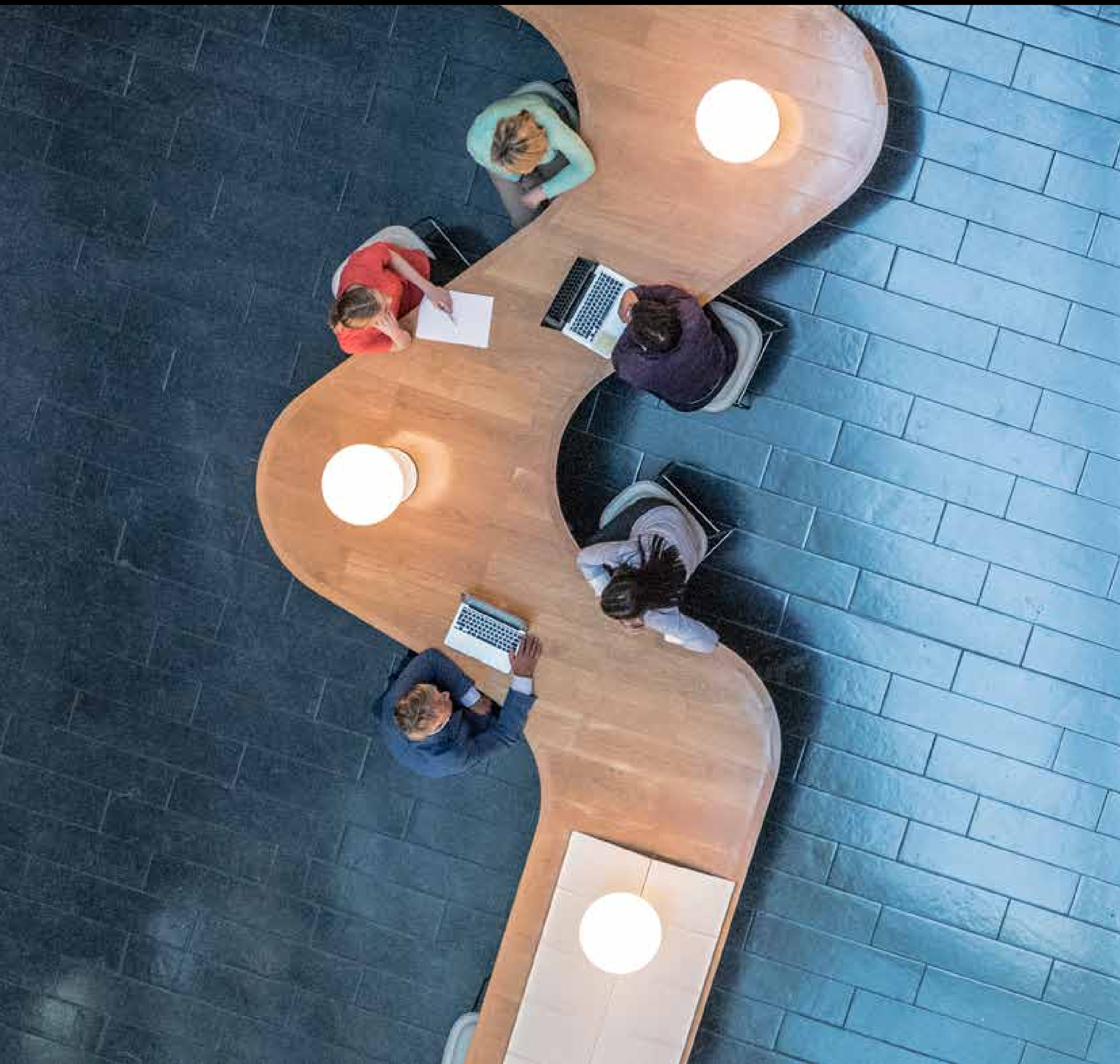
And of course, collaboration doesn't only mean awarding asset management mandates. I already mentioned how important collective engagement and policy engagement are in helping us achieve our objectives. Done well, this can create leverage and give the investment community a clearer voice. That's what informs our involvement with coalitions like Climate Action 100+, the U.K. FCA's Vote Reporting Group, the Amsterdam Coalition on remuneration, the 30% Club, the Investor Coalition for Equal Votes, and others. We are often very proactive in these coalitions—including creating and leading them where necessary—but we're equally happy to let another organization take the lead and continue to lend our support if that's what will have the biggest impact.

What are Railpen's Sustainable Ownership priorities for the year ahead?

Well, I've spoken a lot about how an outcomes-oriented approach means putting the resources you have to the best effect. One of the most important resources we have as an investor is our influence as an owner and shareholder. And that's the area we are most focused on right now: making sure we and other institutional investors retain strong shareholder rights and protections. They are the foundation for everything we do.

Railpen spoke with Neuberger Berman on April 18, 2024.

FIRM METRICS & COMMITTEE MEMBERS



2023 FIRM METRICS

CLIENT PORTFOLIO METRICS	2019	2020	2021	2022	2023
Teams with access to environmental, social and governance (ESG) research	100%	100%	100%	100%	100%
Shareholder meetings voted (#/%)[16]	4,738/100%	4,774/100%	4,645/99%	4,900/98%	5,247/99%
Total number of engagement meetings with corporate management teams					
Number of equity engagements held	1,173	2,213	3,162	3,439	3,256
Number of credit engagements held	901	1,453	1,463	1,254	1,402
% AUM engaged (public equity)	N/A	71%	78%	85%	86%
Percentage of UCITS and mutual funds with 3+ Globes on Morningstar Sustainability Ratings	73%	68%	76%	83%	79%
GLOBAL EMPLOYEE METRICS	**2019**	**2020**	**2021**	**2022**	**2023**
Total employees (full-time)	2,178	2,305	2,411	2,657	2,798
Senior investment professional retention rate (MD/SVP)	95%	97%	98%	97%	97%
Employees with firm ownership (#/%)	~500/~24%	~550/~23%	~575/~24%	~650/~24%	~670/~24%
Gender diversity					
Total employees	37%	37%	38%	39%	39%
Senior employees (VP+)	28%	28%	29%	31%	31%
New hires (% women, three-year average)	40%	40%	42%	43%	44%
Ethnic minority diversity					
Total employees	31%	31%	34%	34%	35%
Senior employees (VP+)	22%	21%	24%	26%	26%
Ethnic minority hiring (% of new hires, 3-year average)	38%	39%	45%	45%	45%
ENVIRONMENTAL METRICS[17]	**2019**	**2020**	**2021**	**2022**	**2023**
Global					
Employees using public transportation	89%	10%	33%	75%	79%
GHG emissions from business travel (metric tons CO_2e)	5,000	889	559	6,689	23,326
GHG emissions offset from estimated global travel	100%	100%	100%	100%	100%
New York headquarters					
Square footage as percentage of total global office space	58%	57%	63%	61%	62%
LEED certifications	Silver	Silver	Silver	Silver	Silver
Total energy used (gigajoules)	43,003	38,362	38,315	39,578	37,217
Electricity used (gigajoules)	13,842	19,552	19,020	19,478	19,221
Steam used (gigajoules)	21,092	18,810	19,296	20,101	17,996
GHG emissions from energy used (metric tons CO_2e)	2,008	2,369	2,347	2,418	2,745
Total water used (million gallons)	6.4	6.5	5.9	7.3	7.7
Waste recycled (diversion rate)	53%	59%	59%	59%	59%

[16] Neuberger Berman may abstain from voting when it believes it would not be in the client's best interests for reasons such as the presence of share-blocking requirements or meetings in which voting would entail additional costs.

[17] Prior to 2020 Neuberger Berman reported on the portion of the building's energy use controlled by the firm. Starting in calendar year 2020 and forward, Neuberger Berman updated its energy reporting to include our portion of common energy and utility consumption within the building.

As an employee-owned private firm, this report is not intended as a communication to investors, however the Sustainability Accounting Standards Board (SASB) standards for Asset Management & Custody Activities have helped inform this report. The SASB disclosure topics below align closely with our metrics as noted:

i) Employee Diversity & Inclusion

- Global employees diversity metrics

ii) Incorporation of Environmental, Social and Governance ("ESG") Factors in Investment Management & Advisory

- Total number of engagement meetings with corporate management teams, including equity and credit

ESG COMMITTEE MEMBERS


Joseph V. Amato


Jonathan H. Bailey (Chair)


Ashok K. Bhatia


Hendrik-Jan Boer


Anne F. Brennan


David M. Brown


Timothy F. Creedon


Tully S. Cheng


Rob J. Drijkoningen


Daniel P. Hanson


James Iselin


Corey A. Issing


Maura E. Reilly Kennedy


Erik L. Knutzen


Keita Kubota


Richard S. Nackenson


Lesley D. Nurse


Joana Rocha Scaff

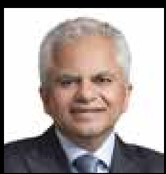

Jennifer N. Signori


Dik van Lomwel


Stephen G. Wright

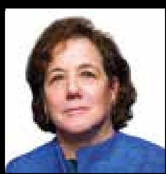

Rachel Young

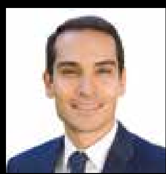
ADVISORY COUNCIL MEMBERS


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


Ben Caldecott
Director, Oxford Sustainable Finance Program & Founding Director of the U.K. Centre for Greening Finance & Investment


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


Mindy Lubber
President and CEO of Ceres, a sustainability focused 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

DISCLAIMERS

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

NB ESG EQUITY QUOTIENT METHODOLOGY: DISCLOSURES

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

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

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

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

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

All information is as of December 31, 2023 unless otherwise indicated. Firm data, including employee and assets under management figures, reflect collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC (the "firm"). Firm history and timelines include the history and business expansions of all firm subsidiaries, including predecessor entities and acquisition entities. Investment professionals referenced include portfolio managers, research analysts/associates, traders, product specialists and team-dedicated economists/strategists.

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