



NEUBERGER BERMAN

UN Global Compact Communication on Progress

January 2019

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George H. Walker
Chairman & Chief Executive Officer

January 10, 2019

H.E. António Guterres
Secretary General
United Nations
New York, New York 10017

Dear Mr. Secretary General,

I am pleased to confirm that Neuberger Berman supports the Ten Principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

With this communication, we express commitment to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Neuberger Berman will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participating in this important initiative is the annual submission of a Communication on Progress (COP) that describes Neuberger Berman's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on our progress according to the UN Global Compact COP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is *separate* from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment and anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

As a firm, Neuberger Berman will continue to value a principles-based approach to conducting business by providing disclosure on a number of targets and indicators to demonstrate our progress as a responsible corporate citizen across all facets of our work and operations. These metrics will be covered more comprehensively in our first Annual ESG report.

Sincerely,



George H. Walker

Neuberger Berman COP Submission

January 10, 2019

Principle	Commitment	Systems, Procedures and Values	Performance Highlights from FY18
Human Rights			
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>Principle 2: make sure that they are not complicit in human rights abuses</p>	<p>An essential part of the firm's equal employment opportunity policy is to provide a working environment for all employees that is free of harassment, intimidation or retaliation. Sexual, racial and other forms of harassment based on any criteria prohibited under applicable law are expressly prohibited.</p> <p>Neuberger Berman has a vital interest in ensuring safe, healthy and efficient working conditions for employees. In addition, as a federal contractor, the firm has a duty to safely and efficiently provide the public with quality goods and services at a reasonable cost.</p>	<ul style="list-style-type: none"> Neuberger Berman Business Principles Neuberger Berman Global Code of Conduct Neuberger Berman Employee Policy Guidebook We provide high quality, comprehensive healthcare and childcare leave to all employees starting from their first day of employment Neuberger Berman Europe 2018 Slavery and Human Trafficking Statement 	<ul style="list-style-type: none"> Neuberger Berman has not identified any evidence of complicity in human rights abuses Awarded Pensions and Investments (P&I) Top Three Best Places to Work 2018

Principle	Commitment	Systems, Procedures and Values	Performance Highlights from FY18
Labor			
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>Principle 4: the elimination of all forms of forced and compulsory labour;</p> <p>Principle 5: the effective abolition of child labour; and</p> <p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>Neuberger Berman aims to be a best in class employer in the investment industry. We are committed to the ongoing development of our employees and aligning their success with our clients' success. We continue to assess all of our employment practices to achieve these goals.</p> <p>Neuberger Berman's policies are designed to adhere to all applicable laws regarding labor and employment practices. In the U.S. we are an affirmative action employer and maintain an affirmative action plan. As an equal opportunity employer, our policies and practices prohibit discrimination against any employee or applicant for employment because of race, color, creed, ethnicity, religion, gender, sex, national origin, veteran status, disability, age, citizenship, marital or domestic/civil partnership status, sexual orientation, gender identity or expression, pregnancy status, or because of any other criteria prohibited under applicable law. Hiring processes outside the U.S. are designed to meet specific requirements in each respective jurisdiction.</p>	<ul style="list-style-type: none"> Neuberger Berman Affirmative Action Plan Neuberger Berman Equal Employment Opportunity Policy Neuberger Berman Business Principles Neuberger Berman Global Code of Conduct Neuberger Berman Employee Policy Guidebook Dedicated Diversity & Inclusion team and six task forces established and responsible for actionable recommendations Annual Neuberger Berman mandated anti-discrimination and anti-harassment training Neuberger Berman Europe 2018 Slavery and Human Trafficking Statement 	<ul style="list-style-type: none"> Added Head of Diversity role to lead firm-wide Diversity & Inclusion initiatives Delivered firm-wide unconscious bias training Provided in-person, interactive (case study based) manager training on professionalism, respect and non-harassment training Assembled six diversity task forces Developed Neuberger Berman Vendor Diversity Statement Committed to tracking and reporting Human Capital Management metrics and completed this exercise for the first time in 2018 Organized CEO-led discussions on racial diversity Launched Advocacy Walk in NY HQ – a permanent art exhibition centered around human rights topics to encourage transparency, open dialogue and reinforce Neuberger Berman is a firm where employees are supported and encouraged to share their ideas and perspective Received 2018 National Association of Investment Companies (NAIC) Pacesetter Award, which recognizes individuals and organizations whose efforts towards supporting diverse investment managers have created new paradigms, accelerated the flow of capital to diverse-owned firms and demonstrated a clear recognition of the talent, leadership and capabilities residing within these businesses

Principle	Commitment	Systems, Procedures and Values	Performance Highlights from FY18
Environment			
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p> <p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p> <p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Neuberger Berman is committed to acting in a responsible manner as a firm.</p> <p>Neuberger Berman's Board of Directors ("the Board") oversees climate-related risks as a subset of all enterprise-wide risks and has formal oversight of the firm-wide Climate-related Strategy in line with the recommendations of the TCFD.</p> <p>Neuberger Berman supported the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).</p> <p>Neuberger Berman is a signatory and active supporter of stewardship codes across multiple geographies: US, UK and Japan.</p> <p>Neuberger Berman is a signatory to the Principles for Responsible Investment, the Carbon Disclosure Project (CDP), the CDP's Water Disclosure Project and the Forest Footprint Disclosure Project.</p> <p>Neuberger Berman is a signatory to the Investor Statement on Climate Change, which recognizes that environmental issues are relevant across all industries.</p>	<ul style="list-style-type: none"> Neuberger Berman New York headquarters is LEED (Leadership in Energy and Environmental Design) certified and equipped with high-efficiency LED lighting and automatic lighting controls to reduce electricity consumption, as well as water refill stations to replace the use of plastic water bottles Neuberger Berman conducts regular E-Recycle campaigns to encourage responsible and environmentally friendly electronics disposal and have a Recycling Initiative Task Force Neuberger Berman offers NY employees membership in Katchkie Farm's Community Supported Agriculture farm, which supports the local food movement and good environmental practices As a firm, Neuberger Berman is committed to integrating Environmental, Social and Governance (ESG) factors into the investment process. More information is included in our ESG Policy 	<ul style="list-style-type: none"> Drafted our first firm-wide Climate-related Strategy, with formal Board oversight Implemented top-down climate scenario analysis Became a founding member of the US Alliance for Sustainable Finance (USASF) a Bloomberg initiative convening 15 founding members to drive investment in clean energy and climate resilience Became an ally of the World Benchmarking Alliance, which is developing a benchmark with information that indicates how companies are contributing to the Sustainable Development Goals Developed analyst-led proprietary ESG ratings across equities and fixed income investment strategies which include environmental and social factors Ensured 100% of investment teams have access to ESG research and 53% of assets are managed with consistent and demonstrable ESG integration

Principle	Commitment	Systems, Procedures and Values	Performance Highlights from FY18
Anti-Corruption			
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Neuberger Berman is strongly committed to complying with statutory and regulatory requirements designed to combat money laundering, terrorist financing, and corruption. In order to detect and prevent the use of Neuberger Berman services, products, or personnel to facilitate such criminal activity, Neuberger Berman has implemented regional money laundering prevention policies and procedures.	<ul style="list-style-type: none"> Neuberger Berman Group LLC Global Anti-Corruption Policy & Procedures (the "Policy and Procedures") are designed to: (1) reiterate our commitment to honesty and fair dealing; (2) explain the specific requirements and prohibitions of applicable laws that reinforce and police our commitment; and (3) ensure compliance with applicable anti-corruption laws and regulations The Policy and Procedures contains mechanisms designed to ensure accurate disclosure and/or preapproval of these activities 	<ul style="list-style-type: none"> Implemented the Beneficial Owner rule, which requires Neuberger Berman to determine individuals who own and control the firm's legal entity customers, into Neuberger Berman's anti-money laundering policies and procedures Enhanced Neuberger Berman gift and entertainment policies and procedures to ensure continued compliance with anti-bribery and corruption laws Remained in full compliance with AML and Anti-Corruption laws and regulations

2018 Firm Stakeholder Metrics

EMPLOYEE METRICS

Global

Total employees, full-time	2,036
Total employees, part-time	44
Senior investment professional retention rate	95%
Employees with access to benefits (full-time)	100%
Percentage of firm owned by employees	100%
Employees with firm ownership ¹ (#/%)	~500/~25%
Portfolio Managers whose compensation is tied to multi-year performance	100%
Employees with access to skills based training	100%
Employees with access to promotion opportunities	100%
Employees with access to educational assistance	100%

Staff diversity (women %)

Total staff	35%
Senior staff ²	26%
New hires (% women, 3 year average)	39%

U.S.

Total US employees	1,578
Employees with 15% 401K firm contribution (no required match)	99%

Staff diversity (ethnic minority %)

Total staff	29%
Senior staff ²	20%
Ethnic minority hiring (% of new hires, 3 year average)	35%

¹Our equity ownership program is voluntary and all employees at the SVP level and higher are eligible to participate and acquire equity at their discretion. Currently, women and minority representation among U.S. equity owners is generally consistent with women and minority representation among employees eligible to purchase equity.

²VP level and above.

CLIENT PORTFOLIO METRICS

Teams with access to environmental, social and governance (ESG) research	100%
Assets managed with consistent and demonstrable ESG integration ³	53%
Shareholder meetings voted ⁴ (#/%)	4,894/99%
Total number of engagement meetings with corporate management teams	
Number of equity engagements held	1,324
Number of credit engagements held	1,728
Percentage of UCITS and mutual funds with 3+ Globes on Morningstar Sustainability Ratings ⁵	50%
Median stock turnover ratio for equity mutual funds ⁶	35%
Instances in which our marketing communications were materially noncompliant with applicable regulations or our policies	0

³As of 9/30/2018.

⁴In limited circumstances we do not submit a vote if trading restrictions or administrative costs outweigh the benefit to the client.

⁵Excludes funds not rated by Morningstar for sustainability.

⁶Excludes funds with less than 5 yrs. of history, closed end funds, fixed income, alternative and specialty funds (12 months through 11/30/2018).

Source: Neuberger Berman. Please Note: Employees are not legally required to self-identify their race/ethnicity or gender and race/ethnicity data is not tracked in the US. Accordingly, the information contained in this chart is provided only as an overview of the estimated race/ethnicity and gender makeup of our current employees.

COMMUNITY METRICS

Corporate charitable giving (foundation, gift matching, disaster relief)	\$2,553,479
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Firm-Sponsored Volunteerism

Employee volunteer hours	5,738
Employee volunteer participation (#) (not unique)	1,861
Unique volunteer participation	64%
Firm and regional headquarter locations participating in volunteerism	100%
Number of projects	166

Beneficiaries

Organizations reached through giving	752
Organizations reached through volunteerism	111
Number of children/youth/students impacted through giving and volunteerism	496,557
Number of employees sitting on charitable boards	407
U.S. Minority Women-owned Business Enterprise (MWBE) suppliers	5%

ENVIRONMENTAL METRICS

Global

Employees using public transportation	88%
GHG emissions from business air travel (Metric tons CO _{2e})	4,096

NY Headquarters

Square footage as percentage of total global office space	64%
LEED certification ⁷	Silver
Total energy used (gigajoules)	40,430
Electricity used (gigajoules)	13,440
Steam used (gigajoules)	26,991
GHG emissions from energy used (Metric tons CO _{2e})	431
Total water used (million gallons)	8.6
Waste recycled (diversion rate)	47%

⁷LEED (Leadership in Energy and Environmental Design) is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO₂ emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.



ABOUT NEUBERGER BERMAN

Founded in 1939, Neuberger Berman is a private, 100% independent, employee-owned investment manager. From offices in 33 cities worldwide, the firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally. With more than 500 investment professionals and over 2,000 employees in total, Neuberger Berman has built a diverse team of individuals united in their commitment to delivering compelling investment results for our clients over the long term. Our culture has afforded us enviable retention rates among our senior investment staff and has earned us a citation from Pensions & Investments as a Best Place to Work in Money Management for five consecutive years.