

April 2022

NEUBERGER BERMAN  
UN Global Compact  
Communication on Progress 2022

## ABOUT NEUBERGER BERMAN

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 25 countries, Neuberger Berman’s diverse team has over 2,500 professionals. For eight consecutive years, the company has been named first or second in *Pensions & Investments’* Best Places to Work in Money Management survey (among those with 1,000 employees or more). In 2020, the PRI named Neuberger Berman a Leader, a designation awarded to fewer than 1% of investment firms for excellence in Environmental, Social and Governance (ESG) practices. The PRI also awarded Neuberger Berman an A+ in every eligible category for our approach to ESG integration across asset classes. The firm manages \$447 billion in client assets as of March 31, 2022. For more information, please visit our website at [www.nb.com](http://www.nb.com).



**GEORGE H. WALKER**  
Chief Executive Officer



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April 29, 2022

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

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, labor, environment and anti-corruption.

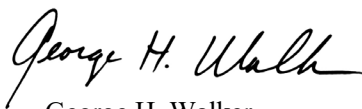
With this communication, we express commitment to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals 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 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.
- 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, labor, environment and anti-corruption).
- A measurement of outcomes showcased in our firm stakeholder metrics of the enclosed 2021 ESG Annual Report (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.

Sincerely,



George H. Walker  
Chief Executive Officer, Neuberger Berman

## Implementing the Ten Principles into Strategies & Operations

**Criterion 1:** The COP describes mainstreaming into corporate functions and business units

**Criterion 2:** The COP describes value chain implementation

## Self-Assessment

As an active manager, we have a long-standing belief that material environmental, social and governance (ESG) factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. Therefore, we take a comprehensive approach toward managing client assets, including the integration of ESG criteria into our investment processes. We also understand that for many clients the impact of their portfolios is an important consideration in conjunction with investment performance.

From our first application of “avoidance screens” in the early 1940s to the launch of our U.S. Sustainable Equity team in 1989, Neuberger Berman has been at the forefront of integrating ESG factors into investment processes. Today, we continue to innovate, driven by our belief that ESG factors, like any other factor, should be incorporated in a manner consistent with the specific asset class, investment objective and style of each investment strategy. ESG factors can be employed in a variety of ways to help generate enhanced returns, mitigate risk and meet specific client objectives within a portfolio. We believe that our approach, which is focused on maximizing results for our clients, can also support better-functioning capital markets and have a positive impact for people and the planet.

A signatory of the UN-supported Principles for Responsible Investment (PRI) since 2012, we were named to the 2020 PRI Leaders’ Group for our efforts to assess, manage and disclose climate risk and opportunity across our investment strategies. Only 20 of the 2,400 investment manager PRI signatories were awarded this designation. This was in addition to obtaining the highest score, A+, for ESG integration across every asset class and for our overarching approach to ESG strategy and governance in the PRI’s annual assessment report.

As a firm, Neuberger Berman is committed to acting in a responsible manner and is committed to integrating Environmental, Social and Governance (ESG) factors into the investment process. Overall, approximately 86% of Neuberger Berman’s total assets under management are now ESG-integrated, compared to 60% in January 2020 and 30% back in 2016.

## Strategies/Policies

- Neuberger Berman Business Principles
- [2020 Neuberger Berman ESG Annual Report](#)
- [2021 Neuberger Berman Climate Related Corporate Strategy](#)
- [2021 Neuberger Berman CSR Annual Report](#)

We offer a range of impact strategies that seek to invest in companies whose products or services have the potential to deliver significant positive social and environmental outcomes. The universe of potential companies is evaluated through an integrated process using proprietary Impact analysis, traditional fundamental financial assessment and material ESG considerations. Likewise, we offer a range of sustainable strategies that focus on ‘better’ companies based on ESG characteristics.

In addition to our investment beliefs, we are committed to understanding our climate-related risks and opportunities, and managing risks that are material to our business. As such, one of the pillars of our climate-related corporate strategy is climate-related risk management, which integrates climate-related risks into our overall risk management framework across investments and business operations.

Lastly, Neuberger Berman is committed to applying its diversity and inclusion principles to its vendor and procurement policies and practices. To that extent, Neuberger Berman has an internal vendor diversity policy statement that includes a definition of diversity, our commitment to promoting a fair and competitive process to create sourcing and procurement opportunities for diverse vendors, actions to execute the policy and our commitment to monitoring the progress and effectiveness of our vendor diversity policy.

## Human Rights

**Criterion 3:** The COP describes robust commitments, strategies or policies in the area of human rights

**Criterion 4:** The COP describes effective management systems to integrate the human rights principles

**Criterion 5:** The COP describes effective monitoring and evaluation mechanisms of human rights integration

## Self-Assessment

### INVESTMENT PORTFOLIOS

Neuberger Berman recognizes the impact companies may have on human rights as it relates to their employees, contract workers, supply chain workers and within the communities in which they operate. We are committed to respecting and upholding the protection of human rights. As such, we believe it is important to evaluate how companies consider the same principles: supporting labor rights, complying with local and international laws, giving back to the communities they serve and operate in, and have well-managed supply chains as determined by our company analysis and engagements. We also incorporate metrics around human rights into our evaluation of sovereign issuers.

Our Global Standards Policy, which details our approach to act in accordance with the United Nations Global Compact (UNGC) Principles, OECD Guidelines for Multinational Enterprises (OECD Guidelines), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and International Labour Standards Conventions (ILO conventions), applies across all our UCITS portfolios that have been categorized as either Article 8 or Article 9 financial products in accordance with the EU's Sustainable Finance Disclosure Regulation.

For these portfolios, we use data by a well-known and highly respected ESG data provider(s) to identify companies in breach of any of these principles and guidelines. Companies that are in breach of at least one of the Principles and Guidelines are considered to be violators. We will discuss and debate the differences among the violators identified by the ESG data provider(s) and those identified as a result of our own research, which will draw upon data from Neuberger Berman's proprietary ESG score, the NB ESG Quotient and direct engagements with the companies. We will then recommend that a company is added to or removed from our Exclusion List or Watch List. For companies on the Exclusion List, the investment teams of the relevant portfolios will be instructed to divest any holdings within a 90-day window, consistent with their fiduciary duty to investors. For companies on the Watch List, Neuberger Berman's ESG Committee and investment teams must be updated on a bi-annual basis to provide the necessary reassurance that the company has been engaged with and shows clear progress toward targets and timelines set by Neuberger Berman. Both the Exclusion List and the Watch List are presented to our ESG Committee and details of the relevant portfolios impacted by the companies on these lists are also provided to the ESG Committee.

## Principles

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;

**Principle 2:** make sure that they are not complicit in human rights abuses

## Strategies/Policies

- Neuberger Berman Business Principles
- Neuberger Berman Global Code of Conduct
- Neuberger Berman Employee Policy Guidebook
- [Neuberger Berman Europe 2018 Slavery and Human Trafficking Statement](#)
- [Neuberger Berman Global Standards Policy](#)
- [Neuberger Berman ESG Policy](#)

### **BUSINESS ACTIVITIES**

#### **Employee Rights**

Neuberger Berman is proud to be a leader in the investment management industry. We can maintain that position only by continuing to work with an unwavering commitment to excellence, service and ethical principles.

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. Neuberger Berman also 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.

Affirmative action and equal employment opportunity policies are routinely reviewed and updated as necessary to comply with applicable law and/or address policy changes.

Employees are informed of our affirmative action, equal employment, anti-discrimination and anti-harassment policies as part of our new hire process, in training sessions, and through ongoing communication. Managers also receive annual training that focuses on their specific responsibilities under our policies. All U.S. employees receive mandatory annual training on anti-harassment and anti-discrimination. In addition, in the spring of 2018, we rolled out an unconscious bias training program (Making Better Decisions) that all employees of the firm have gone through and all new hires take as they are onboarded. It is a research-based program focused on helping employees identify and mitigate bias, particularly when making talent- or business-related decisions.

#### **Modern Slavery**

Neuberger Berman Europe Limited's (a wholly owned, indirect subsidiary of Neuberger Berman Group) supply chain primarily consists of sophisticated financial and professional service providers which support its investment management activities, such as large global institutional banks, financial market utilities and data providers. Consequently, NBEL believes that there is a low risk of modern slavery or human trafficking within its operations or supply chain. However, robust due diligence and ongoing oversight of third party outsourced functions are key Neuberger Berman control processes. NBEL is committed to acting ethically with integrity and transparency in its business and supply chain dealings, and to maintaining effective systems and controls, inclusive of policies and procedures, to safeguard against any potential occurrence of modern slavery or human trafficking.

## Labor

**Criterion 6:** The COP describes robust commitments, strategies or policies in the area of labor

**Criterion 7:** The COP describes effective management systems to integrate the labor principles

**Criterion 8:** The COP describes effective monitoring and evaluation mechanisms of labor principles integration

## Self-Assessment

Neuberger Berman aims to be a best-in-class employer in the investment industry. As a private, independent, employee-owned investment manager, Neuberger Berman is structurally aligned with the long-term interests of our clients. Approximately 24% of all Neuberger Berman employees are firm equity owners. We have no external parent or public shareholders to serve, nor other lines of business to distract us from our core mission.

Our greatest assets are our people, our culture and our reputation. Making Neuberger Berman a best-in-class place to work is fundamental to our ability to deliver for clients. Neuberger Berman ranked first in *Pensions & Investments* "Best Places to Work in Money Management" rankings for 2021 (among firms with more than 1,000 employees). This marked the eighth consecutive year the firm has placed first or second in the annual survey.

### OUR COMMITMENT TO LABOR

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.

Neuberger Berman strictly prohibits harassment in the workplace based on a person's race, color, creed, ethnicity, religion, gender, sex, national origin, veteran status, disability, age, citizenship, marital/domestic/civil partnership status, sexual orientation, gender identity/ expression, pregnancy status, or because of any other criteria prohibited under applicable law. If an employee or applicant becomes aware of incidents of discrimination or harassment prohibited under Neuberger Berman's policies or applicable law, he/she should contact his/her immediate supervisor or Human Resources. Employees and applicants are protected from coercion, intimidation, interference or discrimination as a result of reporting violations or assisting in an investigation. Investigations will be handled as discreetly as practicable and appropriate corrective action will be taken whenever violations of these policies are determined to have occurred. Depending upon the nature of the violation, an individual found to have violated any of these policies will be subject to disciplinary review, up to, and including, termination of employment. Also, anyone interfering with an investigation, or providing information that the individual knows to be inaccurate, will be subject to disciplinary review, up to, and including, termination of employment. These policies may be modified in jurisdictions outside the U.S. to comply with local laws and regulations.

## Principles

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labor;

**Principle 5:** the effective abolition of child labor; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

## Strategies/Policies

- Neuberger Berman Employee Complaint Policy Relating to Corporate Integrity
- 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
- [Neuberger Berman Global Standards Policy](#)



We are committed to conducting our affairs in an honest, lawful and respectful manner, and expect employees to act in accordance with the highest ethical and professional standards. In upholding our standards, we encourage employees to report any complaints or concerns they may have regarding corporate integrity issues, such as accounting, internal controls, auditing or other integrity matters.

The firm has created an environment in which a complaint can be reported without fear of retaliation, in accordance with the Employee Complaint Policy Relating to Corporate Integrity. Employees may submit a complaint by telephone, email, or U.S. mail, as well as anonymously to the internal or external ombudsman.

The firm will not retaliate against any employee or other person who, in good faith, lawfully provides to any law enforcement official truthful information relating to the commission or possible commission of any crime or assists in the investigation of a complaint. The identity of any person who makes a complaint generally will not be revealed (subject to limited exceptions). The Boards of Trustees/Directors of the Registered Funds have established separate procedures for the receipt, retention, and treatment of complaints related to Registered Funds. Certain non-U.S. NB entities have adopted separate whistleblowing policies and reporting procedures to comply with local jurisdictional requirements.

### **Equity, Inclusion & Diversity (EID):**

We believe firms perform better for clients and stakeholders when there is a diverse population, and a true equitable and inclusive environment. Diversity alone is not enough.

For over 80 years, a diversity of experiences, perspectives and backgrounds has been fundamental to who we are as a firm. As we have grown in scope, size and geography, we have more formally incorporated Equity, Inclusion and Diversity into our long-term strategy. Most notably, we have enhanced our dedicated leadership to our Equity, Inclusion and Diversity efforts, as well as created a more defined framework for our approach.

After a 28-year investment career, Andy Johnson, formerly head of our Investment Grade Fixed Income team, was named our Senior Equity, Inclusion & Diversity Officer in early 2019. During his time running one of our largest investment franchises, Andy was a champion of diversity, believing that a disparate set of voices and perspectives ultimately drove better outcomes for clients. He was also deeply involved in the firm's Equity, Inclusion and Diversity efforts, and was able to seamlessly step into his new role upon his retirement as an investment professional.

Andy is working closely with a number of senior partners, including our 12-person Diversity Council (comprised of members of our Operating Committee) and Sharon Bowen, who was named to the NBG Board of Directors in September 2019. Sharon was formerly a partner at Latham & Watkins LLP ("Latham"), and during her time there, she served as co-chair of the Diversity Committee, co-chair of the Diversity Hiring Subcommittee and co-founder and head of Latham's Women Enriching Business (WEB) Task Force. Currently, Sharon is part of the leadership team of Seneca Women, a global leadership platform that provides thought leadership, strategic advice and connection opportunities to both organizations and individuals.

With broad input across the organization, Andy, along with the Diversity Council, has developed a dedicated Equity, Inclusion and Diversity Framework that looks to drive change and make an impact across four main pillars: Sourcing & Hiring; Development & Retention; Accountability & Measurement; and Culture & Mindset. More specifically across the four pillars, recent highlights include:

- Applying the same rigorous standards to how we measure investment performance and client engagement, we created a proprietary NB Equity, Inclusion & Diversity Index in an effort to drive further accountability across the firm. The index, which is updated annually, is the average of two sub-indices: the Diversity Index and the Equity & Inclusion Index.
- The Diversity Index is calculated using our current demographics and will measure progress toward our goal of reflecting the broader population.
- The Equity & Inclusion Index compares employee survey scores of our diverse population to our highest scoring population across three key drivers of Equity & Inclusion: Fair Meritocracy; Cultural Inclusion; and Enablement, Training and Mentoring. We aim for there to be no difference between the experience and opportunities of people of different diversity identifiers.
- In 2020, 97% of our employees globally participated in our Making Decisions program, which helped us to better understand our unconscious biases, and in turn, how to mitigate the effect they have on our most critical decisions. The training is ongoing.
- We launched a number of development programs, including Mentoring, and our Leadership Development and Leadership Networking programs. The latter two provide a unique learning and exposure opportunity as we bring together employees of different backgrounds, experiences and skill sets with a broad focus on developing our future leaders.
- We developed a diversity reporting dashboard for our department heads with metrics on the diverse representation within their businesses. The dashboard provides a breakdown of diversity metrics by diversity sub-group and level, as well as hiring, termination and promotion activity for our diverse populations. Using predictive analytics, the dashboard also projects the diversity makeup of teams into the future if current trends are to continue. Sharing this data with our senior-most managers is important as it equips them with information to make decisions for their business and contribute toward the firm's diversity goals in a more strategic and effective way. Andy Johnson and Human Capital Management meet with each business head to discuss the dashboards annually.
- Michele Docharty joined the Neuberger Berman Group Board of Directors as an Independent Director. Michele recently retired from Goldman Sachs, where she spent 30 years, including the last 10 as a partner. She has been a consistent and active proponent of diversity and inclusion efforts. At Goldman, Michele served on multiple internal committees, including the Americas Inclusion and Diversity Committee and the Hispanic/Latinx Network (as a Senior Member).
- Our eighth Employee Resource Group, the NB Hispanic & LatinX Network (HLN), recently launched, and is focused on "building a community of unity, where we aim to heighten the representation of a multitude of diverse cultures and expose our colleagues to the importance of the intersectionality within our backgrounds." Michele Docharty (noted above) serves as a senior advisor to HLN.

### **MONITORING & EVALUATION**

Neuberger Berman is governed by a Board of Directors that governs and oversees the firm. In addition to the Board of Directors, the governance structure of Neuberger Berman includes two key committees: the Operating Committee and the Partnership Committee. The Operating Committee, consisting of business heads, distribution leaders and representatives from certain support and control functions, provides advice and counsel for the day-to-day activities of Neuberger Berman. The Partnership Committee, which comprises the firm's senior investment and client-facing professionals, provides advice and counsel on Neuberger Berman's most important strategic decisions.

Supplementing these governance committees, Neuberger Berman's control culture is supported by two key risk committees: the Investment Risk Committee ("IRC") and the Operational Risk Committee ("ORC"). The IRC, which is comprised of risk management and senior portfolio managers across all asset classes, provides oversight of the investment risk evaluation process, including the measuring and monitoring of investment performance and risk and human capital & culture risk. The ORC, which is comprised of senior managers of all support and control functions as well as business management, provides oversight of the risk evaluation process with a focus on those operational risk matters identified, monitored and reported by Operational Risk Management. Both committees review investment and operational risks associated with new and existing products.

Through these efforts, we aspire to maintain our status as the employer of choice and a true leader in the industry.

### Environment

**Criterion 9:** The COP describes robust commitments, strategies or policies in the area of environmental stewardship

**Criterion 10:** The COP describes effective management systems to integrate the environmental principles

**Criterion 11:** The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

### Self-Assessment

#### INVESTMENT PORTFOLIOS

Neuberger Berman recognizes the impact of climate change and the urgent need to accelerate the sustainable transition toward global net-zero emissions. We also understand that for many of our clients the environmental impact of their portfolio is an increasingly important consideration in conjunction with investment performance. We are committed to understanding our climate-related risks and opportunities, and managing risks that are material to our business. We have joined the Net Zero Asset Managers Initiative and committed to initially partnering with select clients that share an ambition to achieve net-zero emissions by 2050 or sooner.

In line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) Neuberger Berman's Board of Directors oversees climate-related risks as a subset of all enterprise-wide risks, and is periodically updated on the firm's progress on its commitment to support investing aligned with net-zero greenhouse gas (GHG) emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. The firm's senior management, in conjunction with the ESG Investing team, oversees the consideration of climate risks and opportunities, as well as the implementation of our net-zero commitment. Our climate-related corporate strategy, which applies both to our investment portfolio and our business operations, is based on three core pillars: climate-related risk management, climate-related opportunities, and communicating metrics and targets.

#### Climate-related Risk Management

Neuberger Berman has implemented top-down scenario analysis for modelling climate transition and physical risks at the company level in line with the recommendations of the TCFD. This scenario analysis currently focuses on our listed public equity and corporate-issuer fixed income holdings in the firm's U.S. mutual funds and international UCITS range. We have also created a differentiated approach to assessing sustainability for sovereign issuers which seeks to evaluate and measure a country's vulnerability and readiness to adapt to climate change.

Neuberger Berman is committed across all of our co-mingled U.S. registered mutual funds, closed-end funds and international UCITS range to prohibit the initiation of new direct investment positions in securities issued by companies that have more than 25% of revenue derived from thermal coal mining or are expanding new thermal coal power generation. We plan to revisit the policy, specifically the details around exclusion, on an annual basis.

Additionally, as part of our net-zero strategy, our climate change engagement priorities now include encouraging company boards to establish formal oversight of climate risk; encouraging issuers to disclose emissions and set Science-Based Targets; requesting disclosure on how

### Principles

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Strategies/Policies

- [2020 Neuberger Berman ESG Annual Report](#)
- [2021 Neuberger Berman Climate-related Corporate Strategy](#)

companies are managing physical and transition risks; and tracking management responsiveness and progress toward these goals. In addition, we are affiliated with a number of climate-focused industry initiatives including but not limited to:

- Transition Pathway Initiative
- Institutional Investors' Group on Climate Change
- Ceres
- CDP

### **Climate-related Opportunities**

We are particularly focused on enhancing net-zero capabilities in our existing investment strategies and increasing our offering of new dedicated net-zero strategies. In terms of existing strategies, our portfolio managers across the sustainable investing strategies of our public equities and public taxable fixed income funds have affirmed their intent, consistent with their stated objectives and strategies and pursuant to their own targets, to invest with the goal of attaining net-zero alignment. To meet demand for new climate-oriented strategies we've added specific capabilities in thematic, climate transition and climate solutions strategies.

Our proprietary ESG ratings system, NB ESG Quotient, considers energy efficiency, carbon emissions intensity, carbon footprint and low-carbon opportunities where it is material at the sub-sector level. Alongside the NB ESG Quotient, our net-zero alignment framework will help us assess net-zero transition plans by introducing indicators that take into account company- and sector-level nuances.

### **Communicating Metrics and Targets**

As part of the Net Zero Asset Managers Initiative, we have committed to supporting the goal of net-zero emissions by 2050. We are focused on working in partnership with our clients and portfolio managers to achieve this goal. Our specific interim target will be published within one year of signing on to the Net Zero Asset Managers Initiative.

Neuberger Berman has the ability to disclose climate-related metrics to our clients to help them understand the potential risks and opportunities associated with publicly listed corporate equity and bond portfolios:

- a) Weighted average carbon intensity
- b) Carbon footprint
- c) Percentage of portfolio companies with approved science-based targets
- d) Percentage of portfolio invested in climate solutions
- e) Climate value-at-risk analysis using 2-degree scenarios
- f) Climate-related engagement and proxy voting records

In addition, for clients of impact investing strategies, we disclose metrics related to the positive climate-related outcomes that those strategies are generating for people and the planet. For our operational impact, we are committed to collecting, evaluating and disclosing relevant metrics annually.

### **BUSINESS ACTIVITIES**

Finally, within our business operations, we publish our environmental metrics in our ESG Annual Report and we have already begun taking the following steps to reduce our own operational carbon footprint:

- Neuberger Berman is continuing to invest in technology energy efficiency to limit our carbon footprint even as the firm continues to grow. At end 2021, the power for our primary data center was 60kW, down from 65kW in 2020.
- In an effort to reduce Neuberger Berman's travel-related carbon footprint, we have offset 100% of our travel-related emissions in 2020 and 2021 by supporting carbon reduction projects.
- We have taken several actions to green some of our buildings, including the introduction of solar panels, LED lights and recycled rainwater usage.
  - Our New York headquarters, which houses 56% of our employees, is LEED Silver-certified
  - Our London office recently moved to the Zig Zag building, which is certified by BREEAM, a U.K.-based certification for sustainable buildings.

In 2021, for the occasion of COP26, we made a donation to SolarAid, a nonprofit dedicated to lighting up every home, school and clinic in Africa by 2030 with solar, in an aim to combat poverty and climate change.

### Anti-Corruption

**Criterion 12:** The COP describes robust commitments, strategies or policies in the area of anti-corruption

**Criterion 13:** The COP describes effective management systems to integrate the anti-corruption principle

**Criterion 14:** The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

### Self-Assessment

#### INVESTMENT PORTFOLIOS

Neuberger Berman recognizes the importance of working against corruption in all its form in our investment portfolios. Our Global Standards Policy, which details our approach to act in accordance with the United Nations Global Compact (UNGC) Principles, OECD Guidelines for Multinational Enterprises (OECD Guidelines), the United Nations Guiding Principles on Business and Human Rights (UNGPs) and International Labour Standards Conventions (ILO conventions), applies across all our UCITS portfolios that have been categorized as either Article 8 or Article 9 financial products in accordance with the EU's Sustainable Finance Disclosure Regulation. Anti-corruption is addressed as part of our efforts to comply with the UNGC.

For these portfolios, we use data by a well-known and highly respected ESG data provider(s) to identify companies in breach of any of these principles and guidelines. Companies that are in breach of at least one of the Principles and Guidelines are considered to be violators. We will discuss and debate the differences among the violators identified by the ESG data provider(s) and those identified as a result of our own research, which will draw upon data from Neuberger Berman's proprietary ESG score, the NB ESG Quotient and direct engagements with the companies. We will then recommend that a company is added to or removed from our Exclusion List or Watch List. For companies on the Exclusion List, the investment teams of the relevant portfolios will be instructed to divest any holdings within a 90-day window, consistent with their fiduciary duty to investors. For companies on the Watch List, Neuberger Berman's ESG Committee and investment teams must be updated on a bi-annual basis to provide the necessary reassurance that the company has been engaged with and shows clear progress toward targets and timelines set by Neuberger Berman. Both the Exclusion List and the Watch List are presented to our ESG Committee and details of the Relevant Portfolios impacted by the companies on these lists are also provided to the ESG Committee.

#### BUSINESS ACTIVITIES

Integrity is a core value of Neuberger Berman Group LLC, its subsidiaries and affiliates. Compliance with applicable laws and regulations, as well as Neuberger's Codes of Conduct, is an essential part of this integrity. Neuberger maintains a zero-tolerance approach to bribery and corruption. We are committed to conducting our business in an honest and ethical manner, at every level of our organization, and in all dealings with third parties, wherever we operate.

Neuberger Berman Global Code of Conduct describes the legal and ethical framework within which we conduct ourselves. More important, however, it reflects how we think and feel about doing business, the values we hold and look for in others, and how we want to distinguish ourselves as a firm.

### Principles

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

### Strategies/Policies

- Neuberger Berman Global Anti-Corruption Policy
- Neuberger Berman Anti-Corruption Matrix
- Neuberger Berman Business Principles
- Neuberger Berman Global Code of Conduct
- Neuberger Berman Employee Policy Guidebook
- Neuberger Berman Code of Ethics
- [Neuberger Berman Global Standards Policy](#)

The purpose of the Global Anti-Corruption Policy is 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.

Almost all countries prohibit bribery of public officials and commercial partners. Each Neuberger entity is bound by the anti-bribery laws of the countries in which they operate as well as by the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), which prohibits the bribery of a non-U.S. government official. Certain Neuberger entities are also subject to the U.K. Bribery Act of 2010 (the "UKBA") which prohibits the bribery of any person. Both the FCPA and UKBA (together, the "Anti-Corruption Laws") have extraterritorial effect beyond the United States and United Kingdom and, as a result, this Policy embodies the prohibitions and restrictions of both laws.

This Policy contains procedures and internal controls for compliance, and generally prohibits any improper payment, promise of payment, offer of employment, or the improper provision of anything of value to any person for the purpose of obtaining or retaining business or influencing official action.

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.

The Policy and Procedures contains mechanisms designed to ensure accurate disclosure and/or preapproval of these activities.



## Taking Action in Support of Broader UN Goals and Issues

**Criterion 15:** The COP describes core business contributions to UN goals and issues

**Criterion 16:** The COP describes strategic social investments and philanthropy

**Criterion 17:** The COP describes advocacy and public policy engagement

**Criterion 18:** The COP describes partnerships and collective action

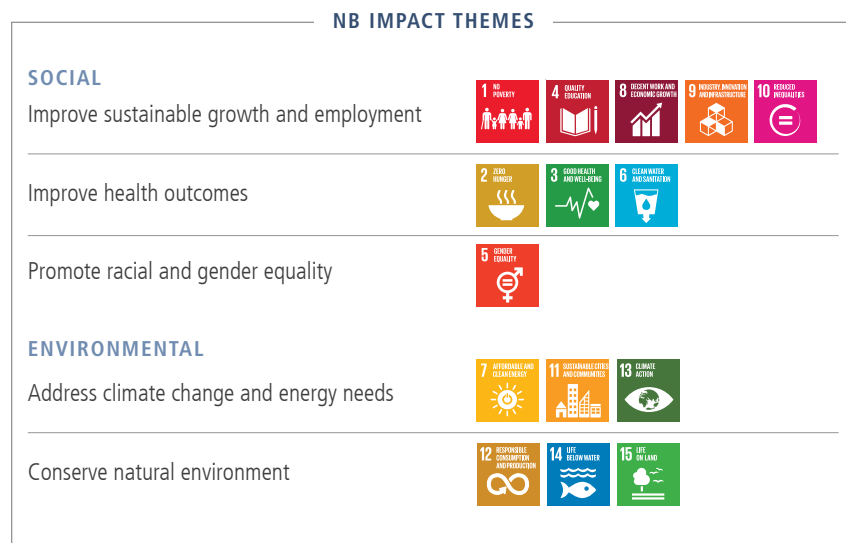
### Strategies/Policies

- [2021 Neuberger Berman CSR Annual Report](#)
- [2020 Neuberger Berman ESG Annual Report](#)
- [Neuberger Berman Municipal Impact Fund Report 2021](#)

## Self-Assessment

### UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

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 communicating objectives of sustainable and impact investment strategies. At Neuberger Berman, we have organized the SDGs into consistent, investable themes across our strategies.



We believe investors can contribute to the SDGs in two significant ways: first, by investing in entities whose products and services have the potential to deliver significant positive social or environmental outcomes; and second, by engaging with companies in an effort to increase their positive system-level impact through operations or products. These strategies share the common objectives of delivering measurable progress toward the SDGs and seeking to deliver on their distinct financial objectives, while committing to annual reporting on outcomes or engagement.

In 2021, we also developed a third approach, focusing on sovereign issuers, which is an active, engaged and forward-looking sustainable investment strategy to meet the needs of emerging markets. This approach deploys our proprietary sustainability screen to go beyond sovereign ESG scores—which often penalize poorer counties—and tilt portfolios toward best-in-class sovereign

issues based on climate-change preparedness and progress on the SDGs. The screen is focused on two sustainability objectives: an environmental objective addressing SDGs such as climate action and clean energy; and a social objective, addressing SDGs such as no poverty and quality education.

### **OUR COMMITMENT TO SERVICE**

A commitment to service is fundamental to our culture. Whether it is our clients, our colleagues, or our communities, we have dedicated ourselves to leveraging our skills, experience and resources to make a positive impact. Since we re-emerged as an employee-owned firm just over a decade ago, we've volunteered 56,000 hours, worked with 15,000 children, served 20,000 meals and beautified hundreds of community spaces around the world.

Just as we all continue to learn how to navigate a pandemic world in our personal lives, so too did we learn to adapt our philanthropic efforts at Neuberger Berman. Our time spent in person over the last two years has been limited and as such, we worked closely with our colleagues to find unique ways to be impactful. As a firm, we take the word "responsibility" in corporate social responsibility seriously, and recognize the unique position we are in to make the world a better place.

We continue to rely on our colleagues' feedback and ideas to help us shape the way we impact our communities. For example, we had several colleagues with personal, familial connections to India spearhead an employee gift-matching campaign to support nonprofit organizations providing aid during the country's devastating COVID-19 surge. Additionally, our NB APPEAL (Asian Pacific Partners for Empowerment, Advocacy & Leadership) Employee Resource Group led a successful virtual 5K where the firm donated money on behalf of each participant to nonprofit Stop AAPI Hate.

Knowing that many of our employees were still working from home throughout the summer months, we adjusted our annual week of service, Celebration with Service, and aimed to identify projects where our employees lived and invited them to include their families. For most of our people, this was the first time during the pandemic that they were able to give back to their communities, and similarly, our nonprofit partners shared that we were their first corporate partner to volunteer again.

It is an honor to partner with our nonprofit beneficiaries as they fill unmet needs and gaps for the clients that they serve, and it is also an honor to work with colleagues so impassioned by their drive to better the world.

The Neuberger Berman Foundation remains deeply committed to our 60+ grantees focused on improving the lives of underserved children and youth. As a firm, we have always recognized the importance of being a good corporate citizen—and our Corporate Social Responsibility work is one way we demonstrate this across the Neuberger Berman platform.

### **PARTNERSHIPS & COLLECTIVE ACTION**

We recognize that we have a responsibility to improve the functioning of capital markets as a whole by encouraging the broader implementation of ESG investing activities. While we support many highly impactful groups and initiatives, each year we seek to particularly focus our efforts where we feel our leadership can make a unique difference.

### *Principles for Responsible Investing (PRI)*

We actively support the PRI's work on the ESG in Credit Risk and Ratings Initiative, and have seen a positive response from credit agencies as a result. In 2021, we continued to serve as a member of PRI's Private Equity Advisory Committee and its EU Taxonomy Practitioners Working Group.

### *Value Reporting Foundation (VRF)*

As a founding member of the SASB Alliance, now housed by the VRF, we are involved in a number of ways. Our Chief Investment Officer of Equities, Head of ESG Investing, and Global Research ESG Engagement Director are members of the Investor Advisory Group (IAG). We are also members of the APAC Working Group of the IAG and have published a case study showing how we integrate the SASB Standards into Japanese equity strategies.

### *Asian Corporate Governance Association (ACGA)*

Our Director of Japan Investment Stewardship assumed the role of the Chair of the Japan Working Group (JWG) of the ACGA in 2021. The Group is comprised of 112 investors focused on the improvement of corporate governance in Japan. The Chair manages the Group's mid-term strategy, including collaborative engagements with key institutions in Japan's investment chain.

### *Institutional Investors Group on Climate Change (IIGCC)*

Through our IIGCC membership we support the public policies, corporate action and investment practice required to address climate risks. In 2021, we hosted a virtual GP webinar with the IIGCC, who provided a preview of a forthcoming paper on private equity net-zero alignment.

### *Oxford University Initiative on Rethinking Performance (ORP)*

In 2021, we joined the ORP to understand the issues (e.g., climate change, global inequality) companies are trying to resolve for their stakeholders, and to identify ways in which corporate purpose can be measured, and how the costs of delivering products and avoiding problems can be tracked.

### *Climate Action 100+*

Through Climate Action 100+, we are the lead investor for an aerospace company and the leading manufacturer of commercial jet transports. In 2021, we engaged with the company, both independently and as lead investor, and we are pleased with the steps it has taken toward the oversight of climate issues and its emissions reduction target.

### *Science Based-Targets (SBT)*

We are signatories of the SBT engagement campaign led by CDP to encourage companies globally to set science-based targets and commit to net zero. As of September 2021, over 380 companies of the 1,800 companies included in the campaign have agreed to set science-based targets.

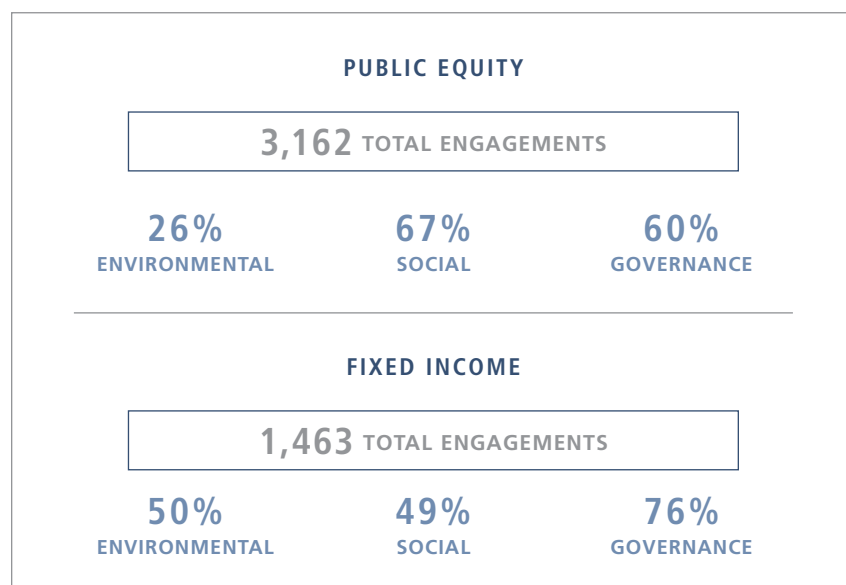
### **Advocacy & Engagement**

As part of our responsibility as an active manager, we are also focused on engaging directly with portfolio companies. We were the first large asset manager to provide proxy vote disclosure well in advance of company meetings. 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. The NB Votes initiative is an opportunity to communicate the firm's expectations on a variety of topics and to demonstrate the nuanced judgment that goes into vote decisions. We hope to enhance the level of transparency around our proxy voting

decisions, improve corporate practices amongst companies we invest in, and encourage our large asset manager peers to also begin preannouncing proxy votes and openly encourage better corporate practices.

Neuberger Berman takes a holistic approach and reviews external resolutions on a case-by-case basis, taking into account board oversight, related-disclosures, relative peer performance, among other things. Neuberger Berman generally supports governance shareholder proposals to declassify a board, eliminate cumulative voting, elect directors by a majority of votes cast in uncontested elections, separate the positions of chairman and CEO, and appoint a lead independent director. We will generally support environmental and social shareholder proposals asking for increased disclosure where our assessment finds that existing materials are significantly lagging recognized frameworks necessary for investors to assess these risks. Neuberger Berman also generally supports efforts to study and report on any discrepancies in compensation based on gender.

Furthermore, we continued our commitment to engagement. In 2021, we conducted over 4,500 engagements across our public equities and fixed income platforms with the following ESG focus areas:



## Corporate Sustainability Governance and Leadership

**Criterion 19:** The COP describes CEO commitment and leadership

**Criterion 20:** The COP describes Board adoption and oversight

**Criterion 21:** The COP describes stakeholder engagement

## Self-Assessment

### INVESTMENT PORTFOLIOS

Neuberger Berman believes that environmental, social and governance factors are an important driver of long-term investment returns from both an opportunity and a risk mitigation perspective, and we understand that for many clients the impact of their portfolios is an important consideration in conjunction with investment performance.

The ESG Committee (“Committee”) is responsible for reviewing the ESG Policy annually and amending it as needed. The Committee is chaired by the Head of ESG Investing and is comprised of senior investment professionals across all asset classes, including the Chief Investment Officer (CIO) for Equities, and representatives from Equity, Fixed Income and Private Equity teams. The Committee also includes senior professionals from client coverage, risk management, legal and compliance, marketing, and our client coverage organization. Our dedicated ESG Investing team is responsible for setting the firm’s ESG strategy in collaboration with the Committee and after consultation with portfolio managers, CIOs and our CEO. The ESG strategy is reviewed by the firm’s Partnership Committee and Board of Directors on an annual basis.

The Committee’s broader responsibilities include:

- Approving updates to the firmwide Climate-related Corporate Strategy on at least an annual basis
- Approving new investment strategies that formally integrate ESG factors or social/ environmental impact objectives as part of their investment process
- Monitoring the ESG-related aspects of existing investment strategies that formally integrate ESG factors or social/ environmental impact objectives as part of their investment process
- Supporting the process of enhancing the integration of ESG factors into investment analysis and decision-making across the firm
- Supporting engagement activities with issuers across equities and fixed income, including reviewing the proxy voting policy
- Facilitating the sharing of research, analysis and insights on ESG issues and trends, as well as the publication of ESG research for use by clients where possible
- Supporting efforts to collaborate with clients and others in the investment industry to support the broader acceptance and implementation of ESG investing
- Supporting efforts to address the emerging and evolving regional regulatory landscape
- Overseeing reporting to third-party organizations on our ESG investing activities, including the UN-supported Principles for Responsible Investment (PRI)
- Listening to clients and anticipating their evolving ESG-related needs and objectives

## Strategies/Policies

- [2021 Neuberger Berman Climate Related Corporate Strategy](#)
- [Neuberger Berman ESG Policy](#)

The ESG Committee delegates responsibility for the detailed review of new and existing strategies making an ESG-related claim to the ESG Product Committee to ensure integrity and consistency in their integration of ESG. The ESG Product Committee is responsible for determining whether Portfolio Managers systematically and explicitly include material ESG risk and opportunities in investment analysis and investment decision making for all securities. The ESG Product Committee is also responsible for determining the SFDR classification of in-scope funds and segregated mandates. In addition to ongoing monitoring by risk and internal audit teams, the ESG Oversight Committee provides an annual review of all sustainable and impact-labeled products.

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

Neuberger Berman's Board of Directors also oversees climate-related risks as a subset of all enterprise-wide risks. The Board reviews climate-related enterprise risk and the firm's approach to climate-related risks and opportunities at least once a year. The Board's oversight supports the firm's long-term objectives and influences firm behavior to consider potential effects of climate change.

Senior management is responsible for overseeing the firm's operations, risk department and investment professionals, with climate-related risks and opportunities as a subset of overall management of the enterprise. The CEO is ultimately responsible for updating the Board on material updates and relevant climate-related risks and opportunities and is supported in this by the Head of ESG Investing, Chief Risk Officer, Chief Investment Officers and Chief Operating Officer.

The Head of ESG Investing works with the CIOs and the CRO to ensure appropriate climate expertise and analytical capabilities are in place to support portfolio managers and research analysts in understanding the potential implications of climate change for security analysis and portfolio construction.

The COO and CRO play an especially active role in managing the firm's business operations and resiliency to climate-related risks. This includes improvements to the firm's operational efficiencies and carbon footprint or adaptation and mitigation actions with respect to both transition and physical risk. Finally, the ESG Investing team is responsible for working with portfolio managers on the integration of climate-related risks and opportunities.

### **BUSINESS ACTIVITIES**

Neuberger Berman's senior management team is committed to integrating environmental, social, and governance factors both in our investment portfolios and business activities.

As our Chairman and CEO, George Walker, said: "As stewards of our clients' capital, we advocate for the highest standards of conduct and disclosure from our investment companies. As a firm, we continually challenge ourselves to raise our own standards, as well. We are committed to the communities in which we work and live, and we value the diversity of cultures, backgrounds and experiences of our employees."

Our leadership is committed to ensuring we live our values. In 2020, Neuberger Berman became the first North American financial group to launch a sustainability-linked credit facility, tying our cost of debt to metrics that measure our alignment with client ambitions and ESG. We must maintain our PRI A+ rating for quality of ESG integration as well as specific diversity goals.

Our leadership, and in particular our CEO, also closely monitors and engages on the creation of Equity, Inclusion and Diversity business plans for each area of our firm. These plans drive accountability and help department heads understand their progress as it relates to recruiting, retaining and developing diverse talent. They also engage with our seven Employee Resource Groups to understand how we can support our employees in each community. This close partnership has led us to evolve our benefits, have important discussions on timely topics and build impactful training programs.

As an extension of our CSR efforts combined with our CEO's passion for civic engagement, we launched a broader Civic Engagement Initiative where employees receive non-partisan educational resources and can engage with local elected officials on important topics. Additionally, employees are provided with resources on voting and deadlines in their local areas. As a member of the Time to Vote Initiative, our CEO encourages employees to vote and gives them time to do so.

As a firm committed to service, our CSR efforts are employee-driven. As such, our CEO ensures our Foundation's efforts are aligned with those of our colleagues. Each year, we hold our Celebration with Service volunteering effort, where a majority of our employees around the world participate. Leading by example, our CEO and his fellow leadership team members sponsor projects and volunteer their time in our local communities.

Neuberger Berman's is governed by a Board of Directors ("Board") governs and oversees the business affairs and strategy of the company, including material corporate transactions and financial activities, risk management, investment performance and strategic business initiatives. The board features two committees: an Audit Committee and a Compensation Committee. We have taken important steps to diversity our board in recent years, adding two female directors since 2019.

In addition to the Board of Directors, the governance structure of Neuberger Berman includes two key committees: the Operating Committee and the Partnership Committee. The Operating Committee, consisting of business heads, distribution leaders and representatives from support and control functions, provides advice and counsel for the day-to-day activities of Neuberger Berman. The Partnership Committee, which comprises the firm's senior investment and client-facing professionals, provides advice and counsel on Neuberger Berman's most important strategic decisions.

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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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