NEUBERGER | BERMAN

GLOBAL CORPORATE CREDIT ENGAGEMENT REPORT

March 2025

In recent years a variety of market-disrupting events have underscored the importance of active ownership and the analysis of financially material governance, social and environmental factors for pecuniary reasons in fundamental credit research and investment decision-making. In our view, asset managers who leverage their relationships with issuers are best positioned to manage these financially material risks and take advantage of opportunities. As highlighted in our prior engagement reports, Neuberger Berman views direct issuer engagement as a critical tool to mitigate portfolio risks while seeking to generate long-term sustainable returns.

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Our Approach: Engaging on Material Topics to Reduce Credit Risk

Neuberger Berman believes that properly managing material corporate risk factors, including but not limited to environmental, social and governance matters, reduces credit risk. Our analysis focuses on financial materiality for each sector, thus we evaluate companies on factors that could create credit risk for their business or industry. These risks can impact the value of an investment or issuer in a number of ways depending on the nature of individual investments through, for example, physical damage to assets, policy or technological changes impacting the economics of the investment, or changes in consumer preferences. Therefore, we engage on these risks to promote their responsible and proper management.

As an active manager, engagement is core to our investment process. We believe that engaging is an essential part of long-term, active ownership and that engaging on financially material topics can improve issuers' performance and reduce their risk profiles. As a firm, we embed stewardship and engagement responsibilities within our investment teams to integrate related insights into the investment process and inform investment decisions. This serves to deepen the integration of engagement insights into our internal proprietary rating system, the NB ESG Quotient. This rating is built using sector-specific criteria focusing on the factors that are the most financially material to credit risk in each industry. We believe insights from the NB ESG Quotient and our focused engagement efforts are important in identifying material credit risk factors that influence issuers' long-term costs of capital and drive value creation on behalf of our clients.

THE FIXED INCOME INVESTOR HAS A FAR BIGGER VOICE AT THE TABLE TODAY THAN EVER BEFORE DUE TO PRESSING GLOBAL CHALLENGES AND THE CAPITAL THAT COMPANIES WILL NEED TO DRAW UPON TO TRANSITION PRODUCTS, SERVICES, SUPPLY CHAINS AND INFRASTRUCTURE.

Our platform maintains a deep commitment to establishing and maintaining relationships with the management teams in which we invest. Over the course of 2024, we have utilized our established relationships with issuers in both developed and emerging markets to engage meaningfully on financially material issues such as climate risk, human capital management and community relations. While the broad range of topics we cover presents differing challenges and complexities, we consider transparency and accountability to be a key starting point for companies. Moreover, we encourage issuers to align their disclosures with external frameworks such as the UN Sustainable Development Goals (SDGs) and the International Sustainability Standards Board's (ISSB) IFRS S1 (General Requirements) and IFRS S2 (Climate-related Disclosures inclusive of the Task Force on Climate-related Financial Disclosures (TCFD)). As part of the IFRS Standards, the Sustainability Accounting Standards Board (SASB)[1] is a crucial tool for companies to identify material sustainability issues to report on and develop appropriate disclosures.

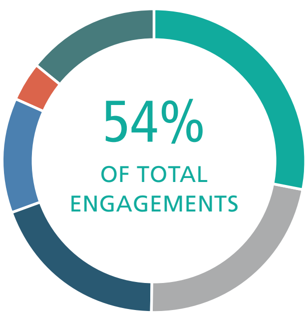
At Neuberger Berman, we focus on incremental progress on material issues by providing guidance and support to issuers at all stages of their sustainability journeys through our engagement efforts. As an active manager, we prefer to engage rather than divest, and through our engagement strategy we assist companies in determining the appropriate disclosures and goals to increase our confidence in their financial futures. Where lacking or limited in scope, we also challenge companies to reduce their risk profiles by setting clear objectives and holding them accountable through our engagement process. Further, our in-house management of engagement relationships is key to our strategy and is led by our credit analysts who maintain extensive knowledge of individual issuers and sectors.

[1] The Sustainability Accounting Standards Board (SASB) is part of the International Sustainability Standards Board (ISSB). In 2021, the Value Reporting Foundation, which included SASB and the International Integrated Reporting Council (IIRC), was consolidated into the ISSB under the auspices of the International Financial Reporting Standards (IFRS) Foundation. This move was intended to streamline and unify global sustainability reporting standards.

Summary of Our Engagement Efforts: Highlights

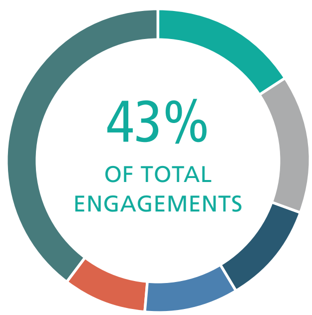
$196bn	FIXED INCOME AUM[1]
★★★★★ 5 out of 5 stars	NB PRI SCORE[2]
1,221	NUMBER OF MEETINGS
51%	ENGAGEMENTS WITH CEO OR CFO

ENVIRONMENTAL



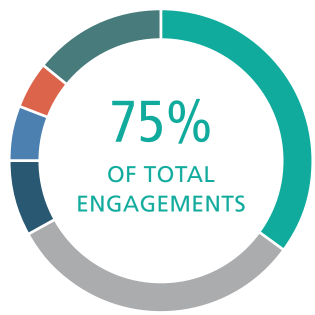
- Climate risk management
- Green opportunities
- Environmental/Climate reporting
- Energy management
- Water management
- Other

SOCIAL



- Government relations
- Human capital management
- Workforce inclusivity
- Community relations
- Accessibility and affordability
- Other

GOVERNANCE



- Capital structure
- Long-term business strategy
- Risk management
- Financial disclosure and controls
- Corporate sustainability reporting
- Other

Source: Neuberger Berman. Data as of January 1, 2024 – December 31, 2024. Figures may not add to 100 due to rounding.
[1] As of December 31, 2024.
[2] PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 2,651 for 2024. For more information on the PRI grades please see Additional Disclosures at the end of this piece.

Engagement Areas in Focus

1 CLIMATE TRANSITION

As an asset manager with a long-term perspective, Neuberger Berman recognizes the impact of climate change and that the transition toward global net-zero emissions is well underway. We consider climate change to be a systemic and financially material risk that will continue to impact companies across many sectors and geographies. Furthermore, where this poses a financially material risk, we believe we have a responsibility to actively engage with sectors and companies that may be misaligned with the broader global climate transition.

For many of our clients, the climate impact of their portfolio is an important consideration in conjunction with investment performance. Many investors recognize that to achieve a net-zero portfolio without sweeping divestments from high-emitting sectors, they and their asset managers can engage with companies to monitor and encourage credible strategies for alignment. Fundamental credit research capabilities and insights are particularly important in informing corporate engagement programs as well. These interactions allow us to better gauge the materiality and effectiveness of climate action plans, and we are then able to incorporate those insights into our proprietary tool, the Neuberger Berman Net-Zero Alignment Indicator. In a positive feedback loop, the evolving scores generated by the Indicator then help us to focus engagement on issuers' specific areas
of weakness.

Priorities for engagement on climate transition:

- Encourage issuers to disclose Scope 1, Scope 2 and material Scope 3 emissions in alignment with the TCFD guidelines.
- Encourage issuers to establish science-based emissions reduction targets certified by a credible third party, such as the Science Based Targets initiative (SBTi).
- Understand the credibility and ambition of issuer climate transition plans and decarbonization strategies.
- Integrate material climate risks and opportunities into our investment thesis for issuers with outsized exposure to energy transition risks while tracking management responsiveness and progress toward goals.

Climate transition engagement in practice:

Background: Sasol Limited (SASOL) is a chemicals and energy company based in South Africa, with a significant footprint in the development and implementation of technologies for synthetic fuels and chemicals production. A substantial portion of SASOL's operations rely on coal and natural gas as primary feedstock.

Scope and Process: We have held several engagements, including with the CEO and CFO, on increasing renewably sourced energy and disclosing a credible strategy to reduce emissions. Investing in renewables is key to SASOL's decarbonization strategy, mitigating regulatory risks, reducing costs, and ensuring long-term financial resilience.

Outcomes and Outlook: SASOL set a target to reduce Scope 1 and 2 emissions by 30% by 2030 and to net zero by 2050 by importing 1.2GW of renewable energy by 2030, shutting down boilers, and reducing coal use by 25% by 2030. Additionally, the issuer set a target to reduce Scope 3 emissions by 20% by 2030, primarily by decreasing coal exports. SASOL also received approval to switch to a load-based emissions limit for its Secunda steam plant boilers, which remedies previous challenges the issuer faced regarding reducing SO_2 emissions. SASOL also informed us that South Africa's carbon tax comprises a small fraction of its operational expenses, and thus does not pose major risk. Following these targets and decarbonization strategy developments, our engagement is now focused on encouraging SASOL to set targets and a strategy to reduce its pollutant emissions.

NEUBERGER BERMAN'S 2023 TCFD REPORT PROVIDES OUR CURRENT AND FUTURE CLIENTS AND ANY ADDITIONAL STAKEHOLDERS WITH AN ESSENTIAL RESOURCE TO HELP THEM UNDERSTAND HOW WE ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES THROUGH OUR APPROACH TO GOVERNANCE, STRATEGY, RISK MANAGEMENT, METRICS AND TARGETS.

2 COMMUNITY RELATIONS

Neuberger Berman believes companies should actively assess the material impacts of their business and operations on their employees, customers, local communities and society as a number of social issues can have a financially material impact for issuers. For example, mismanagement of physical assets and infrastructure can lead to community displacement and safety risks as witnessed with tailings dam failures. Engagement with communities can also provide an opportunity for companies to grow and diversify their operations and customer base, as evidenced by communications companies who expand coverage to rural and underserved populations. An issuer's corporate strategy that includes a strong development framework for its local communities can mitigate reputational, regulatory and financial risks that can arise as a result of its business operations. Therefore, it is important that we incorporate these financially material factors into our investment analysis and engagement efforts to support risk mitigation and long-term investment returns.

Priorities for engagement on community relations:

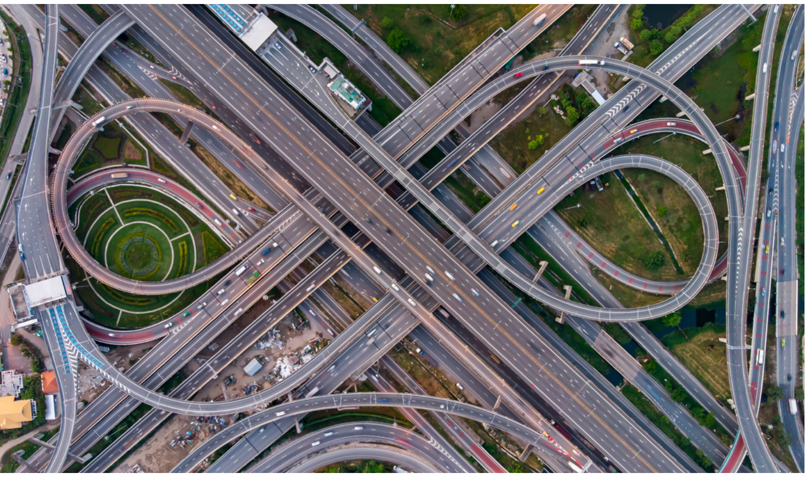
- Understand how an issuer's operations affect the communities where they operate and any related controversies.
- Engage with issuers to promote sound risk-mitigation policies using industry-leading standards and benchmarking.
- Encourage disclosure of company action taken to mitigate risks and metrics used to measure the effectiveness of these efforts.
- Promote sound management of community impacts from business operations.

Community Relations Engagement in Practice

Background: TotalEnergies (TTEFP) is one of the largest and most geographically diversified integrated oil and gas companies. The company is developing the Tilenga field, located in Uganda's Lake Albert region. The development is expected to be a key driver of production growth and financial performance over the medium-term. The project includes the development of six fields, which requires a land acquisition program that will impact landowners and land users. The company must build strong community relationships to reduce the risk of permitting delays and workflow interruptions.

Scope and Process: We regularly meet with the issuer's C-Suite members, operating unit leads and investor relations. We engaged with the issuer to understand the impact of the project on local populations, gathering information on how many households and individuals will be affected. We requested that the company fully comply with its commitment to local communities and transparently disclose progress and challenges.

Outcomes and Outlook: The project is designed to comply with the International Finance Corporation Standards that require the issuer to minimize adverse social and economic impacts from land acquisition by providing replacement or compensation. They also expect that resettlement includes appropriate consultation, disclosure of information and informed participation of affected communities. Through our diligence, we believe the company is taking steps to appropriately compensate impacted individuals; however, we have encouraged the company to improve its communication with local populations. Going forward, we will continue to monitor the company's compliance with international standards while continuing to engage with management on a regular basis.



WE BELIEVE COMPANIES SHOULD ASSESS AND PROPERLY MANAGE THE MATERIAL IMPACTS OF THEIR BUSINESS AND OPERATIONS ON COMMUNITIES TO MITIGATE REPUTATIONAL, REGULATORY AND FINANCIAL RISKS.

WE VIEW EXECUTIVE LEADERSHIP AS A CRITICAL COMPONENT IN DRIVING A COMPANY'S PERFORMANCE. ROBUST SUCCESSION PLANNING PRACTICES ARE CRITICAL TO ENSURING BUSINESS CONTINUITY DURING LEADERSHIP TRANSITIONS.

3 BOARD INDEPENDENCE AND RISK MANAGEMENT

Governance is an essential component of our issuer analysis and a financially material factor assessed in our fundamental credit research process. Companies should adopt, formulate, and communicate value-enhancing long-term strategies. We believe boards of directors must be truly independent to be most effective in driving value. It is also the Board's responsibility to actively engage with management to evaluate and control enterprise risk, including developing succession planning. We view executive leadership as a critical component in driving a company's performance. As such, we believe CEO succession planning is one of the most important responsibilities of a board. Robust succession planning practices are critical to ensuring business continuity during leadership transitions. As a result, it is important to evaluate and engage on board composition including independence and skill set, and to support succession planning.

Priorities for engagement on board independence and risk management:

- Engage on clear succession planning practices to build a robust talent pipeline for planned and unplanned transitions.
- Encourage a board skills matrix that identifies the skills, experience and qualifications of key importance to the board and the relevant skills held by each director. Board skills should include experiences that required risk expertise or strategy oversight that aligns with the needs of the company.
- Encourage separation of Chairperson and CEO roles. In instances where these roles are combined or the Chair is not independent, the board should appoint a lead independent director.

Board independence and risk management engagement in practice:

Background: Freeport-McMoRan (FCX) is a global natural resource company focused on the mining of copper, gold and molybdenum.

Scope and Process: We have a longstanding engagement relationship with the issuer, regularly meeting with the Head of Sustainability. The company had a combined CEO/Chair role, with this individual having an advanced age and long tenure in the role. We encouraged the company to develop and publicize its succession plan in the event of the departure of the CEO/Chair. We also encouraged FCX to separate the CEO and Chair roles as part of the succession plan to promote increased board independence.

Outcomes and Outlook: In February 2024, the company announced the current CFO would be replacing the existing CEO. This management change results in a split of the CEO/Chair roles, which we view as important for supporting board independence. While the Chair is not independent, the company does have a Lead Independent Director who we believe supports board independence.

Engagement Partnerships

Non-Investment Grade Credit Team Host 5th Annual Roundtable for High Yield and Leveraged Loan Issuers

Issuers are facing an increasingly high bar in relation to environmental, social and governance standards. To support issuers, Neuberger Berman's Non-Investment Grade Credit team, in conjunction with the firm's Stewardship and Sustainable Investing Group, conducted its fifth annual roundtable discussion with issuers in May 2024, highlighting key trends in sustainability-related disclosure and practices, explaining our approach to sustainability-related risk integration, and offering investor perspectives and paths forward for issuers. A key message for attendees, representing over US$56 billion in non-investment grade issuance across multiple sectors, is that sustainability momentum continues to grow, requiring proactive steps to stay ahead of the regulatory and commercial curve associated with such considerations. Our panel discussion provided ideas on setting goals and working toward achieving them. Read more here.

Investing in the Climate Transition at Neuberger Berman – Harvard Business School Case Study Client Event

In September 2024, Neuberger Berman welcomed more than 30 asset allocators and decision-makers to our New York office for a thoughtful discussion with Harvard Business School Professor George Serafeim. In one of his courses, Professor Serafeim teaches a case study titled "Investing in the Climate Transition at Neuberger Berman", which profiles how Neuberger Berman has worked with clients to deliver innovative solutions to achieve their climate transition objectives across fixed income and public equities, including the development of the firm's Net-Zero Alignment Indicator. During the event, Professor Serafeim led a diverse group of clients through a thoughtful debate about the merits of active vs. passive investing, the need for nuance and judgment in evaluating the climate transition, and the importance of informed engagement. Attendees represented US$4.1 trillion in investment portfolios and comprised institutional investors, pension funds and family offices.

Neuberger Berman and the International Sustainability Standards Board (ISSB) Investor Advisory Group (IIAG)

Neuberger Berman is committed to the importance of financially material, investor-relevant sustainability data. We are a longstanding supporter of the TCFD, SASB and now the ISSB, where our Global Head of Stewardship and Sustainable Investing was appointed Vice-Chair of the ISSB's Investor Advisory Group (IIAG) in July 2024. The IIAG unites over 60 leading asset owners and managers globally, representing more than US$54 trillion in assets. The group provides strategic guidance on developing ISSB Standards, ensuring that the investor perspective is clearly articulated and considered in the standard-setting process.

As a global asset manager, Neuberger Berman has long supported a more harmonized international framework for sustainability standards and advocates for the full adoption of IFRS S1 and S2 across all jurisdictions. In situations where mandatory requirements are not in place, we encourage voluntary implementation by companies. We also actively engage with national policymakers on ISSB implementation through public consultations. Additionally, we collaborate with companies at various stages of sustainability reporting maturity, providing guidance to our investment teams to support their engagement.

Financial Investigator is an independent and leading knowledge platform on asset management and securities services for the Dutch Institutional market. We published an article in Financial Investigator's magazine titled "Investment stewardship from a fixed income perspective", where we highlight the unique role bondholders play in investment stewardship and corporate decision-making, as well as engagement best practices.

Policy Advocacy & Industry Collaboration

We are eminently aware of the growing complexity and challenges that sustainability-related regulation and disclosure requirements place on the asset management industry, but equally we appreciate the incumbrance they place on our clients. We believe that engaging with policymakers is vital and a responsibility we take very seriously. This engagement allows us to anticipate future requirements and contribute our insights and expertise to enhance the policymaking process.

We find it valuable to be an active member in key industry groups to debate and share our practitioner views on emerging policy issues. We are members of the Investment Association's Stewardship Committee and Climate Change Working Group, the Investment Company Institute's ESG Advisory Group, the UK Sustainable Investment and Finance Association (UKSIF), and other groups that actively contribute to sustainability-related policy and regulatory discussions. On an annual basis, our Stewardship and Sustainable Investing Committee reviews the membership organizations we belong to in order to ensure our memberships do not conflict with our Stewardship and Sustainable Investing Policy. Where we believe our views on a particular policy topic diverge from those of our membership bodies, we may consider engaging with such organization to bring our views to the table, and/or publishing our individual position.

In particular, examples of climate-focused industry organizations where we believe our leadership can make a significant contribution include:

OUR CONTRIBUTION TO CLIMATE-FOCUSED INDUSTRY ORGANIZATIONS

We continue to be signatories to the Net Zero Asset Managers Initiative (NZAM) and believe our involvement is consistent with the discharge of our fiduciary duties to clients. We understand that NZAM is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. We continue to be a member of the Climate Action 100+ initiative as an individual engager, which means we are not part of any engagement "group" formed with other members. We understand that CA100+ is currently undertaking a review of its membership categories and we plan to carefully consider the implications of any changes.

IIGCC – The Institutional Investors Group on Climate Change

- Member
- Work with IIGCC to support and help public policies, corporate action and investment practice required to address climate risk
- Serve on Bondholder Stewardship Working Group

The Net Zero Asset Managers initiative

- Signatory
- Serve on Net Zero Asset Managers Advisory Board

Ceres

- Investor Network member
- Participate in Paris Aligned Investment Working Group

Climate Action 100+ – Global Investors Driving Business Transition

- Signatory and Member
- Individual engager focused on an electricity transmission and distribution company

Transition Pathway Initiative

- Funding partner
- First North American Research Funding Partner, encouraging companies to set practical targets and increase disclosure of progress in the transition to low-carbon economy

IFRS Sustainability Alliance

- Member of the ISSB Investor Advisory Group (IIAG) and other technical working groups
- Founding member of the Sustainability Accounting Standards Board (SASB) Alliance and TCFD supporter, now under the ISSB umbrella

Partnering on Climate

IIGCC BONDHOLDER STEWARDSHIP

Neuberger Berman is a member of the Institutional Investors Group on Climate Change (IIGCC), a leading global investor membership body and the largest in Europe focusing specifically on climate change. Through our IIGCC membership, we support and help shape the public policies, corporate action and investment practice required to address financially material climate risks. In January 2024, Neuberger Berman became the co-Chair of the Bondholder Stewardship Working Group. The working group is made up of a mixture of asset owners and managers. The working group aims to support bondholders' influence by providing a forum for participants to discuss best practices and effective approaches to engagement strategy. As part of the working group, Neuberger Berman contributed to the IIGCC's published report: "A Critical Element: Net Zero Bondholder Stewardship Guidance – Engaging with Corporate Debt Issuers." The report provides corporate bondholders with a framework to strengthen their climate stewardship practices and addresses key challenges and opportunities across different bond types.

This year the focus turned to labelled and unlabelled debt. Neuberger Berman contributed to two bondholder stewardship papers: Engaging Labelled Debt Guidance and The Potential for Unlabelled Debt. The first paper offers guidance for investors on how to engage around labelled debt. The labelled debt markets continue to work inefficiently due to poor structures and lack of investor engagement in challenging company commitments linked to use of proceeds bonds. Three years ago Neuberger Berman implemented a labelled bond checklist which helps analysts to screen labelled bonds against internally accepted standards and internationally accepted frameworks. This is an issuer-centric approach: looking beyond the label and fundamentally assessing the sustainability credentials of the company.

The second paper shines a spotlight on the unlabelled debt market, igniting a discussion around how general-purpose bonds could make greater efforts to adopt the transparency to attract capital and accelerate the net-zero transition. Engaging with unlabelled debt issuers is an important way for fixed income investors aligning with the net-zero transition to mobilize the necessary funding. The discussion paper captures the importance of a holistic and multi-pronged approach to net-zero debt financing across all bond formats and frameworks. This includes strengthening bondholder stewardship and standardizing the integration of net-zero factors into unlabelled debt. This is not about trying to reinvent the wheel on what unlabelled debt should disclose; instead, it is about leveraging existing regulatory disclosures around the likes of the Corporate Sustainability Reporting Directive, TCFD and the EU Taxonomy, which is now mandatory for select companies.

Spotlight on Climate Transition

NEUBERGER BERMAN NET-ZERO ALIGNMENT INDICATOR

Our proprietary Net-Zero Alignment Indicator ("the Indicator") uses multiple data sources and, importantly, applies judgment and knowledge to assess the alignment status of each company. The approach contains forward-looking analysis of management intention, including climate solutions capital allocation programs. Our team of 100+ equity and fixed income analysts are responsible for maintaining the Indicator for the issuers and companies in their coverage. We believe using the Indicator as the main way of measuring progress toward net zero on the overall portfolio level and for individual companies has strong merits. It is a fundamental part of our portfolios with net-zero objectives and a significant resource for all our portfolio managers. We continue to create strategic partnerships with clients seeking to achieve net-zero goals, now with over US$5 billion of assets deployed across strategies with net-zero objectives.

The Indicator's key uses:

- **Track portfolio commitment:** track aggregate net-zero alignment progress while targeting an accelerated pace of carbon footprint reduction.
- **Company analysis:** each company is allocated a quantitatively driven net-zero alignment status which is then qualitatively assessed and tracked on an ongoing basis by the credit research team.
- **Engagement:** company- and sector-specific engagements are informed by the Indicator to maximize company resilience to transition risks.
- **Reporting:** granular portfolio, sector-level and company reporting on net-zero alignment.

NET-ZERO ALIGNMENT INDICATOR – KEY ADVANTAGES

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

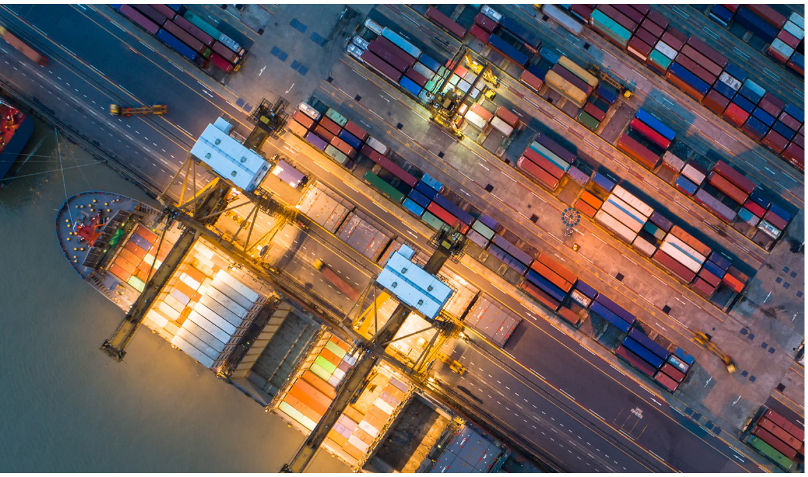
1 ROBUSTNESS of Indicator methodology	**Diversified data sources 40+** quantitative data points from multiple providers **Qualitative judgment** from **125+** equity and credit research analysts Incorporation of **forward-looking elements,** e.g., decarbonization strategies, planned capital allocation
2 ACCURACY in reflecting real-world transition	**Capturing data anomalies** through data redundancy approach and **reducing information lag** with analysts' 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	**Driving real-world outcomes** by investing in potential transition winners and through targeted engagement, with 1100+ climate-related meetings held in 2024 **Sector-specific engagement** driven by analysts' deep fundamental knowledge target relevant and impactful objectives, resulting in better net-zero alignment over time

ENGAGEMENT ON NET ZERO

As active managers, we strongly believe that our team of analysts provides important insights to a company's climate transition strategy and progress. Fundamental research capabilities and insights provided by our experienced research teams are particularly important as they inform our engagement on the climate transition. The engagement dialogues between our research team and issuer management teams allow us to better gauge the materiality of climate for each business. In turn, we incorporate those insights into our scoring of issuers' alignment statuses in real time. As a result, the scores generated by our Net-Zero Alignment Indicator help us focus our engagement efforts on issuers' specific areas of weakness.

When engaging with issuers who have made a net-zero commitment, we encourage disclosure around how they intend to deliver on their commitments and what capital allocation is required to support them. For utilities, this may mean investing in lower carbon-generating assets, which will require appropriate pacing and capital allocation. For those businesses where the technology to reach net zero is not yet available, attention to related risks and explanations of how the company is testing or considering future technologies becomes important. Additionally, if an issuer does decide to make a net-zero commitment, investors want to get a sense of the capital allocation decisions that support the goal as well as the strategic choices embedded within it. Further, we engage upon setting interim targets, as we consider this to be a best practice because it gives investors a sense of the progress they can expect over time, whether that includes a steady reduction in emissions over a consistent timeline or a set of specific actions that lead to a more dramatic reduction in emissions in the longer term.

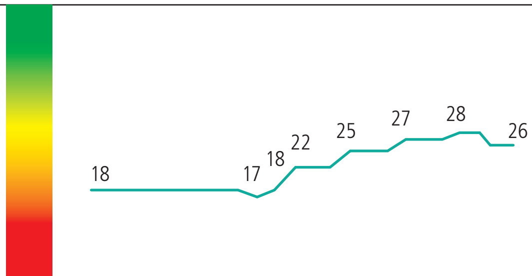
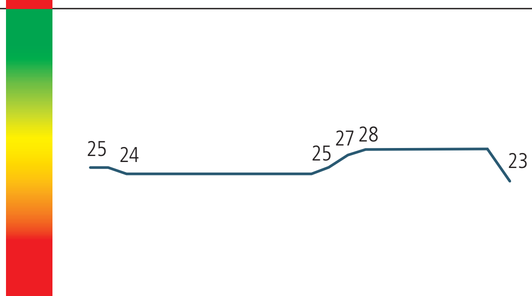
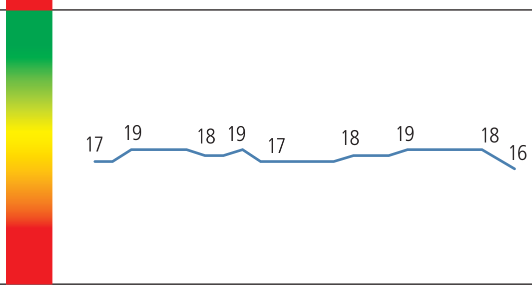
To summarize, we encourage companies to produce disclosure around the practical, tangible actions they will take to prepare for their planned future emissions reductions and, specifically, the capital allocation plans that will allow for those reductions. Company responsiveness to these suggestions is then input into our Net-Zero Alignment Indicator.



OUR NET-ZERO ALIGNMENT INDICATOR SUPPORTS OUR DIRECT ENGAGEMENT STRATEGY WITH COMPANIES TO SET GOALS FOR TRANSITIONING BUSINESS MODELS TO ACHIEVE NET-ZERO EMISSIONS.

NET-ZERO ALIGNMENT CASE STUDIES

We believe analysts can bring invaluable real-time insights to the assessment of all six of the net-zero alignment sub-indicators. This analyst input, paired with active engagement, informs alignment status on a forward-looking basis and helps to enable investment insights.

COMPANY	NET-ZERO ALIGNMENT STATUS	SUMMARY
NextEra Energy Current Status: Aligned to a Net-Zero Pathway		NextEra continues to advance its renewable energy capabilities and has maintained its Aligned to a Net-Zero Pathway status. NextEra provides robust disclosure around its decarbonization strategy, including quantified targets to shift its energy mix.
Ford Motor Co. Current Status: Aligning to a Net-Zero Pathway		Ford has made strides in recent years in reducing its Scope 1 and Scope 2 emissions in addition to providing a detailed fleet electrification rollout. However, recently announced delays to its electrification strategy has brought its status from Aligned to a Net-Zero Pathway to Aligning to a Net-Zero Pathway.
Chevron Corp Current Status: Committed to Aligning to a Net-Zero Pathway		Chevron has made progress on its climate transition journey, but its lack of a quantified decarbonization strategy in comparison to peers has brought its status down to Committed to Aligning to a Net-Zero Pathway.

Beyond Sustainability-Related Risks and Opportunities

AMPLIFYING CORPORATE CONTRIBUTION TO THE UN SDGS

In addition to our broader engagement philosophy, Neuberger Berman has partnered with clients to create targeted engagement strategies aligned with the 17 Sustainable Development Goals (SDGs). Created by the United Nations, these goals are intended as a blueprint to achieve a better and more sustainable future for all, and to address several global challenges including poverty, inequality, climate change, environmental degradation, peace and justice. As a society we are significantly off track when it comes to achieving the 17 SDGs by 2030. In fact, Barclays estimates US$3.9 trillion per year is needed to get us over the line and we believe the global bond markets have a significant opportunity to participate in funding the achievement of these goals.[1]

In 2022, we launched the Global High Yield Engagement strategy in partnership with a client looking to develop an engagement-focused strategy to support progress toward these SDGs. Within this strategy our Research and Stewardship and Sustainable Investing teams collaborate in establishing engagement objectives that amplify each issuer's contribution to the SDGs. Our goal-setting process includes assigning SDG-linked targets specific to issuers' business models and operations to deliver maximum impact. These goals are always ambitious and specifically designed to challenge issuers. Additionally, we use key performance indicators (KPIs) assigned to each engagement objective to measure issuers' progress over time.

Our research teams engage with portfolio issuers on these diverse, SDG-aligned objectives and we closely monitor our engagement activity by assigning indicators that measure and track these engagements and issuer responses. Notably, these engagement efforts extend to both public and privately owned issuers. Given approximately 40% of issuers in the Global High Yield market are privately owned,[2] we believe our approach captures engagement opportunities not traditionally covered by market participants.

SDG ENGAGEMENT FRAMEWORK

Top-Down Portfolio Goals and Themes	Identify Issuer and Industry Opportunities	Assess Likelihood of Engagement Success	Set Goals and Establish KPIs; Iterate as Needed	Engage with Issuer
• Establish portfolio engagement themes • Map portfolio themes to specific SDGs and related sub-goals where applicable	• Conduct NB ESG Quotient process and identify areas for improvement • Assess progress of management in understanding and establishing objectives, megatrends and industry initiatives and SDG impacts	• Assess issuer's willingness and ability to engage • Factors in assessment include relationship with management, impact of SDG engagement objectives on long-term business model, disclosure practices and financial constraints	• Establish engagement objective and related KPIs for each issuer which reflects the combination of top-down goals, issuer and industry specific opportunity, and an assessment of potential for engagement success	• Meet with company management • Frequency varies, aim to engage at least once per year • Timeline: Two to three years to see progress before we reevaluate • Escalation: research analyst, engagement specialist, portfolio manager, Head of Non-IG business, Stewardship and Sustainable Investing Group

ENGAGEMENT TRACKING

Milestone 1	Milestone 2	Milestone 3	Milestone 4	Milestone 5
Launch of engagement analysis	Initiation of outreach	Acknowledgement of issue	Partial action taken by company	Sufficient action taken by company

[1] Barclays Equity Research Paper: 2023 SDG Summit Recap: Hanging on at Halftime, as of October 4, 2023.
[2] JP Morgan, as of December 31, 2024.
For illustrative purposes only. This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice. This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice. See Additional Information at the end of this presentation relating to the PRI assessment score and Disclosures, which are an important part of this presentation.

BROAD RANGE OF ENGAGEMENTS: GLOBAL HIGH YIELD ENGAGEMENT STRATEGY

We engage on a diversified set of objectives which aim to achieve incremental contributions to specific SDGs.

UN SDGS ADDRESSED BY GLOBAL HIGH YIELD ENGAGEMENT STRATEGY

No Poverty
End poverty in all its forms everywhere

Zero Hunger
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Good Health and Well-being
Ensure healthy lives and promote well-being for all at all ages

Quality Education
Ensure inclusive and equitable quality education and promote life-long learning opportunities for all

Gender Equality
Achieve gender equality and empower all women and girls

Clean Water and Sanitation
Ensure availability and sustainable management of water and sanitation for all

Affordable and Clean Energy
Ensure access to affordable, reliable, sustainable and modern energy for all

Decent Work and Economic Growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Industry, Innovation and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Reduced Inequalities
Reduce inequality within and among countries

Sustainable Cities and Communities
Make cities and human settlements inclusive, safe, resilient and sustainable

Responsible Consumption and Production
Ensure sustainable consumption and production patterns

Climate Action
Take urgent action to combat climate change and its impacts

Life Below Water
Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Life on Land
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Source: Neuberger Berman. We assign engagement objectives aligned with UN SDGs 1-15 to corporate issuers. UN SDG 16 is a focus point for portfolios that own sovereign debt. Neuberger Berman supports UN SDG 17 through its own field-building activities rather than engaging with issuers. Please note this strategy may only be offered for sale or sold in jurisdictions in which or to persons to which such an offer or sale is permitted. Please see the end of this material for the list of risk considerations.

ENGAGEMENT SPOTLIGHT

Engagement on Non-Compliance Remediation in Supply Chain Audits

BACKGROUND

Neuberger Berman engaged with Abercrombie & Fitch (ANF), a specialty retailer of apparel for men, women and children. ANF identified supply chain management, including human rights and labor conditions, as one of the most material topics to its business. Given the importance of proper management of supply chain to long-term business success, we encouraged the issuer to set a target to reduce non-compliance in its supply chain audits, and to enhance disclosures to include details on audit protocols and actions the issuer would take to address instances of non-compliance.

ENGAGEMENT SCOPE AND PROCESS

We engaged with the VP of Global Sustainability and Head of Investor Relations.

OUTCOMES AND OUTLOOK

- Following our engagement, ANF significantly expanded its disclosures by detailing its processes for addressing non-compliance in supply chain audits, including information on its remediation program, corrective action plans, progress monitoring, and instances in which it may discontinue supplier relationships.
- ANF set targets to:
  - Continue auditing 100% of Tier 1 and logoed suppliers; and
  - Have 100% of laundries and in-scope fabric mills (Tier 2 and Tier 3 suppliers) complete either the Social & Labor Convergence Program Converged Assessment Framework or the Sustainable Apparel Coalition's Facility Social & Labor Module by 2028.
- ANF also increased the scope of its supplier disclosures to include 90% of fabric mill and 100% of personal care filler locations in addition to its Tier 1 supplier list.
- We are encouraged by the increased transparency and goal-setting by ANF related to supply chain audits. Our engagement with ANF is ongoing as we continue encouraging the company to set measurable, time-bound targets to reduce instances of non-compliance in its supply chain audits.

8 DECENT WORK AND ECONOMIC GROWTH

Sustainable Development Goal 8:
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

ENGAGEMENT SPOTLIGHT

Emerging Markets Engagement on Decarbonization Strategy

BACKGROUND

JSW Steel Limited (JSTLIN) is an Indian steel producer. JSTLIN operates manufacturing facilities in Karnataka, Tamil Nadu and the western state of Maharashtra, producing products such as hot and cold rolled coils, wire rods, and galvanized coils and sheets. JSTLIN has identified reducing emissions as financially material to its business. We encouraged JSTLIN to publicly disclose its net-zero emissions targets, establish and disclose a decarbonization plan, and provide details on its path to reduce Scope 3 emissions.

ENGAGEMENT SCOPE AND PROCESS

Our diligence process included several discussions with the issuer's Investor Relations team.

OUTCOMES AND OUTLOOK

- Following our engagements, JSTLIN published a net-zero target. Again, we recommended the issuer provide details explaining how it will reduce emissions to reach its targets, especially in phase 2 of its decarbonization plan.
- In its most recent sustainability report, JSTLIN reported a 5.6% decrease in emissions intensity in accordance with the IEA's Sustainable Development Scenario. Additionally, the issuer informed us they plan to publish a net-zero roadmap next year.
- Our engagement with JSTLIN is ongoing as we continue monitoring the issuer's progress toward its long-term and interim emissions reduction targets and encouraging increased disclosure around how it intends to meet these targets.

Sustainable Development Goal 13:
Take urgent action to combat climate change and its impacts

13.2: Integrate climate change measures into national policies, strategies and planning

ENGAGEMENT SPOTLIGHT

Engagement on Decarbonization Strategy and Financed Emissions

BACKGROUND

Neuberger Berman engaged with Citigroup Inc. (C), a diversified financial services holding company that provides a range of financial services to consumer and corporate customers. The company's services include investment banking, retail brokerage, corporate banking and cash management products and services.

Citigroup is committed to achieving net-zero emissions by 2050 for financed emissions (Scope 3) and by 2030 for emissions generated within their operations (Scope 1 and 2). We have encouraged the company to increase their disclosure on investments in fossil fuels and provide intermediate and long-term targets for more sectors within its loan portfolio.

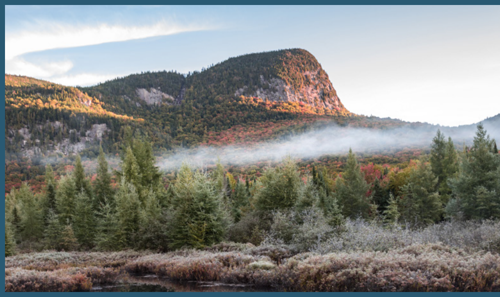
ENGAGEMENT SCOPE AND PROCESS

Our diligence process included engagements with the Treasurer, Chief Sustainability Officer, and Investor Relations team over the past three years.

OUTCOMES AND OUTLOOK

- Citigroup has accelerated 2030 targets for Scope 1 and 2 emissions as well as Scope 3 for financed emissions within high emitting sectors (Auto Manufacturing, CRE, Steel, Thermal Coal Mining, and Oil & Gas). Citigroup has also added Aluminum, Agriculture, Aviation, Cement and Shipping to its 2030 target.
- Citigroup has committed to disclosing its green financing ratio. This ratio will include its financing ratio of low carbon energy supply to fossil fuel energy supply. This action complements the bank's commitment to provide US$1 trillion in sustainable financing.
- Citigroup continues to actively engage with fossil fuel companies to better understand how they can reduce emissions.
- We will monitor target setting for the four remaining priority sectors: Aluminum, Aviation, Cement and Shipping. Target setting will entail selecting appropriate emissions for inclusion in each sector followed by identifying possible decarbonization pathways and establishing intermediate targets.

NET-ZERO ALIGNMENT INDICATOR: ALIGNING TO A NET-ZERO PATHWAY



AS INVESTORS, WE RECOGNIZE THE IMPORTANT ROLE WE HOLD TO INFLUENCE AND SUPPORT POSITIVE CORPORATE DECISION-MAKING.

Reflections From a Fixed Income Perspective

FIXED INCOME INVESTORS' ROLE IN ENGAGEMENT

Stewardship and engagement have traditionally been considered a shareholder tool, largely because of a general focus on proxy voting and ownership. However, fixed income investors are important providers of capital, particularly in periods of volatility. This, along with the scale and reach of the global income markets, provides bondholders with a powerful voice when engaging on financially material topics and the ability to meaningfully impact credit quality and broader corporate behavior. The engagement statistics we share in this report highlight our pivotal role in influencing corporate decision-making related to material sustainability factors.

DIRECT ENGAGEMENT IS CRITICAL

At Neuberger Berman, we prioritize ongoing, one-on-one engagement to develop long-term, trusting relationships with issuers over time. Engagements are led by credit analysts who maintain extensive knowledge of individual issuers and sectors and can leverage their access to and deep relationship with senior management. Moreover, we find that access to senior management provides a superior ability for effectively driving change through these direct engagements.

GLOBAL DEMAND FOR SUSTAINABILITY-RELATED RISK INTEGRATION REMAINS HIGH

Issuers seek guidance from long-term partners and capital investors, and Neuberger Berman is uniquely positioned as an active manager to provide this guidance because of our bottom-up research and investment-led engagement approach. Our engagement meetings provide opportunities to educate issuers on best-in-class standards and to share transparent feedback on the factors most material to specific industries and issuers. As part of our active engagement strategy for fixed income investments, we encourage issuers to set specific, measurable targets on financially material issues and to publicly report their progress within a specified timeframe to ensure accountability. Having objectives that are closely tied to financially material operational risks and opportunities for issuers helps gain traction in engagements to effectively influence and support positive corporate decision-making.

Conclusion

We believe Neuberger Berman is well positioned to actively engage with issuers on material corporate risk factors because of the sector and industry knowledge of our research analysts, as well as the scale of our fixed income platform. We view this analysis and active engagement as crucial tools in identifying issuers' material credit risks, which can ultimately impact their cost of capital.

Looking ahead, we continue to monitor the global regulatory and sustainability disclosure landscape to support issuers in complying with these evolving standards. We will continue to engage with policymakers to provide our feedback on proposed regulatory schemes to support our clients and issuers, and to ensure we are prepared for impacts to the asset management industry.

At Neuberger Berman, we work to build meaningful relationships with issuers through our established engagement frameworks and long-term relationships with management teams, further complemented by our rigorous fundamental research processes. Moreover, we continue to grow our capabilities across emerging and developed markets by enhancing our material risk analysis and anticipating future changes that will impact industries. In the coming years, we look forward to continuing to expand upon our engagement strategies and serve as a trusted resource for issuers and investors alike.

FOR MORE INFORMATION ABOUT NEUBERGER BERMAN'S APPROACH TO STEWARDSHIP AND SUSTAINABLE INVESTING, PLEASE VISIT WWW.NB.COM/EN/GLOBAL/STEWARDSHIP/PHILOSOPHY.

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

ESG integration approaches may evolve over time.

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Examples included herein are provided for illustrative purposes only. Please note, we have chosen to provide narrative on these particular securities mainly on the basis that they offer a solid framework within which to describe Neuberger Berman's research process. The securities have not been chosen based on performance and do not represent the securities most recently added to any portfolios. Sustainable Development Goals (SDGs) reference in the examples are a part of the United Nation's 2030 Agenda for Sustainable Development.

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Investing entails risks, including possible loss of principal. Diversification does not guarantee profit or protect against loss in declining markets. Indexes are unmanaged and are not available for direct investment. **Past performance is no guarantee of future results.**

Please note the following risk considerations:

Market Risk: The risk of a change in the value of a position as a result of underlying market factors, including among other things, the overall performance of companies and the market perception of the global economy.

Credit Risk: The risk that bond issuers may fail to meet their interest repayments, or repay debt, resulting in temporary or permanent losses to the portfolio.

Liquidity Risk: The risk that the portfolio may be unable to sell an investment readily at its fair market value. In extreme market conditions this can affect the portfolio's ability to meet redemption requests upon demand.

Interest Rate Risk: The risk of interest rate movements affecting the value of fixed-rate bonds.

Derivatives Risk: The portfolio is permitted to use certain types of financial derivative instruments (including certain complex instruments). This may increase the portfolio's leverage significantly which may cause large variations in the value of your share. (Investors should note that the portfolio may achieve its investment objective by investing principally in Financial Derivative Instruments (FDI). Certain investment risks apply in relation to the use of FDI.

Emerging Markets Risk: Emerging markets are likely to bear higher risk due to a possible lack of adequate financial, legal, social, political and economic structures, protection and stability as well as uncertain tax positions which may lead to lower liquidity.

Counterparty Risk: The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction on the due date.

Operational Risk: The risk of direct or indirect loss resulting from inadequate or failed processes, people and systems, including those relating to the safekeeping of assets or from external events.

Currency Risk: Investors who subscribe in a currency other than the base currency of the portfolio are exposed to currency risk. Fluctuations in exchange rates may affect the return on investment. The past performance shown is based on the share class to which this presentation relates. If the currency of this share class is different from your local currency, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

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