Separate Account Managers in Sustainable and Responsible Investing

Strategy Profile:

Neuberger Berman Socially Responsive Investing (NB SRI)

About This Strategy

Assets Under Management (AUM): $3M (in US$ millions)

Required Minimum: $1 million

Benchmark used: S&P 500 Composite Total Return

Strategy type: Equity Large Cap

Strategy description: The Neuberger Berman Socially Responsive Investing strategy (NB SRI) employs a bottom-up, research driven, valuation sensitive approach to stock selection, with a long-term perspective that reflects the environmental, social and governance (ESG) priorities of their clients. The team's focus is on finding high quality companies with long term, secularly advantaged businesses with the potential to grow shareholder value at a rate exceeding that of the broader stock market. The SRI team consists of active equity managers who integrate ESG criteria into the SRI investment process. The ESG research is based on both avoidance and leadership parameters and is performed in-house by the same portfolio management team. The team searches for companies demonstrating leadership in the environment, community and workplace, including diversity and progressive employment practices. Other areas of concern include a company's record in public health, the nature of its products and its overall corporate citizenship. The SRI team believes that companies whose management is thoughtful about the impact of their actions on all stakeholders fundamentally represent robust business models with more manageable long term contingent liabilities. This stems from their belief that responsibility is a hallmark of quality. Please be aware that all information contained in this proposal (unless otherwise indicated) is as of December 31, 2012, and is subject to change without prior notice. This material is presented solely for informational purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation or solicitation to buy, sell or hold a security. You should consult your accountant, tax advisor and/or attorney for advice concerning your particular circumstances. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Certain products and services may not be available in all jurisdictions or to all client types. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. "Neuberger Berman" is a trade name used by Neuberger Berman Group LLC (the "firm") and its subsidiaries. Information contained herein includes collective data for the various affiliated investment advisers that are subsidiaries of the "firm", including, but not limited to, Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Fund Management LLC, NB Alternative Investment Management LLC, NB Alternatives GP Holdings LLC and NB Alternatives Advisers LLC. Neuberger Berman LLC is a registered investment adviser and broker/dealer, and member NYSE/FINRA. All of the aforementioned entities are affiliated companies. Alternatives and fixed income products and services are generally offered through affiliates of Neuberger Berman LLC. Â© 2013 Neuberger Berman Group LLC. All rights reserved.

Strategy web link: External Link

About The Company

Institution Name:

Neuberger Berman

Approach to Sustainable & Responsible Investment: Neuberger Berman is a private, independent, employee-controlled investment manager. It partners with institutions, advisors and individuals throughout the world to customize solutions that address their needs for income, growth and capital preservation. With more than 1,800 professionals...
focused exclusively on asset management, it offers an investment culture of independent thinking. Founded in 1939, the company provides solutions across equities, fixed income, hedge funds and private equity, and had more than $205* billion in assets under management as of December 31, 2012. * Firm assets under management reflect the collective assets for the various investment adviser subsidiaries of Neuberger Berman Group LLC, including, but not limited to, Neuberger Berman LLC, Neuberger Berman Management LLC, Neuberger Berman Fixed Income LLC, NB Alternative Fund Management LLC, NB Alternative Investment Management LLC, and NB Alternatives Advisers LLC.

Research conducted: Internally

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Specific Screening Information by Category

Environment

- **Climate / Clean Technology**: *Combination of Positive and Restricted/Exclusionary Strategies* - Positive Screening: NB SRI seeks to invest in companies that have demonstrated a commitment to environmental stewardship and sustainability through minimizing their environmental footprint, implementing energy efficiency programs and producing products and services that have a direct environmental benefit. Restricted investment related to these concerns: NB SRI seeks to avoid companies that are industry laggards and have shown blatant disregard to their impact on the environment. The strategy also seeks to avoid companies whose products have been determined to pose unacceptable levels of environmental risk.

- **Pollution / Toxics**: *Combination of Positive and Restricted/Exclusionary Strategies* - Positive screening: NB SRI seeks businesses that have demonstrated a commitment to reducing or eliminating toxic wastes and/or emissions (greenhouse gases) within their own operations and throughout the supply chain. Restricted investment related to these concerns: NB SRI seeks to avoid companies that are industry laggards and have shown blatant disregard to their impact on the environment. The strategy also seek to avoid companies whose products have been determined to be hazardous to human, animal and plant life.

- **Other Environmental**: *Combination of Positive and Restricted/Exclusionary Strategies* - Negative screening: NB SRI avoids a range of products and industries that are inconsistent with our focus on environmental leadership. We will not buy or hold companies that; are major manufacturers of hydrochlorofluorocarbons (HCFCs), bromines, or other ozone-depleting chemicals;are major manufacturers of pesticides or chemical fertilizers; or operate in the gold mining industry. We will not own a company that is an owner or operator of nuclear power. The NB SRI team will also work with clients to accommodate specific environmental concerns. Positive Screening: NB SRI strategyâ€™s integrated approach thoroughly examines environmental issues that within the context of a companyâ€™s industry and relevant to its business plan and supply chain. In addition, we engage competitors and prospects on relevant environmental risks and opportunities and participate in various multi-stakeholder initiatives on issues of importance.

Social

- **Community Development**: *Positive Investment* - NB SRI will seek to invest in companies that earn the â€”right to operateâ€™ and minimize business interruption through active communications with the local community.

- **Diversity & Equal Employment Opportunity**: *Positive Investment* - NB SRI strives to invest in companies that; are proactively addressing diversity issues in the workplace, have implemented innovative hiring and training programs, have commitment to quality workplace from safety records to family friendly benefits. The strategy also examines the diversity of the board to determine if sufficient efforts were made to include women and minority candidates. The NB SRI team will also work with clients to accommodate specific diversity related concerns.

- **Human Rights**: *Positive Investment* - NB SRI looks for companies that have developed or are in the process of developing a vision and human rights strategy, have identified or are in the process of identifying opportunities that will enhance their overall business and/or where they can extend principles to their suppliers, networks and stakeholders within their sphere of influence; strive to build partnerships with NGOs, local communities and other businesses in order to learn best practices. The NB SRI team will also work with clients to accommodate specific human rights concerns.

- **Labor Relations**: *Positive Investment* - NB SRI endeavors to invest in companies whose employment and
workplace practices are considered progressive; have positive labor relations and workers compensation rates, low turnover and absenteeism and exceptional workplace safety records. The NB SRI team will also work with clients to accommodate specific labor rights related concerns.

- **Conflict Risk:** *No Investment* - NB SRI does not invest in companies operating in Sudan. The NB SRI team will also work with clients to accommodate country specific concerns.

### Governance

- **Board Issues:** *Positive Investment* - NB SRI actively votes proxies and seeks companies implementing best practices in corporate governance.

- **Executive Pay:** *Combination of Positive and Restricted/Exclusionary Strategies* - NB SRI actively votes proxies and seeks companies implementing best practices in corporate governance and seeks enhanced disclosure on executive pay packages and incentive compensation related to environmental, health and safety performance.

### Products

- **Alcohol:** *No Investment* - NB SRI seeks to avoid companies that are involved with products with negative health implications including tobacco, alcohol, weaponry, gambling and nuclear power.

- **Defense/Weapons:** *No Investment* - NB SRI seeks to avoid companies that are involved with products with negative health implications including tobacco, alcohol, weaponry, gambling and nuclear power.

- **Gambling:** *No Investment* - NB SRI seeks to avoid companies that are involved with products with negative health implications including tobacco, alcohol, weaponry, gambling and nuclear power.

- **Tobacco:** *No Investment* - NB SRI seeks to avoid companies that are involved with products with negative health implications including tobacco, alcohol, weaponry, gambling and nuclear power.

### Other

- **Other/Qualitative:** *NB SRI seeks to avoid companies with products that have negative public health implications.* Core to the NB SRI process is an analysis of the environmental footprint and product lifecycle of the businesses in the portfolio. NB SRI seeks companies that are proactively addressing a range of environmental issues relevant to their own industry, business, supply chains and across the products and services they offer. NB SRI seeks to invest in companies with products/services that have a robust and sustainable customer value proposition. NB SRI seeks companies with well-managed supply chain systems that exceed reliability, efficiency, product quality and regulatory standards.

- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues

- **Proxy Voting:** Actively voted by my institution for this investment strategy in support of environmental, social or governance issues in accordance with formal guidelines

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