

Neuberger Berman Thermal Coal Involvement Policy

Updated as of 10/4/2020

1. INTRODUCTION

Founded in 1939, Neuberger Berman is a private, 100% independent, employee-owned investment manager. From offices in 34 cities worldwide, the firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally.

2. SCOPE

Neuberger Berman is committed across all of our co-mingled U.S. registered mutual funds and closed-end funds and international UCITS range, to prohibit the initiation of new 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.

3. DEFINITION OF EXCLUSIONS

Thermal Coal Mining. We define thermal coal mining as:

- a. The percentage of revenue the issuer derives from the mining of thermal coal including lignite, bituminous, anthracite and steam coal, its sale to external parties and through contract mining services
- b. This does not include revenue from metallurgical coal, intra-company sales of mined thermal coal, revenue from coal trading and royalty income for non-involved parties
- c. The 25% threshold will be evaluated at least once annually by our ESG Committee for further declines

We believe a prudent portfolio neutralizes the exposure to thermal coal mining, which as a byproduct of combustion, is a large contributor to greenhouse gas emissions globally.

Thermal Coal Power Generation. We define new thermal coal power generation expansion as:

- a. The addition of new and substantial thermal coal-fired generation capacity into the construction, development, permitting or planning phase by companies defined as a generating company (>10% of revenue derived from power generation)
- b. We will use reputable and recognized third parties in coordination with our own internal investment research teams to maintain a list of companies expanding thermal coal power generation
- c. Investments in existing coal plants for pollution control equipment, regular operations and maintenance spend is not prohibited
- d. The list will be updated at least semi-annually and investment teams will be able to challenge/remove names through attestation if the project's power purchase agreement was signed prior to September 30, 2020

We believe a prudent portfolio neutralizes the exposure to companies expanding thermal coal-fired generation which is a large contributor to incremental global emissions. We believe there is a negligible economic case for construction of these assets and that companies should be transitioning to other fuel sources in new capacity plans. Furthermore, financing challenges or exits from financial institutions and significant regulatory scrutiny serve as additional risk factors.

Receipt of securities pursuant to a corporate action or similar event that would otherwise be prohibited by this policy shall be sold in a reasonably prompt and prudent manner, consistent with our fiduciary duty.

4. IMPLEMENTATION

The policy is subject to review by our ESG (Environmental, Social and Governance) Committee. We use reputable, recognized third parties to help identify companies that partake in these controversial businesses, unless otherwise noted. Where a portfolio manager disagrees with a third party assessment, exclusions are appealable to an ESG Committee.

Only long positions in operating companies (*i.e.*, does not apply to investments in pooled investment vehicles, including ETFs) are considered for this policy—our funds may take short positions in companies on the exclusion list. This policy does not apply to funds, or portions of funds, that are managed by third party sub-advisers.

Implementation of this policy is managed by our Asset Management Guideline Oversight team, in collaboration with legal and compliance. Investment in companies identified and verified through this process is restricted through Neuberger Berman's trade compliance system.

Our exclusion list will be provided to clients upon request. We can also implement customized additional exclusions based upon a client's own values and objectives in separately managed accounts. Utilizing specialist research, we can help develop investment universes that reflect a client's values and exclude companies that have a material exposure to a particular issue or that breach specific international standards.