

Neuberger Berman

2023 Proxy Voting Guidelines Update

Key Takeaways

Neuberger Berman (NB) is a large asset management firm with more than \$427 billion in AUM (December 31, 2022). The Neuberger Berman Team published its [governance and proxy voting guidelines](#) in April 2023. It has also publicly disclosed significant votes for March 2023 where it outlines its decisions on election of directors and shareholder proposals.

Voting Guidelines Update – Key Takeaways

Governance

- **Board Diversity & Composition**
 - **Disclose a board skills matrix** that identifies the skills, experience, and qualifications of importance to the board and the relevant skills held by each director.
 - **Disclose board racial and ethnic diversity at the aggregate level.** NB may hold the chair of the nominating committee accountable if the board fails to disclose board composition. Board should have at least **30%** gender diversity.
 - Where the composition of the board does not satisfy our assessment of the needs at the company, we may hold the **longest-tenured directors or the chair of the nominating and governance committee accountable**
- **Overboarding**
 - The maximum number of public company boards **for executive directors is two**; for **non-executive directors is four**.
- **Compensation**
 - Performance periods should be sufficiently long to ensure executives do not manage too short of a time horizon, with at least a **three-year performance period** appropriate for most long-term incentive plan metrics.
 - NB believes advisory votes on executive compensation should be held on an **annual** basis.

Environmental

- NB expects companies to **establish board oversight of climate risk** and is supportive of disclosures aligning with **Task Force on Climate-related Financial Disclosure (TCFD)**.
- Disclose Scope 1 and 2 GHG emissions, and material Scope 3 emissions and **establish reduction targets certifiable by a third party**.

Social

- For US companies: Disclose **EEO-1 data annually** and NB expects data for multiple years to be publicly available.



Neuberger Berman

2023 Proxy Voting Guidelines Update

Examples of NB's pre-disclosed votes for 2023

Company (Country)	Meeting Date	Proposal	Concerns	Pre-Disclosed Vote
Costco Wholesale Corporation (US)	Jan 19, 2023	Election of Directors: Jeffrey S. Raikes	NB had withheld support in 2022 from Mr. Raikes as the board had not established formal oversight of material ESG issues. Company has since formalized oversight on ESG issues and was responsive to concerns.	FOR
Starbucks Corp. (US)	March 23, 2023	Shareholder Proposal: CEO Succession Planning Policy Amendment	Company recently made amendments to its <i>Governance Principles</i> and disclosed its board skills matrix in response to investor concerns. NB believed the recent CEO transition suggests a continued need for formalized vigilance around succession planning.	FOR
Daiwa Industries Ltd. (Japan)	March 30, 2023	Election of Directors: Chinatsu Soeda	NB has concerns about the relevance of her skills to company strategy	AGAINST
Chemical Works of Gedeon Richter Plc (Hungary)	April 25, 2023	Share Buyback: Authority to Repurchase Shares	NB had concerns on company's undervaluation of the share price and encouraged it to undertake a stock repurchase program. Company was responsive and announced a buyback program.	FOR
Air Liquide S.A. (France)	May 03, 2023	Compensation: 2023 CEO Remuneration Policy	NB believed company employed appropriate metrics in its compensation package. It linked short-term plan with sustainable development strategy criteria, and linked CEO's long-term incentive plan with climate goals.	FOR



Understand How ESG Weighs into Investor Considerations to Make Your Next Engagement More Successful.

[ESG Roadshows](#)

[Data-Driven ESG Strategy](#)

What ZMH Can Do for You

*Our Proprietary **ESG Engagement Dashboard™** allows you to leverage technology and data to optimize your shareholder interactions.*

ZMH Advisors LLC. is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a proprietary **ESG Engagement Dashboard™**, which provides unique insights on investors with \$50T AUM.

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

CONTACT US TO SCHEDULE A DEMO

info@zmhadvisors.com | <https://zmhadvisors.com>