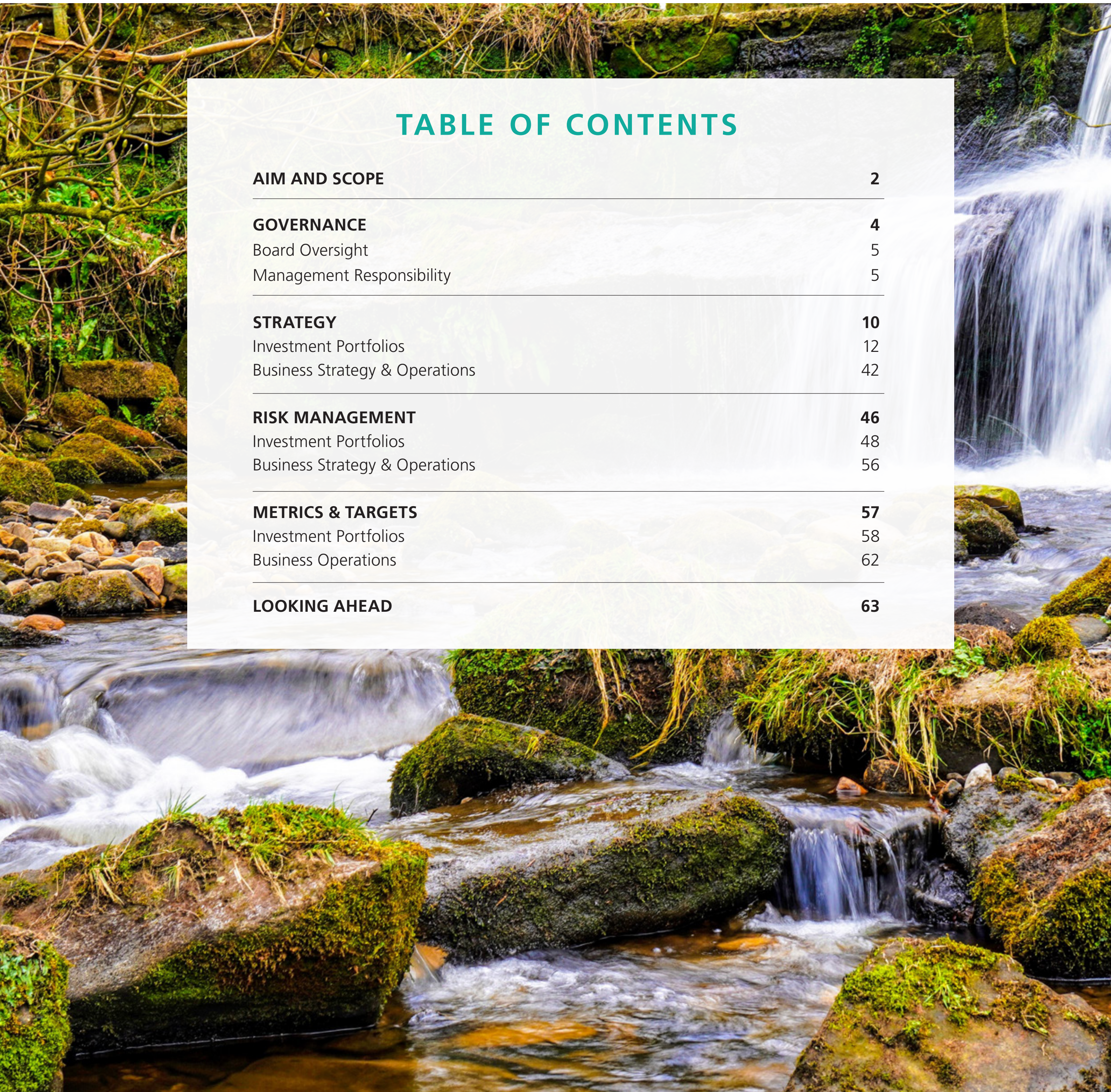
NEUBERGER BERMAN

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

January 1, 2024 – December 31, 2024 Reporting Period

Neuberger Berman is an employee-owned, private, independent investment manager founded in 1939 with over 2,800 employees in 26 countries. The firm manages $508 billion of equities, fixed income, private equity, real estate and hedge fund portfolios for global institutions, advisors and individuals. Neuberger Berman's investment philosophy is founded on active management, fundamental research and engaged ownership. In 2024, Neuberger Berman was named the #1 Best Place to Work in Money Management by *Pensions & Investments* for firms with more than 1,000 employees, marking its fourth top ranking—the most of any firm in the category. Overall, the firm has placed #1 or #2 for 11 consecutive years.

All information is as of December 31, 2024 unless otherwise indicated. 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").



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A MESSAGE FROM OUR CEO

Dear clients,

Capital markets require judgement – judgement around expected return, judgement around the quality of business strategy, judgement around the soundness of capital allocation decisions, judgement around governance and management quality, judgement around risk management. To enable investors to exercise that judgement, disclosure is important. That need for disclosure of financially material information applies to climate-related disclosure just as to information on any other financially material topic. That is why we have been a longstanding supporter of the framework developed by Taskforce on Climate-related Financial Disclosure (TCFD) both for companies disclosing voluntarily and for regulators seeking to provide a baseline of consistent mandatory disclosure to serve the needs of investors. It is therefore only fitting that we report using the TCFD framework.

As a private, employee-owned firm, we have no external shareholders or corporate parent. As a result, this report is primarily in service of you, our clients. With that in mind, allow me to share a few ways we partnered with clients on climate-related topics that were important to their investment objectives in 2024.

Firstly, most of our clients ask us to pursue a purely financial objective. They expect us to consider financially material risks and opportunities as part of our investment analysis, security selection, portfolio construction and engagement. Those financially material risks and opportunities include those related to climate. Yet climate is a broad topic and the nuance of what may influence a company's financial condition or performance will vary between industries. That is why in 2024 we completed a refresh of the NB Materiality Matrix, a proprietary framework to identify financially material environmental, social, and governance factors across 11 sectors and 76 industries. This work is grounded in the deep industry expertise of our equity and credit analysts, supported by our Stewardship and Sustainable Investing Group. This helps differentiate between sectors like electric utilities where emissions may be material, cruise lines where physical risk exposure due to climate change may be material and consumer goods where product carbon footprint may materially impact consumer behavior, and industrial machinery where growing demand for climate solutions may be a material driver of future growth.

Secondly, some of our clients ask us to manage their portfolio with a net-zero commitment. Indeed in 2024 approximately 14% of our net inflows were to mandates with a net-zero commitment. We partnered with many clients on how to translate their net-zero commitment to specific targets and portfolio construction choices. We have long believed that there are better ways to achieve both financial and climate outcomes than paper decarbonization through exclusions, which is why we partnered with clients to develop our proprietary Net-Zero Alignment Indicator to provide a forward-looking view of the transition status of individual companies. In 2024 our credit and equity analysts engaged with hundreds of companies to better understand and evaluate the capital allocation and decarbonization strategy (if any) that was being pursued. These are topics that are central to the TCFD framework and yet where disclosure is often lacking, third party data sets offer limited coverage, and only a seasoned credit or equity analyst who understands that business model is likely to be able to offer real insight.

Thirdly, many clients were monitoring consequential elections that took place in 2024 for the potential implications for policy and regulation. To assist clients in analyzing changing policy and its impact on whether global decarbonization was accelerating or decelerating, we published our "State of Decarbonization" report which includes a helpful dashboard of metrics like clean energy capex, EV adoption, and GHG emissions to assess the overall status of the transition. We also convened clients virtually and in person to share insights from our expert Advisory Council, which includes academics and practitioners working on topics like climate solutions, transition plans, sustainable taxonomies, and stewardship. We particularly focused on whether the state of transition is diverging between countries and regions, supported by on-the-ground insights from our Stewardship and Sustainable Investing Group which is based in China, Europe and the US. We will continue to offer you our thoughts and insights in what may be a period of volatility ahead.

I hope you find the data, analysis and case studies presented in this report a useful summary of our work and capabilities.

Thank you for your continued trust and partnership.

George

GEORGE WALKER
CHAIRMAN AND CEO OF NEUBERGER BERMAN

AIM AND SCOPE

As a long-term-focused asset manager, Neuberger Berman recognizes the profound impact of climate change and the ongoing global transition toward net-zero emissions. With countries actively shaping policies around their Nationally Determined Contributions (NDCs) and enhancing targets ahead of COP30, we understand the importance of assessing how these policies may influence investment landscapes. Our commitment lies in identifying and addressing climate-related risks and opportunities that are financially material to the portfolios we manage for our clients, as well as to our broader business strategy and operations.

Climate considerations play a critical role in our investment decision-making process in two key ways. First, in alignment with our fiduciary duty to clients, we analyze climate risks and opportunities that could affect the financial performance of issuers or portfolios. Recognizing that climate risks are financially material across many sectors and for many companies, we integrate these factors alongside more traditional financial metrics that may impact client capital.

Second, we acknowledge that for many of our clients, the climate impact of their portfolios is increasingly significant alongside traditional investment performance goals. For clients that have expressed their outcome-driven objectives, we also evaluate how climate-related risks and opportunities align with their desired sustainability outcomes.

The TCFD report also serves as a disclosure supporting our commitment to the Net Zero Asset Managers Initiative (NZAMI) as well as our Investor Climate Action Plan (as defined by the Investor Agenda). We understand that NZAMI is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. We continue to be signatories to the NZAMI and believe our involvement is consistent with the discharge of our fiduciary duties to clients.

To satisfy our obligation under the Financial Conduct Authority's PS21/23, we have also published a TCFD report annex specific to our U.K.-based entity Neuberger Berman Europe Limited (NBEL), which can be found here.

This report will cover the reporting period from January 1, 2024 to December 31, 2024. The calculation date for the reported metrics is December 31, 2024. Our TCFD report is reviewed annually and amended as needed.

GOVERNANCE

BOARD OVERSIGHT

As a private, 100% independent, employee-owned investment manager, Neuberger Berman is structurally aligned with the long-term interests of our clients. We have no external parent or public shareholders to serve, nor other lines of business to distract us from our core mission, which is to serve our clients.

Neuberger Berman's Board of Directors (the "Board") is currently comprised of seven directors, one of whom is the firm's Chief Executive Officer with the remaining six appointed by members of the firm. Four directors are independent within the meaning of the New York Stock Exchange listing requirements. The Board is responsible for reviewing and approving the Neuberger Berman Group Strategy, which includes the Stewardship and Sustainable Investing strategy. As a subset of all enterprise-wide risks, the Board oversees climate-related enterprise risk and reviews the firm's approach to climate-related risks and opportunities at least once a year during the regularly scheduled Neuberger Berman Group Board meetings.

Where Neuberger Berman has integrated financially material environmental, social and governance risk factors and climate-related risks into day-to-day operations at the firm, including into budget, overall strategy, capital management, risk management and other matters that the Board oversees; this is reflected in the materials that are provided to the Board. The Board is periodically updated on the firm's progress on its commitment to the Net Zero Asset Managers Initiative.[1] In addition, the Board receives materials and information from the Stewardship & Sustainable Investing Advisory Council. The Council, comprised of six industry experts, four with climate expertise, provides guidance on emerging sustainability topics.

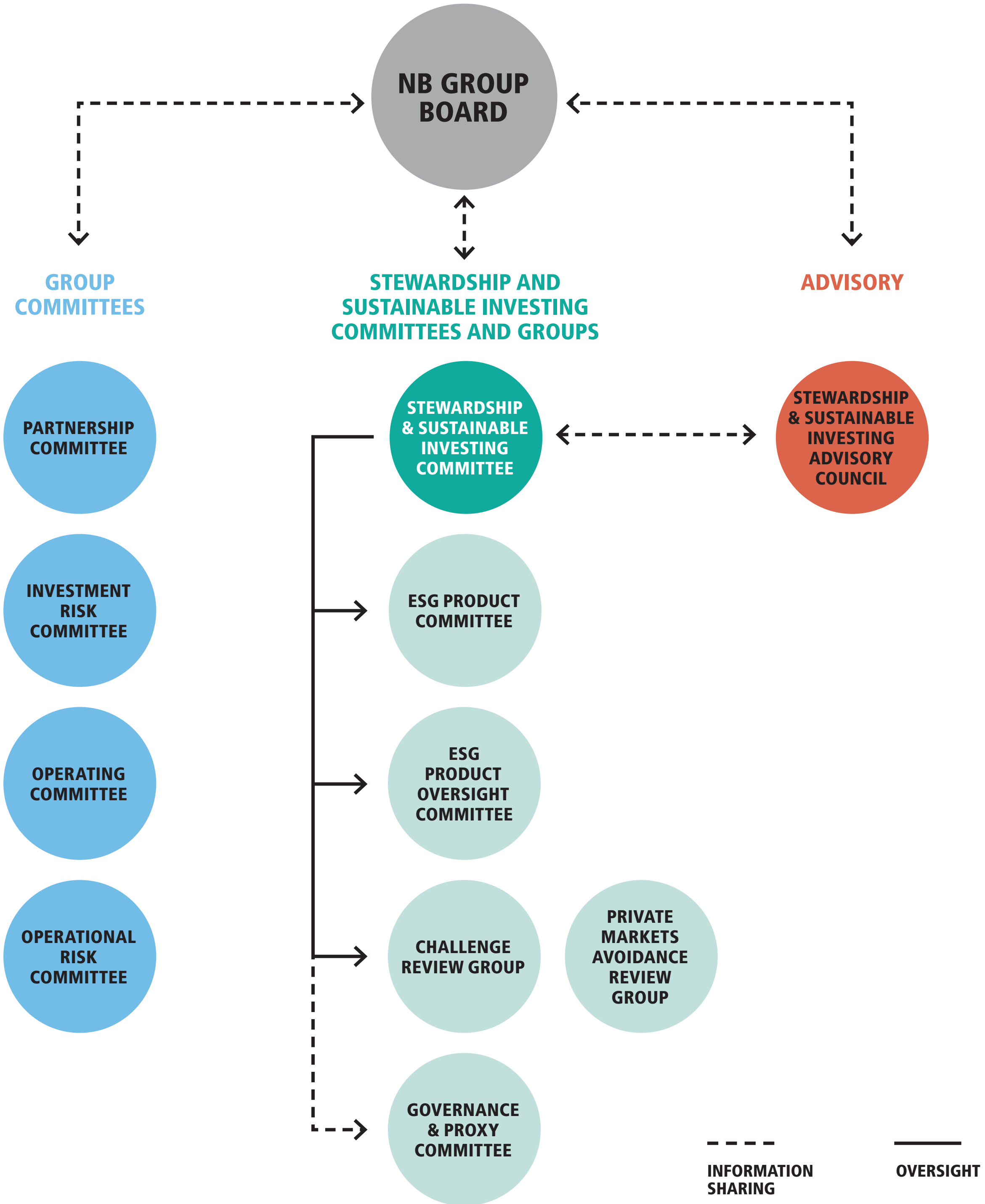
MANAGEMENT RESPONSIBILITY

Senior management is responsible for overseeing the firm's operations, risk department and investment professionals. As a subset of overall management of the enterprise, senior management oversees climate-related risks and opportunities. The CEO is ultimately responsible for updating the Board on material updates and relevant climate-related risks and opportunities, and is supported by the Global Head of Stewardship and Sustainable Investing, Head of Investment Risk, Chief Investment Officers (CIOs) and Chief Operating Officer (COO). The Global Head of Stewardship and Sustainable Investing, together with the CIOs, is responsible for ensuring 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 governance structure of Neuberger Berman includes four key committees. Neuberger Berman's Partnership, Operating, Investment Risk, and Operational Risk committees are engaged in discussion on a variety of topics, including environmental, social and governance topics and climate-related risks and opportunities that are financially material to its business, as part of the normal course of business.

[1] We understand that the Net Zero Asset Managers Initiative (NZAMI) is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. We continue to be signatories to the NZAMI and believe our involvement is consistent with the discharge of our fiduciary duties to clients.

OVERVIEW OF NEUBERGER BERMAN'S STEWARDSHIP AND SUSTAINABLE INVESTING GOVERNANCE STRUCTURE



NEUBERGER BERMAN'S KEY COMMITTEES

	Membership	Description	Climate Oversight
PARTNERSHIP COMMITTEE	Leaders from large businesses and client channels, large equity holders and senior management across asset classes, including the Global Head of Stewardship and Sustainable Investing.	Engages in how to effectively develop the firm's investment strategies and client franchise through evolving markets, while enhancing our firm culture.	Engages in discussion on financially material climate-related risks and opportunities as part of the normal course of business.
INVESTMENT RISK COMMITTEE	Global heads of the firm's operating platform functions, including marketing, and, COOs across asset classes.	Engages in how to promote high-quality execution of our business, including opportunities for global scale, regional specialization and workforce development.	Engages in discussion of material climate-related risks and opportunities in the context of evaluating the impacts of sustainable finance-related regulation and resourcing data and technology functions in response to demand for ESG data, including climate data.
OPERATING COMMITTEE	Senior investment leaders including the CRO (Chair), CEO, President and CIO—Equities and other senior investment and risk professionals.	Oversees investment performance and risk evaluation, acts as an escalation point for investment risks, evaluates the suitability of new products under consideration, and oversees and reviews commingled fund liquidity.	Engages in discussion of material climate-related risks related to investment strategies and asset classes.
OPERATIONAL RISK COMMITTEE	Senior operations leaders including the Head of Business Risk (Chair), CRO, COO, CFO, CTO, CISO, General Counsel – Asset Management and other senior risk, operations and technology professionals.	Provides oversight of and acts as an escalation point for risks that may expose the firm to uncompensated loss or significant business disruption and acts as a forum for review and approval of actions taken to mitigate, manage or accept those risks.	Engages in discussion of material climate-related risks as a subset of enterprise-wide operational risks.

NEUBERGER BERMAN'S STEWARDSHIP AND SUSTAINABLE INVESTING COMMITTEES

In addition, Neuberger Berman has formed specific Stewardship and Sustainable Investing committees comprised of senior professionals across the firm, which include:

Committee	Membership	Description	Climate Oversight
STEWARDSHIP & SUSTAINABLE INVESTING COMMITTEE	• Chaired by the Global Head of Stewardship and Sustainable Investing • 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. • Includes senior professionals from client coverage, risk management, legal and compliance, marketing, and our client organization.	The Stewardship and Sustainable Investing Committee reviews the stewardship and sustainable investing strategy for the firm. Its primary responsibility is reviewing the Stewardship and Sustainable Investing Policy and proposing amendments as needed. It also serves as a cross-asset class forum to share research, drive deeper engagement and foster innovation on sustainability-related topics.	• Reviews the firm's approach to climate-related risks and opportunities, at least once a year. • Periodically reviews the firm's progress on its commitment to the Net Zero Asset Managers Initiative.[2]
ESG PRODUCT COMMITTEE	• Chaired by the Global Head of Stewardship and Sustainable Investing • Includes the CIO for Equities.	The ESG Product Oversight Committee oversees previously approved sustainability-related commitments made at the product and/or investment strategy level as established by the Stewardship and Sustainable Investing Policy.	• Oversight includes claims made in relation to climate-related risks and opportunities. • Approves or denies the setting of net-zero targets that have been requested or previously approved at the product and/or investment strategy level. This only applies to omingled product.
GLOBAL ESG PRODUCT OVERSIGHT COMMITTEE	• Co-chaired by the Head of Business Risk and the Head of Investment Risk • Includes senior leaders such as the Global Head of Stewardship and Sustainable Investing, Head of Product Development, and other senior leaders across the support and controls teams (legal and compliance, marketing and risk).	The ESG Product Oversight Committee oversees previously approved sustainability-related commitments made at the product and/or investment strategy level.	• Oversight includes commitments made at the product and/or investment strategy level as established by the Stewardship and Sustainable Investing Policy • Monitors progress toward net-zero alignment for designated products and clients that have set a net-zero target.
CHALLENGE REVIEW GROUP	• Includes selected members of the Stewardship and Sustainable Investing Committee, Head of Investment Risk, and representatives from the Asset Management Guideline Oversight (AMGO) and legal and compliance teams.	The Challenge Review Group is responsible for the critical review and decision of appeals submitted by investment teams against issuers identified as prohibited by applicable avoidance policy.	• Engages in discussion on financially material environmental, social and governance topics and climate-related risks and opportunities if relevant to an applicable avoidance policy.
GOVERNANCE & PROXY COMMITTEE	• Chaired by President & CIO for Equities. • Comprises of senior investment professionals across Equities business and supported by members of the Stewardship and Sustainable Investing Group.	The Governance & Proxy Committee oversees application of firmwide proxy voting guidelines and procedures, including NB Votes initiative.	• Oversight of proxy voting guidelines and procedures, and application of proxy voting guidelines. • Oversight of NB Votes, including those on climate-related proposals.

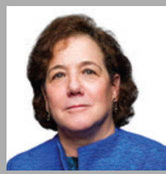
[2] We understand that the Net Zero Asset Managers Initiative (NZAMI) is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. We continue to be signatories to the NZAMI and believe our involvement is consistent with the discharge of our fiduciary duties to clients.

ADVISORY COUNCIL

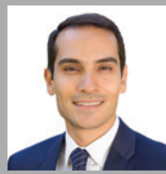
Vijay Advani
Former Executive Chairman of Nuveen, the Investment Management arm of TIAA, and current Chairman of the U.S.-India Business Council Global Board of Directors

Ben Caldecott
Director, Oxford Sustainable Finance Program & Founding Director of the UK Centre for Greening Finance & Investment

Janine Guillot
Former Special Advisor to the Chair of the International Sustainability Standards Board



Mindy Lubber
President and CEO of Ceres, a sustainability focused nonprofit organization based in Boston, MA



George Serafeim
Charles M. Williams Professor of Business Administration and Chair of the Impact-Weighted Accounts Project at Harvard Business School

Theresa Whitmarsh
Former Executive Director of the Washington State Investment Board and Chair of the Board of Directors, FCLT (Focusing Capital on the Long Term) Global

Council	Membership	Description	Climate Oversight
STEWARDSHIP & SUSTAINABLE INVESTING ADVISORY COUNCIL	• Consists of respected external thought leaders.	The Stewardship and Sustainable Investing Advisory Council brings the latest knowledge from academia, the non-profit sector, and institutional asset owners to provide guidance on the future of impact investing and sustainability topics and challenge us to go further in our own efforts.	• No formal oversight, but shares materials and information with the Stewardship and Sustainable Investing Committee.

CASE STUDY:
CONSIDERING PHYSICAL RISK AND ADAPTATION

Background: The world is already beginning to feel the economic impact of climate change. In 2024, global economic losses from natural disasters reached $368 billion and exceeded the 21st-century average ($324 billion) and median ($329 billion) on a price-inflated basis. In response, some experts believe that $400 billion per annum of proactive investment is needed this decade to properly address physical risk and adaptation efforts.[3] Through our engagement with clients and portfolio companies we have identified areas of clarification which could create confidence to invest:

- **Understanding and standardized definitions:** One of the most cited barriers for investing in adaptation is understanding what is and is not adaptation finance. Unlike mitigation, adaptation is location-specific and dynamic.
- **More defined universe for adaptation financing:** Given the dynamism of adaptation, identifying investments outside of infrastructure projects can be difficult.
- **Better data to assess physical risk:** Current data struggles to adequately capture sensitivity and exposure to climate hazards, particularly for complex business models.

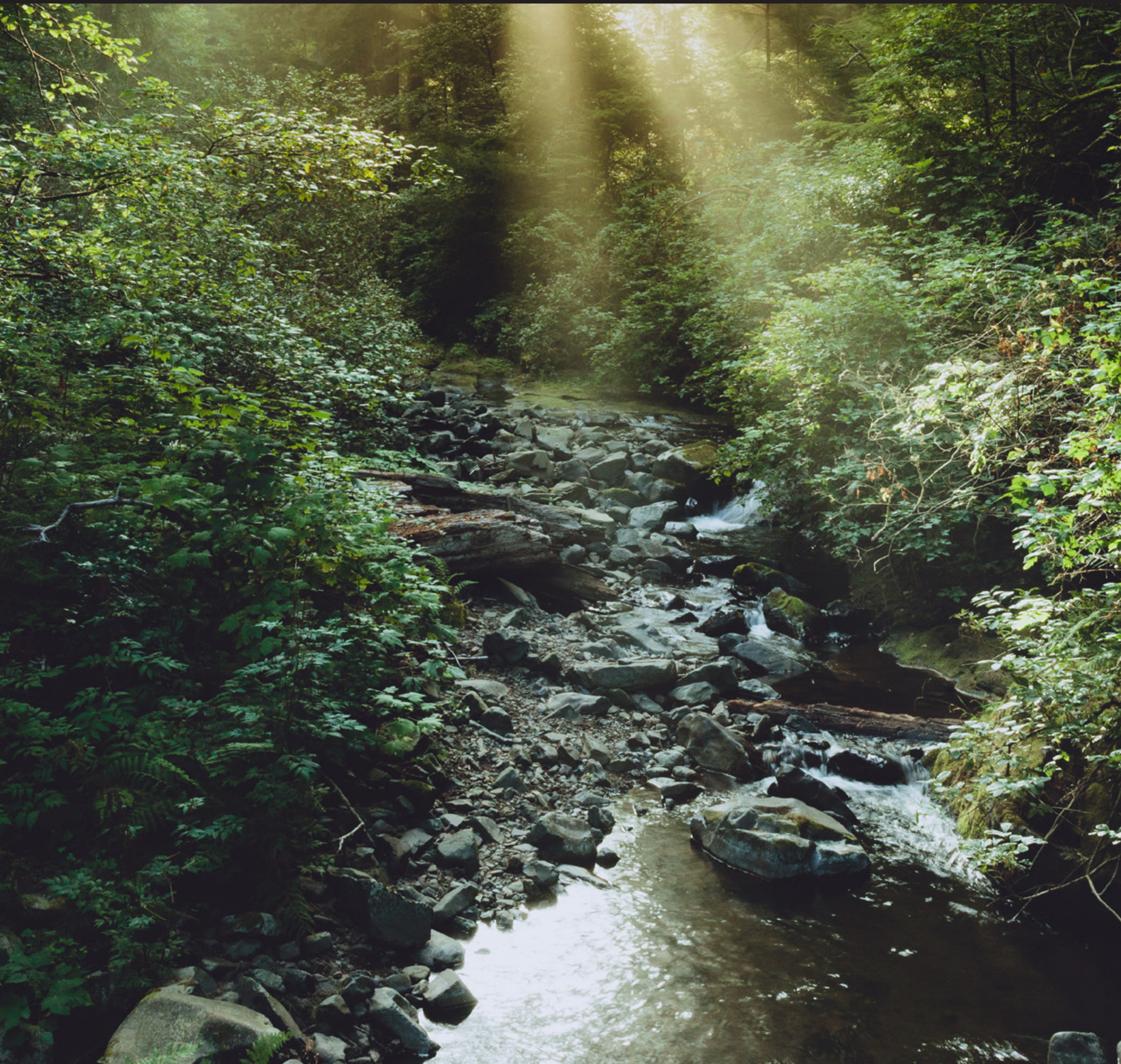
Guidance: The Advisory Council members offered the following guidance on how to overcome these challenges:

- When it comes to measuring physical risk the council expressed concerns over solely relying on macro-focused top-down data tools. A more holistic approach that incorporates management engagement and supply chain insights can help to address current shortcomings in data.
- Physical risk was highlighted as both a tool that can be utilized in a fact-based sustainable investing approach and an important risk consideration given the acceleration of extreme weather events.
- Defining an adaptation universe through an innovation lens, identifying material climate hazards across sectors to help assess investment potential of adaptation solutions.

Implementation: Following the Advisory Council, we began investigating potential physical risk frameworks that could provide sector-specific insights to be used in tandem with third-party data provider output to better identify potential areas of risk which can then inform our company engagement. In addition, we are working to create an adaptation taxonomy, informed by industry frameworks, such as the Climate Bonds Initiative Resilience Taxonomy (CBRT), to help identify climate resilient investable opportunities.

[3] Adaptation Physical Risk, Financial Risk, Opportunity. Goldman Sachs, 2024.

STRATEGY



We are committed to understanding our climate-related risks and opportunities, and managing risks material to our business. We can segment climate-related risks into two categories:

- **Physical risk:** Physical risks resulting from climate change can be both event-driven (acute) and longer-term shifts (chronic) based on climate patterns. Physical risks could result in asset damage and business disruptions to portfolio companies that lead to decreased security valuations and thus affect the investment value chain for our clients and our firm. Physical risks may also cause direct weather-related damage to our assets and disrupt our own business operations.
- **Transition risk:** The global transition to a low-carbon economy is expected to cause policy, legal, technology and market shifts as the world addresses the mitigation and adaptation requirements related to climate change over the short, medium and long term. Transition risks could result in increased capital expenditures, increased stranded asset risk, and decreased demand for certain goods and services for portfolio companies that lead to decreased security valuations and thus affect our investment value chain. Regulation and shifting consumer preferences regarding green investment products may also directly affect our business.

There is increasing recognition in the investment community that climate and nature are intrinsically linked. As a result, our clients are increasingly interested in understanding their exposure to nature-related risks and opportunities. We have therefore started identifying the expected impacts and dependencies of certain investments on natural capital, as we expect these to become increasingly financially material.

Investment Portfolios

Identifying Climate Risk and Opportunity Channels

We have identified key channels through which climate risks and opportunities would impact portfolio companies and thus present a source of investment risk. We adopt the following definitions regarding timeframe of critical impact, which is when we believe portfolios will have the greatest level of financial exposure to the risk under consideration:

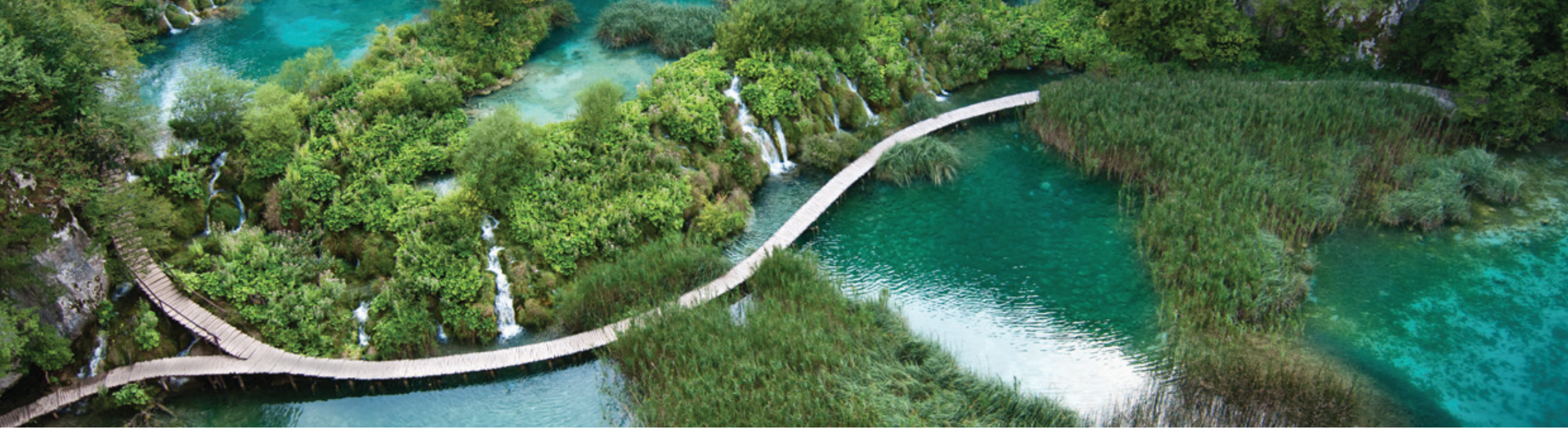
- **Short-term:** 1 year
- **Medium-term:** 2 – 5 years
- **Long-term:** 5+ years

CLIMATE RISK CHANNELS FOR INVESTMENT PORTFOLIOS

Risk	Description	Timeframe of Critical Impact	Impact on Portfolio Companies	Portfolio-Level Risk Assessment Tools	Investment Risk
Physical: Acute	Risks from increased severity of extreme weather events, including cyclones, flooding, river low flow and wildfires	Long-term	Increased write-offs, capital costs and insurance premiums due to physical asset damage; decreased revenues due to business disruptions	Climate Value-at-Risk (CVaR), Sovereign Sustainability Assessment, third-party and proprietary catastrophe models	Portfolio performance, which leads to lower AUM and decreased revenues
Physical: Chronic	Risks from increased variability in weather patterns, including wind gusts, precipitation and temperatures, including extreme heat and extreme cold	Long-term	Increased operating expenses due to the need to adapt to variable weather patterns and temperatures; decreased revenues due to business disruptions; increased insurance premiums	CVaR, Sovereign Sustainability Assessment	Portfolio performance, which leads to lower AUM and decreased revenues
Transition: Policy	Risks from climate transition regulation that can affect a company's direct operations, suppliers or customers	Short-term, medium-term and long-term	Increased capital expenditures due to nationally determined emissions reduction targets or carbon pricing for certain sectors or their suppliers; increased electricity costs due to grid demand from low carbon transition; decreased revenues due to shifting market demand	CVaR	Portfolio performance, which leads to lower AUM and decreased revenues
Transition: Technology	Risks from failing to create or transition to new low carbon emissions technologies	Short-term, medium-term and long-term	Decreased demand for products and services; stranded asset risk	CVaR, Net-Zero Alignment Indicator	Portfolio performance, which leads to lower AUM and decreased revenues
Transition: Market	Risks from changing consumer behavior, increased costs of raw materials and uncertain market signals	Short-term, medium-term and long-term	Decreased demand for goods and services due to shift in consumer preferences; increased production costs due to input prices; changes in energy costs	Net-Zero Alignment Indicator, NB ESG Quotient, EU Taxonomy Alignment	Portfolio performance, which leads to lower AUM and decreased revenues
Transition: Reputation	Risks from negative stakeholder feedback resulting from inadequate climate action	Short-term, medium-term and long-term	Decreased demand for goods and services; decreased revenue from impacts on workforce; decreased capital availability	NB ESG Quotient, Controversy monitoring	Portfolio performance, which leads to lower AUM and decreased revenues

CLIMATE OPPORTUNITY CHANNELS FOR INVESTMENT PORTFOLIOS

Opportunity	Description	Timeframe of Critical Impact	Impact on Portfolio Companies	Portfolio-Level Risk Assessment Tools	Investment Opportunity
Resource Efficiency	Opportunities from efficiency in use of water and raw materials	Long-term	Decreased operating expenditures due to efficiencies	NB ESG Quotient	Portfolio performance, which leads to higher AUM and increased revenues
Energy Source	Opportunities from use of lower emissions sources, supportive policy incentives and new technologies	Short-term, medium-term and long-term	Decreased operating expenditures due to efficiencies, decreased sensitivity to energy prices	NB ESG Quotient, Net-Zero Alignment Indicator	Portfolio performance, which leads to higher AUM and increased revenues
Products & Services, Resilience	Opportunities from development of climate mitigation and adaptation solutions	Short-term, medium-term and long-term	Increased revenue through demand for climate mitigation and adaptation solutions	CVaR, Net-Zero Alignment Indicator, EU Taxonomy Alignment, Adaptation & Resilience Taxonomy	Portfolio performance, which leads to higher AUM and increased revenues
Markets	Access to new markets, use of public-sector initiatives	Short-term, medium-term and long-term	Increased revenues due to access to subsidies and tax credits	Net-Zero Alignment Indicator	Portfolio performance, which leads to higher AUM and increased revenues



Evolving Proprietary Tools to Assess Changing Climate Risks & Opportunities

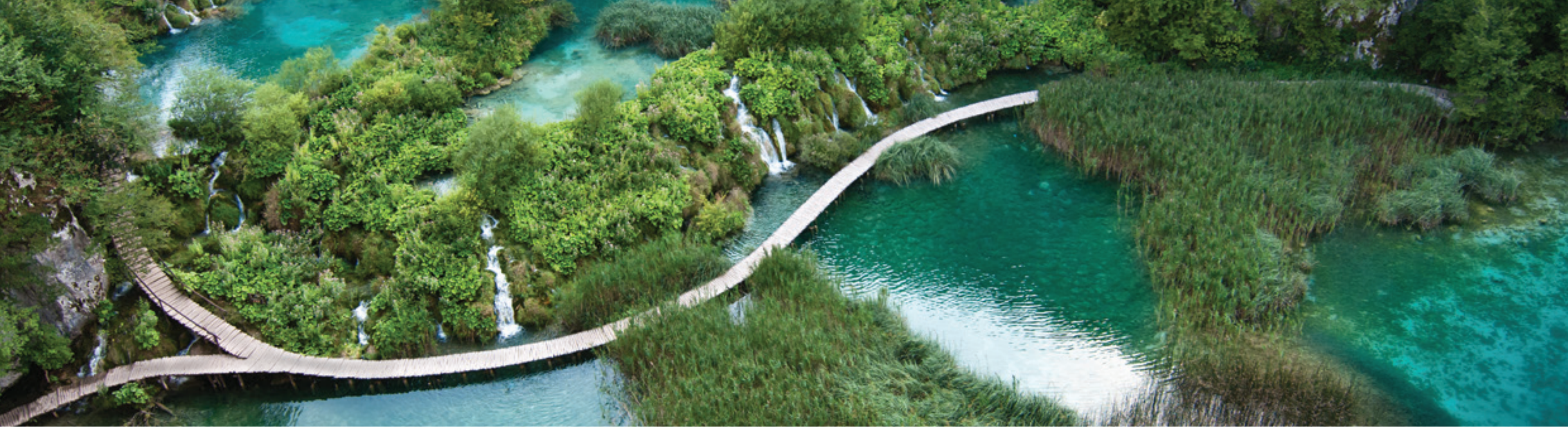
Recognizing the growing importance of climate considerations for investors across asset classes, we acknowledge that the tools and metrics used to assess financially material climate-related risks and opportunities must evolve. While early tools focusing solely on carbon emissions or widely available quantitative ESG metrics remain valuable, we observe an increasing need for more sophisticated approaches that incorporate nuanced analyst judgment to address the complexities of the climate transition. To meet this need, we have developed proprietary third-generation frameworks for climate risk and opportunity assessments. These frameworks integrate both quantitative and qualitative inputs and are tailored to the specific characteristics of each asset class.

THE MEASUREMENT AND ASSESSMENT OF NET-ZERO CONTINUES TO EVOLVE

Measuring Progress

CARBON EMISSIONS	CLIMATE SOLUTIONS/ SBTI COMMITMENTS	CLIMATE VAR/IMPLIED TEMPERATURE RISE	PROPRIETARY NET-ZERO ALIGNMENT INDICATOR	ENGAGEMENT
• Carbon Intensity. • Apportioned/ Carbon Footprint. • Scope 1, 2 and 3.	• EU Taxonomy. • SBTi Commitments or Approved.	• Climate VaR at a company and sector level broken out into transitional and physical risk. • Implied Temperature Rise measures, in aggregate, a portfolio's temperature alignment (in °C).	• The framework seeks to generate a forward-looking view on each company's alignment with net-zero. • Our starting point is the IIGCC net-zero framework, which offers a guide on how to assess alignment at the company level.	• Ongoing systematic engagement provides a platform to advise companies on strategies and objectives to mitigate risk and advance opportunities related to climate change and the energy transition.

Backward-looking | **Forward-looking**



EVOLUTION OF CLIMATE METRICS

Measuring Progress

FIRST GENERATION

- Third-party frameworks that are backward-looking and can lag financial disclosures by up to two years
- Volatile due to market movement
- Examples: Carbon emissions: absolute and intensity metrics

SECOND GENERATION

- Third-party frameworks that are forward-looking but limited in coverage
- Relies on readily available ESG metrics and harder to measure intangibles and assess strategy
- Examples: Climate VaR, quantitative transition ratings

THIRD GENERATION

- Proprietary frameworks that have broad coverage and generate a forward-looking view on issuer climate transition readiness
- Combines quantitative metrics with qualitative judgment and insights gained from active engagement
- Examples: NB's Net-Zero Alignment Indicator

Backward-looking | **Forward-looking**

We are committed to continuously enhance our analytical tools to meet client needs, with a strong focus on improving outcomes for our clients. In 2024, we made significant advancements in leveraging technology and collaboration to enhance ESG and climate integration. To improve ESG data accessibility, we introduced tools like the Proxy Voting Dashboard and the ESG AI Assistant on the NB-GPT platform, our own NB ChatGPT program with greater security controls, streamlining data interaction and governance while boosting analytical depth. AI played a pivotal role in enhancing our strategies with climate committments, helping to correct fragmented climate data and enhancing in-depth analysis of sustainability reports, green bonds and net-zero alignment indicator results. We also engaged companies on responsible AI governance to ensure its efficient use while addressing environmental impacts, such as energy consumption and carbon footprints.

Proprietary tools like the Neuberger Berman Net-Zero Alignment Indicator[1] continue to evaluate companies' climate targets, emissions performance and decarbonization strategies using forward-looking data. Our commitment to portfolio-specific net-zero goals was reinforced with the launch of the Net-Zero Alignment Model Engine and the Starling platform[2], which enhance transparency and support informed decision-making for portfolio managers. Furthermore, Starling has been seamlessly integrated with key downstream platforms, such as our research and portfolio construction tools supporting investment teams in managing portfolios with climate transition objectives.

Reliable climate data remains critical for advancing climate and net-zero outcomes. Platforms like the Neuberger Berman ESG Data Cloud[3] are integrating and standardizing diverse datasets. AI-driven insights are helping validate data, identify trends and uncover outliers in net-zero alignment, allowing analysts to focus on deeper company analysis and engagement. Collaboration across the investment ecosystem remains central to our efforts, with partnerships with institutional investors fostering innovation and our active role in industry advocacy, such as co-chairing the Bondholder Stewardship Working Group, contributing to shaping the future of sustainable finance.

[1] To achieve better real-time insights, we created a forward-looking Net-Zero Alignment Indicator (the "NB Net-Zero Alignment Indicator") that seeks to capture a company's current status and progress over time toward net-zero targets. Further detail on the NB Net-Zero Alignment Indicator is available on page 18.
[2] More detail about the Starling platform is available on page 19
[3] The ESG Data Cloud is a Snowflake-based database that optimizes data procurement and consumption using modern data modeling techniques. It standardizes data pipelines from various vendors.

AVAILABILITY OF MEASUREMENT AND ASSESSMENT TOOLS ACROSS ASSET CLASSES

Asset Class	Corporate Fixed Income			Sovereigns		Listed Public Equity			Private Markets and Alternatives		
Sub-Asset Class	Investment Grade Credit	Non-Investment Grade Credit	Emerging Market Debt	Developed Market Sovereigns	Emerging Market Sovereigns	Developed Market Global Equity	Small Cap Equity	Emerging Market Equity	Private Equity	Private Debt	Insurance-Linked Securities
Climate Value-at-Risk	✓	✓	✓			✓	✓	✓			
Carbon Emissions	✓	✓	✓	✓	✓	✓	✓	✓			
Net-Zero Alignment Indicator	✓	✓	✓	✓	✓	✓	✓	✓			
Natural Capital Assessment	✓	✓	✓	✓	✓	✓	✓	✓			
Climate Solutions	✓	✓	✓			✓	✓	✓	✓		
NB ESG Quotient	✓	✓	✓	✓	✓	✓	✓	✓			
Controversy Monitoring	✓	✓	✓			✓	✓	✓	✓	✓	
Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Sovereign Sustainability Assessment				✓	✓						
Catastrophe Modelling											✓

Applying Proprietary Tools to Relevant Strategies

Investment professionals across public and private markets, as well as individual credit and equity research analysts, are responsible for integrating financially material environmental, social and governance factors into the investment process. We believe that this bottom-up approach encourages strategy-specific innovation while allowing each investment team to learn from best practices across the investment platform. Our Stewardship and Sustainable Investing Group accelerates this process with top-down expertise and support.

For all strategies that integrate environmental, social and governance factors, each investment team selects an approach from our ESG Integration Framework. In building their portfolios, investment teams consider whether to reach a more holistic understanding of risk and return ("Assess"), seek to improve social or environmental performance through engagement ("Adapt"), tilt the portfolio to best-in-class companies ("Amplify"), invest in issuers that are intentionally generating positive social/environmental impact ("Aim for Impact") or simply exclude particular companies ("Avoid").

We believe our approach to integrating financially material environmental, social and governance factors into our investment processes for Assess strategies is consistent with our fiduciary duty to investors. Our focus on financially material environmental, social and governance factors for pecuniary reasons, as one investment input alongside many other traditional factors, could enable our identification of key risks that individual companies may face in the near term or over the long haul. We also recognize that certain clients may desire a more outcomes-based approach, which is why we also offer Adapt, Amplify, Aim for Impact and Avoid strategies. Adapt, Amplify and Aim for Impact strategies are appropriately labelled in the product name for ease of client choice.

NEUBERGER BERMAN ESG INTEGRATION FRAMEWORK

Process-focused	Outcome-focused			
Assess	**Adapt**	**Amplify**	**Aim For Impact**	**Avoid**
Portfolio manager considers financially material environmental, social and governance factors for pecuniary reasons alongside traditional factors in their investment decisions. These factors are generally no more significant than other factors in the investment selection process.	Seek to achieve social and/or environmental outcomes through engagement with issuers while also achieving a financial goal.	Seek to achieve a financial goal by investing in issuers with sustainable business models, practices, products or services and leadership on relevant sustainability considerations. Formalised through sustainable investment criteria and exclusions.	Seek to intentionally generate positive, measurable social and environmental outcomes for people and the planet alongside a market rate financial return by investing in issuers whose core business, products, services or use of proceeds of each investment contributes to solutions of pressing environmental and social issues.	Ability to exclude particular issuers or whole sectors from the investable universe to meet regulatory requirements and accommodate client demands.

Examples of naming conventions include, but are not limited to:

Assess	Adapt	Amplify	Aim For Impact	Avoid
"THE INTEGRATION OF FINANCIALLY MATERIAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS FOR PECUNIARY REASONS" In offering documents	**"TRANSITION" OR "ENGAGEMENT"** In name of product	**"SUSTAINABLE"** In name of product or in offering documents and marketing materials	**"IMPACT"** In name of product	**DIVEST/EXCLUDE** Exclusions in documents

In line with our fiduciary duty to our clients, we consider climate risks or opportunities that may impact the financial performance of a security or a portfolio. We believe that climate risks for many sectors and companies are financially material; therefore, we consider climate risk factors alongside other factors which we believe could impair client capital. Some clients seek to go beyond this, by seeking a sustainability outcome related to, for example, net-zero or climate impact. We partner with these clients to help achieve their net-zero objectives. This includes developing lower-carbon portfolios, as well as setting interim decarbonization and net-zero alignment targets across asset classes. We also evaluate sovereign preparedness and resilience to climate risks through a proprietary sustainable sovereign screen and Sovereign Net-Zero Alignment Score.[4] These tools are designed to integrate country-specific transition pathways, holistically assessing national efforts to mitigate global warming and align sovereign assets and net-zero goals.

Ultimately, as active managers, we rely on the judgment of our investment professionals. There is no one-size-fits-all response to the climate transition. Each portfolio manager uses the suite of risk and opportunity assessment tools we have outlined above to help them make decisions that fit their clients' individual investment and sustainability objectives.

[4] To achieve better real-time insights, we created a forward-looking Sovereign Net-Zero Alignment Indicator (the "Sovereign NB Net-Zero Alignment Indicator") that seeks to capture a country's current status and progress over time toward net-zero targets. Further detail on the Sovereign NB Net-Zero Alignment Indicator is available on page 37.

LISTED PUBLIC EQUITY AND CORPORATE FIXED INCOME

We believe climate risks impact different asset classes through various transmission channels. In equity markets, investors face the risk of losing their entire invested capital. However, they can also participate in upside by investing in companies that benefit from effectively transitioning their business models to net zero or delivering climate solutions. In credit markets, while investors will typically see a return of some principal in the event of a default, credit risk can increase after an acute event such as a hurricane or flood damages corporate assets, impairs cash flows, and thus a corporate's ability to service debt.[5]

Net-Zero Alignment Indicator

To enable a robust bottom-up assessment of a company's transition toward net-zero, we created the Neuberger Berman Net-Zero Alignment Indicator, informed by the high-level expectations of the Institutional Investor Group on Climate Change (IIGCC). The Indicator serves two purposes: for our process-focused strategies,[6] it serves as a measure of companies' net-zero readiness and hence we believe it is indicative of its ability to mitigate climate risks, and for our outcome-focused strategies,[6] it can be used to engage with issuers and drive positive outcomes that a client has instructed us to pursue. The Indicator is considered at both the portfolio and security level across listed equity and corporate fixed income portfolios. You can read more about the Indicator in our white paper, Net-Zero Alignment: Beyond the Numbers.

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

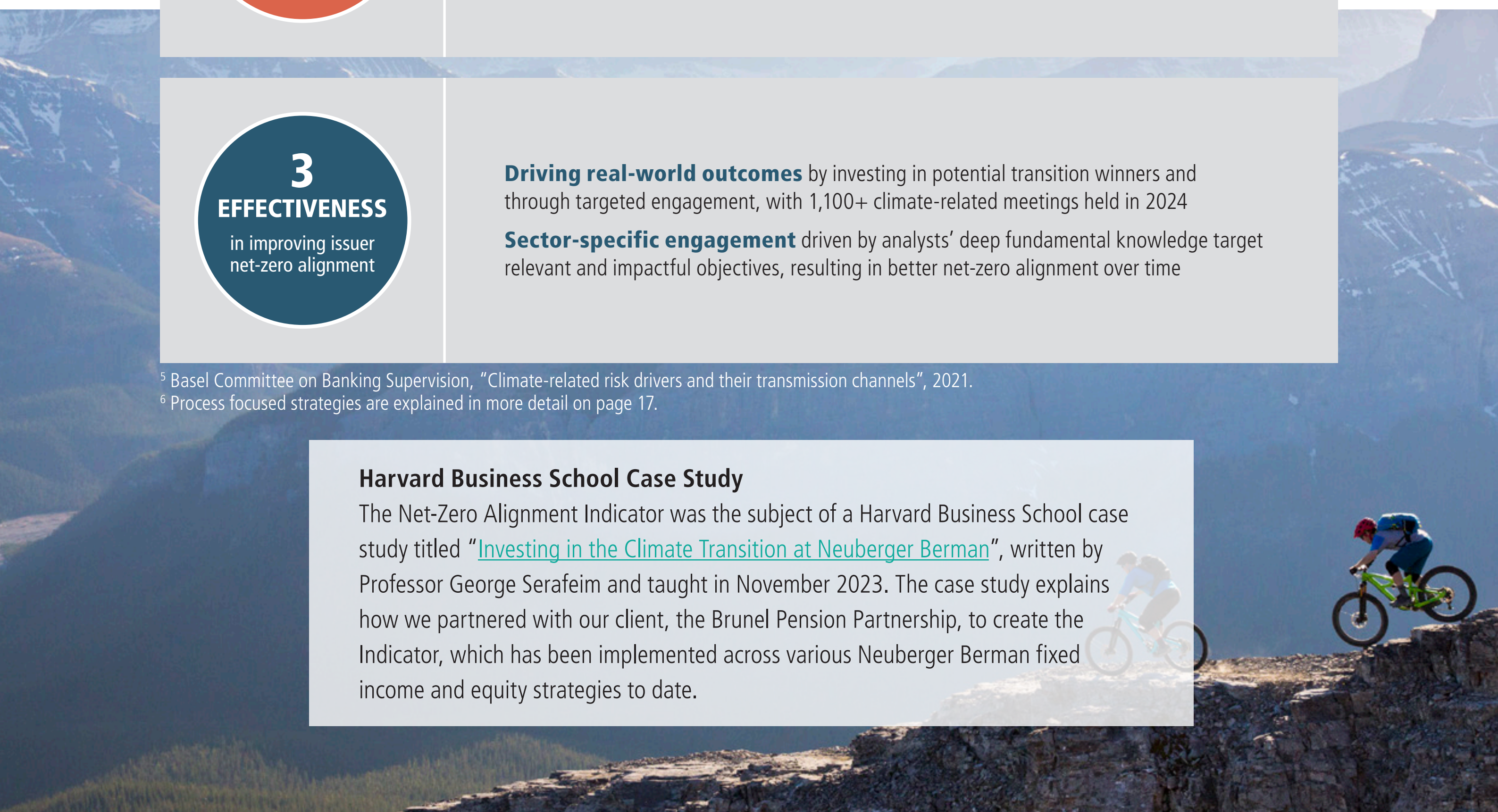
Driving real-world outcomes by investing in potential transition winners and through targeted engagement, with 1,100+ climate-related meetings held in 2024

Sector-specific engagement driven by analysts' deep fundamental knowledge target relevant and impactful objectives, resulting in better net-zero alignment over time

[5] Basel Committee on Banking Supervision, "Climate-related risk drivers and their transmission channels", 2021.
[6] Process focused strategies are explained in more detail on page 17.

Harvard Business School Case Study

The Net-Zero Alignment Indicator was the subject of a Harvard Business School case study titled "Investing in the Climate Transition at Neuberger Berman", written by Professor George Serafeim and taught in November 2023. The case study explains how we partnered with our client, the Brunel Pension Partnership, to create the Indicator, which has been implemented across various Neuberger Berman fixed income and equity strategies to date.



The Indicator's robust approach provides greater insight into creating a "transition-informed" product. Its key differentiators from "off-the shelf" alternatives is that it utilizes forward-looking metrics and analyst insights, integrates deep sector-specific knowledge applied by sector analysts, and active engagement is undertaken based on the weakest sub-indicators with outcomes feeding back into the alignment score in real time.

We made significant enhancements to the Indicator in 2024:

- **Data and technology:** We launched our internal Starling data platform to support analysts and portfolio managers in tracking and managing portfolios with specific climate transition objectives. The platform provides transparency around the sub-indicators and underlying data that we believe are driving a companies' net-zero alignment status. The platform also enables an analyst to override a sub-indicator to capture changes in company progress or regression to net-zero. The Starling platform is governed by the Stewardship and Sustainable Investing Group, who review, challenge or approve an analyst request to override a sub-indicator. Furthermore, Starling has been integrated with key downstream platforms, such as our research and portfolio construction tools supporting investment teams in managing portfolios with climate transition objectives.
- **Sector-Specific Models:** We made significant strides in advancing sector-specific net-zero alignment frameworks, including the development of a dedicated banking model. Recognizing the unique emissions profiles and transition challenges faced by financial institutions, this model incorporates sector-specific datasets and assessments to address the material drivers of the net-zero transition like financed emissions and financing high-impact sectors like fossil fuel energy.
- **Engagement:** We actively leveraged the Indicator to monitor and engage with companies held in our climate-committed portfolios contributing to the highest financed emissions to encourage alignment with net-zero pathways. We use the Indicator to focus and map our engagement to the weakest sub-indicators. The Indicator introduces an additional feedback loop: qualitative insights from engagement feed into the relevant sub-indicators, servicing the investment teams with real-time views on company progress or regression towards net-zero.

To summarize, having a robust technology platform enables us to react in real-time to a change in company commitments which could signal a deceleration in the pace toward decarbonization. We have found that the qualitative insights of our analysts and active engagement enable us to react faster than the data, which can often run at a significant lag to changes in company transition plans.

CASE STUDY
ASSESSING FORD MOTORS' NET ZERO ALIGNMENT

Following Ford's corporate strategy update In August 2024, our Autos analyst undertook qualitative revisions to its Net-Zero Alignment Indicator score. Ford's announcement revealed a significant shift in its electrification roadmap, with reduced capital expenditures, scaled-back production and delayed launches of electric vehicles (EVs). While these changes are aimed at optimizing resource allocation and limiting losses in the near term, they represent a marked departure from Ford's previous aggressive commitment to electrification, raising concerns about its alignment with net-zero objectives.

In November 2024 Ford announced plans to cut 800 jobs in the U.K. over the next three years as part of a broader restructuring effort to enhance long-term competitiveness. This move is part of a larger European restructuring plan that primarily affects operations in Germany. The job cuts came amidst criticism of Ford's slow transition to electric vehicles (EVs), with the company starting 2024 with only one EV model, while competitors like BMW and Hyundai were surpassing EV sales targets.

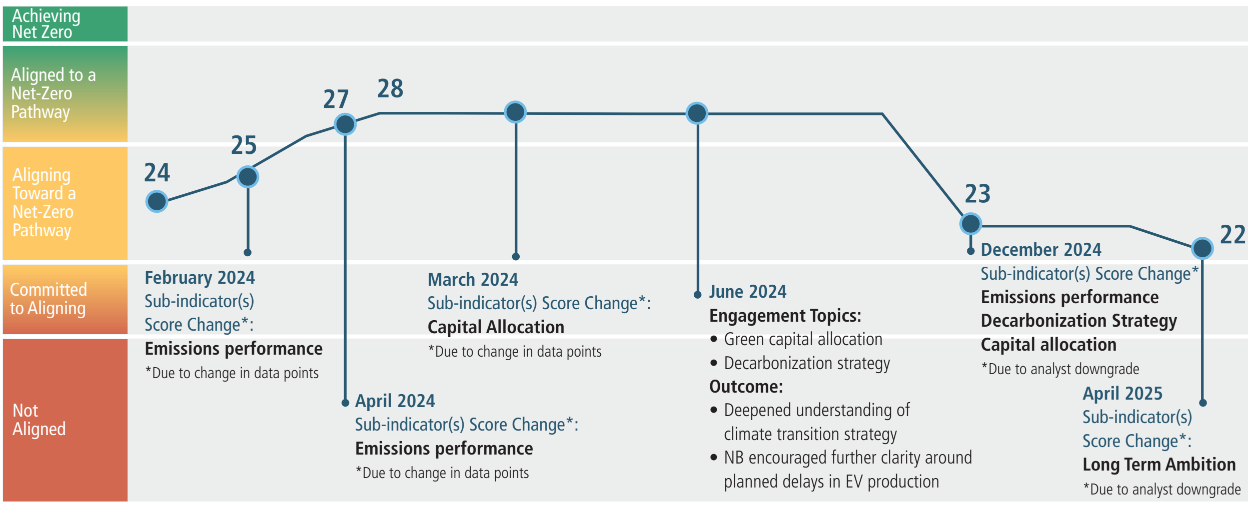
The revisions to Ford's Net-Zero Alignment Indicator score reflect this strategic pivot. Specifically, the decarbonization strategy sub-score was downgraded, as Ford's reduced EV rollout undermines its ability to achieve meaningful emissions reductions. The capital allocation sub-score was similarly reduced, reflecting Ford's diminished financial commitment to electrification. Lastly, the emissions performance sub-score was adjusted downward to account for the likely misalignment of the future emissions trajectory with 1.5°C targets due to slower EV adoption. These adjustments lowered Ford's overall Net-Zero Alignment Score and shifted its status from "aligned" to "aligning", a more conservative view of its net-zero alignment trajectory.

FORD'S RECENT PULLBACK ON THEIR ELECTRIFICATION STRATEGY HAS SLOWED THEIR DECARBONIZATION TRAJECTORY

	Factors Enabling Transition
Long-term Ambition	**Global carbon neutrality ambition no later than 2050** In Europe, targeting an accelerated decarbonization pathway and aiming to achieve carbon neutrality by 2035.
Short- and Medium-Term Targets	**Emissions reduction target across Scope 1,2 and 3 by 2035** Target to reduce Scope 3 emissions from use of products sold by 50% per vehicle km by 2035 from a 2019 baseline Target of 76% emissions reduction by 3025 for Scope 1 and 2 emissions. As of 2023, Ford has achieved 47% reduction compared to a 2017 baseline.

	Factors Hindering Transition
Decarbonization Strategy	**Delay in fleet electrification** Due to slower than expected EV adoption by consumers, Ford has announced delays in its deployment of electric models.
Capital Allocation	**Partial capital allocation disclosure** Ford discloses historical capital allocation including R&D and facility investments, but does not disclose planned investments. Anticipating a scale-back in capital allocation toward fleet electrification with change in strategy.

Net-Zero Alignment Status and Engagements Over Time



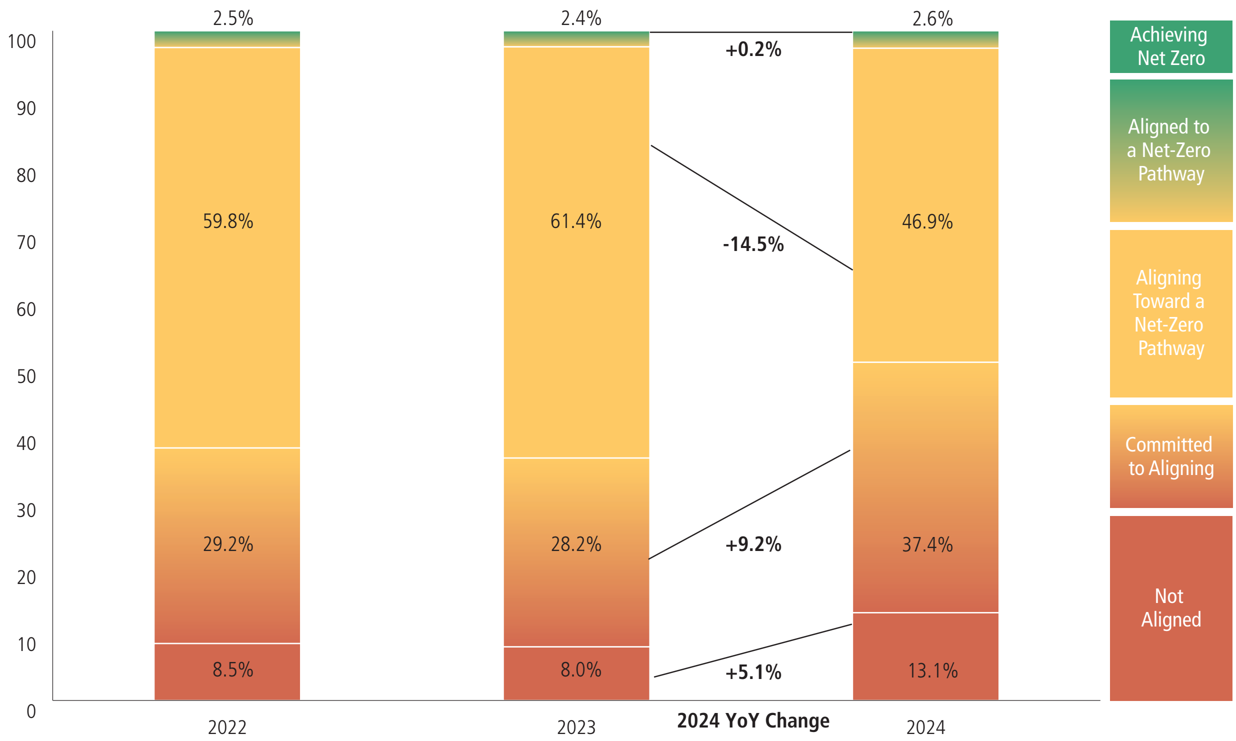
Nothing herein constitutes a recommendation to buy, sell or hold a security. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investing entails risks, including possible loss of principal. **Past performance is no guarantee of future results.** See Additional Disclosures at the end of this presentation.

CASE STUDY
WHAT IS THE REAL-WORLD PROGRESS TOWARD DECARBONIZATION?

Our Net-Zero Alignment Indicator reveals a deterioration in net-zero alignment of the MSCI World Index over the past year, driven by a combination of company trends and methodological enhancements. We observed a net negative shift among companies in critical areas such as stated ambitions, emissions targets and disclosure of credible transition plans, including the rise in removal of science-based targets, signaling a pullback in corporate climate commitments. Additionally, we raised the bar by expanding the number of sectors classified as "high impact" to ensure companies with significant value-chain emissions must meet more stringent criteria to achieve a higher alignment status. These developments reflect both the challenges companies face in maintaining credible climate commitments and the complexities of relying on timely, forward-looking data and predictive models, emphasizing the critical role of tools like our proprietary Indicator in navigating the path to decarbonization across time.

MSCI WORLD – YEAR-ON-YEAR CHANGE IN NET-ZERO ALIGNMENT

Alignment Status – Year on Year Change 2022[7] 2023[8] 2024[9] by Market Weight



Source: NB Net Zero Alignment Indicator Data.

[7] 31st of December 2022.

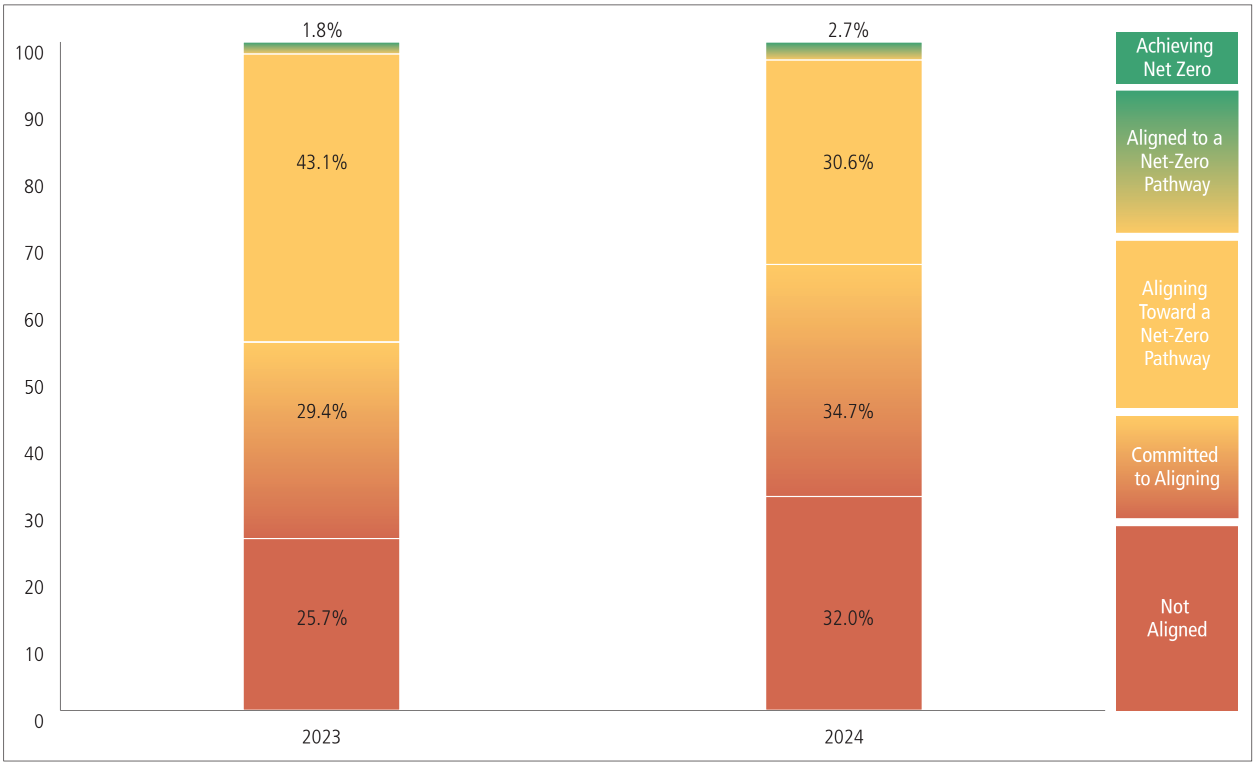
[8] 31st of December 2023.

[9] 31st of December 2024.

FIRM HIGHLIGHT
FIRM-LEVEL NET-ZERO ALIGNMENT

Over the past year, Neuberger Berman Group's Asset Under Management (AUM)[10] in corporate securities(footnote) saw a notable shift from the higher alignment statuses (Aligning, Aligned) toward the lower categories (Committed and Not Aligned). This change reflects the combined impact of enhancements to our Net-Zero Alignment Indicator model and underlying developments in companies' progress toward Net-Zero. These drivers have introduced greater rigor and transparency into our alignment assessments, while also highlighting the challenges companies face in maintaining credible climate commitments.

NET-ZERO ALIGNMENT STATUS FOR OUR PORTFOLIO – FIRM LEVEL AUM



Source: NB Net Zero Alignment Indicator Data.

[10] This assessment excludes lookthrough of funds and ETFs held in our portfolio.

STRATEGY HIGHLIGHT
CLIMATE TRANSITION MULTI-SECTOR CREDIT

Since its inception, the strategy's focus has shifted from solely on emissions reductions to also alignment and engagement. While the reduction of portfolio carbon footprints remains critical, the strategy prioritizes supporting high-emitting companies—particularly in the high-yield and bank loans, where many issuers are private—utilizing engagement to transition to a low-carbon economy. This approach ensures we address both current emissions and the systemic changes required for long-term decarbonization.

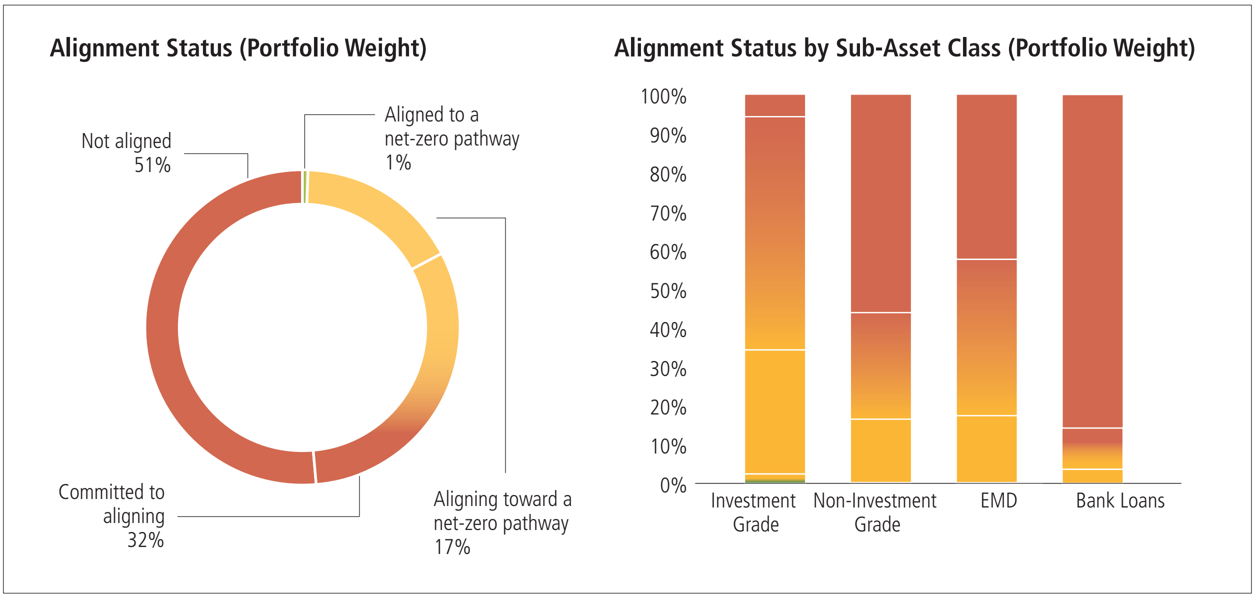
The strategy aims to achieve three key targets:

1. By 2030, at least 90% of corporate and quasi-sovereign exposures be considered as 'Achieving Net Zero', 'Aligned to Net Zero' or 'Aligning to Net Zero' or be subject to active engagement, with full 100% alignment targeted by 2050.
2. Reduce carbon footprint by a minimum of 30% by 2030 (relative to a 2019 baseline) and achieve net-zero by 2050.[11]
3. Securities contributing 70% of financed emissions are either aligning with net-zero pathways or subject to engagement on an ongoing basis.

Our Net-Zero Alignment Indicator plays a pivotal role in achieving these goals, tracking alignment progress at the portfolio level, conducting detailed company analyses, and informing targeted engagement efforts. By integrating the Indicator into every stage of the investment process, the strategy delivers a robust framework for real-world decarbonization while meeting ambitious climate objectives. As of December 2024, we were managing approximately $6 billion in Climate Transition Fixed Income strategies.

Portfolio Net-Zero Alignment Status

Majority of issuers in the portfolio are Committed to Aligning, Aligning Toward a Net-Zero Pathway and Aligned to a Net-Zero Pathway. Issuers that are currently Not Aligned are a key focus of our engagement strategy, which aims to help us understand issuers' transition plans and inform future positioning. In addition, we believe it is important to extend our analysis to asset classes that have historically offered poorer disclosure, but still play a vital role in financing the transition such as Non-Investment Grade Bank Loans.



As of December 31, 2024.

[11] The path to decarbonization is aligned with Paris goals and executed in line with the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investment Framework. 30% reduction relative to 2019 baseline.

STRATEGY HIGHLIGHT
CLIMATE TRANSITION PLUS – WORLD EQUITY

The Neuberger Berman Climate Transition Plus – World Equity strategy seeks to invest in companies globally that appear well positioned for a transition to a low-carbon economy. To achieve future carbon reductions, we leverage our proprietary forward-looking indicator – Neuberger Berman's Net-Zero Alignment Indicator, which provides bottom-up assessment of each company's progress toward achieving net zero. The Neuberger Berman Climate Transition Plus – World Equity strategy offers:

- **Better Net-Zero Alignment:** Relative to MSCI World,[12] exposure to the "Not Aligned" category is reduced from 13% to 2%, and the overall alignment score increases by 15%.
- **Carbon Reduction:** Over 45% carbon footprint[13] reduction relative to the MSCI World.[12]
- **Active Engagement:** 3,200+ annual equity engagements supported by a 25+ person Stewardship and Sustainable Investing group and 50+ person team of equity analysts. Approximately 73% of current portfolio holdings have been actively engaged.[14]
- **Targeted Risk Budget:** Quantitative portfolio construction designed to maintain target tracking risk of 1%.
- **Alpha Generation:** Balances risk budget between improving net-zero alignment and alpha opportunities.

Climate Transition Plus – World Equity Portfolio Net-Zero Alignment Status

Passive Sustainable/ESG Funds have gathered traction in recent years, but we believe that investors are becoming increasingly aware of the limitations and long-term risks associated with indexation.

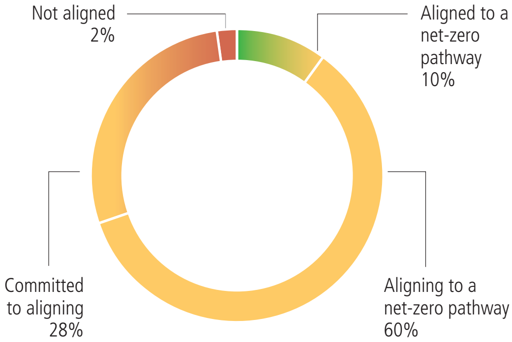
Equity indices have evolved from simple benchmarks to complex tools driving passive investing, which, while cost-effective, introduce hidden costs like tracking error and arbitrage risks, along with challenges to market efficiency and price discovery. Index providers make active decisions, such as free-float adjustments and rebalancing, leading to concentrated portfolios and biases.

Sustainable indices face additional issues, such as reliance on backward-looking carbon data, exclusionary criteria undermining capital allocation to high-emission sectors crucial for energy transition, and biases favoring low-emission companies. The 7% linear annual emissions reduction prescribed by the EU climate benchmark standards is not an accurate reflection of how the global economy is decarbonizing, and these indices are not built to respond to the dynamism of the transition. Passive fund managers also often struggle with effective engagement due to structural constraints, limiting their influence and support for important sustainability linked proposals. As a result, new iterations of climate transition indices are emerging in an attempt to keep up with the dynamic nature of the transition, as early commitments fall short of what is needed to meet the goals of the Paris Agreement.

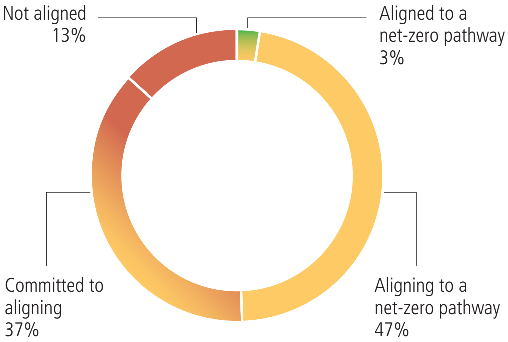
An active approach to Sustainable investing provides a tailored and flexible approach. Active managers can assess qualitative factors and prioritize companies making meaningful progress, even if their metrics appear temporarily unfavorable. This adaptability enables active strategies to identify opportunities for real-world impact while avoiding the unintended sector biases often inherent in passive indices. Active managers excel in engaging with company management and boards, and can dedicate focused expertise to hold companies accountable, influencing certain sustainability commitments and capital allocation decisions. Active strategies can mitigate the unintended risks and biases of passive indices, such as overexposure to low-emission sectors like technology at the expense of industries essential to decarbonization. Active managers are able to construct portfolios that align with client objectives for risk, return and sustainability.

More details can be found in our white papers: The Limitations of Passive Investing to Achieve a Net-Zero Outcome | Neuberger Berman (nb.com)

Alignment Status
(Climate Transition Plus – World Portfolio Weight)



Alignment Status
(MSCI World Index Weight)



As of December 31, 2024. Source: Neuberger Berman, MSCI ESG Research LLC and S&P Trucost.

[12] The MSCI World is a free float-adjusted market capitalization weighted index that is designed to measure the large- and mid-cap equity market performance of developed markets. With 1,546 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI World Index consists of the following 23 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

[13] Scope 1+2, Tons CO_2 / $mn Invested.

[14] Engagement data used is for calendar year 2024. Portfolio holdings as of December 31, 2024.

STRATEGY HIGHLIGHT
CFETS 0-5 YEAR CLIMATE CHANGE HIGH GRADE BOND COMPOSITE INDEX

As the world's largest emitter, China contributes approximately 30% of global GHG emissions, making it a critical player in achieving global climate ambitions. However, the pathway to net zero is unique in China, where high-emission industries dominate the economy, and substantial financing is required to support their transition. In this context, transition finance—a relatively new concept in China—has emerged as a critical mechanism to enable emission-intensive sectors to decarbonize. Recent progress in the development of 18 Chinese provincial transition taxonomies, as well as corporate climate transition plan disclosures, has laid the foundation for scaling these solutions. Building on this momentum, Neuberger Berman's China fund management company (NB China) sought to accelerate the development of transition finance in China by introducing an innovative investment vehicle designed to integrate globally recognized frameworks such as the Institutional Investors Group on Climate Change (IIGCC)'s Net Zero Investment Framework and Alignment Maturity Framework. This initiative aimed to bridge international best practices with China's policy and market landscape, fostering a more structured and credible approach to transition financing.

In April 2024, leveraging a proprietary Chinese climate transition assessment system based on the IIGCC Net Zero Investment Framework and Alignment Maturity Framework, NB China along with the China Foreign Exchange Trading System (CFETS) launched the CFETS 0-5 year Climate Change High Grade Bond Composite Index. In December 2024, NB China subsequently raised a 6 billion RMB (~$850MM USD) fixed income fund tracking this index, an important milestone in the Chinese asset management industry. This marked the first Chinese climate transition bond index focused on assessing the credibility and comprehensiveness of forward-looking climate transition plans of Chinese bond issuers. We believe this initiative is consistent with transition finance-related global best practices, including those outlined by the Transition Pathways Taskforce, which are expected to be incorporated into the International Sustainability Standards Board (ISSB) disclosures.

The launch of this index and fund reflects NB China's commitment to driving system-level climate finance progress in China by embedding accountability and action into corporate transition plans. The fund directs capital to high-impact sectors essential to China's decarbonization, such as utilities, financials and industrials, while excluding issuers with inadequate disclosures or misaligned strategies. At the heart of this initiative is NB China's proprietary China climate transition assessment score which assesses the ambition, targets, disclosure, decarbonization strategy and governance of Chinese climate transition plans. The score has three core attributes:

- **Adaptability:** The framework allows for the continuous addition of new factors and data sources, along with sector-based analyst insights. Sector-based analyst input is critical for assessing the increasingly complex nature of the energy transition, considering factors such as regional industrial policies, technological advancements, and corporate culture.
- **Sector-level considerations:** Custom models are built with sector-specific data points to address the unique decarbonization challenges faced by key Chinese industries. For example, a utility company may be evaluated based on its renewable energy mix, while a financial institution is assessed on its green financing activities. We believe the Chinese Ministry of Finance's alignment with ISSB standards will enrich the amount of sector-level datapoints for investors to consider over time.
- **Integration with engagement efforts:** The framework identifies gaps in issuer-level decarbonization plans, enabling targeted engagement with companies to encourage improvements.

Given the increasing need to drive transition financing in emerging markets, our methodology incorporates the principle of "Common but Differentiated Responsibilities" (CBDR) from the Paris Agreement, emphasizing the importance of fair share in climate action. The scoring system aligns with China's climate policies, including its 2060 net-zero target and carbon peaking by 2030, as outlined in the country's Nationally Determined Contributions (NDC). Companies that meet these national commitments are scored as "neutral", reflecting baseline compliance with China's climate trajectory. To foster ambition and global alignment, the framework goes further by incentivizing issuers to adopt a 2050 net-zero ambition, potentially leading to greater climate transition action by issuers in addition to providing incremental financing for them to transition. This approach not only recognizes the unique developmental context of emerging markets, but also encourages companies to take a leadership role in achieving more aggressive climate goals.

Finally, the involvement of the China Foreign Exchange Trade System (CFETS) as the index provider further strengthens the credibility and market impact for this initiative. As a sub-institution affiliated with the People's Bank of China (PBOC), CFETS plays a pivotal role in China's financial ecosystem, particularly in the interbank bond market. The collaboration with CFETS not only enhances the credibility of the index, but also helps build market awareness in China of the importance of climate transition plans in line with guidance from the Transition Pathways Taskforce.

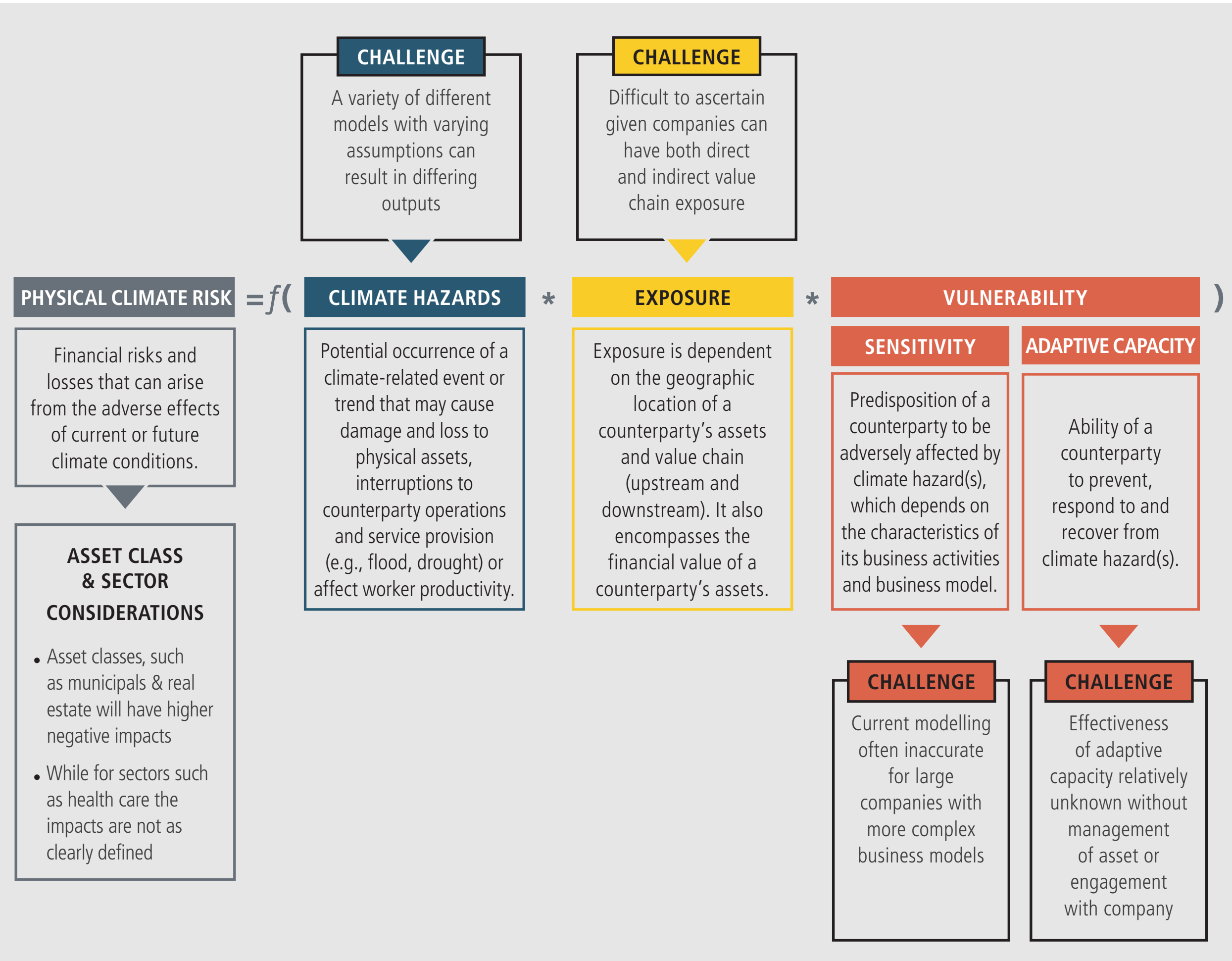
Assessing Climate Risk

Climate Value-at-Risk

We have implemented top-down scenario analysis for modelling transition and physical risks at the company level in line with the recommendations of the TCFD. This scenario analysis currently focuses on listed public equity and corporate-issuer fixed income holdings in the firm's U.S. mutual funds and international UCITS range.[15] The resulting CVaR considers transition risks, from both policy risk and technological opportunities related to the transition to net-zero emissions, and physical risks, including acute weather events and chronic changes in climate patterns. Security-level modeled data can be aggregated at the portfolio level, which helps portfolio managers understand CVaR for their portfolios.

CVaR provides a framework for identifying climate risk over the long term, and for assisting in understanding potential company exposure to physical and transition risks. However, because the CVaR relies on a number of projections and assumptions about future costs and company valuations under various scenarios, it has significant limitations in sectors where estimates are uncertain and imprecise over longer-term horizons. The physical risk output, for example, is highly relevant to industrial companies whose primary exposure comes through facilities location data, but doesn't account for insurance companies who are primarily exposed through their portfolios. It is our view that CVaR could be underestimating the physical climate risk component across all warming scenarios, but this is more acute in higher warming scenarios. For instance, while our results show greater climate value-at-risk under the 1.5-degree scenario, we believe physical risks under 2- and 3-degree scenarios could be higher than currently estimated. To address this critical gap, we are developing an internal climate physical risk assessment, which will enable us to more accurately measure and understand these risks at the sector and company level. The transition risk data may also underestimate the ability of companies in certain sectors, like airlines or cement, to pass through costs related to technology opportunities and policy risk. In general, all scenario analysis is dependent on top-down assumptions that need to be contextualized across sectors and individual issuers. As such, we believe that scenario analysis should serve as a starting point for further bottom-up analysis that more precisely identifies climate-related risks and financial materiality through issuer engagement.

THE COMPONENTS OF PHYSICAL RISK AND AVAILABLE DATA PRESENT LIMITATIONS



[15] This assessment excludes lookthrough of funds and ETFs held in our portfolios.

We review the aggregated CVaR results for firm-wide client holdings across listed public equities and fixed income. We are using the REMIND model under the Network for Greening the Financial System (NGFS) scenarios in line with industry recommendations, to understand the potential impact on client portfolios of orderly vs. disorderly scenarios. At year-end 2024, the coverage for this scenario analysis was $202 billion of assets under management (AUM).[16] Our standard approach centers around a 2°C orderly scenario. However, we also have the capability to estimate climate impacts across 1.5°C orderly, 1.5°C disorderly, 2°C disorderly and 3°C scenarios. The key differences in assumptions across scenarios are indicated in the table below.

The NGFS REMIND climate scenarios are built on a series of assumptions that influence their projections for climate change impacts and mitigation pathways. These assumptions underpin the evaluation of physical and transition risks associated with various climate pathways, and include:

- Calibration and Policy Trajectories
- Greenhouse Gas Emissions
- GDP Impact Modeling

Key Scenario Assumptions include:

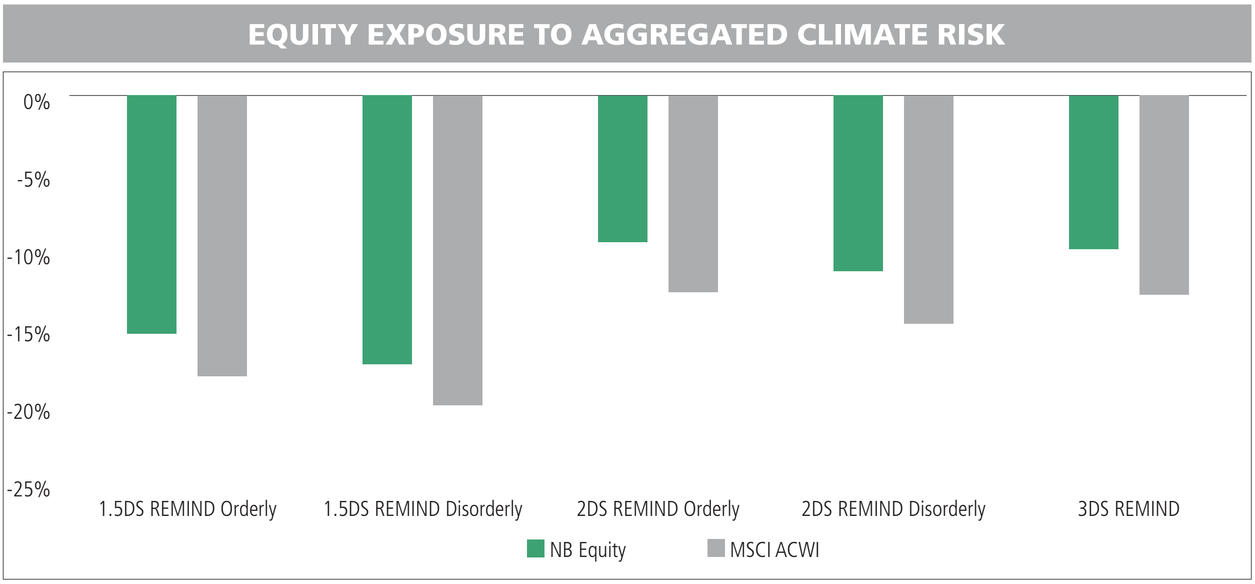
- Carbon Pricing and Emissions
- Socioeconomic Pathways
- Policy Timing and Coordination
- Technology Development:

The REMIND-based NGFS scenarios serve as vital tools for assessing physical and transition risks associated with climate change. Nonetheless, they may underestimate certain impacts due to limitations in modeling adaptation measures and climate tipping points.

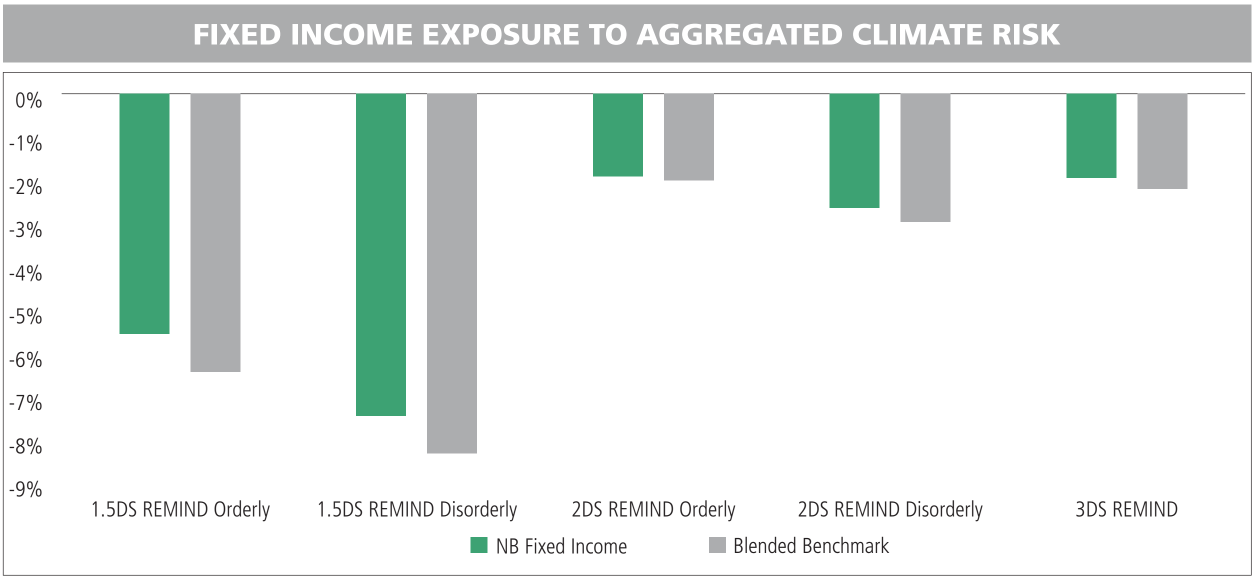
[16] The following asset classes are excluded from calculations: Money Market securities, derivatives (e.g. OTC, CMO), Repo, Private Equity, Private Debt, Mortgages, Agencies and Municipals.

Climate VaR Analysis Combines Physical and Transition Impacts Under Four Representative Temperature Pathways for Equity and Fixed Income Securities vs. Respective Benchmarks

Across all scenarios, our firm-wide Equity and Fixed Income client holdings are more resilient to climate risks than their respective benchmarks.



Source: MSCI.

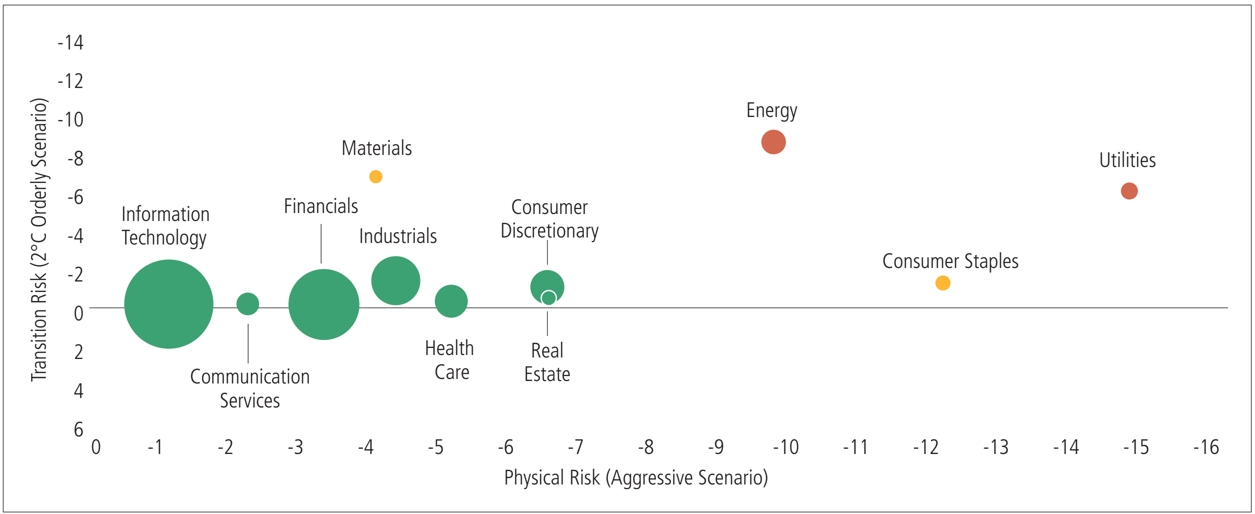


Note: Blended Benchmark: 65% BBG Global Aggregate Corporate Index/25%ICE BofA Global High Yield Index (HW00)/10%JP Morgan Corporate Emerging Markets Bond Index - Regular Diversified.

Source: MSCI.

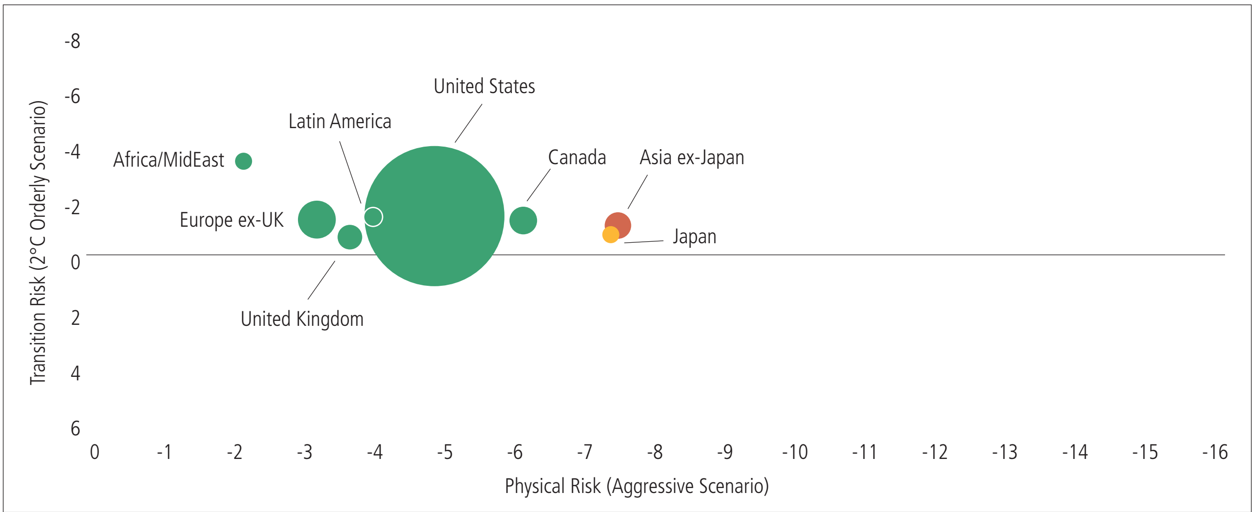
In addition, the holdings-level CVaR data allows us to identify key sectors and regions within Neuberger Berman Group holdings with the highest financial exposure to climate risks overall, as well as specific types of physical risks. While some sector/region combinations within the holdings face significant climate risk, we have a lower level of exposure to those sectors relative to overall investment in the region. In addition, our holdings in certain regions appear to have lower climate risk than the expected risk for those regions. In terms of physical risk, the assets we manage face lower physical risk than MSCI ACWI in all categories, and we have fewer positive effects from extreme cold and extreme snowfall.

LOWER LEVEL OF FINANCIAL EXPOSURE ACROSS THE NEUBERGER BERMAN GROUP HOLDINGS TO THE HIGHEST CLIMATE RISK SECTORS



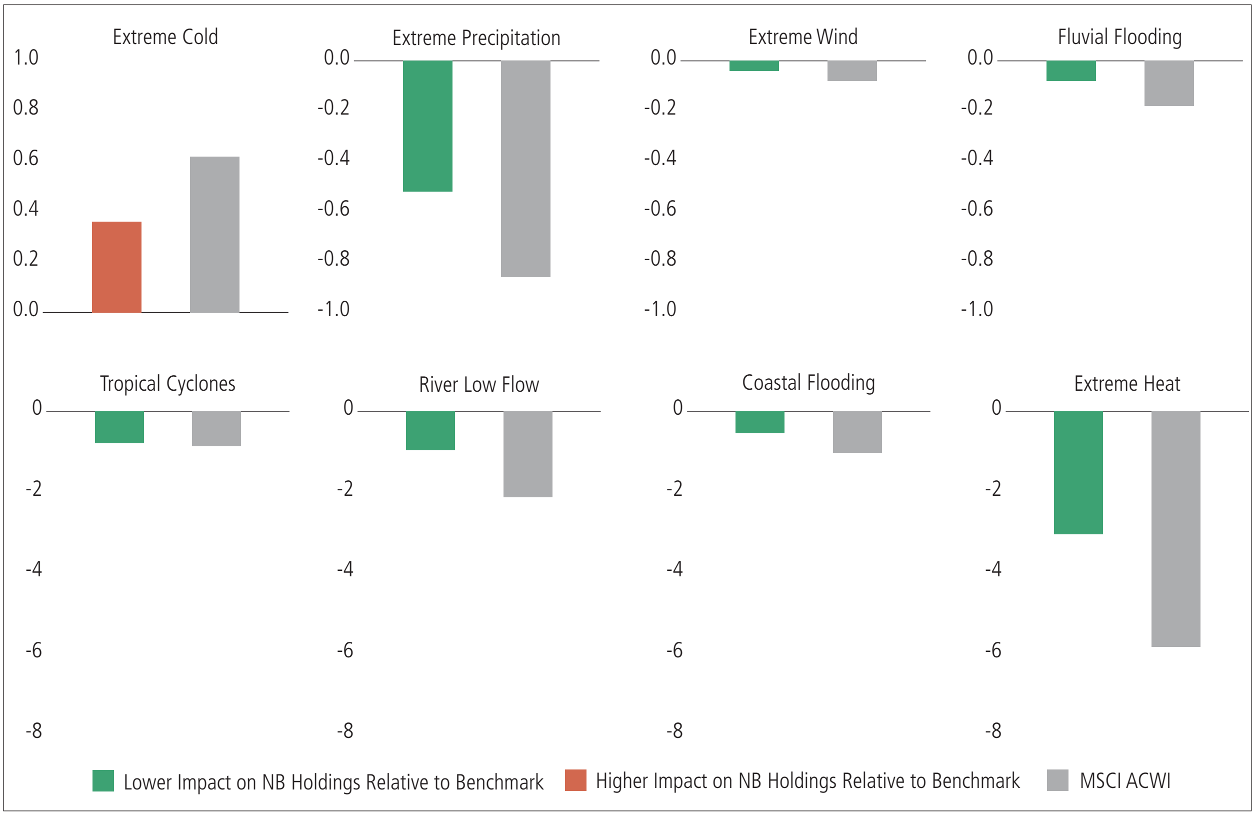
Source: MSCI. Climate impact by sector. Climate risk is shown from best overall (green) to worst overall (red). The circles represent holdings size.

LOWER LEVEL OF FINANCIAL EXPOSURE ACROSS THE NEUBERGER BERMAN GROUP HOLDINGS TO THE HIGHEST CLIMATE RISK REGIONS



Source: MSCI. Climate impact by region. Climate risk is shown from best overall (green) to worst overall (red). The circles represent holdings size.

LOWER IMPACT FROM MOST PHYSICAL RISKS ACROSS THE NEUBERGER BERMAN GROUP HOLDINGS COMPARED TO MSCI ACWI



Source: MSCI.

Other Climate Assessment Tools

Carbon Emissions

We understand that carbon-intensive securities, companies and portfolios will be more materially exposed to transition risks. Therefore, our portfolio managers have access to tools to track (i) carbon metrics at a point in time, and (ii) carbon metrics progress year over year. While the two main metrics portfolio managers track are carbon footprint and carbon intensity, they also have access to absolute emissions and apportioned emissions. Scope 1, Scope 2 and Scope 3 carbon metrics are available for listed public equities and fixed income issuers, subject to data availability across certain sub-asset classes.

Neuberger Berman ESG Quotient

The NB ESG Quotient, our proprietary environmental, social and governance factor ratings system, is built around the concept of measuring financially material sector-specific environmental, social and governance risks and opportunities. Thus, it considers energy efficiency, carbon emissions intensity, carbon footprint and low carbon opportunities where it is material at the sub-sector level. Where relevant, it also considers biodiversity impacts, resource intensity and waste management, and adherence to standards and regulations on impact to communities and the environment. The NB ESG Quotient covers 4,000+ equity ratings and 2,700+ credit ratings.

Climate Solutions

For clients focused on climate solutions, we can report on and set sustainability objectives around alignment with the EU Taxonomy (which identifies environmentally sustainable economic activities), as well as alignment with certain UN Sustainable Development Goals (SDGs).

For those invested in our impact strategies, we calculate estimated avoided emissions for portfolio companies where we deem it relevant to the investment thesis.

For fixed income clients looking for climate solutions exposure, we can set labeled bond targets, where options include green bonds, sustainability-linked bonds, or SDG-linked bonds with green themes.

For equity clients interested in decarbonization innovation as a theme, we also offer a Climate Innovation strategy. For this strategy, the investment team validates that >50% of incremental sales/EBITDA growth or capex is on theme on a bottoms-up, stock-specific basis. The data must be in recurring, publicly available filings (earnings transcripts, 10k, annual report, etc.) and it can be further informed by direct engagement with management. The investment team undertakes this process upon each new initiation and also updates it periodically to ensure all holdings remain on track.

STRATEGY HIGHLIGHT
HOW PHYSICAL RISK AND CLIMATE ADAPTATION APPLIES TO THE GLOBAL EQUITY IMPACT STRATEGY

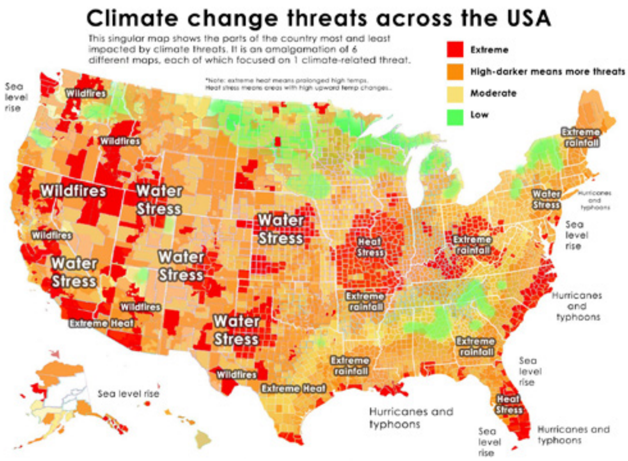
The Global Equity Impact team seeks long-term total return by investing in public companies with products and services we believe will deliver positive social and environmental outcomes. Across size, geography and investment style, we aim to identify attractive financial opportunities with high returns and free cash flow. Roughly a third of the portfolio holdings contribute directly to underlying climate targets of the United Nations Sustainable Development Goals (SDGs), which we use to consistently report on strategy outcomes annually.

As more severe weather events are linked to the impacts of climate change, climate adaptation is growing in relevance and importance as an investment theme. This creates risks and opportunities that we assess utilizing a variety of tools such as quantitative physical risk data and direct company engagement.

The potential impacts of climate change pose significant risks to physical assets, labor availability and supply chains. We assess these factors and engage with companies where relevant on the resilience of their operations to these potential shocks. Though our global equity impact portfolio generally has similar physical risk as the benchmark, according to third-party data, Baxter, NextEra Energy and HCA Healthcare all faced disruptions from hurricanes that impacted the U.S. Southeast. NextEra Energy's past investments and storm preparedness helped restore service faster than peers. For example, smart-grid technology avoided more than 700,000 outages and line undergrounding performed six times better than existing overhead distribution lines. Despite third-party data suggesting Baxter has low physical climate risk, Hurricane Helene forced Baxter to temporarily close a key production facility of IV solutions in North Cove, North Carolina, reducing sales in the fourth quarter. However, the company minimized the impact to patients through pre-moving inventory and stockpiles elsewhere. Since then, the company has been ahead of schedule in reopening the facility, has restarted IV manufacturing lines and expects important products to be back to 100% production levels by year-end. HCA saw two hurricanes impact its hospitals, and the company is working diligently to reopen its Largo Hospital in Pinellas County, Florida. Through HCA's large network and points of care, they have been able to effectively treat patients impacted by temporary hospital closures.

Climate adaptation also presents growth opportunities, particularly for businesses that provide solutions for preparing for and responding to climate change. Tetra Tech, an environmental consulting company, saw increased demand for its coastal resilience and disaster response practices following these same hurricanes. Trane Technologies, a provider of HVAC equipment, is seeing greater demand for its products as more extreme temperatures drive a need for greater energy efficiency in building heating and cooling. While Deere's precision agriculture technologies are helping farmers to deliver strong crop yields despite unpredictable weather patterns.

As we look to the future, we anticipate that adaptation will continue to increase in importance on the climate agenda. Our focus remains on managing the risks that climate change will pose to company's operations while also seeking out investment opportunities in those companies that are well placed to deliver solutions.

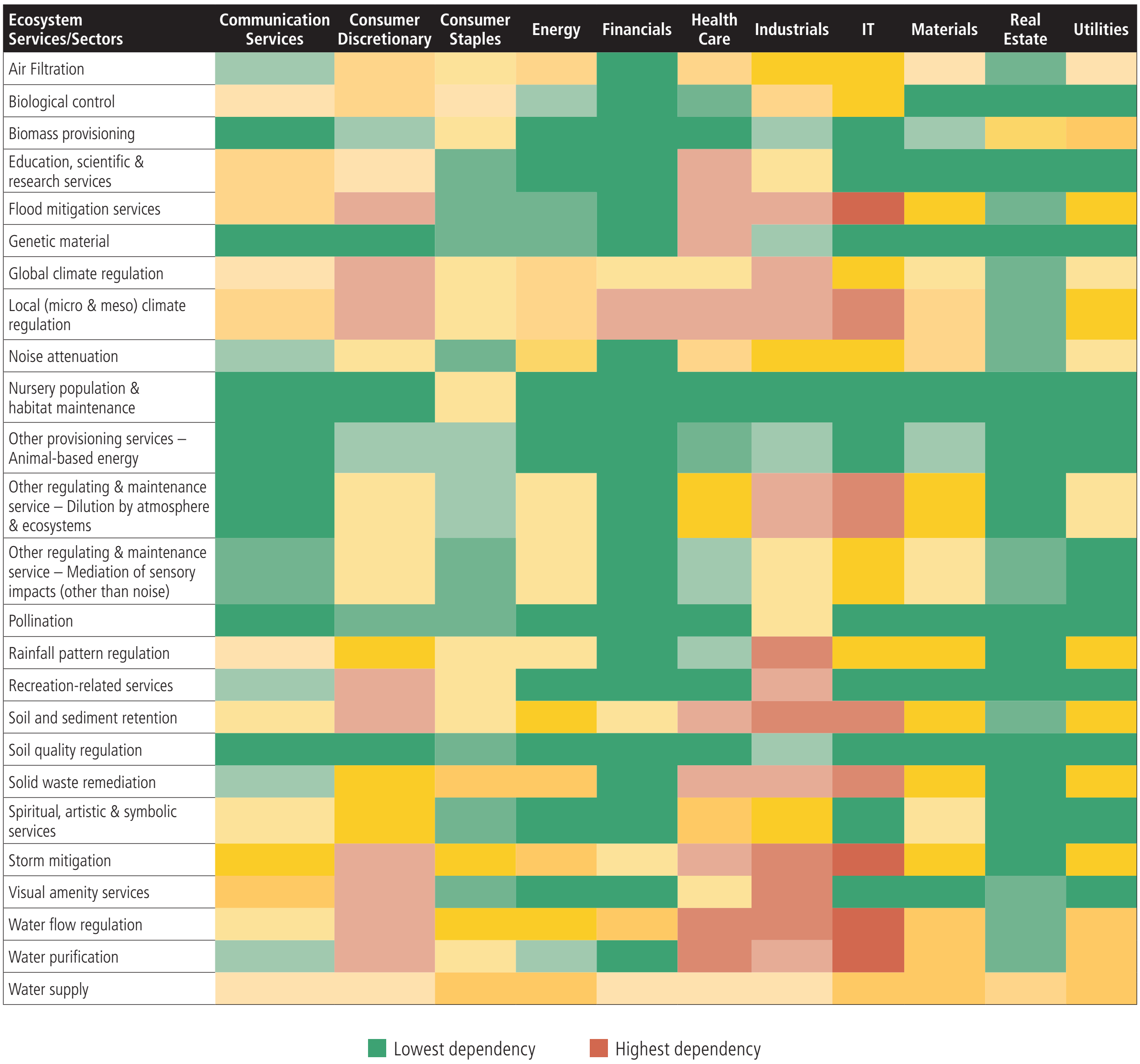


Natural Capital Assessment

Alongside our tools to assess climate-related risks, we have also created a top-down tool to assess where portfolios are exposed to financially material risks associated with dependencies and impacts on nature.

Using ENCORE, we have developed a natural capital heatmap, identifying sectors with the highest relative exposure to processes that are dependent on and impact ecosystem services. First, we create a coefficient at the sub-industry and ecosystem service level, which averages all the processes within the sub-industry and their level of dependency and impact on nature.[17] Second, we multiply the coefficient by NB's client AUM invested in the sub-industry[18] to get relative exposure. Finally, we sum up the exposure at the sector level.

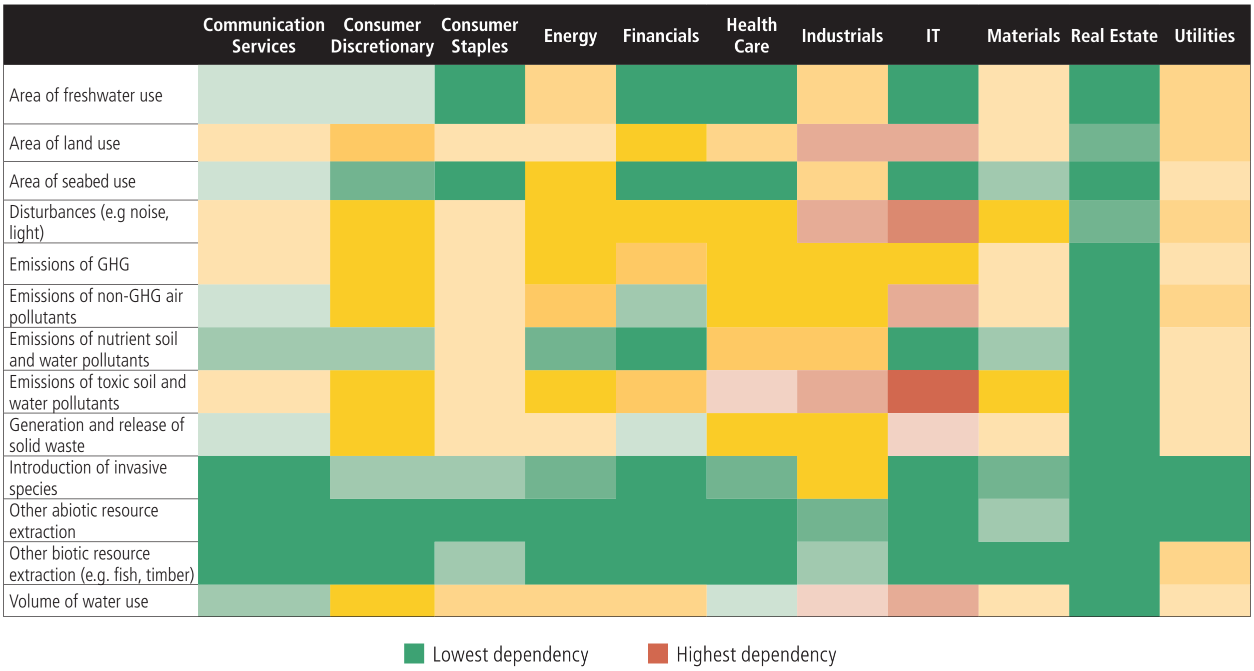
NATURAL CAPITAL HEATMAP SHOWING RELATIVE EXPOSURE TO DEPENDENCIES ACROSS NEUBERGER BERMAN'S CLIENT AUM[2]



[17] Our analysis involved aligning the International Standard Industrial Classification for All Economic Activities (ISIC), as presented in the ENCORE materiality map, with Neuberger Berman's Assets Under Management (AUM) categorized by the Global Industry Classification Standard (GICS). This process utilized the classification crosswalk provided by ENCORE, supplemented by a best-effort mapping for ISIC groups not covered within the crosswalk.

[18] This assessment excludes lookthrough of funds and ETFs held in our portfolio.

NATURAL CAPITAL HEATMAP SHOWING RELATIVE EXPOSURE TO IMPACTS ACROSS NEUBERGER BERMAN'S CLIENT AUM



The enhancements to the ENCORE framework in 2024[19] have materially refined the methodology, making direct year-on-year comparisons of analysis results more complex. Despite these changes, the updated framework highlights increased exposure to nature dependencies, particularly water resources, in the Information Technology and Telecommunication Services sectors, underscoring their reliance and preservation of critical environmental inputs. Furthermore, our exposure to the Information Technology and Industrials sectors continues to represent the largest contribution to nature-related impacts.

Biodiversity is very challenging to measure, and while there are exciting advances in the use of satellite data to measure forest cover or bioacoustics measurement to track species abundance per square hectare, we believe engagement is vital in validating biodiversity risks and achieving the best outcomes.

AI Integration

Recognizing significant advancements in Generative AI ("GenAI"), we decided to launch our proprietary NB ChatGPT program in the summer of 2023. Its interface is similar to the public OpenAI ChatGPT workspace with secure environments, maintaining full control over data usage and outputs. It is based on a Large Language Model (LLM) designed to generate human-like text responses, and documents can be uploaded and incorporated into queries.

Throughout 2024, we leveraged NB ChatGPT to enhance our sustainable and climate investing practices, driving efficiency and innovation across multiple dimensions. One of our key advancements is the Proxy Voting Dashboard, which streamlines the tracking of proxy voting and engagement opportunities related to ESG topics. This tool has already delivered significant time savings—over 60 hours during the proxy season—allowing our teams to focus on strategic, high-impact engagements. Similarly, the launch of our ESG AI Assistant within the NB-GPT platform has transformed the way our investment teams and research analysts interact with climate and other environmental data. By enabling conversational access to proxy statements and ESG controversy documents, the AI Assistant enhances both the speed and quality of decision-making across our investment processes.

Additionally, we continued to position ourselves as thought leaders in the application of AI to climate investing. Notable contributions include our NB-GPT driven labeled bonds check, as well as the development of an AI-enabled environmental engagement framework to address fragmented climate data. These efforts have not only improved governance and research efficiency, but have also supported deeper analysis and trend identification, such as validating net-zero alignment.

[19] The ENCORE framework expanded from 92 'production processes' to 271 'economic activities' aligned with the International Standard Industrial Classification (ISIC), offering a more detailed sectoral breakdown. Additionally, ecosystem services were reclassified to align with the UN's System of Environmental Economic Accounting, with Cultural Ecosystem Services newly included. Updates to materiality ratings, impact and dependency data, and the introduction of value chain links further enhanced the granularity and scope of analysis.

CASE STUDY
LEVERAGING GENERATIVE AI TO IMPROVE THE EFFICIENCY OF ASSESSING SUSTAINABILITY-LINKED LOANS IN THE EUROPEAN PRIVATE LOAN SPACE

Background

Sustainability-Linked Loans ("SLLs") aim to provide targeted investment for environmental / social projects, effectively linking capital with positive sustainability outcomes. However, SLLs themselves often do not satisfy a rigorous definition of impact investing. The NB European Private Loans ("EPL") team utilized the GenAI-driven NB Labelled Loans Checklist to screen the SLL for TEPSA.

Process

Neuberger Berman has created a proprietary labelled bonds checklist that applies to green, social, blue, sustainable, SDG, transition and/or sustainability-linked bonds and loans, for both corporate and sovereign issuers and loans. The checklist differs depending on the type of bond or loan, however we assess the following categories:

SUSTAINABILITY-LINKED LOAN CHECKLIST

Pre-Screen

Important considerations for assessing the quality of issuance –
NB assessment alignment to ICMA's Bond Principles/CBI, EU taxonomy eligibility

Accountability
- What is the green op-ex look-back period of the issue? (ideally no look-back)

Transparency
- Has the framework been reviewed by a recognized 2nd party opinion and is the framework transparent to investors?
- Is the issuer committed to report at least annually and for life of the bond (in respect allocation to the list of project proceeds)?
- Are KPIs measurable and quantifiable?

Additionality
- Is "additionality" being achieved?
- Is the capital raise going towards re-finance of existing projects or deployed onto new projects?

Strategy
- Issuer's incorporation of sustainability policies

Relevance
- What are the eligible projects and/or assets in consideration with proceeds?
- Are the targets relevant to the company and sector?
- Are they core and material to the overall business and of high strategic significance to future operations?

Ambition
- Are coupon step up targets sufficiently ambitious?
- What are the issuers UOP ambitions? (i.e. Is this a one-time issuance or has the issuer committed to further UOP issuance?)

We fed this checklist alongside the term sheet for TEPSA into NB ChatGPT. Identifying the bond as a SLL, we asked NB ChatGPT to answer the full checklist as well as provide sources that point back to the documentation.

Outcomes

The loan failed the checklist due to the lack of a second-party opinion and a defined framework for proceeds allocation. While the term sheet designates the instrument as a sustainability-linked financing, the EPL team did not classify it as such.

For illustrative purposes only. Source: Neuberger Berman.

Securitized Credit

Securitized investments and instruments vary substantially in collateral type and quality. However, they are uniformly real asset-heavy. As such, our approach has focused on understanding and evaluating the exposure of the underlying collateral pools to relevant climate hazards, physical risks, and implied social vulnerabilities and preparedness. Though tailored to the sub-sector, some of factors we consider include exogenous catastrophe risk and community preparedness, trends in energy consumption, fuel cost burden and emissions, and social vulnerability indicators that may impact collateral strength and bond repayment.

SECURITIZED PRODUCTS: ELEMENTS OF APPROACH TO SUSTAINABILITY AND CLIMATE INTEGRATION

	GOVERNMENT-SPONSORED ENTITIES (GSES)	COMMERCIAL MORTGAGE-BACKED SECURITIES (CMBS)	NON-AGENCY RMBS	AUTO ABS
METHODOLOGY	• Identify and evaluate ESG considerations most relevant to GSE economic performance • Assess GSE disclosure and performance on regulator-defined criteria	• Data science and regression analysis for insight into factor materiality • Collect and assess 30 relevant ESG factors • Backtest on CMBS Index1 (3,000 securities)	• Data science and regression analysis for insight into factor materiality • Perform two-layer ZIP code & state loan level mapping • Score loan-level data	• Data science and regression analysis for insight into factor materiality • Perform loan-level mapping to geographic and vehicle characteristics • Score loan-level data
RESEARCH AND DATA	• FHFA ESG criteria to evaluate GSE performance on affordable housing and equitable access to financing objectives & progress through conservatorship	• Combine factors using equal weights within E, S, and G • Compute final ESG factor score on equal-weight score of individual E, S, and G factors	• Map external data sets (e.g. FEMA Risk Index & Community Resilience Index) to loan ZIP codes • Automate data collection	• Map external data sets (e.g. DOE Fuel Economy statistics) to vehicle make / model / year and state • Automate data collection

SECTOR-RELEVANT MATERIAL FACTORS

Source: ICE BofA U.S. Fixed Rate CMBS Index.

Sovereigns

Climate risks are also as important to assess for sovereign issuers as they are for corporate issuers. For sovereigns, the effects of physical risk are particularly important and primarily transmitted through lower tax revenues—as a result of impaired corporates or households—and increased spending to fund adaptation measures.[20] We believe that an effective approach to assessing sovereign sustainability needs to be forward-looking, surmount the challenges of data limitations and be comparable to corporate sustainability measures. We measure climate risks and opportunities for sovereigns by leveraging carbon metrics, the NB Sovereign ESG Quotient and NB Sovereign Sustainability Assessment and Net-Zero Alignment Indicator for sovereigns.

Climate Risk Assessment and Net-Zero Alignment

The NB Sovereign ESG Quotient, which applies to all emerging and developed market sovereigns, includes eight environmental indicators that make up a combined 20% weight of the quotient: energy efficiency, climate adaptation, carbon emissions per GDP, carbon emissions trend adjusted for the economic cycle, air and household pollution, unsafe sanitation and tree cover loss. We also assess the level and trend of territorial net GHG emissions, adjusted for GDP, to understand climate mitigation efforts by the sovereign.

The Sustainable Emerging Market Debt Strategies excludes sovereign issuers who are in the top 25th percentile in territorial greenhouse gas emissions per GDP globally, absent improvement over the past three years. For these strategies, we also deploy a NB Sovereign Sustainability Assessment, which measures sovereigns' income-adjusted performance in climate change adaptation and mitigation. Leveraging Notre Dame Global Adaptation Initiative Country Index, we measure sovereigns' projected vulnerability to climate risks across six ccategories: food, water, health, ecosystem services, human habitat and infrastructure. Moreover, we measure readiness across economic, governance and social categories. Through this analysis, our portfolio managers can gain a better understanding of the risks to sovereigns that will be exacerbated by climate change, such as overcrowding, food insecurity, inadequate infrastructure and civil conflict.

We worked on enhancing our Sovereign Net-Zero Alignment Indicator by aligning the model with the IIGCC Net Zero Investment Framework for Sovereign Bonds. The refreshed model uses a number of quantitative data inputs to generate Net-Zero Alignment Status across Ambition, Targets, Disclosure of Emissions, Decarbonization Plan, Emissions Performance, and Budget/Capital Allocation Alignment for all in-scope sovereign bond issuers.

Natural Capital Assessment

The Ecosystem Vitality policy indicator from the Environmental Performance Index is also integrated into our NB Sovereign Sustainability Assessment to see how well countries fare in protecting their biodiversity and habitat, tackling agricultural and water emissions, and providing ecosystem services.

[20] Basel Committee on Banking Supervision, "Climate-related risk drivers and their transmission channels", 2021.

CASE STUDY

SUPPORTING CONSERVATION THROUGH ECUADOR'S $1 BILLION DEBT-FOR-NATURE SWAP

Background

We participated in a $1 billion bond issuance by Amazon Conservation DAC, a special purpose vehicle established to develop and implement a comprehensive conservation plan for the Ecuadorian Amazon. This innovative transaction, coordinated by The Nature Conservancy (TNC) in collaboration with Ecuador's Ministry of Environment, Water and Ecological Transition, represents a significant step forward in conservation finance. It combines financial restructuring with impactful environmental and social outcomes.

Transaction Overview

The bond proceeds enabled Ecuador to retire $1 billion of more expensive sovereign debt, generating substantial savings: $86.5 million allocated to Conservation Trust Capitalization and $21.5 million to Endowment Account Capitalization. These funds will support biodiversity conservation initiatives, climate change mitigation and the enhancement of indigenous community well-being across the Amazon region.

To mitigate risks, the U.S. International Development Finance Corporation (DFC) provides political risk insurance, covering 100% of the outstanding principal amount in the event of a default. Additionally, the World Bank's Inter-American Development Bank (IDB) offers a $155 million guarantee to cover up to two years of interest payments and legal fees. This robust financial structure ensures investor confidence while safeguarding the project's long-term viability.

Environmental and Social Impact

The project aims to deliver far-reaching benefits, including:

- **Conservation:** Protecting at least 1.8 million hectares of terrestrial and wetland habitats and 18,000 kilometers of rivers in the Ecuadorian Amazon.
- **Indigenous Empowerment:** Strengthening the capacity of indigenous communities to manage and conserve their territories, while fostering fair representation in project governance.
- **Economic Opportunities:** Enhancing access to sustainable livelihoods such as eco-tourism, sustainable fisheries and forestry, alongside encouraging bio-entrepreneurship and fair-trade markets.
- **Climate Action:** Promoting sustainable land and biodiversity management to advance climate change mitigation and adaptation efforts.

This transaction represents a holistic approach to conservation finance, blending financial innovation with meaningful environmental and social outcomes. By participating in this groundbreaking debt-for-nature swap, we are proud to support Ecuador's efforts to protect the Amazon rainforest, strengthen indigenous communities and contribute to global climate goals.

STRATEGY HIGHLIGHT
SUSTAINABLE EMERGING MARKETS DEBT HARD CURRENCY STRATEGY

The Neuberger Berman Sustainable Emerging Markets Debt Hard Currency strategy deploys a proprietary sovereign sustainability screen that goes beyond sovereign ESG scores and tilts the portfolio to best-in-class countries based on:

- **Climate-change preparedness and mitigation:** advancement in climate change adaption and mitigation based on income-adjusted Notre Dame Global Adaptation Initiative Index scores, Environmental Performance Index Ecosystem Vitality scores, net GHG emissions and the NB Net-Zero Alignment Indicator.
- **Progress on public health, education and tackling income inequality:** advancement in life expectancy, access to vaccinations and medical services, education, and tackling income inequality, based on the UNDP Human Development Index and WHO Global Health Observatory database.

In addition, the strategy integrates material ESG factors through the NB ESG Sovereign Quotient supported by proactive engagement, and also sets minimum thresholds and sovereign specific exclusions.

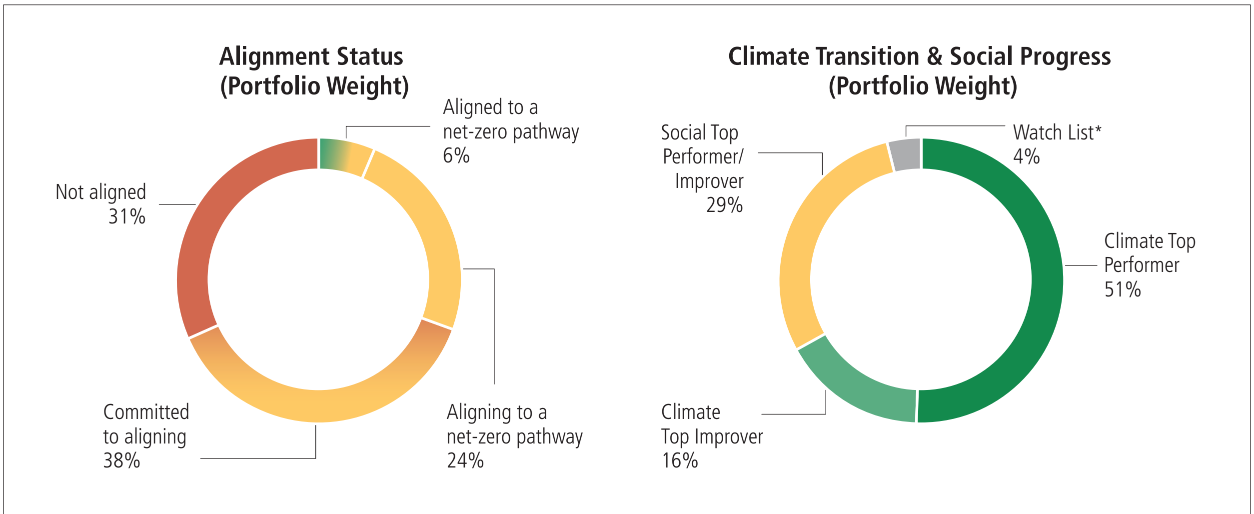
Portfolio Net-Zero Alignment and Sovereign Sustainability Assessment

The strategy measures countries' progress on climate mitigation and adaptation and, thus, preparedness for transition and physical risks. Portfolio exposure is tilted toward:

I. Countries in the top 25th percentile in latest year scores

II. Countries in the second 25th percentile showing improvement over latest three years

III. Countries further along the net-zero alignment status spectrum



Source: Neuberger Berman analysis, sovereign bond exposures only, as of December 31, 2024. For illustrative purposes only.

* Watchlist countries represents investments into green, social or sustainability linked bonds issued from countries we do not consider sustainable but reside on our watchlist, therefore these can be considered contributing to the environmental and social outcome of the strategy.

Private Markets and Alternatives

NB Private Markets generally focuses on environmental, social, governance factors that we believe are financially material on an industry and asset class basis. Given the breadth of our private markets platform, the financially material environmental, social, governance issues may vary by investment. However, our NB Materiality Matrix includes environmental as a dedicated potentially financially material factor category, along with supply chain, social, workforce, and leadership & governance.

Neuberger Berman believes that they afford investors the opportunity to benefit from upside by investing in climate solutions. The private equity industry also tends to invest in lower-carbon industries (e.g., technology and healthcare), which helps mitigate transition risk. However, the ability to mitigate transition risk differs between general partners (GPs), who tend to take controlling stakes in their targets, and thus have more direct influence, and limited partners (LPs), who exert their preferences mainly through capital commitments decisions and engagements with GPs.

In addition to our analysis of financially material environmental, social, governance factors, some clients have established climate goals and objectives. For these specific clients seeking these solutions, Neuberger Berman Private Markets has built tools and capabilities to support clients meet their objectives. For example, NB Private Markets developed a Manager Climate Assessment (the "Assessment") that can be utilized when conducting due diligence on primary fund commitments for select mandates. The Assessment was developed to help clients to analyze a GP on its progress on governance, financially material climate risk management, portfolio company engagement, and reporting, in relation to their own goals and objectives. It also serves as a starting point for engagement for these specific mandates, as well as to inform a relative assessment among peers and over time. In addition, also for certain mandates, NB Private Markets can provide annual carbon footprint reporting for Scope 1 and 2 financed emissions, informed by actual data and supplemented with estimation capabilities.

In 2024, NB Private Markets developed a Carbon Credits Questionnaire for select client Sustainable Forestry mandates for the purpose of evaluating a GP's quality assurance programs related to carbon credits. The questionnaire is based on industry standard guidance, including the Integrity Council for the Voluntary Carbon Market (ICVCM). With this tool, NB Private Markets assesses the GP's management of the quality of carbon credits generated from projects in invested funds, and results of the analysis are included in Investment Committee memos when certain funds or clients are involved in the investment.

Engagement remains a key means to collaborate with private equity managers. In addition to broader integration of financially material environmental, social, governance factors, on behalf of certain client mandates, NB Private Markets conducts targeted engagements with GPs on climate topics, including reporting GHG emissions, setting emissions reduction goals, and climate risk analysis, among others.

Within the alternatives space, there are some investment strategies where the assessment of climate risks is intrinsic to the class, for example, insurance-linked securities (ILS).

Note: "NB Private Equity" consists of Private Equity Investment Portfolios and Co-investment Platform and Private Equity Secondary Platform.

STRATEGY HIGHLIGHT
INSURANCE-LINKED STRATEGIES (ILS)

As an overarching theme, the ILS asset class involves the transfer of climate-related catastrophe risk into the broader capital markets. Insurance-linked securities are neither equity nor traditional debt, but rather support insurance contracts ready to pay when a predefined set of criteria are met, usually linked to the risk of large-scale, low-probability natural catastrophe events (i.e., hurricanes, earthquakes and wildfires). We believe this transfer of climate-related catastrophe risk into the broader capital markets contributes to the enhancement of corporate and societal climate resiliency, and that the ILS asset class is therefore unique in that it inherently incorporates many environmental and social factors as part of the direct investment process.

Neuberger Berman's Insurance-Linked Strategies seeks to generate risk-adjusted returns that are uncorrelated with traditional asset classes, with a focus on capturing natural event risk premium.

Strategy highlights:

- **Uncorrelated return strategy:** uncorrelated with traditional asset classes as returns are based on occurrence of large-scale, low-probability natural catastrophe events independent of financial markets
- **Active management approach:** uses short-term privately negotiated contracts with a data-driven, dynamic risk focus, providing for an edge over other reinsurance strategies
- **Specialized team:** 10 dedicated professionals with deep backgrounds in climate science, risk modeling, underwriting and portfolio management
- **Proven expertise:** experience in managing ~$3.4 billion in assets dedicated to insurance-linked investment[21]

Furthermore, our approach to the asset class promotes climate adaptation by quantifying acute physical climate risks and developing products that transfer the risk and contribute to growing an innovative risk transfer market. We quantify climate risks by applying deep expertise in the use and application of catastrophe models and proprietary tools. The risk products and the risk transfer expertise we then provide promote societal resilience by facilitating faster disaster recovery and relief financing.

ENTITIES THAT HAVE UTILIZED THE CATASTROPHE BOND MARKETS TO FACILITATE NATURAL CATASTROPHE RISK TRANSFER

THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

$4.03bn of protection obtained

Notes covering worldwide earthquake, named storm and pandemic risk issued near-annually since 2017

MTA

$525mn of protection obtained

Notes covering New York storm surge risk issued in 2013, 2017, 2020 and 2023

TWIA TEXAS WINDSTORM INSURANCE ASSOCIATION

$5.10bn of protection obtained

Notes covering Texas named storm and severe convective storm risk issued in 2014, 2015 and annually since 2017

FEMA

$308bn of protection obtained

Notes covering U.S. flood risk issued annually since 2018

AMTRAK

$275mn of protection obtained

Notes covering U.S. earthquake and named storm risk issued in 2015

LA DWP

$80mn of protection obtained

Notes covering California wildfire risk issued in 2020 and 2021

NB ILS has participated in issuance from all of the above sponsors since our inception in June 2009

Source: Neuberger Berman. This material is intended as a broad overview of the portfolio managers' current style, philosophy and process.

[21] As of December 31, 2024, includes all investment vehicles managed by the NB ILS team.

BUSINESS STRATEGY & OPERATIONS

Beyond our investment portfolios, we acknowledge that climate change is likely to influence Neuberger Berman's business strategy, financial planning and operations in a variety of ways. This encompasses areas such as the design of investment solutions to address evolving client demand, the selection and management of our facilities, and our approach to accessing capital. To address these challenges, we have identified key channels through which climate risks may impact our business operations and have aligned the timeframe definitions for assessing critical impacts with those applied to our investment activities.

CLIMATE RISK CHANNELS FOR BUSINESS STRATEGY & OPERATIONS

Risk	Description	Timeframe of Critical Impact	Business Risk
Physical: Acute	Risks from increased severity of extreme weather events, including cyclones, flooding, river low flow and wildfires	Long-term	Physical damage to offices, business disruptions due to extreme weather events, increased insurance premiums
Physical: Chronic	Risks from increased variability in weather patterns, including wind gusts and precipitation, and temperatures, including extreme heat and extreme cold	Long-term	Increased operating expenses to allow people and equipment to continue working under extreme heat and cold
Transition: Policy	Risks from climate transition regulation that can affect a company's direct operations, suppliers or customers	Short-term, medium-term and long-term	Increased complexity of sustainability disclosures, both for our business (under e.g., the EU's Corporate Sustainability Reporting Directive (CSRD)) and investment products (e.g., fund disclosure rules in the EU, U.K. and U.S.)
Transition: Technology	Risks from failing to create or transition to new low carbon emissions technologies	Short-term, medium-term and long-term	N/A
Transition: Market	Risks from changing consumer behavior, increased costs of raw materials and uncertain market signals	Short-term, medium-term and long-term	Meeting demand from new and existing clients to implement and monitor climate objectives requires using third-party data and developing internal infrastructure. In addition, internal education and hiring resources necessary to support clients in meeting their climate goals
Transition: Reputation	Risks from negative stakeholder feedback resulting from inadequate climate action	Short-term, medium-term and long-term	Increased costs of maintaining robust governance procedures to avoid greenwashing investment products

CLIMATE OPPORTUNITY CHANNELS FOR BUSINESS STRATEGY & OPERATIONS

Opportunity	Description	Timeframe of Impact	Investment Opportunity
Resource Efficiency	Opportunities from efficiency in use of water and raw materials	Long-term	Decreased operating expenditures for leased offices
Energy Source	Opportunities from use of lower emissions sources, supportive policy incentives and new technologies	Short-term, medium-term and long-term	Decreased operating expenditures for leased offices
Products & Services, Resilience	Opportunities from development of climate mitigation and adaptation solutions	Short-term, medium-term and long-term	Growing demand from new and existing clients to offer strategies that deliver climate outcomes such as climate transition and climate solutions
Markets	Access to new markets, use of public sector initiatives	Short-term, medium-term and long-term	Access to Green, Social or sustainability-linked credit, Securitized Debt, Municipal Bonds

Policy Advocacy & Industry Collaboration

Policymakers play an important role in setting reporting and disclosure standards and reducing greenwashing by clarifying sustainability-related terminology, we therefore proactively engage with them, through formal letters to financial regulators and responses to policy consultations, on topics ranging from corporate disclosure of sustainability metrics to fund disclosure and labelling regimes.

Throughout 2024, we engaged on policy discussions and consultations impacting asset managers, our clients and investee companies, including:

- The European Commission public consultation on the Level 1 review of the Sustainable Finance Disclosure Regulation (SFDR) to support the enhancement of the current regime through streamlined disclosures and, potentially, the introduction of voluntary labels
- The Financial Reporting Council (FRC) roundtable on the proposed revision of the U.K. Stewardship Code, where we shared our support on the simplification of the code, as well as constructive feedback on the definition of stewardship and other key points
- The U.K. Sustainability Disclosure Standards Technical Advisory Committee (TAC) Stakeholder Snapshot survey to share our perspectives on sustainability reporting standards and support the use of the ISSB standards in the U.K.
- The Hong Kong Institute of Certified Public Accountants (HKICPA) consultation on the adoption of the ISSB standards in Hong Kong to support the alignment of local reporting requirements to the ISSB's global baseline
- The U.K. Transition Finance Market Review (TFMR) public consultation, on which we provided feedback to the U.K. Government through the Institutional Investors Group on Climate Change (IIGCC) on the promotion of capital allocation to assets transitioning to net zero and
- Other non-regulatory consultations, including on the introduction of the PRI's Progression Pathways framework, the GFANZ consultation on Index Guidance to Support Real-Economy Decarbonization, and the TPI consultation on the TPI tool expanding the Management Quality (MQ) framework

To exchange insights and best practices with industry peers and bring our expert views to the table on policy/regulatory topics, we also find it valuable to be an active member in key investor trade associations and other bodies. We are members of the Investment Association's Stewardship Committee and Climate Change Working Group, the Investment Company Institute's ESG Advisory Group, the European Fund and Asset Management Association's (EFAMA) ESG and Stewardship Committee and other groups that actively contribute to sustainable finance 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.

Our Contribution to Climate-Focused Industry Organizations

We recognize that we have a vested interest to improve the functioning of capital markets as a whole. We believe supporting best practices in stewardship and sustainable investing activities is an important part of this effort. We believe this can best be achieved by engaging with clients and others in the investment industry, including by conducting joint research on climate-related topics and supporting the creation and use of industry-standard tools.

In light of this commitment, we continue to be signatories to the Net Zero Asset Managers Initiative (NZAMI) and believe our involvement is consistent with the discharge of our fiduciary duties to clients. We understand that NZAMI 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.

EXAMPLES OF THE ROLE WE PLAY IN KEY CLIMATE-RELATED ORGANIZATIONS

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
- Bondholder Stewardship and EU Policy Working Groups

The Net Zero Asset Managers initiative

- Signatory

Ceres

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

Climate Action 100+

- Individual engager

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

CDP

- Investor member and signatory
- Supports CDP's work running the leading global disclosure system for self-reported company environmental data.

For further detail on our engagement with industry groups and trade associations, please refer to Principle 10 of our Investment Stewardship report.

CLIMATE-FOCUSED CLIENT EVENTS

Harvard Business School (HBS) Case Study Discussion

During Climate Week NYC (September 22–29, 2024), we had the privilege of hosting clients at our New York office for a discussion centered around the "Investing in the Climate Transition at Neuberger Berman" case study authored by Professor George Serafeim of Harvard Business School. The case study highlights our innovative efforts to help clients meet their climate transition objectives, such as the development of the Net-Zero Alignment Indicator, which has been instrumental in driving real-world climate solutions across our fixed income and public equity strategies.

The session provided a unique opportunity for over 30 institutional allocators, including pension funds, family offices and other institutional investors—representing a collective USD4.1 trillion in investment portfolios—to engage in a rigorous debate about active versus passive investing, the role of judgment in evaluating climate transition strategies and the value of informed engagement. Following the event, clients concluded that an active investment approach is essential, whether the goal is minimizing climate transition risks or aligning portfolios with specific climate objectives.

Professor Serafeim is a renowned expert in ESG financial materiality, climate transition and impact-weighted accounts. His course at HBS, "Risks, Opportunities and Investments in an Era of Climate Change (ROICC)", equips students to navigate sustainability challenges. The case study on Neuberger Berman is a cornerstone of the financing module, underscoring the complexity of sustainability issues and the need for nuanced approaches.

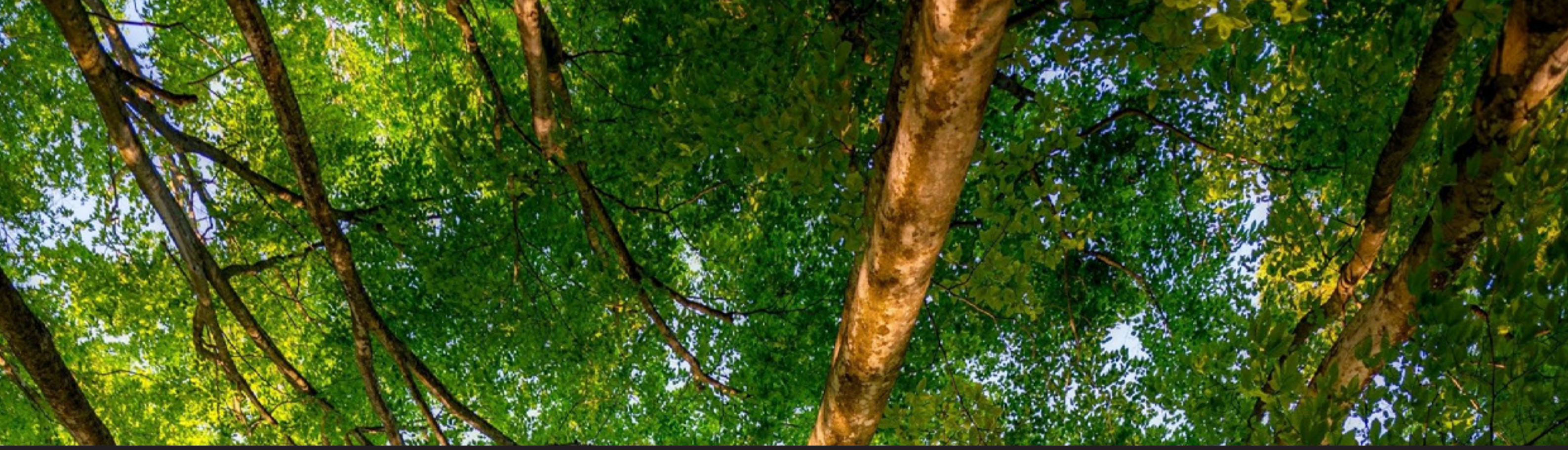
Key Insights from Our Global Climate Roundtables

Throughout the year we engaged with sustainability leaders at some of the largest institutional asset owners globally to understand their priorities and perspectives on critical climate issues. Three key themes emerged:

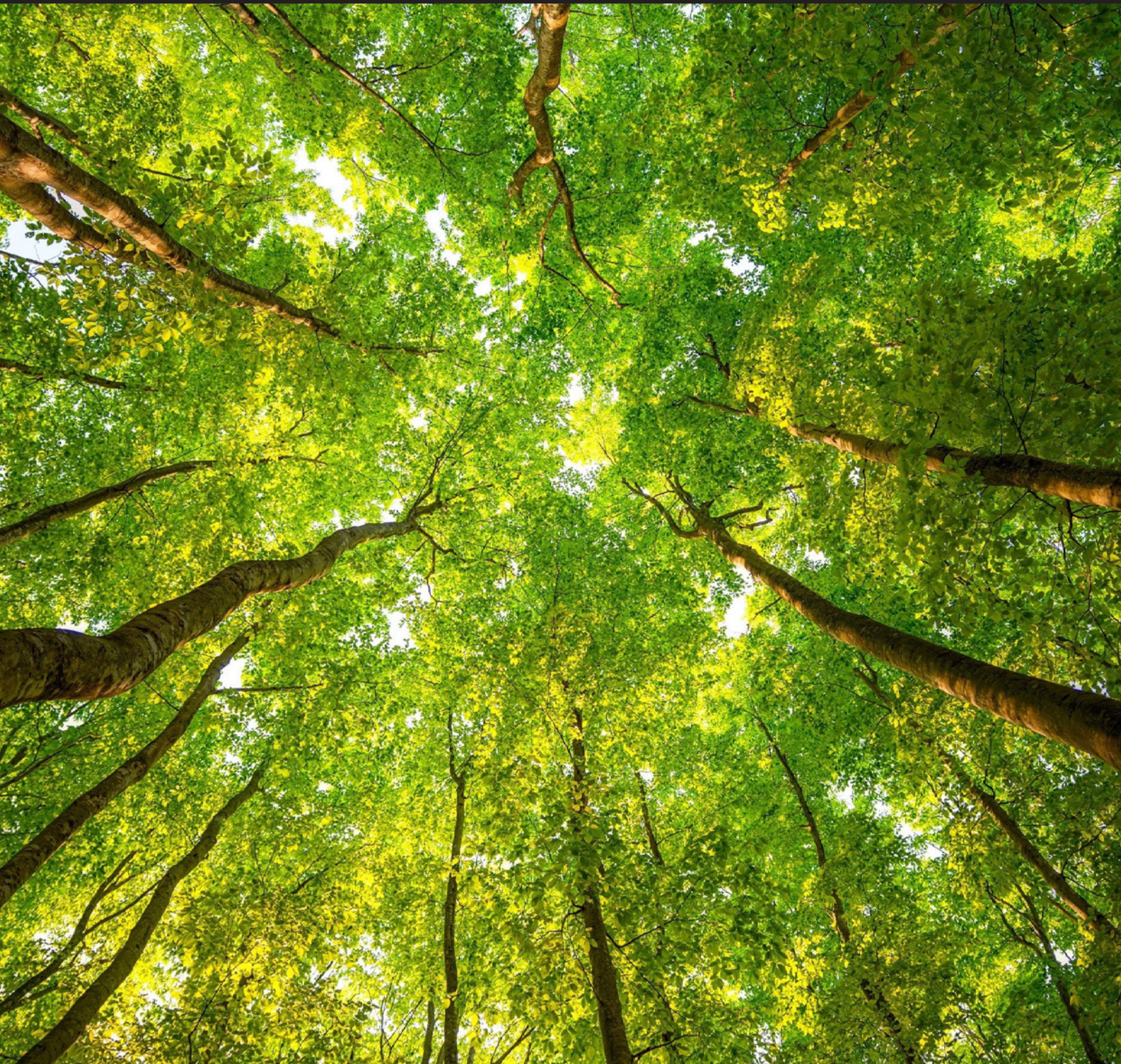
1.5°C Targets: Aspirational or Outdated?
While some questioned the rigidity of the 1.5°C target, asset owners agreed it remains a vital North Star for systemic change. However, with global warming accelerating and carbon budgets shrinking, breaching the threshold could necessitate significant policy revisions and impact investors with existing climate commitments.

The Case for Adaptation and Resilience
Climate adaptation is increasingly recognized as critical, but challenges persist—uncertain returns, systemic complexity and long timelines make it less attractive than mitigation. Asset owners emphasize the need for consistent frameworks and multi-stakeholder collaboration to unlock opportunities and complement mitigation efforts.

Navigating "China Risk" in Climate Strategies
China is projected to contribute over 50% of the global increase in renewable capacity by 2030, having achieved its 2030 target of installing 1.2TW of wind and solar capacity six years ahead of schedule, propelled by its national climate goal and declining technology costs. However, many investors underestimate its supply chain role and associated risks, such as human rights concerns. Asset owners highlight the need for a total fund perspective to balance these risks and capitalize on China's role in the global energy transition.



RISK MANAGEMENT



Neuberger Berman identifies, assesses and manages climate risks material to its business through a framework that is jointly implemented by The Stewardship and Sustainable Investing Group, the Investment teams, and the Internal Audit and Enterprise Risk teams.

The Stewardship and Sustainable Investing Group ("SSI") team is responsible for providing guidance on avoidance policies that are applied to certain mandates or funds to minimize climate risks; supporting company or sovereign engagement efforts on climate risks; and engaging in discussions with policymakers and regulators to promote transparency and clarity on climate topics. The Investment teams are responsible for assessing climate risks and opportunities at the company level; in process-focused investing strategies, the conclusions drawn from this assessment may be used in pricing securities and assessing risk, whereas outcome-focused investing strategies with specific climate transition objectives may be used to drive specific climate outcomes. Climate risk assessments can also be used to identify engagement priorities.

The Enterprise Risk team, comprised of the Investment Risk and Business Risk teams, oversee financially material environment, social and governance-related risks, including climate risks, as part of the firm's top-down Risk Framework and Governance structure. The firm has established a Risk Appetite Statement, which defines the Risk Framework's five key pillars: Strategic, Financial, Investment, Operational and Regulatory Risk. The framework assesses the level and types of risk that the firm is willing to accept to achieve its strategic objectives and plans, and to ensure compliance with applicable regulatory requirements. We have also identified a set of Risk Categories, which are detailed on our Risk Register, an inventory of operational risks, and this includes climate risk. This is complemented by a bottom-up approach to identify and manage climate risks throughout a product life cycle alongside all risk inherent to the activities conducted. Climate-related risk is integrated throughout the process of defining, measuring and monitoring identified through each portfolio's risk profiles. Throughout this process, climate-related risks are identified both at the entity and product level and assessed accordingly in respect of significance toward the risk appetite level and possible financially material impacts.

The Enterprise Risk team regularly engages with portfolio managers and the SSI Group on strategy- and fund-level financially material environment, social and governance-related risks, which may include reviewing key ESG metrics, including those related to climate such as carbon emissions and CVaR, as well as implementation of avoidance policies and sustainability disclosure regulatory obligations on specific mandates or funds. The Head of Business Risk and the Head of Investment Risk also chair the ESG Product Oversight Committee, which oversees previously approved sustainability-related commitments made at the product and/or investment strategy level, and is a member of the ESG Product Committee and the Stewardship and Sustainable Investing Committee.

Finally, the Internal Audit team performs full-scope audits of the Stewardship and Sustainable Investing function and evaluates the integration of financially material environmental, social and governance factors into the investment process, which may include climate risks and opportunities assessments, of individual investment teams.

INVESTMENT PORTFOLIOS

Within investment portfolios, we leverage two key pillars to identify and manage climate risks: (i) minimum standards, and (ii) company or sovereign engagement.

Minimum Standards for Certain Vehicles

For certain clients and investment vehicles, we have a number of avoidance policies designed to meet client climate and sustainability objectives and comply with regulations in specific jurisdictions.

- **Thermal Coal Involvement Policy:** The Neuberger Berman Thermal Coal Involvement Policy applies to all of our co-mingled U.S. registered mutual funds, exchange traded funds, and closed-end funds and international UCITS and QIAIF fund ranges. Consistent with our fiduciary duty to clients to provide attractive investment returns while mitigating risk, unless otherwise specified in the relevant fund documentation, investments in companies that have more than 25% of revenue derived from thermal coal mining or are expanding new thermal coal power generation (as defined in the policy) are subject to formal review and approval by the Neuberger Berman Stewardship and Sustainable Investing Committee (the "SSI Committee") before the initiation of any new investment positions in the securities of such companies. We will also subject existing investments in companies that: (i) increase their revenue derived from thermal coal mining to more than 25%; or (ii) expand new thermal coal power generation, since the initiation of the investment position, to formal review and approval by the SSI Committee. The Neuberger Berman Thermal Coal Involvement Policy does not apply to sub-advised funds.
- **Global Standards Policy:** The Neuberger Berman Global Standards Policy applies to all of our UCITS and QIAIF portfolios that have been categorized as either Article 8 or Article 9 financial products in accordance with the Sustainable Finance Disclosure Regulation ("SFDR"). The policy excludes violators of (i) the United Nations Global Compact Principles ("UNGC Principles"), (ii) the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("OECD Guidelines"), (iii) the United Nations Guiding Principles on Business and Human Rights ("UNGPs") and (iv) the International Labour Standards ("ILO Standards").
- **Controversial Weapons Exclusion Policy:** The Neuberger Berman Controversial Weapons Policy reflects our commitment to supporting and upholding international conventions that prohibit the production of controversial weapons. Accordingly, all European-domiciled equity, fixed income, and multi-asset UCITS and QIAIF funds exclude investments in securities issued by companies involved in the manufacture of controversial weapons, as defined in the policy.
- **Sustainable Exclusion Policy:** The Neuberger Berman Sustainable Exclusion Policy is implemented for certain mandates and funds that are either labeled as sustainable, or impact, or specifically opt-in to using this exclusion policy. The Policy represents the Neuberger Berman minimum standards for sustainable funds and applies a higher level of exclusions to perceived controversial sectors than the exclusions applied under the Neuberger Berman Thermal Coal Involvement Policy, the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Global Standards Policy. This policy prohibits investment in securities of issuers involved in tobacco production, manufacturing of civilian firearms and companies that own, operate or primarily provide integral services to private prisons. The policy has specific thresholds relating to coal, unconventional oil and gas supply (oil sands), conventional oil and gas, and electricity generation from thermal coal, liquid fuels (oil) and natural gas.
- **EU Climate Benchmark Standard Exclusions Policy:** The Neuberger Berman EU Climate Benchmark Standard Exclusions Policy applies the EU Climate Transition Benchmark or the EU Paris-Aligned Benchmark exclusions to in-scope UCITS and QIAIF funds to the extent outlined in the policy with the aim of meeting the requirements of the European Securities and Markets Authority in its "Guidelines on Funds' Names Using ESG or Sustainability-related Terms".
- **Private Markets Avoidance Policy:** NB Private Markets Avoidance Policy applies to new investment opportunities made on behalf of certain clients and commingled funds who have elected to adhere to the Policy and seeks to minimize exposure to financially material risk factors, including topics related to sanctions, controversial weapons and human rights, among others. The potential for additional avoidance and other considerations is driven by the investment teams, client mandates, third-party label requirements or regulations.

Our separate accounts can be customized based on a client's expressed values and preferences.

Company and Sovereign Engagement

We use engagement as a tool to mitigate exposure to financially material transition and physical risks by encouraging companies and sovereigns to enhance disclosures, evaluate their practices, and make changes to mitigate potentially material risks where necessary. In 2024, the highlights of our climate stewardship included:

- Publishing 39 vote intentions for shareholder proposals as part of NB Votes, our advance proxy-voting initiative, of which three vote intentions related to material climate-related topics.
- Discussing material climate topics over 2,000 times with corporates.
- Updating our engagement guides to include guidance on net-zero alignment, carbon markets, sustainability reporting standards, nature-related risk and sector-specific guidance for 44 sectors.
- Supporting 67% of Just Transition-related shareholder proposals, where company-specific considerations around financial materiality warranted our support.
- Engaging with private equity managers on a range of climate-related topics. During these engagements, we encourage greater disclosure of climate-related data such as carbon emissions and serve as a platform to disseminate knowledge and education related to net-zero initiatives and implementation considerations.

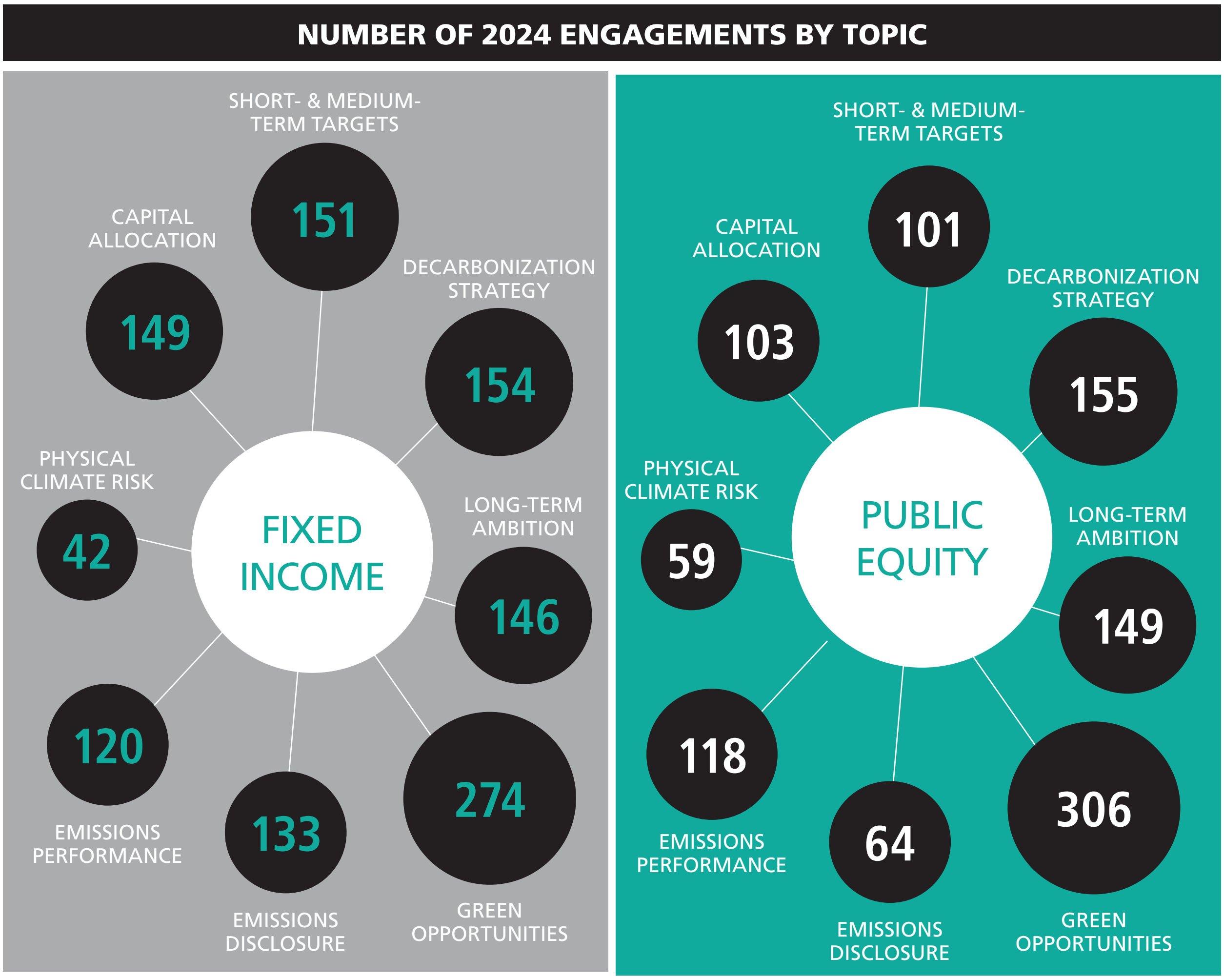
Listed Equity and Corporate Fixed Income

At Neuberger Berman the public fixed income and equity research analysts collaborate and share resources for external engagement. We believe that this is a real strength as all teams can leverage, and ultimately benefit from, the engagement activities conducted across the various asset classes. Occurrences that prompt engagement may differ depending on asset class. For example, a public equities team may seek to engage with a company regarding an upcoming proxy vote at a company's annual general meeting, while a fixed income team on our public markets side may seek to engage with an issuer regarding an upcoming issuance or a material change to the issuer's credit profile. Research analysts and portfolio managers track these engagements in dedicated research management tools for both public equities and corporate fixed income.

Our climate change engagement priorities 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 companies are managing financially material physical and transition risks; and tracking management responsiveness and progress toward their stated goals. In addition to asking companies for emissions disclosure, we also ask for TCFD-aligned reporting. We believe escalation of engagement should be investment-driven, taking into consideration matters such as investment objectives, issuer-specific circumstances and our history of engagement. In the event that an issuer is not taking sufficient action to manage material climate risks, we may take investment action if we believe the financial risks warrant such a response.

For high emitting companies, the Net-Zero Alignment Indicator allows us to undertake more targeted stewardship in areas where a company is making less progress toward net-zero alignment. Research analysts and portfolio managers can drive targeted engagement toward very specific areas of improvement. As a result, the indicator creates a positive feedback loop: research analysts and portfolio managers can conduct engagements on the weakest sub-indicators, and the company's responses can be fed back into the indicator to enhance our insights. In 2024 we started tracking engagements mapped to the sub-indicator categories of the net-zero alignment indicator for equities, investment grade and high yield credit.

Between January 1, 2024, and December 31, 2024, our corporate engagement efforts included:



CASE STUDY
USING THE NET-ZERO ALIGNMENT INDICATOR FOR ENGAGEMENT WITH CHEVRON

Preparation

In preparation for engaging with Chevron, we assessed its climate strategy using the Net-Zero Alignment Indicator, evaluating performance across the six sub-indicators: Long-Term Ambition, Short- and Medium-Term Targets, Emissions Performance, Disclosure, Decarbonization Strategy, and Capital Allocation. Weaknesses were identified in several areas: Chevron's long-term ambition remains aspirational, lacking concrete net zero targets for Scope 3 emissions, which represent 87% of its total emissions. Its decarbonization strategy is limited, with no transparency on planned renewables capacities and significant reliance on CCUS and offsets, while capital allocation remains heavily fossil fuel-driven, with 90% of capex through 2028 directed toward oil and gas. Emissions performance was also flagged as misaligned with net-zero pathways, relying heavily on offsets and innovation.

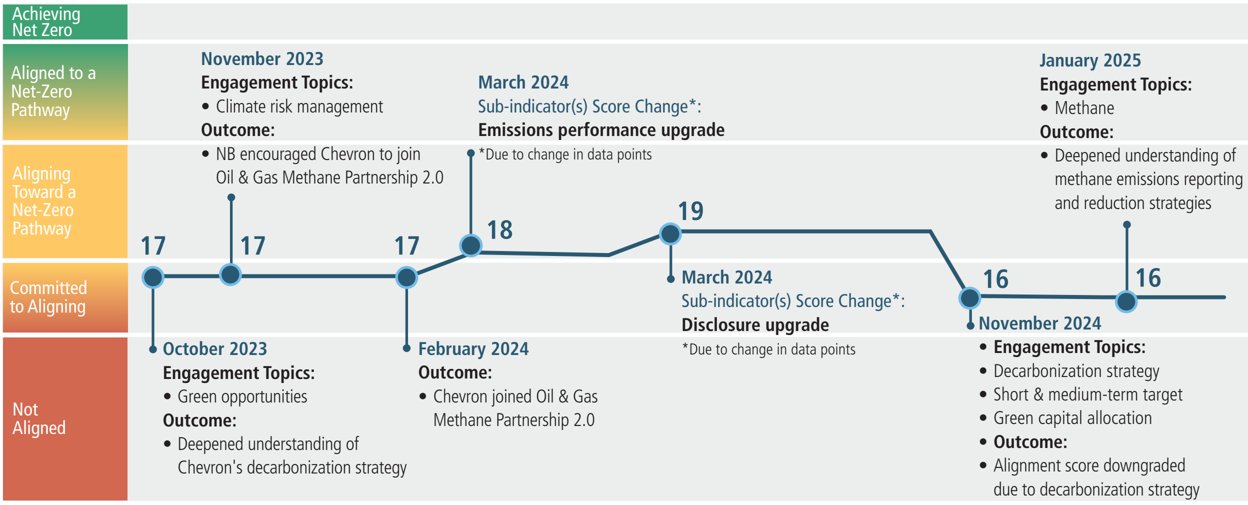
Engagement Conversations

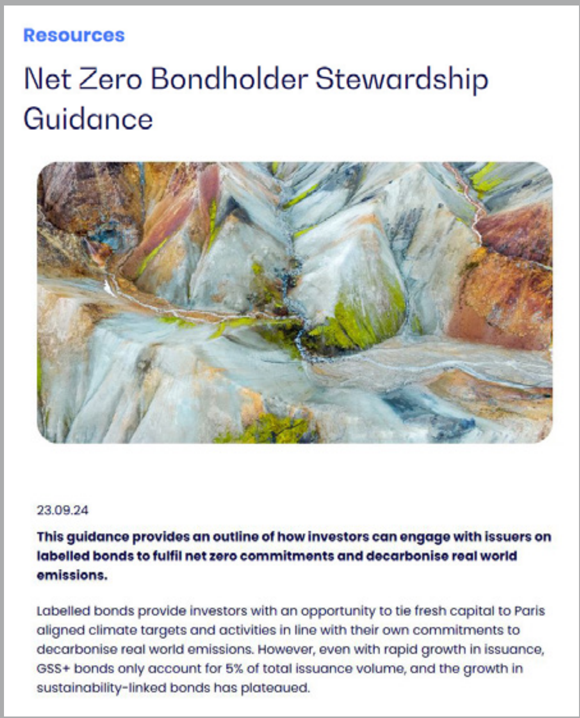
During the engagement call, we sought clarification on Chevron's climate strategy, focusing on its use of CCUS, hydrogen production, scope 3 emissions and capital allocation transparency. Chevron acknowledged challenges in incorporating scope 3 emissions into its targets, citing a lack of credible pathways to net-zero. While the company emphasized its focus on leveraging existing assets for climate solutions, it revealed that nearly half of its $8 billion earmarked for lower-carbon projects had already been allocated to initiatives that have already occurred. Chevron's reliance on blue CCUS was reiterated, alongside plans for further methane reduction technologies. However, the lack of clear innovation and offsets details raised concerns about the robustness of its emissions roadmap.

Outcomes Following Engagement

Following the engagement, we adjusted Chevron's Net-Zero Alignment Indicator score to reflect these insights. The decarbonization strategy sub-indicator was downgraded from 3 to 1 due to insufficient green revenue (2.87%) and limited renewable energy initiatives, aligning it with peers like ExxonMobil. This revision resulted in Chevron's overall Net-Zero Alignment Indicator score being downgraded to "Committed to Aligning," reflecting its lagging position relative to industry leaders.

Net-Zero Alignment Status and Engagements Over Time





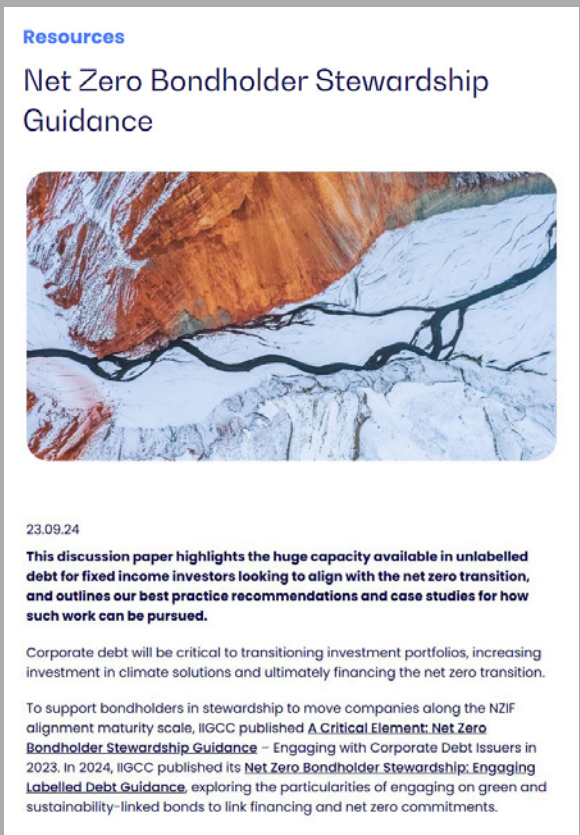
Resources

Net Zero Bondholder Stewardship Guidance

23.09.24

This guidance provides an outline of how investors can engage with issuers on labelled bonds to fulfil net zero commitments and decarbonise real world emissions.

Labelled bonds provide investors with an opportunity to tie fresh capital to Paris aligned climate targets and activities in line with their own commitments to decarbonise real world emissions. However, even with rapid growth in issuance, GSS+ bonds only account for 5% of total issuance volume, and the growth in sustainability-linked bonds has plateaued.



Resources

Net Zero Bondholder Stewardship Guidance

23.09.24

This discussion paper highlights the huge capacity available in unlabelled debt for fixed income investors looking to align with the net zero transition, and outlines our best practice recommendations and case studies for how such work can be pursued.

Corporate debt will be critical to transitioning investment portfolios, increasing investment in climate solutions and ultimately financing the net zero transition.

To support bondholders in stewardship to move companies along the NZIF alignment maturity scale, IIGCC published A Critical Element: Net Zero Bondholder Stewardship Guidance – Engaging with Corporate Debt Issuers in 2023. In 2024, IIGCC published its Net Zero Bondholder Stewardship: Engaging Labelled Debt Guidance, exploring the particularities of engaging on green and sustainability-linked bonds to link financing and net zero commitments.

CASE STUDY: CONTRIBUTING TO THOUGHT LEADERSHIP

Working with the IIGCC Bondholder Stewardship Group to shape guidance engagement best practices

Background: Bondholders play a critical role in the corporate bond ecosystem, which totaled $22.5 trillion in 2022—significantly larger than global equity issuance. However, bondholders lack tools like proxy voting that equity investors use for engagement. Leveraging our extensive experience engaging with debt issuers, Neuberger Berman became a founding member of the Institutional Investors Group on Climate Change (IIGCC) Bondholder Stewardship Working Group. In January 2024, we were appointed co-Chair of this group, which aims to strengthen bondholders' influence through best practices and effective engagement strategies.

Key Contributions: In 2023, Neuberger Berman contributed to IIGCC's report "A Critical Element: Net-Zero Bondholder Stewardship Guidance – Engaging with Corporate Debt Issuers," which provides a six-step toolkit for bondholders to enhance their climate stewardship practices. Building on this, in 2024 we contributed to two key papers: Engaging Labelled Debt Guidance and Net Zero Bondholder Stewardship: The Potential for Unlabeled Debt Discussion Paper.

The Engaging Labelled Debt Guidance addresses inefficiencies in labelled debt markets, offering best practices for engagement and showcasing our proprietary labelled bond checklist, which evaluates bonds beyond their labels by assessing the sustainability credentials of issuers. The Unlabeled Debt Discussion Paper advocates for engaging general-purpose bond issuers to improve transparency and integrate net-zero factors, as well as leveraging regulatory frameworks like CSRD, TCFD and the EU taxonomy, to align capital to company net-zero commitments. These contributions highlight our dedication to providing actionable solutions for investors seeking alignment with climate goals.

Source: https://www.iigcc.org/resources/bondholder-stewardship-potential-unlabelled-debt-discussion-paper.
Source: https://www.iigcc.org/resources/bondholder-stewardship-engaging-labelled-debt.

PUBLIC EQUITY IMPACT ENGAGEMENT CASE STUDY
EAGLE MATERIALS

COMPANY	ALIGNMENT STATUS	ISSUE	CATEGORY	ASSET CLASS	INVESTMENT TEAM	SECTOR	ENGAGEMENT STATUS
EAGLE MATERIALS	NOT ALIGNED	CARBON EMISSIONS	ENVIRONMENTAL	EQUITIES	SMALL CAP, MULTI CAP OPPORTUNITIES	MATERIALS	ONGOING

Cementing Progress in Emissions

Background

Eagle Materials is a low-cost manufacturer of essential construction materials, including cement and gypsum wallboard. The company is in the midst of a multiyear modernization that should ultimately allow it to reduce costs and comply with more stringent environmental regulations. However, technology is not yet in place to meaningfully reduce the carbon impact of cement, thus reinforcing the value of tracking its usage and seeking alternative products to reduce carbon footprint.

Scope and Process

Over several years, we maintained regular engagement with Eagle to discuss a range of sustainability issues. In particular, we spoke with the Chief Financial Officer and investor relations officer about improving the collection of sustainability data and public disclosure on financially material environmental, social and governance topics. Given the carbon-intensive nature of cement production, we emphasized the importance of addressing carbon emissions. We also asked that they introduce science-based goals on Scope 1 and 2 emissions, and explore the use of alternative materials and technologies to reduce carbon footprint.

Outcomes and Outlook

In response to our efforts and those of other investors, the company gradually improved its level of disclosure, providing Scope 1 and Scope 2 emissions for first time in its latest sustainability report. It is accelerating the production of alternative products, including Portland limestone cement, and modernizing plants with less energy-intensive kilns. Not only will these plant upgrades cut carbon emissions and improve compliance with relevant environmental regulations, but they will increase capacity, lower manufacturing costs, and have a strong return on investment. In addition, Eagle is working closely with the Department of Energy to identify new technologies for carbon capture. Although it aspires to achieve net-zero emissions, given technology constraints the company remains reluctant to commit to a specific date to fully achieve this goal. However, it has established intermediate goals, reflecting its commitment to maintaining progress.

We plan to continue engaging with Eagle on establishing science-based carbon emissions reduction targets, and on enhancing its sustainability practices.

CORPORATE DEBT ENGAGEMENT CASE STUDY
PERFORMANCE FOOD GROUP

PERFORMANCE FOOD GROUP	NOT ALIGNED	RESPONSIBLE SOURCING	ENVIRONMENTAL	FIXED INCOME	NON-INVESTMENT GRADE CREDIT	FOOD & BEVERAGE	COMPLETE
COMPANY	ALIGNMENT STATUS	ISSUE	CATEGORY	ASSET CLASS	INVESTMENT TEAM	SECTOR	ENGAGEMENT STATUS

Sourcing Palm Oil Responsibly

Background

Performance Food Group (PFGC) is one of the largest food service distributors in the U.S., selling ingredients, preprepared foods and other products primarily to convenience stores and restaurants. It operates in an industry in which environmental effects within the supply chain pose financially material risks if not properly managed. Palm oil is a popular raw material found in many packaged foods that accounts for a meaningful portion of PFGC's sales. Unfortunately, the oil has often been associated with adverse environmental and social impacts, including deforestation and harm to wildlife, and human rights and working conditions concerns, reinforcing the importance of responsible sourcing.

Scope and Process

We have maintained a long relationship with PFGC, including regular engagement over the past five years. The process included various discussions with its management team, including the Chief Financial Officer, Treasurer and Investor Relations. Over time, we encouraged the company to more effectively document the sourcing of the palm oil used in its products. Although the company prioritized responsible sourcing, it did not maintain any certification, traceability disclosures or targets to do so. To help establish best practices, we asked that the company join the Roundtable on Sustainable Palm Oil (RSPO), the global standard for sustainable palm oil. The RSPO requires documentation and commitment to responsible sourcing, including compliance with established environmental and social criteria.

Outcomes and Outlook

In October 2023, PFGC acted on our request to become a member of the RSPO, and in February 2024 established a palm oil policy. We will continue to engage with the company around sustainable sourcing initiatives and disclosures, including maintaining its RSPO membership. In addition, we plan to focus our future engagements on reducing food waste and increasing the use of low-carbon transportation technologies.

SOVEREIGNS

Engaging with sovereign issuers on climate-related issues presents unique challenges compared to corporate issuers, but remains an important area of focus where opportunities arise. A sovereign issuer's trajectory toward sustainability is influenced by geographical, historical, demographic and socioeconomic factors, often resulting in gradual and modest progress. As investors, we rely on commitments made by policymakers, such as those outlined in Nationally Determined Contributions (NDCs). However, these high-level documents often lack detailed implementation strategies. We view it as our responsibility to assess how a sovereign intends to fulfill its commitments and identify gaps in execution, such as incomplete transition plans for key sectors like transportation or agriculture. We believe that engagement through industry initiatives can play a meaningful role in enhancing a sovereign's climate resilience and supporting its ability to deliver sustainable, long-term returns.

SOVEREIGN DEBT ENGAGEMENT CASE STUDY
BRAZIL

BRAZIL	EMISSIONS TARGETS	ALIGNING	ENVIRONMENTAL	FIXED INCOME	EMERGING MARKET DEBT	ONGOING
COUNTRY	ISSUE	ALIGNMENT STATUS	CATEGORY	ASSET CLASS	INVESTMENT TEAM	ENGAGEMENT STATUS

Background

Brazil already boasts one of the cleanest energy mixes globally, with renewable sources accounting for 48% for total energy demand and 90% of electricity generation as of 2022. At the time of our last engagement in September, the government had committed to reducing its greenhouse gas (GHG) emissions by 53% by 2030 compared to 2005 levels, with a long-term goal of achieving climate neutrality by 2050.

Engagement Scope and Process

We wanted to get a better understanding of the government's plans as the 2025 deadline for setting 2035 targets and introducing more detail on sectoral consideration was approaching. We also corresponded with the Ministry of Finance on Energy Sector Emissions and the specific topic of coal subsidies in the 2025 budget. These subsidies were introduced under the previous administration, which has been critical of efforts to tackle climate change, and our understanding is that without them coal projects won't be profitable.

Outcomes and Outlook

Brazil has revised its climate commitments, as it submitted in November 2024 a second Nationally Determined Contribution (NDC) document to United Nations Framework Convention on Climate Change (UNFCCC) Secretariat and is now targeting a net GHG reduction of 59 – 67% from 2005 levels by 2035. The government is now reviewing the National Climate Change Policy (PNMC) to include sectoral mitigation and adaptation strategies covering the period up to 2035 as well as indicative sectoral targets for 2030 and 2035. These areas are now covered in bigger detail in the updated NDC. We look forward to staying in touch with the authorities on specific sectoral targets. The Ministry of Finance was receptive to our questions on the coal subsidies, and we look forward to the government's steps in this area in 2025 or future budgets.

BUSINESS STRATEGY & OPERATIONS

Navigating the Regulatory Landscape

The rapidly evolving sustainability-related regulatory landscape significantly influences our role as investors, our clients and the companies in which we invest. Operating as a global investor across multiple jurisdictions, we navigate a complex array of regulatory regimes, each with distinct requirements and standards. These divergences create transition risks for our business strategy and operations. Uncertainty stemming from differing government perspectives on the climate transition, along with political changes, further amplifies regulatory and policy-related challenges. Moreover, the increasing volume of new regulations and the unpredictability of future changes present resource, financial and organizational risks, requiring ongoing adaptation and resilience within our operations.

We closely monitor legal and regulatory requirements that may directly affect our business, which include but are not limited to:

- **Corporate reporting requirements,** including under the EU's Corporate Sustainability Reporting Directive changes and the upcoming UK Sustainability Reporting Standards (SRS) consultation. As advocates of regulatory consistency across jurisdictions, we are a strong supporter of the International Sustainability Standards Board (ISSB) introducing a global baseline that builds on existing frameworks. As the Vice Chair of the ISSB's Investor Advisory Group (IIAG), we support the ISSB in developing the global baseline for sustainability reporting by providing feedback on the technical and practical aspects of the standards from an investor point of view;
- **Fund disclosure requirements,** including under the extension of the U.K.'s Sustainable Disclosure Requirements (SDR) to overseas funds and the review of the EU's Sustainable Finance Disclosure Regulation (SFDR);
- **Investor stewardship,** including the review of the EU's Shareholders Rights Directive (SRD) and the U.K. Stewardship Code, with the Financial Reporting Council (FRC) potentially introducing key changes with the intention to reduce the reporting burden for investors.

We recognize the critical role of compliance with sustainability-related regulations in shaping our business decision-making processes, particularly in the development and enhancement of infrastructure to address sustainability and, more specifically, climate-related priorities. To ensure robust oversight, we have established committees dedicated to sustainability, risk management, monitoring and internal audit. Central to these efforts is our ESG Regulatory Program, a collaborative forum of senior representatives from key business functions affected by ESG and sustainable finance regulations. This program oversees the implementation of regulatory requirements and assesses the broader business impacts of emerging sustainability-related policies.

Operational Risk & Business Continuity

As climate change accelerates, we believe its impacts could affect not only investment portfolios, but increasingly also directly affect our business operations. To prepare for this possibility, the Business Risk team, which manages the implementation of control and governance processes, is also considering the climate and its associated risks as part of its overall approach to risk management. Specifically, three sub-teams within this function interface with climate risks.

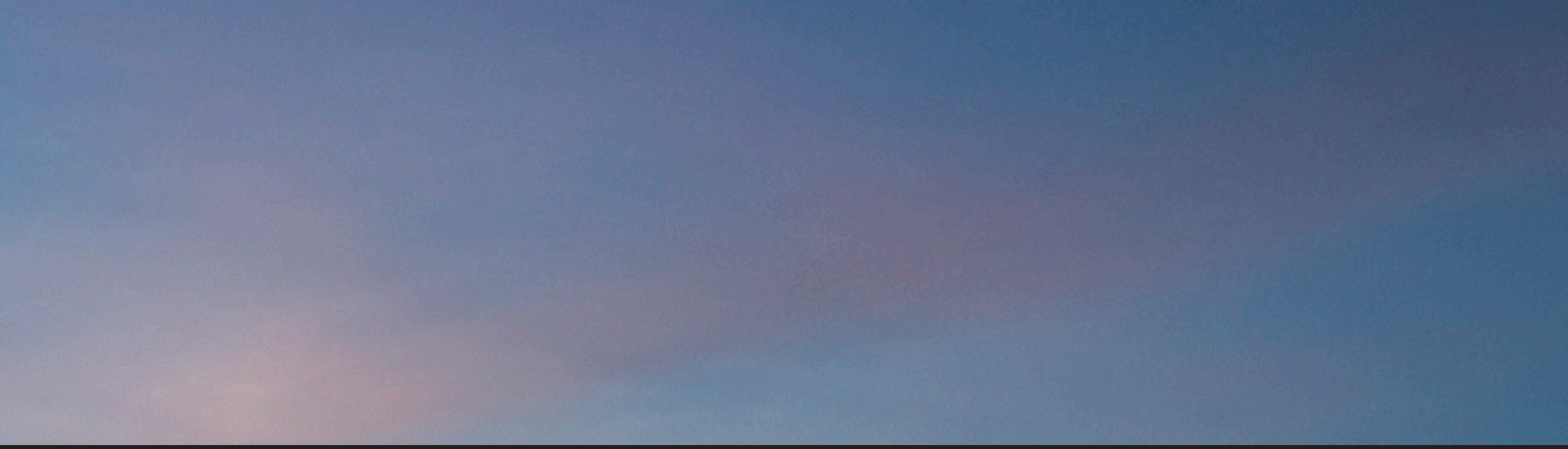
First, the Operational Risk team, as part of the operational risk identification process within our Risk and Control Self-Assessment (RCSA) program, identifies relevant climate risks associated with key processes, discusses these risks with the department owners, documents the risks along with key controls and assesses residual risk exposure. In addition, all errors and breaches identified are recorded on NB's operational risk database (NORD) to ensure consistency of the resolution and investigation, with a dedicated workflow that ensures independent review from the Operational Risk team and the Compliance team. Within NORD, there are dedicated categories to record whether there is any climate-related impact(s) associated with an error or breach.

Second, the Asset Management Guideline Oversight (AMGO) function undertakes exclusion monitoring by implementing pre-trade restrictions directly into the order management systems, which alert portfolio managers to transactions that may potentially be in breach of client investment guidelines. By overseeing continuous compliance with the applied exclusion policies for a certain vehicle or account, AMGO ensures that the client's desired level of climate risk tolerance is maintained.

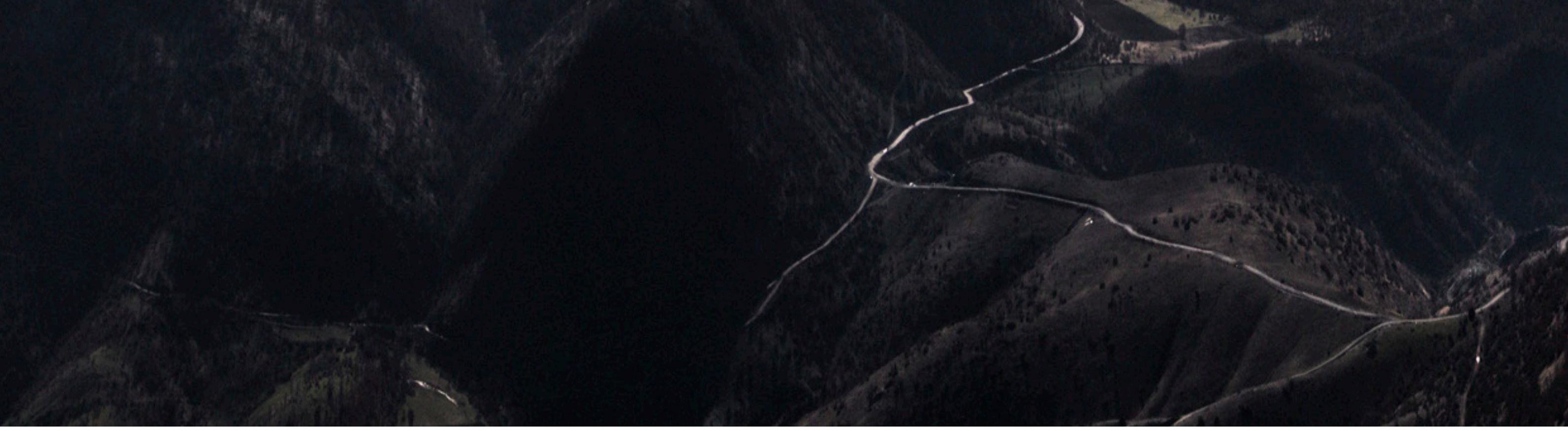
Third and finally, the Business Continuity team is engaged in the identification, monitoring and management of potential exposures to climate-related physical risks across our business. This team has developed an Incident Response Guide that outlines specific procedures to follow during an event or business disruption, including climate-related disasters.

We also recognize that our own operational carbon footprint could subject us to transition risks. Both our clients and our employees expect Neuberger Berman to be prepared for these scenarios, and we have taken specific steps to minimize our exposure in this regard:

- We carefully consider energy efficiency and other sustainability metrics when selecting buildings for our offices. Our New York headquarters is a Silver LEED building. In 2024, our office space was also recognized as an Energy Star tenant. In fact, 50% of the buildings in which we have a tenancy have a sustainability accreditation such as LEED, BREEM or WELL (a designation given when building standards demonstrate a commitment to occupant health and comfort). Our new Zurich office is in a recently renovated building that has a solar photovoltaic (PV) system installed which will significantly reduce our carbon footprint.
- We have enhanced our recycling efforts, leading to a waste diversion rate of 60% (the percent of waste kept out of landfills and incinerators) in our New York headquarters and an impressive 94.3% in our London office.



METRICS & TARGETS



We employ several metrics across both the investments we manage and our own operations to track progress against our climate strategy and ensure we are managing financially material risks associated with climate. We partner with a sophisticated carbon platform to measure complete Scope 1, 2 and operational Scope 3 emissions across our global offices. We are pleased to share a summary of select carbon metrics across our in-scope client portfolios, as well as our own operations.

We continue to be signatories to the Net Zero Asset Managers initiative (NZAMI)[1] and believe our involvement is consistent with the discharge of our fiduciary duties to clients. We understand that NZAMI is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. In 2022, Neuberger Berman disclosed an initial target for the percentage of assets under management covered by a commitment to attainment of net-zero emissions by 2050. That target represented assets managed for a specific set of clients who had chosen to invest with a net-zero target. We continue to partner with clients to help them implement their net zero ambitions and have seen positive flows in recent years into mandates with a net zero ambition. Investing with particular attention to potential climate impact will continue to be one of the investment approaches that we offer clients, including offering those clients who desire it, "impact" and "sustainable" investment strategies.

We also 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 believe generally that engaging with issuers is an essential part of being an active manager, and that engaging with issuers on financially-material topics, such as climate risk, can improve their performance and reduce their risk profile. We understand that CA100+ is currently undertaking a review of its membership categories, and we plan to carefully consider the implications of any changes.

INVESTMENT PORTFOLIOS

At the firm level, in-scope assets for this report are approximately $276 billion, of which $238 billion is composed of corporate assets and $38 billion is in sovereign holdings (our methodology for determining in-scope assets is further detailed in the disclaimer). For corporate holdings, consistent with TCFD guidance, we report total carbon emissions, carbon footprint and weighted average carbon intensity across Scope 1, 2 and material Scope 3 emissions. We report material Scope 3 emissions on a best-efforts basis according to the Partnership for Carbon Accounting Financials (PCAF) standards. In addition, we report the percentage of the portfolio that has SBTi-validated targets. The AUM coverage varies due to data availability for underlying asset types. Our carbon metrics cover approximately $203 billion in assets. Carbon intensity is dependent on revenue and is thus fully covered. Total apportioned carbon emissions and carbon footprint rely on Enterprise Value Including Cash (EVIC) and as a result have somewhat lower coverage. Comparatively from 2023 to 2024 emissions increased across total emissions, weighted average carbon intensity and carbon footprint. We also note an increase in coverage across all metrics. While Scope 1, 2 and Scope 3 absolute emissions increased, we observed a decrease in Scope 1 and 2 weighted average carbon intensity and carbon footprint, but an increase in Scope 3 weighted average carbon intensity and carbon footprint. The increase in Scope 3 figures can be in part, driven by observed increases in TruCost-estimated values. We acknowledge the increase in portfolio emissions and note that this is driven by estimated and backward-looking values that cannot be relied upon in isolation, and we continue to consult other metrics such as our proprietary Net-Zero Alignment Indicator to measure and assess transition progress.

For sovereign holdings, in line with the IIGCC's formal endorsement of the PCAF standards, we include financed emissions on a territorial, production and emissions basis, as well as weighted average carbon intensity on a territorial basis. However, it is important to note that the normalization factor for assessing sovereign carbon intensity has been the subject of intensive debate in the investment industry, and we have therefore also included a description of the advantages and disadvantages of each type of factor below.

[1] We understand that the Net Zero Asset Managers Initiative (NZAMI) is currently undertaking a strategic review that includes reviewing whether target setting and reporting guidelines are consistent with its objectives. We continue to be signatories to the NZAMI and believe our involvement is consistent with the discharge of our fiduciary duties to clients.

LIMITATIONS OF NORMALIZATION FACTORS FOR SOVEREIGN EMISSIONS

Aspect	Production-Based Accounting	Consumption-Based Accounting	Third Way: Territorial Emissions + Imported Emissions
Scope	Emissions generated by an economy within its national territory	Emissions associated with the consumption of a country's population or final demand	Emissions associated with any aspect of an economy's activity, i.e., the intensiveness of an economy
Calculation	Territorial emissions = Domestic emissions + Exported emissions	Domestic emissions + Imported emissions	Domestic emissions + Exported emissions + Imported emissions
Bias	Toward exporters or GHG producers	Toward importers or GHG consumers	No bias
Complexity	Low	Low	High
Pros (+)	• Consistent with international standards reflects the carbon-intensity of an economy's output • Reflects the carbon intensity of an economy's output	• Reflects demand-based emissions, wherever the emission is produced	• Reflects the carbon dependency of an economy, whether it is demand-driven (domestic or imported) or offer-driven (exported) • Equivalent of accounting for direct + first-tier indirect emissions already a standard in the corporate world
Cons (-)	• Unable to address carbon leakage • May be seen as socially unfair as it puts the responsibility on emerging economies (vs. developed economies)	• Does not capture the carbon intensity of an economy's output • Political acceptability • Difficult or complex mitigation effectiveness	• Introduces double counting

While Trucost offers all three approaches, the latter (production + imports) is considered to be the best proxy of an economy's dependency on carbon-intensive industries, despite the double counting at the global level. This is equivalent to accounting for direct + indirect emissions already a standard in the corporate world.

CARBON METRICS FOR CORPORATE SECURITIES

Metric	Description	Formula
Total Emissions	The absolute carbon emissions associated with a portfolio, expressed in tons CO_2e	$\sum_{i}^{n} \frac{\text{current value of investment}_i}{\text{EVIC}_i} \times \text{issuer's emissions}_i$
Weighted Average Carbon Intensity	Portfolio's exposure to carbon-intensive companies, expressed in tons CO_2e/\$M revenue. Carbon emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value)	$\sum_{i}^{n} \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \frac{\text{issuer's emissions}_i}{\text{issuer's \$M revenue}_i}$
Carbon Footprint	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO_2e/\$M invested	$\sum_{i}^{n} \frac{\frac{\text{current value of investment}_i}{\text{EVIC}_i} \times \text{issuer's emissions}_i}{\text{current portfolio value (\$M)}}$
SBTi Validated Targets	Percentage of market value with targets approved by the Science-Based Targets initiative	$\sum_{i}^{n} \frac{\text{current value of investment}_i}{\text{current portfolio value}} \times \text{companies with validated SBTi}$

The carbon metrics for corporate securities are in line with the TCFD recommendations and the PCAF standards. For carbon footprint, we have elected to use EVIC as the denominator in accordance with the PCAF standards and in order to cover both equity and debt.

CARBON METRICS FOR SOVEREIGN SECURITIES

Metric	Description	Formula
Financed Emissions	Financed emissions of sovereign debt are calculated by multiplying the attribution factor by the Sovereign Domestic Emissions and Exported Emissions of the respective sovereign borrower	$\sum_{i}^{n} \frac{\text{outstanding amount}_i}{\text{PPP-adjusted GDP}_i} \times \text{sovereign's emissions}_i$
Weighted Average Carbon Intensity – Production Emissions per PPP-adjusted GDP	Sovereign Domestic Emissions and Exported Emissions per PPP-adjusted GDP	$\sum_{i}^{n} \text{portfolio weight}_i \times \frac{\text{country production emissions } (tCO_2e)_i}{\text{PPP-adjusted GDP } (\$M)_i}$
Weighted Average Carbon Intensity – Consumption Emissions per Capita	Sovereign Domestic Emissions and Imported Emissions per Capita	$\sum_{i}^{n} \text{portfolio weight}_i \times \frac{\text{country consumption emissions } (tCO_2e)_i}{\text{country population}_i}$

The TCFD recommendations do not include a specific formula for the calculation of sovereign-financed emissions. The formulas included reflect our interpretation of the PCAF standards.

FIRM-LEVEL METRICS FOR PORTFOLIO CORPORATE ASSETS

Indicator	2022	2023	2024[3]	Unit
Total Emissions	**75,289,100**	**64,227,998**	**73,463,507**	**tCO_2e**
Scope 1 & 2	12,190,081	12,484,993	13,019,213	tCO_2e
Scope 3[2]	63,099,019	51,743,005	60,444,294	tCO_2e
Weighted Average Carbon Intensity	**3,037**	**1,917**	**2,466**	**tCO_2e/$ million revenue**
Scope 1 & 2	229	189	162	tCO_2e/$ million revenue
Scope 3[2]	2,808	1,728	2,304	tCO_2e/$ million revenue
Carbon Footprint	**1,012**	**850**	**872**	**tCO_2e/$ million invested**
Scope 1 & 2	71	72	64	tCO_2e/$ million invested
Scope 3[2]	940	778	807	tCO_2e/$ million invested
SBTi-Validated Targets	**23.83**	**28.58**	**31.36**	**Market Value %**

Source: Neuberger Berman (Holdings), S&P TruCost (emissions), MSCI (EVIC).
[2] Scope 3 included company investments in NACE sectors L2: 05-09, 10-18, 19, 20,21-33, 41-43, 49-53, 81).
[3] The following asset classes are excluded from calculations: Money Market securities, derivatives (e.g. OTC, CMO), Repo, Private Equity, Private Debt, Mortgages, Agencies, and Municipals.

FIRM-LEVEL METRICS FOR PORTFOLIO SOVEREIGN ASSETS

Indicator	2022	2023	2024		Unit
Financed GHG Emissions			(incl. LULUCF)	(excl. LULUCF)	
Financed GHG Emissions - Territorial + Imports-Based (MV / GDP-PPP)* GHG Emissions	13,923,348	19,607,739	11,321,604	10,951,329	$tCO2_2e$ per $million GDP-PPP
Financed GHG Emissions - Production-Based (MV / GDP-PPP)*GHG Emissions	10,979,093	15,116,544	8,317,014	7,946,739	$tCO2_2e$ per $million GDP-PPP
Financed GHG Emissions - Consumption-Based (MV / GDP-PPP)* GHG Emissions	12,812,939	12,173,964	10,464,733	10,094,457	$tCO2_2e$ per $million GDP-PPP
Weighted Average Carbon Intensity					
Weighted Average Carbon Intensity – Territorial + Imports Emissions per PPP-GDP	409	525	317	307	$tCO2_2e$ per $million GDP-PPP
Weighted Average Carbon Intensity – Production Emissions per PPP-GDP	322	405	233	223	$tCO2_2e$ per $million GDP-PPP
Weighted Average GHG Emissions – Consumption Emissions per Capita	17	9	15	16	tCO_2e per capita

Source: Neuberger Berman (Holdings), S&P TruCost (emissions, GDP, population).

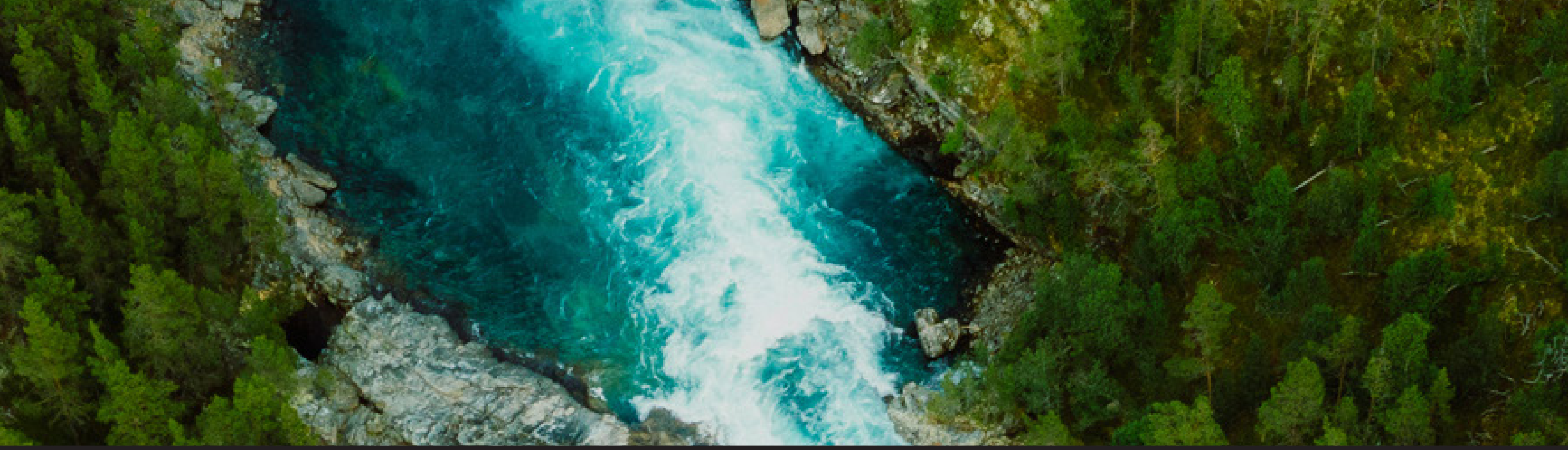
BUSINESS STRATEGY & OPERATIONS

We are committed to addressing our operational emissions consistent with efforts to achieve global net-zero emissions by 2050, and are undertaking further analysis to reduce and consider offsetting our operational emissions. In addition, for our NY headquarters, we measure our nature related impacts, including water usage and waste recycled.

ENVIRONMENTAL METRICS ACROSS OUR BUSINESS OPERATIONS

Indicator	2022	2023	2024	Unit
Scope 1 & 2	**4,710**	**5,307**	**5,693**	**$mtCO_2e$**
Scope 1	1,561	1,070	1,676	$mtCO_2e$
Scope 2	3,149	4,237	4,017	$mtCO_2e$
Scope 3	**11,286**	**27,668**	**20,081**	**$mtCO_2e$**
3.3 Fuel and energy-related categories	1,494	1,443	924	$mtCO_2e$
3.5 Waste generated in operations	233	216	234	$mtCO_2e$
3.6 Business travel	6,689	23,326*	15,396	$mtCO_2e$
3.7 Employee commuting	2,862	2,677	3,526	$mtCO_2e$
3.8 Upstream leased assets	8.3	5.3	1	$mtCO_2e$
Environmental Metrics				
Total water used (NY headquarters)	7.3	7.7	6.9	gallons
Waste recycled (NY headquarters)	59%	59%	59%	diversion rate

Above, we have reported our global emissions for Scope 1, 2 and 3.3, 3.5, 3.6, 3.7 and 3.8. We have reported on Neuberger Berman's business operations:
(i) that are material to the Neuberger Berman business as a financial institution; and
(ii) where we had access to sufficiently robust data within the reporting period.
*Between 2022 and 2023, our firm's business travel emissions increased significantly as travel activities returned to pre-COVID-19 levels.



LOOKING AHEAD

As we look ahead, we anticipate that governments, companies and investors will increasingly feel the impacts of climate change and respond to the evolving landscape of risks and opportunities. At Neuberger Berman, we remain committed to proactively identifying, assessing and managing these risks and opportunities to safeguard client assets. In the coming year, we will continue leveraging real-time insights from our analysts to address gaps in climate data, enabling a more precise understanding of the risks companies face and their strategies for mitigation. Additionally, our research analysts and investment teams, with their deep expertise in business models and market contexts, will maintain thoughtful engagement with issuers to enhance disclosure and the management of financially material climate risks. As artificial intelligence becomes more integrated across our firm, we aim to harness its capabilities to further strengthen our climate assessment tools. Finally, we look forward to collaborating with our clients to develop innovative, tailored solutions that align with their investment and climate objectives.

DISCLAIMER

Gaps in Underlying Data and Methodological Challenges

Across the industry, carbon emissions and climate risk data face limitations, including but not limited to lack of standardization of data reported and data aggregation methodologies, gaps in data coverage for private and emerging markets, time-lags in reported data, and reliance on estimates by third-party ESG data vendors.

We have taken specific steps to mitigate these limitations, including but not limited to utilizing third-party data and proxy data along with internal research; developing a proprietary ESG rating (NB ESG Quotient), which supplements third-party data with internally generated research and knowledge; developing a Net-Zero Alignment Indicator; engaging directly with issuers and policymakers to advocate for greater standardized disclosures; developing an internal climate physical risk assessment; and engaging our third-party ESG data vendors on improving data coverage.

For certain asset classes adequate, reliable and/or verifiable data coverage was not available to Neuberger Berman Group to meet the TCFD reporting standards and these asset classes were thus excluded.

They include:

- **Private markets:** Private markets funds currently face challenges that inhibit our ability to disclose carbon emissions and related risks specifically in relation to such funds. Currently, we request portfolio company metrics of general partners (GPs) across private equity primaries, co-investments, and select secondaries on a look-through basis. However, we have received a low response rate for such metrics. Overall, portfolio company level data of primaries and secondaries tends to be inconsistent across both data coverage and frequency of reporting. Specifically for secondaries, obtaining data on a look-through basis is even more challenging where our private markets funds are a secondary buyer of private equity fund positions. In response, our private markets funds have developed a methodology for estimating the carbon footprint of such funds' investments (limited to certain direct and primary funds investments). However, we continue to request and encourage the disclosure of actual data as we believe that the available estimated data may be limited in its accuracy and application to the full portfolio.

- **Senior Floating Rate Loans (including CLOs), Municipals, Currency and Cash Management:** For these asset classes, the Climate Value-at-Risk (CVaR) and carbon metrics are generally not made available by our data vendors, therefore we were unable to generate TCFD metrics for dedicated strategies for these asset classes.

- **Alternatives:** Our key public markets alternatives strategies include hedge funds, options, commodities, diversified real assets and long/short real estate. For these asset classes CVaR or carbon metrics are also not made available by our data vendors. However, where such strategies hold substantial equity and fixed income assets, they have been included in our TCFD reporting.

Where proxied emissions data has been used, we have relied on third parties to gather this data. While we use best efforts to ensure the accuracy of the data reported, we cannot verify third party data.

All information is as of December 31, 2024 unless otherwise indicated.

Pension & Investments, Best Places to Work in Money Management 2024: The Pensions & Investments Best Places to Work in Money Management annual survey is designed to recognize the best employers in the money management industry. Neuberger Berman participated in the category among organizations with over 1,000 employees. Pensions & Investments partnered with a third-party research firm to conduct a two-part survey process of employers and their employees. The first part, worth approximately 20% of the total evaluation, consisted of evaluating each nominated company's workplace policies, practices, philosophy, systems and demographics. The second part, worth the remaining 80% of the total evaluation, consisted of an employee survey to measure the employee experience. The combined scores determined the top companies. Pensions & Investments, owned by Crain Communications Inc., is the 50-year-old global news source of money management and institutional investing. Neuberger Berman pays a fee to participate in the Pensions & Investments employee survey.

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.

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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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Talk to Neuberger Berman

For more information, please contact your Neuberger Berman representative or visit www.nb.com.

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