Neuberger Berman Japan Equity Engagement Fund

The following disclosure is made in respect of the Portfolio pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**") as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022 supplementing SFDR and the EU Taxonomy (the "**Delegated Act**"). **The disclosure is provided pursuant to the requirements of SFDR and is provided solely for the benefit of investors in the European Union.**

This document does not constitute an offer or an invitation to subscribe for interests of the Portfolio or any other alternative investment vehicle, and the information presented in this document is provided for the benefit of investors in the European Union and may be subject to change.

The Portfolio is currently classified as an Article 8 financial product for the purposes of SFDR. However, the Sub-Investment Manager reserves the right to reclassify the Portfolio if legislative changes, enhancements, clarifications and/or minimum criteria are introduced which would impact its classification. Any such reclassification will be reflected in updated disclosures.

In case of any inconsistency between this disclosure and the supplement of the Portfolio, as amended and supplemented from time to time (the "**Supplement**"), the provisions of the Supplement shall prevail. Any defined terms not otherwise defined, have the meaning given to them in the Supplement.

This disclosure is provided in the English language. In case of discrepancies between the English version and any translation of the Summary section of this disclosure, the English version shall prevail.

Last updated: 1 July 2025

Neuberger Berman Japan Equity Engagement Fund

The Portfolio is categorised as an Article 8 financial product for the purposes of SFDR.

As part of the investment process, the investment team promoted a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted using a NB proprietary ESG score which is bespoke to the Japanese market. The NB proprietary ESG score considers engagement potential as key components in its scoring model. The NB proprietary ESG score also promotes the environmental and social characteristics identified in the NB materiality matrix, which is based on the Sustainability Accounting Standards Board ("**SASB**") materiality framework.

Summary

No sustainable investment objective	This Portfolio promotes environmental or social characteristics, but does not have as its objective sustainable investment.
Environmental or social characteristics promoted by the Portfolio	The following environmental and social characteristics are promoted, where relevant to the specific industry and company, as part of the NB ESG Quotient rating: ***Environmental Characteristics***: air quality; biodiversity & land use; energy management; environmental risk exposure; fuel economy; GHG emissions; opportunities in clean technologies; toxic emissions & waste; water management; packaging lifecycle management; materials sourcing; and product lifecycle management. ***Social Characteristics***: access to finance; access to healthcare; community relations; data privacy & security; employee incentives & risk taking; health & nutrition; health & safety; human capital development; labour management; product safety & integrity; supply chain labour standards; workforce inclusivity; pricing transparency; and responsible marketing.
Investment strategy	The objective of the Portfolio is to achieve a target average return of 3% over the MSCI Japan Small Cap Net Index (Total Return, JPY) before fees over a market cycle (typically 3 years) from investing primarily in a portfolio of Japanese equity holdings. The Portfolio will primarily invest in equity securities issued by small and mid-capitalisation companies which have either their head office or exercise an overriding part of their economic activity in Japan and that are listed or traded on Recognised Markets globally. <u>Assessment of Good Governance</u> To objectively evaluate the company's governance framework, the investment team focuses on three key components: 1) diversity and independence, 2) management structure, 3) management vision and execution.
Proportion of investments	The Portfolio aims to directly hold a minimum of 80% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio does not commit to holding sustainable investments.

Monitoring of environmental or social characteristics	The investment team considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio, including: I. the NB proprietary ESG score; II. Avoidance criteria and involvement policies.
Methodologies for environmental or social characteristics	The investment team will track and report on the performance of the above sustainability indicators. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Portfolio and will be included in the Portfolio's mandatory periodic report.
Data sources and processing	ESG data or analytical inputs are derived from proprietary investment tools and in-house research (which incorporates critical thinking and human judgment into the process) alongside multiple datasets including international financial organisations, external data vendors, company direct disclosures, company indirect disclosures, development agencies and specialty research providers.
Limitations to methodologies and data	Limitations in both methodology and data may include but are not limited to: lack of standardisation of data providers' methodologies; incomplete corporate reporting standards and misalignment with the corporate ESG data provided by the vendors; inconsistencies in the vendors' methodologies for reporting ESG data and disclosures used for deriving third-party metrics; inconsistencies in corporate hierarchies and entity identifiers can lead to inconsistencies in how data providers assign and map ESG datasets to securities; low company coverage across certain indicators and asset classes, especially in private companies and companies that reside in Emerging Markets; divergence in the data quality and coverage for Private Markets (Debt and Equity); some data sets can be reported at a significant time-lag; and some of the available third-party data is calculated based on proxy or data estimates. Neuberger Berman is satisfied that for its financial products, classified as Article 8 or Article 9 under the SFDR, such limitations do not affect either the promotion of the environmental or social characteristics, or the attainment of the sustainable investment objective committed to, by the relevant financial product.
Due diligence	Before making investments, Neuberger Berman will conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment.
Engagement policies	Engagement is an important component of the Portfolio's investment process.
Designated reference benchmark	N/A

Neuberger Berman Japan Equity Engagement Fund

No sustainable investment objective of the financial product

This Portfolio promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Portfolio does not commit to holding sustainable investments.

Environmental or social characteristics of the financial product

As part of the investment process, the Sub-Investment Manager promotes a variety of environmental and social characteristics (see below) as part of its scoring model. The Sub-Investment Manager applies a NB proprietary ESG score which is bespoke to the Japanese market. The NB proprietary ESG score also considers engagement potential as key components in its scoring model. The NB proprietary ESG score also promotes the environmental and social characteristics identified in the NB materiality matrix, which is based on the Sustainability Accounting Standards Board ("**SASB**") materiality framework. The NB materiality matrix focuses on the environmental, social or governance characteristics that are considered to be the most likely to be the material drivers of financially material environmental, social or governance risk and opportunity for each sector.

The following environmental and social characteristics are promoted, where relevant to the specific industry and company, as part of the NB proprietary ESG score:

- ***Environmental Characteristics***: air quality; biodiversity & land use; energy management; environmental risk exposure; fuel economy; GHG emissions; opportunities in clean technologies; toxic emissions & waste; water management; packaging lifecycle management; materials sourcing; and product lifecycle management.
- ***Social Characteristics***: access to finance; access to healthcare; community relations; data privacy & security; employee incentives & risk taking; health & nutrition; health & safety; human capital development; labour management; product safety & integrity; supply chain labour standards; workforce inclusivity; pricing transparency; and responsible marketing.

Promotion of these environmental and social characteristics will be measured through the NB proprietary ESG score, and will be reported in aggregate in the Portfolio's mandatory periodic report template (as per the requirements of Article 11 of SFDR).

The NB materiality matrix will evolve over time and all sector specific environmental, social or governance characteristics included therein are reviewed annually to ensure that the most pertinent sector specific environmental, social or governance characteristics are captured through the NB materiality matrix. Accordingly, the environmental and social characteristics promoted as part of the NB proprietary ESG score are subject to change. For the avoidance of doubt, if the environmental or social characteristics promoted as part of the NB proprietary ESG score change, this website disclosure will be updated accordingly.

Avoidance criteria are also applied (as further set out below) as part of the construction and ongoing monitoring of the Portfolio. These represent additional environmental and social characteristics promoted by the Portfolio.

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Portfolio.

Investment strategy

The objective of the Portfolio is to achieve a target average return of 3% over the MSCI Japan Small Cap Net Index (Total Return, JPY) before fees over a market cycle (typically 3 years) from investing primarily in a portfolio of Japanese equity holdings.

The Portfolio will primarily invest in equity securities issued by small and mid-capitalisation companies which have either their head office or exercise an overriding part of their economic activity in Japan and that are listed or traded on Recognised Markets globally.

The Sub-Investment Manager will employ a research driven, bottom-up, fundamental approach to stock selection, with a long term perspective that combines both quantitative analysis and qualitative judgment to identify investments that the Sub-Investment Manager considers to be attractive and have the potential to increase their corporate value and achieve sustainable growth, through active engagement i.e. constructive and purposeful dialogue, based upon a deep understanding of the investment company and their business environment.

ESG considerations are integrated throughout the investment process: starting with investment universe screening, followed by company-level due diligence, and finally the NB proprietary ESG score that ultimately helps determine the company's weighting in the portfolio.

The Sub-Investment Manager believes engaging companies on financially material issues such as capital management and sustainability-related topics enables them to improve the fundamental quality of their holdings over the medium to longer term horizon. The Sub-Investment Manager also believes that in addition to the engagement of capital management and corporate governance elements, which often other asset managers try to focus on, engagement of environment and social responsibility issues enhances long term sustainability of the company's business. These factors are inextricably linked and for this reason the responsibility of the strategy's environmental, social or governance analysis and engagement, including proxy voting, rests on the investment team and not on a separate entity such as a stewardship or responsible investing team. This ensures that the Sub-Investment Manager's engagement on financially material environmental, social or governance issues is linked to factors that move the needle specifically for the business and ultimately performance of the portfolio. The Sub-Investment Manager believes core to the success of engagement is 1) to select the right companies, which is based on in-depth qualitative/quantitative analysis and dialogue with the management, and 2) set clear engagement plans and roadmaps based on past successes and know-how from other teams.

Environmental, social or governance characteristics are promoted at three different levels:

i. Integrating proprietary environmental, social or governance analysis:

As noted above, for environment and social responsibility issues, the Sub-Investment Manager takes a top-down approach, through the NB proprietary ESG score. The NB proprietary ESG score leverages the NB materiality matrix to identify the sustainability factors that could have a material impact on the sustainability of the company. The Sub-Investment Manager will then scrutinize these issues with respect to the business model, value chain, growth phase of the company, and competitive position to highlight high-priority issues that need to be addressed immediately. This is done through on-the-ground research combing through years of publicly available company disclosure and through meetings with the company, competitors, suppliers, clients, and external research providers, if available.

ii. Engagement:

As noted above, once the Portfolio has invested in a company, the Sub-Investment Manager will set an engagement objective and a customized strategy to address the financially material issues identified in the scoring process. The Sub-Investment Manager's engagement with portfolio holdings is aimed at helping these companies achieve long-term growth. As long-term investors focused on bottom-up stock selection, the Sub-Investment Manager believes that through in-depth engagement on capital management, financially material environment and social issues, and corporate governance, they can help the company sustain a growth profile over the long-term that will ultimately contribute to the Portfolio's performance. The Sub-Investment Manager's experience engaging with companies has shown that smaller companies require more time and resources to address these issues (average 2-3 years for environmental and social issues). Hence, given this relatively lengthy process, the Sub-Investment Manager has adopted a milestone system to ensure engagement remains on track to achieve the objective.

iii. Avoidance criteria and involvement policies:

To ensure that the environmental and social characteristics promoted by the Portfolio can be attained, the Portfolio will apply the avoidance criteria and involvement policies explained in more detail in the "Methodologies for environmental or social characteristics" section, which place limitations on the investable universe.

Policy to assess good governance practices of the investee companies

On corporate governance, the Sub-Investment Manager employs a bottom-up approach assessing the company's governance framework on a case-by-case basis. This is based on the Sub-Investment Manager's view that a company's corporate governance evolves in accordance with the growth phase of the business. However, a key underlying theme within the Sub-Investment Manager's analysis is the protection of shareholder rights and management's commitment to growing corporate value over the long-term. To objectively evaluate the company's governance framework, the Sub-Investment Manager focuses on three key components: 1) diversity and independence, 2) management structure, 3) management vision and execution.

On diversity and independence, the Sub-Investment Manager looks for boards with an appropriate level of independence and a strong representation of not just gender but also of skill set and experience that can help foster dynamic discussions about the company's long-term strategy while also ensuring adequate monitoring of management.

On management structure, the Sub-Investment Manager looks for frameworks that protect and safeguard the contribution of independent executives in the overall board structure.

Finally, on management vision and execution, the Sub-Investment Manager looks for management to set a long-term vision and for the current business plan to be designed to achieve that goal from both a capital management and sustainability standpoint. The goal of this corporate governance analysis is to ensure that management continues to run the business to achieve sustainable long-term growth for the sake of all shareholders. In the event that the investment holding undertakes poor corporate-governance action(s) that the Sub-Investment Manager believes will be detrimental to shareholder rights and ultimately to the long-term sustainable growth of the company, the Sub-Investment Manager will analyse the severity of the incident and will reflect this in the NB proprietary score accordingly. Concurrently, the Sub-Investment Manager will engage the company to address the issue(s) in an appropriate and timely manner. However, if the Sub-Investment Manager believes the issue is not rectifiable via engagement, it may choose to further lower the score and/or exit the position.

The Sub-Investment Manager may take into account other governance factors as appropriate from time to time. As described above, the Portfolio will only invest in securities issued by companies whose activities do not breach the Neuberger Berman Global Standards Policy which identifies violators of the following international standards: (i) the UNGC Principles, (ii) the OECD Guidelines, (iii) the UNGPs and (iv) the ILO Standards.

Proportion of investments

The Portfolio aims to hold a minimum of 80% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio does not commit to holding sustainable investments. The Portfolio aims to hold a maximum of 20% investments that are not aligned with the environmental or social characteristics promoted by the Portfolio and are not sustainable investments, and which fall into the "Other" section of the Portfolio.

Please note that while the Sub-Investment Manager aims to achieve the asset allocation targets outlined, these figures may fluctuate during the investment period and ultimately, as with any investment target, may not be attained.

The exact asset allocation of this Portfolio will be reported in the Portfolio's mandatory periodic report SFDR template, for the relevant reference period. This will be calculated based on the average of the four quarter ends.

The Sub-Investment Manager has calculated the proportion of investments aligned with the environmental and/or social characteristics promoted by the Portfolio: i) that hold either an NB ESG Quotient rating or a third-party equivalent ESG rating that is used as part of the portfolio construction and investment management process of the Portfolio; and/or ii) with whom the Sub-Investment Manager has engaged directly. The calculation is based on a mark-to-market assessment of the Portfolio and may rely on incomplete or inaccurate company or third-party data.

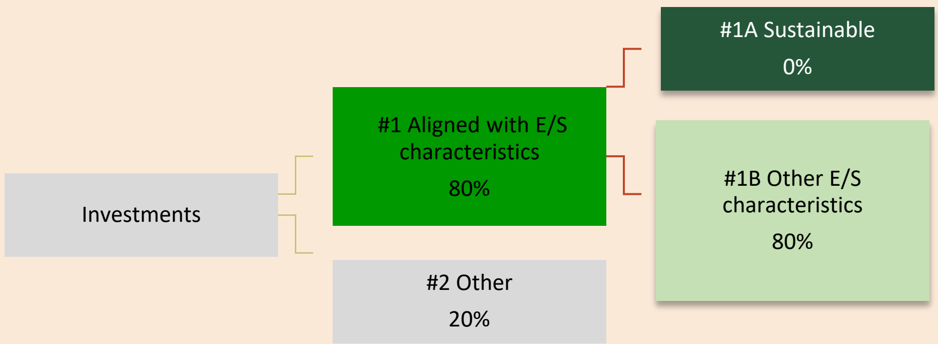
While the Portfolio may use derivatives for efficient portfolio management, investment purposes and/or hedging, it will not use derivatives to promote environmental or social characteristics. “Other” includes the remaining investments of the Portfolio (which may include but are not limited to derivatives or security collateralized by a pool of similar assets or receivables listed in the Supplement for the Portfolio) that are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The “Other” section in the Portfolio is held for a number of reasons that the Sub-Investment Manager feels will be beneficial to the Portfolio, such as, but not limited to, achieving risk management, and/or to ensure adequate liquidity, hedging and collateral cover.

As noted below, the Portfolio will be invested in compliance with avoidance criteria and involvement policies, on a continuous basis. This ensures that investments made by the Portfolio seek to align with international environmental and social safeguards such as the UNGC Principles, the UNGPs, the OECD Guidelines and the ILO Standards.

The Sub-Investment Manager believes that these policies prevent investment in companies that most egregiously violate environmental and/or social minimum standards and ensures that the Portfolio can successfully promote its environmental and social characteristics.

The above steps ensure that robust environmental and social safeguards are in place.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Monitoring of environmental or social characteristics

Following investment, the Sub-Investment Manager monitors investee companies on an ongoing basis to track their performance with respect to environmental and social characteristics. In particular, the Sub-Investment

Manager will track and report on the performance of (i) the NB proprietary ESG score; and (ii) the adherence to the avoidance criteria and involvement policies applied to the Portfolio. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Portfolio and will be included in the Portfolio's mandatory periodic report (as per the requirements of Article 11 of SFDR).

Methodologies for environmental or social characteristics

As part of the investment process, the Sub-Investment Manager considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio. These are listed below:

i. The NB proprietary ESG score:

The NB proprietary ESG score (as explained in the section headed "Environmental or social characteristics of the financial product) is used to measure the environmental and social characteristics promoted by the Portfolio. Foundational to the NB proprietary ESG score is the NB materiality matrix (which, as explained above, is based on the SASB materiality framework). The NB materiality matrix focuses on the environmental, social or governance characteristics that are considered to be the most likely to be the material drivers of financially environmental, social or governance risk for each sector. Each sector criteria is constructed using third-party and internally derived ESG data and supplemented with internal qualitative analysis, leveraging the Sub-Investment Manager's analyst team's significant sector expertise.

The NB proprietary ESG score assigns weightings to financially material environmental, social or governance factors for each sector to derive an NB proprietary ESG score for companies held by the Portfolio. Companies with a favourable and/or an improving NB proprietary ESG score receive higher scores, which is a key area of consideration in raising the companies' weight in the Portfolio. Conversely, companies with a poor NB proprietary ESG score, especially where a poor NB proprietary ESG score is not being addressed by a company, are more likely to receive lower scores that could result in reducing the companies' weight in the Portfolio. In addition, the Sub-Investment Manager will seek to prioritise constructive engagement with holding companies to support their efforts in addressing key issues the Sub-Investment Manager deems critical to the company's business fundamentals and long-term growth including material environment and social issues. The success of the Sub-Investment Manager's constructive engagement efforts with companies will depend on each company's receptiveness and responsiveness to such engagement.

ii. Avoidance criteria and involvement policies:

To ensure that the environmental or social characteristics promoted by the Portfolio can be attained, the Portfolio will not invest in companies whose activities have been identified as breaching, or are not consistent with, the Neuberger Berman Controversial Weapons Policy, the Neuberger Berman Thermal Coal Involvement Policy and the EU CTB exclusions provided for under the EU Climate Benchmark Standard Exclusions Policy. The Neuberger Berman Sustainable Exclusion Policy is also applied when determining what investments to make for the Portfolio.

The Sub-Investment Manager prohibits investment in securities issued by companies that (i) derive more than 10% of their revenue from thermal coal mining through the application of the Neuberger Berman Sustainable Exclusion Policy; or (ii) are expanding new thermal coal power generation. Furthermore, the Portfolio will not invest in companies whose activities have been identified as breaching, or are not consistent with, the Neuberger Berman Global Standards Policy which excludes identified violators of international standards: (i) the UNGC Principles, (ii) the OECD Guidelines, (iii) the UNGPs and (iv) the ILO Standards. Further details on these avoidance criteria and involvement policies are set out in the "Sustainable Investment Criteria" section of the Prospectus.

Data sources and processing

ESG data or analytical inputs are derived from proprietary investment tools and in-house research (which incorporates critical thinking and human judgment into the process) alongside multiple datasets including international financial organisations, external data vendors, company direct disclosures (e.g., sustainability reports, annual reports, regulatory filings, and company websites), company indirect disclosures (e.g., government agency published data, industry and trade association data, and third-party financial data providers), development agencies and specialty research providers.

ESG data is a key domain and part of our internal data governance with an assigned ESG Data Steward and a dedicated Stewardship and Sustainable Investing ("**SSI**") Technology Team. The ESG Data Steward has periodic engagements with ESG data vendors to discuss data coverage and evolution in methodologies. Subscription to multiple data vendors enables us to evaluate company coverage and quality of data between vendors. In addition, our Stewardship and Sustainable Investing Group ("**SSI Group**") and ESG Data and Reporting team work together to explore new data products and vendors to evaluate potential enhancements to our existing data coverage and governance, as well as identifying innovative and non-traditional data sources, which may provide additional insights. NB actively seeks to identify additional data and research, which may enhance our analysis.

ESG data is integrated throughout the firm's operating management system, compliance and risk management systems, providing all stakeholders transparency, into most portfolio ESG metrics in real time.

NB believes that the most effective way to integrate financially material environmental, social and governance factors into an investment process over the long term is for investment teams themselves to research such factors and consider them alongside other inputs into the investment process. For this reason, environmental, social and governance research is included in the work of our research analysts rather than employing a separate research team.

The investment teams can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to buy or sell a company based upon its risk-adjusted potential return.

NB expects that data availability and quality will improve as the demand, regulation, international disclosure standards and methods for obtaining and reporting data mature, which would also reduce the proportion of data that is estimated or that relies on proxy data.

Limitations to methodologies and data

As a global investor, NB operates in many different jurisdictions, most of which are adopting sustainability-related reporting and disclosure requirements. The need to comply with these regulations is taken into consideration when applicable in business decisions around developing or enhancing infrastructure such as committees focused on stewardship and sustainability matters, risk oversight and monitoring tools, and internal audit. NB monitors legal and regulatory requirements that may directly affect our business. For SFDR, NB considers that the limitations in both methodology and data may include but are not limited to:

- Lack of standardisation of data providers' methodologies;
- Incomplete corporate reporting standards and misalignment with the corporate ESG data provided by the vendors;
- Inconsistencies in the vendors' methodologies for reporting ESG data and disclosures of the underlying data used for deriving third-party metrics;
- Inconsistencies in corporate hierarchies and entity identifiers can lead to inconsistencies in how data providers assign and map ESG datasets to securities;
- Low company coverage across certain indicators and asset classes, especially in private companies and companies that reside in Emerging Markets;
- Divergence in the data quality and coverage for Private Markets (Debt and Equity);
- Some data sets can be reported at a significant time-lag; and

- Some of the available third-party data is calculated based on data estimates or proxies. There may be discrepancies between the models estimating the data and actual reported data, and significant deviations when data is restated or the underlying assumptions of these models are altered.

The NB proprietary ESG score leverages third-party data, but not third-party aggregate scores. The NB proprietary ESG score enhances the analysis and research of financially material environmental, social and governance risks and opportunities.

In addition, NB continues to advocate for greater standardised disclosures; for example, NB is a member of the International Sustainability Standards Board's ("**ISSB**") Investor Advisory Group ("**IIAG**"), which aims to provide strategic guidance on developing International Financial Reporting Standards ("**IFRS**") Sustainability Disclosure Standards and ensure that the investor perspective is considered in the standard-setting process. NB is also a member of the IFRS Sustainability Alliance, which aims to develop a more coherent and comprehensive system for corporate disclosure.

In line with our belief that climate change is a material driver of investment risk and return across industries and asset classes, NB is also a formal supporter of the recommendations of the Taskforce on Climate Related Financial Disclosure ("**TCFD**") which have now come under the scope of the ISSB. Alongside ISSB standards, the TCFD recommendations continue to help develop voluntary, consistent climate-related financial risk disclosures.

The limitations discussed impact all consumers of ESG data and are not specific to NB. NB is satisfied that for its financial products, classified as Article 8 or Article 9 under the SFDR, such limitations do not affect the attainment of environmental or social characteristics or the attainment of the sustainable investment objective committed to by the relevant financial product, in particular because of the steps taken by NB to mitigate such limitations:

- As noted above, NB periodically engages with data vendors on data quality, and the third-party sources relied upon are the same as those relied upon by the broader market, and so are likely to be refined as the market for products with environmental or social characteristics matures;
- NB does not believe that there is currently one third-party data provider that holistically provides all data required under the SFDR. NB periodically reviews select third-party data providers, this allows NB to identify the best available data sources.
- NB engages directly with management teams of corporate issuers through a robust engagement program; and
- Each investment opportunity's environmental and social characteristics are evaluated in detail, in accordance with our internal frameworks and using a variety of data sources, having regard to these limitations as well (where appropriate).

Due diligence

NB applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Portfolio to ensure delivery of the Portfolio's investment objectives and compliance with the investment, liquidity and risk guidelines of the Portfolio, as well as integrating sustainability risk and financially material environmental, social and governance considerations.

NB views the integration of financially material environmental, social and governance factors as the practice of incorporating financially material environmental, social and governance risks and opportunities (as a binding element) into the investment decision-making process. This integration sits alongside traditional financial considerations and should enrich NB's investment teams' analysis of issuers by providing a toolkit for identifying financially material environmental, social and governance risks and opportunities, informing investment decisions.

NB believes that financially material environmental, social and governance factors may be an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective.

Before making investments, the investment team will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The investment team will assess the investment's environmental and social characteristics promoted by the product using (as appropriate) internal analyses, screens, proprietary tools, and third-party data sources, and may also evaluate other important and complex governance issues related to the investment. The investment team may select investments on the basis of information and data filed by the issuers of such securities with various regulatory bodies or made directly available to NB by the issuers of the securities, or through sources other than the issuers.

The Portfolio applies the Neuberger Berman Thermal Coal Involvement Policy. Additionally, the Portfolio will not invest in securities issued by issuers whose activities have been identified as breaching the Neuberger Berman Controversial Weapons Policy or the Neuberger Berman Global Standards Policy.

The Neuberger Berman Controversial Weapons Policy, Neuberger Berman Thermal Coal Involvement Policy, and the Neuberger Berman Global Standards Policy are subject to internal review by the Neuberger Berman Stewardship and Sustainable Investing Committee. The implementation of these policies is managed by the NB Asset Management Guideline Oversight Team in collaboration with Legal and Compliance.

NB's SSI Group provides expert guidance, resources, and training to investment professionals during the investment process and works to improve the firm's environmental, social and governance practices. In partnership with the firm's SSI Group, investment teams are trained on environmental, social and governance due diligence best practices and guidance at least once a year, but often more frequently.

The investment professionals responsible for portfolio management are the first step in maintaining compliance with the Portfolio's investment guidelines and avoidance criteria. While NB looks to the investment professionals as the first step in the compliance process, NB recognizes the need for additional, independent, and ongoing oversight. To this end, a rigorous risk management framework is established that features dedicated investment and operational risk teams inclusive of independent guidelines oversight, such as avoidance criteria, who work to protect client assets and our reputation. Our risk professionals act as an independent complement to each investment team's portfolio construction process, driving investment and operational risk reviews in collaboration with other control units of the firm, such as information technology, operations, legal and compliance, asset management guideline oversight and internal audit.

Engagement policies

As noted above, once the Portfolio has invested in a company, the Sub-Investment Manager will set an engagement objective and a customized strategy to address the financially material issues identified in the scoring process. The Sub-Investment Manager's engagement with portfolio holdings is aimed at helping these companies achieve long-term growth. As long-term investors focused on bottom-up stock selection, the Sub-Investment Manager believes that through in-depth engagement on capital management, financially material environment and social issues, and corporate governance, they can help the company sustain a growth profile over the long-term that will ultimately contribute to the Portfolio's performance. The Sub-Investment Manager's experience engaging with companies has shown that smaller companies require more time and resources to address these issues (average 2-3 years for environmental and social issues). Hence, given this relatively lengthy process, the Sub-Investment Manager has adopted a milestone system to ensure engagement remains on track to achieve the objective.

Designated reference benchmark

The Portfolio's benchmark has not been designated as a reference benchmark. Therefore, it is not consistent with the environmental or social characteristics promoted by the Portfolio.