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Neuberger Berman EU Climate Benchmark Standard Exclusions Policy

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Neuberger Berman EU Climate Benchmark Standard Exclusions Policy (the "**Policy**") applies the EU Climate Transition Benchmark ("**EU CTB**") and EU Paris-Aligned Benchmark ("**EU PAB**") exclusions to the extent outlined below 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 (the "**ESMA Fund Names Guidelines**").

1. INTRODUCTION

Neuberger, founded in 1939, is a private, independent, employee-owned[1] investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. Neuberger's investment philosophy is founded on active management, engaged ownership and fundamental research, including industry-leading research into material environmental, social and governance (ESG) factors.

2. SCOPE

Where the Policy applies to a Portfolio, this will be indicated in the relevant Supplement. The relevant supplement will also detail whether the Portfolio will apply the EU CTB or the EU PAB exclusions. The EU CTB and the EU PAB exclusions will only be applied to the extent outlined below with the aim of meeting the ESMA Fund Names Guidelines.

Neuberger is committed to prohibiting: (i) the initiation of new investment positions; and (ii) retaining existing investment positions in securities issued by companies whose activities breach any of the exclusion criteria applicable to the Portfolio.

Please note that the requirements contained herein are subject to change to ensure that the Portfolio complies with the latest regulatory requirements and guidance.

Separately managed accounts and other financial products can be accommodated upon request or on a case-by-case basis.

3. DEFINITIONS OF THE EU CLIMATE TRANSITION BENCHMARK (EU CTB) EXCLUSIONS

The following are the requirements that a Portfolio will seek to apply to implement the EU CTB exclusions.

Global Standards and Norms. The Portfolio is prohibited from purchasing the securities of issuers whose activities have been identified as violating: (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 Conventions ("**ILO Standards**"). Further details on the Global Standards and Norms are set out in the Neuberger Berman Global Standards Policy.[2]

Controversial Weapons. The Portfolio is committed to supporting and upholding conventions that seek to ban the production of controversial weapons. As a result, the Portfolio is prohibited from investing in securities issued by companies that we believe are involved in the manufacture of controversial weapons.

Further details on how we define: (i) involvement in the manufacture of controversial weapons; and (ii) controversial weapons are set out in the Neuberger Berman Controversial Weapons Exclusion Policy.[3]

Tobacco. The Portfolio is prohibited from purchasing the securities of issuers that are involved in tobacco production such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable, chewing tobacco and other tobacco-related products. This prohibition also includes companies that grow or process raw tobacco leaves.

4. DEFINITIONS OF THE EU PARIS-ALIGNED BENCHMARK (EU PAB) EXCLUSIONS

The following are the requirements that a Portfolio will seek to apply to implement the EU PAB exclusions.

The EU PAB exclusions incorporate all the exclusions set out above, under the "Definition of the EU Climate Transition Benchmark ("**EU CTB**") Exclusions" heading, in addition to excluding the below activities related to fossil fuels, which are not excluded under the EU CTB.

Fossil Fuels. Portfolios adhering to the EU PAB exclusions are prohibited from purchasing the securities of companies that:

- **Thermal Coal.** The Portfolio is prohibited from purchasing the securities of issuers that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- **Oil fuels.** The Portfolio is prohibited from purchasing the securities of issuers that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;

[1] Reference to 'employee-owned' includes: the firm's current and former employees, directors and, in certain instances, their permitted transferees.

[2] The Neuberger Berman Global Standards Policy can be found here.

[3] The Neuberger Berman Controversial Weapons Exclusion Policy can be found here.

- **Gaseous fuels.** The Portfolio is prohibited from purchasing the securities of issuers that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- **Electricity generation.** The Portfolio is prohibited from purchasing the securities of issuers that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100g CO2 e/kWh.

5. PARENT AND SUBSIDIARY RELATIONSHIPS

Neuberger generally uses the methodologies of its data vendors when identifying excluded issuers. However, Neuberger also exercises discretion based on its research to review and, where appropriate, diverge from a data vendor's methodology, particularly when assessing the relationship between parent and subsidiary companies of an excluded issuer. In exercising its discretion, Neuberger will exclude associated issuers in the relationship hierarchy. Neuberger may also exercise its discretion to waive a suggested exclusion. It is anticipated that there will be limited instances where Neuberger exercises its discretion to diverge from a data vendor's methodology. Further, in any such instance, the issuer in question will be reviewed and approved on a case-by-case basis by the Neuberger Challenge Review Group[4].

Subsidiaries which are less than 50% owned by an issuer, will not be considered consolidated for the purpose of considering the metrics and overall worthiness of the issuer to comply with the Policy. This Policy does not require that the parent company of an issuer be considered when evaluating the issuer's metrics and overall worthiness to comply with this Policy. As such, the Policy permits investment in an issuer whose products and services meet the requirements of the Policy, provided that the issuer is a stand-alone business operation whose obligations are non-recourse to its parent company.

6. IMPLEMENTATION

The Policy is reviewed by the Neuberger Stewardship and Sustainable Investing Committee.

Neuberger uses reputable, recognized third party data and may use proxy data along with internal research to inform its compliance with the above exclusion criterion and the data points used to ensure the above exclusion criterion are met.

These methodologies may include qualitative judgement and/or be based on estimates.

Neuberger is conscious that the interpretation of the above exclusionary criterion may vary across different asset managers and/or third-party data providers. While Neuberger conducts due diligence on its third party data providers, it cannot be ruled out that such information or data may be interpreted as incomplete, inaccurate or inconsistent.

Where a portfolio manager disagrees with the outcome of this assessment, that portfolio manager may appeal to the Neuberger Challenge Review Group on the decision to add the company to the Policy's Exclusions List[5]. If the appeal is successful with respect to the relevant exclusion, the company will instead be placed on the Policy's Watch List[6] for monitoring.

The Policy applies to direct investments that are held by the relevant financial product. The Policy does not apply to short positions, synthetic exposures, derivatives or investments in pooled investment vehicles on a look-through basis, including ETFs.

The above exclusions do not prevent a Portfolio from taking short positions in respect of such prohibited securities, i.e. seeking to profit from expected declines in the value of such securities. Such short positions must be cash settled. Portfolios, which apply the Policy, are prohibited from placing cover trades on issuers otherwise excluded by the Policy and this prohibition extends to holdings covering short positions.

Implementation of this Policy is managed by our Asset Management Guideline Oversight team, in collaboration with legal and compliance. Investment in excluded issuers is restricted through Neuberger's trade compliance system.

7. EXCLUSION LIST AND DIVESTMENT PROCESS

A decision to divest from an issuer will be prompted where the issuer fails to meet any of the above exclusions. In such circumstances the issuer will be added to the Exclusion List.

If an issuer is added to the Exclusion List, the investment teams (of Portfolios applying the Policy) will be instructed to divest all investments in that issuer as soon as possible and in any case within a 30-day window, provided that it is in the best interests of the Shareholders to do so. Holding such securities will not constitute a breach of this Policy until the 30-day window has lapsed, the 30-day window will be extended where a challenge has been initiated.

If a challenge is initiated, there will be a 60-day limit on the challenge period. The 30-day divestment period will commence upon either: (i) the expiry of the 60-day challenge period; or (ii) upon the final decision of the Neuberger Challenge Review Group (where this decision is taken before the expiry of the 60-day challenge period). This means that the investment teams (of Portfolios applying the Policy) have 30 days from the expiry of the 60-day challenge period or the final decision of the Neuberger Challenge Review Group to divest from issuers added to the Exclusion List. Until this process has run its course, the holding in question is not considered in breach of the Policy.

The initiation of new investment positions in issuers on the Policy's Exclusion List is prohibited at all times.

If the Neuberger Challenge Review Group determines, this process may be expedited and action to divest taken immediately.

In the event that any of the exclusions within this Policy are changed, we will ensure that any existing holdings, of any Portfolio that is subject to this Policy, that are no longer in compliance will be sold as soon as reasonably possible and, in any case, within 30 days of the date of the change to this Policy, provided that it is in the best interests of the Shareholders to do so.

The Exclusion List can be provided to clients upon request.

[4] The Neuberger Challenge Review Group is a sub-group of the Neuberger Stewardship and Sustainable Investing Committee. The Neuberger Challenge Review Group is responsible for the critical review and approval of appeals submitted by Neuberger investment teams against any issuer identified as excluded by an Neuberger data vendor when applying the applicable exclusion.

[5] The Exclusion List includes companies that Neuberger have deemed to be in breach of the EU CTB or the EU PAB exclusions.

[6] The Watch List includes companies that Neuberger have deemed to raise serious concerns about their alignment with the EU CTB or the EU PAB exclusions.

8. DISCLAIMER

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