NEUBERGER

Neuberger Sustainable Exclusion Policy

Last updated 1 July 2025

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

Neuberger funds that use terms such as 'sustainable' in their fund names will prohibit investment in securities issued by companies that we believe do not meet the minimum sustainability criteria outlined in the Definition of Exclusions section below. Neuberger EU funds that use terms such as 'sustainable' or 'climate' in their fund names may also apply the Paris Aligned Benchmark exclusions to the extent outlined in the Neuberger EU Climate Benchmark Standard Exclusions Policy.

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

3. DEFINITIONS OF EXCLUSIONS

Global Standards and Norms. The Neuberger Sustainable Exclusion Policy (the "**Policy**") applies the Neuberger Global Standards Policy which excludes 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**").

Tobacco. We prohibit purchases of companies involved in tobacco production such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco and other tobacco-related products. This prohibition also includes companies that grow or process raw tobacco leaves.

Civilian Firearms. We prohibit purchases of companies that derive more than 0.5% of their revenue from involvement in the manufacturing of civilian firearms.

Private Prisons. We prohibit purchases of companies that own, operate or primarily provide integral services to private prisons given significant social controversy, reputational risks, dependency on Department of Justice or local governments' policies, and the fact that these facilities that are not easily reconfigurable for alternate uses.

Fossil Fuels. We believe a sustainable portfolio minimizes or neutralizes the exposure to certain pieces of the fossil fuel value chain owing to the varied contribution to climate and environmental risk. The below exclusions apply in addition to the Neuberger Thermal Coal Involvement Policy.

- **Coal and unconventional oil & gas supply.** Given the high carbon footprint among fossil fuels, we prohibit ownership of businesses with substantial revenue derived from the extraction of coal or the use of unconventional methods to extract oil and gas. We define these as:
  - **Thermal coal.** 10% is the maximum acceptable percentage of revenue derived from the mining of thermal coal.
  - **Unconventional oil supply (oil sands).** 10% is the maximum acceptable percentage of revenue derived from oil sands extraction.
- **Electricity Generation.** For companies where electricity generation makes up more than 10% of revenue, we believe a sustainable portfolio should only invest in electricity generation owners that are aligned with a lower carbon emissions economy. We therefore prohibit investment in electricity generators (where electricity generation makes up more than 10% of revenue) which exceed the below maximum acceptable thresholds:
  - **Thermal coal.** 30% is the maximum acceptable percentage of MWh generation derived from thermal coal.
  - **Liquid fuels (oil).** 30% is the maximum acceptable percentage of MWh generation derived from liquid fuels (oil).
  - **Natural gas electricity generation.** 90% is the maximum acceptable percentage of MWh generation derived from natural gas and this threshold may decline over time to align with a glide path to greater renewables penetration.
- **Conventional oil & gas supply.** We recognize natural gas can play a role in the transition to a lower carbon economy, and believe oil and gas producers should be evolving their businesses to increase the proportion of gas and renewables in the business mix. We therefore prohibit investment in oil and gas producers for whom natural gas makes up less than 20% of their reserves.

Controversial Weapons. We are committed to supporting and up holding conventions that seek to ban the production of controversial weapons. As a result, we prohibit investing in securities issued by companies that we believe are involved in the manufacture of controversial weapons. This Policy applies the Neuberger Controversial Weapons Policy.

Sanction-related Exclusions. Neuberger Berman Group LLC ("NBG") and its affiliates are committed to complying with all applicable economic sanctions, including those issued by the United States through the Office of Foreign Assets Control ("OFAC"), European Union, United Nations Security Council and His Majesty's Treasury (U.K.). In order to ensure compliance, among other things, Neuberger performs ongoing sanctions screening and restricts transactions with sanctions targets at the firm level.

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

4. PARENT AND SUBSIDIARY RELATIONSHIPS

Neuberger generally uses the methodologies of its data vendors when identifying excluded issuers. However, Neuberger may exercise 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 may decide either to exclude associated issuers in the relationship hierarchy or 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[2].

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.

5. 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.

6. IMPLEMENTATION

The Policy applies and builds upon the exclusions and criteria as defined in the Neuberger Controversial Weapons Policy, the Neuberger Global Standards Policy and the Neuberger Thermal Coal Involvement Policy.

The policy is subject to review by the Stewardship and Sustainable Investing Committee.

We use a reputable, recognized third party and may use proxy data along with internal research to help identify companies that partake in these controversial businesses. ESG metrics (as generated by third-party data providers) may include qualitative judgment and/or may be based on estimates. While we conduct due diligence on these third party data providers, it cannot be ruled out that such information or data may be 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[3]. If the appeal is successful with respect to the relevant exclusion, the company will instead be placed on the Policy's Watch List[4] for monitoring.

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

Our Exclusion List can be provided to clients upon request.

We can also implement customized additional exclusions based upon a client's own values and objectives in separately managed accounts. Utilizing specialist research, we can help develop investment universes (for separately managed accounts) that reflect your values and exclude companies that have a material exposure to a particular issue or that breach specific international standards.

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.

Financial products applying the Policy, may take short positions in companies on the Exclusion List, i.e. seeking to profit from expected declines in the value of such issuers. Such short positions must be cash settled. Financial products applying the Policy, are prohibited from placing cover trades on issuers on the Exclusion List, this prohibition extends to holdings covering short positions.

This Policy does not apply to financial products, or portions of financial products, that are managed by third-party sub-advisers.

[2] 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.

[3] The Exclusion List includes companies that Neuberger have deemed to be in breach of this Policy.

[4] The Watch List includes companies that Neuberger have deemed to raise serious concerns about their alignment with the Policy.

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