

Neuberger Berman Global Bond 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 Manager and the Sub-Investment Manager reserve 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~~ 12 December 2024

Neuberger Berman Global Bond 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 promotes a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted using the "NB ESG Quotient. The NB ESG Quotient is built around the concept of sector specific financially material environmental, social or governance ESG risk and opportunity, and produces an overall ESG rating for issuers by assessing them against certain ESG metrics.

Summary

No sustainable investment objective	This Portfolio promotes environmental or social characteristics, but does not have as its objective sustainable investment.
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Environmental or social characteristics promoted by the Portfolio	The following environmental and social characteristics are promoted, where relevant to the specific industry and <u>company/issuer</u>, as part of the NB ESG Quotient rating: Environmental Characteristics: biodiversity & responsible land use; GHG emissions; opportunities in clean technologies; opportunities in green building; responsible raw materials sourcing; responsible & transparent underwriting; toxic emissions & waste; waste management; water management; <u>air quality</u>; <u>product lifecycle management</u>; <u>climate risks</u>; and <u>fuel economy</u>. and hazardous waste management. Social Characteristics: access to finance; access to <u>healthcare services</u>; business ethics chemical safety; community relations; controversial sourcing; health & nutrition; health & safety; human capital development; labour management; data privacy & security; product safety, and <u>quality & integrity</u>; <u>management of legal & regulatory environment</u>; <u>pricing transparency</u>; <u>workforce inclusivity</u>; and <u>supply chain management</u>. responsible advertising, labelling and marketing, and human rights.
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Investment strategy	The investment objective of the Portfolio is to seek to achieve an attractive level of total return (income plus capital appreciation) from global fixed income markets. The Portfolio will invest primarily in Investment grade debt securities issued by governments and agencies from OECD countries, and Investment grade debt securities issued by corporations, which have their head office or exercise an overriding part of their economic activity in OECD countries.
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Assessment of Good Governance

Governance factors that the investment team tracks may include: (i) senior management experience and sector expertise; (ii) ownership/board experience and alignment of incentives; (iii) corporate strategy and balance sheet strategy; (iv) financial and accounting strategy & disclosure; and (v) regulatory / legal track record.

Proportion of investments	The Portfolio aims to directly hold a minimum of 60% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio does not commit to holding sustainable investments.
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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 ESG Quotient; II. Climate Value-at-Risk ("CVaR"); and III. II. NB ESG exclusion<u>Avoidance criteria</u> 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	<u>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. 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 ESG research providers.</u>
Limitations to methodologies and data	<u>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.</u> 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

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	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. 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	<u>Before making investments, Neuberger Berman will conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment.</u> 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

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Neuberger Berman Global Bond 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 Manager and the Sub-Investment Manager promote a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted using the "NB ESG Quotient". The NB ESG Quotient is built around the concept of sector specific financially material environmental, social or governance ESG risk and opportunity, and produces an overall ESG rating for issuers by assessing them against certain ESG metrics.

Foundational to the NB ESG Quotient is the NB materiality matrix, which focuses on the environmental, social or governance ESG characteristics that are considered to be the most likely to be the material drivers of ESG financially material environmental, social or governance risk and opportunity for each sector. The NB materiality matrix enables the Manager and the Sub-Investment Manager to derive the NB ESG Quotient rating, to compare sectors and issuers relative to their environmental and social characteristics.

The Manager and the Sub-Investment Manager use the NB ESG Quotient to promote the environmental and social characteristics listed below by prioritising investment in securities issued by issuers with a favourable and/or an improving NB ESG Quotient rating. Pursuant to this, the Manager and the Sub-Investment Manager will not invest in an issuer with a poor NB ESG Quotient rating unless there is a commitment to engage with the issuer with an expectation that the NB ESG Quotient rating will improve over time.

The following environmental and social characteristics are promoted, where relevant to the specific industry and issuer, as part of the NB ESG Quotient rating:

- **Environmental Characteristics:** biodiversity & ~~responsible~~ land use; GHG emissions; opportunities in clean technologies; ~~opportunities in green building; responsible~~ raw materials sourcing; ~~responsible & transparent underwriting; toxic emissions & waste;~~ waste management; water management; air quality; product lifecycle management; climate risks; and fuel economy, and hazardous waste management.
- **Social Characteristics:** access to finance; access to healthcare services; business ethics; chemical safety; community relations; controversial sourcing; health & nutrition; health & safety; human capital development; labour management; data privacy & security; product safety, ~~&~~ quality, & integrity; management of legal & regulatory environment; pricing transparency; workforce inclusivity; and supply chain management. ~~; responsible advertising, labelling and marketing; and human rights.~~

Performance in relation to these environmental and social characteristics will be measured through the NB ESG Quotient, 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 ESG characteristics included therein are reviewed annually to ensure that the most pertinent sector specific environmental, social or governance ESG characteristics are captured through the NB materiality matrix. Accordingly, the environmental and social characteristics promoted as part of the NB ESG Quotient are subject to change. For the avoidance of doubt, if the environmental or social characteristics promoted as part of the NB ESG Quotient change, this website disclosure will be updated accordingly.

~~Exclusions-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 investment objective of the Portfolio is to seek to achieve an attractive level of total return (income plus capital appreciation) from global fixed income markets. The Portfolio will invest primarily in Investment grade debt securities issued by governments and agencies from OECD countries, and Investment grade debt securities issued by corporations, which have their head office or exercise an overriding part of their economic activity in OECD countries.

The Manager and the Sub-Investment Manager promote and evaluate environmental, social or governance ESG characteristics, as an important component of their credit analysis discipline, when making investment decisions. The Manager and the Sub-Investment Manager utilise the NB ESG Quotient criteria as part of the Portfolio construction and investment management process. As noted above, NB ESG Quotient assigns weightings to environmental, social and governance characteristics for each sector to derive the NB ESG Quotient rating. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Portfolio. Issuers with a poor NB ESG Quotient rating especially where these are not being addressed by that issuer, are more likely to be removed from the investment universe or divested from the Portfolio.

The environmental, social or governance ESG analysis is performed internally, with the support of third-party data, and is not outsourced.

In addition, credit worthiness is complemented by fundamental analysis aimed at assessing the issuer's financial performance such as revenue/earnings before interest, tax, depreciation, and amortisation ("EBITDA") growth, cash flow growth, capital expenditures, leverage trends and liquidity profile.

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

- i. Integrating proprietary environmental, social or governance ESG analysis:

The NB ESG Quotient ratings are generated for issuers in the Portfolio. The NB ESG Quotient rating for issuers is utilised to help to better identify risks and opportunities in the overall credit and value assessment.

The NB ESG Quotient is a key component of the internal credit ratings and can help to identify business risks (including financially material environmental, social or governance ESG risks), which would cause deterioration in an issuer's credit profile. Internal credit ratings can be notched up or down based on the NB ESG Quotient rating, and this is monitored by the Manager and the Sub-Investment Manager as an important component of the investment process for the Portfolio.

By integrating the investment team's proprietary environmental, social or governance ESG analysis (the NB ESG Quotient) into their internal credit ratings, there is a direct link between their analysis of material environmental, social or governance ESG characteristics and portfolio construction activities across their strategy.

Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Portfolio. Issuers with a poor NB ESG Quotient rating especially where these are not being addressed by that issuer, are more likely to be removed from the investment universe or divested from the Portfolio.

- ii. Engagement:

The Manager and the Sub-Investment Manager engage directly with management teams of issuers through a robust ESG engagement program.

The Manager and the Sub-Investment Manager engage with sovereign issuers in developed and Emerging Market Countries. As part of its sovereign engagement, the Manager's and the Sub-Investment Manager's portfolio managers and analysts speak regularly to government officials, policy makers and international financial organisations, such as the International Monetary Fund, World Bank and Asian Development Bank, with onsite visits whenever possible, and utilise such meetings to engage with sovereign issuers on sustainability related ESG topics, where the Manager and the Sub-Investment Manager see scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to SDGs under the UNGP Principles and the UNGPs. In addition, the Manager and the Sub-Investment Manager monitor and engage with

countries on reducing GHG emissions based on the Climate Watch Net-Zero Tracker managed by World Resources Institute. Sovereign engagement may also be carried out with jurisdictions under increased monitoring, who are actively working with the Financial Action Task Force ("FATF") to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in the Manager's and the Sub-Investment Manager's NB engagement tracker.

The Manager and the Sub-Investment Manager view this direct engagement with issuers, as an important part of its investment process (including the investment selection process). Issuers that are not receptive to engagement are less likely to be held (or to continue to be held) by the Portfolio.

This program is focused on in-person meetings and conference calls to understand ~~financially material environmental, social or governance~~ ESG risks, opportunities, and assess good corporate governance practices of issuers. As part of the direct engagement process, the Manager and the Sub-Investment Manager may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and tracked by the Manager and the Sub-Investment Manager through an internal NB engagement tracker.

In addition, the Manager and the Sub-Investment Manager will seek to prioritise constructive engagement with issuers which have ~~high impact severe~~ controversies (such as corporate issuers placed on the Neuberger Berman Global Standards Policy's Watch List (as further detailed in the policy itself)), or which have a poor NB ESG Quotient rating, ~~in order to assess whether these ESG controversies or what the Manager and the Sub-Investment Manager deem as weak ESG efforts, are being addressed adequately.~~

The Manager and the Sub-Investment Manager believe this consistent engagement with issuers can help reduce credit risk and promote positive sustainable corporate change. It is an important tool to identify and better understand an issuer's risk factors and performance. The Manager and the Sub-Investment Manager also use it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders. ~~Direct engagement when paired with other inputs, creates a feedback loop that allows analysts in the investment team to evolve their ESG scoring process and prioritise risks that are most relevant to a sector.~~

iii. ~~ESG sectoral exclusion~~ 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 ~~ESG exclusion~~ avoidance criteria and involvement policies explained in more detail in the "Methodologies for environmental or social characteristics" section, which places limitations on the investable universe.

Policy to assess good governance practices of the investee companies

Governance factors that the Manager and the Sub-Investment Manager track may include: (i) senior management experience and sector expertise; (ii) ownership/board experience and alignment of incentives; (iii) corporate strategy and balance sheet strategy; (iv) financial and accounting strategy & disclosure; and (v) regulatory / legal track record.

Engagement with management is an important component of the Portfolio's investment process, and the Manager and the Sub-Investment Manager engage directly with management teams of issuers through a robust ~~ESG~~ engagement program. This program is focused on in-person meetings and conference calls to understand risks, opportunities and assess good corporate governance practices of corporate issuers. The Manager and the Sub-Investment Manager view this direct engagement with issuers, as an important part of its investment process.

The timing of the engagement may be reactionary in certain cases, opportunistic in cases of industry events or pre-planned meetings, or proactive where time allows and without undue restrictions such as during quiet periods or M&A events that may prevent outreach actions. Ultimately, the Manager and the Sub-Investment Manager aim to prioritise engagement that is expected, based on the Manager's and the Sub-Investment Manager's subjective analysis, to have a high impact on the protection of and improvement to the value of the Portfolio, be it through the

advancement of actionable disclosure, understanding of risks and risk management at an issuer, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

The Manager and the Sub-Investment Manager may take into account other governance factors as appropriate from time to time.

As described below, the Portfolio will only invest in securities issued by issuers 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 60% 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 40% 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 Manager and the Sub-Investment Manager aims to achieve the asset allocation targets outlined above, 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 Manager and the Sub-Investment Manager have 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 Manager and the Sub-Investment Manager have engaged directly. The calculation is based on a mark-to-market assessment of the Portfolio and may rely on incomplete or inaccurate issuer 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.

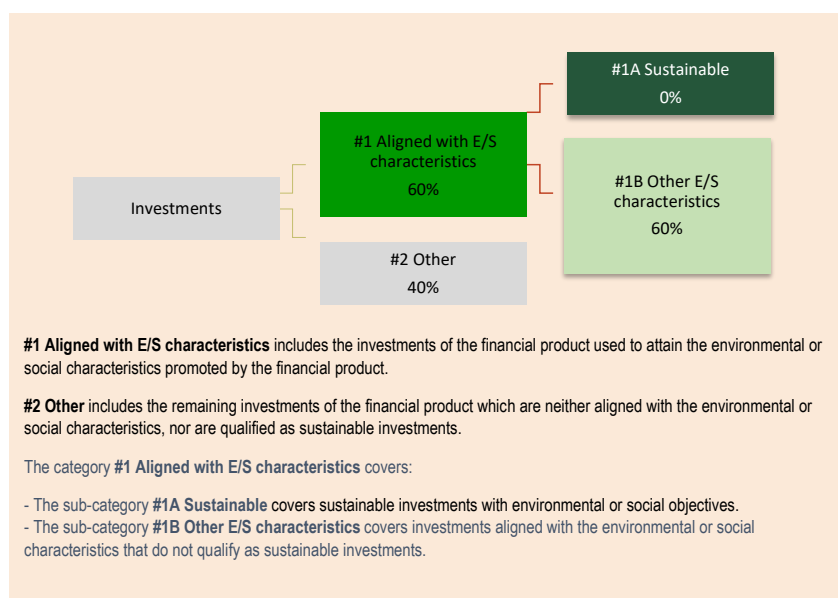
"Other" includes the remaining investments of the Portfolio (which may include but are not limited to -derivatives, any to-be-announced security (TBA) or- security collateralized by a pool of similar assets or receivables listed in the Supplement for the Portfolio) that are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The "Other" section in the Portfolio is held for a number of reasons that the Manager and the Sub-Investment Manager feel 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~~ ~~ESG-exclusion~~ 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 Manager and the Sub-Investment Manager believe that these policies prevent investment in issuers 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.



Monitoring of environmental or social characteristics

Following investment, the Manager and the Sub-Investment Manager monitor issuers on an ongoing basis to track their performance with respect to environmental and social characteristics. In particular, the Manager and the Sub-Investment Manager will track and report on the performance of (i) the NB ESG Quotient; and (ii) the Climate Value at Risk ("CVaR"); and (iii) the adherence to the ESG exclusion/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 Manager and the Sub-Investment Manager consider a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio. These are listed below:

i. The NB ESG Quotient:

The NB ESG Quotient (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 ESG Quotient is the NB materiality matrix (as explained above), which focuses on the environmental, social or governance ESG characteristics that are considered to be the most likely to be the material drivers of financially material environmental, social or governance ESG 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 Manager's and the Sub-Investment Manager's analyst team's significant sector expertise.

The NB ESG Quotient assigns weightings to environmental, social ~~and~~ governance characteristics for each sector to derive the NB ESG Quotient rating. While the NB ESG Quotient rating of issuers is considered as part of the investment process, there is no minimum NB ESG Quotient rating to be attained by an issuer prior to investment. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of being included in the Portfolio. Issuers with a poor NB ESG Quotient rating, especially where a poor NB ESG Quotient rating is not being addressed by an issuer, are more likely to be removed from the investment universe or divested from the Portfolio. In addition, the Manager and the Sub-Investment Manager will seek to prioritise constructive engagement with issuers which have ~~severe~~high-impact controversies (such as corporate issuers placed on the Neuberger Berman Global Standards Policy's Watch List (as further detailed in the policy itself)), or which have a poor NB ESG Quotient rating, ~~in order to assess whether these ESG controversies or what the Manager and the Sub-Investment Manager deem as weak ESG efforts, are being addressed adequately.~~ The success of the Manager and the Sub-Investment Manager's constructive engagement efforts with issuers will depend on each of the issuer's receptiveness and responsiveness to such engagement.

ii. CVaR:

~~CVaR measures the exposure to transition and physical climate risks and opportunities for corporate issuers. CVaR is a scenario analysis tool evaluating economic risks and opportunities under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by the Manager's and the Sub-Investment Manager's portfolio managers and analysts. CVaR provides a framework for identifying climate risk over the long term to assist in understanding how issuers can shift their operations and risk practices over time. The scenario analysis can serve as a starting point for further bottom-up analysis and identifying potential climate related risks and opportunities to address through issuer engagement. Due to data limitations, CVaR is not applied across all issuers held by the Portfolio and is instead limited to the corporate issuers for which the Manager and the Sub-Investment Manager have sufficient and reliable data. The analysis from CVaR is reviewed at least once a year.~~

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~~iii.~~ii. ESG exclusionAvoidance 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 securities issued by issuers whose activities have been identified as breaching, or are not consistent with, the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Thermal Coal Involvement Policy. In addition to the application of the Neuberger Berman Thermal Coal Involvement Policy, the Manager and the Sub-Investment Manager will prohibit the initiation of new investment positions in securities issued by issuers that (i) derive more than 25% of their revenue from thermal coal mining; or (ii) are expanding new thermal coal power generation. Furthermore, the Portfolio will not invest in securities issued by issuers whose activities have been identified as breaching, or are not consistent with, the Neuberger Berman Global Standards Policy which excludes identified violators of the following international standards: (i) the UNGC Principles, (ii) the OECD Guidelines, (iii) the UNGPs and (iv) the ILO Standards. The Portfolio also excludes corporate debt issuers in Emerging Market Countries that are involved in the tobacco industry ~~and child labour~~. Further details on these ESG exclusionavoidance 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.

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ESG data is a key domain and part of our internal data governance with an assigned ESG Data Steward and a dedicated ESG 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 ESG Investing and ESG Data teams continually 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 continuously 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 portfolio ESG metrics in real time.

NB believes that the most effective way to integrate ESG into an investment process over the long term is for investment teams themselves to research ESG factors and consider them alongside other inputs into the investment process. For this reason, ESG research is included in the work of our research analysts rather than employing a separate ESG 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 sell a company when it no longer offers an attractive 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.~~

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.~~

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- ~~• 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. 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.~~

NB has developed a firm-wide proprietary ratings system, the NB ESG Quotient, which is under regular review to enhance methodology and data coverage.

The NB ESG Quotient leverages third-party data, but not third-party aggregate scores. The NB ESG Quotient 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).

NB has developed a firm-wide proprietary ratings system, the NB ESG Quotient, which is under continual review to enhance methodology and data coverage.

The NB ESG Quotient leverages third-party data, but not third-party aggregate scores. The NB ESG Quotient enhances the analysis and research of financially material ESG 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 ESG 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.

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 ESG considerations.

NB views ESG integration as the practice of incorporating material ESG risks and opportunities (as a binding element) into the investment decision-making process. ESG integration sits alongside traditional financial considerations and should enrich NB's investment teams' analysis of issuers by providing a toolkit for identifying material ESG risks and opportunities, informing investment decisions. NB believes that material ESG 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. The Portfolio will not invest in securities issued by issuers whose activities have been identified as breaching the Neuberger Berman Controversial Weapons Policy. Furthermore, the Portfolio does not invest in securities issued by issuers whose activities have been identified as breaching 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 NB ESG Committee. The implementation of these policies is managed by the NB Asset Management Guideline Oversight Team in collaboration with Legal and Compliance.

NB's ESG Investing Team provides expert guidance, resources, and training to investment professionals during the investment process and works to continuously improve the firm's ESG practices. In partnership with the firm's ESG Investing Team, investment teams are trained on ESG due diligence best practices and guidance at least once a year, but often more frequently. Investment professionals with deep expertise in ESG investing regularly engage with fund managers to further enhance ESG due diligence capabilities and to disseminate knowledge in practice.

~~The investment professionals responsible for portfolio management are the first step in maintaining compliance with the Portfolio's investment guidelines and ESG exclusion and involvement policies. 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 ESG exclusion and involvement policies, 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

The Manager and the Sub-Investment Manager engage directly with management teams of issuers through a robust ~~ESG~~ engagement program.

The Manager and the Sub-Investment Manager engage with sovereign issuers in developed and Emerging Market Countries. As part of its sovereign engagement, the Manager's and the Sub-Investment Manager's portfolio managers and analysts speak regularly to government officials, policy makers and international financial organisations, such as the International Monetary Fund, World Bank and Asian Development Bank, with onsite visits whenever possible, and utilise such meetings to engage with sovereign issuers on ~~sustainability related~~ ~~ESG~~ topics, where the Manager and the Sub-Investment Manager see scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to SDGs under the UN Global Compact, and the UNGP. In addition, the Manager and the Sub-Investment Manager monitor and engage with countries on reducing GHG emissions based on the Climate Watch Net-Zero Tracker managed by World Resources Institute. Sovereign engagement may also be carried out with jurisdictions under increased monitoring, who are actively working with the FATF to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in the Manager's and the Sub-Investment Manager's NB engagement tracker.

The Manager and the Sub-Investment Manager view this direct engagement with issuers, as an important part of its investment process (including the investment selection process). Issuers that are not receptive to engagement are less likely to be held (or to continue to be held) by the Portfolio.

This program is focused on in-person meetings and conference calls to understand ~~financially material environmental, social or governance~~ ~~ESG~~ risks, opportunities, and assess good corporate governance practices of issuers. As part of the direct engagement process, the Manager and the Sub-Investment Manager may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and tracked by the Manager and the Sub-Investment Manager through an internal NB engagement tracker.

In addition, the Manager and the Sub-Investment Manager will seek to prioritise constructive engagement with issuers which have ~~severe~~ ~~high impact~~ controversies (such as corporate issuers placed on the Neuberger Berman Global Standards Policy's Watch List (as further detailed in the policy itself)), or which have a poor NB ESG Quotient rating, ~~in order to assess whether these ESG controversies or what the Manager and the Sub-Investment Manager deem as weak ESG efforts, are being addressed adequately.~~

The Manager and the Sub-Investment Manager believe this consistent engagement with issuers can help reduce credit risk and promote positive sustainable corporate change. It is an important tool to identify and better understand an issuer's risk factors and performance. The Manager and the Sub-Investment Manager also use it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders. ~~Direct engagement when paired with other inputs, creates a feedback loop that allows analysts in the investment team to evolve their ESG scoring process and prioritise risks that are most relevant to a sector.~~

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.

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