

Neuberger Berman Short Duration High Yield 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 Short Duration High Yield 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 promotes a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted using a (the “**NB ESG Quotient**”). The NB ESG Quotient is built around the concept of sector specific financially material environmental, social or governance 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. However, the Portfolio commits to holding a minimum of 10% sustainable investments.

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: biodiversity & land use; GHG emissions; opportunities in clean technologies; raw materials sourcing; waste management; water management; air quality; product lifecycle management; climate risks; and fuel economy.

The Portfolio commits to a net-zero goal.

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.

Investment strategy

The investment objective of the Portfolio is to generate high current income by investing in short-duration high yield fixed income securities that comply with the terms of the Neuberger Berman Sustainable Exclusion Policy and seeks to produce investment returns, support better-functioning capital markets and have a positive social and environmental impact.

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 90% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio commits to holding a minimum of 10% 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 ESG Quotient; II. Engagement Reporting III. Climate Value at Risk (“CVaR”); and IV. 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 Short Duration High Yield Engagement Fund

No sustainable investment objective of the financial product

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment. However, the Portfolio commits to holding a minimum of 10% sustainable investments.

The Sub-Investment Manager will take into account the principal adverse impacts indicators outlined in the below table (the “**PAIs**”) when determining whether the sustainable investments that the Portfolio intends to make, do not cause significant harm to any environmental or social sustainable investment objective:

PAIs	
Theme	Adverse sustainability indicator
<i>Greenhouse gas emissions</i>	PAI 1 - GHG emissions PAI 2 - Carbon footprint PAI 3 - GHG intensity of investee companies PAI 4 - Exposure to companies active in the fossil fuel sector PAI 5 - Share of non-renewable energy consumption and production PAI 6 - Energy consumption intensity per high impact climate sector
<i>Biodiversity</i>	PAI 7 - Activities negatively affecting biodiversity-sensitive areas
<i>Water</i>	PAI 8 - Emissions to water
<i>Waste</i>	PAI 9 - Hazardous waste and radioactive waste ratio
<i>Social and employee matters</i>	PAI 10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises PAI 11 - Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises PAI 12 - Unadjusted gender pay gap PAI 13 - Board gender diversity PAI 14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

Consideration of the above PAIs is limited by the availability of adequate, reliable and verifiable data coverage for such indicators (in the Sub-Investment Manager's subjective view) in respect of the sustainable investments of the Portfolio, but this may evolve with improving data quality and availability. The Sub-Investment Manager will utilise third-party data and proxy data along with internal research to take into account the PAIs.

The Sub-Investment Manager, when determining whether the sustainable investments that the Portfolio intends to make do not cause significant harm to any environmental or social sustainable investment objective of the Portfolio's sustainable investments, will take account of the PAIs through a combination of:

- Monitoring issuers which fall below the quantitative and qualitative tolerance thresholds set for each PAI by the Sub-Investment Manager;

- Setting engagement objectives with issuers which fall below the quantitative and qualitative tolerance thresholds set for a PAI; and
- Application of the avoidance criteria and involvement policies detailed below, which includes taking into account several of the PAIs.

The Sub-Investment Manager will not invest in 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 UNGPs, (iii) the OECD Guidelines and (iv) the ILO Standards.

Environmental or social characteristics of the financial product

The Portfolio aims to engage with at least 90% of corporate issuers. To promote the achievement of the SDGs, at least 70% of the corporate issuers engagement undertaken will focus on incremental actions that they can take within their products, services, operations or processes which are aligned with these SDGs (or where there is potential for increased alignment with these goals, following engagement with these issuers). Up to 20% of corporate issuer engagement undertaken may be tied to other material environmental, social or governance factors identified by the NB ESG Quotient for the relevant corporate issuer/industry. Engagement with corporate issuers will take place within 12 months of purchasing the securities issued by the corporate issuer.

In addition, as part of the investment process, the Sub-Investment Manager 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 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 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 NB materiality matrix enables the Sub-Investment Manager to derive the NB ESG Quotient rating, to compare sectors and issuers relative to their environmental and social characteristics.

The Sub-Investment Manager uses 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.

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 & land use; GHG emissions; opportunities in clean technologies; raw materials sourcing; waste management; water management; air quality; product lifecycle management; climate risks; and fuel economy.

In aiming to align the Portfolio with a net-zero goal, the Sub-Investment Manager intends that by 2030 at least 90% of the Portfolio's corporate issuer exposure: i) be considered as 'Achieving net-zero', 'Aligned to a net-zero pathway' or 'Aligning towards a net-zero pathway' as categorised by the NB Net-Zero Alignment Indicator; or ii) be subject to engagement on an ongoing basis.

The Sub-Investment Manager intends that by 2050, 100% of the Portfolio's corporate issuer exposure be considered as 'Achieving net-zero'. For further information regarding the NB Net-Zero Alignment Indicator, please see the 'Sustainable Investment Criteria' section of the Prospectus.

Additionally, the Portfolio must reduce the carbon footprint of its corporate issuer exposure across scope 1, 2, and material scope 3 GHG emissions¹, by a minimum of 30% by 2030 relative to a 2019 baseline and a subsequent decline to net-zero by 2050. For the avoidance of doubt, there is no annual reduction target, instead the reduction target focuses solely on the 2030 milestone and the 2050 net-zero goal. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions.

- **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.

The Sub-Investment Manager aims to maintain an average ESG score for the Portfolio that is above that of the broad U.S. high yield market, as represented by the ICE BofA U.S. High Yield Index, which will be assessed based on third-party ESG scores from an established external provider. The Portfolio is actively managed, the ICE BofA U.S. High Yield Index is used exclusively for ESG score comparison purposes and carbon intensity reduction comparison purposes only.

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 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 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.

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 generate high current income by investing in short-duration high yield fixed income securities that comply with the terms of the Neuberger Berman Sustainable Exclusion Policy and seeks to produce investment returns, support better-functioning capital markets and have a positive social and environmental impact.

The Portfolio will aim to achieve its objective by investing primarily in:

- Short duration, high yield fixed income securities issued by US and non-U.S. corporations, which, respectively, have their head office or exercise an overriding part of their economic activity in the US; and
- Short duration, high yield fixed income securities issued by governments and agencies in the US that are primarily denominated in US Dollars, that comply with the terms of the Neuberger Berman Sustainable

¹ Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

Exclusion Policy and are listed, dealt or traded on Recognised Markets without any particular focus on any one industrial sector.

The Portfolio:

- Seeks to promote the achievement of the SDGs by aiming to engage with at least 90% of corporate issuers, within 12 months of purchase, on incremental actions that they can take within their products, services, operations or processes which are aligned with these goals (or where there is potential for increased alignment with these goals, following engagement with these corporate issuers).
- Maintains an average ESG score for the Portfolio that is above that of the broad U.S. high yield market, as represented by the ICE BofA U.S. High Yield Index, which will be assessed based on third-party ESG scores from an established external provider.

The Portfolio is aiming to align with a net-zero goal, as further described in this SFDR Annex and in the “Sustainable Investment Criteria” section of the Prospectus.

The Sub-Investment Manager considers and evaluates environmental, social or governance characteristics, as an important component of their credit analysis discipline, when making investment decisions. The Sub-Investment Manager utilises 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, will be excluded from the Portfolio.

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

- i. Integrating proprietary environmental, social or governance 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 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 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 analysis (the NB ESG Quotient) into their internal credit ratings, there is a direct link between their analysis of material environmental, social or governance 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, will be excluded from the Portfolio.

- ii. Engagement:

The Sub-Investment Manager engages directly with management teams of corporate issuers through a robust engagement program. The Sub-Investment Manager views this direct engagement with corporate issuers, as an important part of its investment process (including the investment selection process). Corporate 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 risks, opportunities, and assess good corporate governance practices of corporate issuers. As part of the direct engagement process, 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 Sub-Investment Manager through an internal NB engagement tracker.

In addition, the Sub-Investment Manager will seek to prioritise constructive engagement with corporate issuers which have 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.

The Sub-Investment Manager believes this consistent engagement with corporate 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 Sub-Investment Manager also uses it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders.

The Portfolio:

- Aims to engage with at least 90% of corporate issuers. To promote the achievement of the SDGs, at least 70% of corporate issuer engagement undertaken will focus on incremental actions that they can take within their products, services, operations or processes which are aligned with these SDGs (or where there is potential for increased alignment with these goals, following engagement with these corporate issuers). Up to 20% of corporate issuer engagement undertaken may be tied to other material environmental, social or governance factors identified by the NB ESG Quotient for the relevant corporate issuer/industry. Engagement with corporate issuers will take place within 12 months of purchasing the securities issued by the corporate issuer.
- Maintains an average ESG score for the Portfolio that is above that of the broad U.S. high yield market, as represented by the ICE BofA U.S. High Yield Index, which will be assessed based on third-party ESG scores from an established external provider.

The Sub-Investment Manager will use an in-house tool to screen for the likelihood of achieving success in engagement with an issuer prior to investment (the "**Engagement Potential Indicator**"). The Engagement Potential Indicator, on a scale of 1-5, provides an evaluation of an issuer's willingness and ability to engage with the Sub-Investment Manager on the SDGs. For example, an issuer determined to be unwilling or unable to engage would receive an Engagement Potential Indicator of "1", whereas an issuer willing to engage on becoming a leader in contributing to the SDGs would receive an Engagement Potential Indicator of "5". The Sub-Investment Manager will prioritise investments in issuers with an Engagement Potential Indicator rating between "2" and "5". The Engagement Potential Indicator considers a diverse set of factors including the relevance of the SDGs to an issuer's business operations, an issuer's disclosure practices and the Sub-Investment Manager's relationship with the issuer, in addition to the financial constraints of the issuers.

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

Governance factors that the Sub-Investment Manager 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.

Engagement with management is an important component of the Portfolio's investment process, and the Sub-Investment Manager engages directly with management teams of corporate issuers through a robust engagement program. This program is focused on in-person meetings and conference calls to understand risks, opportunities and assess good corporate governance practices of investee corporate issuers. The Sub-Investment Manager views this direct engagement with corporate 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 Sub-Investment Manager aims to prioritise engagement that is expected, based on 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 a corporate issuer, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

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 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 90% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio commits to holding a minimum of 10% sustainable investments. The Portfolio aims to hold a maximum of 10% 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 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.

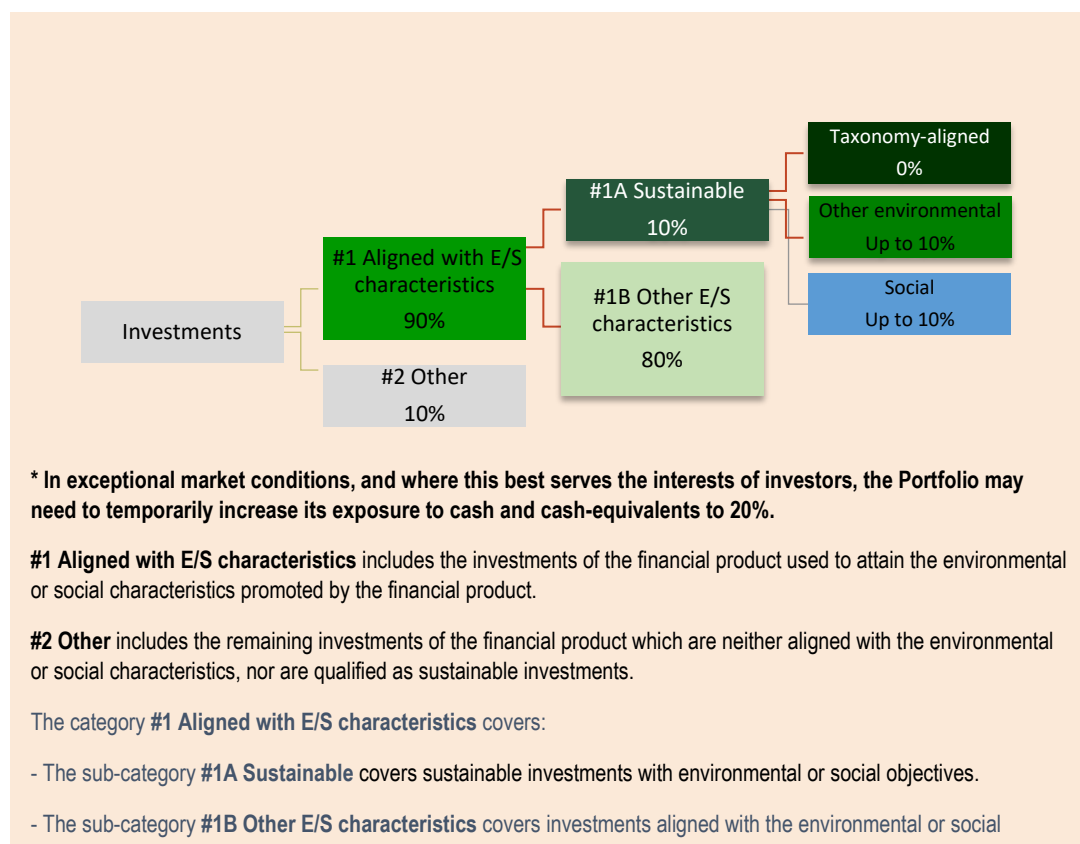
"Other" includes the remaining investments of the Portfolio (which may include but are not limited to derivatives or security collateralized by a pool of similar assets or receivables listed in the Supplement for the Portfolio) that are neither aligned with the environmental or social characteristics, 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 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 Sub-Investment Manager monitors issuers 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 ESG Quotient; (ii) engagement reporting; (iii) the Climate Value-at-Risk (“**CVaR**”); and (iv) 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:

- 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 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 ESG Quotient assigns weightings to environmental, social and governance factors 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, will be excluded from the Portfolio. In addition, the Sub-Investment Manager will seek to prioritise constructive engagement with 90% of corporate issuers, within 12 months of purchase, as discussed in more detail below. The success of 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. Engagement reporting:

The Sub-Investment Manager will report on its engagement as part of periodic reporting going forward.

iii. 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 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 corporate 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 Sub-Investment Manager has sufficient and reliable data. The analysis from CVaR is reviewed at least once a year.

iv. 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 securities issued by issuers 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 Neuberger Berman 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 issuers 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 securities issued by issuers whose activities have been identified as breaching 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 excludes issuers that are involved in controversial activities and behaviours such as fur manufacturers. The Portfolio also prohibits investment in corporate issuers that derive 5% or more of their revenue from gambling operations and/or products and services fundamental to gambling operations. Further details on these avoidance criteria and involvement policies are set out in the "Sustainable Investment Criteria" section 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.

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).

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

The Sub-Investment Manager engages directly with management teams of corporate issuers through a robust engagement program. The Sub-Investment Manager views this direct engagement with corporate issuers, as an important part of its investment process (including the investment selection process). Corporate 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 risks, opportunities, and assess good corporate governance practices of corporate issuers. As part of the direct engagement process, 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 Sub-Investment Manager through an internal NB engagement tracker.

In addition, the Sub-Investment Manager will seek to prioritise constructive engagement with corporate issuers which have 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.

The Sub-Investment Manager believes this consistent engagement with corporate 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 Sub-Investment Manager also uses it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders.

The Portfolio:

- Aims to engage with at least 90% of corporate issuers. To promote the achievement of the SDGs, at least 70% of corporate issuer engagement undertaken will focus on incremental actions that they can take within their products, services, operations or processes which are aligned with these SDGs (or where there is potential for increased alignment with these goals, following engagement with these corporate issuers). Up to 20% of corporate issuer engagement undertaken may be tied to other material environmental, social or governance factors identified by the NB ESG Quotient for the relevant corporate issuer/industry. Engagement with corporate issuers will take place within 12 months of purchasing the securities issued by the corporate issuer.
- Maintains an average ESG score for the Portfolio that is above that of the broad U.S. high yield market, as represented by the ICE BofA U.S. High Yield Index, which will be assessed based on third-party ESG scores from an established external provider.

The Sub-Investment Manager will use an in-house tool to screen for the likelihood of achieving success in engagement with an issuer prior to investment (the “**Engagement Potential Indicator**”). The Engagement Potential Indicator, on a scale of 1-5, provides an evaluation of an issuer’s willingness and ability to engage with the Sub-Investment Manager on the SDGs. For example, an issuer determined to be unwilling or unable to engage would receive an Engagement Potential Indicator of “1”, whereas an issuer willing to engage on becoming a leader in contributing to the SDGs would receive an Engagement Potential Indicator of “5”. The Sub-Investment Manager will prioritise investments in issuers with an Engagement Potential Indicator rating between “2” and “5”. The Engagement Potential Indicator considers a diverse set of factors including the relevance of the SDGs to an issuer’s business operations, an issuer’s disclosure practices and the Sub-Investment Manager’s relationship with the issuer, in addition to the financial constraints of the issuers.

Designated reference benchmark

The Portfolio does not use a benchmark for performance comparison purposes or as a universe for selection. However, it does use a benchmark for ESG rating comparison purposes and carbon intensity purposes only and this benchmark has not been designated as a reference benchmark. Therefore, it is not consistent with the environmental or social characteristics promoted by the Portfolio.