Neuberger Berman Sustainable Emerging Market Debt – Hard Currency 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 9 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

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Neuberger Berman Sustainable Emerging Market Debt – Hard Currency Fund

The Portfolio is categorised as an Article 9 financial product for the purposes of SFDR. The Portfolio invests in securities issued by those issuers that contribute to the attainment of its sustainable investment objectives.

Summary

No significant harm to the sustainable investment objective	The Sub-Investment Manager will take into account the below listed principal adverse impacts indicators 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. The Sub-Investment Manager will not invest in issuers whose activities have been identified as breaching the United Nations Global Compact Principles ("**UNGC Principles**"), United Nations Guiding Principles on Business and Human Rights ("**UNGPs**"), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct ("**OECD Guidelines**") and International Labour Organization Standards Conventions ("**ILO Standards**"). Captured through the Neuberger Berman Global Standards Policy
Sustainable investment objective of the financial product	***Environmental Objective***: The Sub-Investment Manager will target investment in issuers which demonstrate better income-ajusted advancement in climate change adaptation and mitigation, reducing GHG emissions, ecosystem vitality and net-zero alignment. ***Social Objective***: The Sub-Investment Manager will target investment in issuers which demonstrate better income adjusted progress in achieving the SDGs, with a particular focus on public health and education.
Investment strategy	The Portfolio aims to outperform the Benchmark before fees over a market cycle (typically 3 years) by investing primarily in Hard Currency denominated debt securities issued in Emerging Market Countries that comply with the Sustainable Investment Criteria. The Portfolio will invest primarily in debt securities and money market instruments issued by public or private issuers in Emerging Market Countries and/or countries which are part of the Benchmark which are denominated in Hard Currency and which are consistent with the Portfolio's sustainability objective. <u>Assessment of Good Governance</u> The governance factors that the Sub-Investment Manager tracks for corporate issuers 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. The governance factors that the Sub-Investment Manager tracks in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government's role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.
Proportion of investments	The Sub-Investment Manager will ensure that at least 80% of the Net Asset Value of the Portfolio will be comprised of sustainable investments. However, the Sub-Investment Manager will aim for the Portfolio to be as fully invested in sustainable investments as is possible – noting that certain investments (such as cash or hedging instruments), which are required for the proper functioning

	of the Portfolio, do not qualify as sustainable investment. More information on these non-sustainable investments is disclosed under the "Other" section. The Portfolio aims to hold a maximum of 20% investments that are not sustainable investments. The Sub-Investment Manager feels that such investments are necessary for the proper functioning of the Portfolio, for example, to ensure adequate liquidity, hedging and collateral cover.
Monitoring of the sustainable investment objective	The investment team considers a variety of sustainability indicators to measure the attainment of the sustainable investment objectives of the Portfolio, including: I. Independent third-party reports and assessments; and II. Avoidance criteria and involvement policies.
Methodologies for the sustainable investment objective	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 sustainable investment objectives ofthe 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.
Attainment of the sustainable investment objective	A reference benchmark has not been designated for the purpose of attaining the sustainable investment objective of the Portfolio.

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No significant harm to the sustainable investment objective

The Sub-Investment Manager will take into account the principal adverse impacts indicators for corporate issuers outlined in Part 1 of the below table (the "**Corporate Issuer PAIs**") and the principal adverse impacts for sovereign issuers outlined in Part 2 of the below table (the "**Sovereign 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 (together the "**PAIs**"):

Part 1 – Corporate Issuer PAIs	
Theme	**Adverse sustainability indicator**
Greenhouse gas emissions	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
Biodiversity	PAI 7 - Activities negatively affecting biodiversity-sensitive areas
Water	PAI 8 - Emissions to water
Waste	PAI 9 - Hazardous waste and radioactive waste ratio
Social and employee matters	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)
Part 2 – Sovereign PAIs	
Environmental	PAI 15 - GHG intensity of investee countries

Social	PAI 16 - Investee countries subject to social violations

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 relevant 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, in particular where they fall below the quantitative and qualitative tolerance thresholds set for the relevant PAIs by the Sub-Investment Manager;
- Setting engagement objectives with issuers which fall below the quantitative and qualitative tolerance thresholds set for the relevant PAIs; 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 OECD Guidelines, (iii) the UNGPs and (iv) the ILO Standards.

The Portfolio invests in securities issued by those issuers that contribute to environmental and social objectives.

Sustainable investment objective of the financial product

Environmental Objective

The Sub-Investment Manager will target investment in issuers which demonstrate better income-adjusted advancement in climate change adaptation and mitigation, reducing GHG emissions, ecosystem vitality and net-zero alignment.

<u>Sovereign issuer objectives:</u>

Countries in the top 25% percentile or improving in the next 25% percentile in the sovereign climate transition risk indicator (which is proprietary to the Sub-Investment Manager and combines data focused on climate risk mitigation, climate adaptation, ecosystem vitality, GHG emissions and net-zero alignment) are considered to be aligned to the environmental objective.

Any net-zero commitments and targets are set in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions ("**NDCs**").

<u>Corporate issuer objectives:</u>

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 emissions[1], 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 Objective

The Sub-Investment Manager will target investment in issuers which demonstrate better income-adjusted progress in achieving the SDGs, with a particular focus on public health and education.

Countries in the top 25% percentile or improving in the next 25% percentile in the sovereign sustainable development indicator (which is proprietary to the Sub-Investment Manager and combines data focused on life expectancy, access to vaccination and medical professionals, secondary education and lower income inequality) are considered to be aligned to the social objective.

Investment strategy

Portfolio aims to outperform the Benchmark before fees over a market cycle (typically 3 years) by investing primarily in Hard Currency denominated debt securities issued in Emerging Market Countries that comply with the Sustainable Investment Criteria.

The Portfolio will invest primarily in debt securities and money market instruments issued by public or private issuers in Emerging Market Countries and/or countries which are part of the Benchmark which are denominated in Hard Currency and which are consistent with the Portfolio's sustainability objective. For the avoidance of doubt, the Sub- Investment Manager does not consider the currency of the debt securities and money market instruments that the Portfolio invests in as a relevant factor when assessing its suitability in meeting the NB sustainable investment framework, and instead it focuses solely on the issuer of the relevant debt security and money market instrument.

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.

Detail in respect of how this investment strategy is implemented in the investment process is set out at the response to the question "What is the sustainable investment objective of this financial product" above. For the avoidance of doubt, the Sub- Investment Manager does not consider the currency of the debt securities and money market instruments that the Portfolio invests in as a relevant factor when assessing its suitability in meeting the NB sustainable investment framework, and instead it focuses solely on the issuer of the relevant debt security and money market instrument.

With the exception of permitted investments in transferable securities and money market instruments which are unlisted, all securities invested in by the Portfolio will be listed, dealt or traded on Recognised Markets globally, without any particular focus on any one industrial sector or region.

To attain the sustainable investment objective, environmental, social or governance characteristics are promoted at three different levels:

[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).

i. Integrating proprietary environmental, social or governance analysis:

The sovereign sustainability development indicator, which is proprietary to the Sub-Investment Manager, assesses sovereign issuers in advancing in climate change adaptation and mitigation, reducing GHG emissions and net-zero alignment, and in achieving the SDGs, with a particular focus on public health and education.

The Sub-Investment Manager also conducts ongoing analysis of financially material environmental, social or governance factors by generating and utilising NB ESG Quotient ratings for issuers 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. 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.

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 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 not be included in the Portfolio.

The Sub-Investment Manager will not invest in sovereign issuers which are identified by the Sub-Investment Manager as having weak sustainability practices. Such avoidance criteria will be based on a number of factors including environmental, social or governance factors, human rights shortcomings or non-compliance with minimum international tax or financial standards as further detailed below:

- Sovereign issuers which are ranked in the bottom decile based on the NB ESG Quotient, with no near term improvement prospects; or
- Sovereign issuers which have been excluded from the Benchmark based on environmental, social or governance considerations; or
- Sovereign issuers where top officials have been sanctioned by the UN Security Council based on human rights violations; or
- Sovereign issuers which are assessed as having high and increasing GHG intensity levels; or
- Sovereign issuers which are assessed as having poor and deteriorating human rights and rule of law metrics; or
- Sovereign issuers which are non-compliant with the standard put forth by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, or sovereign issuers that are classified as a high risk jurisdiction subject to a call for action by the FATF.

For the avoidance of doubt, while the Portfolio will not invest in such securities, they may underlie credit derivatives which the Portfolio uses for hedging purposes only.

ii. Engagement:

The Sub-Investment Manager engages directly with management teams of issuers through a robust engagement program. The Sub-Investment Manager views 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 risks, opportunities, and assess good corporate governance practices of 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 Sub-Investment Manager through an internal NB engagement tracker.

The Sub-Investment Manager believes 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 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 Sub-Investment Manager also engage with sovereign issuers in developed and Emerging Market Countries. As part of its sovereign engagement, 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 topics, where the Sub-Investment Manager sees scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to SDGs under the UNGC Principles and the UNGPs. In addition, the Sub-Investment Manager monitors and engages with countries on reducing GHG emissions and improving policies towards net-zero alignment. Sovereign engagement is also carried out with countries to improve fiscal transparency, tackle corruption and comply with FATF recommendations to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in the Sub-Investment Manager's engagement log.

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 places limitations on the investable universe.

Policy to assess good governance practices of the investee companies

The governance factors that the Sub-Investment Manager tracks for corporate issuers 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.

The governance factors that the Sub-Investment Manager tracks in relation to Emerging Market Countries include (i) the political sphere of the relevant country, (ii) the adherence to the rule of law, (iii) control of corruption, political uncertainty related to upcoming elections and (iv) a focus of the quality of economic governance, namely the government’s role as an effective regulator and support of the private sector through responsible financial, macroeconomic and international trade policies.

Engagement with management is a key component of the Portfolio’s investment process, and the Sub-Investment Manager engages directly with management teams of issuers through a robust engagement program. This program is focused on in-person meetings, email and conference calls to understand risks, opportunities and assess good corporate governance practices of corporate issuers. 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 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 an issuer, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

Proportion of investments

The Sub-Investment Manager will ensure that at least 80% of the Net Asset Value of the Portfolio will be comprised of sustainable investments. However, the Sub-Investment Manager will aim for the Portfolio to be as fully invested in sustainable investments as is possible – noting that certain investments (such as cash or hedging instruments), which are required for the proper functioning of the Portfolio, do not qualify as sustainable investments. More information on these non-sustainable investments is disclosed under the "Other" section. The Portfolio aims to hold a maximum of 20% investments that are not sustainable investments, and which fall into the "*Other*" section of the Portfolio.

While the proportions of sustainable investments with an environmental objective and sustainable investments with a social objective held by the Portfolio will fluctuate (see further detail below in respect of minimum respective shares in this regard), the Portfolio commits a minimum investment of 10% in sustainable investments with an environmental objective and a minimum investment of 10% in sustainable investments with a social objective, with an aggregate of sustainable investments with an environmental objective and sustainable investments with a social objective of at least 80%. As noted above, the Portfolio aims to exceed its minimum 80% sustainable investment target.

Please note that while 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 calculation is based on a mark-to-market assessment of the Portfolio. This calculation 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 attain the sustainable investment objective.

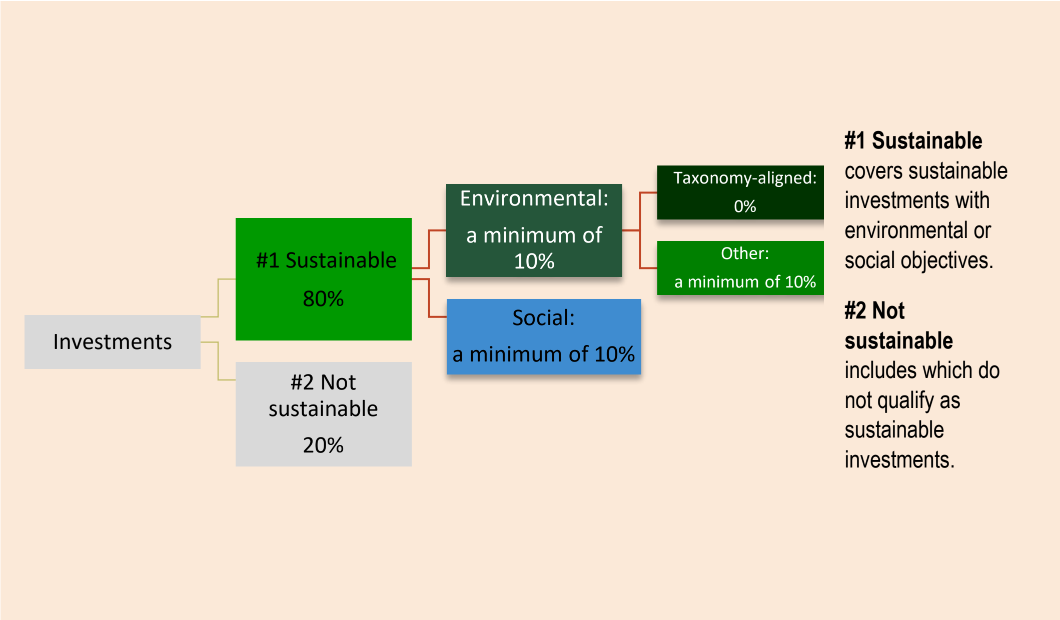
The "Other" proportion of the Portfolio includes the remaining investments (including but not limited to any derivatives listed in the Supplement for the Portfolio) of the financial product which are not qualified as sustainable investments.

The "Other" section in the Portfolio is held for a number of reasons that the Sub-Investment Manager feels are necessary for the proper functioning of the Portfolio such as ensuring adequate liquidity, hedging and collateral cover.

As noted above, 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 sustainable investment objective.

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



Monitoring of the sustainable investment objective

Following investment, the Sub-Investment Manager monitors issuers on an ongoing basis to track their performance with respect to the sustainable investment objectives. In particular, the Sub-Investment Manager will track and report on the performance of (i) the independent third-party reports and assessments; and (ii) the adherence to the avoidance criteria and involvement policies applied to the Portfolio. These sustainability indicators will be used to measure the attainment of each of the sustainable investment objectives of the Portfolio and will be included in the Portfolio's mandatory periodic report (as per the requirements of Article 11 of SFDR).

Methodologies for the sustainable investment objective

The Sub-Investment Manager has set ambitious sustainable investment objectives of i) advancement in climate change adaptation and mitigation; and ii) advancement in the SDGs.

As part of the investment process, the Sub-Investment Manager considers a variety of sustainability indicators to measure the attainment of the sustainable investment objectives of the Portfolio. These are listed below:

i. Independent third-party reports and assessments:

The Sub-Investment Manager uses the following third-party reports, indexes and assessments to measure the Portfolio’s progress towards achieving its sustainable investment objectives:

<u>Advancement in UN Sustainable Development Goals, with emphasis on climate change adaptation and mitigation:</u>

- Notre Dame Global Adaptation Initiative Country Index (“**ND-GAIN**”)

  The Sub-Investment Manager uses the ND-GAIN index to measure and assess a country's vulnerability to climate change and climate transition risks.

  The Sub-Investment Manager will focus its assessment on income-adjusted climate change adaptation.

- GHG Sovereign Emissions:

  The Sub-Investment Manager tracks sovereign GHG Territorial Emissions defined as Tons of CO2 Emissions of Purchasing Power Parity (“**PPP**”)-adjusted GDP (Territorial Production Emissions) or per Capita (Territorial Consumption Emissions). Issuers with the highest Territorial Production Emissions – defined as top quartile and increasing – are excluded from the Portfolio.

- Environmental Performance Index

  The Sub-Investment Manager tracks income-adjusted ecosystem vitality data from the Environmental Performance Index, a joint project of the Yale Center for Environmental Law & Policy and The Center for International Earth Science Information Network ("**CIESIN**") at Columbia University's Earth Institute. The indicator measures how well countries are preserving, protecting, and enhancing ecosystems and the services they provide. It is made up of six issue categories: Biodiversity & Habitat, Ecosystem Services, Fisheries, Acid Rain, Agriculture, and Water Resources.

- Net-Zero Alignment - GermanWatch's Climate Change Performance Index ("**CCPI**") and Climate Action Tracker

  The Sub-Investment Manager tracks sovereign bonds issuing country's net-zero alignment according to CCPI and the Climate Action Tracker's measurement of national and global efforts towards mitigating global warming. This allows the Sub-Investment Manager to target countries with Net-Zero commitments by 2050 or earlier.

<u>Advancement in UN Sustainable Development Goals, with emphasis on public health, secondary education and tackling income inequality:</u>

- Sustainable Development Report Index

  The Sub-Investment Manager uses the Bertelsmann Stiftung and the Sustainable Development Solutions Network Sustainable Development Report Index to assess country performance on the SDGs. This allows the Sub-Investment Manager to target investment in issuers which demonstrate better progress in achieving the SDGs. Countries that meet the environmental or social goals also need to be in the top 75th percentile of the Sustainable Development Report Index to be considered sustainable.

- UNDP Human Development Index

  The Sub-Investment Manager uses the UNDP Human Development Index to measure achievements in key dimensions of life expectancy, education and income inequality globally, adjusted for income. This allows the Sub-Investment Manager to target investment in issuers which demonstrate better progress in achieving human development.

- World Health Organisation – The Global Health Observatory

  The Sub-Investment Manager used income-adjusted Global Health Observatory data on vaccination coverage (diphtheria tetanus toxoid) and pertussis (DTP3) immunisation coverage among 1-year-olds, and the number of medical doctors per capita.

ii. Avoidance criteria and involvement policies:

To ensure that the sustainable investment objective of 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 PAB 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 Portfolio will prohibit investment in securities issued by issuers that (i) derive more than 1% of their revenue from thermal coal mining through the application of EU PAB exclusions provided for under the Neuberger Berman EU Climate Benchmark Standard Exclusions Policy; or (ii) are expanding new thermal coal power generation. The Portfolio will also exclude issuers from the investment universe that manufacture incendiary weapons using white phosphorus or that have an industry tie to nuclear weapons.

The Portfolio will prohibit investment in securities issued by issuers that derive any revenue from the production of adult entertainment; products and services or 5% or more of their revenue from the production of alcohol, distribution of adult entertainment products and/or services, or gambling operations and/or products and services fundamental to gambling operations or the production of conventional weapons.

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.

Further details of these avoidance criteria and involvement policies are set out in the "Sustainable Investment Criteria" section of the Prospectus.

The Sub-Investment Manager excludes securities issued by corporate issuers that are identified as breaching the avoidance criteria outlined above.

Additionally, the Sub-Investment Manager excludes securities issued by corporate issuers that are rated worst in terms of the NB ESG Quotient from the investment universe.

Furthermore, the Sub-Investment Manager will exclude sovereign issuers which are assessed as having weak and deteriorating human rights metrics and where top officials have been sanctioned by the UN Security Council based on human rights violations, or sovereign issuers which are assessed as having high and increasing GHG intensity levels, or sovereign issuers which are non-compliant with the standard put forth by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, or sovereign issuers that are classified as a high risk jurisdiction subject to a call for action by the Financial Action Task Force ("**FATF**").

At least 20% of the investment universe is excluded on these bases.

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 issuers through a robust engagement program. The Sub-Investment Manager views 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 environmental, social or governance risks, opportunities, and assess good corporate governance practices of 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 Sub-Investment Manager through an internal NB engagement tracker.

The Sub-Investment Manager believes 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 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 Sub-Investment Manager also engage with sovereign issuers in developed and Emerging Market Countries. As part of its sovereign engagement, 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 topics, where the Sub-Investment Manager sees scope for improvement for the relevant country.

The sovereign engagement process tends to focus on the various areas relating to SDGs under the UNGC Principles and the UNGPs. In addition, the Sub-Investment Manager monitors and engages with countries on reducing GHG emissions and improving policies towards net-zero alignment. Sovereign engagement is also carried out with countries to improve fiscal transparency, tackle corruption and comply with FATF recommendations to address strategic deficiencies in counter money laundering, terrorist financing and proliferation financing. Progress on sovereign engagement is tracked centrally in the Sub-Investment Manager's engagement log.

Attainment of the sustainable investment objective

The Portfolio’s benchmark has not been designated as a reference benchmark. Therefore, it is not consistent with the Portfolio's sustainable investment objective.