

Sustainable Finance Disclosure Regulation



March 2021

SUSTAINABLE FINANCE DISCLOSURE REGULATION

This disclosure has been prepared in accordance with the requirements 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**"). SFDR seeks to establish a pan-European framework to facilitate sustainable investment, by providing for a harmonised approach in respect of sustainability-related disclosures to investors within the European Union's financial services sector.

The following statements are being published by Neuberger Berman AIFM Sarl ("**NBAS**") in its capacity as a financial market participant for the purposes of SFDR¹:

I. Integration of Sustainability Risks

Neuberger Berman has had a long-standing belief that material ESG factors are an important driver of long-term investment returns from both an opportunity and a risk-mitigation perspective. The Neuberger Berman [Environmental, Social and Governance Policy](#) ("**ESG Policy**") intends to provide a broad framework for the group's approach to ESG integration. Unless otherwise specified, NBAS has regard to the ESG Policy for financial products under its management. In doing so, NBAS shall integrate ESG factors (including the consideration of sustainability risks) into the investment decision-making process.

The ESG Policy is available on the Neuberger Berman website, www.nb.com/esg.

II. Consideration of Principal Adverse Impacts

Although NBAS considers sustainability factors as part of its investment processes in certain portfolios, at this juncture NBAS has opted against affirmatively stating that it considers principal adverse impacts on sustainability factors as prescribed in SFDR, primarily because the regulatory technical standards supplementing SFDR, which will set out the content, methodology and information required in the principal adverse sustainability impact statement, remain in draft form and have not been fully clarified. As such, NBAS believes the most prudent course of action is to await the detailed and clear regulatory guidance at which point NBAS expects to re-assess whether the requirements of SFDR, as it relates to the consideration of adverse impacts of investment decisions on sustainability factors, is appropriate for NBAS and achievable to be appropriately implemented.

III. Remuneration Considerations

NBAS has adopted remuneration policies consistent with its obligations under the European Union's Alternative Investment Fund Managers Directive 2011/61/EU ("**AIFMD**"). NBAS's remuneration policies (i) promote sound and effective risk management and (ii) discourage excessive risk taking, including without limitation, with respect to sustainability risks. A sustainability risk is an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

As part of the Neuberger Berman Group (the "**NB Group**"), NBAS adheres to group-wide general principles, policies and practices, including for certain financial products under management, the ESG Policy. The assessment of NBAS personnel performance is based on a multi-year perspective in order to take into account the long-term performance of staff, as well as the life cycle of the financial product under management. Performance objectives are therefore on a multi-year basis, ensuring that staff and end investors' interests are aligned.

Variable remuneration is dependent upon both corporate results and employee contribution to NBAS objectives. The determination of an individual's entitlement to variable remuneration will in all cases take into account the individual staff member's performance in the relevant performance period based on an assessment of both quantitative and qualitative criteria. This will include an assessment of the individual's compliance with all applicable NB Group policies, including, the

¹ This disclosure is accurate as at 3 March 2021.

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ESG Policy. This will include an assessment of the individual's compliance with all applicable NB Group policies, including the ESG Policy. In addition with respect to portfolio management teams, the entitlement to variable remuneration is not solely linked to the performance of the financial products managed by that particular team, but to the broader NB Group assets under management. This serves to discourage excessive risk taking, as no one individual can influence overall NB Group performance.

Should you require any further information on SFDR or how NBAS incorporates ESG factors into the investment decision-making process, please reach out to your usual Neuberger Berman contact(s).

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