



NEUBERGER BERMAN

Disclosure Statement: Operating Principles for Impact Management

July 2023

ABOUT NEUBERGER BERMAN

Neuberger Berman, founded in 1939, is a private, independent, employee-owned investment manager. The firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity, real estate and hedge funds—on behalf of institutions, advisors and individual investors globally. With offices in 26 countries, Neuberger Berman’s diverse team has over 2,700 professionals. For nine consecutive years, the company has been named first or second in *Pensions & Investments* Best Places to Work in Money Management survey (among those with 1,000 employees or more). Neuberger Berman is a PRI Leader, a designation, since last assessed, that was awarded to fewer than 1% of investment firms for excellence in Environmental, Social and Governance (ESG) practices. In the 2021 PRI Assessment, the firm obtained the highest possible scoring for its overarching approach to ESG investment and stewardship, and integration across asset classes. The firm manages \$436 billion in client assets as of March 31, 2023. For more information, please visit our website at www.nb.com.

All information is as of March 31, 2023, unless otherwise indicated. Firm data, including employee and assets under management figures, reflect collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC (the “firm”). Firm history and timelines include the history and business expansions of all firm subsidiaries, including predecessor entities and acquisition entities. Investment professionals referenced include portfolio managers, research analysts/associates, traders, product specialists and team-dedicated economists/strategists.

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Neuberger Berman Disclosure Statement
Operating Principles for Impact Management
July 25, 2023

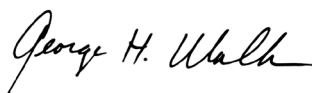
I. Statement by Authorized Executive

Neuberger Berman is a founding signatory of the Operating Principles for Impact Management (“the Impact Principles”), a framework adopted by leading global impact investors. Through this statement we affirm that the following strategies are managed in line with the Impact Principles, including their (i) policies and practices and (ii) impact management systems:

- Neuberger Berman U.S. Equity Impact
- Neuberger Berman Private Equity Impact
- Neuberger Berman Municipal Impact

This disclosure statement covers \$578.6 million of Neuberger Berman’s Assets Under Management (the “Covered Assets”) for the strategies listed above.¹

Sincerely,



George Walker

CEO and Chairman, Neuberger Berman

¹ As of June 30, 2023.

PRINCIPLE 1: Define strategic impact objective(s), consistent with the investment strategy.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Since our inception in 1939, Neuberger Berman's (NB) purpose has been to deliver compelling investment results for our clients over the long term, supporting them to achieve their investment objectives. We have a long-standing belief that material environmental, social and governance (ESG) factors are important drivers of long-term investment returns from both an opportunity and a risk-mitigation perspective. Throughout our history, we have focused on two parallel areas: first, evolving our policies and ESG-integrated investment processes, and second, growing our platform of responsible, sustainable and impact offers for clients seeking outcome-driven portfolios. We believe that ESG factors, like any other factor, should be incorporated in a manner appropriate for the specific asset class, investment objective and style of each investment strategy.

ESG integration simply means that, when we analyze a particular company as part of our normal investment process, we consider financially material ESG factors alongside other traditional financial metrics. As active managers, we regard this as a critical part of our duties as a fiduciary. For clients who desire strategies that go beyond ESG integration, we offer sustainable and impact investing strategies. A sustainable labeled investment strategy seeks a financial objective but does so by investing in companies that are high-quality, well-positioned issuers with leadership on relevant ESG factors, which could include companies with either sustainable business models and practices, or sustainable products or services. An impact strategy seeks to achieve measurable positive social and environmental outcomes for people and the planet alongside a market-rate financial return. The core business, products, services or use of proceeds of each investment contributes to solutions of pressing environmental and social issues. This report covers the three impact strategies that we offer – U.S. Equity Impact, Private Equity Impact and Municipal Impact.

We believe the 17 United Nations' Sustainable Development Goals (SDGs), adopted in 2015 to address the world's most pressing social and environmental challenges by 2030, are important to formulating and communicating objectives of impact investment strategies. At NB, we have organized the SDGs into consistent, investable themes across our impact strategies and believe investors can contribute to the achievement of positive social or environmental outcomes by investing in or engaging with companies whose products and services are aligned with the achievement of the SDGs. For more information about our approach to ESG and impact investing, please read our annual report [here](#).

U.S. Equity Impact

The Neuberger Berman U.S. Equity Impact Strategy (U.S. Equity Impact) seeks to invest in U.S.-listed public companies whose products and services have the potential to deliver positive social and environmental impact alongside attractive long-term financial returns. In our view, the United States faces numerous environmental and societal challenges from climate change to public health and social tensions. The events of recent years have served to accelerate and exacerbate the need for meaningful action to address these challenges. In response to this need, we invest in, and engage with, companies with significant positive impact potential to support their journeys and contribute to positive solutions for people and the planet.

We build a theory of change and identify a specific SDG target within our NB impact themes for our portfolio companies. The theory of change and company performance are monitored over the course of the investment holding period to verify the specific contribution.



Source: United Nations. For illustrative and discussion purposes only.

Private Equity Impact

The Neuberger Berman Private Equity Impact Strategy (Private Equity Impact) seeks investments that both: 1) achieve positive social and environmental outcomes aligned with the SDGs in a measurable way; and 2) meet NB Private Equity's underwriting standards.

Private Equity Impact identifies companies at the intersection of global macro trends where there is high growth potential and also outsized potential for positive social and environmental impact. We believe the market today is conducive to investing in macro trends that intersect with solutions to social and environmental challenges – such as climate solutions and the energy transition or access to quality and affordable healthcare with a greater focus on improving long-term health outcomes while driving down costs, and a broader awareness and demand from consumers for more sustainably sourced, manufactured and delivered goods and services. In addition to organizing the SDGs into impact themes, we have also mapped SDG targets to these business models and themes that we would deem investable.

Municipal Impact

The Neuberger Berman Municipal Impact Strategy (Municipal Impact) pursues a dual investment objective that includes the strategic allocation of capital to issuers and projects that promote the goals and targets of the SDGs, alongside preservation of capital and high current income exempt from US federal income tax. Capital allocation toward municipal financing wherein the 'use of proceeds' aligns with ICMA's Green/Social Bond project categories and meets the requisite governance criteria, is the primary means of achieving the objective as it pertains to impact. Managers seek to align at least 80% of portfolio net assets with this criteria. The strategy is implemented through a proprietary Impact Analysis Framework that considers and scores investment opportunities based on criteria designed to assess the fundamental strengths of the issuer, relevance and alignment to green or social project categories, and the potential for positive impact on the community which the investment intends to benefit.

PRINCIPLE 2: Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

U.S. Equity Impact

The U.S. Equity Impact team's approach to impact investing is an integrated process focused on three main components: rigorous impact analysis, consideration of ESG factors, and assessment of company financials. We utilize proprietary research tools, datasets, and impact ratio analysis to distill opportunities seeking to effect incremental positive impact and compare impact performance across the opportunity set. We leverage in-house capabilities and frameworks to underwrite and ensure alignment with material ESG factors that could affect performance. We conduct deep fundamental research into company financials seeking to identify quality businesses with demonstrated records of building shareholder value. These three components are combined to build a focused impact portfolio, where we engage constructively with portfolio companies to better measure and seek to drive incremental positive impact.

We believe the achievement of impact and ESG objectives will have a direct impact on the long-term investment performance of the portfolio, especially considering the collinearity between business fundamentals and key impact performance indicators we seek through the investment process. As such, the variable pay of investment professionals is dependent on the overall investment performance, including achievement of impact and ESG considerations. In addition, the investment professionals have specific goals relating to responsible investment in their objectives, and performance against these objectives are evaluated in their appraisal process. Lastly, all members of the investment team are personally invested in the strategy for further alignment with financial and impact performance.

Private Equity Impact

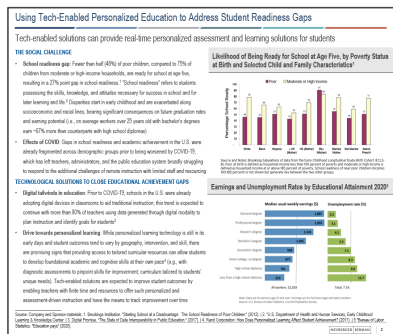
As previously mentioned, Private Equity Impact seeks investments that both: 1) achieve positive social and environmental outcomes aligned with the SDGs in a measurable way; and 2) meet NB Private Equity's underwriting standards. To ensure this is uniformly applied to investments, prospective primary, co-investment, and secondary investments for Private Equity Impact undergo the same rigorous due diligence process, including ESG due diligence, as non-impact strategies and are subject to approval by the same NB Private Equity investment committee.¹ The following graphic shows the impact diligence that occurs in parallel:

¹ When conducting diligence on secondary investments, the investment team generally considers material ESG issues as an integrated part of its due diligence process. The investment team may complete the Manager ESG Scorecard to the best of their ability for fund exposures greater than 1% of the NB Secondary fund size. For direct positions and individual exposures to a given company greater than 1% of the NB secondary fund size, the team may complete the Manager ESG Scorecard and the co-investment ESG materiality analysis to the best of their ability.

PRIVATE EQUITY IMPACT – IMPACT DILIGENCE

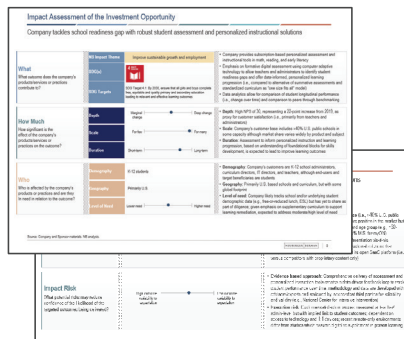
UN SDG ALIGNMENT

Articulate social or environmental challenge and UN SDG addressed by company's product/service



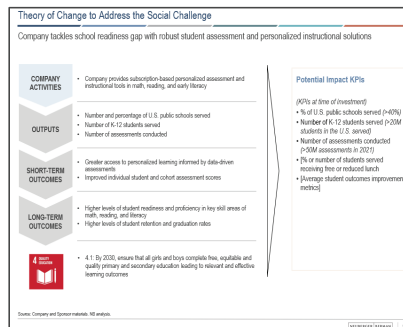
IMPACT DIMENSIONS ANALYSIS

Assess company's potential impact according to five dimensions of impact



THEORY OF CHANGE

Develop a theory of change linking company activities to impact metrics



Source: United Nations. For illustrative and discussion purposes only.

NB's remuneration policy is in line with its business strategy, objectives, values and interests of the firm, funds, investors, and clients. While there is no formal integration of impact or ESG information for remuneration, NB has 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. And as mentioned above, Private Equity Impact seeks investments that both: 1) achieve positive social and environmental outcomes aligned with the SDGs in a measurable way; and 2) meet NB Private Equity's underwriting standards. Therefore, we take a comprehensive approach toward managing client assets, including the integration of impact criteria and engagement insights into our investment processes for Private Equity Impact strategies.

Municipal Impact

Each investment in the Municipal Impact strategy receives an overall Social Impact Score (the SI Score) - a cumulative, weighted consideration of the individual pillar scores. Pillar scores reflect systematic analysis of relevant individual sub-factors at the security level by the research analyst, through either quantitative or qualitative methodologies.

Evaluating and scoring investments based on their impact characteristics is embedded into the investment process, and specifically, is a part of the investment team's order management system. Therefore, to make a new purchase, each investment must meet minimum impact characteristics within the Impact Analysis Framework.

The three pillar Impact Analysis Framework is supported and informed by the following specific factors within each of the pillars:

- Issuer governance practices are qualitatively assessed through the lens of fiscal soundness, proactive ESG risk management, stakeholder relations, and transparency and disclosure
- Use of proceeds is assessed by confirming the alignment and designation of bond proceeds to one or more project categories as defined in the ICMA Green and Social Bond Principles
- Community need is understood through a proprietary, quantitative synthesis of several publicly available social and environmental indicators that help identify and direct capital to more vulnerable communities and demographic groups

At the portfolio level, impact achievement is quantified by ensuring that a minimum of 80% of portfolio net assets are invested in securities that meet the key criteria of the Municipal Impact Framework.

PRINCIPLE 3: Establish the Manager's contribution to the achievement of impact.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

U.S. Equity Impact

As investors, we believe we can help companies increase impact and unlock value through:

- Early identification of company's impact potential through proprietary Impact ratio analysis and active engagement.
- Partnering with management through engagement in an effort to increase company impact over time through intentionality, capital allocation decisions, industry collaboration and reporting.
- Investments via IPOs, following-on offerings and private companies (pre-IPO) can provide capital to grow the business, which may have a positive impact.

Engagement is a central pillar of the U.S. Equity Impact strategy. We deeply value the touch points that we have with our portfolio companies. Through thoughtful, consistent and long-term oriented engagement with corporations, we have the potential to help our portfolio companies maximize their impact potential, while managing for long-term shareholder value. All of our engagements involve direct dialogue with a company. Over 58% of our engagements were with CEOs and CFOs, demonstrating the importance of our long-term relationship with portfolio holdings. The strength of these relationships and our long-term perspective enable us to have direct and meaningful dialogue with companies, which we believe drives a higher likelihood of success in effecting change and positive impact through our engagements. On an annual basis, we set engagement objectives for our holdings and monitor progress toward designated outcomes over time. We classify each holding based on the status of engagement and when engagement objectives are achieved, new engagement objectives are set.

US EQUITY IMPACT STRATEGY – OUR APPROACH TO ENGAGEMENT

100%

OF PORTFOLIO
COMPANIES
ENGAGED WITH

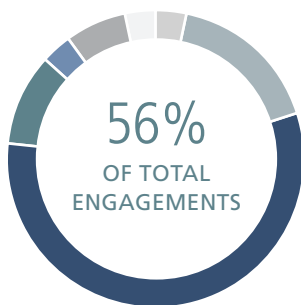
115

ENGAGEMENT MEETINGS

58%

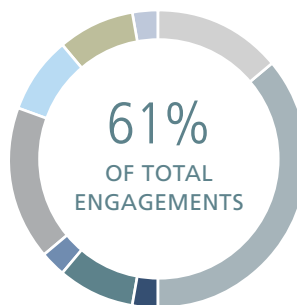
OF ENGAGEMENTS WITH CEO OR CFO

ENVIRONMENTAL



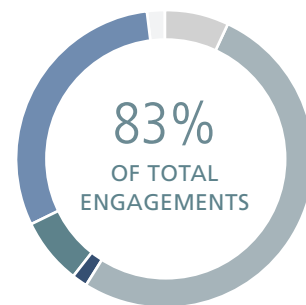
- Climate Change
- Disclosure of Key Environmental Metrics
- Green Opportunities
- Pollution and Mitigation Management
- Support of Relative Frameworks and Policies
- Waste and Water Management

SOCIAL



- Access to Healthcare and Benefits
- Community/Government Relations
- Cybersecurity
- Diversity of Workforce
- Gender
- Health and Safety
- Human Capital Management
- Labor Relations
- Modern Slavery

GOVERNANCE



- Board Independence and Quality
- Capital Structure
- Compensation of Structure
- Disclosure and Financial Control
- Long-Term Business Strategy

Engagements between January 1, 2022 and December 31, 2022 for holdings as of June 30, 2022. One engagement can extend across environmental, social and governance categories. Subcategories reflect the primary topic of conversation in an engagement meeting. An engagement meeting refers to a substantive meeting with portfolio company management to discuss the advancement of one or more ESG goals.

Private Equity Impact

Impact contribution: Private Equity Impact believes that its impact lens can help drive value creation. By supporting managers whose strategies have significant impact potential but may require guidance to realize that potential, NB believes that the Private Equity Impact strategy can help drive higher exit valuations to acquirers that value additional Key Performance Indicator (KPI) reporting. Specifically, Private Equity Impact does so by guiding managers to better measure impact performance metrics that are aligned with the value proposition of their portfolio companies.

ESG contribution/engagement: NB Private Equity additionally engages its general partners (GPs) to share ESG best practices and often seeks to play an active leadership role in ESG-related industry collaborations. We believe that engagement with private equity managers on ESG topics is an important part of our role in the private equity ecosystem and is directly connected to the scale of the platform and the partnerships we have been able to build with leading GPs. We engage with GPs in both seminar and one-on-one settings to provide guidance and support to improve ESG integration policies and practices.

For certain investors, we have made formal commitments relating to ESG integration or excuse rights in side letters when requested by investors. As appropriate and where applicable, some NB Private Equity's fund formation contracts and Limited Partnership Agreements include formal commitments relating to ESG factors.

For certain of our investments within the Private Equity Impact strategy, we have entered into side letters with the underlying GPs addressing ESG factors and exclusions. These letters typically also address a commitment to reporting ESG and impact-related KPIs.

In 2022, NB Private Equity became a signatory to the ESG Data Convergence Initiative which seeks to standardize ESG metrics and provide a mechanism for comparative reporting for the private market industry. Neuberger Berman Private Equity has begun requesting the standard set of ESG metrics, which includes diversity, equity and inclusion (DEI) related data, from co-investments and primary fund investments.

Municipal Impact

The opportunities and channels to contribute to the achievement of impact are generally more limited for a debt investor. Nevertheless, we believe the nature and structure of the municipal bond market makes it an ideal asset class for impact investing aligned with the SDGs. As an investor in the municipal market, our contribution to impact is largely driven by our ability to select issuers and projects from an extraordinarily diverse opportunity set of debt financing designated for building and maintaining essential infrastructure and critical assets, providing essential public services such as education and healthcare, and aiding local governments and enterprises in other ways of effecting positive impact.

The foundation of the municipal market is to fund projects that support and improve local communities, and there is high potential to connect the use of bond proceeds to impact objectives, in addition to selectively directing funds to communities with higher need. The Municipal Impact strategy focuses on directing capital to bonds that support projects that generate positive social and environmental outcomes for public benefit while addressing the unique needs of the communities that experience the intended impact. Municipal Impact's approach is to define the impact criteria and its minimum thresholds for evaluation of investments, and to target specific projects that have a clear and compelling potential for social and environmental impact.






PRINCIPLE 4: Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

U.S. Equity Impact

The U.S. Equity Impact strategy's impact due diligence process incorporates both the established Impact Management Project (IMP) framework¹ as well as our proprietary impact ratio analysis. We qualitatively evaluate every company we invest in across the IMP's five dimensions of impact in order to assess the alignment of its business with the specific impact target. Supported by real world evidence, the materiality of the outcomes generated by the business are analyzed. We enforce a stringent minimum threshold and conduct this diligence for every investment and all companies on our watchlist. Where outcomes are variable by segment of business line, we evaluate them individually and then aggregate at the company level to ensure the minimum threshold is met and negative impacts are considered.

U.S. EQUITY IMPACT - IMP ANALYSIS

 WHAT	What impact themes does the company's products / services address? What outcome(s) do business activities drive? Are the outcomes positive or negative?
 HOW MUCH	How significant is the effect of the company's products / services on the targeted impact theme? How much of the outcome occurs in terms of scale, depth and duration?
 WHO	Who experiences the outcome? How underserved are the stakeholders in relation to the outcome?
 CONTRIBUTION	What is the company's unique contribution to the impact theme?
 RISK	What is the risk to people that impact does not occur as expected?

Our proprietary impact ratio analysis requires a deep understanding of a company's potential product outcomes for key stakeholders and adds additional insight to the fundamental investment process. This quantitative analysis and forecasting enables us to compare the relative impact of companies within the same theme and informs our engagement with companies by deepening our understanding of the key operational drivers of positive impact. The impact ratio is calculated on an annual basis for past, current and future years. We monitor impact performance in relation to the expected ratio over time and review where positive and negative impact significantly differed from our estimates.

¹ From 2016 to 2018, the Impact Management Project (IMP) convened a Practitioner Community of over 3,000 enterprises and investors to build global consensus on how we measure, improve and disclose our positive and negative impacts (otherwise known as "impact management"). The resulting consensus (or "norms") provide a common logic to help enterprises and investors understand their impacts on people and the planet, so that they can reduce the negative and increase the positive. For more information on the IMP framework please see <https://impactfrontiers.org/norms/>.

Private Equity Impact

The impact analysis conducted by Private Equity Impact comprises of at least a four-page template and leverages both the SDGs and Impact Management Project's five dimensions of impact. In addition to characterizing the dimensions of the expected impact (i.e., what, who, how much, contribution, and impact risk), the impact analysis also entails developing a theory of change and evidence base. Part of this theory of change includes linking a company's activities to observable outputs and short-/long-term outcomes that are supported by an evidence base such as academic research and studies. We utilize this analysis to help inform the identification and measurement of impact KPIs.

As an integrated facet of due diligence, impact diligence questions will be addressed in order to further refine and develop the preliminary impact thesis. The team will also conduct an ESG evaluation of the lead sponsors involved, in addition to assessing the various dimensions of impact and identifying preliminary impact KPIs.

While conducting impact diligence on direct investment opportunities (e.g., co-investments, single-asset secondaries), NB Private Equity seeks to understand the following dimensions of impact:

- What impact themes do the company's products/services address?
- How significant is the effect of the company's products/services on the identified impact theme?
- Who is positively affected by the company's products/services?
- What is the unique contribution of the company's products/services to the identified impact theme? (i.e., if the company did not exist, would the intended outcome occur anyway?)
- What potential risks may reduce the likelihood of the identified impact?

While slightly different, our approach to conducting impact diligence on primary fund managers includes (but is not limited to) the following:

- The fund's investment strategy's potential to contribute to the SDGs;
- Historical track record;
- Investment strategy and philosophy; and
- Commitment to tracking and reporting impact KPIs

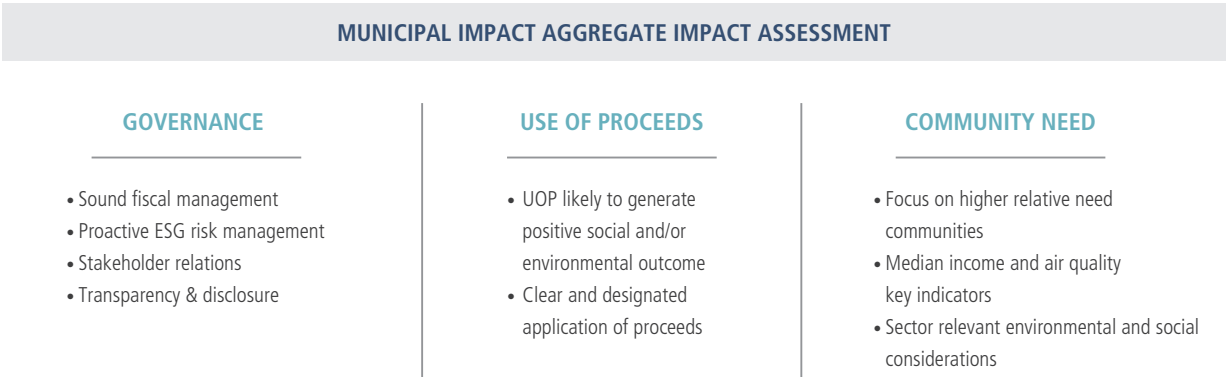
PRIVATE EQUITY IMPACT – IMPACT DIMENSIONS FRAMEWORK



Note: For illustrative purposes only.

Municipal Impact

As previously detailed, the Impact Analysis Framework (the Framework) serves as the principal methodology for assessing the nature, intent and significance of the impact associated with each investment. The Social Impact Score (the SI Score), which reflects a systematic analysis of sub-factors under the Issuer Governance, Use of Proceeds (UOP), and Community Need pillars of the Framework provides a quantitative measure of the impact potential deriving from the investment.



Each investment in the Municipal Impact strategy receives an overall SI Score - a cumulative, weighted consideration of the individual pillar scores. Pillar scores reflect systematic analysis of relevant individual sub-factors at the security level by the research analyst, through either quantitative or qualitative methodologies. At the portfolio level, impact achievement is quantified by ensuring that a minimum of 80% of portfolio net assets are invested in securities that meet the key criteria of the Municipal Impact Framework.

Evaluating and scoring investments based on their impact characteristics is embedded into the investment process, and specifically, is a part of the investment team's order management system. Therefore, to make a new purchase, each investment must meet minimum impact characteristics within the Impact Analysis Framework. The three pillar impact analysis framework is supported and informed by the following specific factors within each of the pillars:

- Issuer governance practices are qualitatively assessed through the lens of fiscal soundness, proactive ESG risk management, stakeholder relations, and transparency and disclosure
- Use of proceeds is assessed by confirming the alignment and designation of bond proceeds to one or more project categories as defined in the ICMA Green and Social Bond Principles
- Community need is understood through a proprietary, quantitative synthesis of several publicly available social and environmental indicators that help identify and direct capital to more vulnerable communities and demographic groups

The Municipal Impact Framework is the primary tool used by the portfolio managers in the understanding of impact characteristics and the likelihood of achieving the investment's expected impact as a result of the financing. Several of its inputs contribute to the understanding of who experiences the intended impact and measuring progress over the life of the investment. The Community Need Analysis that each investment is subject to provides insight into the socio-economic and demographic indicators of the population that individual projects and programs impact, and whether there is a greater relative need or benefit the investment will help address or advance. Furthermore, the Framework includes an assessment of the issuers' transparency and disclosure practices that are relevant to the nature of the entity and their mission in the community, and reflect and adequately meet the statutory or widely accepted means of disclosure that governments and public enterprises are subject to. The means of disclosure and reporting we assess typically define the population base and scope of goods and services the public entities provide, their understanding of community needs and priorities, and an assessment of progress and impact at the project level. Each investment may represent one or more such projects and services the municipal entity undertakes as part of its normal course of operations and varies by issuance, and is evaluated in the Framework over the life of the investment.

The SI Scores, and the performance of individual investments on the sub-factors, is monitored on an annual basis. Material developments and new information can be integrated on an on-going basis. If a SI Score is negatively impacted in the process of a review or update, the investment team will consider options such as targeted issuer engagement for additional disclosure, further inquiry to understand drivers of deterioration, a security sale, or a stepwise combination of the above. To monitor our approach and the continuing alignment of investments with impact objectives, we rely on industry disclosure platforms such as EMMA (Electronic Municipal Market Access), third-party data providers, public datasets, and proprietary research.

PRINCIPLE 5: Assess, address, monitor, and manage potential negative impacts of each investment.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

U.S. Equity Impact

Negative impacts of investments are first considered in the qualitative Impact Management Project score and quantitatively represented in the Impact ratio where possible. A minimum threshold is enforced for the Impact Management Project score to avoid any systematic or persistent negative impacts, while also evaluating the risk for negative outcomes to occur. As further support, we use ESG integration and various portfolio monitoring tools to surface new negative outcomes. Any negative outcomes are evaluated as a team and if severe enough, we can exit the position or engage with the company to attempt to resolve.

The U.S. Equity Impact team is supported by NB's ESG Investing team and utilizes the proprietary NB ESG Quotient when analyzing current and prospective investments. The ratings are a result of the efforts of NB's Global Equity Research Department working with the ESG Investing team and is based on the NB Materiality Matrix, which identifies material ESG factors across over 70 industries. We believe the strength of our ESG integration is well reflected in our portfolio, which scores a B2 on our NB ESG Quotient, on a scale of A1 (highest) to D4 (lowest). For holdings with a low NB ESG Quotient we pinpoint the drivers, first understanding the weaknesses and then set engagement objectives to address those that are financially material or could jeopardize the impact thesis.

NB MATERIALITY MATRIX

FACTOR	ENVIRONMENTAL		SOCIAL		WORKFORCE		SUPPLY CHAIN		LEADERSHIP AND GOVERNANCE	
	Emissions	Water Management	Data Privacy & Security	Pricing Transparency	Health and Safety	Human Capital Development	Product Safety & Integrity	Materials Sourcing	Innovation	Policy & Regulation Risk
Consumer Goods										
Extractives/Minerals										
Financials										
Food & Beverage										
Healthcare										
Infrastructure										

Neuberger Berman Materiality Matrix. Represents a subset of factors. For illustrative purposes only.

The U.S. Equity Impact strategy also applies the NB Enhanced Sustainable Exclusion Policy, an exclusion policy designed for our sustainable and impact strategies. The NB Enhanced Sustainable Exclusions Policy screens out companies that have business involvement in activities that do not meet minimum sustainability criteria. The policy is aligned with European sustainability labels such as Febelfin's Towards Sustainability.

For more on NB's Enhanced Sustainable Exclusions Policy, please refer to our website: https://www.nb.com/handlers/documents.ashx?id=9f4c417f-be80-43d7-832f-d0afa081b36a&name=Enhanced_Sustainable_Exclusion_Policy_US_version.pdf

Private Equity Impact

As mentioned above, the impact analysis conducted by NB Private Equity for the Private Equity Impact strategy comprises of at least a four-page template that leverages both the SDGs and Impact Management Project's five dimensions of impact, including impact risk, which includes potential negative impacts. As an integrated facet of due diligence, impact diligence questions will be addressed in order to further refine and develop the preliminary impact thesis. These questions include those that would target an understanding of potential risks and negative impacts that may reduce the likelihood of the identified overall positive impact.

NB Private Equity generally integrates financially material ESG considerations throughout the investment process as it believes this can potentially lead to more consistent and better investment outcomes by helping to identify both material risks and opportunities to drive value. The Private Equity Impact strategy has adopted the NB Private Markets Avoidance Policy (the Avoidance Policy) that is based upon our dual focus on financial performance and protecting and enhancing financial value on behalf of our clients. In addition, the Avoidance Policy is consistent with certain global standards, including the United Nations Global Compact Principles (UNGC Principles) as well as topics related to sanctions, controversial weapons, and NB's Thermal Coal Involvement Policy.¹

As previously mentioned, prospective primary, co-investment, and secondary investments for Private Equity Impact undergo the same rigorous due diligence process, including ESG due diligence, as non-impact strategies and are then subject to approval by the same NB Private Equity investment committee,² which includes NB's Head of ESG and Impact Investing.

When conducting diligence on primary fund commitments, NB Private Equity investment teams are able to utilize our proprietary Manager ESG Scorecard to assess the lead GP's level of ESG integration at both the firm and the fund strategy level based on industry best practices. Our Manager ESG Scorecard assesses the GP's commitment to ESG by evaluating the firm's ESG policy and governance, ESG objectives and how well ESG is incorporated into the investment process (due diligence and selection, ownership, and ongoing monitoring and reporting). Our Manager ESG Scorecard results in a weighted quantitative score (on a scale of 1 to 4) that can be tracked over time. Importantly, it can serve as a starting point for engagement with GPs on areas of improvement.

When conducting due diligence on companies (e.g., direct co-investment, private debt, capital solutions, and GP-led secondary), the investment team can utilize the proprietary NB Materiality Matrix to assess industry specific ESG factors that are likely to be financially material (informed by the firm's research analysts) as well as the lead GP's level of ESG integration based on our Manager ESG Scorecard.³ NB Private Equity collects carbon footprint and intensity data on potential direct co-investments, to the extent companies were already reporting such information.

¹ The Neuberger Berman Private Markets Avoidance Policy covers certain primary, direct co-investment, secondary and private debt/credit strategies. This policy is available to implement for certain mandates and funds, as applicable.

² Many of the firm level processes described herein are subject to Neuberger Berman's policies and procedures, including certain information barriers within Neuberger Berman that will, from time to time, limit communications between the NB Private Markets team and the public side investment and ESG teams.

³ When conducting diligence on secondary investments, the investment team generally considers material ESG issues as an integrated part of its due diligence process. The investment team may complete the Manager ESG Scorecard to the best of their ability for fund exposures greater than 1% of the NB secondary fund size. For direct positions and individual exposures to a given company greater than 1% of the NB secondary fund size, the team may complete the Manager ESG Scorecard and the co-investment ESG materiality analysis to the best of their ability.

PRIVATE EQUITY IMPACT – MANAGER ESG SCORECARD	
FUND MANAGER	FUND STRATEGY
What is the firm's ESG commitment and governance?	How is ESG integrated throughout the investment lifecycle?
POLICY GOVERNANCE RESOURCES	DUE DILIGENCE SELECTION OWNERSHIP REPORTING

Represents a subset of factors for illustrative purposes only.

NB Private Equity monitors investments through the periodic review of the underlying portfolio; meetings with the sponsoring private equity firm and, in certain cases, the fund's portfolio company management; quarterly and annual reviews; and active participation on advisory boards and committees when appropriate. In addition to monitoring investments for ESG issues as a part of our ongoing dialogue with the GP, NB Private Equity leverages data analytics to track publicly available information to flag significant ESG-related issues, when applicable.

Municipal Impact

As part of their fundamental investment analysis, the Portfolio Managers consider relevant ESG factors they believe are financially material to individual investments, where applicable. The analysis is inherently subjective and is informed by internally generated, as well as third-party metrics, data and other information the analysts collect in their research process. The Portfolio Managers believe that the consideration of financially material ESG factors, alongside traditional financial metrics, may improve credit analysis, security selection, relative value analysis and enhance their overall investment process.

The Municipal Impact Strategy benefits from this practice as material ESG factors are integrated into the fundamental research process of the asset class and includes qualitative ESG factors related to governance, environmental and climate risks, and socio-demographic indicators.

Engagement with municipal issuers is pursued primarily with the objective of promoting and improving disclosure and transparency in reporting. The Municipal Impact Strategy leverages engagement with the issuer where it can offer additional insight or relevant information on individual investments. This may occur during the fundamental research, impact analysis, or the performance monitoring of individual investments stages of the process.

PRINCIPLE 6: Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

U.S. Equity Impact

Our proprietary impact ratio is calculated on a one-year basis using the key impact performance indicators we have identified as consistent, measurable and aligned with financial performance. Where possible we assess the impact potential of investments based on their contributions to impact metrics set forward by the Global Impact Investing Network (GIIN) in its IRIS+ database¹. A historical ratio is generated for the past year and a forward-looking estimated ratio is generated for future years. The responsibility for data collection and estimation lies with the covering analysts. Data sources for evidence include but are not limited to company disclosures, academic papers, industry research, primary sources, government cost benefit analysis and ESG data providers (e.g., MSCI, TruCost, ISS-Oekom).

There are several companies that we follow closely for an extended period before owning. In this period, we focus on developing our impact theses and assessing the theory-of-change, generating quantitative estimates of the scale of positive impact generated by companies (our proprietary impact ratio) and identifying opportunities with impact potential through engagement. Once we own a company, we leverage this due diligence to advocate for specific opportunities to enhance impact potential alongside long-term financial returns. We track performance of portfolio holdings against the key performance indicators developed in our research and diligence process and collaborate with management to work towards impact targets, while also sharing best practices.

On an annual basis, the team compares achieved impact ratio performance against what was expected. These outcomes are shared with clients in the U.S. Equity Impact Strategy Annual Report on an aggregated and individual basis for transparency. Companies that deviate significantly from our financial and impact investment theses may be divested from the portfolio or engagement efforts are enhanced if we see a reasonable path to improvement.

Private Equity Impact

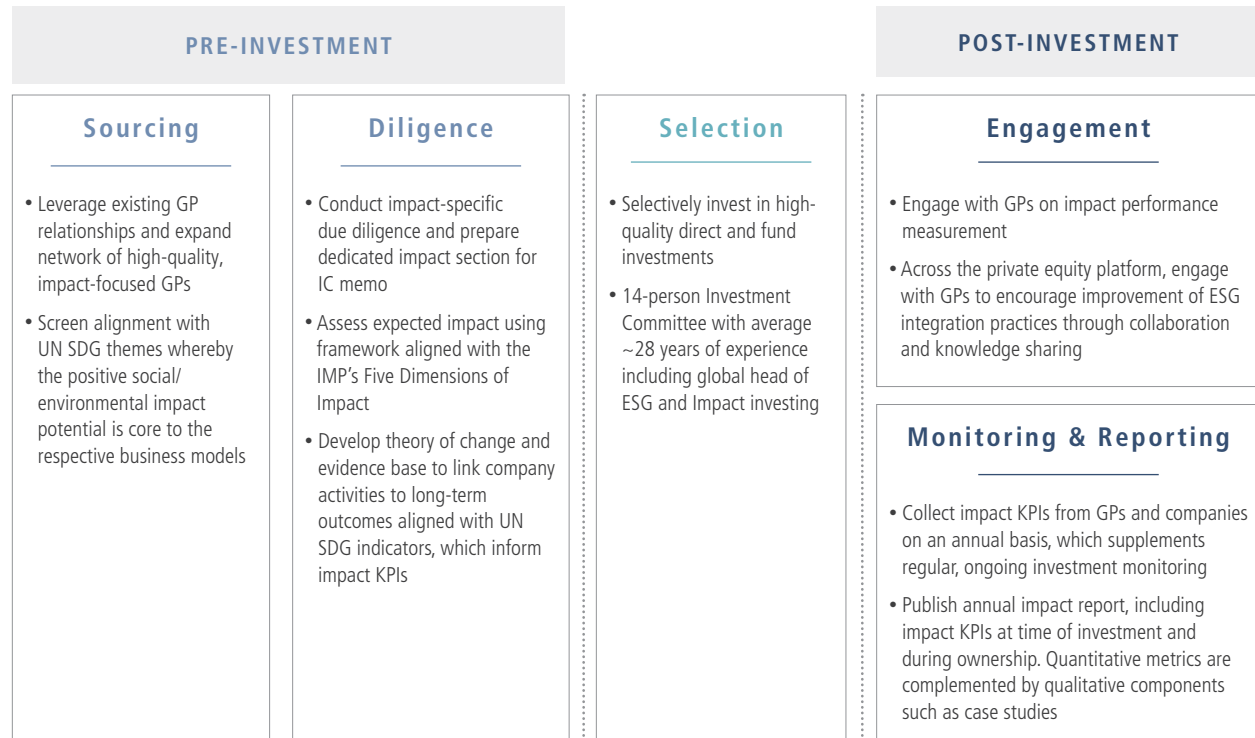
Private Equity Impact's approach to impact metric selection and reporting is grounded in several key principles:

- **Prioritize impact key performance indicators:** NB Private Equity works closely with GPs and companies to understand the metrics that are measurable and useful to managing and improving the businesses, as well as align with Private Equity Impact's impact thesis. Private Equity Impact seeks to align its impact metrics to industry standards, including IRIS+ Metrics and UN SDG Indicators, where applicable
- **Built on foundation of evidence:** NB Private Equity grounds its impact metrics in a theory of change for each investment, supported by a robust evidence base. Private Equity Impact articulates a theory of change for each investment to demonstrate the link between the social or environmental challenge being addressed and the positive social or environmental outcomes measured by impact Key Performance Indicators (KPIs)
- **Aligned with industry standards:** Private Equity Impact leverages industry standards, where appropriate, when identifying and reporting impact metrics. In particular, Private Equity Impact is designed to align itself with the SDG taxonomy and applies the Impact Management Project framework

¹ IRIS+ is the generally accepted system for impact investors to measure, manage, and optimize their impact. For more information on the IRIS+ system please see <https://iris.thegiin.org/>.

The graphic below shows how impact measurement and management is integrated throughout the Private Equity Impact investment and decision-making process:

PRIVATE EQUITY IMPACT INVESTMENT PROCESS



Source: For illustrative and discussion purposes only.

Private Equity Impact aggregates annual impact and ESG KPIs for its underlying portfolio investments and shares these with investors in its Annual Impact Report.

Municipal Impact

The Municipal Impact Fund's approach is to target specific projects that have a clear and compelling potential for social and environmental impact as opposed to building a portfolio based on meeting a minimum or threshold level of impact achievement. The Social Impact Scores, and the performance of individual investments on the sub-factors, are monitored on an annual basis. Material developments and new information can be integrated on an ongoing basis. If a SI Score is negatively impacted in the process of a review or update, the investment team will consider options such as targeted issuer engagement for additional disclosure, further inquiry to understand drivers of deterioration, a security sale, or a stepwise combination of the above. To monitor our approach and the continuing alignment of investments with impact objectives, we rely on industry disclosure platforms such as EMMA (Electronic Municipal Market Access), third-party data providers, public datasets, and proprietary research. We share the progress and outcomes for the strategy's investments with our clients in our annual Municipal Impact Report.

PRINCIPLE 7: Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

U.S. Equity Impact

Our approach to buying and selling portfolio holdings seeks to maximize upside potential while minimizing downside risk. Disciplined sell decisions can be made based on a number of factors including:

- a price target achieved;
- superior opportunities available elsewhere;
- and/or research indicates deteriorating fundamental, the impact thesis proves wrong or significant negative impact arises.

We maintain a post-exit relationship with the companies that we exit, and continue to monitor for impact and financial performance to assess opportunities to reinvest. For example, we have continued to engage on material ESG or impact factors with some companies we have exited in an attempt to remediate issues that arose.

Operating in the public equity market, sales will almost always be to a secondary market buyer, but that we do look carefully at corporate actions which might lead to a company we own being owned by a specific entity. If our impact thesis is proven to be correct, a company's positive impact should be better understood in the marketplace and valued by the purchasing parties.

Private Equity Impact

Private Equity Impact's co-investments typically are minority investments, alongside a lead sponsor, who controls or has significant control rights over the portfolio company. Generally, as a minority investor, Private Equity Impact has limited governance and ability to dictate the affairs of the portfolio company. In our co-investments, we typically partner with well-established lead private equity firms who will be the party primarily responsible for setting the strategy, guiding the affairs and implementing the proposed value creation plan for the investee company, including consideration of ESG risks and opportunities.

Although we generally do not control the exit strategy or timing of portfolio investments, including whether ESG factors are considered in relation to the exit, in certain cases the investment team expresses its views as to exit strategy and may influence the exit process on the margin.

Municipal Impact

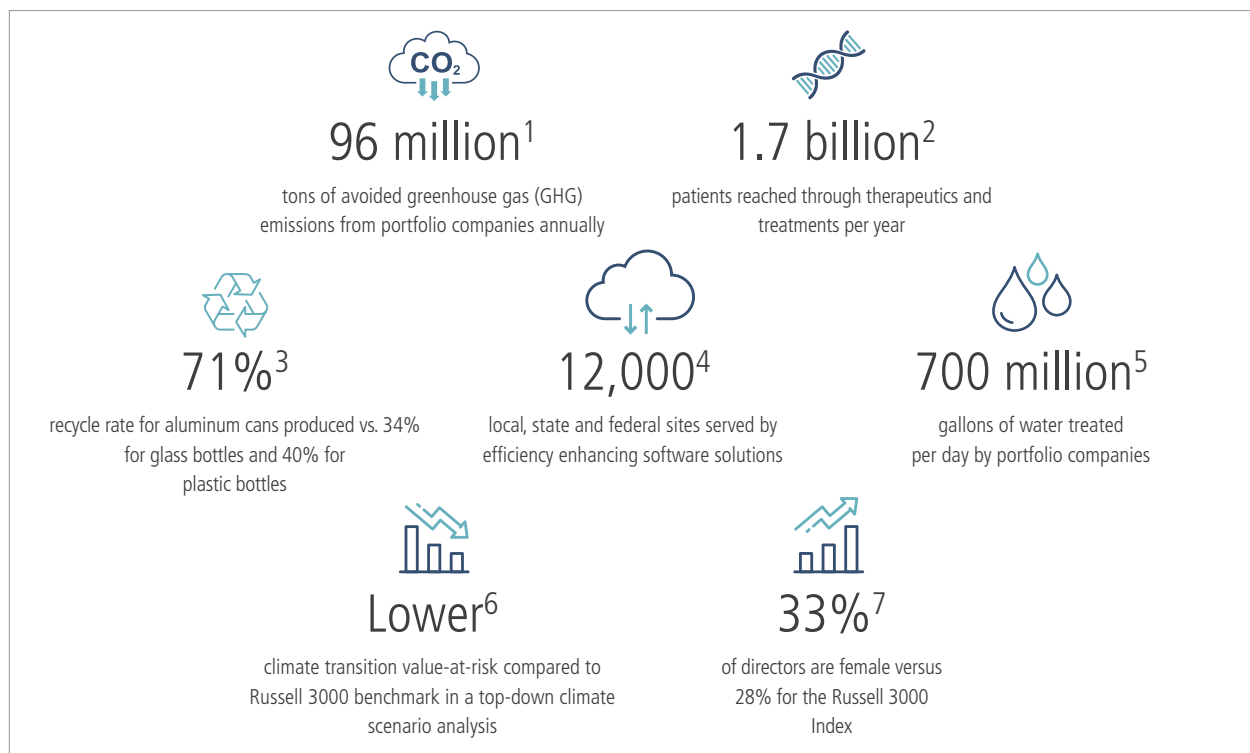
The Municipal Impact Fund employs a traditional fixed income fundamental investment strategy and therefore the concept of strategic exits is not applicable. Furthermore, given that the Fund invests in municipal bonds which position it as a holder of publicly traded debt, it assumes no fiduciary duties to the issuers of the transactions, thus making exit considerations not relevant or appropriate to the management style of the vehicle.

PRINCIPLE 8: Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

U.S. Equity Impact

Impact measurement and reporting is a critical aspect of our investing process, and we are proud that the companies within our portfolio are delivering material positive environmental and social outcomes across each of the NB Impact themes. Below is an example of our Annual Impact Portfolio reporting.



We are continuously seeking to improve our processes. As companies disclose relevant ESG and impact data, the team compares our proprietary and third-party estimates to reported data. We continue to consider new data sources and measurement frameworks as they become available. On an annual basis, we set engagement objectives for our holdings and monitor progress toward designated outcomes over time. When engagement objectives are achieved, new engagement objectives are set.

Based on portfolio holdings as of December 31, 2022. For a more complete discussion of our Portfolio company impact metrics and our impact measurement methodology, please see Appendix A – Impact Measurement.

¹ Sustainability reports for Brookfield Renewable, CSX, Ecolab, First Solar, Hannon Armstrong, Pentair, Sunrun, SolarEdge, Trimble and Trane Technologies.

² Sustainability and annual reports for Boston Scientific, Dexcom, HCA Healthcare, Eli Lilly, Merck, and Pfizer.

³ Ball Corporation Corporate Sustainability Report.

⁴ Sustainability report for Tyler Technologies.

⁵ Sustainability Reports for Ecolab, Evoqua, Hannon Armstrong and Danaher.

⁶ MSCI, Neuberger Berman.

⁷ Company reports, 5050 women on boards - <https://5050wob.com/reports/>.

Private Equity Impact

As previously mentioned, Private Equity Impact aggregates annual impact and ESG KPIs for its underlying investments, and shares these with investors in its Annual Impact Report. Part of this effort includes identifying impact KPIs under each of our impact themes to understand the aggregate impact potential at the portfolio-level. We additionally calculate year-over-year changes in impact KPIs and percent cumulative change since investment. In instances of unexpected negative impact performance, we may follow up with GPs to understand relevant factors.

Over time we have also used the Annual Impact Report as an opportunity to make continuous improvements to our process. For example, NB Private Equity recently became a signatory to the ESG Data Convergence Project, an initiative aimed at encouraging greater disclosure and consistency of ESG data in private equity and has begun requesting the standard set of ESG KPIs from GPs and underlying portfolio companies, using Private Equity Impact investments as a pilot.

ESG DATA CONVERGENCE PROJECT – ESG METRICS



CLIMATE

1. GHG emissions

- a. Scope 1 emissions (tCO₂e)
- b. Scope 2 emissions (tCO₂e)
- c. Scope 3 emissions (tCO₂e) (optional)

2. Renewable energy consumption

- a. Total energy consumption (kWh)
- b. Renewable energy consumption (kWh)



DIVERSITY & INCLUSION

3. Diversity of board members

- a. Total number of board members
- b. Number of women board members
- c. Number of LGBTQ members (optional)
- d. Number of board members from underrepresented groups (optional)



HUMAN CAPITAL

4. Work related injuries

- a. Number of work-related injuries
- b. Number of work-related fatalities
- c. Days lost due to injury

5. Net new hires

- a. Organic net new hires
- b. Total net new hires
- c. Annual percent attrition

6. Employee feedback/survey

- a. Do you conduct an annual employee survey (Y/N)?
- b. Percentage of employees responding to survey (optional)

Municipal Impact

To review, document and improve decision making and process, we record and monitor project impact alignment and intensity, as well as need assessment at the security level in an internal database. The database can generate security and portfolio level reports that are leveraged for internal and external purposes, which allows us to ensure process and identify strategic gaps and opportunities in our investment approach. Each quarter, the Municipal Impact investment team meets with the ESG Investing team to discuss purchases and security scoring to ensure the process reflects firm-level impact criteria. In addition to the quarterly meetings, the investment team must complete an annual review of the investment process with the firm's ESG Product Oversight Committee. This process involves the verification that the portfolio meets firm-established standards for 'Sustainable' or 'Impact' labeled products. The quarterly meetings, along with the annual review, are two of the ways in which we regularly improve operational and strategic investment decisions, as well as management processes.

In addition to internal review and audit processes, the Municipal Impact Fund publicly discloses its activities and impact criteria, along with case studies of select investments, in an Annual Impact Report. Transparency and reporting are important parts of the process by which we improve and develop our impact investment strategy.

PRINCIPLE 9: Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Independent verification will be conducted on a regular basis and the statements in this disclosure will next be independently verified by Neuberger Berman Internal Audit in 2025. The expectation is at 3-year intervals, or earlier if there is a significant change to the impact management strategies and/or supporting systems.

This material is provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is general in nature and is not directed to any category of investors and should not be regarded as individualized, a recommendation, investment advice or a suggestion to engage in or refrain from any investment-related course of action. Investment decisions and the appropriateness of this material should be made based on an investor's individual objectives and circumstances and in consultation with his or her advisors. Information is obtained from sources deemed reliable, but there is no representation or warranty as to its accuracy, completeness or reliability. All information is current as of the date of this material and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. This material may include estimates, outlooks, projections and other "forward-looking statements." Due to a variety of factors, actual events may differ significantly from those presented. Neuberger Berman products and services may not be available in all jurisdictions or to all client types. Diversification does not guarantee profit or protect against loss in declining markets. Investing entails risks, including possible loss of principal. Indexes are unmanaged and are not available for direct investment. **Past performance is no guarantee of future results.**

Firm data, including employee and assets under management figures, reflect collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC (the "firm"). Firm history and timelines include the history and business expansions of all firm subsidiaries, including predecessor entities and acquisition entities. Investment professionals referenced include portfolio managers, research analysts/associates, traders, product specialists and team-dedicated economists/strategists.

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