

This is a marketing communication. Please refer to the fund prospectus and offering documents, including the Key Information Document ("KID") or Key Investor Information Document ("KIID") as applicable, before making any final investment decisions. Investors should note that by making an investment they will own shares in the fund, and not the underlying assets.

# NEUBERGER BERMAN

## SFDR Regulatory Methodology and Approach

This document relates only to Neuberger Berman's legal entities: Neuberger Berman Asset Management Ireland Limited and Neuberger Berman Europe Limited. The information enclosed is accurate as at 1 January 2025.

FOR PROFESSIONAL CLIENT USE ONLY

## Table of Contents

---

1. Neuberger Berman's Sustainable Investment Definition	3
2. Neuberger Berman's Sustainable Investment Framework – Corporate Issuers	4
3. Neuberger Berman's Sustainable Investment Framework – Sovereign Issuers	7
4. Consideration of the Principal Adverse Impacts (“PAIs”) at Product Level	9
5. Promotion of Environmental and Social Characteristics	11
6. MiFID II Sustainability Preferences	12
7. The European ESG Template	13
8. Neuberger Berman UCITS Fund Classification Overview	14
Disclaimers	18

### 1. Neuberger Berman's Sustainable Investment Definition

While the Sustainable Finance Disclosure Regulation ("SFDR") provides a high-level definition of a sustainable investment, the practical interpretation and application of this definition is largely left to financial market participants to determine.

Neuberger Berman ("NB") has designed a sustainable investment framework for assessing investments in line with the three pillars of the SFDR's definition:

1. An economic activity that contributes to an environmental or social objective. We measure this through revenue alignment to the EU Taxonomy, or revenue alignment to the United Nations Sustainable Development Goals ("SDGs"), or issuers in high impact sectors<sup>1</sup> identified as transitioning to a Net-Zero Pathway based on NB's Net-Zero Alignment Indicator (which conforms with the Institutional Investors Group on Climate Change ("IIGCC") Net Zero Investment Framework target setting guidance)<sup>2</sup>;
2. Does No Significant Harm ("DNSH") to any environmental or social objective; and
3. Demonstrates Good Governance.

We are guided by the definition of sustainable investments provided by Article 2(17) of SFDR:

*'Sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.*

In addition, we are guided by the European Commission Answers to the European Supervisory Authorities' Questions on the interpretation of SFDR published in April 2023<sup>3</sup> highlighting that transitioning investments should also comply with the requirement to Do No Significant Harm to the environmental or social objective(s) of the portfolio and demonstrate Good Governance in order to be considered "sustainable investments".

Our framework identifies issuers as either sustainable or not sustainable (i.e. we take a binary investment / issuer level approach rather than an economic activity / revenue-weighted approach). We have implemented various quantitative and qualitative processes to identify sustainable investments across all in-scope portfolios and enable investment teams and supporting functions to monitor these on an ongoing basis.

See the next section for further information.

<sup>1</sup> As per the IIGCC Net Zero Investment Framework. Economic sectors are deemed high or low impact based on GHG emissions in their value chain.

<sup>2</sup> <https://www.iigcc.org>

<sup>3</sup> [https://www.esma.europa.eu/sites/default/files/2023-04/Answers\\_to\\_questions\\_on\\_the\\_interpretation\\_of\\_Regulation\\_%28EU%29\\_20192088.PDF](https://www.esma.europa.eu/sites/default/files/2023-04/Answers_to_questions_on_the_interpretation_of_Regulation_%28EU%29_20192088.PDF)

## 2. Neuberger Berman’s Sustainable Investment Framework – Corporate Issuers

### Quantitative Assessment

NB has designed the following classification framework in order to quantifiably assess whether an investment may be deemed as ‘sustainable’, as per the SFDR’s definition under Article 2(17):



*Summary: SFDR Sustainable Investment Qualification Process*

In determining whether an investment is a “sustainable investment” based on the definition set forth in the SFDR, NB uses multiple datapoints that measure the alignment of the issuer’s economic activities with environmental or social characteristics.

NB then screens issuers for significant harm, violations of minimum safeguards, and controversies by applying the **NB Controversial Sectors Screen (Step 1)**.

#### Contribution to an environmental / social objective (Step 2)

If the issuers pass the NB Controversial Sectors Screen above, our framework then measures the issuers’ environmental or social economic contribution to an environmental or social objective. As outlined in the diagrams above, we measure this in one of three ways:

- Revenue alignment to the EU taxonomy (if any); or
- Revenue alignment to the UN SDGs; or
- Issuers in High Impact Sectors transitioning to a Net-Zero Pathway based on NB’s Net-Zero Alignment Indicator.

To capture real-time insights into a company’s current status and progress towards net-zero targets, NB developed a proprietary forward-looking Net-Zero Alignment Indicator. The NB Net-Zero Alignment Indicator categorizes issuers as: i) Achieving net-zero; ii) Aligned to net-zero pathway; iii) Aligning towards a net-zero pathway; iv) Committed to aligning; v) Not aligned; and vi) Insufficient issuer disclosure or not yet assessed.

The NB Net-Zero Alignment Indicator’s categories were informed by the high-level expectations of the IIGCC. Only investments transitioning to net-zero that NB categorizes as “Achieving”, “Aligned” or “Aligning” are eligible to be considered as sustainable investments. More information on this framework and what we consider “Achieving”, “Aligned” or “Aligning” companies can be found [here](#).

### Do No Significant Harm (“DNSH”) (Step 3)

The DNSH test is met by (i) identifying potential instances of significant harm using the mandatory principal adverse impact indicators (“**PAIs**”) set out in Annex I, Table 1 of the SFDR Regulatory Technical Standards (Regulation 2019/2088) (the “**SFDR RTS**”), and (ii) identifying violations of minimum safeguards in line with the OECD Guidelines and the UNGC Principles (which are identified and excluded by the application of the Neuberger Berman Global Standards Policy (as explained below)). The DNSH test is applied to all issuers to determine whether they are eligible as “sustainable investments”.

We classify issuers in Article 8 and Article 9 funds according to two dimensions:

- Country of Risk: PAI screening thresholds (where relevant) are individually established for both Emerging Market and Developed Market
- Sector: PAI screening thresholds (where relevant) are established for both High and Low Impact Sectors<sup>4</sup>

If an issuer fails to pass a PAI screen, we believe this would be considered as an unacceptable level of harm and therefore the issuer would not be considered eligible as a sustainable investment.

### Good Governance (Step 4)

The Good Governance test is intended to cover the four pillars set out under the SFDR of **sound management structures, employee relations, remuneration of staff and tax compliance**.

In practice, this is met by:

1. Flagging and excluding issuers identified by third party data and internal research as having severe controversies related to the four Good Governance pillars as set out under the SFDR. We classify issuers in Article 8 and Article 9 funds according to Country of Risk and Good Governance screening thresholds are individually established for Emerging Market and Developed Market; and
2. Engaging with issuers on topics including but not limited to compensation and incentive alignment, shareholder rights, capital structure and investment, board composition, and transparent communication and internal controls.

If an issuer fails to pass the Good Governance test, the issuer will not be considered eligible as a sustainable investment.

Additionally, NB Article 8 and Article 9 funds 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 (i) United Nations Global Compact (“**UNGC**”) Principles, (ii) OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (“**OECD Guidelines**”), (iii) the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”) and (iv) the International Labour Standards (“**ILO Standards**”).

As per European Commission guidance published on April 2023, transitioning investments that we consider “Aligned” or “Aligning” to a net-zero pathway according to the NB Net-Zero Alignment Indicator, will only be considered as sustainable investments if they also satisfy the Good Governance test and pass the DNSH test at the time of investment (i.e., it is not sufficient that the company’s transition plan aims not to significantly harm any environmental and social objectives in the future).

The DNSH test, together with the positive contribution to an environmental or social objective and the Good Governance test described above, are managed and monitored within our portfolio management and trading system in order to automatically flag issuers as “sustainable investments” and enable investment teams and supporting functions to continuously monitor a portfolio’s overall sustainable investment allocation. Where an issuer is classified as a sustainable investment based on the optional qualitative assessment described below, it will also be managed and monitored within our portfolio management and trading system in order to automatically flag issuers as “sustainable investments” and enable investment teams and supporting functions to continuously monitor a portfolio’s overall sustainable investment allocation.

Please see the section ‘Consideration of the Principal Adverse Impacts (“**PAIs**”) at Product Level’ below for more detail on how the PAIs are applied.

<sup>4</sup> As mentioned above, as per the IIGCC Net Zero Investment Framework, economic sectors are deemed high or low impact based on GHG emissions in their value chain.

### **Social Controversies (Step 5)**

Finally, the Social Controversy Test allows us to screen out companies involved in the most severe controversies on customers, human rights and the community in which they operate, and labour rights and their supply chain.

### **Engagement**

Engagement is an important component of the investment process for all NB Article 8 and Article 9 funds. NB engages with management teams of issuers through a robust engagement program. This program is focused on two-way dialogues between NB and the issuer on financially material environmental, social and governance topics to the issuer in question where NB provides context and feedback on areas of concern or opportunities for improvement.

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, NB aims to prioritise engagement that is expected to have a high impact on the protection of and improvement to the value of investments, be it through the advancement of actionable disclosure, understanding of risks and risk management at a company, or through influence and action to mitigate risks (including sustainability risks) and to take advantage of investment opportunities.

### **Qualitative Assessment**

We recognise that data is only ever a starting point and can often be lagged, estimated or missing. Therefore, we believe it is vital to include qualitative judgement in certain cases. If an issuer does not pass the quantitative assessment process described above, but an investment team believes the issuer should qualify as a “sustainable investment” based on other evidence (such as the investment team being in possession of more up-to-date data or intelligence gathered from engagement with the issuer), the investment team may complete a qualitative assessment to propose the issuer be classified as a “sustainable investment”.

This assessment is submitted to a dedicated Challenge Review Group – a group chaired by the Global Head of Stewardship and Sustainable Investing and attended by the CRO and other senior members of the organisation – who will determine (via a majority vote) whether the issuer qualifies as a sustainable investment. Assessments must be re-submitted annually to maintain an issuer’s classification as a sustainable investment.

Generally, issuers that are deemed to have a negative impact on environmental or social factors (as identified using alignment with the UN SDGs), issuers that fall below the relevant quantitative thresholds of the PAIs, or issuers that fail the Good Governance screen will not be considered for this qualitative assessment.

In addition to evidence that the issuer makes a positive environmental or social contribution, the qualitative assessment must also include evidence the issuer passes the Good Governance test and the DNSH test.

### 3. Neuberger Berman's Sustainable Investment Framework – Sovereign Issuers

NB considers a variety of sustainability indicators to measure the attainment of the sustainable investment objectives of Sovereign investments.

#### ***Sustainable investment objective***

#### **Independent third party reports and assessments:**

Depending on which third party report or assessments yield the most robust data, NB uses one or a combination of the following third party reports, indexes and assessments to measure the Sovereign's progress towards achieving its sustainable investment objectives:

#### **For Sovereigns with an environmental objective: Advancement in UN Sustainable Development Goals, with emphasis on climate change adaptation and mitigation:**

- Notre Dame Global Adaptation Initiative Country Index (“**ND-GAIN**”)
  - NB uses the ND-GAIN index to measure and assess a country's vulnerability to climate change and climate transition risks
  - NB will focus its assessment on income-adjusted climate change adaptation.
- GHG Sovereign Emissions:
  - NB 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).
- Environmental Performance Index
  - NB 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
  - NB tracks the 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 us to target countries with net-zero commitments by 2050 or earlier.

#### **For Sovereigns with a social objective: Advancement in UN Sustainable Development Goals, with emphasis on public health, secondary education and tackling income inequality:**

- Sustainable Development Report Index
  - NB uses the Bertelsmann Stiftung and the Sustainable Development Solutions Network Sustainable Development Report Index to assess country performance on the SDGs. This allows us to target investment in Sovereigns 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
  - NB 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 us to target investment in Sovereigns which demonstrate better progress in achieving human development.

- World Health Organisation – The Global Health Observatory
  - NB uses 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.

### ***Do No Significant Harm (“DNSH”) test***

For Sovereigns, NB applies the DNSH test by (i) identifying potential instances of significant harm using the mandatory PAIs applicable to sovereigns and supranationals as set out in Annex I, Table 1 of the SFDR RTS, and (ii) identifying and excluding sovereigns violating minimum sovereign safeguards (which includes the OECD Guidelines and the UNGC Principles) which we consider to be the following:

- Sovereign issuers with very weak sustainability practices (i.e., high GHG emissions and/or violations of human rights); and
- Exclude quasi-sovereign issuers per the DNSH test applicable to corporates explained in the Corporate Issuers section.

### ***Good Governance test***

When applying the Good Governance test to Sovereigns, NB considers the following governance factors in relation to Emerging Market countries and sovereigns showing:

- Very weak sustainability performance either based on NB’s ESG Quotient or relevant indices as identified in the relevant fund supplement; and/or
- Non-compliance with the OECD’s Global Forum on Transparency and Exchange of Information for Tax Purposes standards; and/or
- Issuers classified as a high risk jurisdiction by the Financial Action Task Force (“**FATF**”).



### 4. Consideration of the Principal Adverse Impacts (“PAIs”) at Product Level

NB considers the PAIs at product level for most Article 8 Funds and all Article 9 Funds. For Article 8 Funds that commit to making sustainable investments or Article 8 Funds with sustainable investments, and Article 9 Funds, this includes consideration of all mandatory PAIs set out in Annex I, Table 1 of the SFDR RTS as part of the Do No Significant Harm assessment for sustainable investments forming part of the Fund. For Article 8 Funds that do not commit to making any sustainable investments, NB only considers certain PAIs for which adequate, reliable and verifiable data exists.

We utilise third party data and proxy data along with internal research to assess the PAIs.

NB will continue to work with issuers to encourage disclosure and to gather wider and more granular data coverage on the PAIs. The specific product-level PAIs that are taken into consideration are subject to data availability and may evolve with improving data quality and coverage. NB will keep the list of product-level PAIs it considers under active review, as and when data availability improves.

Consideration of the PAIs at product level is achieved through a combination of:

- Monitoring the fund, in particular where it falls below the quantitative and qualitative tolerance thresholds set for each product-level PAI;
- Setting engagement objectives where the fund falls below the quantitative and qualitative tolerance thresholds; and
- Applying the following NB avoidance and involvement policies across the Article 8 and Article 9 Funds: (i) Neuberger Berman Global Standards Policy; (ii) Neuberger Berman Controversial Weapons Policy; and (iii) Neuberger Berman Thermal Coal Involvement Policy. Additionally, some funds also apply the Neuberger Berman Sustainable Exclusion Policy.

## Neuberger Berman SFDR Regulatory Methodology and Approach

Unless stated otherwise in the relevant Supplement, our application of the PAIs at product level for each type of NB Fund is summarised in the table below:

	Article 9 and Article 8 <sup>5</sup>	Article 8
<b>PAI 1</b> GHG Emissions	✓	✓
<b>PAI 2</b> Carbon Footprint	✓	✓
<b>PAI 3</b> GHG Intensity	✓	✓
<b>PAI 4</b> Fossil Fuel Exposure	✓	✓
<b>PAI 5</b> Share of Non-Renewable Energy Consumption/Production	✓	X
<b>PAI 6</b> Energy Consumption Intensity Per High-Impact Climate Sector	✓	X
<b>PAI 7</b> Activities Negatively Affecting Biodiversity-Sensitive Areas	✓ (proxy) <sup>6</sup>	X
<b>PAI 8</b> Emissions to Water	✓ (proxy) <sup>7</sup>	X
<b>PAI 9</b> Hazardous / Radioactive Waste Ratio	✓ (proxy) <sup>8</sup>	X
<b>PAI 10</b> UNGC / OECD Violations	✓	✓
<b>PAI 11</b> Lack of Policies UNGC / OECD	✓	X
<b>PAI 12</b> Unadjusted Gender Pay Gap	✓ (proxy) <sup>9</sup>	X
<b>PAI 13</b> Board Gender Diversity	✓	✓
<b>PAI 14</b> Controversial Weapons	✓	✓
<b>PAI 15</b> Sovereign GHG Intensity	✓ (where applicable)	✓ (where applicable)
<b>PAI 16</b> Sovereign Social Violations	✓ (where applicable)	✓ (where applicable)

<sup>5</sup>Our Article 8 Funds that commit to making Sustainable Investments. All mandatory PAIs are considered when determining whether sustainable investments do not cause significant harm to any environmental or social objective.

<sup>6</sup>Proxy used: Protected Biodiversity Controversy: Company reports having operations in or near to biodiversity sensitive areas and has been implicated in controversies with severe or very severe adverse impact on the environment.

<sup>7</sup>Proxy used: Environment Water Flag: Measures the severity of controversies related to a firm's water management practices. Factors affecting this evaluation include, but are not limited to, a history of involvement in water use-related legal cases, widespread or egregious impacts due to emissions, resistance to improved practices, and criticism by NGOs and/or other third-party observers.

<sup>8</sup>Proxy used: Environment Toxic Flag: Measures the severity of controversies related to a firm's non-GHG emissions. Factors affecting this evaluation include, but are not limited to, a history of involvement in land or air emissions-related legal cases, widespread or egregious impacts due to hazardous emissions, resistance to improved practices, and criticism by NGOs and/or other third-party observers.

<sup>9</sup>Proxies used: (i) Pay Controversy: Identifies whether the company's pay policies or practices attracted adverse public comment from stakeholders (including shareholders, government, regulators etc.). (ii) Labour rights diversity flag: Measures the severity of controversies related to a firm's workforce diversity. Factors affecting this evaluation include, but are not limited to, a history of involvement in discrimination-related legal cases, widespread or egregious instances of discrimination on the basis of sex, race, or ethnicity, resistance to improved practices, and criticism by NGOs and/or other third-party observers.

### 5. Promotion of Environmental and Social Characteristics

NB's Article 8 Funds promote environmental and/or social characteristics in a variety of ways, depending on the asset class and investment strategy of the fund.

Examples of characteristics include:

- **Environmental Characteristics:** Climate risks; GHG emissions; air quality; biodiversity & land use; water management; energy management; waste management; fuel economy; opportunities in clean technologies; product lifecycle management; materials sourcing; and chemical safety.
- **Social Characteristics:** Operational safety and emergency preparedness; access to finance; access to healthcare services; community relations; data privacy & security; health & nutrition; pricing transparency; health & safety; human capital development; labour management; workforce diversity & inclusion; business ethics; product safety; quality & integrity; systemic risk management; management of legal & regulatory environment; and supply chain management.

The promotion of these environmental or social characteristics is met through various ways. For example:

- **The NB ESG Quotient:** Our proprietary ESG rating system is built around the concept of sector specific ESG risk and opportunity and produces an overall rating for issuers by assessing them against certain ESG metrics. Investment teams use the NB ESG Quotient to promote the environmental and social characteristics promoted by their funds by prioritising investment in issuers with a favourable and/or an improving NB ESG Quotient rating.
- **Climate Value-at-Risk ("CVaR"):** CVaR measures the exposure to transition and physical climate risks. CVaR is a scenario analysis tool used to evaluate economic risks under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by portfolio managers and analysts. CVaR provides a framework for identifying climate risks over the long-term to assist in understanding how issuers can shift their operations and risk practices over time. The scenario analysis can serve as a starting point for further bottom-up analysis and identifying potential climate-related risks to address through company engagement. Due to data limitations, CVaR is not applied across all issuers held and is instead limited to the corporate issuers for which sufficient and reliable data exists. The analysis from CVaR is reviewed at least once a year.
- **Avoidance and Involvement Policies:** Our Article 8 Funds are subject to various NB avoidance and involvement policies, including the Neuberger Berman Global Standards Policy, Neuberger Berman Controversial Weapons Policy, Neuberger Berman Thermal Coal Involvement Policy, and (to a varying extent), the Neuberger Berman Sustainable Exclusion Policy, the Neuberger Berman EU Climate Benchmark Standard Exclusions Policy incorporating the EU Climate Transition Benchmark exclusions (the "EU CTB") and the relevant provisions of the EU Paris-Aligned Benchmark exclusions (the "EU PAB"). Please refer to our [Reporting, Policies and Disclosures](#) page for further information.

### 6. MiFID II Sustainability Preferences

#### Background

Under MiFID II and the 2018 ESMA guidelines on MiFID II suitability requirements (as updated from time to time), asset managers are required to assess the suitability of investments for clients when providing investment advice or discretionary management services (portfolio management) – looking at the client's:

1. investment objectives, including their risk tolerance and any sustainability preferences;
2. financial situation, including the ability to absorb loss; and
3. experience and knowledge in order to understand the risks of their portfolio.

This suitability assessment is currently performed during the client onboarding process.

NB must collect the investment objectives of its clients, consisting of professional and elective professional investors (e.g. local authorities, HNWI, some small charities and small family offices), including the investor's risk tolerance and any sustainability preferences.

#### MiFID II Sustainability Preferences:

Clients can express their sustainability preferences by requiring the investment to meet one or more of the following limbs:

**Limb 1:** A minimum proportion of Taxonomy-aligned (or environmentally sustainable) investments

**Limb 2:** A minimum proportion of SFDR sustainable investments

**Limb 3:** Consideration of the PAIs

#### Neuberger Berman's Approach

NB considers that all NB Article 9 Funds and most of NB Article 8 Funds consider either all or a selection of the mandatory PAIs and therefore are capable of meeting the sustainability preferences of clients who have elected for consideration of the PAIs in their investments. NB considers that all NB Article 9 Funds and NB Article 8 Funds with sustainable investment commitments are capable of meeting the sustainability preferences of clients who have elected for a minimum proportion of SFDR sustainable investments in their investments, as well as consideration of the PAIs.

As described in the section 'Consideration of the Principal Adverse Impacts ("PAIs") at Product Level', PAIs are currently considered through a combination of:

- Monitoring the fund, in particular where it falls below the quantitative and qualitative tolerance thresholds set for each PAI;
- Setting engagement objectives where the fund falls below the quantitative and qualitative tolerance thresholds; and
- Applying the following NB avoidance and involvement policies across the funds: (i) Neuberger Berman Global Standards Policy; (ii) Neuberger Berman Controversial Weapons Policy; and (iii) Neuberger Berman Thermal Coal Involvement Policy. Additionally, some funds also apply the Neuberger Berman Sustainable Exclusion Policy.

### 7. The European ESG Template

#### Background

The European ESG Template (“EET”) has been designed by FinDatEx, an industry working group, as a voluntary initiative to enhance the sharing of ESG data required by industry participants for various EU-level sustainability regulations.

The EET is primarily used to communicate to distributors how NB’s funds may meet one or more of the three limbs of the MiFID II Sustainability Preferences, as described in the previous section.

NB understands the importance of this initiative and its widespread uptake and has been publishing its own EET (which is frequently updated) since June 2022.

#### Neuberger Berman’s Approach

A high-level summary of NB’s EET content is as follows:

- **Sustainable Investments:** As described previously, NB’s Article 9 Funds and a selection of Article 8 Funds hold minimum proportions of sustainable investments.
- **PAIs:** As described previously, NB’s funds which commit to making sustainable investments take into account all the mandatory PAIs set out in Annex I, Table 1 of the SFDR RTS for the purposes of identifying sustainable investments. More broadly, the majority of our Article 8 Funds take into account a selection of the mandatory PAIs, where there is sufficient data coverage and quality.
- **EU Taxonomy:** Due to the industry-wide lack of available and reliable data, NB is not in a position to credibly determine the Taxonomy-alignment of Article 8 and 9 Funds, and so at this point in time discloses a Taxonomy alignment of 0%, in line with regulatory guidance.
- **Optional Fields:** We have completed a selection of optional fields in the EET that we believe provide relevant additional information to recipients. These include, for example, NB’s manager-level sustainability-related commitments and links to exclusions policies, where relevant.

Our EET is available through most fund distribution platforms and may also be requested directly on-demand [here](#).

We will keep our EET up to date with the latest regulatory requirements and consistent with funds’ pre-contractual commitments.

## 8. Neuberger Berman UCITS Fund Classification Overview

NB's product-level sustainability-related disclosures under SFDR can be found [here](#). The table is as at 1 January 2025.

	SFDR Classification	NB Integration Approach	Sustainable Investments	PAIs	Thermal Coal Policy	Controversial Weapons Policy	Global Standards Policy	Sustainable Exclusion Policy	EU CTB Exclusions	EU PAB Exclusions	Net-Zero Objective	Other Objective <sup>10</sup>
<b>High Yield Bond</b>												
Neuberger Berman High Yield Bond Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Short Duration High Yield Engagement Fund	8	Adapt	✓	✓	✓	✓	✓	✓	✓		✓	
Neuberger Berman European High Yield Bond Fund	8	Assess	✓	✓	✓	✓	✓	✓				
Neuberger Berman Global High Yield Engagement Fund	8	Adapt	✓	✓	✓	✓	✓		✓			
<b>Emerging Market Debt</b>												
Neuberger Berman Emerging Market Debt – Local Currency Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Emerging Market Debt – Hard Currency Fund	8	Assess	✓	✓	✓	✓	✓					
Neuberger Berman EMD Corporate – Social and Environmental Transition Fund	8	Adapt	✓	✓	✓	✓	✓	✓	✓		✓	✓
Neuberger Berman Short Duration Emerging Market Debt Fund	8	Assess	✓	✓	✓	✓	✓					
Neuberger Berman Emerging Market Debt Blend Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Emerging Market Debt Sustainable Investment Grade Blend Fund	8	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	✓
Neuberger Berman Asia Responsible Transition Bond Fund	8	Adapt	✓	✓	✓	✓	✓	✓	✓		✓	✓
Neuberger Berman Sustainable Asia High Yield Fund	8	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	✓
Neuberger Berman Sustainable Emerging Market Debt – Hard Currency Fund	9	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	

<sup>10</sup>Other objectives may include, for example, carbon emission reductions, SDG-related targets or engagement-related objectives. These can be found in fund prospectus and supplement documents.

## Neuberger Berman SFDR Regulatory Methodology and Approach

	SFDR Classification	NB Integration Approach	Sustainable Investments	PAIs	Thermal Coal Policy	Controversial Weapons Policy	Global Standards Policy	Sustainable Exclusion Policy	EU CTB Exclusions	EU PAB Exclusions	Net-Zero Objective	Other Objective <sup>11</sup>
<b>Fixed Income</b>												
Neuberger Berman Global Bond Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Strategic Income Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Corporate Hybrid Bond Fund	8	Assess	✓	✓	✓	✓	✓					
Neuberger Berman Global Opportunistic Bond Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Global Flexible Credit Income Fund	8	Assess		✓	✓	✓	✓		✓		✓	
Neuberger Berman Global Investment Grade Credit Fund	8	Assess		✓	✓	✓	✓					
<b>Fixed Maturity</b>												
Neuberger Berman Developed Market FMP - 2027	8	Assess		✓	✓	✓	✓					
<b>Euro Fixed Income</b>												
Neuberger Berman Euro Bond Absolute Return Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Short Duration Euro Bond Fund	8	Assess	✓	✓	✓	✓	✓					
Neuberger Berman Euro Bond Fund	8	Assess		✓	✓	✓	✓					
<b>Quantitative and Multi Asset</b>												
Neuberger Berman Global Value Fund	8	Amplify	✓	✓	✓	✓	✓	✓			✓	
Neuberger Berman Commodities Fund	6	N/A			✓	✓						

<sup>11</sup>Other objectives may include, for example, carbon emission reductions, SDG-related targets or engagement-related objectives. These can be found in fund prospectus and supplement documents.

## Neuberger Berman SFDR Regulatory Methodology and Approach

	SFDR Classification	NB Integration Approach	Sustainable Investments	PAIs	Thermal Coal Policy	Controversial Weapons Policy	Global Standards Policy	Sustainable Exclusion Policy	EU CTB Exclusions	EU PAB Exclusions	Net-Zero Objective	Other Objective <sup>12</sup>
<b>CLO Income</b>												
Neuberger Berman CLO Income Fund	8	Assess			✓	✓	✓					
<b>Liquid Alternatives</b>												
Neuberger Berman US Long Short Equity Fund	8	Assess			✓	✓	✓					
Neuberger Berman US Equity Premium Fund	6	N/A			✓	✓						
Neuberger Berman Event Driven Fund	6	N/A			✓	✓						
Neuberger Berman Tactical Macro Fund	6	N/A			✓	✓						
<b>US Equity</b>												
Neuberger Berman US Small Cap Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman US Multi Cap Opportunities Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman US Small Cap Intrinsic Value Fund	8	Assess			✓	✓	✓					
Neuberger Berman US Equity Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman US Large Cap Value Fund	8	Assess			✓	✓	✓					
<b>Global Equity</b>												
Neuberger Berman Emerging Markets Equity Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Japan Equity Engagement Fund	8	Assess		✓	✓	✓	✓	✓	✓			

<sup>12</sup>Other objectives may include, for example, carbon emission reductions, SDG-related targets or engagement-related objectives. These can be found in fund prospectus and supplement documents.



## Neuberger Berman SFDR Regulatory Methodology and Approach

	SFDR Classification	NB Integration Approach	Sustainable Investments	PAIs	Thermal Coal Policy	Controversial Weapons Policy	Global Standards Policy	Sustainable Exclusion Policy	EU CTB Exclusions	EU PAB Exclusions	Net-Zero Objective	Other Objective <sup>13</sup>
<b>Real Estate</b>												
Neuberger Berman US Real Estate Securities Fund	8	Assess		✓	✓	✓	✓					
<b>China Equity</b>												
Neuberger Berman China Equity Fund	6	N/A				✓						
Neuberger Berman China A-Share Equity Fund	8	Assess		✓	✓	✓	✓	✓				
<b>China Bond</b>												
Neuberger Berman China Bond Fund	8	Assess		✓	✓	✓	✓					
<b>Multi Strategy</b>												
Neuberger Berman Uncorrelated Strategies Fund	6	N/A				✓						
<b>Thematic Equity</b>												
Neuberger Berman Next Generation Connectivity Fund	8	Assess	✓	✓	✓	✓	✓	✓				✓
Neuberger Berman Global Equity Megatrends Fund	8	Assess		✓	✓	✓	✓					
Neuberger Berman Next Generation Mobility Fund	8	Assess	✓	✓	✓	✓	✓	✓				✓
Neuberger Berman InnovAsia Fund	8	Assess	✓	✓	✓	✓	✓	✓				✓
Neuberger Berman Next Generation Space Economy Fund	8	Assess	✓	✓	✓	✓	✓	✓			✓	✓
Neuberger Berman Climate Innovation Fund	8	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	✓
<b>Sustainable Equity</b>												
Neuberger Berman Global Sustainable Equity Fund	8	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	✓
Neuberger Berman European Sustainable Equity Fund	8	Amplify	✓	✓	✓	✓	✓	✓		✓	✓	✓

<sup>13</sup>Other objectives may include, for example, carbon emission reductions, SDG-related targets or engagement-related objectives. These can be found in fund prospectus and supplement documents.

### Disclaimers

This document is addressed to professional clients/qualified investors only.

European Economic Area (EEA): This is a marketing document and is issued by Neuberger Berman Asset Management Ireland Limited, which is regulated by the Central Bank Ireland and is registered in Ireland, at 2 Central Plaza, Dame Street, Dublin, D02 T0X4.

United Kingdom and outside the EEA: This document is a financial promotion and is issued by Neuberger Berman Europe Limited, which is authorised and regulated by the Financial Conduct Authority and is registered in England and Wales, at The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

Neuberger Berman Europe Limited is also a registered investment adviser with the Securities and Exchange Commission in the US, and the Dubai branch is regulated by the Dubai Financial Services Authority in the Dubai International Financial Centre.

The funds are sub-funds of Neuberger Berman Investment Funds PLC, authorised by the Central Bank of Ireland pursuant to the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2011, as amended. The information in this document does not constitute investment advice or an investment recommendation and is only a brief summary of certain key aspects of the fund. **Investors should read the prospectus along with the relevant prospectus supplements and the key information document (KID) or key investor information document (KIID), as applicable** which are available on our website: [www.nb.com/europe/literature](http://www.nb.com/europe/literature). Further risk information, investment objectives, fees and expenses and other important information about the fund can be found in the prospectus and prospectus supplements.

The KID may be obtained free of charge in Danish, Dutch, English, Finnish, French, German, Greek, Icelandic, Italian, Norwegian, Portuguese, Spanish and Swedish (depending on where the relevant sub-fund has been registered for marketing), and the prospectus and prospectus supplements may be obtained free of charge in English, French, German, Italian and Spanish, from [www.nb.com/europe/literature](http://www.nb.com/europe/literature), from local paying agents (a list of which can be found in Annex III of the prospectus), or by writing to Neuberger Berman Investment Funds plc, c/o Brown Brothers Harriman Fund Administration Service (Ireland) Ltd, 30 Herbert Street, Dublin 2, Ireland. In the United Kingdom the key investor information document (KIID) may be obtained free of charge in English at the same address or from Neuberger Berman Europe Limited at their registered address.

Neuberger Berman Asset Management Ireland Limited may decide to terminate the arrangements made for the marketing of its funds in all or a particular country.

A summary of the investors' rights is available in English on: [www.nb.com/europe/literature](http://www.nb.com/europe/literature)

For information on sustainability-related aspects pursuant to 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 please visit [www.nb.com/europe/literature](http://www.nb.com/europe/literature). When making the decision to invest in the fund, investors should take into account all the characteristics or objectives of the fund as described in the legal documents.

Notice to investors in Switzerland: This is an advertising document. Neuberger Berman Investment Funds plc is established in Ireland as an investment company with variable capital incorporated with limited liability under Irish law, and the sub-funds are also authorised by the Swiss Financial Market Supervisory Authority (FINMA) for offering and/or advertising to non-qualified investors in and from Switzerland. The Swiss representative and paying agent is BNP Paribas, Paris, Zurich Branch, Selnastrasse 16, CH-8002 Zürich, Switzerland. The prospectus, the key investor information documents, the memorandum and articles of association and the annual and semi-annual reports are all available free of charge from the representative in Switzerland.

This document is presented solely for information purposes and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security.

We do not represent that this information, including any third-party information, is complete and it should not be relied upon as such.

No recommendation or advice is being given as to whether any investment or strategy is suitable for a particular investor. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of any investment, and should consult its own legal counsel and financial, actuarial, accounting, regulatory and tax advisers to evaluate any such investment.

It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investors may not get back the full amount invested.

Any views or opinions expressed may not reflect those of the firm as a whole.

All information is current as of the date of this material and is subject to change without notice.

The fund described in this document may only be offered for sale or sold in jurisdictions in which or to persons to which such an offer or sale is permitted. The fund can only be promoted if such promotion is made in compliance with the applicable jurisdictional rules and regulations. This document and the information contained therein may not be distributed in the US.

Indices are unmanaged and not available for direct investment.

An investment in the fund involves risks, with the potential for above average risk, and is only suitable for people who are in a position to take such risks. For more information please read the prospectus which can be found on our website at: [www.nb.com/europe/literature](http://www.nb.com/europe/literature).

**Past performance is not a reliable indicator of current or future results.** The value of investments may go down as well as up and investors may not get back any of the amount invested. The performance data does not take account of the commissions and costs incurred by investors when subscribing for or redeeming shares.

The value of investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital.

Tax treatment depends on the individual circumstances of each investor and may be subject to change, investors are therefore recommended to seek independent tax advice.

Investment in the fund should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors. Diversification and asset class allocation do not guarantee profit or protect against loss.

No part of this document may be reproduced in any manner without prior written permission of Neuberger Berman.

The "Neuberger Berman" name and logo are registered service marks of Neuberger Berman Group LLC.

NEUBERGER	BERMAN
-----------	--------

Neuberger Berman Europe Limited  
The Zig Zag Building  
70 Victoria Street  
London, SW1E 6SQ, United Kingdom  
[www.nb.com](http://www.nb.com)