NEUBERGER BERMAN

Sustainable Finance Disclosure Regulation

Neuberger Berman Europe Limited

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Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**") seeks to (i) establish a harmonised approach in respect of sustainability-related disclosures made by financial market participants to investors within the European Union's financial services sector and (ii) to achieve more transparency regarding how financial market participants integrate Sustainability Risks into their investment decisions and the consideration of adverse sustainability impacts into the investment process. Financial market participants include AIFMs, investment firms and UCITS management companies, in their capacity as manager of financial products (which includes all forms of AIFs, UCITS and/or segregated client accounts). For the purposes of SFDR, Neuberger Berman Europe Limited ("**NBEL**") is a financial market participant for the financial product listed below.

Integration of Sustainability Risks

Unless otherwise specified, NBEL applies the Neuberger Berman ESG Policy for financial products under its management. In applying the Neuberger Berman ESG Policy, NBEL (in conjunction with other companies in the Neuberger Berman group for which it is applicable) shall integrate ESG factors (including the consideration of Sustainability Risks) into the investment decision-making process. The specific approach to ESG integration taken by NBEL in applying the Neuberger Berman ESG Policy, in its role as portfolio manager (together with other companies in the Neuberger group as applicable) will depend on multiple factors, including (i) the objectives of the financial product's strategy, (ii) the assets held by the financial product, (iii) the investment time horizon, (iv) any specific research undertaken by NBEL, (v) an assessment of the likely impact of Sustainability Risks on the returns of the financial product and (vi) the overall investment process.

NBEL (together with other companies in the Neuberger Berman group as applicable), in applying the Neuberger Berman ESG Policy determines how to (i) achieve its ESG integration objective (ii) undertake ESG analysis to mitigate risk (including Sustainability Risk) and enhance opportunity, (iii) analyse and measure investee companies/issuers and how each of those influence portfolio construction. The Neuberger Berman ESG Policy requires that research analysts and portfolio managers, including NBEL, undertake its own research on ESG factors so it can consider them alongside other inputs as part of the overall investment process.

As per SFDR - Sustainability Risks are defined as environmental, social and governance events or conditions whose occurrence could have an actual or potential material negative impact on the value of an investment (and hence on the net asset value of the fund and on its returns). Typical examples of Sustainability Risks include but not limited to, risks stemming from climate change (notably physical and transition risks), natural resource depletion, environmental degradation, human rights abuses, bribery, corruption, poor governance and social and employee matters.

Sustainability Risks can impact the value of an investment in a number of ways depending on the nature of individual investments, for example, through physical damage to assets, policy or technological changes impacting the economics of the investment or through changes in consumer preferences.

NBEL considers Sustainability Risks (as defined in the SFDR as per above) as a broad term which seeks to identify financially material risk that relates to ESG issues. Therefore, potential risk posed by Sustainability Risks can be limited through ESG integration, sustainable investing and the responsible and proper management of portfolios.

Neuberger Berman ESG Quotient

For each of the Article 8 and Article 9 financial products, NBEL use the proprietary Neuberger Berman

ESG rating system (the "**NB ESG Quotient**") as part of the investment process. The NB ESG Quotient is built around the concept of sector specific ESG risk. Foundational to the NB ESG Quotient is the proprietary Neuberger Berman ("**NB**") materiality matrix, which focuses on the ESG characteristics that are considered to be the most material drivers of ESG risk for each sector. Each sector criteria is constructed using third party and internally derived ESG data and supplemented with internal qualitative analysis, leveraging the investment team's significant sector expertise.

The NB ESG Quotient assigns weightings to environmental, social and governance characteristics for each sector to derive the NB ESG Quotient rating. Issuers/companies with a favourable and/or an improving NB ESG Quotient rating have a higher chance of being included in the relevant portfolio. Issuers/companies with a poor NB ESG Quotient rating, especially where a poor NB ESG Quotient rating is not being addressed by an issuer/company, are more likely to be removed from the investment universe or divested from the relevant portfolio. In addition, constructive engagements are undertaken with issuers that have a poor NB ESG Quotient rating, in order to assess whether concerns are being addressed adequately.

Assessment of the impact on likely returns

In applying the Neuberger Berman ESG Policy, NBEL may, depending on the particular strategy, deliberately forego opportunities for a financial product to gain exposure to certain companies, industries, sectors or countries that it believes may benefit the particular portfolio and it may choose to sell a security when, in hindsight, it might be seen to have been disadvantageous to do so. Certain financial products may focus on investment in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social and good governance practices. Accordingly, as the universe of investments for those financial products is smaller than that of other funds, NBEL has determined that those financial products could underperform the market as a whole if the investments underperform the market, which could negatively impact on returns. Notwithstanding the foregoing, the Neuberger Berman ESG Policy seeks to formalise and focus Neuberger Berman's responsible investment efforts, with the belief that material ESG characteristics are an important driver of long-term investment returns and mitigator of risk and have the follow-on effect of supporting better-functioning capital markets and having a positive impact for people and the planet.

Remuneration Considerations

NBEL has adopted remuneration policies consistent with its regulatory obligations. NBEL's remuneration policies (i) promote sound and effective risk management and (ii) discourage excessive risk taking, including without limitation, with respect to Sustainability Risks, as defined above.

NBEL adheres to group-wide general principles, policies and practices. NBEL's remuneration policy applies in addition to the remuneration and employment policies and practices operated from time to time within NBEL itself and the Neuberger Berman group of companies (the "**NB Group**"). The assessment of NBEL staff performance is based on a multi-year perspective in order to take into account the long-term performance of personnel, as well as the life cycle of the financial product under management. Performance objectives are therefore on a multi-year basis, ensuring that staff and end investors' interests are aligned.

Variable remuneration is dependent upon both corporate results and employee contribution to the NB Group's objectives. The determination of an individual's entitlement to variable remuneration will in all cases take into account the individual staff member's performance in the relevant performance period based on an assessment of both quantitative and qualitative criteria. In addition, with respect to portfolio management teams, the entitlement to variable remuneration is not solely linked to the performance of the financial products managed by that particular team, but to the broader assets under management of the NB Group. This serves to discourage excessive risk taking, as no one individual can influence overall NB Group performance. Senior management within the NB Group is responsible for approving the award of remuneration and benefits, while the Neuberger Berman Global Group Compensation Committee approves any annual changes to the bonus pools and also provides certain oversight in relation to the awarding of remuneration and any benefits. In no circumstances will any senior staff member who is eligible to participate in a bonus pool have authority (either individually or as part of a committee) to give the final approval for any bonus pool in which he or she is eligible to participate in nor will he or she be in a position to approve his or her own individual remuneration outcome. Given the nature, scale and complexity of NBEL, the board of directors of NBEL have determined not to put in place a remuneration committee of its own and instead relies on the functions within the NB Group.

Consideration of Principal Adverse Impacts

Notwithstanding that NBEL will consider the Principal Adverse Impact Indicators (the "**PAIs**") on sustainability factors[1] at the product level for each of the Article 8 and Article 9 financial products, NBEL does not currently consider the principal adverse impacts of its investment decisions on sustainability factors at entity level. NBEL has opted against doing so, primarily as the regulatory technical standards (" **RTS**") supplementing SFDR, which set out the content, methodology and information required in the principal adverse sustainability impact ("**PASI**") statement, have only recently been finalised and published. NBEL is keeping this decision under active review.

NBEL has classified the following separate account as an Article 8 financial product under SFDR:

1. EMD Local Currency – DANISH CLIENT 1

This disclosure is accurate as at 22 August 2022

[1] Sustainability Factors are defined in the SFDR as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.