

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:** Neuberger Berman Emerging Market Debt Sustainable Investment Grade Blend Fund (the “Portfolio”)  
**Legal entity identifier:** 549300IFJK0FPOE1X496

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> <b>Yes</b>	<input type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> <b>No</b>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input checked="" type="checkbox"/> It promotes <b>Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, <b>it will have a minimum proportion of 50% of sustainable investments</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input checked="" type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective</b> : ___%	<input type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

As part of the investment process, the Manager and the Sub-Investment Manager consider a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are considered using a proprietary Neuberger Berman ESG rating system (the “**NB ESG Quotient**”). The NB ESG Quotient is built around the concept of sector specific ESG risk and opportunity, and produces an overall ESG rating for issuers by assessing them against certain ESG metrics.

The Manager and the Sub-Investment Manager use the NB ESG Quotient to promote the environmental and social characteristics listed below by prioritising investment in securities issued by issuers with a relatively favourable and/or an improving NB ESG Quotient rating. The Portfolio does not invest in issuers which rank in the bottom decile in terms of the NB ESG Quotient, with no near term improvement prospects.

The following environmental and social characteristics are promoted, as part of the NB ESG Quotient rating for sovereign issuers:

- **Environmental Characteristics:** sovereign energy efficiency; climate change adaptation; deforestation; greenhouse gas (“**GHG**”) emissions; air and household pollution; and unsafe sanitation.
- **Social Characteristics:** progress towards UN Sustainable Development Goals (“**SDGs**”); health and education levels; regulatory quality; political stability and freedoms; gender equality; and research & development.

The following environmental and social characteristics are promoted, where relevant to the specific industry and issuer, as part of the NB ESG Quotient rating for corporate issuers:

- **Environmental Characteristics:** biodiversity and land usage; carbon emissions; opportunities in clean technologies; water stress; toxic emissions & waste; financing environmental impact; product carbon footprint; environmental policy; environmental management system; GHG reduction programme; green procurement policy; and non-GHG air emissions programmes.
- **Social Characteristics:** health & safety; human capital development; labour management; privacy & data security; product safety & quality; financial products safety; discrimination policy; community involvement programmes; diversity programmes; and human rights policy.

In aiming to align the Portfolio with a net zero goal, the Manager and the Sub-Investment Manager will promote the reduction of the Portfolio's carbon footprint across scope 1, 2, and material scope 3 GHG emissions<sup>1</sup>.

Performance in relation to these environmental and social characteristics will be measured through the NB ESG Quotient, and will be reported in aggregate in the Portfolio's mandatory periodic report template (as per the requirements of Article 11 of SFDR).

The NB ESG Quotient methodology will evolve over time and all ESG characteristics included therein are reviewed regularly and are subject to annual review to ensure that the most pertinent ESG characteristics are captured. Accordingly, the environmental and social characteristics considered as part of the NB ESG Quotient are subject to change. For the avoidance of doubt, if the environmental or social characteristics considered as part of the NB ESG Quotient change, this pre-contractual disclosure document will be updated accordingly.

Exclusions are also applied (as further set out below) as part of the construction and ongoing monitoring of the Portfolio. These represent additional environmental and social characteristics promoted by the Portfolio.

A reference benchmark has not been designated for the purpose of attaining the environmental or social characteristics promoted by the Portfolio.

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

As part of the investment process, the Manager and the Sub-Investment Manager consider a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio. These are listed below:

I. The NB ESG Quotient:

The NB ESG Quotient (as explained above) is used to measure the environmental and social characteristics promoted by the Portfolio.

The NB ESG Quotient assigns weightings to environmental, social and governance factors for countries and for corporate sectors to derive the NB ESG Quotient rating. While the NB ESG Quotient rating of issuers is considered as part of the investment process, there is no minimum NB ESG Quotient rating to be attained by an issuer prior to investment. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of being included in the Portfolio.

The Portfolio does not invest in issuers which rank in the bottom of the NB ESG Quotient, with no near term improvement prospects.

II. ESG exclusion policies:

To ensure that the environmental or social characteristics promoted by the Portfolio can be attained, the Portfolio will not invest in securities issued by issuers whose activities breach, or are not consistent with, the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Thermal Coal Involvement Policy. Furthermore, investments held by the Portfolio will not invest in securities issued by issuers whose activities have been identified as breaching, or are not consistent with,

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<sup>1</sup> Scope 1 emissions are direct emissions from an issuer's owned or controlled sources (such as emissions created directly by the issuer's business processes or from vehicles owned by the issuer). Scope 2 emissions are indirect emissions from the generation of electricity, steam, heating and cooling consumed by the issuer. Scope 3 emissions are all other indirect emissions that occur in an issuer's value chain (such as emissions from products or services consumed by the issuer, disposal of its waste, employee commuting, distribution and transport of its products or its investments).

the Neuberger Berman Global Standards Policy which excludes identified violators of (i) the United Nations Global Compact Principles (“**UNGC Principles**”), (ii) the OECD Guidelines for Multinational Enterprises (“**OECD Guidelines**”), (iii) the United Nations Guiding Principles on Business and Human Rights (“**UNGPs**”) and (iv) the International Labour Standards (“**ILO Standards**”). The Neuberger Berman Sustainable Exclusion Policy and Neuberger Berman the Enhanced Sustainable Exclusion Policy are applied when determining what investments to make for the Portfolio. The Portfolio also excludes issuers from the investment universe that are involved in controversial activities and behaviour, such as fur manufacturers, gambling and nuclear power. Further details on these ESG exclusion policies are set out in the “Sustainable Investment Criteria” section of the main body of the Prospectus.

The Manager and the Sub-Investment Manager will not invest in sovereign issuers which are identified by the Manager and the Sub-Investment Manager as having weak ESG practices. Such exclusions will be based on a number of ESG criteria, including the following:

- Sovereign issuers which are ranked in the bottom decile based on the NB ESG Quotient, with no near term improvement prospects;
- Sovereign issuers which have been excluded from the JP Morgan ESG EMBI Global Diversified Index (Total Return, USD) based on ESG considerations;
- Sovereign issuers where top officials have been sanctioned by the UN Security Council based on human rights violations;
- Sovereign issuers which are assessed as having high and increasing GHG intensity levels;
- Sovereign issuers which are assessed as having poor and deteriorating human rights and rule of law metrics; or
- Sovereign issuers which are non-compliant with the standard put forth by the OECD’s Global Forum on Transparency and Exchange of Information for Tax Purposes, or sovereign issuers that are classified as a high risk jurisdiction subject to a call for action by the Financial Action Task Force (“**FATF**”).

The Manager and the Sub-Investment Manager will track and report on the performance of the above sustainability indicators namely, (i) the NB ESG Quotient; and (ii) the adherence to the ESG exclusion lists applied to the Portfolio. These sustainability indicators will be used to measure the attainment of each of the environmental and social characteristics promoted by the Portfolio and will be included in the Portfolio’s mandatory periodic report (as per the requirements of Article 11 of SFDR).

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

While the Portfolio promotes environmental and social characteristics, this Portfolio does not have a sustainable investment objective. However, the Portfolio will hold sustainable investments which will aim to contribute to the Portfolio’s net zero goal, as detailed below.

Performance in relation to these environmental and social characteristics will be measured through the NB ESG Quotient. Both the sustainable and non-sustainable investments held by the Portfolio will apply the NB ESG Quotient, as detailed above.

The consideration of investments made by the Portfolio as sustainable investments is determined by reference to NB’s sustainable investment framework. This framework includes an assessment as to (i) whether the investment contributes to an environmental and/or social objective, (ii) whether the investment causes significant harm to those objectives as described below, and (iii) an assessment of an issuer’s overall governance score to determine whether the issuer passes a good governance assessment.

The Manager and the Sub-Investment Manager screen issuers for controversies, significant harm and violations of minimum safeguards. If the issuers pass this screen, the Manager and the Sub-Investment Manager then proceed to measure the issuers environmental or social economic contribution.

For corporate issuers, the Manager and the Sub-Investment Manager measure this in two ways:

- Revenue alignment to the EU taxonomy (if any); and
- Revenue alignment to the SDGs.

Sustainable investments are more likely to have product/service revenue aligned with the SDGs.

For sovereign issuers, the Manager and the Sub-Investment Manager measure this in the following ways:

- Advancement in climate change adaptation and mitigation; and
- Advancement in achieving the SDGs, with emphasis on life expectancy and education.

Both the sustainable and non-sustainable investments held by the Portfolio will target net zero alignment by 2050.

While the sustainable investments may have a social or an environmental objective, the sustainable investments may not qualify as environmentally sustainable investments (or Taxonomy aligned investments) as defined under the EU Taxonomy.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

As part of the Manager's and the Sub-Investment Manager's sustainable investment framework, investments that cause significant harm to environmental or social objectives are excluded. To determine whether an investment causes significant harm, the Manager and the Sub-Investment Manager consider significant harm with reference to certain principal adverse impact indicators (with respect to this see the "How have the indicators for adverse impacts on sustainability factors been taken into account?" below) and violations of minimum safeguards (with respect to which see "How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?" below).

The Manager and the Sub-Investment Manager also apply the ESG exclusion policies referenced above.

The combination of all of these factors generates a quantitative validation for "sustainability" which can be used to ensure the sustainable investments that the Portfolio intends to make, do not cause significant harm to any environmental or social sustainable investment objective of the Portfolio's sustainable investments.

*How have the indicators for adverse impacts on sustainability factors been taken into account?*

The Manager and the Sub-Investment Manager will consider the following principal adverse impacts indicators when determining whether the sustainable investments that the Portfolio intends to make, do not cause significant harm to any environmental or social sustainable investment objective:

GHG emissions; carbon footprint; GHG intensity of issuers; exposure to issuers active in the fossil fuel sector; share of non-renewable energy consumption and production; energy consumption intensity per high impact climate sector; activities negatively affecting biodiversity-sensitive areas; emissions to water; hazardous waste and radioactive waste ratio; violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises; lack of processes and compliance mechanisms to monitor compliance with UN Global Compact Principles and OECD Guidelines for Multinational Enterprises; unadjusted gender pay gap, board gender diversity; and exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (the "PAIs") for the corporate issuers and GHG intensity and investee countries subject to social violations (the "Sovereign PAIs") for the sovereign issuers.

Consideration of the above PAIs is limited by the availability of adequate, reliable and verifiable data coverage for such indicators (in the Manager's and the Sub-Investment Manager's subjective view) in respect of the sustainable investments of the Portfolio, and may evolve with improving data quality and availability. The Manager and the Sub-Investment Manager will utilise third party data and proxy data along with internal research to consider the PAIs and Sovereign PAIs.

Additionally, the Manager and the Sub-Investment Manager have conducted a letter campaign where it has written to select corporate issuers asking for direct disclosure on the PAIs in order to offer high-quality disclosures to investors. The Manager and the Sub-Investment Manager will continue to work with issuers to encourage disclosure and envisage that the letter campaign will result in wider and more granular data coverage on the PAIs.

Consideration of the PAIs and Sovereign PAIs by the Manager and the Sub-Investment Manager, when determining whether the sustainable investments that the Portfolio intends to

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

make, do not cause significant harm to any environmental or social sustainable investment objective of the Portfolio's sustainable investments, will be through a combination of:

- Monitoring issuers which fall below the quantitative and qualitative tolerance thresholds set for a PAI or Sovereign PAI by the Manager and the Sub-Investment Manager;
- Stewardship and/or setting engagement objectives with issuers which fall below the quantitative and qualitative tolerance thresholds set for a PAI or Sovereign PAIs; and
- Application of the NB ESG exclusion policies detailed above, which includes consideration of several of the PAIs.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Manager and the Sub-Investment Manager will not invest in issuers whose activities have been identified as breaching the OECD Guidelines, UNGC Principles, ILO Standards and UNGPs, captured through the Neuberger Berman Global Standards Policy.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

N/A – this Portfolio does not commit to holding Taxonomy-aligned investments.



#### Does this financial product consider principal adverse impacts on sustainability factors?

Yes, please see below

No

Yes. The Manager and the Sub-Investment Manager consider PAIs and Sovereign PAIs in two ways:

1. All PAIs and Sovereign PAIs are considered when determining whether sustainable investments that the Portfolio intends to make do not cause significant harm to any environmental or social sustainable investment objective as explained in "How have the indicators for adverse impacts on sustainability factors been taken into account?" above.
2. The Manager and the Sub-Investment Manager will consider the following principal adverse impacts on sustainability factors across investments which promote environmental or social characteristics, namely:

The Sovereign PAIs for the sovereign issuers, and GHG emissions, carbon footprint, GHG intensity, fossil fuel exposure, board gender diversity, UNGC Principles & OECD violations and controversial weapons (together the "Product Level PAIs").

See "How have the indicators for adverse impacts on sustainability factors been taken into account?" above for more details on how the PAIs are considered with respect to sustainable investments.

With respect to the Product Level PAIs, the Manager and the Sub-Investment Manager utilise third party data and proxy data along with internal research to consider them.

Additionally, the Manager and the Sub-Investment Manager have conducted a letter campaign where they have written to select corporate issuers asking for direct disclosure on the PAIs in order to offer high-quality disclosures to investors. The Manager and the Sub-Investment Manager will continue to work with issuers to encourage disclosure and envisage that the letter campaign will result in wider and more granular data coverage on the PAIs.

The Product Level PAIs that are taken into consideration are subject to there being adequate, reliable and verifiable data coverage for such indicators (in the Manager's and the Sub-Investment Manager's subjective view), and may evolve with improving data quality and availability. Where such data is not available the relevant Product Level PAI will not be considered until such time as the data becomes available. The Manager and the Sub-Investment Manager will keep the list of Product Level PAIs they consider under active review, as and when data availability and quality improves.

Consideration of the Product Level PAIs by the Manager and the Sub-Investment Manager will be through a combination of:

- Monitoring the Portfolio, in particular where it falls below the quantitative and qualitative tolerance thresholds set for each Product Level PAI by the Manager and the Sub-Investment Manager;
- Stewardship and/or setting engagement objectives where the Portfolio falls below the quantitative and qualitative tolerance thresholds set for a Product Level PAI; and
- Application of the ESG exclusion policies referenced above, which includes consideration of several of the Product Level PAIs.

Reporting on consideration of Product Level PAIs will be available in an annex to the annual report of the Portfolio.



### **What investment strategy does this financial product follow?**

The Portfolio aims to achieve a target average return of 1% over the Benchmark, before fees over a market cycle (typically 3 years) by investing primarily in a blend of investment grade rated hard and local emerging market currency denominated debt, issued by sovereigns, quasi-sovereigns, sub-sovereigns and corporate credits in Emerging Market Countries that meet the Sustainable Criteria. The Benchmark comprises of 1/3 weighting to the JP Morgan GBI Emerging Markets Global Diversified Investment Grade 15% Cap Index (Total Return, Unhedged, USD) and 2/3 weighting to the JP Morgan EMBI Global Diversified Investment Grade Index (Total Return, USD).

In aiming to align the Portfolio with a net zero goal, the Manager and the Sub-Investment Manager intend to reduce the Portfolio's carbon footprint for corporate securities across scope 1, 2, and material scope 3 GHG emissions, equating to a 50% reduction by 2030 relative to a 2019 baseline and a subsequent decline to net zero by 2050. The 2019 baseline may be subject to re-calculation as data quality and disclosure expands over time, particularly with respect to scope 3 emissions. For sovereign bonds, the Manager and the Sub-Investment Manager deploy a methodology that tracks a country's net-zero alignment according to GermanWatch's Climate Change Performance Index, which is recommended by the Institutional Investors Group on Climate Change ("IIGCC"), as well as Climate Action Tracker. Any net-zero commitments and targets are set in the expectation that governments will follow through on their own commitments to ensure the objectives of the Paris Agreement are met, including increasing the ambition of their Nationally Determined Contributions ("NDCs"). Further details on Neuberger Berman's commitment to the Net Zero Asset Managers Initiative are contained in the "Sustainable Investment Criteria" section of the Prospectus.

The Manager and the Sub-Investment Manager consider and evaluate ESG characteristics, as an important component of their credit analysis discipline, when making investment decisions. The Manager and the Sub-Investment Manager utilise the NB ESG Quotient criteria, as part of the Portfolio construction and investment management process. As noted above, NB ESG Quotient assigns weightings to environmental, social and governance characteristics for each sector to derive the NB ESG Quotient rating. Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Portfolio. The Portfolio does not invest in issuers which rank in the bottom decile in terms of their NB ESG Quotient, with no near term improvement prospects.

The ESG analysis is performed internally, with the support of third-party data, and is not outsourced.

In addition, corporate credit worthiness is complemented by fundamental analysis aimed at assessing the issuer's financial performance such as revenue/earnings before interest, tax, depreciation, and amortisation ("EBITDA") growth, cash flow growth, capital expenditures, leverage trends and liquidity profile.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

ESG characteristics are considered at three different levels:

I. Integrating proprietary ESG analysis:

The NB ESG Quotient ratings are generated for issuers in the Portfolio. The NB ESG Quotient rating for issuers is utilised to help to better identify risks and opportunities in the overall credit and value assessment.

The NB ESG Quotient is a key component of the internal credit ratings and can help to identify business risks (including ESG risks), which would cause deterioration in an issuer's credit profile. Internal credit ratings can be notched up or down based on the

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

NB ESG Quotient rating, and this is monitored by the Manager and the Sub-Investment Manager as an important component of the investment process for the Portfolio.

By integrating the investment team's proprietary ESG analysis (the NB ESG Quotient) into their internal credit ratings, there is a direct link between their analysis of material ESG characteristics and portfolio construction activities across their strategy.

Issuers with a favourable and/or an improving NB ESG Quotient rating have a higher chance of ending up in the Portfolio. The Portfolio does not invest in issuers which rank in the bottom decile in terms of the NB ESG Quotient, with no near term improvement prospects.

## II. Engagement:

The Manager and the Sub-Investment Manager engage directly with management teams of issuers through a robust ESG engagement program.

The Manager and the Sub-Investment Manager may also engage with sovereign issuers in developed and Emerging Market Countries. Where the Manager and the Sub-Investment Manager seek to engage with sovereigns, such engagement efforts may include speaking regularly to government officials, policy makers and international financial organisations, such as the International Monetary Fund, World Bank and Asian Development Bank, with onsite visits whenever possible, and utilise such meetings to engage with sovereign issuers on ESG topics, where the Manager and the Sub-Investment Manager see scope for improvement for the relevant country.

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

The Manager and the Sub-Investment Manager view this direct engagement with issuers, as an important part of its investment process (including the investment selection process). Issuers that are not receptive to engagement are less likely to be held (or to continue to be held) by the Portfolio.

This program is focused on in-person meetings, email and conference calls to understand ESG risks, opportunities, and assess good corporate governance practices of issuers. As part of the direct engagement process, the Manager and the Sub-Investment Manager may set objectives for the issuers to attain. These objectives as well as the issuers' progress with respect to same are monitored and tracked by the Manager and the Sub-Investment Manager through an internal Neuberger Berman ("**NB**") engagement tracker.

The Manager and the Sub-Investment Manager firmly believe this consistent engagement with issuers can help reduce credit risk and promote positive sustainable corporate change. It is an important tool to identify and better understand an issuer's risk factors and performance. The Manager and the Sub-Investment Manager also use it to promote change, when necessary, which they believe will result in positive outcomes for creditors and broader stakeholders. Direct engagement when paired with other inputs, creates a feedback loop that allows analysts in the investment team to evolve their ESG scoring process and prioritise risks that are most relevant to a sector. The success of both the Manager's and the Sub-Investment Manager's constructive engagement efforts with issuers will depend on each of the issuer's receptiveness and responsiveness to such engagement.

## III. ESG sectoral exclusion policies:

To ensure that the environmental and social characteristics promoted by the Portfolio can be attained, the Portfolio will apply the ESG exclusion policies referenced above, which places limitations on the investable universe.

### ● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Manager and the Sub-Investment Manager will reduce the investment universe by 20% through the application of ESG exclusions, as detailed above, and ESG analysis.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

The governance factors that the Manager and the Sub-Investment Manager track for corporate and quasi-sovereign issuers may include: (i) senior management experience and sector expertise; (ii) ownership/board experience and alignment of incentives; (iii) corporate strategy and balance sheet strategy; (iv) financial and accounting strategy & disclosure; and (v) regulatory / legal track record.

Engagement with management is an important component of the Portfolio's investment process, and the Manager and the Sub-Investment Manager engage directly with management teams of issuers through a robust ESG engagement program. This program is focused on in-person meetings, email and conference calls to understand risks, opportunities and assess good corporate governance practices of corporate issuers. The Manager and the Sub-Investment Manager view this direct engagement with issuers, as an important part of its investment process.

While the prioritisation assessment is ongoing, the timing of the engagement may be reactionary in certain cases, opportunistic in cases of industry events or pre-planned meetings, or proactive where time allows and without undue restrictions such as during quiet periods or M&A events that may prevent outreach actions. Ultimately, the Manager and the Sub-Investment Manager aim to prioritise engagement that is expected, based on the Manager's and the Sub-Investment Manager's subjective analysis, to have a high impact on the protection of and improvement to the value of the Portfolio, be it through the advancement of actionable disclosure, understanding of risks and risk management at an issuer, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

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

The Manager and the Sub-Investment Manager may take into account other governance factors as appropriate from time to time.

As described above, the Portfolio will only invest in securities issued by issuers whose activities do not breach the Neuberger Berman Global Standards Policy which identifies violators of the (i) UNGC Principles, (ii) OECD Guidelines, (iii) UNGPs and (iv) ILO Standards.



**What is the asset allocation planned for this financial product?**

The Portfolio aims to hold a minimum of 80% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio commits to holding a minimum of 50% in sustainable investments. The Portfolio aims to hold a maximum of 20% investments that are not aligned with the environmental or social characteristics promoted by the Portfolio and are not sustainable investments, and which fall into the 'other' section of the Portfolio.

The "Other" section in the Portfolio is held for a number of reasons that the Manager and the Sub-Investment Manager feel will be beneficial to the Portfolio, such as, but not limited to, achieving risk management, and/or to ensure adequate liquidity, hedging and collateral cover. The "Other" section may also include investments or asset classes for which the Manager and the Sub-Investment Manager do not have sufficient data to confirm that they are aligned with the environmental or social characteristics promoted by the Portfolio. Further details on the "Other" section are set out below.

Please note that while the Manager and the Sub-Investment Manager aim to achieve the asset allocation targets outlined above, these figures may fluctuate during the investment period and ultimately, as with any investment target, may not be attained.

The exact asset allocation of this Portfolio will be reported in the Portfolio's mandatory periodic report SFDR template, for the relevant reference period. This will be calculated based on the average of the four quarter ends.

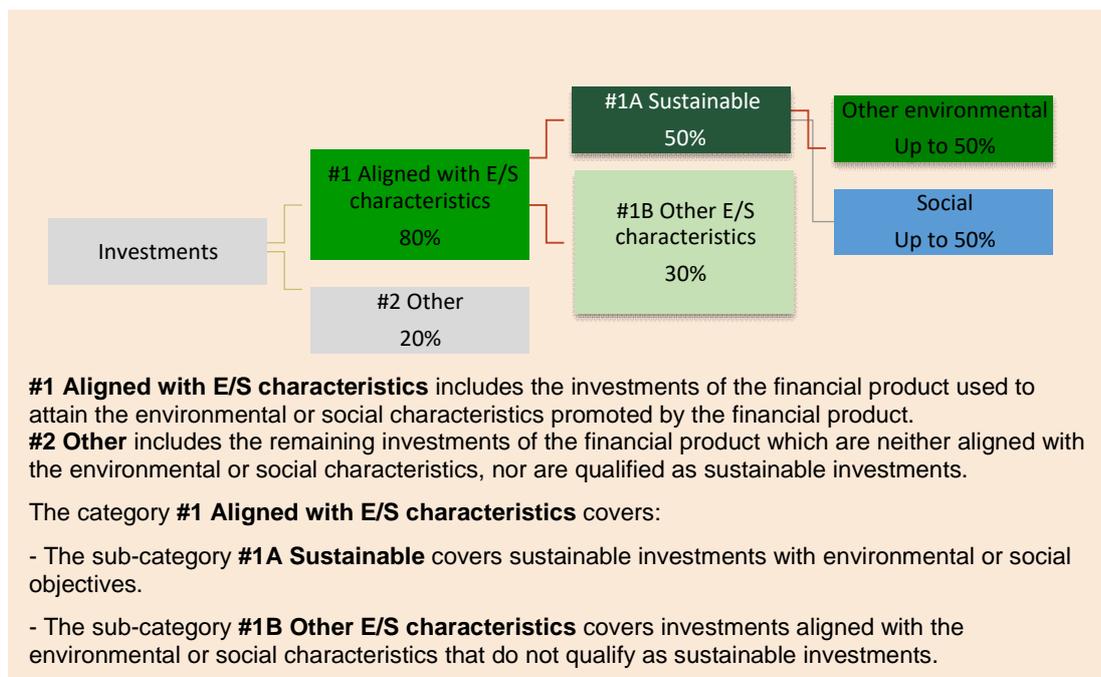
The Manager and the Sub-Investment Manager have calculated the proportion of investments aligned with the environmental and/or social characteristics promoted by the Portfolio: i) that hold either an NB ESG Quotient rating or a third party equivalent ESG rating that is used as part of the portfolio construction and investment management process of the Portfolio; and/or ii) with whom the Manager and the Sub-Investment Manager have engaged directly. The calculation is based on a mark-to-market assessment of the Portfolio. The calculation is based on a mark-to-market assessment of the Portfolio and may rely on incomplete or inaccurate issuer or third party data.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

While the Portfolio may use derivatives for efficient portfolio management, investment purposes and/or hedging, it will not use derivatives to promote environmental or social characteristics.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The analysis and disclosure requirements introduced by the EU Taxonomy are very detailed and compliance with them requires the availability of multiple, specific data points in respect of each investment which the Portfolio makes. The Manager and the Sub-Investment Manager cannot commit that the Portfolio will invest in investments that qualify as environmentally sustainable for the purposes of the Taxonomy Regulation. It cannot be excluded that some of the Portfolio's holdings qualify as Taxonomy-aligned investments. Disclosures and reporting on Taxonomy alignment will develop as the EU framework evolves and data is made available by companies. The Manager and the Sub-Investment Manager will keep the extent to which sustainable investments with an environmental objective are aligned with the EU Taxonomy under active review as data availability and quality improves.

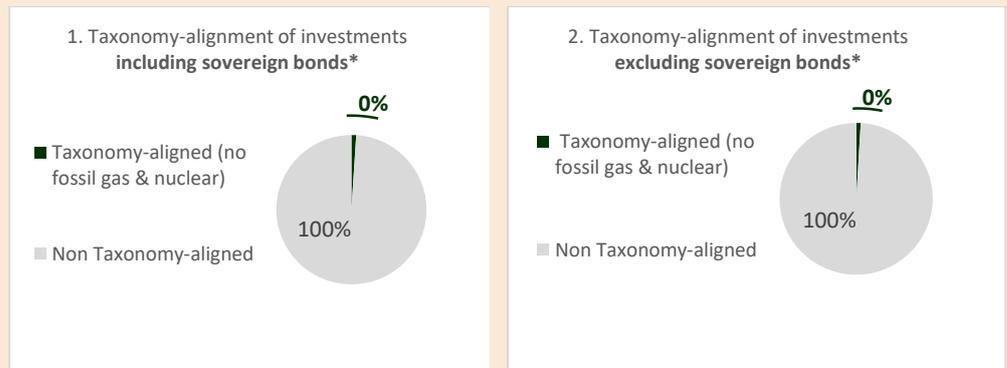
The disclosure contained in this appendix will be updated if the Manager and the Sub-Investment Manager amend the minimum Taxonomy alignment of the Portfolio.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>2</sup>**

- Yes:
  - In fossil gas       In nuclear energy
- No

<sup>2</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulations (EU) 2022/1214.

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

● **What is the minimum share of investments in transitional and enabling activities?**

N/A – the Portfolio does not commit to holding Taxonomy-aligned investments.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Portfolio's sustainable investments will have an environmental objective and/or a social objective. This means that at any specific point in time, all of the Portfolio's sustainable investments could have social objectives (which means that 0% of the Portfolio's sustainable investments would have environmental objectives); or all of the Portfolio's sustainable investments could have environmental objectives (which means that 0% of the Portfolio's sustainable investments would have social objectives).

While the Portfolio may invest in sustainable investments with an environmental objective, such sustainable investments may not be in Taxonomy-aligned investments as they may not satisfy the criteria for same.



**What is the minimum share of socially sustainable investments?**

The Portfolio's sustainable investments will have an environmental objective and/or social objective. This means that at any specific point in time, all of the Portfolio's sustainable investments could have social objectives (which means that 0% of the Portfolio's sustainable investments would have environmental objectives); or all of the Portfolio's sustainable investments could have environmental objectives (which means that 0% of the Portfolio's sustainable investments would have social objectives).

**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

“Other” includes the remaining investments of the Portfolio (including but not limited to any derivatives or any security collateralized by a pool of similar assets or receivables listed in the Supplement for the Portfolio above) which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The “Other” section in the Portfolio is held for a number of reasons that the Manager and the Sub-Investment Manager feel will be beneficial to the Portfolio, such as, but not limited to, achieving risk management, and/or to ensure adequate liquidity, hedging and collateral cover.

As noted above, the Portfolio will be invested in compliance with ESG exclusion policies, on a continuous basis. This ensures that investments made by the Portfolio seek to align with international environmental and social safeguards such as the UNGC Principles, UNGPs, OECD Guidelines and ILO Standards.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

The Manager and the Sub-Investment Manager believe that these policies prevent investment in issuers that most egregiously violate environmental and/or social minimum standards and ensures that the Portfolio can successfully promote its environmental and social characteristics.

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



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

N/A – The Portfolio's benchmarks have not been designated as reference benchmarks. Therefore, they are not consistent with the environmental or social characteristics promoted by the Portfolio.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

N/A

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

N/A

- ***How does the designated index differ from a relevant broad market index?***

N/A

- ***Where can the methodology used for the calculation of the designated index be found?***

N/A



**Where can I find more product specific information online?**

Product overviews, factsheets, KIIDs and other literature can be found on the NB website, in our dedicated 'Investment Strategies' section at [www.nb.com](http://www.nb.com).

**More product-specific information can be found on the website:**

<https://www.nb.com/en/gb/esg/reporting-policies-and-disclosures#0A63D195342B424C8C1F115547F2784A>