

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 Sustainable Asia High Yield Fund (the “**Portfolio**”)
Legal entity identifier: 5493005FAT85HZ73DG37

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☒ ☐ **Yes**

☐ It will make a minimum of **sustainable investments with an environmental objective**: ____%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of **sustainable investments with a social objective**: ____%

☒ ☐ **No**

☒ It promotes **Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, **it will have a minimum proportion of 50% of sustainable investments**

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but **will not make any sustainable investments**



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

As part of the investment process, the Sub-Investment Manager considers 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 Sub-Investment Manager uses 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. Pursuant to this, the Sub-Investment Manager will exclude issuers with a poor NB ESG Quotient rating unless there is reasonable expectation that the NB ESG Quotient rating will improve over time.

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

- **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, greenhouse gas (“**GHG**”) reduction programme, green procurement policy and non-GHG air emissions programmes.

In aiming to align the Portfolio with a net zero goal, the Sub-Investment Manager will promote the reduction of the Portfolio's carbon footprint across scope 1, 2, and material scope 3 GHG emissions¹.

The Portfolio aims to achieve a carbon emission intensity level that is at least 30% lower than that of the broader Asia high yield debt investment universe, represented by the JPMorgan Asian Credit High Yield Index (the "Index"). The average carbon emission intensity will be measured and calculated based on the Portfolio's carbon emission intensity struck at each of the four calendar quarter ends. The Portfolio is actively managed and does not intend to track the Index which is included here for carbon emission intensity reduction and ESG comparison purposes.

The Portfolio aims to achieve a higher ESG score as compared to the broader Asia high yield debt investment universe, represented by the Index, based on third party ESG scores from an established external provider.

- **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.

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 sector specific ESG characteristics included therein are reviewed regularly and are subject to annual review to ensure that the most pertinent sector specific 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.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

● ***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 Sub-Investment Manager considers 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 focuses on the ESG characteristics that are considered to be the most likely to be the 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 Sub-Investment Manager's analyst team's significant sector expertise.

The NB ESG Quotient assigns weightings to environmental, social and governance factors for each sector 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.

¹ 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 Sub-Investment Manager will exclude issuers with a poor NB ESG Quotient rating unless there is reasonable expectation that the NB ESG Quotient rating will improve over time.

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. In addition to the application of the Neuberger Berman Thermal Coal Involvement Policy, the Sub-Investment Manager will prohibit the initiation of new investment positions in securities issued by issuers that (i) derive more than 25% of their revenue from thermal coal mining; or (ii) are expanding new thermal coal power generation. 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, 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 is applied when determining what investments to make for the Portfolio. Additionally, issuers which are involved in, direct child labour and the tobacco industry are excluded. Further details on these ESG exclusion policies are set out in the "Sustainable Investment Criteria" section of the main body of the Prospectus.

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 promote the environmental & social characteristics listed above and 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. Under this sustainable investment framework, the Sub-Investment Manager utilises multiple datapoints that measure the alignment of an issuer's economic activity with environmental or social characteristics.

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

The Sub-Investment Manager measures this in two ways:

- Revenue alignment to the EU taxonomy (if any); and
- Revenue alignment to the Sustainable Development Goals ("**SDGs**") (if any).

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

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 Sub-Investment Manager does not commit the Portfolio to holding sustainable investments that 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 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 Sub-Investment Manager considers 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 Sub-Investment Manager also applies 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 objective.

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

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 corporate 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**").

Consideration of the above PAIs is limited by the availability of adequate, reliable and verifiable data coverage for such indicators in respect of the sustainable investments of the Portfolio, and may evolve with improving data quality and availability.

The Sub-Investment Manager will utilise third party data and proxy data along with internal research to consider the PAIs.

Additionally, the Sub-Investment Manager has 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 Sub-Investment Manager will continue to work with issuers to encourage disclosure and envisages that the letter campaign will result in wider and more granular data coverage on the PAIs.

Consideration of the PAIs by the Sub-Investment Manager, 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 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 each PAI by 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; and
- Application of the following Neuberger Berman ESG exclusionary policies detailed above, which includes consideration of several of the PAIs.

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.

— — — *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 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 Sub-Investment Manager considers PAIs with respect to the Portfolio in two ways:

1. All 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 Sub-Investment Manager will consider the following principal adverse impacts on sustainability factors with respect to those investments within the Portfolio which promote environmental or social characteristics, namely: GHG emissions, carbon footprint, GHG intensity, fossil fuel exposure, board gender diversity, UNGC Principles & OECD violations and controversial weapons (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 Sub-Investment Manager utilises third party data and proxy data along with internal research to consider the above Product Level PAIs.

Additionally, the Sub-Investment Manager has conducted a letter campaign where it has written to select corporate issuers asking for direct disclosure on the Product Level PAIs in order to offer high-quality disclosures to investors. The Sub-Investment Manager will continue to work with issuers to encourage disclosure and to gather wider and more granular data coverage on the Product Level 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 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 Sub-Investment Manager will keep the list of Product Level PAIs it considers under active review, as and when data availability and quality improves.

Consideration of the Product Level PAIs by 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 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 outperform the JP Morgan JESG JACI High Yield Index (Total Return, USD), before fees over a market cycle (typically 3 years) by primarily investing in below investment grade rated Hard Currency-denominated debt instruments issued in Asian countries that comply with the Neuberger Berman Sustainable Exclusion Policy.

In aiming to align the Portfolio with a net zero goal, the Sub-Investment Manager intends 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. 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 Sub-Investment Manager considers and evaluates ESG characteristics, as an important component of their credit analysis discipline, when making investment decisions. The Sub-Investment Manager utilises 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 Sub-Investment Manager will exclude issuers with a poor NB ESG Quotient rating unless there is reasonable expectation that the NB ESG Quotient rating will improve over time.

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

In addition, 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 an important 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 NB ESG Quotient rating, and this is monitored by 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 Sub-Investment Manager will exclude issuers with a poor NB ESG Quotient rating unless there is reasonable expectation that the NB ESG Quotient rating will improve over time.

- II. Engagement:

The Sub-Investment Manager engages directly with management teams of issuers through a robust ESG engagement program. The Sub-Investment Manager views this direct engagement with issuers, as an important part of its investment process (including

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

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 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 Sub-Investment Manager through an internal NB engagement tracker.

The Sub-Investment Manager firmly believes 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 Sub-Investment Manager also uses 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 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.

The Sub-Investment Manager will also exclude securities issued by issuers that derive 5% or more of revenue from the production of conventional weapons.

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

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

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

The governance factors that the Sub-Investment Manager tracks 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.

The governance factors that the Sub-Investment Manager tracks in relation to Emerging Market Countries include (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.

Engagement with management is an important component of the Portfolio's investment process, and the Sub-Investment Manager engages 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 Sub-Investment Manager views 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 Sub-Investment Manager aims to prioritise engagement that is expected, based on 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.

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

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

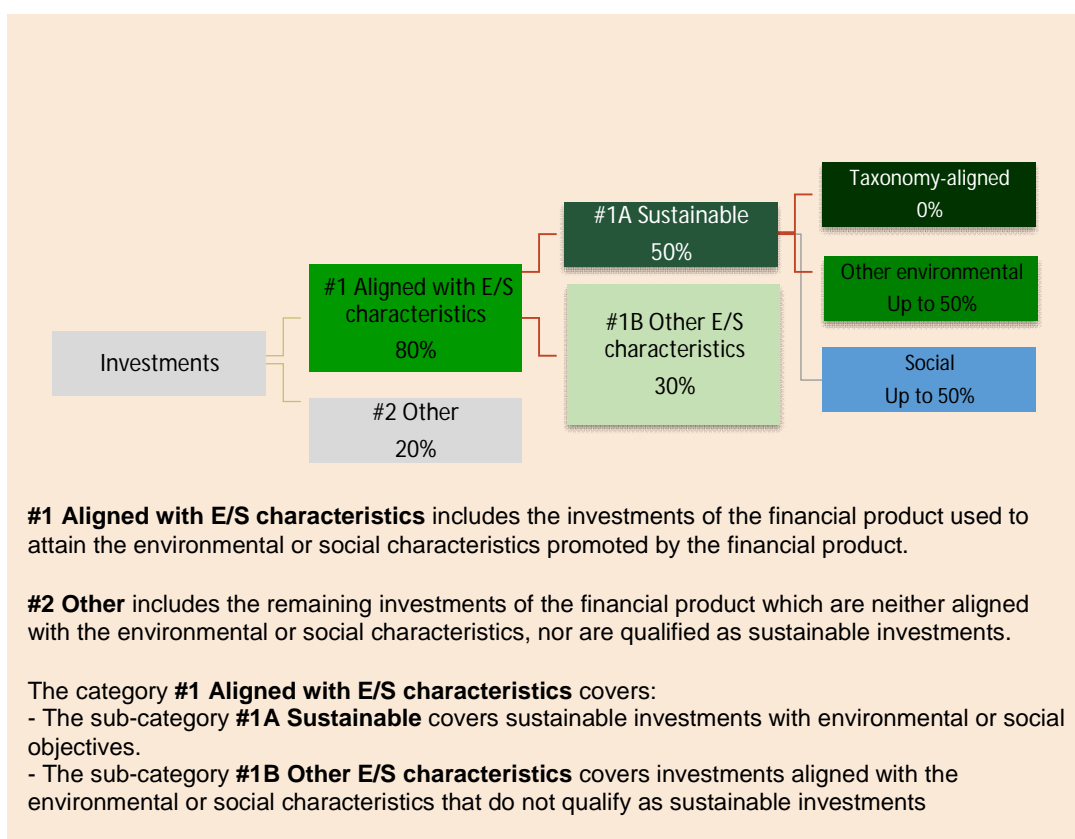
As described above, the Portfolio will only invest in securities issued by issuers whose activities do not breach the Neuberger Berman Global Standards Policy which identifies violators of the (i) UNGC Principles, (ii) OECD Guidelines, (iii) UNGPs and (iv) ILO Standards.



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 Sub-Investment Manager feels 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 Sub-Investment Manager does 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 Sub-Investment Manager aims to achieve the minimum proportion 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 Sub-Investment Manager has calculated the proportion of environmentally and/or socially aligned investments in the Portfolio by reference to the proportion of issuers in the Portfolio: i) that hold 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 Sub-Investment Manager has engaged directly. 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.

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



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

Energy, and others, include comprehensive safety and waste management rules.

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

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

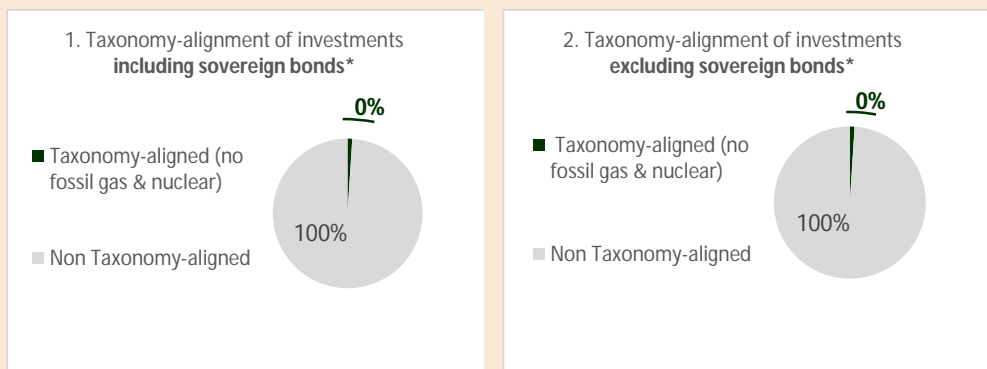
The analysis and disclosure requirements introduced by the EU Taxonomy are very detailed and compliance with them requires the availability of multiple, specific data points in respect of each investment which the Portfolio makes. The Sub-Investment Manager cannot commit that the Portfolio will invest in investments that qualify as environmentally sustainable for the purposes of the EU Taxonomy. 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 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 Sub-Investment Manager amends 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 Taxonomy²

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

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

² 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.

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 is the minimum share of socially sustainable investments?

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).

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 Sub-Investment Manager feels 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.

The Sub-Investment Manager believes 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 benchmark has not been designated as a reference benchmark. Therefore, it is 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

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**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.

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

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