

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

Product name: Neuberger Berman European Sustainable Equity Fund (the “Portfolio”)
Legal entity identifier: 549300K7Y3HBTEX71857

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
<p><input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes</p>	<p><input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No</p>
<p><input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __%</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%</p>	<p><input checked="" type="checkbox"/> 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</p> <p style="margin-left: 20px;"><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p>

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.



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

As part of the investment process, the 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 companies by assessing them against certain ESG metrics.

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 likely to be the material drivers of ESG risk and opportunity for each sector. The NB materiality matrix enables the Manager to derive the NB ESG Quotient rating, to compare sectors and companies relative to their environmental and social characteristics.

The Manager uses the NB ESG Quotient and third party data to promote the environmental and social characteristics listed below. Pursuant to this, the Manager will engage with companies with a poor NB ESG Quotient rating with the aim to seek improvement in the underlying environmental and social characteristics (which make up the NB ESG Quotient) over time.

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

- **Environmental Characteristics:** air quality; biodiversity & land use; energy management; environmental risk exposure; fuel economy; greenhouse gas (“**GHG**”) emissions; opportunities in

clean technologies; toxic emissions & waste; water management; packaging lifecycle management; materials sourcing; and product lifecycle management.

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

- **Social Characteristics:** access to finance; access to healthcare; community relations; data privacy & security; employee incentives & risk taking; health & nutrition; health & safety; human capital development; labour management; product safety & integrity; supply chain labour standards; workforce diversity & inclusion; pricing transparency; and responsible marketing.

Performance in relation to these environmental and social characteristics will be measured through the NB ESG Quotient and third party data, 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 materiality matrix will evolve over time and all sector specific ESG characteristics included therein are reviewed annually to ensure that the most pertinent sector specific ESG characteristics are captured through the NB materiality matrix. 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 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) and third party data are used to measure the environmental and social characteristics promoted by the Portfolio. Foundational to the NB ESG Quotient is the proprietary NB materiality matrix (as explained above), which 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 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. The Manager will engage with companies with a poor NB ESG Quotient rating with the aim to seek improvement in the underlying environmental and social characteristics (which make up the NB ESG Quotient) over time.

II. Climate Value-at-Risk:

Climate Value-at-Risk ("CVaR") measures the exposure to transition and physical climate risks. CVaR is a scenario analysis tool evaluating economic risks under various degree scenarios (i.e., the amount of warming targeted) and potential regulatory environments in varying countries. On a holistic basis the results are evaluated by the Manager's portfolio managers and analysts. CVaR provides a framework for identifying climate-risk over the long-term to assist in understanding how companies can shift their

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

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

operations and risk practices over time. The scenario analysis can serve as a starting point for further bottom-up analysis and identifying potential climate-related risks to address through company engagement. Due to data limitations, CVaR is not applied across all companies held by the Portfolio and is instead limited to the companies for which the Manager has sufficient and reliable data. The analysis from CVaR is reviewed at least once a year.

III. ESG exclusion policies:

To ensure that the environmental or social characteristics promoted by the Portfolio can be attained, the Portfolio will not invest in companies 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 Manager will prohibit the initiation of new investment positions in securities issued by companies 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 companies whose activities have been identified as breaching the Neuberger Berman Global Standards Policy which excludes identified violators of (i) the UNGC Principles, (ii) the OECD Guidelines, (iii) the UNGPs and (iv) the ILO Standards.

The Neuberger Berman Sustainable Exclusion Policy and the Neuberger Berman Enhanced Sustainable Exclusion Policy are also applied when determining what investments to make for the Portfolio.

The Portfolio will not invest in companies that derive more than 5% of their revenue from fur and specialty leather manufacturers, or military contractors. The Portfolio also excludes companies from the investment universe that are involved in controversial activities and behaviour, such as gambling, alcohol and nuclear power. In addition, the Portfolio excludes companies involved in dictatorial regimes/ high ESG controversies; companies that exhibit very poor behaviours in terms of environmental pollution; human rights' issues or governance controversies; and companies that are not transparent on ESG or score very poorly on ESG metrics overall. The application of the Enhanced Sustainable Exclusion Policy, as such terms are defined within the "*Sustainable Investment Criteria*" section of the Prospectus, also means that companies involved in tobacco, civilian firearms, private prisons and fossil fuels will also be excluded.

The Manager will track and report on the performance of the above sustainability indicators namely: (i) the NB ESG Quotient; (ii) the CVaR; and (iii) 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 at least 50% 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 issuers' overall governance score to determine whether the issuer passes a good governance assessment. Under this sustainable investment framework, the Manager utilises multiple datapoints that measure the alignment of a company's economic activity with environmental or social characteristics.

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

The Manager measures this in two ways:

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

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, however the sustainable investments portion of the Portfolio would be expected to contribute to reducing the Portfolio's carbon footprint.

While the sustainable investments may have a social or an environmental objective, the sustainable investments will 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 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 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 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 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 investee companies; exposure to companies 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 the UNGC Principles and the OECD Guidelines; lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines; 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 the Manager's subjective view) in respect of the sustainable investments in the Portfolio, and may evolve with improving data quality and availability.

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

Additionally, the Manager has conducted a letter campaign where it has written to select investee companies asking for direct disclosure on the PAIs in order to offer high-quality disclosures to investors. The Manager will continue to work with companies 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 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 companies which fall below the quantitative and qualitative tolerance thresholds set for each PAI by the Manager;

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.

- Stewardship and/or setting engagement objectives with companies which fall below the quantitative and qualitative tolerance thresholds set for a PAI; 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 will not invest in companies whose activities have been identified as breaching the OECD Guidelines, the UNGC Principles, the ILO Standards and the 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 – the 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 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 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 Guidelines 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 Manager utilises third party data and proxy data along with internal research to consider them.

Additionally, the Manager has conducted a letter campaign where it has written to select investee companies asking for direct disclosure on the PAIs in order to offer high-quality disclosures to investors. The Manager will continue to work with companies to encourage disclosure and envisages that the letter campaign will result in 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 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 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 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;

- 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 minimum excess annualised return of 2% over the MSCI Europe Index (Total Return, Net of Tax, EUR) before fees over a 3-5 year investment horizon from investing primarily in a portfolio of European equity holdings that comply with the Sustainable Criteria. The Portfolio will seek to achieve its objective by investing primarily in equity securities that are listed or traded on Recognised Markets in Europe (which may include Emerging Market Countries) and issued by companies across all market capitalisations and industrial sectors. The Portfolio will invest primarily in equity securities issued by companies whose behaviours, processes and operations contribute to system-level progress towards environmental and social objectives, such as: access to healthcare, sustainable consumption (which is the use of products, energy and services so as to minimise the environmental impact of such use) and conscious consumers, access to information and the digital revolution, energy transition and industrial innovation, resource efficiency, human capital development, fintech and financial inclusion (which is the availability and equality of opportunities to access financial services).

In aiming to align the Portfolio with a net-zero goal, the Manager intends to have at least 90% of the Portfolio's Net Asset Value invested in companies with Science-Based Target initiative ("SBTi")² validated targets (or equivalent as assessed by Neuberger Berman's net-zero sector alignment methodology, which conforms with the Institutional Investors Group on Climate Change ("IIGCC") target setting guidance³) by 2030 and to reach 100% of the Portfolio's Net Asset Value by 2050. Additionally, the Portfolio must reduce its carbon footprint across scope 1, 2, and material scope 3 GHG emissions, by a minimum of 30% 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. Further details on NB's commitment to the Net Zero Asset Managers Initiative are contained in the "Sustainable Investment Criteria" section of the Prospectus.

The Manager considers and evaluates ESG characteristics, as an important component of their equity analysis discipline, when making investment decisions. The 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. Pursuant to this, the Manager will engage with companies with a poor NB ESG Quotient rating with the aim to seek improvement in the underlying environmental and social characteristics (which make up the NB ESG Quotient) over time.

The ESG analysis is performed internally, with the support of third-party data, and is not outsourced. The Manager adopts a value-chain approach to better understand sustainability issues. The value chain approach focuses on trends, innovations and the role of material ESG aspects in a variety of industries. The value-chain approach takes into account the NB ESG Quotient.

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

² The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature which enables companies to set science-based emissions reduction targets.

³ The IIGCC created the Net Zero Investment Framework to assist asset owners and asset managers to develop net zero investment strategies or to fulfil the requirements of net zero commitments. The IIGCC's target setting guidance is a component of the Net Zero Investment Framework.

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

● **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 company holdings in the Portfolio. The NB ESG Quotient rating for companies is utilised to help to better identify risks and opportunities in the overall assessment.

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

The Manager will engage with companies with a poor NB ESG Quotient rating with the aim to seek improvement in the underlying environmental and social characteristics (which make up the NB ESG Quotient) over time.

II. Engagement:

The Manager engages directly with management teams of companies through a robust ESG engagement program. The Manager views this direct engagement with companies, as an important part of its investment process (including the investment selection process). Companies 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 and conference calls to understand ESG risks, opportunities, and assess good corporate governance practices of companies. As part of the direct engagement process, the Manager may set objectives for the companies to attain. These objectives as well as the company's progress with respect to same are monitored and tracked by the Manager through an internal NB engagement tracker.

In addition, the Manager will seek to prioritise constructive engagement with issuers which have high impact controversies (such as corporate issuers placed on the Neuberger Berman Global Standards Policy's Watch List (as further detailed in the policy itself)), or which have a poor NB ESG Quotient rating, in order to assess whether those ESG controversies or what the Manager deems as weak ESG efforts, are being addressed adequately. The success of the Manager's constructive engagement efforts with issuers will depend on each of the issuer's receptiveness and responsiveness to such engagement.

The Manager firmly believes this consistent engagement with companies can help create economic value, reduce equity risk, and promote positive sustainable corporate change. It is an important tool to identify and better understand a company's risk factors and performance. The Manager also uses it to promote change, when necessary, which they believe will result in positive outcomes for shareholders 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 Manager may also escalate its engagement via proxy voting, its NB Votes initiative, public statements and possibly divestment in cases of company unresponsiveness. NB Votes is a firm-wide initiative within the NB group, whereby voting intentions and supporting rationale are published in advance of select shareholder meetings for companies in which NB has invested on behalf of its clients, addressing a broad range of topics across key governance and engagement principles.

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 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?**

Governance factors that the Manager tracks may include: (i) compensation and incentive alignment; (ii) shareholder rights; (iii) capital structure and investment; (iv) board composition; and (v) transparent communication and internal controls.

Engagement with management is an important component of the Portfolio's investment process, and the Manager engages directly with management teams of companies through a robust ESG engagement program. This program is focused on in-person meetings and conference calls to understand risks, opportunities and assess good corporate governance practices of investee companies. The Manager views this direct engagement with companies, 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 aims to prioritise engagement that is expected, based on the 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 a company, or through influence and action to mitigate risks (including sustainability risks) and take advantage of investment opportunities.

The 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 at least 50% 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.

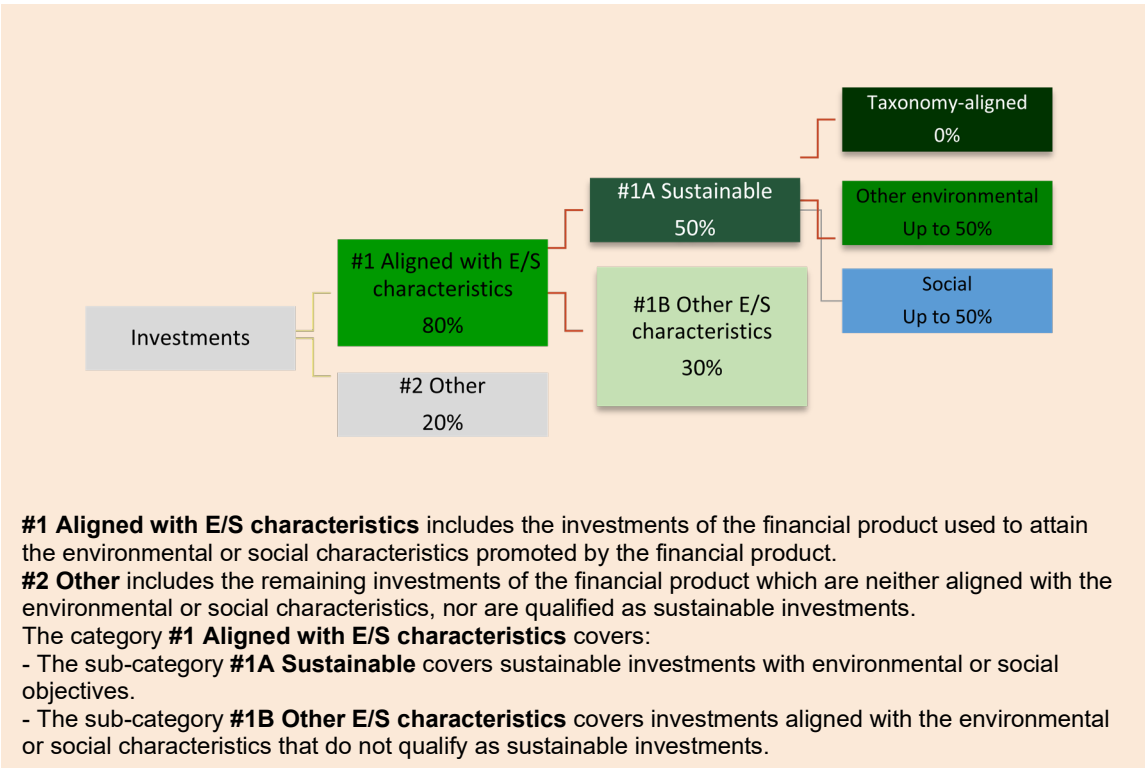


Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

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.



The "Other" section in the Portfolio is held for a number of reasons that the 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 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 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 Manager has 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 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?**

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.

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.



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

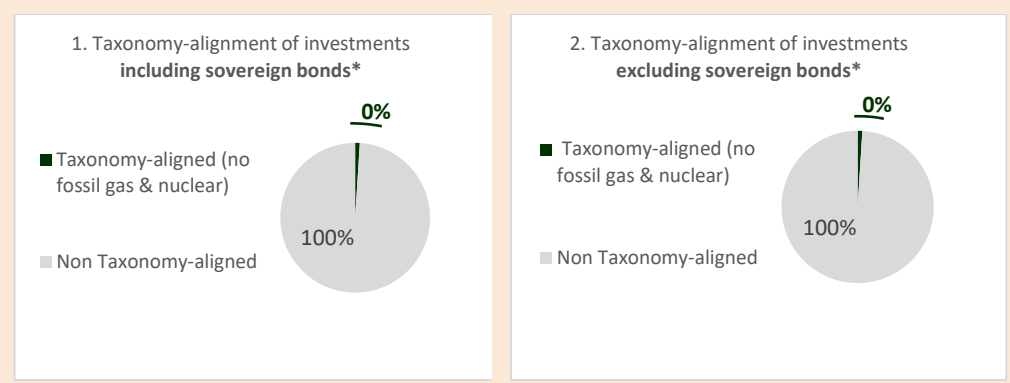
The analysis and disclosure requirements introduced by the EU Taxonomy are very detailed and compliance with them requires the availability of multiple, specific data points in respect of each investment which the Portfolio makes. The Manager cannot commit that the Portfolio will invest in investments 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 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 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 Taxonomy⁴

- 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.

⁴ 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.

● **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 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 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, the UNGPs, the OECD Guidelines and the ILO Standards.

The Manager believes that these policies prevent investment in companies 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

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

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

● **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.

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

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