

Neuberger Berman CLO Income Fund

*The following disclosure is made in respect of the Neuberger Berman CLO Income Fund (the “**Portfolio**”) pursuant to Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“**SFDR**”) as supplemented by the Commission Delegated Regulation 2022/1288 of 6 April 2022 supplementing SFDR and the EU Taxonomy (the “**Delegated Act**”). **The disclosure is provided pursuant to the requirements of SFDR and is provided solely for the benefit of investors in the European Union.***

This document does not constitute an offer or an invitation to subscribe for interests of the Portfolio or any other alternative investment vehicle, and the information presented in this document is provided for the benefit of investors in the European Union and may be subject to change.

The Portfolio is currently classified as an Article 8 financial product for the purposes of SFDR. However, the Manager reserves the right to reclassify the Portfolio if legislative changes, enhancements, clarifications and/or minimum criteria are introduced which would impact its classification. Any such reclassification will be reflected in updated disclosures.

*In case of any inconsistency between this disclosure and the supplement of the Portfolio, as amended and supplemented from time to time (the “**Supplement**”), the provisions of the Supplement shall prevail. Any defined terms not otherwise defined, have the meaning given to them in the Supplement.*

This disclosure is provided in the English language. In case of discrepancies between the English version and any translation of the Summary section of this disclosure, the English version shall prevail.

Neuberger Berman CLO Income Fund

Summary

The Portfolio is categorised as an Article 8 financial product for the purposes of SFDR.

As part of the investment process, the investment team promotes a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted by ensuring that the collateral underlying the collateralised loan obligations ("**CLO**") securities, held by the Portfolio, have an NB Rating (as explained below). The NB Rating is built around the concept of financially material ESG risks which will be considered for all collateral underlying the CLO securities.

No sustainable investment objective	This Portfolio promotes environmental and/or social characteristics, but does not have as its objective sustainable investment.
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Environmental or social characteristics promoted by the Portfolio	<p>The following environmental and social characteristics are promoted by the Portfolio at the collateral level underlying the CLO securities:</p> <p>Environmental Characteristics: climate, GHGs emissions, and global pollution; impact on landscapes, ecosystems, and biodiversity.</p> <p>Social Characteristics: child labour; corruption, bribery, extortion and money laundering; forced labour; human rights abuses and corporate complicity; and occupational health and safety.</p>
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Investment strategy	The Portfolio aims to achieve a target average return of 4-5% over the Benchmark, ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index (Total Return, USD), before fees over a market cycle (typically 3 years or over) by investing primarily in USD and EUR denominated floating rate CLO mezzanine debt securities and also in US high yield debt securities which are listed or traded on Recognised Markets.
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Proportion of investments	The Portfolio aims to directly hold a minimum of 60% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio does not commit to holding sustainable investments.
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Monitoring of environmental or social characteristics	<p>The investment team considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio at the collateral level underlying the CLO securities, including:</p> <ol style="list-style-type: none"> I. the NB Rating; and II. ESG exclusion and involvement policies.
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Methodologies for environmental or social characteristics	The investment team will track and report on the performance of the above sustainability indicators. These sustainability indicators will be used to measure the
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	attainment of each of the environmental and social characteristics promoted by the Portfolio and will be included in the Portfolio's mandatory periodic report.
Data sources and processing	ESG data and analytical inputs are derived from proprietary investment tools and in-house research (which incorporates critical thinking and human judgment into the process) alongside multiple datasets including international financial organisations, external vendors, company direct disclosures, company indirect disclosures, development agencies and specialty ESG research providers.
Limitations to methodologies and data	Limitations in both methodology and data may include but are not limited to: lack of standardisation of data providers' methodologies; low company coverage especially in private companies and companies that reside in Emerging Markets; divergence in the data quality and coverage for Private Markets (Debt and Equity); some data sets can be reported at a significant time-lag; and some of the available third-party data is calculated based on data estimates. Neuberger Berman is satisfied that for its financial products, classified as Article 8 or Article 9 under the SFDR, such limitations do not affect either the promotion of the environmental or social characteristics, or the attainment of the sustainable investment objective committed to, by the relevant financial product.
Due diligence	Before making investments, Neuberger Berman will conduct reasonable and appropriate due diligence based on the facts and circumstances applicable to each investment
Engagement policies	Engagement is an important component of the Portfolio's investment process.
Designated reference benchmark	N/A

No sustainable investment objective of the financial product

This Portfolio promotes environmental or social characteristics, but does not have as its objective sustainable investment. The Portfolio does not commit to holding sustainable investments.

Environmental or social characteristics of the financial product

As part of the investment process, the investment team promotes a variety of environmental and social characteristics, as detailed below. These environmental and social characteristics are promoted by ensuring that the collateral underlying the CLO securities, held by the Portfolio, have an NB Rating (as explained below). The NB Rating is built around the concept of financially material ESG risks which will be considered for all collateral underlying the CLO securities.

The following environmental and social characteristics are promoted by the Portfolio at the collateral level underlying the CLO securities:

- Environmental Characteristics: climate, GHGs emissions, and global pollution; impact on landscapes, ecosystems, and biodiversity; and
- Social Characteristics: child labour; corruption, bribery, extortion and money laundering; forced labour; human rights abuses and corporate complicity; and occupational health and safety.

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

Investment strategy

The Portfolio aims to achieve a target average return of 4-5% over the Benchmark, ICE BofA US Dollar 3-Month Deposit Offered Rate Constant Maturity Index (Total Return, USD), before fees over a market cycle (typically 3 years or over) by investing primarily in USD and EUR denominated floating rate CLOs mezzanine debt securities and also in US high yield debt securities which are listed or traded on Recognised Markets..

The binding elements of the investment strategy used to select the investments to attain the environmental and social characteristics promoted by the Portfolio are outlined below:

- I. Integrating proprietary ESG analysis:
 - The Sub-Investment Manager will generate NB Ratings periodically for the collateral underlying the CLO securities held by the Portfolio. While the Sub-Investment Manager will aim for all collateral underlying the CLO securities (held by the Portfolio) to have an NB Rating, there may be some that will not hold an NB Rating until it is next periodically generated. The amount of collateral underlying the CLO securities (held by the Portfolio) that does not hold an NB Rating is expected to be less than 5% of the total collateral underlying the CLO securities (held by the Portfolio).
 - The Sub-Investment Manager will ensure that on a portfolio level basis (aggregating all of the collateral across every CLO security owned in the Portfolio), the Portfolio will have a higher concentration of NB Rating '1' and '2' credits than the Investable Universe.
 - The Sub-Investment Manager will ensure that a minimum of 70% of the collateral underlying CLO securities will have an NB Rating of '1' or '2' (for further details see **NB Rating** below).
- II. ESG sectoral exclusion and involvement policies:
 - The Portfolio will apply the ESG exclusion and involvement policies (for further details see **ESG exclusion and involvement policies** below), which places limitations on the Investable Universe.

Policy to assess good governance practices of the investee companies

The Portfolio will only invest in CLO securities whose underlying collateral have not been identified as breaching the Neuberger Berman Global Standards Policy which seeks to identify violators of the (i) UNGC Principles, (ii) OECD Guidelines, (iii) UNGPs and (iv) ILO Standards (for further details see **ESG exclusion and involvement policies** below).

The investment team implements a formal process around assessing the governance practices of CLO managers via a CLO manager Questionnaire (for further details see **Engagement policies** below). The Questionnaire is an important tool in understanding underlying CLO managers' best practices in integrating ESG considerations (including how they assess good governance) into the research and portfolio construction process. Within the Questionnaire, the investment team assesses the CLO managers' performance on key governance factors and topics including, but not limited to, discrimination in employment, executive compensation issues, tax evasion or tax optimization.

The investment team may engage with CLO managers categorised as 'Satisfactory' on material indicators relating to ESG research, portfolio construction, screening/avoidance, and direct engagement. The success of the investment team's efforts to engage constructively with CLO managers will depend on each of the CLO manager's receptiveness and responsiveness to such engagement. If engagement efforts are unsuccessful, the investment team may reduce the Portfolio's exposure to such CLO manager.

Proportion of investments

The Portfolio aims to hold a minimum of 60% investments that are aligned with the environmental or social characteristics promoted by the Portfolio. The Portfolio does not commit to holding sustainable investments. The Portfolio aims to hold a maximum of 40% 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.

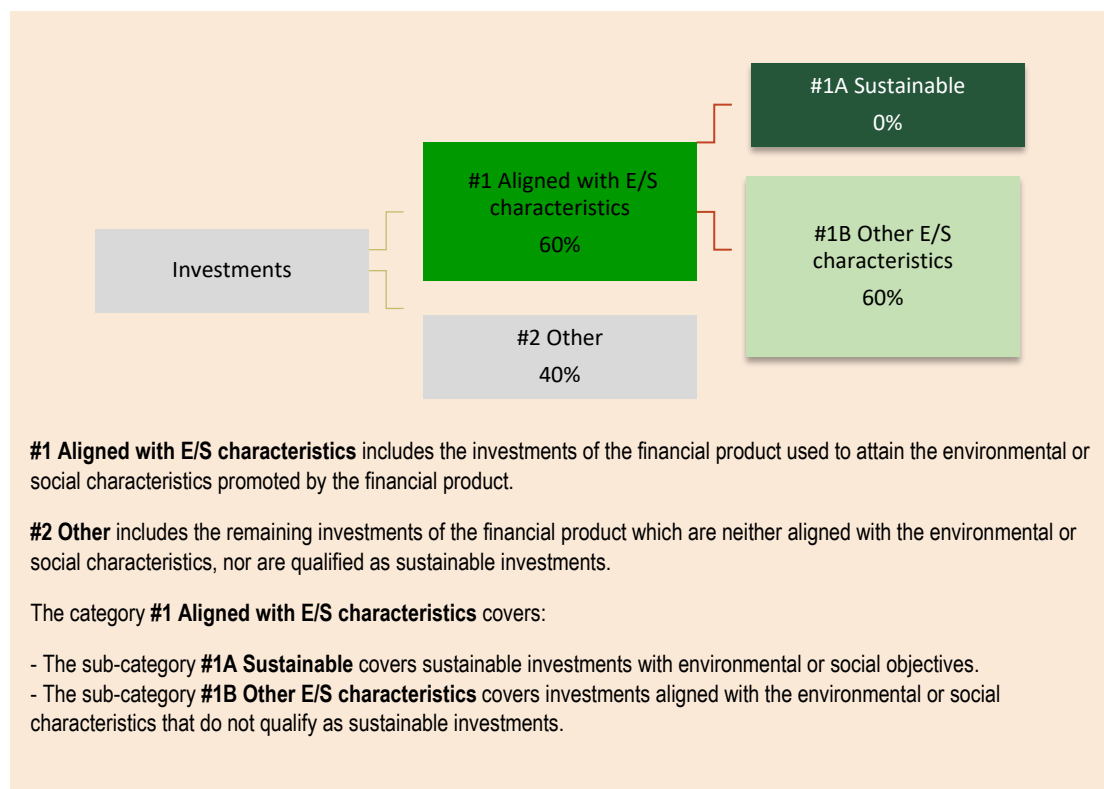
The investment team has calculated the proportion of investments aligned with the environmental and/or social characteristics promoted by the Portfolio as underlying collateral that hold an NB Rating of 1 or 2. Any underlying collateral held by the Portfolio which does not have an NB Rating of 1 or 2 will fall into the "Other" section of the Portfolio.

Please note that while the investment team 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 mandatory periodic report SFDR template, for the relevant reference period. This will be calculated based on the average of the four quarter ends.

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

"Other" includes the remaining investments of the Portfolio (including but not limited to any derivatives) 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. It also includes underlying collateral which obtained an NB Rating of 3 or lower. As previously noted, the Portfolio will be invested in compliance with the ESG exclusions and involvement policies listed in **ESG exclusion and involvement policies** below. 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 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.



Monitoring of environmental or social characteristics

Following investment, the Sub-Investment Manager monitors the collateral underlying the CLO securities on an ongoing basis to track their performance with respect to environmental and social characteristics. In particular, the investment team will track and report on the performance of (i) the NB Rating; and (ii) the ESG exclusion and involvement policies. 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).

Methodologies for environmental or social characteristics

As part of the investment process, the investment team considers a variety of sustainability indicators to measure the environmental and/or social characteristics promoted by the Portfolio at the collateral level underlying the CLO securities. These are as follows:

1. ensuring that the collateral underlying the CLO securities, held by the Portfolio, has an NB Rating (as explained below). While the Sub-Investment Manager will aim for all collateral underlying the CLO securities (held by the Portfolio) to have an NB Rating, there may be some that will not hold an NB Rating until it is next periodically generated. The amount of collateral underlying the CLO securities (held by the Portfolio) that does not hold an NB rating is expected to be minimal;
2. Performance in relation to the CLO collateral level environmental and social characteristics will be measured through the NB Rating and will be reported in aggregate in the Portfolio's mandatory periodic report template (as per the requirements of Article 11 of SFDR). This will ensure that, on a Portfolio level basis (aggregating all of the collateral across every CLO security owned in the Portfolio), the Portfolio will have a higher concentration of NB Rating '1' and '2' credits than the Investable Universe (as defined below). This Investable Universe is defined as all Euro CLO securities as well as: (i) USD CLO securities issued prior to 2019; and (ii) USD CLO securities issued after November 2022. The USD CLO securities, issued after November 2022, must meet the EU Risk Retention rules and Article 7 of the EU Securitisation Regulation reporting standards (the "Investable Universe");

3. ensuring that a minimum of 70% of the collateral underlying CLO securities will have an NB Rating of '1' or '2'; and
4. ensuring that the Portfolio will not invest in CLO securities that have been identified as including loan collateral associated with borrowers that have been identified as breaching the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Thermal Coal Involvement Policy. Furthermore, the Portfolio will not invest in CLOs that include loan collateral associated with borrowers that have been identified as breaching the Neuberger Berman Global Standards Policy which excludes identified violators of the UNGC Principles, the OECD Guidelines, the UNGPs and the ILO Standards.

Further details on these indicators are as follows:

NB Rating:

The NB Rating is an internal research methodology that is constructed and maintained by the investment team's non-investment grade ("Non-IG") research analyst team (supported by third party data). The NB Rating aims to supplement the investment team's qualitative analysis with quantitative data to holistically consider ESG factors and all financially material factors that may affect a company's performance and outlook.

The NB Rating is on a scale of 1-5, where '1' is the highest rating and '5' is the lowest rating. '2' is an 'Adequate' rating where no material ESG risks or negative ESG incidents were identified.

Subject to data availability, the NB Rating considers the individual companies and their debt (that are part of the collateral of CLO securities) and then assigns an NB Rating to the debt based on considerations of the above CLO collateral level environmental and social characteristics. The extent to which an individual CLO collateral level environmental and social characteristics informs the NB Rating assigned (to the debt) is driven by the relevance and materiality of that specific characteristic to the corporate debt issuer and industry sector within the Non-IG credit market at a given time as determined by the investment team's subjective analysis.

The investment team will generate an NB Rating for all collateral underlying CLO securities held by the Portfolio. The investment team will re-evaluate the NB Ratings for all collateral underlying CLO securities held by the Portfolio on a semi-annual basis at a minimum, and this process will also capture new credits which will be assigned an NB Rating on a semi-annual basis at the latest. The investment team will report on the NB Rating's coverage across the collateral underlying the CLO securities held by the Portfolio in the Portfolio's mandatory periodic report.

The assessment of CLO securities on these criteria places limitations on the Investable Universe and reduces exposure to the bottom quintile of loan collateral as identified by the NB Rating.

ESG exclusion and involvement policies:

As noted above, the investment team will exclude CLO securities that have been identified as including loan collateral associated with borrowers that have been identified as breaching the Neuberger Berman Global Standards Policy (which excludes identified violators of the UNGC Principles, the OECD Guidelines, the UNGPs and the ILO Standards). The application of the Neuberger Berman Global Standards Policy seeks to avoid investment in companies that most egregiously violate environmental and/or social minimum standards and seeks to ensure that investments made by the Portfolio align with international environmental and social safeguards.

The investment team will also not invest in CLO securities that include loan collateral associated with borrowers that have been identified as breaching the Neuberger Berman Controversial Weapons Policy and the Neuberger Berman Thermal Coal Involvement Policy. Further details on these ESG exclusion and involvement policies are set out in the "Sustainable Investment Criteria" section of the main body of the Prospectus.

The investment team will monitor the application of the above exclusion and involvement policies (namely the Neuberger Berman Controversial Weapons Policy, the Neuberger Berman Thermal Coal Involvement Policy and the Neuberger Berman Global Standards Policy) leveraging third-party datasets. However, where such data is not available in real time or where there is a data lag period this could delay the identification of violators to the above exclusion and involvement policies. In instances where the borrowers underlying a CLO security, already held in

the Portfolio, are identified by the investment team as violating the ESG exclusion and involvement policies applied by the Portfolio, the investment team will divest from the CLO security within 30 business days of the investment team becoming aware of the violation, provided that it is in the best interests of the Shareholders to do so.

Data sources and processing

ESG data or analytical inputs are derived from proprietary investment tools and in-house research (which incorporates critical thinking and human judgment into the process) alongside multiple datasets including international financial organisations, external data vendors, company direct disclosures (e.g., sustainability reports, annual reports, regulatory filings, and company websites), company indirect disclosures (e.g., government agency published data, industry and trade association data, and third-party financial data providers), development agencies and specialty ESG research providers.

ESG data is a key domain and part of our internal data governance with an assigned ESG Data Steward and a dedicated ESG Technology Team. The ESG Data Steward has periodic engagements with ESG data vendors to discuss data coverage and evolution in methodologies. Subscription to multiple data vendors enables us to evaluate company coverage and quality of data between vendors. In addition, our ESG Investing and ESG Data teams continually explore new data products and vendors to evaluate potential enhancements to our existing data coverage and governance, as well as identifying innovative and non-traditional data sources, which may provide additional insights. NB continuously seeks to identify additional data and research, which may enhance our analysis.

ESG data is integrated throughout the firm's operating management system, compliance and risk management systems, providing all stakeholders transparency, into portfolio ESG metrics in real time.

NB believes that the most effective way to integrate ESG into an investment process over the long term is for investment teams themselves to research ESG factors and consider them alongside other inputs into the investment process. For this reason, ESG research is included in the work of our research analysts rather than employing a separate ESG Research Team.

The investment teams can then choose how best to apply all the tools of active management, whether that is to engage or ultimately to sell a company when it no longer offers an attractive risk-adjusted potential return.

NB expects that data availability and quality will improve as the market and methods for obtaining and reporting data mature, which would also reduce the proportion of data that is estimated.

Limitations to methodologies and data

As a global investor, NB operates in many different jurisdictions, all of which are adopting sustainability-related reporting and disclosure requirements. The need to comply with these regulations is taken into consideration when applicable in business decisions around developing or enhancing infrastructure such as committees focused on ESG matters, risk oversight and monitoring tools, and internal audit. NB monitors legal and regulatory requirements that may directly affect our business. For SFDR, NB considers that the limitations in both methodology and data may include but are not limited to:

- Lack of standardisation of data providers' methodologies;
- Incomplete corporate reporting standards and misalignment with the corporate ESG data provided by the vendors;
- Inconsistencies in the vendors' methodologies for reporting ESG data and disclosures of the underlying data used for deriving third-party metrics;
- Inconsistencies in corporate hierarchies and entity identifiers can lead to inconsistencies in how data providers assign and map ESG datasets to securities;
- Low company coverage across certain indicators and asset classes, especially in private companies and companies that reside in Emerging Markets;
- Divergence in the data quality and coverage for Private Markets (Debt and Equity);

- Some data sets can be reported at a significant time-lag; and
- Some of the available third-party data is calculated based on data estimates. There may be discrepancies between the models estimating the data and actual reported data, and significant deviations when data is restated or the underlying assumptions of these models are altered.

The NB Rating leverages third-party data, but not third-party aggregate scores. The NB Rating enhances the analysis and research of financially material ESG risks.

In addition, NB continues to advocate for greater standardised disclosures; for example, NB is a member of the International Sustainability Standards Board's ("ISSB") Investor Advisory Group ("IAG"), which aims to provide strategic guidance on developing International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards and ensure that the investor perspective is considered in the standard-setting process. NB is also a member of the IFRS Sustainability Alliance, which aims to develop a more coherent and comprehensive system for corporate disclosure.

In line with our belief that climate change is a material driver of investment risk and return across industries and asset classes, NB is also a formal supporter of the recommendations of the Taskforce on Climate Related Financial Disclosure ("TCFD") which have now come under the scope of the ISSB. Alongside ISSB standards, the TCFD recommendations continue to help develop voluntary, consistent climate-related financial risk disclosures.

The limitations discussed impact all consumers of ESG data and are not specific to NB. NB is satisfied that for its financial products, classified as Article 8 or Article 9 under the SFDR, such limitations do not affect the attainment of environmental or social characteristics or the attainment of the sustainable investment objective committed to by the relevant financial product, in particular because of the steps taken by NB to mitigate such limitations:

- As noted above, NB periodically engages with data vendors on data quality, and the third-party sources relied upon are the same as those relied upon by the broader market, and so are likely to be refined as the market for products with environmental or social characteristics matures;
- NB does not believe that there is currently one third-party data provider that holistically provides all data required under the SFDR. NB periodically reviews select third-party data providers, this allows NB to identify the best available data sources.
- NB engages directly with management teams of corporate issuers through a robust ESG engagement program; and
- Each investment opportunity's environmental and social characteristics are evaluated in detail, in accordance with our internal frameworks and using a variety of data sources, having regard to these limitations as well (where appropriate).

Due diligence

NB applies a high standard of due diligence in the selection and ongoing monitoring of investments made by the Portfolio to ensure delivery of the Portfolio's investment objectives and compliance with the investment, liquidity and risk guidelines of the Portfolio, as well as integrating sustainability risk and ESG considerations.

NB views ESG integration as the practice of incorporating material ESG risks (as a binding element) into the investment decision-making process. ESG integration sits alongside traditional financial considerations and should enrich NB's investment teams' analysis of issuers by providing a toolkit for identifying material ESG risks and informing investment decisions. NB believes that material ESG factors may be an important driver of long-term investment returns from a risk-mitigation perspective.

Before making investments, the investment team will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The investment team will assess the investment's compliance with the environmental and social characteristics promoted by the product using (as appropriate) internal analyses, screens, tools, and third-party data sources, and may also evaluate other important and complex environmental, social and governance issues related to the investment. The investment team may select investments on the basis of information and data filed by the issuers of such securities with various regulatory

bodies or made directly available to NB by the issuers of the securities, and other instruments or through sources other than the issuers.

The Portfolio applies the Neuberger Berman Thermal Coal Involvement Policy. The Portfolio will not invest in securities issued by issuers whose activities have been identified as breaching the Neuberger Berman Controversial Weapons Policy. Furthermore, the Portfolio does not invest in securities issued by issuers whose activities have been identified as breaching the Neuberger Berman Global Standards Policy.

The Neuberger Berman Controversial Weapons Policy, Neuberger Berman Thermal Coal Involvement Policy, and the Neuberger Berman Global Standards Policy are subject to internal review by the NB ESG Committee. The implementation of these policies is managed by the NB Asset Management Guideline Oversight Team in collaboration with Legal and Compliance.

NB's ESG Investing Team provides expert guidance, resources, and training to investment professionals during the investment process and works to continuously improve the firm's ESG practices. In partnership with the firm's ESG Investing Team, investment teams are trained on ESG due diligence best practices and guidance at least once a year, but often more frequently. Investment professionals with deep expertise in ESG investing regularly engage with fund managers to further enhance ESG due diligence capabilities and to disseminate knowledge in practice.

The investment professionals responsible for portfolio management are the first step in maintaining compliance with the Portfolio's investment guidelines and ESG exclusions. While NB looks to the investment professionals as the first step in the compliance process, NB recognizes the need for additional, independent, and ongoing oversight. To this end, a rigorous risk management framework is established that features dedicated investment and operational risk teams inclusive of independent guidelines oversight, such as ESG exclusions, who work to protect client assets and our reputation. Our risk professionals act as an independent complement to each investment team's portfolio construction process, driving investment and operational risk reviews in collaboration with other control units of the firm, such as information technology, operations, legal and compliance, asset management guideline oversight and internal audit.

Engagement policies

Due to the nature of the asset class, the investment team cannot engage directly with companies which are subject to material ESG risks or negative ESG incidents but instead assesses CLO managers (through the Questionnaire).

This survey solicits responses to questions relating, but not limited to, firm ESG policy, governance practices, research and investment processes, risk monitoring and borrower engagement. Following qualitative assessment and scoring based on a calibrated response scale, CLO managers are categorised as 'Deficient', 'Satisfactory' or 'Market Leaders'. CLO managers categorised as 'Deficient' will be avoided as counterparties. Where a CLO manager does not respond to the Questionnaire, they will be categorised as 'Deficient'.

Where appropriate, the investment team may engage further with CLO managers based on their responses, or due to exposure or association with high impact controversies, in order to assess their governance practices, their ESG related research and portfolio construction processes, as well as borrower engagement practices. The success of the Sub-Investment Manager's efforts to engage constructively with CLO managers will depend on each of the CLO manager's receptiveness and responsiveness to such engagement. If engagement efforts are unsuccessful, the Sub-Investment Manager may reduce the Portfolio's exposure to such CLO manager.

Designated reference benchmark

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

Last updated: 7 October 2024