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ESG Rating: Neuberger Sovereign Net-Zero Alignment Indicator

Date of Disclosure: 02 July 2026

Neuberger Sovereign Net-Zero Alignment Indicator – Public Transparency Disclosures

Rating Product Disclosure

Objective of the Rating

Neuberger's Sovereign Net-Zero Alignment Indicator ('the Indicator') is designed to assess a sovereign issuer's current climate transition status and progress toward net-zero overtime.

The Indicator supports the assessment of sovereign climate-related risks and opportunities. For process focused strategies, it supports the assessment of a country's relative climate transition risk compared with other countries. For outcomes focused strategies where clients have set climate objectives, our analysts use the Indicator to track aggregate portfolio progress toward sovereign net zero alignment targets. The Indicator is applied at both the security and portfolio level for sovereign debt strategies.

The indicator focuses on climate-related risks and opportunities, and is not designed to specifically assess the impact materiality of sovereign issuers under the double materiality principle.

Scope of the Rating

The Indicator exclusively considers environmental (E) factors, specifically focused on climate physical and transition risks and opportunities.
The assessment is based upon six sub-indicators, which mirror the criteria set out by the Institutional Investor Group on Climate Change (IIGCC) Net Zero Investment Framework (NZIF), as set out below:

1. **Ambition:** Assesses whether a sovereign issuer has a long-term goal consistent with the global goal of achieving net zero by 2050.
2. **Targets:** Assesses whether a sovereign issuer near-term emissions reduction targets aligned with global net zero goals.
3. **Emissions Performance:** Assesses whether a sovereign issuer's historical, current and projected emissions puts it on track to achieve a net-zero goal

4. **Disclosure:** Assesses if a sovereign issuer has comprehensive and timely disclosure of emissions, as well as mandated corporate climate disclosures.
5. **Decarbonization Plan:** Assesses if a sovereign issuer has a robust quantified plan setting out the measures that will be deployed to deliver GHG targets (LT-LEDS), and how the sovereign is enacting the policies necessary to deliver against its NDCs.
6. **Capital/Budget Allocation:** Assesses if a sovereign issuer has a clear demonstration that the budgeting actions of the country are consistent with global net zero goals

As described in further detail in the Basic Methodological section below, these sub-indicators provide the framework for assessing an issuer's current status and progress over time toward net-zero alignment.

Weighting

Although the Indicator is not an aggregated ESG rating, the assessment is based upon six sub-indicators, described above (see Scope of the Rating). The sub-indicators are scored individually, and each sub-indicator score carries an equal weight when calculating the Indicator score.

Within each sub-indicator, some individual datapoints contribute more to the sub-indicator score than others, reflecting differences in the credibility and robustness of the underlying evidence. For example, holding a 'net-zero by 2050' target that is set in law is considered more credible than a target in discussion, and is weighted accordingly. The specific contribution of individual datapoints is kept under review and may evolve as data standards and availability improve.

E, S and G Topics Covered

The Indicator exclusively considers environmental (E) factors. The topics covered by the Neuberger Sovereign Net-Zero Alignment Indicator are the six sub-indicators described above (see Scope of the Rating), all relating to climate transition. Given sovereigns are not in scope of Directive 2013/34/EU, these were not developed pursuant to Article 29b of Directive 2013/34/EU.

Expression of the Rating

The output of the Indicator is expressed as an absolute value. Each of the six sub-indicators is scored on a fixed scale from 1 to 5 with 1 being the lowest and 5 being the highest. The sub-indicator scores are then summed to an overall score, which is mapped to one of the following five defined alignment statuses:

1. Achieving net zero
2. Aligned with a net-zero pathway
3. Aligning with a net-zero pathway
4. Committed to aligning with a net-zero pathway
5. Not aligned

Scores therefore reflect an issuer's standing against a fixed set of net-zero criteria, rather than relative performance against peers.

Please see Basic Methodological Disclosures section below for further information on this scoring methodology.

Alignment with the Paris Agreement and International Agreements

The Indicator takes into account the targets and objectives of the Paris Agreement. The assessment is designed to measure issuer progress toward net-zero greenhouse gas emissions by 2050 — the broadly adopted policy target consistent with limiting global warming under the Paris Agreement — across the six sub-indicators described in the Scope of the Indicator Rating. The Emissions Performance metric specifically considers whether future emissions are consistent with a fair share 1.5°C domestic pathway.

Basic Methodological Disclosures

Overview of Rating methodology

The Indicator is designed in line with the high-level expectations of the Institutional Investor Group on Climate Change (IIGCC) Net-Zero Investment Framework (NZIF) for Sovereign Bonds - a practical framework that guides investors in aligning their portfolios to Net Zero by 2050 in line with a 1.5c pathway. The Indicator builds on the IIGCC NZIF by using quantitative scores that draw on multiple data points from a range of traditional third-party ESG and climate specific data providers, as well as data on a number of national indicators. Qualitative inputs from specialist sovereign research analysts may also be used to adjust the initial quantitative scores as required.

The methodology for producing a Net-Zero Alignment Indicator involves three steps:

1. Generating a quantitative score for the six net-zero alignment sub-indicators listed under the 'Scope of the Rating' section above.
2. Analyst review and validation, with the option to override the initial quantitative scores based on the judgment of the analyst team
3. Summing those sub-indicator scores into a final net-zero alignment score, which is then mapped to a net-zero alignment status

The quantitative component draws on over 20 binary and numerical data points from third-party vendors, which are used to inform the six sub-indicators.

Each of the six sub-indicator is scored on a scale between 1 (lowest) and 5 (highest) These scores are then summed (weighted equally) to generate an overall Net-Zero Alignment score (of between 6 and 30), which maps to one of five alignment statuses, listed in 'Expression of the Rating':

We assign one alignment status per country, which is agreed and applied across all sovereign issues. The status assigned to a country is not fixed, and will be updated in response to changes in the underlying data.

Our analysts act as overseers and potentially overriders of the quantitative scoring for sovereign issuers. The analyst reviews all the preliminary sub-indicator scores, from 1 to 5, for each of the six sub-indicators. At this point, should the analyst believe that any of these scores merit an upgrade or downgrade, they can override it, but each override must be backed by evidence from a direct engagement with the sovereign, publicly available documents, or a credible third-party source. Overrides must be approved by the Stewardship and Sustainable Investments (SSI) team.

The Indicator incorporates both backward-looking and forward-looking elements – for example, sub-indicators 1, 2, 5 and 6 (see Scope of the Rating section) are all forward-looking, and sub-indicator 4 is backward-looking.

Review of Methodology and Inputs

The methodology and underlying datapoints of the indicator are kept under annual review and may be updated as data quality and availability evolve. Material methodology changes are subject to internal governance approval and version control. If changes are made to the methodology or data inputs, the ratings of issuers will be revised accordingly.

Industry Classification

Not applicable for sovereign issuers.

Data sources and Processes

The quantitative component of the Indicator draws on more than 20 binary and numerical datapoints sourced from third-party vendors and sources, covering areas such as emissions performance, climate targets, decarbonisation strategy and capital allocation.

Where available, and especially to support the analysts' qualitative input, data sources may include publicly available issuer disclosures (e.g., voluntary national reviews), as well as third-party data providers. For issuers with limited environmental, social and governance disclosures, ratings may be based on analyst qualitative judgement, estimations or proxies.

A data redundancy approach is used, drawing on multiple datapoints and providers per sub-indicator component, so that if one provider lacks coverage for a given issuer, an alternative source may be used. Where vendor data relies on estimates or outdated information, analyst overrides provide a mechanism to reflect more current or accurate assessments.

Scientific Evidence

The Indicator's methodology is grounded in established climate-science-informed frameworks for assessing net-zero transition progress. Specifically:

- The sub-indicators are designed with reference to the high-level expectations of the IIGCC Net Zero Investment Framework (NZIF), which is itself informed by the scientific consensus on the emissions reductions required to meet Paris Agreement goals

- Emissions performance is assessed against Paris-aligned emissions pathways, providing a science-informed benchmark for whether an issuer's trajectory is consistent with net-zero by 2050

Use of Artificial Intelligence

The Indicator does not rely on artificial intelligence to generate alignment scores or statuses. Scores are produced through a combination of structured quantitative datapoints and analyst-led validation and oversight, specifically designed to address the limitations of purely automated measurement tools. Analysts may use AI prompts to support with qualitative review.

Certain third-party data providers used as inputs to the Indicator may employ automated or AI-enabled techniques in their own data collection processes. Current limitations and risks of using artificial intelligence are included in the ‘Limitations in Data Sources, Methodologies and Information’ section below.

Limitations in Data Sources, Methodologies and Information

The limitations in data sources and methodologies used for the construction of environmental, social and governance ratings may include, but are not limited to:

i. Lack of standardisation in data providers’ methodologies
ii. Inconsistencies in the vendors’ methodologies for reporting environmental, social and governance data and disclosures of the underlying data used for deriving third-party metrics
iii. Some data sets can be reported at a significant time-lag
iv. Certain information is difficult to capture quantitively and so requires analyst review. In these cases, a qualitative assessment is made and incorporated into the final rating.
v. There is limited consistency in disclosures across sovereigns, impacting comparability.
vi. Some of the available third-party data is calculated based on data estimates or proxies. 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 methodology incorporates qualitative analysis, and our analysts and other teams will exercise judgment in the determination of the ratings. Their assessment may be subjective and may differ from the assessments or conclusions that are or could be reached by other persons

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The Neuberger Sovereign Net-Zero Alignment Indicator is a proprietary ESG assessment developed by Neuberger and used as part of its investment research and portfolio management processes. It reflects application of internal methodologies, data inputs and analyst judgement at a given point in time. The Neuberger Sovereign Net-Zero Alignment Indicator falls within the exemption set out in Article 2(2)(c) of Regulation (EU) 2024/3005 and NBAMIL is not required to seek authorisation or registration with ESMA as an ESG rating provider.

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ESG assessments are based on a combination of proprietary analysis and third party data, which may be incomplete, estimated or subject to change. ESG methodologies are not standardised and may produce different results across providers.

The Neuberger Sovereign Net-Zero Alignment Indicator reflects an assessment of financially material ESG factors and is not intended to capture all sustainability considerations or align with any particular investor objectives or definitions of “sustainable” or “ESG”.

Past or current ESG characteristics are not indicative of future results. No assurance can be given that ESG related objectives or outcomes will be achieved.

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