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ESG Rating: Neuberger Net-Zero Alignment Indicator

Date of Disclosure: 02 July 2026

Neuberger Net-Zero Alignment Indicator – Public Transparency Disclosures

Rating Product Disclosure

Objective of the Rating

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

The Indicator supports the assessment of climate-related risk and opportunities. For process focused strategies, it supports the assessment of a company's relative climate transition risk compared with sector peers. For outcomes focused strategies where clients have set climate objectives, our analysts use the Indicator to track aggregate portfolio progress toward net zero alignment targets. By complementing reported data with fundamental research, our investment teams are able to make their own assessment of issuers' net-zero alignment, within the context of portfolio and clients' objectives. The Indicator is applied at both the security and portfolio level across listed equity and corporate fixed income strategies.

The indicator focusses on climate risks and opportunities, and is not designed to specifically assess the impact materiality of corporate issuers under the double materiality principle.

Scope of the Rating

The Indicator exclusively considers environmental (E) factors, specifically focused on climate 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. **Long-Term Ambition:** Assesses whether an issuer has a credible, stated goal of reaching net-zero emissions by 2050
2. **Short- and Medium-Term Targets:** Assesses whether an issuer has credible, stated short- and medium-term emissions targets that cover all relevant emissions scopes

3. **Emissions Performance:** Assesses whether an issuer's historical, current and projected emissions puts it on track to achieve a net-zero goal
4. **Disclosure:** Assesses the quality of an issuer's emissions disclosure across Scope 1, 2 and material Scope 3 emissions
5. **Decarbonization Strategy:** Assesses whether an issuer has a credible, quantified strategy to decarbonize its business model over time
6. **Capital Allocation:** Assesses whether an issuer's capital allocation decisions are consistent with a net-zero goal

As described in further detail in the Basic Methodological Disclosures 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, as 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 an approved Science-Based Target is considered more credible than a minimal operational emissions reduction target, 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 Indicator are the six sub-indicators described above (see Scope of the rating), all relating to climate transition. These correspond primarily to ESRS E1 (Climate Change) under the current European Sustainability Reporting Standards (ESRS) in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, particularly disclosures relating to targets, transition plans, and GHG emissions performance.

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 the 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 Rating above.

The Indicator does not assess corporate issuers against other specific international climate agreements or other internationally recognised ESG agreements or standards.

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 – 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. Qualitative inputs from specialist credit and equity research analysts are also 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 30 binary and numerical data points from third-party vendors, which are used to inform the six sub-indicators. The data points that are assessed, may vary based on the industry sector the corporate issuer corresponds to (see ‘Industry classification’ below). For example, our sector-specific banking model utilizes 21 bespoke data points focused on the banking industry to inform the sub-indicators, composed of both binary and numerical data points from the Transition Pathway Initiative.

Each of the six sub-indicators 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). The score is then mapped to one of five alignment statuses listed in ‘Expression of the Rating’.

We assign one alignment status per company, which is agreed and applied across asset classes.

Our analysts act as overseers and potentially overriders of the quantitative scoring for each issuer. The analyst reviews all of the data points gathered from third-party vendors, and the resulting preliminary score, 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 company, the company's sustainability report / disclosures, 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

We do not conform to a single industry classification. The Indicator applies sector-specific criteria in its assessment. Issuers are classified as high-impact or low impact based on a defined list. We apply IIGCC's mapping of GICS sub-industries to IIGCC high-impact sectors, as well as our own internal mapping of BARC level 4 sectors to IIGCC high-impact sectors, adjusted based on our analysts' assessments. Models with dedicated sector-specific datapoints and considerations may be applied accordingly to reflect the varying relevance of net-zero transition factors by sector. Issuers within certain sectors may fall into sector specific models where these have been developed, and are covered by sector specific data points. This may also be overlayed with or adjusted by qualitative analyst judgements based on sector expertise.

Sector-specific analysis is also incorporated through the analyst oversight process described in the 'Overview of the Rating Methodology' section. Each analyst's in depth understanding of the sector they specialize in may provide important insights, for example when assessing whether capital allocation and research-and-development plans make the most of a company's capacity through available technologies to decarbonize its business model.

The Indicator's sector framework is kept under review and may be refined over time to incorporate additional sector-specific net-zero alignment criteria, as has most recently been developed for the banking sector.

Data Sources and Processes

The quantitative component of the Indicator draws on more than 30 binary and numerical datapoints sourced from third-party vendors, covering areas such as emissions performance, climate targets, decarbonisation strategy and capital allocation. The dataset includes green revenue and green capital expenditure datapoints, providing additional coverage across a broad issuer universe.

Where available, and especially to support the analysts' qualitative input, data sources may include publicly available issuer disclosures (e.g., sustainability reports, annual reports, regulatory filings) 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
- The credibility of issuer targets is assessed with reference to Science-Based Targets (SBTi) criteria; targets validated under this framework are treated as more evidentially robust than self-declared targets
- 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. Incomplete corporate reporting standards and misalignment with the corporate environmental, social and governance data provided by the vendors
iii. Inconsistencies in the vendors' methodologies for reporting environmental, social and governance data and disclosures of the underlying data used for deriving third-party metrics
iv. Inconsistencies in corporate hierarchies and entity identifiers which can lead to inconsistencies in how data providers assign and map environmental, social and governance datasets to securities
v. Low company coverage across certain indicators and asset classes, especially in private companies and companies that reside in Emerging Markets
vi. Divergence in the data quality and coverage for Private Markets (Debt and Equity)
vii. Some data sets can be reported at a significant time-lag
viii. 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
ix. Certain data points are not widely disclosed by companies, impacting comparability
x. 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 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 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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The Neuberger 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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