

NEUBERGER



Climate Report 2025

REPORTED IN LINE WITH RECOMMENDATIONS BY THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

About This Report

Neuberger is a private employee-owned independent investment manager that was founded in 1939. With over 2,900 employees in 27 countries, the firm manages \$563 billion of equities, fixed income, private equity, real estate and hedge fund portfolios for global institutions, advisors, and individuals. Neuberger's investment philosophy is founded on active management, fundamental research and engaged ownership. In 2025, Neuberger was named #1 Best Place to Work in Money Management by Pensions & Investments for firms with more than 1,000 employees, marking its fifth top ranking, the most of any firm in the category. Overall, the firm has placed #1 or #2 for 12 consecutive years.*

As an active manager, Neuberger has a longstanding belief that financially material environmental, social, and governance factors may be an important driver of long-term investment returns, both as a source of opportunity and as a means of risk mitigation. As a result, we take a comprehensive approach to managing client assets, including the integration of financially material factors into the investment processes for those strategies where this is relevant.

Climate is considered in our investment-decision-making process in two main ways. First, in alignment with our fiduciary duty to clients, we

analyze climate-related risks and opportunities where we believe they could affect the financial performance of issuers or portfolios. Recognizing that climate risks may be financially material across many sectors and companies, we integrate these considerations alongside traditional financial metrics that may impact client capital.

Second, we recognize that for some clients who have chosen climate-related objectives, the climate impact of their portfolios is an important consideration alongside investment performance. Therefore, for clients that have articulated climate-related objectives, we also assess how climate-related risks and opportunities contribute to their requested sustainability outcomes.

This TCFD report serves as a disclosure supporting our commitment to the Net-Zero Asset Managers Initiative (NZAMI) as well as our Investor Climate Action Plan (as defined by the Investor Agenda). Neuberger Berman Asset Management Ireland Limited (NBAMIL) is a signatory to the Net-Zero Asset Managers Initiative. NBAMIL is authorized as an AIFM and UCITS Management Company by the Central Bank of Ireland and is Neuberger's principal investment management and distribution entity operating in the European Economic Area.

To satisfy our obligation under the Financial Conduct Authority's PS21/23, we have also

published a TCFD report annex specific to our UK-based entity Neuberger Berman Europe Limited (NBEL), which can be found [here](#).

SCOPE

This report covers the Group's activities that are in scope for reporting under the ESG Sourcebook, which is primarily portfolio management. This report therefore covers the Group's assets under management (AUM), reflecting collective data for the various affiliated investment advisers that are subsidiaries of Neuberger Berman Group LLC, which have been calculated based on:

- Any funds and separately managed accounts directly managed by the Group as the contracting entity
- All funds and separately managed accounts managed by the Group on a delegated basis
- Any funds and separately managed accounts managed by the Group by virtue of an intra-group contractual arrangement together with the Group's portfolio

For the avoidance of doubt, funds or separately managed accounts for which the Group carried out currency hedging services are not included in the scope of this report because the Group did not provide portfolio-management services in relation

to these funds or separately managed accounts. Unless otherwise stated, the Group's portfolio contains listed public equities and fixed income.

The Group's portfolio excludes look-through of underlying funds or ETFs held. The following asset classes are excluded from the Group's portfolio and its calculations due to gaps in underlying data and to avoid potentially inaccurate or misleading disclosure: Money Market Securities, Derivatives (e.g. OTC, CMO), Repo, Private Equity, Private Debt, Mortgages, Agencies and Municipals. For further information on data challenges and the steps that the Group is taking to address such challenges, please see the Gaps in Underlying Data and Methodological Challenges section below.

The Group's portfolio amounts to approximately \$295 billion.

This report will cover the reporting period from January 1, 2025 to December 31, 2025. The calculation date for all reported metrics (including the various charts) is as of December 31, 2025.

Our TCFD report is reviewed annually and amended as needed.

Visit www.nb.com for more information.

*Please refer to the disclaimer on page 46.

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Letter from our CEO

Dear Clients,

Capital markets require judgements around expected returns, business strategy, capital allocation, governance, and risk management. That need for the disclosure of financially material information applies to climate as it does for any other material topic, which is why we support the Task Force on Climate-related Financial Disclosures (TCFD) framework. It is therefore only fitting that we report against it.

As a 100% independent employee-owned firm, we have no external shareholders or corporate parent. This report is written for you, our clients. With that in mind, let me share how we worked with you on climate in 2025.

Climate is not a single risk. For clients pursuing a purely financial objective, climate risks and opportunities matter to the extent they are financially material, and that materiality varies considerably across industries, business models, and geographies. The difference between a cruise line facing physical-risk exposure and an industrial-machinery manufacturer benefiting from rising demand for climate solutions is not subtle, but it requires genuine industry knowledge to navigate. Our Materiality Matrix, spanning more than 70 industries across 11 sectors, identifies the environmental, social, and governance factors that we believe are most likely to influence long-term financial performance in each sector. This feeds directly into our Neuberger Quotient, our proprietary environmental, social, and governance ratings' framework, which now covers more than 4,000

equity and 2,800 credit issuers. In addition, as physical climate risk intensifies, we have piloted a structured physical-risk framework combining top-down climate-hazard analysis with sector-specific lenses. Applied initially to data centers—a sector acutely sensitive to heat stress, water availability, and flooding—the framework maps facility-level exposures across more than 8,800 sites globally against forward-looking hazard projections through to 2050. This is the kind of analysis that turns physical-risk insights into an input for investment and engagement decisions.

For clients who have chosen to make a net-zero commitment, the challenge is translating ambition into a coherent and investable framework. We work with these clients across five objective types—alignment, emissions, engagement, thematic exposure, and climate solutions—applied individually or in combination depending on each client's investment philosophy. Our Net-Zero Alignment Indicator is central to these alignment objectives and, in 2025, we made three enhancements to the framework: a Credibility Adjustment linking stated decarbonization targets to actual capital allocation and transition strategy; a Banking Model assessing alignment through the lens of financed emissions; and a Sovereign Model evaluating national transition readiness at the country level. Our analysts held more than 2,000 climate discussions with companies, focusing on areas where we believe third-party data falls shortest and seasoned analytical judgement matters most.

None of this is possible without the right infrastructure. In 2025, we operationalized Starling, a proprietary platform that embeds our Neuberger Quotient and Net-Zero Alignment Indicator assessments directly into the research and portfolio-management workflows of our equity and credit analysts, providing full transparency into the drivers of each assessment and enabling qualitative judgement to sit alongside quantitative outputs in an auditable way. We also strengthened our climate-data quality controls: our ESG Data and Reporting team now reviews more than 500,000 data-points across 14,000 fields daily, supported by increased automation and a dedicated data-quality lead. We also introduced emissions-attribution analysis, giving clients clearer insight into what drives changes in their portfolio emissions over time.

We also continue to take a macro view of the transition: our 2025 State of Decarbonization report found that global momentum in decarbonization remained more stable than in 2024, but regional divergence deepened and the attractiveness of investment opportunities remained uneven across sectors. To bring those insights to life, we brought sustainability leaders at major institutional asset owners together to discuss the growing gap between climate ambition and real-world delivery. We also hosted a roundtable of leading insurers to discuss how physical climate risk is manifesting across both investment portfolios and underwriting books. We published *The Nuance in Net Zero*, a white paper

drawing on practical lessons from applying our Net-Zero Alignment Indicator across portfolios with explicit net-zero mandates. And, recognizing that 30% of global carbon emissions originate in China, we brought a group of European institutional clients to Beijing, Suzhou, and Shanghai to engage directly with Chinese regulators, financial institutions, and listed companies on China's climate transition and sustainable-finance landscape. We intend to build on that in 2026.

I hope you find the data, analysis, and case studies in this report to be a useful summary of our work and capabilities.

Thank you for your continued trust and partnership.



GEORGE H. WALKER
Chairman and CEO of Neuberger

2025 Highlights



ELEVATING

forward-looking
climate assessment

- Strengthened our **Net-Zero Alignment Indicator** with credibility adjustments for high-impact companies and bespoke models for banks and sovereigns, making assessments more representative where the stakes are highest.
- Launched a **scenario-style framework** to assess how today's corporate commitments could translate into shifts in net-zero alignment, giving us a clearer view of near-term trajectory risk.
- Published **Net-Zero Alignment: The Nuance in Net Zero**, our white paper sharing lessons from applying our indicator across portfolios with explicit net-zero objectives.

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EVOLVING

our approach
to physical climate risk

- Piloted a **physical-climate-risk assessment framework** that moves beyond broad hazard mapping, combining top-down climate data with sector-specific lenses to pinpoint how location and adaptive capacity translate into financial exposure, starting with data centers.
- Hosted an **Insurance Roundtable on Physical Risk and Adaptation**, bringing together insurers and asset owners to explore how physical climate risk plays out across both underwriting activities and investment portfolios.

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EMBEDDING

climate tools through
data, technology, and AI

- Advanced our proprietary **Starling** platform, embedding climate tools more deeply into day-to-day research and portfolio management to improve consistency, transparency, and the quality of analyst research and overrides.
- Built out **portfolio-level emissions attribution**, enabling us to tell a clearer story behind year-on-year portfolio emissions changes, and to explain what is actually driving them.
- Piloted **AI-generated corporate transition progress reviews** to sharpen research and engagement preparation, with use cases developed in collaboration with the Stewardship and Sustainable Investing AI Taskforce.

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EVALUATING

climate progress through
corporate engagement

- Held over **2,000 climate engagements** with companies across public equity and fixed income, and extended climate topic-level tracking to Emerging Market Debt for the first time in 2025.
- Leveraged our **Net-Zero Alignment Indicator** in structuring engagements, using issuer statuses and sub-category scores to identify transition gaps, focus discussions, and feed insights back into ongoing assessments.

→ FIND OUT MORE

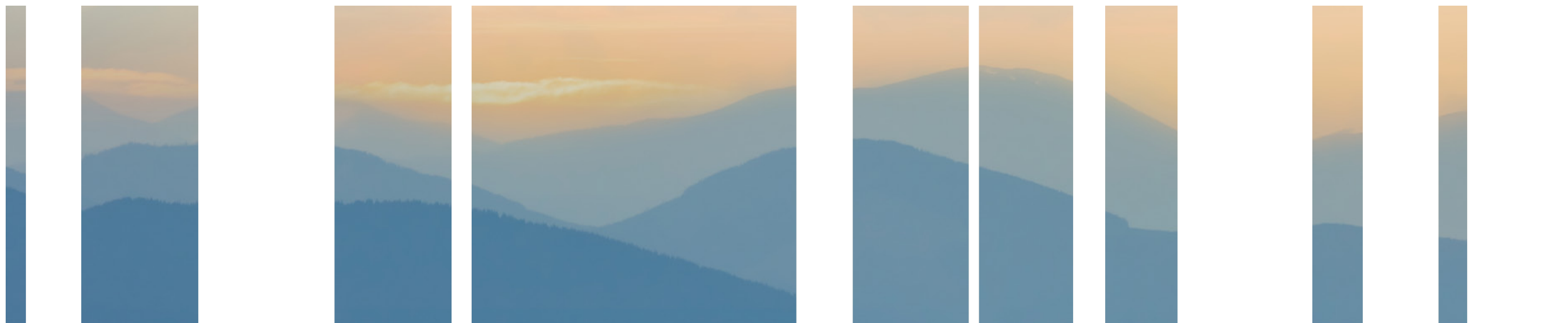


ENGAGING

clients and the
broader market

- Published our latest **State of Decarbonization** report—a rigorous data-led review on where the transition stands—and brought it to life through our Global Climate Roundtables.
- Hosted a **China Sustainable Finance Study Tour**, connecting global asset-owner clients directly with Chinese regulators, financial institutions, and listed companies.
- Contributed to the global adoption of **IFRS S2**, providing feedback as the industry transitions from TCFD to a financially material standardized baseline for climate disclosure.

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Strategy

OUR APPROACH TO IDENTIFYING AND MANAGING
CLIMATE RISKS AND OPPORTUNITIES IN OUR INVESTMENT PORTFOLIOS

As a long-term asset manager, Neuberger recognizes that climate change may cause financially material risks and opportunities. These considerations are increasingly relevant across sectors and issuers and are therefore assessed alongside traditional financial factors within our investment process. In addition, certain clients have articulated net-zero commitments or climate-related objectives, which we seek to support alongside long-term investment performance.

Our approach to identifying and managing climate-related risks and opportunities is reflected throughout this section and is structured around three connected activities. We begin by measuring and analyzing climate-related risks and opportunities using a **combination of proprietary tools, external data, and sector expertise**. These assessments provide the analytical foundation for understanding how climate factors may affect issuers, portfolios, and markets over different time horizons, and they form the basis for portfolio-level metrics and indicators. The resulting portfolio-level assessments are reflected in the Metrics and Targets section, where we provide transparency on how climate considerations manifest across our investments.

Building on this analysis, the Strategy section then outlines how portfolios with specific climate characteristics or objectives are designed, monitored, and reviewed using the outputs of our tools alongside traditional financial analysis.

Finally, the Strategy section turns to **engagement with corporates, sovereigns, and private-equity managers**. Engagement is used to address climate-related risks and opportunities identified through analysis, deepen understanding of issuer-specific transition pathways, and assess progress over time. Beyond individual portfolios, we also **engage with the wider ecosystem through industry collaboration and thought-leadership**.

OUR STRATEGY OF TURNING CLIMATE INSIGHTS INTO INVESTMENT ACTION

MEASURE



ANALYZE CLIMATE-RELATED RISKS AND OPPORTUNITIES OVER THE SHORT, MEDIUM, AND LONG TERM, USING PROPRIETARY TOOLS, EXTERNAL DATA, AND SECTOR EXPERTISE.



INTEGRATE



EMBED FINANCIALLY MATERIAL CLIMATE INSIGHTS IN INVESTMENT RESEARCH AND, WHERE PORTFOLIOS HAVE EXPLICIT CLIMATE OBJECTIVES, INTEGRATE THESE INTO PORTFOLIO CONSTRUCTION.



ENGAGE



ADDRESS CLIMATE-RELATED RISKS AND OPPORTUNITIES WITH CORPORATES, SOVEREIGNS, AND PRIVATE-EQUITY MANAGERS.



Analyzing Climate Risks and Opportunities

We are committed to identifying our climate-related risks and opportunities and managing risks material to our investment portfolios. These fall into three categories:

Physical risks: include events that can damage assets of our portfolio companies, potentially decreasing security valuations and affecting the investment value chain.

Transition risk: the transition to a low-carbon economy brings challenges that could increase costs, strand assets, and reduce demand for goods and services, which may impact valuations.

Nature risk: The degradation of natural ecosystems and a destabilising climate are mutually reinforcing risks that can disrupt supply chains, impair asset values, and erode the long-term viability of businesses dependent on nature's services.

We use a combination of proprietary and external backward- and forward-looking indicators to assess climate-related risks and opportunities across our investment portfolios.

CLIMATE RISK AND OPPORTUNITY CHANNELS FOR INVESTMENT PORTFOLIOS



As companies are exposed to severe weather events, evolving regulation, and technological transition, operating costs may rise and demand may weaken. These pressures can reduce revenues, negatively impacting portfolio performance and, in turn, AUM.

RISK	IMPACT	TIMEFRAME			IMPACT ON PORTFOLIO COMPANIES	PORTFOLIO-LEVEL RISK ASSESSMENT TOOLS
		SHORT 1 YEAR	MEDIUM 1-5 YEARS	LONG 5+ YEARS		
Physical: Acute	Increased severity of extreme weather			●	Increased costs due to physical asset damage	CVaR, Sovereign Sustainability Assessments, proprietary catastrophe modeling
Physical: Chronic	Greater variability in global weather patterns			●	Increased operating costs and lower revenues	CVaR, Sovereign Sustainability Assessment
Transition: Policy	New regulations can affect company operations	●	●	●	Costs increase to meet emissions-reduction targets and decreased revenue due to shifting demand	CVaR
Transition: Technology	Failure to transition to low-carbon technologies	●	●	●	Decreased demand for products and services, plus stranded-asset risks	CVaR, Net-Zero Alignment Indicator
Transition: Market	Risk of consumers' behavior changing, plus increased cost of raw materials	●	●	●	Increased manufacturing costs and decreased demand	Net-Zero Alignment Indicator, Neuberger Quotient, EU Taxonomy Alignment
Transition: Reputation	Risk of negative feedback due to inadequate action on climate	●	●	●	Decreased demand, revenue, and access to capital	Neuberger Quotient, controversy monitoring



More efficient use of water and natural resources, the deployment of lower-emission technologies, and access to new markets can reduce operating costs and increase revenues. This, in turn, may support improved portfolio performance and higher AUM.

OPPORTUNITY	IMPACT	TIMEFRAME			IMPACT ON PORTFOLIO COMPANIES	PORTFOLIO-LEVEL RISK ASSESSMENT TOOLS
		SHORT 1 YEAR	MEDIUM 1-5 YEARS	LONG 5+ YEARS		
Resource Efficiency	Efficient use of water and raw materials	●	●	●	Lower operating costs	Neuberger Quotient
Energy Source	Deploying lower-emissions technologies	●	●	●	Reduced operating costs and lower sensitivity to energy prices	Neuberger Quotient, Net-Zero Alignment Indicator
Products & Services, Resilience	Developing climate-mitigation solutions	●	●	●	Increased revenue due to higher demand	CVaR, Net-Zero Alignment Indicator, EU Taxonomy Alignment, Adaptation & Resilience Taxonomy
Markets	Accessing new markets	●	●	●	Increased revenue due to access to subsidies and tax cuts	Net-Zero Alignment Indicator

BACKWARD-LOOKING & CURRENT-STATE INDICATORS

Our analysis of climate-related risks and opportunities consider backward-looking metrics that provide a baseline view of portfolio exposure to carbon-intensive activities and existing participation in climate-solution sectors. While these indicators are historical and do not capture the future credibility of transition plans, they remain essential for understanding where near-term transition risks may be concentrated and how issuers' current emissions profiles compare across sectors and geographies. These measures also help us assess clients' exposure to activities aligned or misaligned with the low-carbon transition, providing a starting point for evaluating how portfolios may evolve under different transition pathways.

Carbon Emissions

We understand that carbon-intensive securities, companies, and portfolios may be more materially exposed to transition risks. Therefore, our portfolio managers have access to tools to track carbon metrics at a point in time, and how these metrics progress across time, including carbon footprint, carbon intensity, absolute emissions, and apportioned emissions. Scope 1, Scope 2, and Scope 3 carbon metrics are available for listed public equities and fixed-income issuers, subject to data availability across sub-asset classes. For sovereign holdings, we track greenhouse gas (GHG) territorial emissions (released within a nation's geographical borders) and production emissions (emissions associated with the consumption of a country's population or final demand).

Climate Solutions

As part of our broader climate risk and opportunity framework, we assess exposure to climate-solution activities to understand where portfolio companies are contributing to decarbonization or climate adaptation. This assessment focuses on identifying and tracking activities aligned with environmentally sustainable outcomes using a set of indicators across asset classes.

For public equities and corporate fixed income, we assess climate-solution exposure by combining bottom-up analysis of company disclosures with recognized classification frameworks. This includes analyzing the proportion of revenues, capital expenditure, or growth linked to decarbonization-related technologies and services. These assessments are complemented by monitoring alignment with established frameworks such as the EU Taxonomy, which identifies environmentally sustainable economic activities, and relevant UN Sustainable Development Goals (SDGs), providing a structured and comparable view of companies' involvement in climate-solution activities.

In fixed-income portfolios, climate-solution exposure can also be assessed through the use of labeled bonds, such as green bonds, sustainability-linked bonds, and SDG-linked instruments with climate-related use of proceeds or performance targets.

CASE STUDY – ASSESSING AVOIDED EMISSIONS FROM CLIMATE SOLUTIONS

Equity Impact strategies at Neuberger are organized around five impact themes, two of which target environmental outcomes categorized as climate solutions. Across the U.S. and Global Strategies, approximately 40% of holdings contribute to the *Combat Climate Change* and *Conserve the Natural Environment* themes, spanning renewable-energy generation, grid infrastructure, rail, energy-efficiency technologies, electrification enablement, and resource conservation. Companies such as Brookfield Renewable, E.ON, and Prysmian are examples of climate-change mitigation, while Trane Technologies and Ecolab represent adaptation, both of which are themes under *Combat Climate Change*.

For these holdings, avoided emissions is the primary outcome metric we measure, estimate, and report. It represents the tons of greenhouse gases that would have been released had customers used conventional higher-carbon alternatives. With the strategy's five-year track record, we have consistently measured portfolio-level avoided emissions as part of our proprietary Impact Ratio.¹

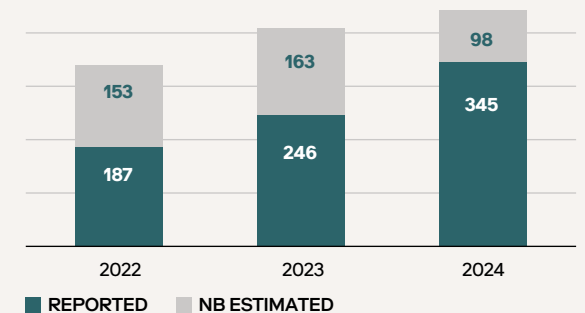
This extends our visibility beyond reducing operational footprints (Scope 1-3), enabling measurable economy-wide emissions reductions. Trane Technologies, for example, has cumulatively avoided 237 million metric tons of CO₂e since 2019 through its high-efficiency HVAC systems, while E.ON's grid infrastructure enabled the avoidance of 119 million metric tons in 2024 alone by connecting renewable power to millions of households and businesses. We use both company-reported figures and estimates where they are not disclosed. Disclosure quality has also improved markedly, with reported avoided emissions rising to 78% of our U.S. total in 2024 (up from only 55% in 2022). Railroad CSX illustrates this trend: following direct management engagement, their disclosed figures were in line with our prior internal estimates. Rising standards, real-world

outcome accountability, and investor engagement are tailwinds for further improvement.

Our 2025 Impact Reports highlight increasing avoided emissions across holdings, isolating companies held across consecutive periods to assess genuine operational progress rather than changes driven by portfolio trading activity. Comparable Global Equity Impact holdings grew avoided emissions by 8% in 2024, while comparable U.S. Equity Impact holdings grew avoided emissions at a 14% CAGR between 2022 and 2024.

Reviewing climate-solution holdings that we have exited in this period, there are many examples where a decline in the fundamental earning power of the business was linked to slowing delivery of avoided emissions. Residential solar companies, for example, still have not returned to their peak of annual incremental avoided emissions. In comparison, those remaining in the portfolio have continued to grow earnings at a ~15% CAGR from 2022 - 2024, reinforcing the collinearity of financial and sustainable outcomes.

U.S. EQUITY IMPACT AVOIDED EMISSIONS (GHG AVOIDED) – COMPARABLE YOY BASIS (MILLIONS OF TONS OF CO₂E)



Source: Company reports, NB estimates. Data as of December 31, 2024. For illustration purposes only. Comparisons made for companies held in the portfolio in each of the last two years.

1. Our Impact Ratio tool measures and verifies how a company's products generate net-positive outcomes, using reputable third-party evidence to quantify the value of these outcomes. For holdings generating positive social or other environmental outcomes, we use sector-specific metrics such as gallons of water treated, life years gained, etc.

RISK-FOCUSED ASSESSMENT TOOLS

Beyond baseline emissions and exposure to climate solutions, we use risk-focused assessment tools to deepen our understanding of how climate and nature-related factors affect companies' financial resilience. These tools help us interpret transition, physical, and nature risks through a more analytical lens, moving from historical footprint data toward assessments that incorporate sector-specific vulnerabilities, policy and technology pathways, and long-term operational sensitivities.

Neuberger Materiality Matrix and Quotient

The Neuberger Quotient is our proprietary environmental, social, and governance factor ratings framework that assesses financially material risks and opportunities across asset classes. The quotient is underpinned by the Neuberger Materiality Matrix, which spans multiple asset classes and more than 70 industries under 11 sectors and across more than 30 potentially financially material environmental, social, and governance factors. This approach ensures that our analysis focuses on the issues most likely to influence long-term financial performance.

For corporate issuers, the Neuberger Quotient incorporates financially material sector-specific environmental metrics, including energy efficiency, carbon-emissions intensity, carbon footprint, and exposure to low-carbon opportunities. Where relevant, it also considers biodiversity dependencies, resource intensity, waste management, and adherence to environmental and social standards. The framework combines quantitative data with analyst judgement, allowing qualitative insights to be incorporated where disclosure is limited or where industry expertise is required to assess materiality. The Neuberger Quotient currently covers more than 4,000 equity issuers and 2,800 credit issuers.

For sovereigns, the Neuberger Sovereign Quotient applies the same principles of financial materiality by assessing factors such as energy efficiency, climate-adaptation readiness, emissions performance, and environmental quality. Across both corporates and sovereigns, the Neuberger Quotient provides a consistent foundation for understanding long-term environmental resilience and supports its integration across equity and fixed-income strategies.

Climate Value-at-Risk

Climate Value-at-Risk (CVaR) provides a top-down scenario-based framework for assessing the potential long-term financial impacts of climate-related transition and physical risks on investment portfolios. The analysis models how changes in policy, technology costs, and climate hazards under different warming scenarios could affect company valuations over time. Security-level outputs can be aggregated to support comparative risk assessment across sectors and regions.

While CVaR offers a useful high-level view of climate exposure, it depends on assumptions related to future costs, policy trajectories, and valuation impacts. As a result, its outputs can be less precise in sectors with complex physical risk transmission channels or where impacts depend on asset-level characteristics. In addition, scenario-based models may not fully capture non-linear physical risks or the compounding effects of higher-warming pathways. We therefore view CVaR as an important starting point for identifying areas of climate exposure, which must be complemented by more granular analysis to assess financial materiality.

Nature Assessment

Alongside our tools to assess climate-related risks, we have also created a top-down assessment to identify where portfolios may be exposed to financially material risks associated with nature-related pressures and dependencies. Using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE)² framework, we developed a natural-capital heatmap that highlights sub-industries and sectors with the highest relative exposure to ecosystem services that underpin their operations, such as water provisioning, pollination, climate regulation, or soil quality. By translating these dependencies and pressures into a comparable exposure metric across sectors, the assessment enables our investment teams to understand where nature-related risks—such as water stress, land degradation, biodiversity loss, or ecosystem disruption—may create operational, regulatory, or supply-chain vulnerabilities. These insights complement our climate tools by broadening the scope of the environmental risks we monitor, reflecting the increasing convergence between climate and nature considerations and supporting engagement with issuers on both climate transition and long-term environmental resilience.

Physical Risk & Resilience Tools

We are committed to understanding and managing physical climate risks that may be financially material to our investments. These risks can be acute, arising from event-driven hazards such as floods, wildfires, or storms, or chronic, reflecting longer-term shifts in climate patterns including rising temperatures, water stress, and sea-level rise. Such impacts can damage physical assets, disrupt operations and supply chains, and ultimately affect issuer valuations and portfolio performance. Our assessment is informed in part by top-down scenario analysis, including

the physical-risk component of CVaR, which provides a useful starting point for identifying exposure across portfolios and sectors. However, physical-risk assessment remains subject to structural challenges, including uneven data availability, differing modeling approaches, and limitations in capturing indirect exposures, adaptive capacity, and non-linear impacts. As a result, physical risks may be understated in some sectors and may not fully reflect how climate hazards translate into financial outcomes at the issuer level.

These limitations are particularly evident in sectors where exposure is not directly tied to owned physical assets. For example, CVaR outputs tend to be more informative for asset-intensive industries with location-specific facilities but are less representative for sectors such as insurance or financial services, where physical risk is transmitted through portfolios, counterparties, or broader economic disruption. We also believe that physical risks under 2°C and 3°C scenarios may be higher than currently estimated due to data gaps and modeling constraints.

To address these challenges, we are developing an internal physical-risk assessment framework that combines top-down hazard analysis with bottom-up sector-specific lenses. This framework considers climate hazards, location-specific exposure, vulnerability, and adaptive capacity to reflect how physical risk may affect different business models. We have begun piloting this approach in sectors where location-specific exposure is particularly material, such as data centers, where operational continuity, cooling requirements, energy availability, and grid resilience are critical drivers of financial risk.

Across portfolios, we view physical-risk analysis as an evolving discipline. Our approach continues to develop as data quality improves, modeling techniques advance, and engagement with issuers enhances our understanding of site-specific risk-management and adaptation measures.

2. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a free online tool that helps organizations explore their exposure to nature-related risk and take the first steps to understand their dependencies and impacts on nature. ENCORE sets out how the economy – sectors, sub-sectors, and activities – depends and impacts on nature. The ENCORE tool is maintained and continuously improved by Global Canopy, UNEP FI and UNEP-WCMC, who together form the ENCORE Partnership, which was previously known as The Natural Capital Finance Alliance (NCFA).

CASE STUDY – ASSESSING PHYSICAL RISK FOR DATA CENTERS

To bring greater granularity to physical risk analysis, we have begun piloting a structured multi-step assessment framework in the data-center sector, which was chosen for its acute sensitivity to climate hazards and the direct financial implications of operational disruption. As AI-driven demand continues to reshape capital allocation toward data-center infrastructure, understanding how physical climate risk affects these assets has become increasingly relevant to our investment analysis and engagement activity.

The framework begins with **hazard identification**, mapping relevant climate risks to the specific operational characteristics of each asset. For data centers, priority hazards include heat stress—which drives increased cooling demand and efficiency loss—water stress affecting water-intensive cooling systems, riverine and surface water flooding, extreme wind events, and longer-term risks from wildfire and soil movement. Rather than applying a generic risk screen, the approach tailors hazard selection to the sector’s distinct vulnerabilities and business model, enabling us to form a more accurate picture of where financial exposure is most concentrated.

The second step introduces **location-specific data**, overlaying each facility’s coordinates against forward-looking climate hazard projections from third-party providers, who provide benchmarking across more than 8,800 data-center sites globally. These tools are used in conjunction with IPCC-aligned climate scenarios to assess how hazard exposure is projected to evolve across multiple time horizons through to 2050.

Quantitative risk metrics are then applied to translate hazard exposure into financially relevant outputs. This includes hazard-specific risk scores, loss-cost estimates, and projections of how cumulative financial exposure changes between the present day and 2050 under different warming

pathways, allowing us to move beyond binary risk flags toward a clearer understanding of the magnitude and trajectory of potential financial impact at the asset level. This supports more informed investment decision-making, including how physical risk considerations may influence where companies expand operations and how capital is ultimately allocated.

The framework deliberately combines top-down and bottom-up inputs. **Macro-level hazard exposure** derived from global climate models and third-party analytics is complemented by **direct engagement** with issuers to understand site-specific resilience measures. Critically, the asset-level risk outputs generated by this framework serve as a foundation for more focused evidence-based engagement conversations, enabling us to ask targeted questions around cooling-system redundancy, water-sourcing strategies in drought-prone regions, physical flood and wind defences, and whether insurance premiums already reflect scenario-adjusted risk. Two facilities in the same geography can present materially different risk profiles depending on the adaptive measures in place, and this framework helps us identify where those conversations are most needed.

Initial case study outputs from the pilot illustrate this value in practice. A data-center facility in Texas shows wildfire and heat stress as the dominant risk drivers, with projected cumulative-loss costs increasing materially through to 2050, pointing to clear areas for resilience-focused engagement with the operator. A Louisiana-based hyperscale facility presents a contrasting profile, with fluvial flooding as the primary concern alongside elevated heat-humidity stress, and a different set of adaptation priorities as a result. Together, these examples demonstrate that physical risk in this sector is highly location-specific and cannot be adequately proxied at the sector or regional level alone, reinforcing the case for the asset-level lens this framework provides.

CASE STUDY – NEUBERGER’S INSURANCE-LINKED STRATEGIES (ILS)

In certain strategies, the assessment of physical risk is intrinsic to the investment process. As an overarching theme, the ILS asset class involves the transfer of climate-related catastrophe risk into the broader capital markets. ILS are neither equity nor traditional debt, but rather support insurance contracts that are ready to pay when a predefined set of criteria are met, usually linked to the risk of large-scale low-probability natural catastrophes (i.e., hurricanes, earthquakes, and wildfires). We believe this transfer of climate-related catastrophe risk into the broader capital markets contributes to the enhancement of corporate and societal climate resiliency, and that the ILS asset class is unique in that it incorporates environmental and social factors as part of the investment process.

Neuberger’s ILS strategies seek to generate risk-adjusted returns that are uncorrelated with traditional asset classes, with a focus on capturing natural event risk premium.

Strategy highlights:

- **Uncorrelated return strategy:** uncorrelated with traditional asset classes as returns are based on occurrence of large-scale low-probability natural catastrophes independent of financial markets.
- **Active management approach:** uses short-term privately negotiated contracts with a data-driven dynamic risk focus, providing an edge over other reinsurance strategies.
- **Specialized team:** 12 dedicated professionals with backgrounds in climate science, risk modeling, underwriting, and portfolio management.
- **Proven expertise:** experience in managing \$3.8 billion in assets dedicated to insurance-linked investments (as of December 31, 2025).

Furthermore, our approach to the asset class promotes climate adaptation by quantifying acute physical climate risks and developing products that transfer that risk and contribute to growing an innovative risk-transfer market. We quantify climate risks by applying deep expertise in the use and application of catastrophe models and proprietary tools. The risk products and the risk-transfer expertise we provide promote societal resilience by facilitating faster disaster recovery and relief financing.

ENTITIES THAT HAVE UTILIZED THE CATASTROPHE BOND MARKETS TO FACILITATE NATURAL CATASTROPHE RISK TRANSFER:



\$4.03BN OF PROTECTION OBTAINED

Notes covering worldwide earthquake, named storm and pandemic risk issued near-annually since 2017



\$525MN OF PROTECTION OBTAINED

Notes covering New York storm surge risk issued in 2013, 2017, 2020 and 2023



\$5.85BN OF PROTECTION OBTAINED

Notes covering Texas named storm and severe convective storm risk issued in 2014, 2015 and annually since 2017



\$3.10BN OF PROTECTION OBTAINED

Notes covering U.S. flood risk issued annually since 2018



\$275MN OF PROTECTION OBTAINED

Notes covering U.S. earthquake and named storm risk issued in 2015



\$180MN OF PROTECTION OBTAINED

Notes covering California wildfire risk issued in 2020, 2021 and 2025

FORWARD-LOOKING NET-ZERO ALIGNMENT INDICATOR

To enable a robust assessment of a company's transition toward net zero, we designed the forward-looking Neuberger Net-Zero Alignment Indicator. The indicator was created with clients targeting decarbonization outcomes and incorporates sub-indicators that were informed by the expectations of the Institutional Investor Group on Climate Change (IIGCC) Net-Zero Investment Framework (NZIF). The indicator builds on the IIGCC NZIF by using quantitative scores that draw on data points from traditional third-party ESG and climate-specific data providers, as well as qualitative inputs from credit and equity research analysts that may override the initial scores. We believe this approach creates a critical feedback loop: new insights feed into our evolving Net-Zero Alignment Indicator scores, helping us focus on issuers' weaknesses.

The indicator serves a dual purpose: 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. The indicator is applied at both the security and portfolio level across listed equity and corporate fixed-income strategies. Further detail is available in our white papers, *Net-Zero Alignment: Beyond the Numbers* and *The Nuance in Net Zero*.

On the issuer level, the indicator supports a consistent and comparable assessment of corporate transition readiness across sectors and regions. By combining multiple transition-relevant dimensions into a single framework, the indicator allows investment teams to contextualize issuers' net-zero commitments, assess progress relative to peers, and allows us to identify companies that may be running higher transition risk. This issuer-level perspective feeds into company analysis, engagement prioritization, and ongoing monitoring.

We continue to enhance and expand the Net-Zero Alignment Indicator to ensure it captures the most relevant sector-specific drivers of a credible corporate transition. This work focuses on strengthening the model's ability to assess whether companies' strategies, capital-allocation decisions, and policy environments support a realistic pathway toward long-term decarbonization. Key areas of development in 2025 included:

CREDIBILITY ADJUSTMENT FOR HIGH-IMPACT COMPANIES

Refining the way we link an issuer's stated decarbonization strategy to its long-term ambition, capital-allocation alignment, and near-term targets. This adjustment helps distinguish between companies with credible delivery plans and those whose commitments lack sufficient execution evidence.

BANKING MODEL

Developing a dedicated framework to assess alignment for financial institutions, focusing on the credibility of their financed-emissions strategies, sectoral transition policies, and integration of climate considerations into lending and capital-markets activities.

SOVEREIGN MODEL

Creating an assessment approach for sovereign issuers that evaluates national decarbonization policies and long-term transition readiness at the country level.

Together, these enhancements are designed to ensure the indicator remains robust, differentiated, and reflective of the transition levers most material to each issuer type across equity, credit, and sovereign exposures.

1 ROBUSTNESS

of the indicator's methodology

- **Diversified data sources** – 60 quantitative data points from multiple providers
- **Qualitative judgement** from 125+ equity and credit research analysts
- Incorporation of **forward-looking elements**, e.g., decarbonization strategies, planned capital allocation

2 ACCURACY

in reflecting real-world transition

- **Capturing data anomalies** through a data-redundancy approach and **reducing information lag** with real-time analyst insights
→ more accurate picture of issuers' transition plans
- **Net-zero engagement roadmap** informing engagement efforts and results fed back into the indicator
→ address key weaknesses of transition plans

3 EFFECTIVENESS

in assessing the credibility of issuers' net-zero targets and supporting progress where ambitions have been set

- **Driving real-world outcomes** by investing in potential transition winners and targeted engagement
→ 880+ climate-related meetings held in 2025
- **Sector-specific engagement** driven by analysts' deep fundamental knowledge
→ relevant and impactful objectives, and better net-zero alignment in representative portfolio over time

HARVARD BUSINESS SCHOOL CASE STUDY

The Net-Zero Alignment Indicator was the subject of a Harvard Business School case study titled "Investing in the Climate Transition at Neuberger Berman", written by Professor George Serafeim and taught in November 2023. The case study explains how we partnered with our client, the Brunel Pension Partnership, to create the indicator, which has been implemented across various Neuberger fixed-income and equity strategies to date.

CASE STUDY – ARCELORMITTAL NET-ZERO ALIGNMENT INDICATOR ASSESSMENT

ARCELORMITTAL'S DECARBONIZATION PROGRESS REMAINS SLOW RELATIVE TO ITS STATED AMBITIONS

INDICATOR	RAW MODEL SCORE (1 - 5)	ANALYST- ADJUSTED SCORE (1 - 5)	SCORE BREAKDOWN
Long-term ambition	3	3	Self-declared net-zero target for Scope 1 and Scope 2 emissions by 2050. Excludes Scope 3 and major joint ventures (notably AM/NS India). Company withdrew from SBTi in 2024.
Short- and medium-term targets	2	2	2030 target of 25% CO ₂ intensity reduction (Scope 1+2, global), 35% (Europe) vs. 2018 baseline. No quantitative Scope 3 target. Company has signaled it is unlikely to meet the 2030 goal under current regulatory conditions.
Emissions performance	4	2	Slow Scope 1 and Scope 2 emissions-reduction trend (-5.4% global and -5% Europe in 2024 vs 2018), behind expectations, and mostly due to lower steel output and asset sales.
Disclosures	5	4	Externally assured disclosure of Scope 1, 2, and 3 emissions, but emissions from major joint ventures missing.
Decarbonization strategy	3	3	Five-pillar strategy: steelmaking transformation (Direct Reduced Iron and Electric Arc Furnace processes, hydrogen), energy transformation (renewables, carbon capture), increased scrap use, clean-electricity sourcing, minimal offsets. Major projects delayed or contingent on policy support. Continued investment in coal-based capacity (notably India joint venture).
Capital allocation	3	2	\$10bn planned for decarbonization (2020 - 2030), but only ~\$1bn spent by 2024, less than 7% of total capex spent. Execution lags, with much dependent on public funding and policy clarity.
TOTAL SCORE	20	16	COMMITTED TO ALIGNING

FACTORS ENABLING TRANSITION

LONG-TERM AMBITION

Net-zero ambition for Scope 1 and 2 emissions by 2050

ArcelorMittal aim for credible rather than SBTi-aligned targets at this stage and maintain their 2050 net-zero ambition. Through engagement we learned that they cannot credibly set an SBTi target as SBTi is not feasible for the company's operations and global footprint.

DECARBONIZATION STRATEGY

Focused on low-carbon steel and climate solutions

Five-pillar strategy includes steelmaking and energy transformation (Direct Reduced Iron and Electric Arc Furnace processes, hydrogen, renewables, carbon capture), increased scrap use, clean-electricity sourcing, and minimal offsets; major pilots underway with XCarb® low-carbon products and renewables projects.

CAPITAL ALLOCATION

Planned \$10bn in green projects to achieve 2030 target

FACTORS HINDERING TRANSITION

EMISSION PERFORMANCE & MEDIUM-TERM TARGETS

Scope 3 emissions and major JVs not included in targets, and slow progress means 2030 target likely to be revised

- Major joint ventures and associated investments in new carbon-intensive assets (such as coal-based blast furnaces in India) are excluded from emissions targets.
- The company has signaled that the 2030 emissions-intensity target is unlikely to be met under current conditions and may be revised pending greater clarity on policy and market factors.

DECARBONIZATION STRATEGY

Do not plan to fully transition to electric arc furnaces

The company plans to continue to utilize blast furnaces (in conjunction with carbon-capture technology) and is candid about its dependence on supportive global policy to enable decarbonization.

CAPITAL ALLOCATION

Only \$1bn spent in 2021 - 2025 for decarbonization with most projects delayed/on hold

Nothing herein constitutes a recommendation to buy, sell or hold a security. Specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. See Additional Disclosures at the end of this report.

To complement our issuer-level assessments, we conducted a scenario-style analysis to understand how corporate net-zero alignment could evolve in the near term based on the commitments, disclosures, and transition signals companies have made to date. Rather than modeling idealized pathways, the analysis explores three illustrative trajectories (reversal, base case, and acceleration) to assess how companies' current positions might translate into changes in alignment outcomes under different assumptions. Applying this framework to global public-equity- and fixed-income universes allows us to form a more realistic view of where the broader corporate market may be heading over the coming years. These insights help contextualize the pace and direction of aggregate progress, highlight sectors where momentum may strengthen or stall, and provide a reference point for portfolio analysis. For clients with net-zero alignment objectives, the scenarios support portfolio design, monitoring, and engagement by grounding expectations in observable company behavior.

2030 NET-ZERO ALIGNMENT SCENARIOS ACROSS FIXED-INCOME AND EQUITY



Source: Neuberger. All projections are based on December 2025 analyst adjusted and high-impact adjusted sub-indicator.

APPLICATION OF OUR CLIMATE TOOLS ACROSS ASSET CLASSES

While our climate-related tools provide consistent analytical frameworks, their application differs across asset classes to reflect variations in data availability, issuer characteristics, and the nature of underlying risks. This differentiated deployment aims to ensure that our assessment of climate-related risks and opportunities remains both decision-useful and tailored to the attributes of each asset class.

Corporate Fixed Income and Listed Equity

In public corporate markets—both for equity and fixed income—coverage is broadest and emissions metrics, Climate Value at Risk, the Net-Zero Alignment Indicator, and the Neuberger Quotient are available for most issuers. These asset classes benefit from relatively strong data availability, robust disclosure frameworks, and deeper analyst engagement, enabling richer bottom-up analysis.

Sovereigns

For sovereign issuers, we apply a tailored set of climate-related tools that reflect the different ways physical and transition risks manifest at the country level. Sovereign climate vulnerability is often transmitted through macroeconomic channels such as reduced tax revenues, increased public spending on adaptation, and heightened exposure to climate-sensitive sectors. To assess these risks and opportunities, we use carbon metrics, the Neuberger Sovereign Quotient, our Sovereign Sustainability Assessment, and a dedicated sovereign version of the Net-Zero Alignment Indicator. As part of the Sovereign Sustainability Assessment, we also integrate the Ecosystem Vitality Indicator—covering biodiversity protection, habitat preservation, and agricultural and water-related emissions—to evaluate how effectively countries maintain and protect natural capital.

Private Markets and Alternatives

In private markets, the application of our climate-related tools is guided by a materiality-led approach that reflects the diversity of investment types and risk profiles across strategies. We assess climate considerations through the Neuberger Materiality Matrix, which identifies environmental factors as a financially material category alongside supply chain, workforce, and governance considerations. While specific risks and opportunities vary by asset class and investment, this framework provides a consistent lens for evaluating climate-related exposure and resilience.

Private-equity strategies may also offer opportunities to allocate capital toward climate solutions and, in many cases, have greater flexibility to invest in lower-carbon sectors such as technology and healthcare, which can help mitigate transition risk. The extent to which climate risks and opportunities can be addressed differs by investment structure, with general partners (GPs) typically exerting more influence through controlling stakes, while limited partners (LPs) primarily express climate preferences through capital-commitment decisions and engagements with GPs.

Climate Value-at-Risk	Carbon Emissions	Net-Zero Alignment Indicator	Natural Capital Assessment	Climate Solutions	Neuberger Quotient	Sovereign Sustainability Assessment	Catastrophe Modelling
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CORPORATE FIXED INCOME

Investment Grade Credit	●	●	●	●	●	●		
Non-Investment Grade Credit	●	●	●	●	●	●		
Emerging Market Debt	●	●	●	●	●	●		

SOVEREIGNS

Developed Market Sovereigns		●	●	●		●	●	
Emerging Market Sovereigns		●	●	●		●	●	

LISTED PUBLIC EQUITY

Developed Market Global Equity	●	●	●	●	●	●		
Small Cap Equity	●	●	●	●	●	●		
Emerging Market Equity	●	●	●	●	●	●		

PRIVATE MARKETS AND ALTERNATIVES

Private Equity				●				
Private Debt				●				
Insurance-Linked Securities								●

TECHNOLOGY AND AI INTEGRATION

To ensure that our climate-related tools are consistently applied across investment research and portfolio management, we have invested in technology that enables their practical integration into day-to-day investing workflows. Our approach focuses on operationalizing proprietary analytics, structuring data in a way that supports detailed analysis, and improving transparency into underlying inputs and outputs. These capabilities allow us to support analyst judgement through integrated systems rather than standalone tools and provide clear, consistent reporting to clients on climate-related risks, opportunities, and progress against objectives. Alongside this, we are selectively exploring the use of artificial intelligence to enhance information accessibility and workflow efficiency, while maintaining appropriate governance and human oversight.

Integrating Climate-Assessment Tools into Research and Portfolio Management

To embed our proprietary climate tools into the research and investment process, we have developed the Starling platform, which operationalizes tools such as the Net-Zero Alignment Indicator and the Neuberger Quotient within the core workflows of equity and credit analysts and portfolio managers. Climate-related assessments flow directly into research and portfolio-management systems, supporting consistent use across teams and strategies.

Starling provides transparency into the drivers of proprietary assessments, allowing analysts to drill down from headline scores to underlying datapoints, including emissions, green revenues and capital expenditure, and climate-related targets. The platform also enables analysts to apply their judgement by adding contextual commentary and submitting override requests, ensuring qualitative insight is captured alongside quantitative outputs in a transparent and auditable manner.

Climate-related engagements with issuers are documented through our research-management platforms, including the Engagement Tracker, and can be linked to outputs from our climate tools. This allows investment teams to monitor how issuer dialog relates to identified climate-related risks and opportunities across equity and fixed-income strategies.

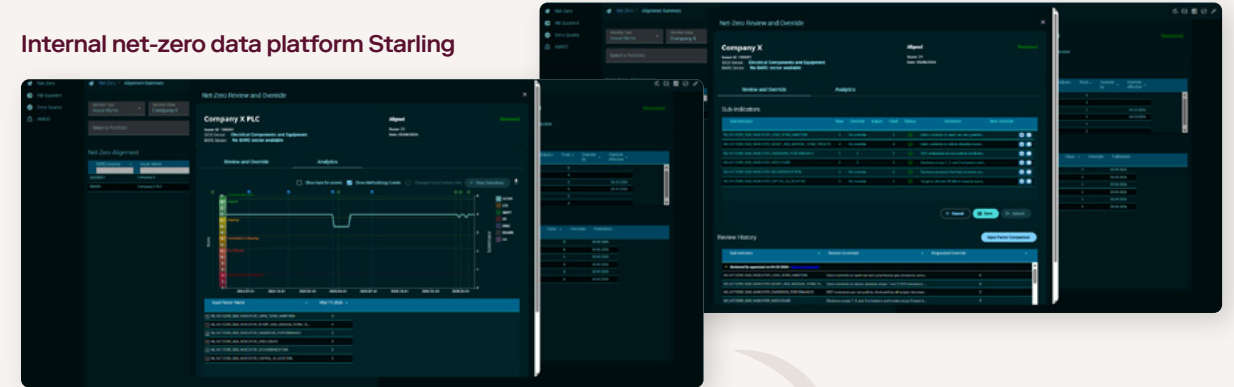
Dedicated Technology and Data Capabilities

To support the development and integration of our climate-related tools, Neuberger maintains dedicated data, analytics, and technology capabilities. Our ESG Data & Reporting team manages ESG datasets, portfolio-level analytics, and climate-related reporting, while the ESG Data & Technology team focuses on ESG data management and the development of internal technology solutions integrated into research and investment platforms. Working closely with investment, technology, and Stewardship and Sustainable Investing teams, these resources support key workstreams including net-zero alignment, engagement tracking, regulatory reporting, and stewardship activities, ensuring our climate tools are robust, scalable, and aligned with investor and regulatory expectations.

In 2025, we introduced ESG emissions-attribution analysis in response to client demand for greater transparency on the drivers of changes in portfolio emissions. This analysis helps distinguish between changes driven by market values or EVIC and those reflecting underlying emissions trends, and continues to be refined based on client feedback. The process has also strengthened our data-quality controls by enabling the identification of significant changes and outliers and informing engagement with data vendors. Alongside this, we are enhancing our monitoring systems, testing additional platforms, and increasing automation to support scalable, resilient data and reporting capabilities into 2026.

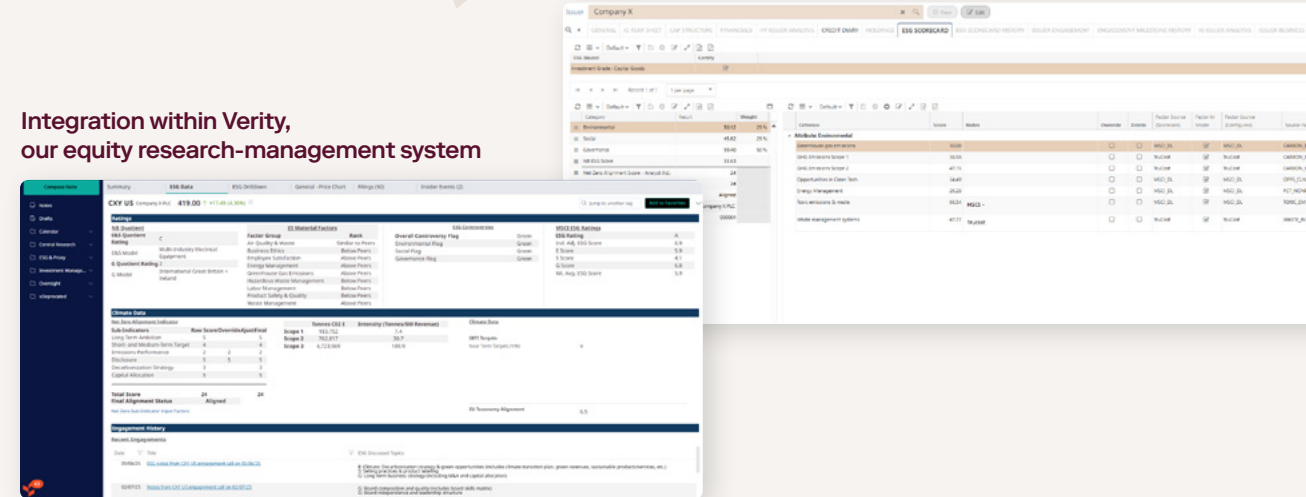
INTEGRATION OF OUR CLIMATE ASSESSMENT IN RESEARCH-MANAGEMENT SYSTEMS

Internal net-zero data platform Starling



Integration within Everest,
our fixed-income research-management system

**Integration within Verity,
our equity research-management system**



For illustrative purposes only.

Leveraging Artificial Intelligence in Climate Assessment

In 2023, we launched NB-GPT, our secure internal generative-AI environment, enabling the governed use of AI across the firm. Building on this foundation, we have developed targeted applications for sustainable and climate investing, including the SSI AI Assistant, which supports research and stewardship by enabling users to query curated materials such as proxy filings and controversy reports.

Our approach is deliberately use-case driven, with AI designed to augment analyst judgement rather than automate decision-making. Tools focus on supporting information gathering, structuring, and synthesis, particularly where climate analysis requires the review of large volumes of qualitative and quantitative data.

In 2025, we piloted AI to support analyst reviews of proprietary quantitative climate assessments, including the Neuberger Quotient and the Net-Zero Alignment Indicator. The pilot generates structured qualitative reports synthesizing internal research, engagement notes, and external disclosures, providing an additional input alongside model outputs for climate analysis and engagement preparation.

Use cases such as this are identified and refined through the Stewardship and Sustainable Investing (SSI) AI Taskforce, a cross-functional forum bringing together colleagues from stewardship, investment research, technology, and data teams. The taskforce supports the coordinated use of AI by evaluating and testing practical applications across sustainable and climate investing. Its focus is on identifying scalable solutions that improve workflow efficiency and analytical consistency, while maintaining appropriate governance, transparency, and human oversight and ensuring alignment with broader investment processes and risk-management frameworks.

AI TOOLS SHAPING OUR SUSTAINABLE-INVESTING JOURNEY



- Cross-functional team of stewardship, sustainable investment, investment, and technology experts.
- Regular meetings since 2024 to share insights and develop new solutions applied across the Neuberger platform.



2024

TOOLS & SOLUTIONS DEVELOPED

- **Proxy Voting Dashboard:**
Streamlines proxy voting workflows, saving over 60 hours during proxy season.
- **SSI AI Assistant:**
Conversational tool within NB-GPT for retrieving proxy statements and controversy documents.
- **Engagement Guide Integration:**
Uploading and testing engagement guides to train AI systems for better pre-engagement analysis.
- **NB Labelled Loans Checklist:**
GenAI-driven checklist used by the European Private Loans team to screen sustainability-linked loans.



2025

WHAT WE ARE BUILDING NEXT

We are leveraging the capabilities we built over the last year in more bespoke use cases:

- **Net-Zero Engagement Tool:**
Generate a qualitative analysis with sector-specific indicators to guide targeted engagement strategies and analyst net-zero alignment reviews.
- **Environment, Social and Governance Assessment Dashboard:**
Automate extraction, aggregation, and analysis of sustainability data from multiple sources to assess companies using the Neuberger Quotient factors.
- **Revenue and CAPEX Research Tool:**
Identifying climate solution providers not covered by standard data sets.
- **Historic Proxy Advisor Paper Integration:**
Ability to compare company-specific historic data and commentary on specific topics.

CLIMATE-INVESTING-FOCUSED AI USE-CASES

Net-Zero Alignment Indicator Assessment

- Assisting analysts in conducting qualitative assessments across the six model sub-indicators.
- Navigating data-coverage limitations by finding data inputs like green revenue, capex, etc.

Climate Engagement

- Identifying strengths and weaknesses in companies' transition progress, which are raised during company engagements.
- Helping prioritize companies for climate-focused engagement.

Net-Zero Model Development

- Providing research aid and data-source assessment during model-development process, including sectoral models and sovereign model.

Climate-Commitment Tracker

- Pulling quantitative and qualitative outputs across various internal platforms to assess if portfolio-commitments related to climate and sustainability are being met.

Transition Product Innovation

We work in partnership with clients to design and manage portfolios that reflect their net-zero objectives and broader climate goals. Building on the insights generated by our climate-related tools, we construct portfolios using a framework that integrates proprietary analysis, external datasets, and sector-specific expertise into the investment process. The outputs of our tools—such as issuer-level alignment assessments, emissions profiles, and climate-solution metrics—inform both security selection and the way we measure progress against mandate-level objectives. These objectives vary across clients and asset classes, and their implementation is tailored to data availability, investment constraints, and the risk characteristics of each strategy.

Depending on the mandate, we work with clients to set climate objectives that typically fall into five categories:

ALIGNMENT OBJECTIVES	EMISSIONS OBJECTIVES	ENGAGEMENT OBJECTIVES	THEMATIC EXPOSURE	CLIMATE-SOLUTIONS OBJECTIVES
Many clients seek to understand how their portfolio aligns with global net-zero pathways. For these mandates, we use the Net-Zero Alignment Indicator to evaluate issuer-level transition readiness and aggregate these results to the portfolio level. Alignment objectives are tailored to each mandate's asset mix, investment constraints, and time horizon.	Some clients choose to target reductions in financed emissions or maintain exposure below a defined benchmark. We therefore track Scope 1, 2 and material Scope 3 emissions, carbon footprints, and carbon-intensity metrics, using these as inputs for portfolio construction and monitoring.	Engagement is a central tool for achieving real-economy impact. For mandates with engagement-driven climate objectives, we develop engagement roadmaps that leverage insights from the Net-Zero Alignment Indicator and other tools to prioritize issuers and topics. Progress is monitored over time and can be incorporated into portfolio-level assessments. These objectives can be applied individually or in combination, depending on the level of ambition and the client's investment philosophy.	For clients interested in decarbonization as an investment theme, we seek exposure to companies that support real-economy decarbonization. We assess thematic alignment on a bottom-up security-specific basis, focusing on whether a share of revenues, earnings growth, or capital investment is linked to decarbonization-related activities.	Some clients aim to increase exposure to companies that contribute to climate mitigation or adaptation. For these mandates, we use E.U. Taxonomy alignment, climate-solution revenue mapping, and avoided-emissions estimates to monitor contributions. For fixed-income clients, we can also set targets where options include green bonds, sustainability-linked bonds, or SDG-linked bonds.

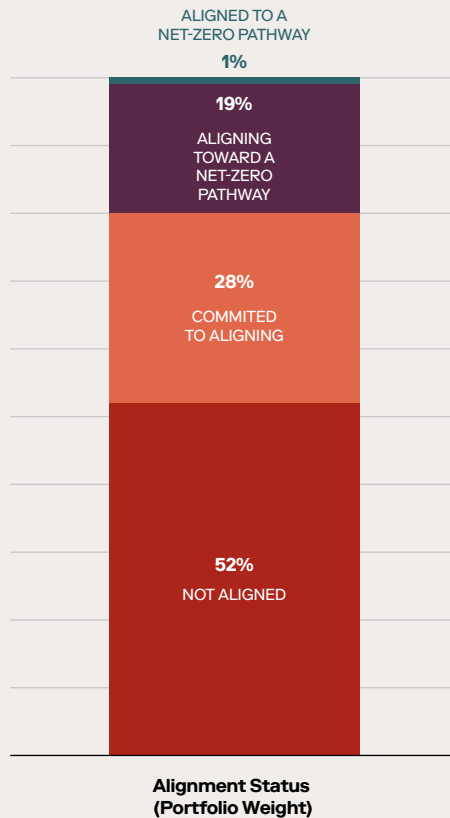
The table below illustrates how these objectives are reflected across a range of strategies on our platform.

ASSET CLASS	EXAMPLE NEUBERGER STRATEGY	HOW NET-ZERO OBJECTIVES ARE ADDRESSED
Fixed Income	Neuberger Climate Transition Multi-Sector Credit	Seeks to capture yield while supporting issuers on decarbonization pathways, with engagement focused on improving net-zero alignment over time.
Quant Equity	Neuberger Climate Transition Global Equity	Delivers high-diversification global-equity exposure while targeting an accelerated pace of carbon-footprint reduction within a 1.5°C-aligned framework.
Impact Equity	Neuberger U.S. Equity Impact	Provides exposure to climate solutions with a quantified measure of avoided emissions in a concentrated equity portfolio.
Thematic Equity	Neuberger Climate Innovation	Targets long-term capital appreciation through exposure to innovation-led decarbonization technologies and activities.

CLIMATE TRANSITION DASHBOARD

1 PORTFOLIO NET-ZERO ALIGNMENT TRACKING

We monitor portfolio alignment on a regular basis and communicate our progress on alignment targets and commitments.



For illustrative purposes only.

2 ALIGNMENT ATTRIBUTION ANALYSIS

We identify key drivers behind alignment changes and review all upgrades and downgrades with our internal credit and equity research teams.

ALIGNMENT STATUS	NEW HOLDING	NO CHANGE	QUALITATIVE UPGRADE	QUALITATIVE DOWNGRADE	QUANTITATIVE DOWNGRADE	QUANTITATIVE UPGRADE
Aligned	0%	1%	0%	0%	0%	0%
Aligning	1%	18%	0%	0%	0%	0%
Committed to Aligning	1%	23%	0%	1%	1%	3%
Not Aligned	6%	44%	0%	0%	1%	0%
Grand Total	9%	86%	0%	1%	2%	3%

3 CLIMATE-FOCUSED ENGAGEMENT

We focus our climate-related engagements on high-impact portfolio holdings and monitor emissions exposure.

OBJECTIVE STATUS	SCOPE 1 & 2 APPROPRIATED EMISSIONS (HI ONLY)	% OF CARBON EMISSIONS IN CATEGORY	# OF ISSUERS ALIGNED/ ENGAGED
High Climate Impact Sectors	158,627	74.29%	161
Green – Aligned W/ No Engagement (% of emissions)	4,919	3.10%	9
Green – Engaged Only (% of emissions)	100,001	63.04%	109
Amber (% of emissions)	12,93	8.15%	43
Red (% of emissions)	40,777	25.71%	65

To ensure climate objectives remain embedded throughout the life of a mandate, we monitor progress using our **Climate Transition Dashboard**, which offers a consolidated view of key indicators drawn from our proprietary tools and third-party datasets. The dashboard provides regular reporting on indicators such as portfolio-emissions reduction, Neuberger Net-Zero Alignment Indicator breakdown, and engagement with top contributors to financed emissions.

In our Private Markets business, some clients have established climate goals and objectives. For clients seeking these solutions, Neuberger Private Markets has built tools and capabilities to support them. For example, we developed a Manager Climate Assessment that can be utilized when conducting due diligence on primary fund commitments for select mandates. The assessment was developed to help clients analyze a GP on its progress on governance, financially material climate-risk management, portfolio-company engagement, and reporting in relation to their own goals and objectives. It also serves as a starting point for engagement for these specific mandates, as well as to inform a relative assessment among peers over time. In addition, Neuberger Private Markets can provide annual carbon-footprint reporting for Scope 1 and 2 financed emissions, informed by actual data and supplemented with estimates.

STRATEGY HIGHLIGHT: CLIMATE TRANSITION PLUS – WORLD EQUITY

Passive sustainable and climate-focused strategies have gained traction recently. However, we believe index-based approaches face structural limitations in supporting the transition. Many sustainable indices rely on backward-looking emissions data, apply rigid exclusion frameworks, and embed assumptions—such as linear decarbonization pathways—that do not reflect how economies are transitioning. Structural constraints can also limit engagement, reducing the ability to influence corporate behavior and capital allocation in sectors critical to decarbonization.

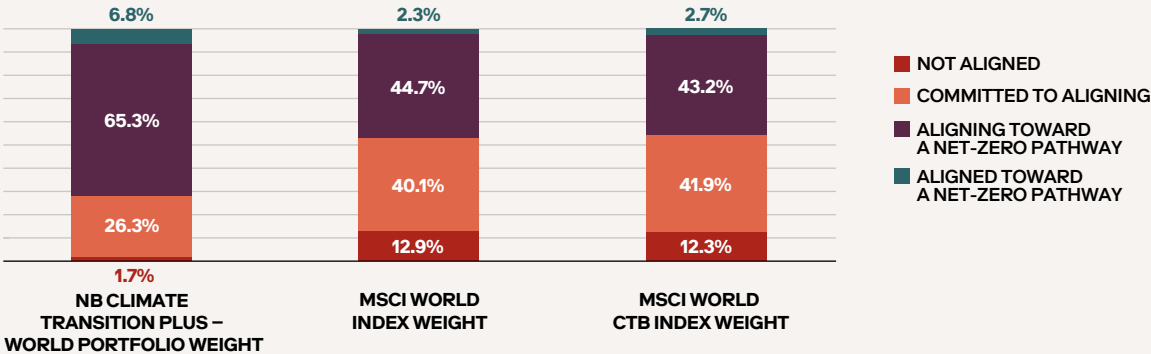
An active approach allows for greater flexibility, forward-looking assessment, and meaningful engagement. Active managers can identify companies making progress, allocate capital across sectors essential to the energy transition, and engage with management and boards while aligning portfolios with client objectives.

Against this backdrop, the Neuberger Climate Transition Plus – World Equity strategy invests in companies that they believe are positioned to benefit from the transition to a low-carbon economy. The strategy leverages Neuberger’s Net-Zero Alignment Indicator to assess progress toward net zero and drive future carbon reductions.

Key features include:

- **Improved net-zero alignment:** Relative to MSCI World, exposure to the ‘Not Aligned’ category is reduced from 13% to 2%, and the overall alignment score increases by 11%.
- **Carbon reduction:** Over 55% carbon-footprint reduction relative to MSCI World.
- **Active engagement:** 3,200+ annual equity engagements supported by a 28+ person Stewardship and Sustainable Investing group and 50+ person team of equity analysts. Approximately 72% of current portfolio holdings have been actively engaged.
- **Targeted risk budget:** Quantitative portfolio construction designed to maintain target tracking risk of 1%.
- **Alpha generation:** Balances risk budget between improving net-zero alignment and alpha opportunities.

Further detail is available in our white paper: [*The Limitations of Passive Investing to Achieve a Net-Zero Outcome*](#).



As of December 31, 2025. MSCI CTB refers to MSCI World ESG Enhanced Focus CTB Index

STRATEGY HIGHLIGHT: CLIMATE TRANSITION MULTI-SECTOR CREDIT

Since its inception, the Climate Transition Multi-Sector Credit strategy’s focus has shifted from emissions reductions to alignment and engagement. While the reduction of portfolio carbon footprints remains critical, the strategy prioritizes supporting high-emitting companies—particularly in the high yield and bank loans sectors where many issuers are private—utilizing engagement to transition to a low-carbon economy. This approach aims to ensure we address both current emissions and the systemic changes required for long-term decarbonization.

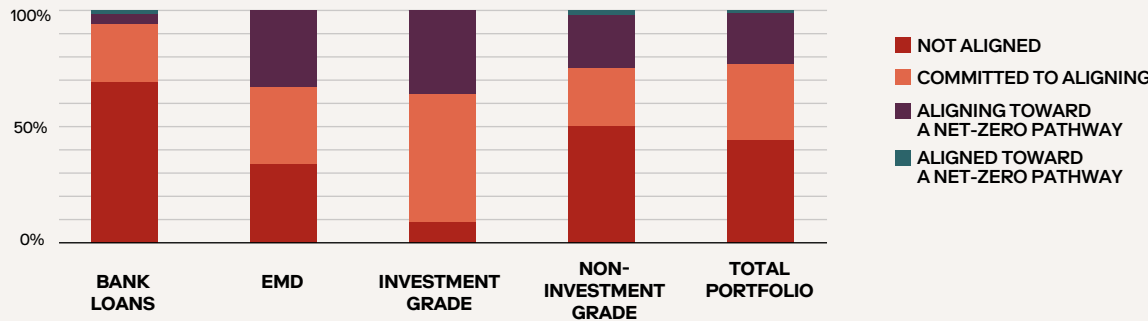
The strategy aims to achieve three key targets:

1. By 2030, at least 90% of corporate and quasi-sovereign exposures be considered as ‘Achieving Net Zero’, ‘Aligned to Net Zero’, or ‘Aligning to Net Zero’, or be subject to active engagement, with full 100% alignment targeted by 2050.
2. Reduce carbon footprint by a minimum of 30% by 2030 (relative to a 2019 baseline) and achieve net zero by 2050.

3. Securities contributing 70% of financed emissions are either aligning with net-zero pathways or subject to engagement on an ongoing basis.

Our Net-Zero Alignment Indicator underpins this approach by tracking portfolio-level progress, supporting company-level analysis, and informing targeted engagement. Integrated across the investment process, it provides a consistent framework for assessing alignment and supporting real-world decarbonisation.

Most issuers in the portfolio are classified as ‘Committed to Aligning’, ‘Aligning Toward a Net-Zero Pathway’, or ‘Aligned to a Net-Zero Pathway’. Issuers that are currently ‘Not Aligned’ are a priority for engagement, helping to inform our understanding of transition plans and future positioning. We also extend this analysis to asset classes with historically lower disclosure, such as Non-Investment Grade Bank Loans, which play an important role in financing the transition.



As of December 31, 2025

Issuer Engagement

At Neuberger, we use engagement as a tool to mitigate exposure to financially material transition and physical risks by encouraging companies and sovereigns to enhance disclosures and evaluate their practices to align them with long-term risk management. In 2025, the highlights of our climate stewardship included:

2,000
DISCUSSIONS

with corporates about material climate topics

44
SECTORS

updated with guides to net-zero alignment, carbon markets, sustainability reporting standards, nature-related risk, and sector-specific guidance to reflect evolving policy and regulatory developments

LISTED EQUITY AND CORPORATE FIXED INCOME

Neuberger's fixed-income and equity teams share resources and collaborate on external engagements, which allows both teams to leverage and benefit from all engagements regardless of the asset class hosting them. Our reasons for engaging with issuers can also differ by asset class, making collaboration especially important. For example, the equities team may choose to engage regarding a company's upcoming annual general meeting and proxy vote, whereas the fixed-income team may be more concerned with an upcoming issuance or material change to a company's credit profile. Because our teams work together, we can host more holistic and productive engagements regardless of each team's focus. Moreover, our research analysts and portfolio managers across both asset classes use dedicated research-management tools to log and track each engagement.

Insights generated through our climate risk and opportunity assessment tools may play a role in shaping engagement priorities. Analysts use outputs from climate tools and metrics to identify financially material climate-related risks and opportunities where improved transition planning or disclosure could enhance long-term resilience. These insights help determine not only which issuers to engage with but also the specific topics most relevant to each company's business model, sector, and geographic exposure.

As in prior years, climate change continues to be a focus across our engagements. Our priorities in this area include encouraging boards to establish formal oversight of climate-related risks; supporting robust emissions disclosure and alignment with TCFD recommendations; and, where issuers choose to set climate ambitions, promoting the use of science-based targets to enhance credibility and reduce greenwashing risk. We also encourage companies to disclose how they are managing financially material physical and transition risks, and we monitor management's responsiveness to investors and progress against stated objectives. Where we believe an issuer is not taking sufficient action to address financially material climate risks, we may consider investment action. Any escalation is investment-led and reflects our investment objectives, the issuer's specific circumstances, and our history of engagement with the company.

For high-emitting companies, we use our Net-Zero Alignment Indicator to inform more targeted stewardship efforts where we are seeing less-than-expected progress toward net-zero alignment. Research analysts and portfolio managers can use this score and its sub-categories to drive targeted engagement toward specific areas of improvement and, in turn, use the information they learn from engaging with companies to inform their net-zero scores. We began tracking our discussions of Net-Zero Alignment Indicator sub-categories in 2024 for both the fixed-income and equity teams.

Between January 1, 2025 and December 31, 2025, our corporate engagement efforts related to climate included:

FIXED INCOME ³	PUBLIC EQUITY
Capital allocation	
230	91
Short- and medium-term targets	
225	74
Decarbonization strategy and green opportunities	
396	241
Physical climate risk	
40	20
Emissions performance	
157	89
Emissions disclosure	
175	123
Long-term ambition	
215	85

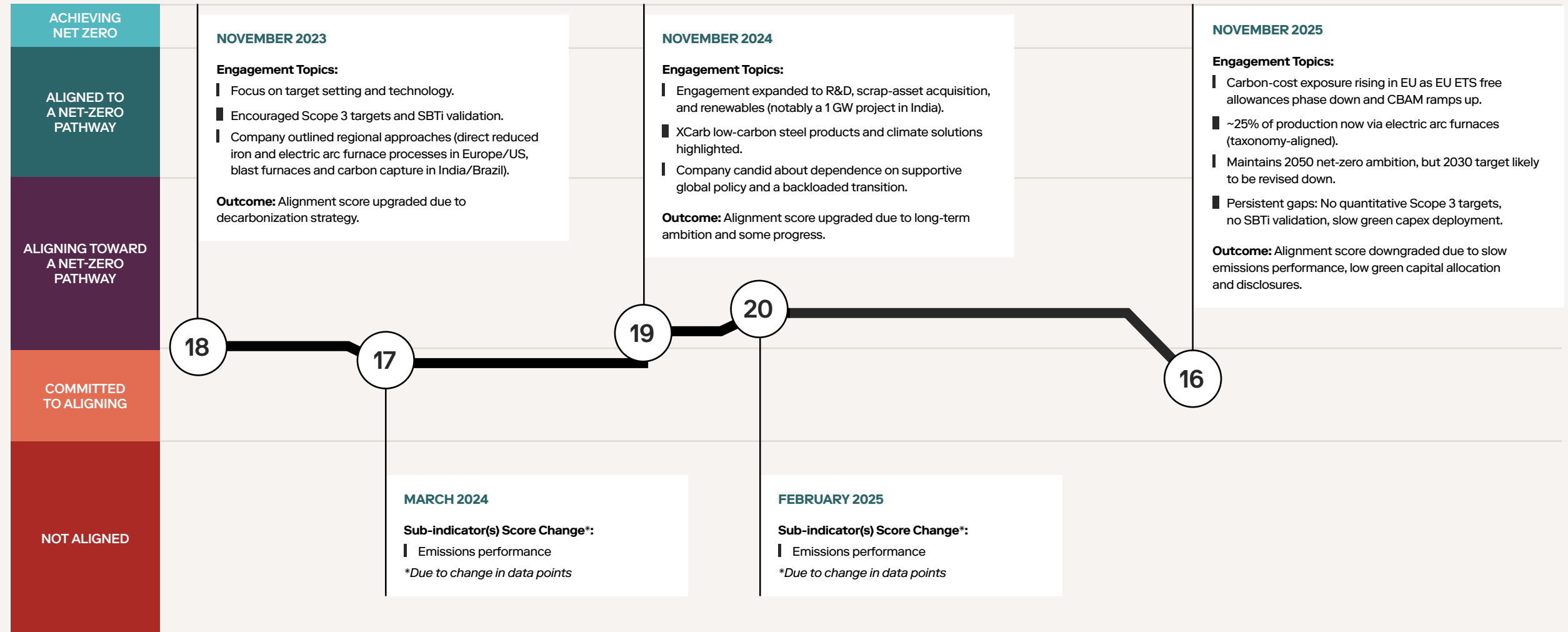
Further details on our stewardship approach, engagement activity, and supporting data is available in our annual [Stewardship and Sustainable Investing \(SSI\) Report](#) and [UK Stewardship Code Report](#).

3. We began tracking engagements per topic for Emerging Market Debt engagements in 2025

CORPORATE ENGAGEMENT CASE STUDY – ARCELORMITTAL (MT NA)

Our analysts use the Net-Zero Alignment Indicator to identify strengths and gaps in a company’s transition progress, insights that directly shape the topics raised during engagement. Following a conversation, analysts can feed qualitative findings back into the indicator through score overrides, creating a continuous feedback loop that allows transition progress to be monitored over time.

NET-ZERO ALIGNMENT STATUS AND ENGAGEMENTS OVER TIME



SOVEREIGN DEBT

Engaging with sovereign debt issuers on climate-related matters presents unique challenges when compared with corporate issuers, but it remains an important area of focus where opportunities arise. A sovereign debt issuer's trajectory toward sustainability is influenced by geographical, historical, demographic, and socioeconomic factors, often resulting in gradual progress. As investors, we rely on commitments made by policymakers, such as those outlined in Nationally Determined Contributions (NDCs). However, these high-level documents often lack detailed implementation strategies. We view it as our responsibility to assess how a sovereign debt issuer intends to fulfill its commitments and identify gaps in execution, such as incomplete transition plans for key sectors like transportation or agriculture. We believe that engagement through industry initiatives can play a meaningful role in enhancing a sovereign debt issuer's climate resilience and supporting its ability to deliver sustainable long-term returns.

PRIVATE MARKETS (GP ENGAGEMENT)

Engagement remains a key means to collaborate with private-equity managers. In addition to broader integration of financially material environmental, social, and governance factors on behalf of certain client mandates, Neuberger Private Markets engages with private-equity managers for certain client mandates or upon client request on a range of climate-related topics. This encourages greater disclosure of climate data and provides education related to net-zero initiatives and implementation considerations.

SOVEREIGN DEBT ISSUER ENGAGEMENT CASE STUDY – BRAZIL

Background

Brazil is recognized for having one of the cleanest energy mixes in the world, with renewable sources making up 48% of total energy demand and 90% of electricity generation as of 2022. As of September 2024, the government had pledged to cut its greenhouse-gas (GHG) emissions by 53% by 2030 relative to 2005 levels, aiming for climate neutrality by 2050.

Engagement Scope and Process

The Emerging Markets Debt team conducts regular meetings with Brazilian officials to gain insights into the government's initiatives to reduce emissions and to motivate authorities to pursue additional measures, as the team believes these efforts will enhance Brazil's attractiveness as an investment destination in the long term.

Engagement Outcomes

Since our last meeting on Brazil's broader climate commitments, the authorities submitted a second Nationally Determined Contribution (NDC) document to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat, now targeting a net GHG reduction of 59 - 67% from 2005 levels by 2035.

The government is also reviewing the National Climate Change Policy (PNMC) to incorporate sectoral mitigation and adaptation strategies for the period leading up to 2035, along with indicative sectoral targets for 2030 and 2035. These aspects are now elaborated upon in the revised NDC. We anticipate ongoing communication with authorities regarding specific sectoral targets.

We have engaged with the Ministry of Finance concerning energy-sector emissions and the specific issue of coal subsidies in the 2025 budget. These subsidies were established by the previous administration, which has been critical of climate-change efforts, and we understand that coal projects would not be economically viable without them.

The Ministry of Finance responded positively to our inquiries regarding coal subsidies, indicating that while they will persist in the 2025 budget, efforts are in progress to gradually reduce them. A recent presidential veto on legislation regulating offshore wind power plants, which included provisions related to coal power, aligns with this aim.

Outlook

We continue to monitor the government's initiatives to address emissions and are encouraged by their commitment to advancing the reduction of coal dependency and identifying sectoral targets.

ENGAGEMENT OPPORTUNITY SUSTAINABLE DEVELOPMENT GOAL



Ensure access to affordable, reliable, sustainable, and modern energy for all.



Take urgent action to combat climate change and its impacts.

Industry Engagement

Industry engagement is a vital part of Neuberger’s climate strategy. We engage proactively with policymakers, regulators, industry bodies, and clients to help shape evolving frameworks, strengthen disclosure standards, and promote market integrity. Through public consultations, trade associations, and global initiatives, we advocate for the investor perspective, collaborating on thought leadership, joint research, and the development of tools that sharpen climate-related analysis and decision-making. We also bring clients and stakeholders into the conversation directly, through events, forums, and ongoing dialog.

POLICY ADVOCACY

Policymakers play an important role in setting reporting and disclosure standards and reducing greenwashing by clarifying sustainability-related terminology. We therefore proactively engage with them—through formal letters to financial regulators and responses to policy consultations—on topics ranging from corporate disclosure of sustainability metrics to fund disclosure and labeling regimes.

Throughout 2025, we engaged on policy discussions and consultations impacting asset managers, our clients, and investee companies, including:

The Financial Reporting Council (FRC) public consultation on the U.K. Stewardship Code
The Japanese Financial Services Agency (FSA) public consultation on proposed revisions to Japan’s Stewardship Code
The European Commission’s SFDR Level 1 review call for evidence
The Australian Government’s treasury consultation on sustainable investment product labels
The U.K. Department for Business and Trade (DBT) consultation on U.K. Sustainability Reporting Standards and Transition Plans
The European Financial Reporting Advisory Group (EFRAG) consultation survey on the European Sustainability Reporting Standards (ESRS) exposure draft
The International Sustainability Standards Board (ISSB) consultation on the proposed amendments to the Sustainability Accounting Standards Board (SASB)

Further detail on our public consultation engagements can be found [here](#).

INDUSTRY COLLABORATION

To exchange insights and best practices with industry peers and bring our expert views to the table on policy and regulatory topics, we also find it valuable to be an active member in key investor trade associations and other bodies. We are members of the Investment Association’s Climate Change Working Group, the Investment Company Institute’s ESG Advisory Group, the European Fund and Asset Management Association’s (EFAMA) ESG and Stewardship Committee, and other groups that actively contribute to sustainable finance policy and regulatory discussions. On an annual basis, our Stewardship and Sustainable Investing Committee reviews the membership organizations we belong to in order to ensure our memberships do not conflict with our Stewardship and Sustainable Investing Policy. Where we believe our views on a particular policy topic diverge from those of our membership bodies, we may consider engaging with such organizations to bring our views to the table and/or publishing our individual position.

OUR CONTRIBUTION TO CLIMATE-FOCUSED INDUSTRY ORGANIZATIONS

We recognize that we have a vested interest in improving the functioning of capital markets as a whole. We believe supporting best practices in stewardship and sustainable-investing activities is an important part of this effort. We believe this can best be achieved by engaging with clients and others in the investment industry, including by conducting joint research on climate-related topics and supporting the creation and use of industry-standard tools.

In light of this commitment, Neuberger Berman Asset Management Ireland Limited (NBAMIL) is a signatory to the Net-Zero Asset Managers Initiative. NBAMIL is authorized as an AIFM and UCITS Management Company by the Central Bank of Ireland and is Neuberger’s principal investment management and distribution entity operating in the European Economic Area.



- Member
- Work with IIGCC to support and help public policies, corporate action and investment practice required to address climate risk
- Bondholder Stewardship and EU Policy Working Group



- Neuberger Berman Asset Management Ireland Limited (NBAMIL) is a signatory



- Individual engager



- Funding partner
- First North American Research Funding Partner encouraging companies to set practical targets to increase disclosure of progress in the transition to low-carbon economy



- Investor Network member
- Participate in Paris-Aligned Investment Working Group

ADVANCING MARKET SOLUTIONS TO SUPPORT SOVEREIGN RESILIENCE TO CLIMATE AND EXTERNAL SHOCKS

We participated in the Bondholder Working Group (BHWG) of the London Coalition for Sustainable Sovereign Debt to help develop a proposal for debt-pause clauses designed to strengthen sovereign balance-sheet resilience to external shocks.

The objective is to help countries most exposed to climate risks preserve fiscal space when shocks hit. By providing a rules-based mechanism for liquidity relief, the effort is particularly relevant for the most vulnerable sovereigns, including low-income countries and island states where extreme weather and natural disasters can have outsized impacts.

We began by assessing prior efforts to incorporate climate- resilient debt clauses (CRDCs), including workstreams convened by the International Capital Market Association (ICMA) and Wilton Park, as well as lessons from Grenada and Barbados.

The working group—together with the Sustainable Sovereign Debt Hub (SSDH)—engaged with investors; sovereign issuers and advisors; the IMF; the World Bank; law firms; and other market bodies before presenting our approach at the Roundtable on Climate Resilient Debt Clauses and Beyond in Madrid; at London Coalition Steering Committee meetings; and through global webinars.

These insights informed a public proposal that is designed to be operationalized by emerging-market bond investors. The proposal also pairs the pause-clause concept with greater transparency and governance provisions that will reduce the likelihood of acute shocks translating into defaults, loss of market access, and setbacks to long-term investment.

ENGAGING CLIENTS THROUGH OUR CLIMATE-FOCUSED EVENTS

Global Climate Roundtables

Throughout the year, we engaged with sustainability leaders at large institutional asset owners to understand their priorities on key climate issues. The themes that emerged included financing the transition, highlighting the gap between climate ambitions and delivery, and tempering expectations for the upcoming COP.

Participants emphasized that financing the transition will require closer coordination between public and private capital, noting that current approaches remain fragmented. There was concern that policy responses often address short-term impacts rather than systemic risk, and broad agreement that clearer policy frameworks and demand-side signals could play a greater role in mobilizing private investment.

Discussions also highlighted a growing gap between stated climate ambitions and real-world delivery. Participants stressed the importance of differentiated sector-aware assessments that account for progress, disclosure gaps, and structural constraints, alongside the use of qualitative judgment to identify leaders within hard-to-abate sectors.

Looking ahead to COP, expectations were cautious, with an increased focus on deforestation and nature-related topics. More broadly, participants noted that sustained progress will depend on continued dialog between regulators, companies, and investors to translate commitments into practical outcomes in the real economy.

China Sustainable Finance Study Tour

Neuberger hosted a sustainable-finance study tour across Beijing, Suzhou, and Shanghai, bringing together global asset-owner clients to engage directly with Chinese regulators, financial institutions, and listed companies. Discussions highlighted a strong level of coordination among Chinese stakeholders on sustainability-related policies, with climate transition emerging as a central theme. Key developments included the introduction of sustainability-disclosure standards aligned with global frameworks, the expansion of climate-transition finance initiatives, and continued progress in China's national carbon-trading system, all set within the context of China's longer-term net-zero commitment.

While policy momentum around sustainable finance and climate transition was clear, conversations also underscored that investment practices remain at an earlier stage of development, with market participants still heavily reliant on third-party ESG ratings. This was seen as creating scope for deeper engagement on data quality, disclosure practices and the application of more forward-looking frameworks to assess transition progress, particularly in climate-relevant sectors.

Engagements with listed companies highlighted strong interest in communicating climate-transition strategies, low-carbon technologies, and sustainability positioning to global investors. Against a backdrop of complex geopolitics and reduced foreign capital flows, the tour reinforced the value of on-the-ground research in understanding how policy direction, corporate strategy, and capital-market reforms may influence climate-related investment risks and opportunities over time.

Insurance Roundtable on Physical Risk and Adaptation

Discussions highlighted the growing importance of understanding physical climate risk across both sides of insurers' balance sheets. Participants noted that exposure to climate hazards can arise simultaneously through underwriting activities and investment portfolios, raising questions about how physical risk is identified, monitored, and aggregated at the enterprise level. There was broad agreement that greater transparency around where physical risks reside—and how they may compound across portfolios—will become increasingly important as climate impacts intensify.

The roundtable also explored what asset owners expect from asset managers in relation to physical climate risk. Participants emphasized the need for clear comparable outputs that identify the most material physical risks within portfolios and explain how those risks are being assessed and managed. Rather than relying solely on highly granular or asset-level models, there was support for approaches that combine top-down hazard mapping with bottom-up issuer analysis and engagement, recognizing the role of adaptive capacity and management response in shaping financial outcomes.

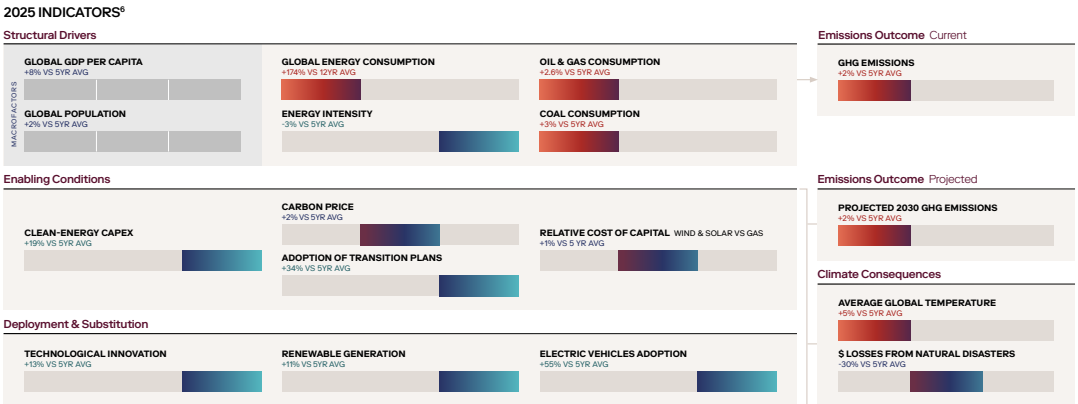
Finally, the discussion underscored the opportunity to balance physical-risk exposure with investment in adaptation and resilience solutions. Areas such as water-efficiency technologies, resilient infrastructure, and advanced cooling systems were highlighted as potential beneficiaries of increasing physical climate stress. Data centers were discussed as a case in point—both highly exposed to climate hazards and, in some contexts, contributors to local physical risk—illustrating the need for nuanced sector-specific analysis when assessing physical risk and adaptation opportunities.

THOUGHT LEADERSHIP

STATE OF DECARBONIZATION 2026

This piece of thought leadership provides a data-driven snapshot of the global energy transition at a critical juncture and assesses where momentum is accelerating, stalling, or reversing across key dimensions of decarbonization. Drawing on a range of quantitative indicators, the report evaluates progress across energy demand, emissions trends, capital allocation, technology deployment, and sector-level transition dynamics, highlighting the growing divergence between ambition and real-world outcomes.

The analysis underscores the increasing influence of structural forces—such as rising energy demand, infrastructure constraints, and uneven technology readiness—on emissions trajectories. For investors, the report offers insights into how these trends translate into risks and opportunities across regions, sectors, and asset classes. By linking transition progress to capital deployment, policy credibility, and sector-specific constraints, the State of Decarbonization 2025 aims to help investors contextualize near-term signals within longer-term structural shifts, supporting more informed portfolio positioning in a rapidly evolving low-carbon transition.



THE REPORT CAN BE ACCESSED HERE

CHINA STATE OF DECARBONIZATION & SUSTAINABLE FINANCE OVERVIEW

This white paper examines China’s energy transition and sustainable-finance landscape and the implications for global investors. Given China’s scale as a major emitter and its under-representation in global equity benchmarks, understanding its transition dynamics is critical. Drawing on Neuberger’s on-the-ground research in China, the paper outlines a framework to track transition progress, assess climate-aligned investment opportunities, and interpret the policy foundations of China’s sustainable-finance ecosystem, helping investors gauge how policy and capital allocation may translate into emissions reductions over time.

1. KEY NET ZERO INDICATORS FOR CHINA		
Summary Table		
Indicator	Trend relative to Chinese national decarbonization pathway	Comment
1. National absolute carbon emission	In line with expectation	Potential peaking before 2030
2. National carbon emission intensity	Lagging behind expectation	Down 50% vs 2005; 2025 target at risk
3. Primary energy consumption mix	In line with expectation	Non-fossil fuel mix is 20%; 25% target by 2030 and 30% by 2035
4. Coal power generation capacity	Greater than expected	Despite coal consumption mix now down to ~50%, new coal plan building permits still rising
5. China oil consumption	Lower than expected	2024 consumption declined vs 2023
6. Renewable energy buildout	Greater than expected	In 2024, 360 GW of renewable capacity added, representing >80% of incremental power installations in China
7. National carbon market	In line with expectation	China's Emissions Trading Scheme (ETS) now covers about 8 billion tons of CO2 or ~60% of China's total emissions
8. Carbon capture	In line with expectation	Capacity doubled in 3 years to ~600 Mt/year
9. CSI 800 index* net zero alignment status	>50% of CSI 800 equity index companies achieved a rating of "Committed to aligning" or higher—up just 25% in 2022	
10. CSI 800 green revenue %	The share of green revenue has risen steadily over the past three years, surpassing 9% in 2024, higher than that of the U.S. and EU indices	
11. Overall Chinese Policy Commitment to Decarbonization	High; Coordinated policy framework across disclosure, carbon markets, transition finance to enable absolute emissions reductions	

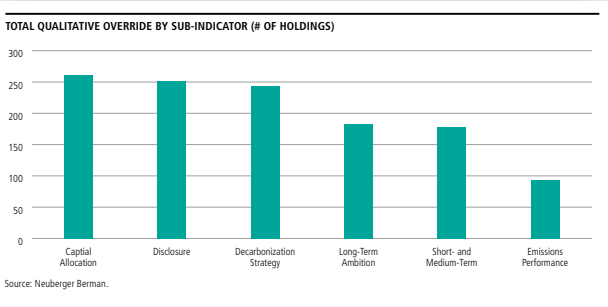
* Broad Chinese equity benchmark with 800 large-cap and mid-cap constituents as of December 31st 2024.

* Based on the IIGCC Net Zero Investment Framework.

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THE NUANCE IN NET ZERO

In The Nuance in Net-Zero, we set out Neuberger’s view that assessing net-zero alignment requires a holistic forward-looking approach that combines quantitative metrics with qualitative analysis. Drawing on our experience embedding the proprietary Net-Zero Alignment Indicator, the paper explains how integrating real-time analyst insight can address data gaps, better reflect sector-specific transition dynamics, and improve assessments of companies’ transition readiness. It also reflects lessons from applying the indicator across net-zero portfolios and outlines ongoing methodological enhancements to support more realistic decision-useful evaluations.



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Metrics, Targets, and Scenario Analysis

MEASURING CLIMATE RISKS AND OPPORTUNITIES ACROSS OUR PORTFOLIO

Investment Portfolio Emissions

At the firm level, in-scope assets for this report are approximately \$295 billion, of which \$252 billion is corporate assets and \$43 billion is in sovereign holdings. For corporate holdings, consistent with TCFD guidance, we report total carbon emissions, carbon footprint, and weighted average carbon intensity across Scope 1, 2, and material Scope 3 emissions. We report material Scope 3 emissions on a best-efforts basis according to the Partnership for Carbon Accounting Financials (PCAF) standards. In addition, we report the percentage of the portfolio that has SBTi-validated targets.

The AUM coverage varies due to data availability for underlying asset types. In aggregate, our carbon metrics cover approximately \$257 billion in assets. Carbon intensity, being revenue-based, benefits from relatively broad coverage. Total apportioned carbon emissions and carbon footprint, which rely on Enterprise Value Including Cash (EVIC), carry somewhat lower coverage as a result.

Total values may not sum due to rounding.

FIRM-LEVEL METRICS FOR PORTFOLIO CORPORATE ASSETS⁴

INDICATOR	2022	2023	2024	2025
Total Emissions (tCO ₂ e)	75,289,100	64,227,998	73,463,507	62,165,260
Scope 1 & 2	12,190,081	12,484,993	13,019,213	15,321,388
Scope 3 ⁵	63,099,019	51,743,005	60,444,294	46,843,872
Weighted Average Carbon Intensity (tCO ₂ e/\$ million revenue)	3,037	1,917	2,466	1,673
Scope 1 & 2	229	189	162	176
Scope 3 ⁵	2,808	1,728	2,304	1,497
Carbon Footprint (tCO ₂ e/\$ million invested)	1,012	850	872	630
Scope 1 & 2	71	72	64	71
Scope 3 ⁵	940	778	807	558
SBTi-Validated Targets (Market Value %)	24	29	31	30

Source: Neuberger (Holdings), S&P TruCost (emissions), MSCI (EVIC).
4. The following asset classes are excluded from calculations: Money Market securities, derivatives (e.g. OTC, CMO), Repo, Private Equity, Private Debt, Mortgages, Agencies, and Municipals.
5. Scope 3 included company investments in NACE sectors L2: 05-09, 10-18, 19, 20,21-33, 41-43, 49-53, 81.

FIRM-LEVEL METRICS FOR PORTFOLIO SOVEREIGN ASSETS

INDICATOR	2022	2023	2024	2025
Financed GHG Emissions (tCO ₂ e per \$million GDP-PPP)			incl. LULUCF	incl. LULUCF
Financed GHG Emissions - Territorial + Imports-Based (MV / GDP-PPP) * GHG Emissions	13,923,348	19,607,739	11,321,604	12,716,714
Financed GHG Emissions - Production-Based (MV / GDP-PPP) * GHG Emissions	10,979,093	15,116,544	8,317,014	9,373,084
Financed GHG Emissions - Consumption-Based (MV / GDP-PPP) * GHG Emissions	12,812,939	12,173,964	10,464,733	11,753,173
Weighted Average Carbon Intensity (tCO ₂ e per \$million GDP-PPP) ⁶				
Weighted Average Carbon Intensity - Territorial + Imports Emissions per PPP-GDP	409	525	317	300
Weighted Average Carbon Intensity - Production Emissions per PPP-GDP	322	405	233	221
Weighted Average GHG Emissions - Consumption Emissions per Capita	17	9	15	15

Source: Neuberger (Holdings), S&P TruCost (emissions, GDP, population)
6. The normalization factor for assessing sovereign carbon intensity has been debated in the investment industry, so we have included a description of the advantages and disadvantages of each type of factor in the appendix.

CORPORATE ASSETS

Between 2024 and 2025, total absolute apportioned emissions, weighted average carbon intensity, and carbon footprint all declined at the aggregate level, alongside an increase in AUM coverage across all three metrics. The broader coverage base had a directionally negative effect on Scope 1 and 2 emissions, with apportioned emissions, weighted average carbon intensity, and carbon footprint each rising as more issuers were captured. Scope 3 metrics, however, moved in the opposite direction, declining across all three KPIs. This reduction reflects, at least in part, observed volatility in TruCost-estimated emissions factors and underlying revenue data, on which our Scope 3 modeled values rely.

While the reduction in portfolio emissions is a positive directional signal, these figures are estimated and backward-looking, and should be read in that context rather than as a precise measure of decarbonization progress. We therefore complement these metrics with our proprietary Net-Zero Alignment Indicator, which provides a more forward-looking and comprehensive lens through which to assess transition progress across the portfolio.

SOVEREIGN ASSETS

For sovereign holdings, in line with the IIGCC’s formal endorsement of the PCAF standards, we include financed emissions on a territorial, production, and emissions basis, as well as weighted average carbon intensity on a territorial basis.

Between 2024 and 2025, financed sovereign GHG emissions increased across all three categories, driven in part by higher exposure to Brazil, Honduras, the Netherlands, and Saudi Arabia. However, on an intensity basis, weighted-average Territorial + Imports Emissions and Production Emissions declined, primarily reflecting a significant reduction in emissions associated with Venezuela.

Scenario Analysis

We have implemented top-down Climate Value-at-Risk (CVaR) scenario analysis for modeling transition and physical risks at the Group level in line with the recommendations of the TCFD.

CVaR provides a top-down scenario-based framework for assessing the potential long-term financial impacts of climate-related transition and physical risks on investment portfolios. The analysis models how changes in policy, technology costs, and climate hazards under different warming scenarios could affect company valuations over time.

This scenario analysis currently focuses on listed public equity and corporate issuer fixed-income holdings in the firm's U.S. mutual funds and international UCITS range. Security level outputs can be aggregated at the portfolio level to support comparative risk assessment across sectors and regions, which helps portfolio managers understand CVaR for their portfolios.

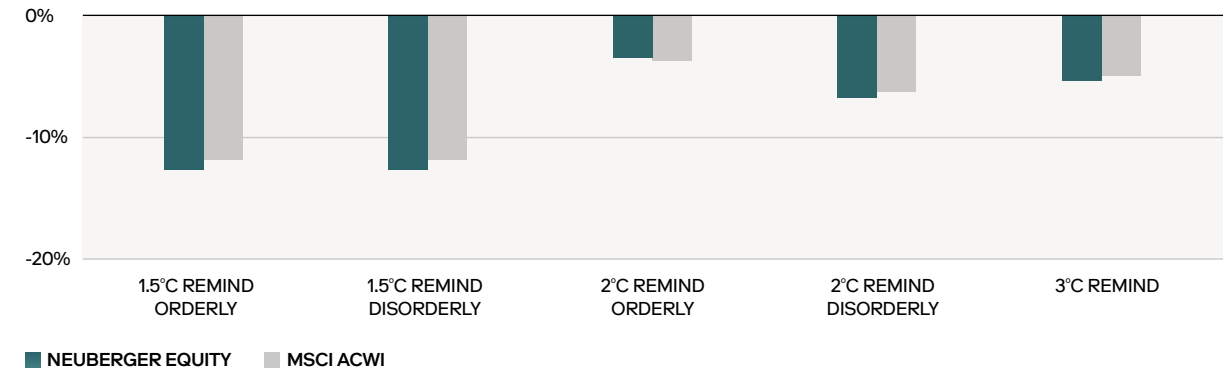
We review aggregated CVaR results for firm-wide client holdings across public equities and fixed income. We use the REMIND model under the Network for Greening the Financial System (NGFS) scenarios to understand the impact on client portfolios of orderly vs. disorderly scenarios. At year-end 2025, the coverage for this scenario analysis was \$207 billion of assets under management. Our standard approach centers around a 2°C orderly scenario. However, we also have the capability to estimate climate impacts across 1.5°C orderly, 1.5°C disorderly, 2°C disorderly, and 3°C scenarios. The differences in assumptions across scenarios are indicated in the appendix. They may underestimate impacts due to limitations in modeling adaptation measures and climate-tipping points.

The holdings-level CVaR data allows us to identify sectors and regions within our group holdings with the highest financial exposure to climate and physical risks. While some sectors exhibit higher modeled climate risk, our financial exposure to those sectors is relatively limited. Energy may stand out as a high-risk sector but it represents a small share of portfolio exposure. In contrast, sectors with larger portfolio weights, such as IT and financial and industrial sectors, display low climate risk.

Analysis shows that while some regions exhibit higher modeled climate risk, our financial exposure to those regions is generally limited. While Africa, the Middle East, and Japan display higher climate risk, they represent smaller portfolio exposures, helping to contain their contribution to overall climate risk. On the other hand, regions with larger portfolio weights like the U.S. show more moderate climate risk profiles, resulting in a more balanced risk-exposure relationship.

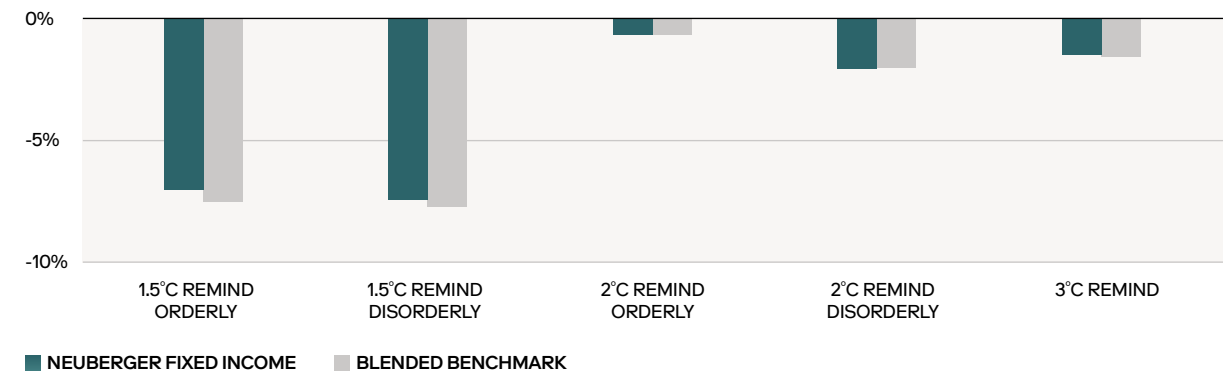
In 2025, CVaR results are broadly benchmark-like for both asset classes, with a clearer split between equity and fixed income. In equities, the portfolio shows slightly higher modeled downside than the benchmark in most pathways (1.5°C orderly and disorderly, 2°C disorderly, and 3°C REMIND), with modest relative resilience only in the 2°C orderly scenario. In fixed income, the portfolio is very close to the benchmark across all scenarios, showing modestly better resilience in the 1.5°C orderly and disorderly scenarios and under 3°C REMIND, and effectively neutral differences in the 2°C pathways.

EQUITY EXPOSURE TO AGGREGATED CLIMATE RISK



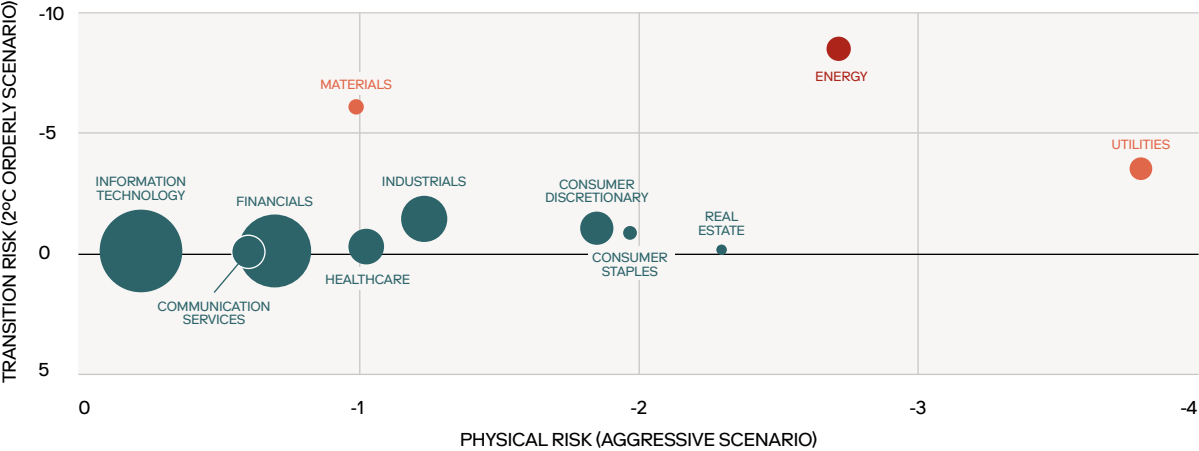
Source: MSCI. As of December 31, 2025

FIXED-INCOME EXPOSURE TO AGGREGATED CLIMATE RISK



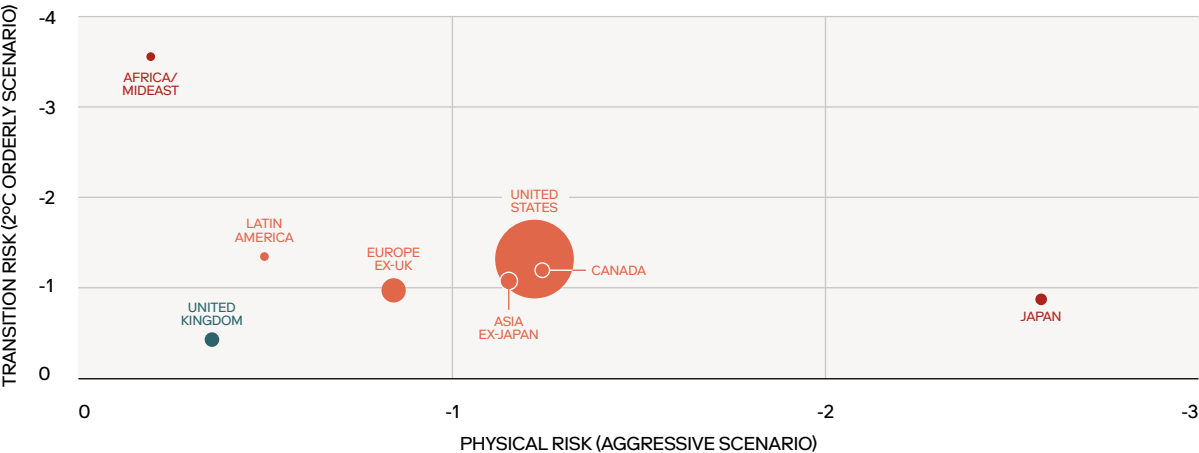
Note: Blended Benchmark: 65% BBG Global Aggregate Corporate Index/25% ICE BofA Global High Yield Index (HW00)/10% JP Morgan Corporate Emerging Markets Bond Index - Regular Diversified.
Source: MSCI. As of December 31, 2025

LOWER LEVEL OF FINANCIAL EXPOSURE ACROSS NEUBERGER GROUP HOLDINGS TO THE HIGHEST CLIMATE-RISK SECTORS



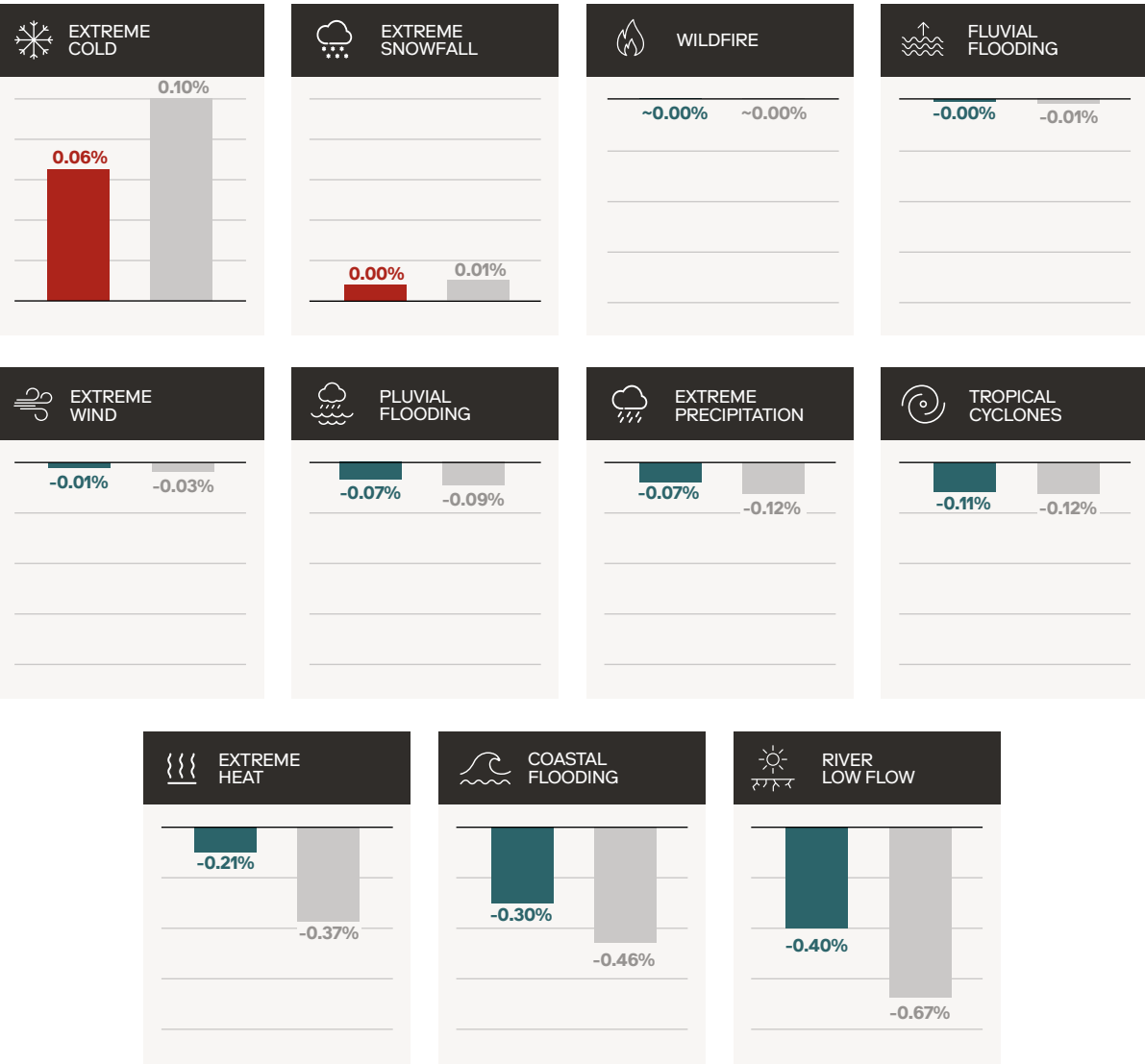
Source: MSCI. Climate impact by sector. Climate risk is shown from lowest risk overall (green) to highest risk overall (red). The circles represent holdings size.

LOWER LEVEL OF FINANCIAL EXPOSURE ACROSS NEUBERGER GROUP HOLDINGS TO THE HIGHEST CLIMATE-RISK REGIONS



Source: MSCI. Climate impact by region. Climate risk is shown from lowest risk overall (green) to highest risk overall (red). The circles represent holdings size.

LOWER IMPACT FROM MOST PHYSICAL RISKS ACROSS NEUBERGER GROUP HOLDINGS COMPARED WITH MSCI ACWI



■ LOWER NEGATIVE IMPACT ON NEUBERGER HOLDINGS RELATIVE TO BENCHMARK ■ LOWER POSITIVE IMPACT ON NEUBERGER HOLDINGS RELATIVE TO BENCHMARK ■ MSCI ACWI

Net-Zero Alignment

As part of our approach to monitoring climate-related risks and opportunities, we assess the net-zero alignment of our firm-level portfolio to understand how our invested assets are positioned on their forward-looking pathways to decarbonization. This indicator provides a directional view of how our portfolio is evolving relative to global transition trajectories, helping us identify areas of progress and potential misalignment. While the detailed methodology and portfolio-level insights are outlined in the Strategy section, the inclusion of this metric here reflects our commitment to tracking and evaluating the transition readiness of our AUM over time.

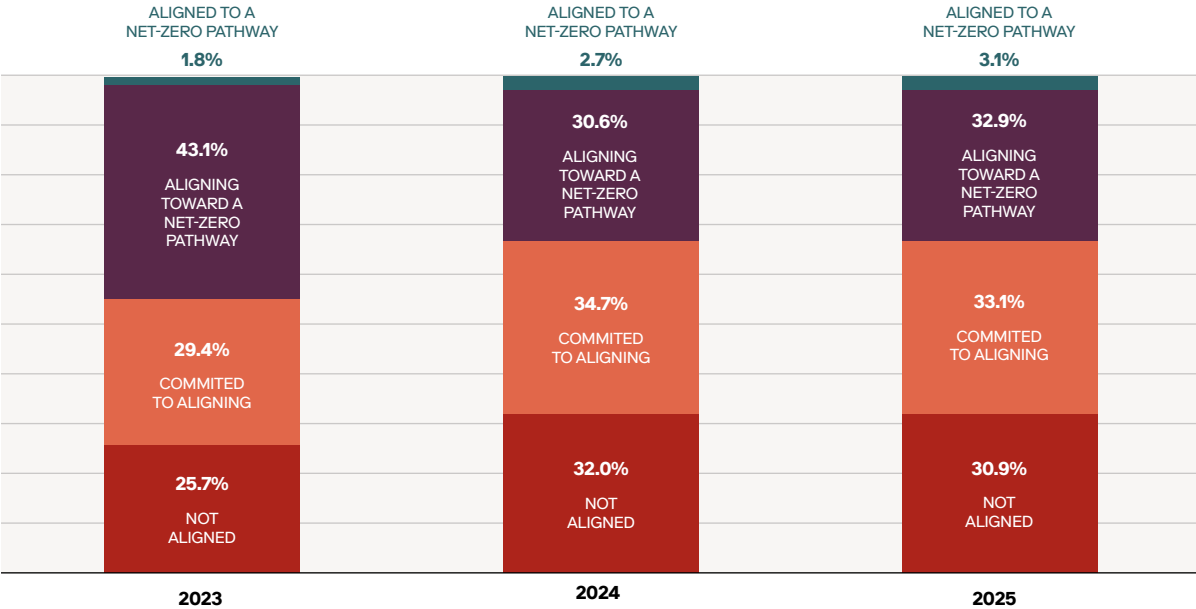
Over the 2023 to 2024 period, Neuberger’s AUM in corporate securities saw a notable shift from the higher alignment statuses toward the lower categories of Committed and Not Aligned. This reflected the combined impact of enhancements to our Net-Zero Alignment Indicator model and underlying developments in corporate climate commitments, including a net-negative shift in stated ambitions, emissions targets, and credible transition-plan disclosure, as well as the rise in removal of science-based targets signaling a broader pullback in corporate climate action.

Against this backdrop, the 2024 to 2025 period shows a slight reversal in direction. The proportion of AUM in the two highest alignment categories—Aligned and Aligning—increased from 33.3% in 2024 to 36.0% in 2025, while the share classified as Not Aligned fell to 30.9%. The Committed category remained broadly stable at around 33%.

Approximately 80% of market value was unchanged in net-zero alignment status year on year, with 20% of the portfolio seeing a change in status. Of those that did change, the direction was broadly positive, with improvements outpacing deteriorations across the majority of sub-indicators.

The most encouraging progress was seen in disclosure, decarbonization strategy, and short- and medium-term targets. On disclosure, a notable cohort of issuers appear to have moved from minimal to substantive climate reporting over the year, likely reflecting growing regulatory and investor pressure from frameworks such as TCFD and ISSB. On their decarbonization strategy, issuers are increasingly demonstrating credible and measurable plans for reducing their emissions trajectories, including some that incorporate green revenues as part of their product mix. Contrary to last year, this year’s improvement in short- and medium-term targets points to a number of

NET-ZERO ALIGNMENT STATUS FOR OUR PORTFOLIO – FIRM-LEVEL AUM⁷



issuers progressing on their decarbonization journey by setting actionable near-term commitments. Capital allocation also moved in a positive direction, though more gradually, reflecting that the structural reorientation of investment and expenditure toward transition-compatible activities is inherently a longer-term undertaking.

Long-term ambition presented a more complex picture. While many issuers strengthened their net-zero commitments over the year, a meaningful subset saw their scores revised downward due to corporate pullback in their net-zero ambitions, as well as due to a newly introduced credibility adjustment that penalizes long-term targets where there is insufficient evidence of a concrete decarbonization strategy laying out a credible roadmap for delivery. This reflects a deliberate evolution in our methodology: we believe that a stated ambition without

an underlying plan offers limited assurance to investors, and our indicator is designed to reflect that distinction.

Emissions performance remained the most changed and evenly balanced indicator, with both improvements and deteriorations observed across the issuer base. This is consistent with the inherent sensitivity of reported emissions data to year-on-year factors such as methodology changes, scope revisions, and fluctuations in economic activity, and should be interpreted with appropriate caution. While actual emissions reduction remains the ultimate measure of real-world progress, it is expected to be the last indicator to show consistent directional improvement, and it is for this reason that our indicator places significant weight on the forward-looking dimensions of alignment, such as target quality, transition planning, and green capital allocation.

7. This assessment covers corporate holdings for which sufficient data are available and excludes look-through exposure to funds and ETFs held in the portfolio.

Natural-Capital Assessment

Alongside our tools to assess climate-related risks, we have also created a top-down tool to assess where portfolios could be exposed to financially material risks associated with dependencies and pressures on nature.

Using ENCORE⁸, we have developed a top-down natural-capital heatmap that identifies sectors with the highest relative potential exposure to processes that are dependent on and impact ecosystem services. First, we create a coefficient at the sub-industry and ecosystem service level based on the ENCORE data, which averages all the processes within the sub-industry and their level of dependency and impact on nature. Second, we multiply the coefficient by Neuberger’s client AUM invested in the sub-industry to get relative exposure. Finally, we sum up the exposure at the sector level.

8. ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is a free online tool that helps organizations explore their exposure to nature-related risk and take the first steps to understand their dependencies and impacts on nature. ENCORE sets out how the economy – sectors, sub-sectors, and activities – depends and impacts on nature. The ENCORE tool is maintained and continuously improved by Global Canopy, UNEP FI and UNEP-WCMC, who together form the ENCORE Partnership, which was previously known as The Natural Capital Finance Alliance (NCFA).

NATURAL-CAPITAL HEATMAP SHOWING RELATIVE EXPOSURE TO DEPENDENCIES ACROSS NEUBERGER’S CLIENT AUM⁹

SECTORS	COMMUNICATION SERVICES	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	FINANCIALS	HEALTHCARE	INDUSTRIALS	IT	MATERIALS	REAL ESTATE	UTILITIES
% AUM	8%	8%	3%	7%	21%	8%	11%	19%	4%	3%	7%
ECOSYSTEM SERVICES DEPENDENCIES											
AIR FILTRATION											
BIOLOGICAL CONTROL											
BIOMASS PROVISIONING											
EDUCATION, SCIENTIFIC & RESEARCH SERVICES											
FLOOD-MITIGATION SERVICES											
GENETIC MATERIAL											
GLOBAL CLIMATE REGULATION											
LOCAL (MICRO & MESO) CLIMATE REGULATION											
NOISE ATTENUATION											
NURSERY POPULATION & HABITAT MAINTENANCE											
OTHER PROVISIONING SERVICES – ANIMAL-BASED ENERGY											
OTHER REGULATING & MAINTENANCE SERVICE – DILUTION BY ATMOSPHERE & ECOSYSTEMS											
OTHER REGULATING & MAINTENANCE SERVICE – MEDIATION OF SENSORY IMPACTS (OTHER THAN NOISE)											
POLLINATION											
RAINFALL-PATTERN REGULATION											
RECREATION-RELATED SERVICES											
SOIL AND SEDIMENT RETENTION											
SOIL-QUALITY REGULATION											
SOLID WASTE REMEDIATION											
SPIRITUAL, ARTISTIC & SYMBOLIC SERVICES											
STORM MITIGATION											
VISUAL AMENITY SERVICES											
WATER-FLOW REGULATION											
WATER PURIFICATION											
WATER SUPPLY											

DEPENDENCY HIGH LOW

9. This assessment covers corporate holdings for which sufficient data are available and excludes look-through exposure to funds and ETFs held in the portfolio.

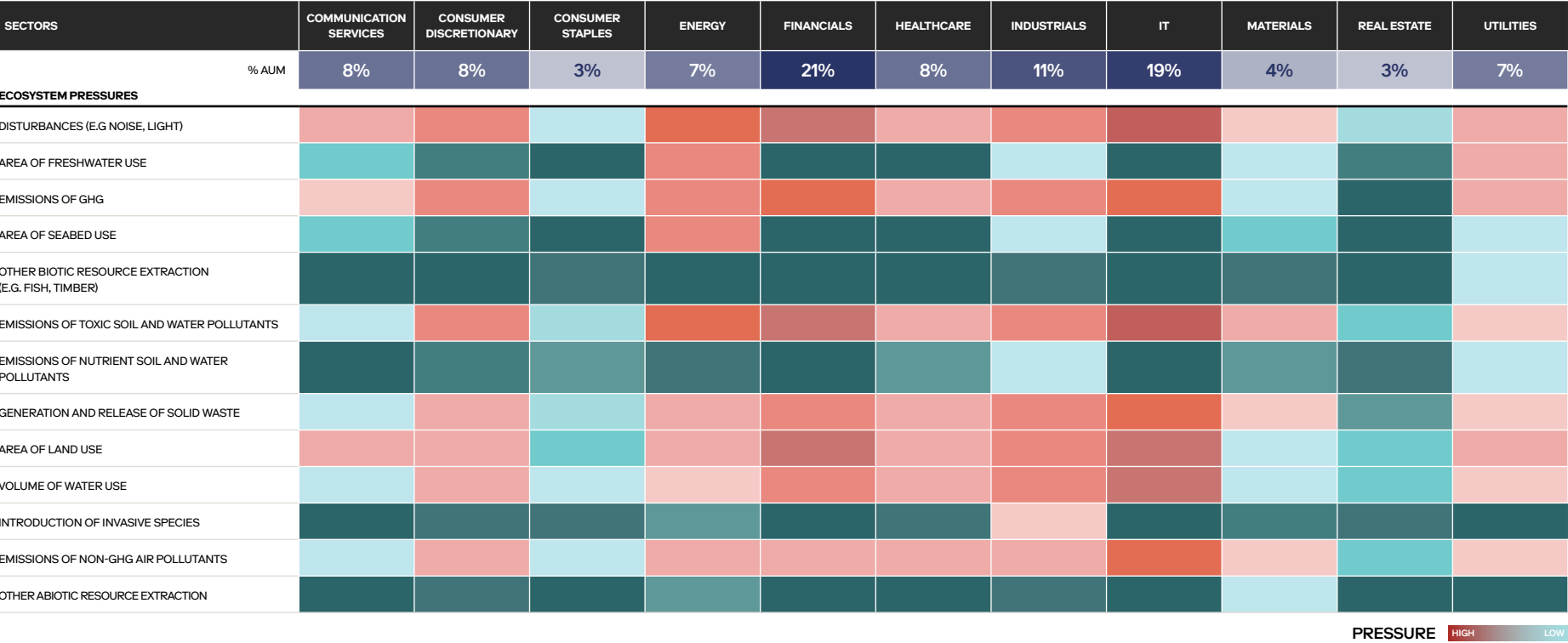
WHERE THE PORTFOLIO DEPENDS MOST ON NATURE

The portfolio’s dependency exposure is most concentrated in information technology, industrials, and healthcare, with consumer discretionary and energy also contributing. The attributes driving this are predominantly water-related—water-flow regulation, flood mitigation, storm mitigation, and water supply—reflecting a meaningful reliance on hydrological stability across a wide range of portfolio holdings. Besides, the portfolio’s high AUM exposure to Information Technology amplifies the overall dependency risk in this sector.

At the sub-industry level, semiconductors stands out as the most material source of dependency. Chip manufacturing is a water-intensive industrial process, and the sector’s expansion into water-stressed regions has made this dependency increasingly relevant to operational and supply-chain continuity.

Pharmaceuticals and biotechnology also face significant nature dependencies, and for reasons that go beyond water. Both sub-industries rely on water-intensive manufacturing, but also draw on biodiversity and genetic material as inputs to research and drug development. This makes nature loss a long-term risk to innovation, not just an environmental consideration. Electric utilities carries meaningful dependency through its reliance on water for cooling and, in the case of hydropower, on river-flow availability. Systems software also features, reflecting the substantial water and land requirements of the data-center infrastructure underpinning cloud computing and AI services.

NATURAL-CAPITAL HEATMAP SHOWING RELATIVE EXPOSURE TO PRESSURES ACROSS NEUBERGER’S CLIENT AUM¹⁰



WHERE THE PORTFOLIO HAS THE LARGEST PRESSURE FOOTPRINT

Information technology accounts for the largest share of aggregate pressure, followed by industrials, consumer discretionary, and energy. As with dependency risk, the portfolio’s high AUM exposure to Information Technology amplifies overall pressure risk within the sector. Energy features more prominently on pressure than on dependency, given the land use and emissions footprint of fossil-fuel extraction and processing. The

dominant pressure attributes across the portfolio are toxic emissions to soil and water, disturbances (noise and light pollution), land use, and water use, with GHG and air pollutants present throughout.

Electric utilities is the most significant source of pressure, with exposure spanning disturbances, freshwater use, land occupation, and pollutants. Semiconductors is similarly prominent because the same processes that drive water dependency also generate hazardous chemical and solid waste, and impose physical disturbance on surrounding environments.

Systems software may contribute through its data-center footprint, which carries a growing electricity, water, and land profile as AI workloads expand. Hyperscale facilities rely on evaporative cooling systems that can require large quantities of water per day. Pharmaceuticals contributes through toxic emissions and waste from chemical manufacturing, while the presence of diversified banks in the higher-pressure tier largely reflects the amplifying effect of a large AUM allocation to the financials sector.

10. This assessment covers corporate holdings for which sufficient data are available and excludes look-through exposure to funds and ETFs held in the portfolio.



Governance and Risk Management

OVERSIGHT AND MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Governance

As a private 100% independent employee-owned investment manager, Neuberger is structurally aligned with the long-term interests of our clients. We have no external parent or public shareholders to serve, nor other lines of business to distract us from our core mission, which is to serve our clients. Our Board of Directors consists of seven directors, one of whom is the firm's Chief Executive Officer, with the remaining six appointed by members of the firm. Four directors are independent within the meaning of the New York Stock Exchange's listing requirements.

Neuberger's governance structure includes four key committees: Partnership, Operating, Investment Risk, and Operational Risk. These committees discuss a variety of topics, including environmental, social, and governance issues and climate-related risks and opportunities that are financially material during the normal course of business.

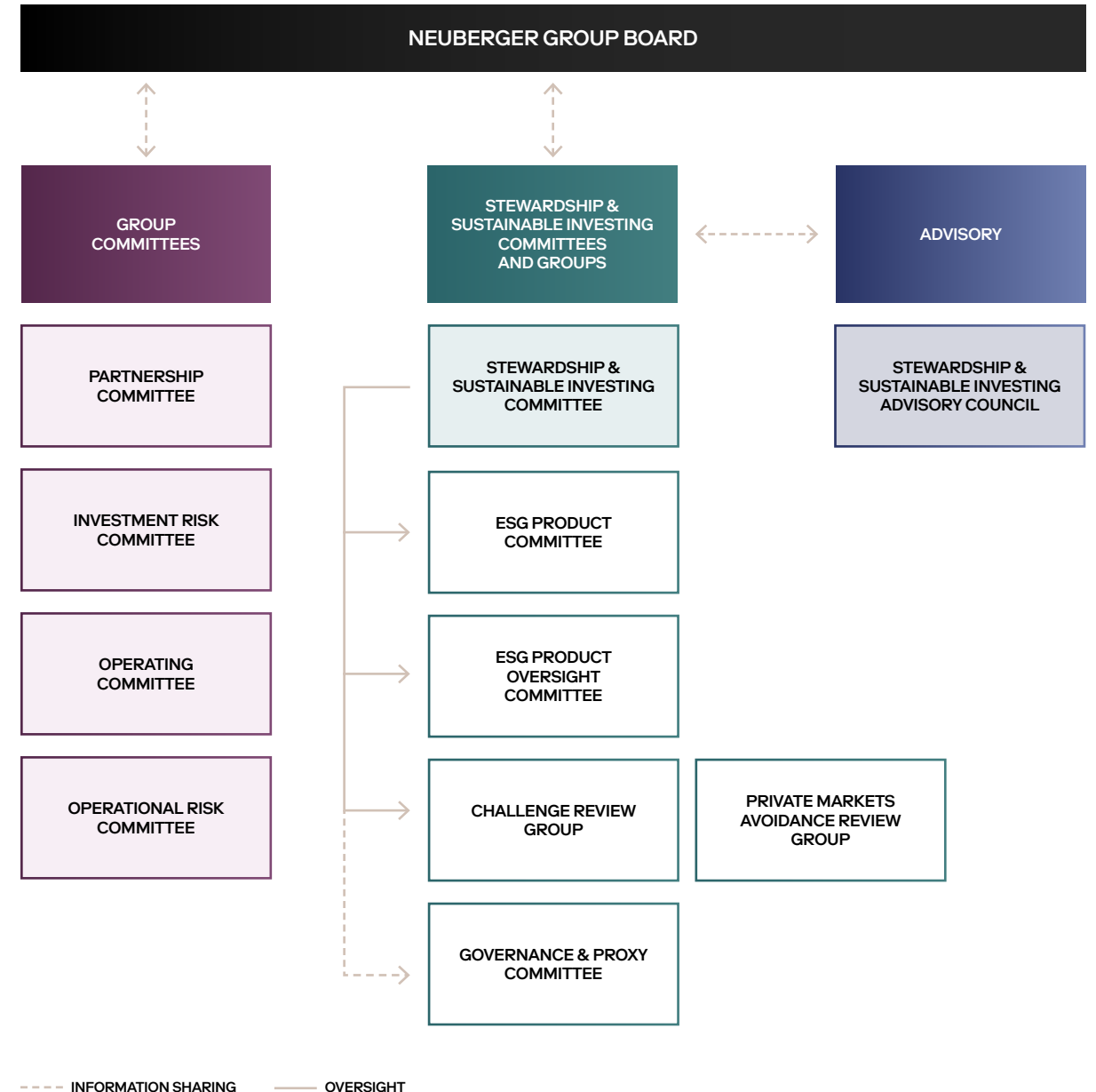
BOARD OVERSIGHT

The Board reviews and approves the Neuberger Group Strategy, which includes the Stewardship and Sustainable Investing Strategy. As a subset of all enterprise-wide risks, the Board oversees climate-related enterprise risk and reviews the firm's approach to climate-related risks and opportunities at least once a year.

Where Neuberger has integrated financially material environmental, social, and governance risk factors and climate-related risks into its day-to-day operations—including into budget, overall strategy, capital management, risk management, and other matters that the Board oversees—this is reflected in the materials that are provided to the Board. The Board is periodically updated on the firm's progress on its commitment to the Net Zero Asset Managers Initiative¹¹. In addition, the Board receives materials and information from the Stewardship & Sustainable Investing Advisory Council, which consists of six industry experts and provides guidance on emerging sustainability topics.

MANAGEMENT RESPONSIBILITY

Senior management is responsible for overseeing the firm's operations, risk department, and investment professionals. As a subset of overall management, senior management oversees climate-related risks and opportunities. The CEO is responsible for updating the Board on material topics and climate-related risks and opportunities. The CEO is supported by the Global Head of Stewardship and Sustainable Investing, the Head of Investment Risk, Chief Investment Officers, and the Chief Operating Officer. The Global Head of Stewardship and Sustainable Investing and the CIOs ensure appropriate climate expertise and analytical capabilities are in place to support portfolio managers and research analysts in understanding the implications of climate change for security analysis and portfolio construction.



11. NBAMIL is a signatory to the Net-Zero Asset Managers Initiative. NBAMIL is authorized as an AIFM and UCITS Management Company by the Central Bank of Ireland and is Neuberger's principal investment management and distribution entity operating in the European Economic Area.

NEUBERGER GROUP COMMITTEES

COMMITTEE	DESCRIPTION	CLIMATE OVERSIGHT
Partnership Committee	The committee consists of leaders from large businesses and client channels, large equity holders and senior management across asset classes, including the Global Head of Stewardship and Sustainable Investing. It engages in how to develop the firm's investment strategies and client franchise through evolving markets while enhancing our firm culture.	Engages in discussion on material climate-related risks and opportunities as part of the normal course of business.
Operating Committee	This committee consists of global heads of the firm's operating platforms, including marketing and product COOs across asset classes. It promotes high-quality execution of our business goals, including opportunities for global scale, regional specialization, and workforce development.	Discusses material climate-related risks and opportunities in the context of evaluating the impacts of sustainable finance-related regulation and resourcing data and technology functions in response to demand for ESG data, including climate data.
Investment Risk Committee	This committee consists of senior investment leaders including the CRO (Chair), CEO, President and CIO of Equities and other senior investment and risk professionals. It oversees investment performance and risk evaluation, acts as an escalation point for investment risks, evaluates the suitability of new products under consideration, and oversees and reviews commingled fund liquidity.	Discusses material climate-related risks related to investment strategies and asset classes.
Operational Risk Committee	Includes senior operations leaders like the Head of Business Risk (Chair), CRO, COO, CFO, CTO, CISO, General Counsel of Asset Management and other senior risk, operations, and technology professionals. It provides oversight of—and acts as an escalation point for—risks that may expose the firm to uncompensated loss or significant business disruption and acts as a forum for review and approval of actions taken to mitigate, manage, or accept those risks.	Discusses material climate-related risks as a subset of enterprise-wide operational risks.

STEWARDSHIP & SUSTAINABLE INVESTING COMMITTEES AND GROUPS

COMMITTEE	DESCRIPTION	CLIMATE OVERSIGHT
Stewardship and Sustainable Investing Committee	Chaired by the Global Head of Stewardship and Sustainable Investing, this committee consists of senior investment professionals across all asset classes, as well as from client coverage, risk management, legal and compliance, and marketing. It reviews the firm's investing strategy and policy to propose amendments, and also serves as a forum to share research, drive deeper engagement, and foster innovation on sustainability topics.	The committee reviews the firm's approach to climate-related risks and opportunities at least once a year, as well as periodically reviewing progress on our commitment to the Net Zero Asset Managers Initiative. ¹²
ESG Product Committee	Chaired by the Global Head of Stewardship and Sustainable Investing, this committee includes the CIO for equities. It oversees previously approved sustainability-related commitments made at the product and/or investment strategy level as established by the Stewardship and Sustainable Investing Policy.	Oversight includes claims made in relation to climate-related risks and opportunities, as well as approving the setting of net-zero targets that have been requested or previously approved at the product and/or investment strategy level.
Global ESG Product Oversight Committee	Co-chaired by the Head of Business Risk and the Head of Investment Risk, this committee includes the Global Head of Stewardship and Sustainable Investing, Head of Product Development, and other senior leaders across legal and compliance, marketing and risk. It oversees sustainability-related commitments made at the product and/or investment strategy level.	Oversight includes commitments made at the product and/or investment strategy level as established by the Stewardship and Sustainable Investing Policy. The committee also monitors progress toward net-zero alignment for products and clients that have set net-zero targets.
Challenge Review Group	Includes selected members of the Stewardship and Sustainable Investing Committee, Head of Investment Risk, and representatives from the Asset Management Guideline Oversight (AMGO) and legal and compliance teams. The committee is responsible for reviewing appeals submitted by investment teams against issues identified as prohibited by applicable avoidance policy.	The committee discusses financially material environmental, social, and governance topics and climate-related risks and opportunities relevant to applicable avoidance policies.
Governance & Proxy Committee	Chaired by the President & CIO for equities, this committee consists of senior investment professionals across equities supported by the Stewardship and Sustainable Investing Group. It oversees application of firmwide proxy voting guidelines and procedures, including NB Votes Initiative.	Oversight of proxy voting guidelines and procedures, the application of proxy voting guidelines, and oversight of NB Votes on climate-related proposals.

12. NBAMIL is a signatory to the Net-Zero Asset Managers Initiative. NBAMIL is authorized as an AIFM and UCITS Management Company by the Central Bank of Ireland and is Neuberger's principal investment management and distribution entity operating in the European Economic Area.

STEWARDSHIP & SUSTAINABLE INVESTING ADVISORY COUNCIL



Vijay Advani

Former Executive Chairman of Nuveen, the Investment Management arm of TIAA, and current Chairman of the U.S.-India Business Council Global Board of Directors



Ben Caldecott

Director at Oxford Sustainable Finance Programme and Founding Director of the U.K. Centre for Greening Finance & Investment



Janine Guillot

Former Special Advisor to the Chair of the International Sustainability Standards Board



Mindy Lubber

President and CEO of Ceres, a sustainability-focused non-profit organization based in Boston, MA



George Serafeim

Charles M. Williams Professor of Business Administration and Chair of the Impact-Weighted Accounts Project at Harvard Business School

KEY TAKEAWAYS FROM QUARTERLY FORUMS



2025

MARCH

Sustainability-Related Investments in China

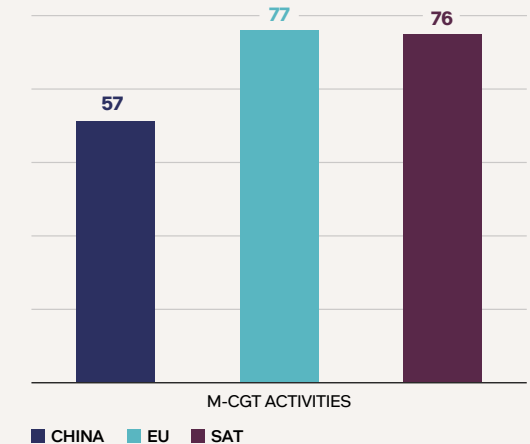
- **China positioning as a climate policy leader:** With the U.S. stepping back from the global climate stage, China (alongside Europe) is expected to drive regulation and green trade initiatives.
- **Taxonomy harmonization gaining traction:** The China-E.U. Common Ground Taxonomy (CGT) and Multi-Jurisdictional Common Ground Taxonomy (M-CGT) are aiming to create a more standardized definition of “green” investments, supporting cross-border capital flows and potentially shaping global investment frameworks.
- **Clarity around taxonomy’s purpose is critical for fund messaging:** Discussions around taxonomies can often be confusing and muddle the messaging for a portfolio. It is important to ensure clarity around the taxonomy’s purpose within fund strategy, whether helping to define the investable universe or assess alignment of potential investment opportunities.

Sustainability-Related Reform in Japan

Impact of U.S. Administration on Stewardship and Sustainable Investing

E.U. Competitiveness Compass and Omnibus Update Debrief

NUMBER OF OVERLAPPING ALIGNED ACTIVITIES DEFINED BY MGCT AND OTHER TAXONOMIES



JUNE

Neuberger Sovereign Net-Zero Alignment Indicator ■ Neuberger’s Annual State of Decarbonization | Proxy Season & NB Votes Debrief

SEPTEMBER

Future State of Stewardship ■ Climate Week | Neuberger Industry Materiality Matrix and Quotient

DECEMBER

Artificial Intelligence (AI) ■ COP30 Review | Quarterly Reporting Requirements ■ Future State of Equity Markets

Risk Management

Risk management has been central to Neuberger’s investment culture since our founding in 1939. As an employee-owned manager, Neuberger focuses on identifying and managing risk to our clients, risk to our portfolios, and risk to our reputation. Our overall risk-management structure operates under a ‘three lines of defense’ model:

First Line Business-management personnel are responsible for identifying and mitigating risks, as well as taking the lead when implementing and maintaining appropriate controls.

Second Line The control oversight functions within the Risk, Legal & Compliance groups to oversee investment, operational, and counterparty risks, as well as compliance with regulatory/legal requirements. Our Stewardship and Sustainable Investing Group provides guidance on environmental, social, and governance matters like climate risk.

Third Line The Internal Audit Group provides independent assurance of business and operational responsibilities and reports to the Neuberger Audit Committee.

FIRST LINE: IDENTIFICATION AND MITIGATION OF RISKS

Investment teams are responsible for identifying and managing climate-related risks within their investment processes. Portfolio managers, private markets professionals, and credit and equity analysts integrate financially material environmental, social, and governance factors—including climate—into investment decisions through bottom-up analysis informed by top-down expertise. This approach allows for strategy-specific judgement while enabling knowledge-sharing and best-practice development across the platform.

Climate-risk assessment combines traditional metrics with forward-looking tools, which are described in the Strategy section of this report. While backward-looking indicators such as carbon intensity and absolute emissions are used to monitor portfolio-level trends, investment teams also apply Climate Value-at-Risk (CVaR) and Neuberger’s Net-Zero Alignment Indicator to assess transition and physical risks and evaluate issuer progress toward net zero.

Climate-related data—including carbon footprint, CVaR, SBTi adoption, exposure to climate solutions, and net-zero alignment—is integrated into the Neuberger Quotient, our proprietary environmental, social and governance score, which which may inform internal credit ratings and portfolio construction across public equity and fixed-income strategies.

Together, these tools support investment teams in identifying, monitoring, and managing climate-related risks across public equity and fixed-income portfolios.

SECOND LINE: OVERSEEING INVESTMENT, OPERATIONAL, AND COUNTERPARTY RISK

Our independent Risk Group—Investment Risk, Operational Risk, Asset Management Guideline Oversight (AMGO) and Central Supervision—oversees strategies and funds that integrate financially material environmental,

social, and governance factors in their investment process, including climate risk. Oversight may include:

- **AMGO** conducts avoidance monitoring, including sustainability-related avoidances. Pre-trade restrictions are coded into order-management systems to alert portfolio managers to potential breaches of client or fund guidelines at trade entry. Alerts are monitored to identify positions out of compliance, including passive breaches. AMGO also performs reviews to assess restrictions not automated in the system. Potential violations are resolved with Portfolio Management, Investment Risk, and/or Legal & Compliance.

- **Investment Risk** may review ESG portfolio metrics versus the benchmark (e.g., allocation to high/low ESG-rated names, lowest ESG-rated name, CVaR), assess carbon-emissions data and trends for strategies with net-zero commitments, and evaluate ESG-data availability, coverage, and the suitability of quotients.

- **Operational Risk** flags errors and events related to the integration of financially material ESG factors, performing analysis and ensuring resolution.

- **The Head of Investment Risk and the Head of Business Risk** co-chair the independent ESG Product Oversight Committee. The committee reviews all strategies that integrate financially material ESG factors and provides assurance that sustainability-related claims are accurate and that investment teams are performing appropriate oversight. The committee consists of stakeholders from the Stewardship and Sustainable Investing Group, Risk, Legal & Compliance, Product and Marketing.

The Stewardship and Sustainable Investing (SSI) Group plays an important second-line role by providing subject-matter guidance on climate-related considerations. The SSI Group supports the development and consistent application of firmwide frameworks, tools, and methodologies, and advises investment teams and control functions on emerging climate-related risks, regulatory

developments, and best practices. The SSI Group does not make investment decisions but instead provides independent expertise to support risk identification, challenge, and escalation.

THIRD LINE: INDEPENDENT ASSURANCE

The Internal Audit team performs targeted audits of the Stewardship and Sustainable Investing function, as well as incorporating Stewardship and Sustainable Investing into each portfolio management team audit. It also evaluates the integration of financially material environmental, social, and governance factors into the investment process, which may include assessments of climate risks and opportunities.

ENSURING DATA QUALITY

We recognize that high-quality ESG data is fundamental to meeting our regulatory, client, and internal reporting commitments. To safeguard the integrity of the data underpinning our investment research and disclosures, our ESG Data and Reporting (ESGDaR) team maintains a multi-layered data-quality framework that detects issues and ensures reliability across the firm. Over the past few years, we have strengthened this framework by appointing a dedicated data-quality lead, expanding verification checks across key investment and reporting systems, and enhancing oversight of our proprietary datasets. Our review process now evaluates over 500,000 data points across 14,000 fields and four core ESG datasets daily, first through technical checks that identify structural file changes from vendors, and then through business-focused checks that flag anomalies in critical metrics. Automation has been central to scaling this capability, reducing manual errors and ensuring escalation of issues through new vendor-engagement channels. With this enhanced baseline in place, we are positioned to extend our data-quality controls into additional reporting areas, increase automation across client and regulatory workflows, and develop ESG metric attribution capabilities that diagnose the drivers of changes in top-line values.

RELEVANT POLICIES

1. Minimum Standards for Certain Vehicles

For certain clients and investment vehicles, we have a number of avoidance policies designed to meet client climate objectives and comply with regulations in specific jurisdictions.

Neuberger Thermal Coal Involvement Policy	Applies to all of our commingled US-registered mutual funds, exchange-traded funds, and closed-end funds and international UCITS and QIAIF fund ranges, unless otherwise specified in the relevant fund documentation. This policy subjects direct investments in companies with >25% of their revenue from thermal coal mining or companies that are expanding new thermal coal power generation to formal review and approval by Neuberger’s Stewardship and Sustainable Investing Committee before the initiation of any new investment positions in the securities of such companies. The Neuberger Thermal Coal Involvement Policy does not apply to funds that are managed by third-party sub-advisors.
Neuberger Sustainable Exclusion Policy	Implemented for certain mandates and funds that are either labeled as sustainable or impact, or specifically opt-in to using this exclusion policy. The policy represents the Neuberger minimum standards for sustainable funds and applies a higher level of exclusions than those described above, including a 10% maximum revenue threshold from the mining of thermal coal. The policy has specific thresholds relating to coal, unconventional oil and gas supply (oil sands), conventional oil and gas, and electricity generation from thermal coal, liquid fuels (oil), and natural gas.
Neuberger EU Climate Benchmark Standard Exclusions Policy	Applies the EU Climate Transition Benchmark or the EU Paris-Aligned Benchmark exclusions to in-scope UCITS and QIAIF funds to the extent required by the European Securities and Markets Authority in its Guidelines on funds’ names using ESG or sustainability-related terms.
Neuberger Private Markets Avoidance Policy	Applies to new investment opportunities made on behalf of certain clients and commingled funds who have elected to adhere to the policy. It forms part of the direct investment, primary, and secondary fund investment processes adopted in respect of such clients and commingled funds. This policy addresses topics related to sanctions, controversial weapons, and thermal coal, among others.

Our separate accounts can be customized based on a client’s expressed values and preferences.

2. Proxy Voting Guidelines

We believe that proxy voting is an integral aspect of investment management and must be conducted with the same degree of prudence and loyalty accorded any fiduciary or other obligation of an investment manager. We have developed custom Proxy Voting Guidelines that lay out our voting positions, focusing on the potential financial impact on a company from corporate environmental, social, and governance issues including climate. Recognizing the importance of transparency for our voting activities, we publicly disclose voting records of our registered commingled funds on a monthly basis. Additionally, through our NB Votes initiative, we publish our vote intentions and rationale in advance of select shareholder meetings.

NAVIGATING THE REGULATORY LANDSCAPE

The rapidly evolving sustainability-related regulatory landscape significantly influences our role as investors, our clients, and the companies in which we invest. Operating as a global investor across multiple jurisdictions, we navigate a complex array of regulatory regimes, each with distinct requirements and standards. These divergences create transition risks for our business strategy and operations. Uncertainty stemming from differing government perspectives on the climate transition, along with political changes, further amplifies regulatory and policy-related challenges. Moreover, the increasing volume of new regulations and the unpredictability of future changes present resource, financial, and organizational risks, requiring ongoing adaptation and resilience within our operations.

We closely monitor legal and regulatory requirements that may directly affect our business, which include but are not limited to:

- Corporate reporting requirements, including under the E.U.’s Corporate Sustainability Reporting Directive changes and the upcoming U.K. Sustainability Reporting Standards (SRS) consultation. As advocates of regulatory consistency across jurisdictions, we are a strong supporter of the International Sustainability Standards Board (ISSB) introducing a global baseline that builds on existing frameworks. As the Vice Chair of the ISSB’s Investor Advisory Group (IIAG), we support the ISSB in developing the global baseline for sustainability reporting by providing feedback on the technical and practical aspects of the standards from an investor point of view.
- Fund disclosure requirements, including the European Commission (EC)’s proposed changes to the E.U.’s Sustainable Finance Disclosure Regulation (SFDR), and the possible extension of the U.K.’s Sustainable Disclosure Requirements (SDR) to overseas funds.
- Investor stewardship, including the review of the E.U.’s Shareholders Rights Directive (SRD) and the U.K. Stewardship Code, with the Financial Reporting Council (FRC) introducing a revised 2026 code intended to reduce the reporting burden for investors.

We recognize the critical role of compliance with sustainability-related regulations in shaping our business-decision-making processes, particularly in the development and enhancement of infrastructure to address sustainability and, more specifically, climate-related priorities. To ensure robust oversight, we have established committees dedicated to sustainability, risk management, monitoring, and internal audit. Central to these efforts is our ESG Regulatory Program, a collaborative forum of senior representatives from key business functions affected by ESG and sustainable finance regulations. This program oversees the implementation of regulatory requirements and assesses the broader business impacts of emerging sustainability-related policies.



Operations

ASSESSING AND MANAGING CLIMATE RISKS AND OPPORTUNITIES IN OUR BUSINESS

Managing Climate Risks and Opportunities

We acknowledge that climate change is likely to influence Neuberger’s business strategy, financial planning and operations in a variety of ways, including the design of investment solutions to address evolving client demand, choosing and managing our facilities, and our approach to accessing capital. To address these challenges, we have identified several channels through which climate risks may impact our business operations. We have also aligned the timeframe definitions for assessing critical impacts with those applied to our investment activities.

CLIMATE RISK AND OPPORTUNITY CHANNELS FOR BUSINESS STRATEGY & OPERATIONS



RISK	IMPACT	TIMEFRAME			BUSINESS OUTCOME
		SHORT	MEDIUM	LONG	
Physical: Acute	Increased severity of extreme weather events, including cyclones, flooding, low river flow and wildfires			●	Physical damage to offices, business disruptions due to extreme weather events, and increased insurance premiums
Physical: Chronic	Increased variability in weather patterns, including wind gusts and precipitation, and temperatures, including extreme heat and cold			●	Increased operating expenses to allow people and equipment to continue working under extreme heat and cold
Transition: Policy	Climate transition regulations can affect a company’s direct operations, suppliers or customers	●	●	●	Increased complexity of sustainability disclosures, both for our business (under, e.g., the E.U.’s Corporate Sustainability Reporting Directive (CSRD)) and investment products (e.g., fund disclosure rules in the E.U., U.K. and U.S.)
Transition: Technology	Failing to create or transition to new low-carbon-emissions technologies	●	●	●	N/A
Transition: Market	Changing consumer behavior, increased costs of raw materials and uncertain market signals	●	●	●	Meeting demand from new and existing clients to implement and monitor climate objectives requires using third-party data and developing internal infrastructure. In addition, internal education and hiring resources are necessary to support clients in meeting their climate goals
Transition: Reputation	Negative stakeholder feedback resulting from inadequate climate action	●	●	●	Increased costs of maintaining robust governance procedures to avoid greenwashing investment products



OPPORTUNITY	LEVERAGE	TIMEFRAME			BUSINESS OUTCOME
		SHORT	MEDIUM	LONG	
Resource Efficiency	Efficiency in use of water and raw materials			●	Decreased operating expenditures for leased offices
Energy Source	Use of lower-emissions sources, supportive policy incentives and new technologies	●	●	●	Decreased operating expenditures for leased offices
Products & Services, Resilience	Development of climate mitigation and adaptation solutions	●	●	●	Growing demand from new and existing clients to offer strategies that deliver climate outcomes such as climate transition and climate solutions
Markets	Access to new markets, use of public sector initiatives	●	●	●	Access to green, social or sustainability-linked credit, securitized debt, and municipal bonds

OPERATIONAL RISK & BUSINESS CONTINUITY

As climate change accelerates, we believe it could directly affect our investment portfolios and business operations. To prepare for this, our Business Risk team, which manages the implementation of control and governance processes, is now considering climate risks as part of its overall approach to risk management. In 2025, climate risk—and its impact—was clearly articulated within the firm’s risk appetite, which is approved by the Board. Three sub-teams now handle our approach to climate risks:

1

OPERATIONAL RISK TEAM

As part of the operational risk identification process within our Risk and Control Self-Assessment (RCSA) program, this team identifies relevant climate risks associated with key processes, discusses these risks with department owners, documents the risks along with key controls, and assesses residual risk exposure. Any errors and breaches are recorded on Neuberger’s operational risk database (NORD) to ensure consistency across the investigation and resolution, and a dedicated workflow allows for independent review by the Operational Risk and Compliance teams. Within NORD, there are dedicated categories to record whether there are any climate-related impacts associated with an error or breach.

2

ASSET MANAGEMENT GUIDELINE OVERSIGHT (AMGO) TEAM

This team undertakes exclusion monitoring by implementing pre-trade restrictions directly into the order-management systems, which alert portfolio managers to transactions that may be in breach of client investment guidelines. By overseeing continuous compliance with the applied exclusion policies for a certain vehicle or account, AMGO ensures that the client’s desired level of climate risk tolerance is maintained.

3

BUSINESS CONTINUITY TEAM

This team identifies, monitors, and manages potential exposures to climate-related physical risks across our business. They have developed an Incident Response Plan that outlines the procedures and recovery protocols that are activated following events that could disrupt the business, including climate-related disasters.



As climate change accelerates, it could directly affect our investment portfolios and business operations.

OPERATIONAL EMISSIONS

We employ several metrics across our own operations to track progress against our climate strategy and ensure we are managing financially material risks associated with climate. We partner with a sophisticated carbon platform to measure Scope 1, 2 and operational Scope 3 emissions across our offices globally.

In 2025, we expanded the scope of our operational emissions measurement to include Scope 3.1 emissions (Purchased Goods and Services), strengthening our understanding of upstream value-chain impacts.

We recognize that our operational carbon footprint may expose us to transition risks, and that both clients and employees expect us to manage these risks proactively. As a result, sustainability considerations—such as energy efficiency—are embedded into our office-selection decisions. Our New York headquarters is a LEED Silver-certified building and was recognized as an Energy Star tenant in 2025. More broadly, approximately 50% of the buildings in which we operate hold sustainability certifications such as LEED, BREEAM, or WELL, reflecting standards for environmental performance and occupant wellbeing.

Our new Dubai office is in the tallest and largest LEED Platinum-certified office building in EMEA and, in May 2025, the landlord—ICD Brookfield Place—published a Net-Zero Carbon Pathway aligned with a 2030 net-zero operational carbon commitment under the World Green Building Council’s initiative.

Improving our recycling efforts has allowed us to achieve a waste-diversion rate of 58% (the amount of waste kept out of landfills and incinerators) in our New York headquarters and an impressive 94.3% in our London office.

GLOBAL EMISSIONS (IN MTCO₂E)

INDICATOR	2022	2023	2024	2025
Scope 1 & 2	4,710	5,307	5,693	4,923
Scope 1	1,561	1,070	1,676	453
Scope 2	3,149	4,237	4,017	4,470
Scope 3 global operational emissions (mtCO ₂ e)	11,286	18,400 ¹³	20,081	36,895
3.1 Purchased goods and services ¹⁴	-	-	-	18,285
3.3 Fuel and energy-related categories	1,494	1,443	924	1,085
3.5 Waste generated in operations	233	216	234	243
3.6 Business travel	6,689	14,059 ^{15,16}	15,396	13,330
3.7 Employee commuting	2,862	2,677	3,526	3,927
3.8 Upstream leased assets	8.3	5.3	1	25

Above, we have reported our global emissions for Scope 1, 2 and 3.1, 3.3, 3.5, 3.6, 3.7 and 3.8. We have reported on Neuberger’s business operations: (i) that are material to the Neuberger business as a financial institution; and (ii) where we had access to sufficiently robust data within the reporting period.

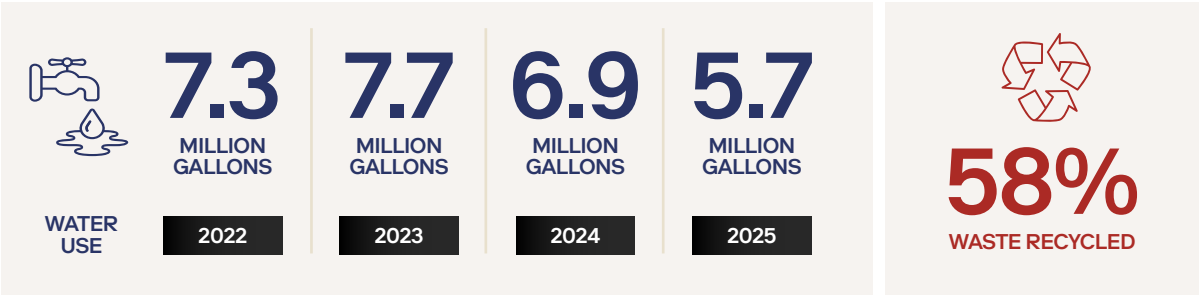
13. Total Scope 3 emissions for 2023 have been re-stated from 27,668 mtCO₂e to 18,400 mtCO₂e to reflect the re-stated Scope 3.6 business travel emissions.

14. In 2025, we expanded the scope of our operational emissions measurement to include Scope 3.1 emissions (Purchased Goods and Services), strengthening our understanding of upstream value-chain impacts.

15. Between 2022 and 2023, our firm’s business travel emissions increased significantly as travel activities returned to pre-COVID-19 levels.

16. Scope 3.6 business travel emissions for 2023 have been re-stated from 23,236 mtCO₂e to 14,059 mtCO₂e.

ENVIRONMENTAL METRICS (NY HEADQUARTERS)



OFFSETTING OUR OPERATIONAL EMISSIONS

We are committed to addressing our operational emissions in line with wider efforts to achieve global net-zero emissions by 2050. Neuberger has achieved net zero operational emissions for our Scope 1 and Scope 2 GHG emissions, and carbon neutrality for our Scope 3 Category 6 (business travel) emissions.

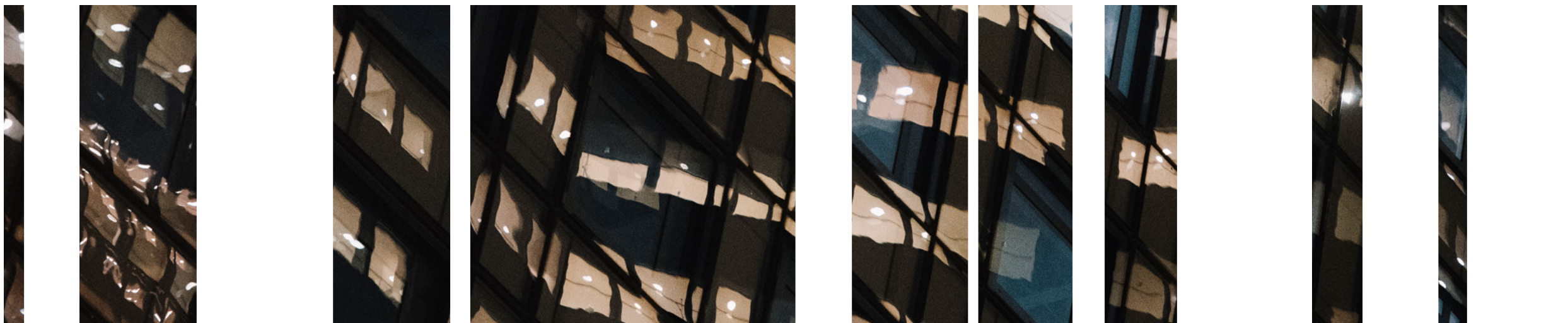
To address our Scope 1 emissions, we sourced high-quality carbon removal credits from Indigo Ag’s Soil Carbon Program, which supports farmers in adopting regenerative agricultural practices that sequester carbon directly into the soil. For our Scope 2 emissions, we procured renewable energy certificates (RECs) matched to our global electricity consumption, supporting the transition to clean energy across our operating locations. To offset our Scope 3 business travel emissions, we purchased avoided-emissions credits from the Ascend N₂O Abatement Project, which tackles a core superpollutant.

Indigo Ag

Indigo Ag operates a platform focused on measuring and verifying soil carbon outcomes. Since 2018, its programme has reported over two million metric tonnes of CO₂e reductions or removals across U.S. croplands, with payments made to participating farmers.

Ascend N₂O Abatement

This project at Ascend Performance Materials’ adipic acid facility in Florida targets the reduction of nitrous oxide (N₂O) emissions through upgrades to an existing Thermal Reduction Unit. Emissions are reduced via high-temperature destruction of N₂O at the point of generation. The project operates under the Climate Action Reserve protocol, with monitoring and third-party verification in place, and ongoing performance depends on operational effectiveness.



Appendix

CARBON METRICS FOR CORPORATE SECURITIES

Total Emissions	The absolute carbon emissions associated with a portfolio, expressed in tons CO2e	$\sum_i^n \frac{current\ value\ of\ investment_i}{EVIC_i} \times issuer's\ emissions_i$
Weighted Average Carbon Intensity	Portfolio's exposure to carbon-intensive companies, expressed in tons CO2e/\$M revenue. Carbon emissions are allocated based on portfolio weights (the value of the investment relative to the portfolio value)	$\sum_i^n \frac{current\ value\ of\ investment_i}{current\ portfolio\ value} \times \frac{issuer's\ emissions_i}{issuer's\ \$M\ revenue_i}$
Carbon Footprint	Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tons CO2e/\$M invested	$\sum_i^n \frac{\frac{current\ value\ of\ investment_i}{EVIC_i} \times issuer's\ emissions_i}{current\ portfolio\ value\ (\$M)}$
SBTi Validated Targets	Percentage of market value with targets approved by the Science-Based Targets initiative	$\sum_i^n \frac{current\ value\ of\ investment_i}{current\ portfolio\ value} \times \frac{companies\ with\ validated\ SBTi}{}$

The carbon metrics for corporate securities are in line with the TCFD recommendations and the PCAF standards. For carbon footprint, we have elected to use EVIC as the denominator in accordance with the PCAF standards and in order to cover both equity and debt.

CARBON METRICS FOR SOVEREIGN SECURITIES

Financed Emissions	Financed emissions of sovereign debt are calculated by multiplying the attribution factor by the Sovereign Domestic Emissions and Exported Emissions of the respective sovereign borrower	$\sum_i^n \frac{outstanding\ amount_i}{PPP-adjusted\ GDP_i} \times sovereign's\ emissions_i$
Weighted Average Carbon Intensity – Production Emissions per PPP-adjusted GDP	Sovereign Domestic Emissions and Exported Emissions per PPP-adjusted GDP	$\sum_i^n portfolio\ weight_i \times \frac{country\ production\ emissions\ (tCO2e)_i}{PPP-adjusted\ GDP\ (\$M)_i}$
Weighted Average Carbon Intensity – Consumption Emissions per Capita	Sovereign Domestic Emissions and Imported Emissions per Capita	$\sum_i^n portfolio\ weight_i \times \frac{country\ consumption\ emissions\ (tCO2e)_i}{country\ population_i}$

The carbon metrics for corporate securities are in line with the TCFD recommendations and the PCAF standards. For carbon footprint, we have elected to use EVIC as the denominator in accordance with the PCAF standards and in order to cover both equity and debt.

LIMITATIONS OF NORMALIZATION FACTORS FOR SOVEREIGN EMISSIONS

ASPECT	PRODUCTION-BASED ACCOUNTING	CONSUMPTION-BASED ACCOUNTING	THIRD WAY: TERRITORIAL EMISSIONS + IMPORTED EMISSIONS
Scope	Emissions generated by an economy within its national territory	Emissions associated with the consumption of a country's population or final demand	Emissions associated with any aspect of an economy's activity, i.e., the intensiveness of an economy
Calculation	Territorial emissions = Domestic emissions + Exported emissions	Domestic emissions + Imported emissions	Domestic emissions + Exported emissions + Imported emissions
Bias	Toward exporters or GHG producers	Toward importers or GHG consumers	No bias
Complexity	Low	Low	High
Pros (+)	- Consistent with international standards reflects the carbon intensity of an economy's output - Reflects the carbon intensity of an economy's output	Reflects demand-based emissions, wherever the emission is produced	- Reflects the carbon dependency of an economy, whether it is demand-driven (domestic or imported) or offer-driven (exported) - Equivalent of accounting for direct + first-tier indirect emissions already a standard in the corporate world
Cons (-)	- Unable to address carbon leakage - May be seen as socially unfair as it puts the responsibility on emerging economies (vs. developed economies)	- Does not capture the carbon intensity of an economy's output - Political acceptability - Difficult or complex mitigation effectiveness	Introduces double counting

While Trucost offers all three approaches, the latter (production + imports) is considered to be the best proxy of an economy's dependency on carbon-intensive industries, despite the double counting at the global level. This is equivalent to accounting for direct + indirect emissions, already a standard in the corporate world.

CLIMATE VALUE-AT-RISK SCENARIO ASSUMPTIONS

The NGFS REMIND climate scenarios are built on a series of assumptions that influence their projections for climate-change impacts and mitigation pathways. These assumptions underpin the evaluation of physical and transition risks associated with various climate pathways, and include:

- Calibration and policy trajectories
- Greenhouse-gas emissions
- GDP impact modeling

Key Scenario Assumptions include:

- Carbon pricing and emissions
- Socioeconomic pathways
- Policy timing and coordination
- Technology development:

The REMIND-based NGFS scenarios serve as vital tools for assessing physical and transition risks associated with climate change.

Nonetheless, they may underestimate certain impacts due to limitations in modeling adaptation measures and climate tipping points.

DISCLAIMER

Gaps in Underlying Data and Methodological Challenges

Across the industry, carbon emissions and climate-risk data face limitations, including but not limited to lack of standardization of data reported and data-aggregation methodologies, gaps in data coverage for private and emerging markets, time lags in reported data, and reliance on estimates by third-party ESG data vendors.

We have taken specific steps to mitigate these limitations, including but not limited to utilizing third-party data and proxy data along with internal research; developing a proprietary ESG rating (Neuberger Quotient), which supplements third-party data with internally generated research and knowledge; developing a Net-Zero Alignment Indicator; engaging directly with issuers and policymakers to advocate for greater standardized disclosures; developing an internal climate physical risk assessment; and engaging our third-party ESG data vendors on improving data coverage.

For certain asset classes, adequate, reliable and/or verifiable data coverage was not available to Neuberger Berman Group to meet the TCFD reporting standards and these asset classes were thus excluded.

They include:

- **Private markets:** Private markets funds currently face challenges that inhibit our ability to disclose carbon emissions and related risks specifically in relation to such funds. Currently, we request portfolio company metrics of general partners (GPs) across private equity primaries, co-investments, and select secondaries on a look-through basis. However, we have received a low response rate for such metrics. Overall, portfolio company level data of primaries and secondaries tends to be inconsistent across both data coverage and frequency of reporting. Specifically for secondaries, obtaining data on a look-through basis is even more challenging where our private markets funds are a secondary buyer of private-equity fund positions. In response, our private markets funds have developed a methodology for estimating the carbon footprint of such funds’ investments (limited to certain direct and primary funds investments). However, we continue to request and encourage the disclosure of actual data as we believe that the available estimated data may be limited in its accuracy and application to the full portfolio.
- **Senior Floating Rate Loans (including CLOs), Municipals, Currency and Cash Management:** For these asset classes, the Climate Value-at-Risk (CVaR) and carbon metrics are generally not made available by our data vendors, so we were unable to generate TCFD metrics for dedicated strategies for these asset classes.
- **Alternatives:** Our key public markets alternatives strategies include hedge funds, options, commodities, diversified real assets and long/short real estate. For these asset classes CVaR or carbon metrics are also not made available by our data vendors. However, where such strategies hold substantial equity and fixed-income assets, they have been included in our TCFD reporting.

Where proxied emissions data has been used, we have relied on third parties to gather this data. While we use best efforts to ensure the accuracy of the data reported, we cannot verify third-party data.

All information is as of December 31, 2025 unless otherwise indicated. The measuring and reporting of climate data and metrics inevitably involves a degree of estimation. Neuberger is committed to improving its climate reporting and to ensuring that it reports in line with internationally recognised standards. This means that our reported climate metrics may be subject to re-calculation as data quality, calculation or aggregation methodologies, and/or disclosure improve over time, particularly with respect to Scope 3 emissions. In exceptional circumstances, we may publish restatements. Whether a restatement will be published will be assessed on a case-by-case basis, focusing on circumstances where an error has been identified that, in our subjective analysis, is likely to have a material impact on the total emissions figure reported. This assessment will be guided by external reporting standards and available guidance.

Pension & Investments, Best Places to Work in Money Management 2024: The Pensions & Investments Best Places to Work in Money Management annual survey is designed to recognize the best employers in the money-management industry. Neuberger participated in the category among organizations with over 1,000 employees. Pensions & Investments partnered with a third-party research firm to conduct a two-part survey process of employers and their employees. The first part, worth approximately 20% of the total evaluation, consisted of evaluating each nominated company’s workplace policies, practices, philosophy, systems and demographics. The second part, worth the remaining 80% of the total evaluation, consisted of an employee survey to measure the employee experience. The combined scores determined the top companies. Pensions & Investments, owned by Crain Communications Inc., is the 50-year-old global news source of money management and institutional investing. Neuberger pays a fee to participate in the Pensions & Investments employee survey.

PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 2,651 for 2024, 3,123 for 2023, 2,791 for 2021, 1,545 for 2020 and 1,247 for 2019. All PRI signatories are eligible to participate and must complete a questionnaire to be included. The underlying information submitted by signatories is not audited by the PRI or any other party acting on its behalf. Signatories report on their responsible investment activities by responding to asset-specific modules in the Reporting Framework. Each module houses a variety of indicators that address specific topics of responsible investment. Signatories’ answers are then assessed and results are compiled into an Assessment Report. Neuberger pays a fee to be a member of PRI and the grades are only available to PRI members. Ratings referenced do not reflect the experiences of any Neuberger client and readers should not view such information as representative of any particular client’s experience or assume that they will have similar.

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