CIG Blended ESG Score

Disclosure pursuant to Annex III, point 1 of the Regulation (EU) 2024/3005 of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities ("the Regulation").

Rating Product Disclosures

Objective and Scope

As specified in Annex III, point 1, letter f of the Regulation.

The objective of the UBS CIG Blended ESG Score is to assess ESG risk of loan and high yield bond issuers, with the exception of opportunistic trades. The CIG Blended ESG Score is a combination of the CIG Issuer ESG Score and the CIG Subsector ESG Score reflected on a numerical scale for each issuer.

Risks assessed:

1. CIG Issuer ESG Score

The CIG Issuer ESG Score methodology incorporates a broad universe of ESG risk factors that may be considered by analysts, as outlined in the following list, based on the Sustainability Accounting Standards Board (SASB) Materiality Map:

Table 1. CIG Issuer ESG Score - ESG Risk Factors:

Environmental	
Greenhouse gas (GHG) emissions	The extent to which the company may be exposed to increased costs linked to carbon pricing or regulatory caps.
Air quality	The extent to which the company contributes to air quality issues and could be exposed to future regulatory issues.
Energy management	The extent to which the company is exposed to volatile energy costs across assets or efficiently uses energy.
Water and wastewater management	The extent to which the company may be exposed to water shortages affecting their ability to operate; lost access to markets due to stakeholder water conflicts; or higher water costs; corporate management of wastewater.
Waste and hazardous materials management	The extent to which the company effectively manages and minimises the waste it creates, as well as management of hazardous materials.
Ecological impacts	The extent to which the company effectively manages and minimises the waste it creates, as well as management of hazardous materials.
Product packaging	The extent to which the packaging of the company's products contributes to environmental issues.
Social	
Human rights and community relations	The extent to which the company upholds human rights principles and maintains positive and inclusive relationships with local communities.

Access and affordability	The extent to which the company's products and services are accessible and affordable.
Customer welfare	The extent to which the company's customers are treated with respect and dignity.
Data security and customer privacy	The extent to which the company is exposed to damages from hacking, including business disruption, reputational risk, financial losses, or other factors, as well as the impact on customers.
Selling practices and product labelling	The extent to which the company addresses social issues relating to transparency, accuracy, and comprehensibility of marketing statements.
Fair labour practices	The extent to which the company is exposed to reputational risks or production disruptions due to mistreatment of the labour force.
Employee health, safety and well-being	The extent to which the company manages the health, safety and wellbeing of employees.
Diversity and inclusion	The extent to which the company promotes internal and external diversity and inclusion.
Recruitment, development and retention	The extent to which the company is exposed to operational issues with regards to the recruitment, development and retention of talent.
Product quality and safety	The extent to which the company is exposed to product recalls or lost customer trust due to product quality concerns.

Governance	
Systematic risk management	The extent to which the company employs prudent and appropriate systematic risk management functions.
Accident and safety management	The extent to which the company appropriately manages and prevents accidents and safety issues.
Business ethics, transparency of payments and corruption	The extent to which the company is exposed to regulatory or legal risks or loss of investor confidence due to ethics issues such as fraud, executive misconduct, or insider trading, as well as level of transparency of payments.
Regulatory capture and political influence	The extent to which the company is affected by regulation and influences political decisions.
Materials sourcing	The extent to which the company depends on certain materials and sources materials in a transparent and fair method.
Supply chain management	The extent to which the company depends actively manages its supply chain and is considerate of the impacts of the supply chain on sustainability, human rights and safety.
Compensation and benefits	CEO and other executive pay practices, including levels of pay relative to peers as well as specific features of the pay programme design, as well as fair, transparent and non-discriminatory compensation and benefits on a firm-wide basis.
Board structure	The extent to which boards of directors associated with the company demonstrate independence from management, and evidence board experience and effectiveness.
Business model resilience	The extent to which the company manages risks and opportunities associated with incorporating social, environmental and political transitions into business model planning.
Quality of earnings	The extent to which the company's financials accurately represent its financial position.

2. CIG Subsector ESG Score

The CIG Subsector ESG Score incorporates ESG risk factors relevant to the specific subsector, including ad hoc developments and emerging themes, which may include, but are not limited to, controversies and regulatory developments.

Materiality dimensions:

The CIG Blended ESG Score methodology is based on a risk-based approach. It does not assess impact materiality as defined under the double materiality principle, nor does it evaluate the relative weighting between risk and impact.

ESG factors are evaluated from a financial risk perspective, including forward-looking considerations such as the probability and magnitude of ESG-related events and their potential effect on the issuer's credit profile.

While ESG topics may inherently relate to environmental and social impacts, these are only considered insofar as they translate into financial risk exposure or risk management considerations and are not assessed as standalone impact materiality. This includes considering environmental risks (e.g., GHG emissions, air quality, energy and water use, waste and materials management, ecological impacts, product packaging); social risks (e.g., human rights, community relations, labour practices, customer welfare, employee wellbeing, diversity and inclusion); and governance risks related to business ethics, transparency, supply chain practices, materials sourcing, compensation practices, board structure, and overall governance effectiveness.

No additional materiality dimensions are applied beyond those previously described.

ESG Factors and Aggregation

As specified in Annex III, point 1, letters g and h of the Regulation.

The CIG Issuer ESG process references a broad universe of 27 factors covered in the SASB Materiality Map, grouped under the three ESG pillars. These factors are set out in Point 1. CIG Issuer ESG Score - ESG Risk Factors. Of these, analysts select 10 risk factors, each weighted equally at 10%, to calculate the CIG Issuer ESG Score.

The CIG Subsector ESG process considers ESG risks as set out in Point 2. CIG Subsector ESG Score.

The CIG Issuer ESG Score (2/3 weighting) is then blended with the CIG Subsector ESG Score (1/3 weighting) to determine the CIG Blended ESG Score for each rated issuer.

Weighting approach:

CIG analysts assess a universe of 27 ESG risk factors (based on the SASB Materiality Map) and select 10 most relevant factors depending on issuer risk exposure. A minimum of three factors must be selected from the Governance pillar, while the remaining factors may be drawn from Environmental, Social, or Governance pillars, depending on issuer-specific and sector-specific risk exposure.

Each selected ESG factor is weighted 10% to arrive at the CIG Issuer ESG Score (equal weighting).

The CIG Subsector ESG Score is assigned on a 1–5 scale and it does not apply a weighting approach.

The CIG Issuer ESG Score (2/3 weighting) is then blended with the CIG Subsector ESG Score (1/3 weighting) to determine the CIG Blended ESG Score for each rated issuer.

Analysts reference the SASB Materiality Map to identify the most relevant ESG issues, specific to each issuer and sector, as described in Points 1. CIG Issuer ESG Score and 2. CIG Subsector ESG Score.

Specification of Topics Covered

As specified in Annex III, point 1, letter i of the Regulation.

At a high level, the CIG Blended ESG methodology's environmental factors correspond broadly to ESRS E1 (Climate change), E2 (Pollution), E3 (Water and marine resources), E4 (Biodiversity and ecosystems), and E5 (Circular economy); its social factors correspond broadly to ESRS S1 (Own workforce), S2 (Workers in the value chain), S3 (Affected communities), and S4 (Consumers and end-users); and its governance factors correspond broadly to ESRS G1 (Business conduct).

The CIG Blended ESG Score therefore covers a broad set of sustainability matters reflected in the ESRS topical standards, but only from a financial risk perspective and not as a formal ESRS double-materiality assessment or ESRS reporting framework.

Absolute or Relative Approach

As specified in Annex III, point 1, letter j of the Regulation.

The CIG Blended ESG Score is expressed as an absolute value.

International Agreements Considered

As specified in Annex III, point 1, letters o and p of the Regulation.

The CIG Blended ESG Score methodology does not consider the targets and objectives of the Paris Agreement or other major international agreements.

General Methodological Disclosures

Overview of Rating Methodologies

As specified in Annex III, point 1, letter a of the Regulation.

The CIG Blended ESG score methodology applies to loan issuers and high-yield bond issuers and incorporates both backward-looking and forward-looking elements, reflecting issuer's historical performance while capturing anticipated or emerging ESG risks and opportunities. The CIG Blended ESG scores are assigned at the issuer level, with the exception of opportunistic trades.

The CIG Blended ESG Score is reviewed biannually and monitored on an ongoing basis. Additional reviews are implemented in response to news flow, the emergence of controversies, changes in financial performance, or updates to relevant data impacting in scope ESG factors. Revenue exposure to sensitive sectors and/or activities, as defined in the CIG ESG Risk Factors methodology document, is monitored and periodically reviewed as part of the annual subsector assessment.

The CIG ESG Oversight Working Group reviews the analyst's ESG factor selection, new ESG score submissions, and any score revisions, to check whether the selected factors, scoring rationale and risk assessment are appropriate and consistent. CIG Subsector ESG scores are also reviewed by the Oversight Working Group. Where required, in accordance with internal CIG procedures, decisions are escalated to the Credit Forum.

The CIG Blended ESG Score does not rely on supporting models.

Measures to ensure score reliability are implemented through established governance frameworks, including review and challenge by the ESG Oversight Working Group of factor selection and score submissions. These are complemented by periodic reviews and score affirmations, as well as monitoring and escalation mechanisms under which elevated ESG-risk issuers are subject to regular review.

Rating system and interpretation of the score:

CIG Issuer ESG Score:

The rating process uses a defined absolute scoring system based on a five-point scale to assess ESG risk to arrive at the CIG Issuer ESG Score. The scores are interpreted on an absolute basis and do not involve relative comparisons against external benchmarks, peer groups, industries, or geographical areas.

The CIG Issuer ESG Score rating categories are defined as follows:

1 - Low ESG risk, no severe controversies, very strong risk management

2 - Moderate ESG risk, mild controversies, good risk management

3 - Elevated ESG risk, no severe controversies, good risk management

4 - Elevated ESG risk, prior severe controversies, improving risk management

5 - Elevated ESG risk, ongoing severe controversies, poor risk management

CIG Subsector ESG Score:

The CIG ESG Oversight Working group assigns a ESG Score of 1-5 to each subsector as a measure of inherent ESG risk within the sector. Higher scores indicate more material inherent ESG risks for a sector.

CIG Blended ESG Score:
The CIG Blended ESG Score is a combination of the CIG Issuer ESG Score (2/3) and the CIG Subsector ESG Score (1/3) reflected on a numerical scale from 1 to 5, for each rated issuer.

Methodology updates:

The CIG ESG Risk Factors methodology document was last reviewed and updated on 31 October 2025. No material changes were made to the CIG Blended ESG Score methodology, and no changes affected the overall scoring process.

Industry Classification

As specified in Annex III, point 1, letter b of the Regulation.

The CIG Blended ESG Score analysis refers to the Sustainability Accounting Standards Board (SASB) standards and SASB Materiality Map to identify ESG risk factors relevant for issuers based on their sectors and sub-sectors. SASB Materiality Map as of 2018 was incorporated into CIG Blended ESG Score methodology.

The SASB Standards identify the sustainability-related risks and opportunities most relevant to investor decision-making in 77 industries. The SASB Materiality Map ranks issues by industry based on two types of evidence:

(i) evidence that investors in the industry are interested in the issue, and
(ii) evidence that the issue has the ability to impact companies within the industry.

SASB Materiality Map official link: https://sasb.ifrs.org/standards/materiality-map/.

Data Sources and Processes

As specified in Annex III, point 1, letter c of the Regulation.

The CIG Blended ESG Score underling data is updated on an ongoing basis. Data is sourced from public data sources, third-party ESG data providers as well as internal research to gather relevant information to assess in-scope ESG risk factors and ensure comprehensive approach across all sectors.

At the time of the initial investment and on an ongoing basis, CIG analysts engage with issuers and may share an internally developed checklist designed to support the monitoring of issuer exposure to ESG risk factors and related risk management practices. Information gathered through this process is considered as part of the ESG scoring assessment.

Scientific Evidence Basis

As specified in Annex III, point 1, letter e of the Regulation.

The CIG Blended ESG Score methodology is not based on scientific evidence within the meaning of the internally adopted definition (i.e. relevant, verifiable and methodologically robust data, research or analysis grounded in internationally recognised scientific or science-based frameworks developed or endorsed by authoritative international or

intergovernmental bodies, or recognised standard-setting initiatives), and it does not include a dedicated process for identifying or selecting scientific evidence.

The methodology is instead informed by relevant inputs, including ESG materiality frameworks, third-party ESG research, public and issuer-provided data, analyst judgement, issuer engagement, and internal review and challenge.

Artificial Intelligence

As specified in Annex III, point 1, letter k of the Regulation.

Artificial intelligence is not currently utilized in the CIG Blended ESG Score process. If introduced, relevant limitations and risks will be appropriately disclosed.

Limitations in data sources, methodologies and information

Limitations in Data Sources

As specified in Annex III, point 1, letter m of the Regulation.

There may be inherent limitations related to the availability and consistency of ESG data used in the CIG Blended ESG Score. Varying and non-standardized sustainability requirements across jurisdictions limit the availability of comparable climate-related disclosures, reducing data consistency and quality. Some issuers may not disclose complete and consistent ESG information, especially for non-mandatory indicators under Corporate Sustainability Reporting Directive (CSRD) or Sustainable Finance Disclosure Regulation (SFDR). Private companies or entities outside major reporting frameworks often provide and disclose limited data.

Limitations in Information Availability

As specified in Annex III, point 1, letter q of the Regulation.

Information limitations impacting the CIG Blended ESG Score may also include completeness, timeliness and accuracy limitations. Completeness limitations may be caused by inconsistent or missing issuer disclosures.

Timeliness limitations are caused by unavailability of real-time data and dependence on reporting cycles, delays of issuers' disclosures and timelines of external data providers' updates. Issuer ESG-related disclosures and third-party data are updated periodically, in line with third-party processes, (e.g. annually or semi-annually). This creates inherent time lags between real-world ESG developments and their reflection in ratings. As a result, updates occur only after new data is reported, processed, and incorporated, meaning recent events - such as controversies or improvements - may not be captured immediately.

These limitations are particularly relevant where ESG information is not publicly available or is disclosed in inconsistent ways and may constrain the accuracy and consistency of the ESG scoring. Accuracy of data may also be influenced by quality of self-reported data.

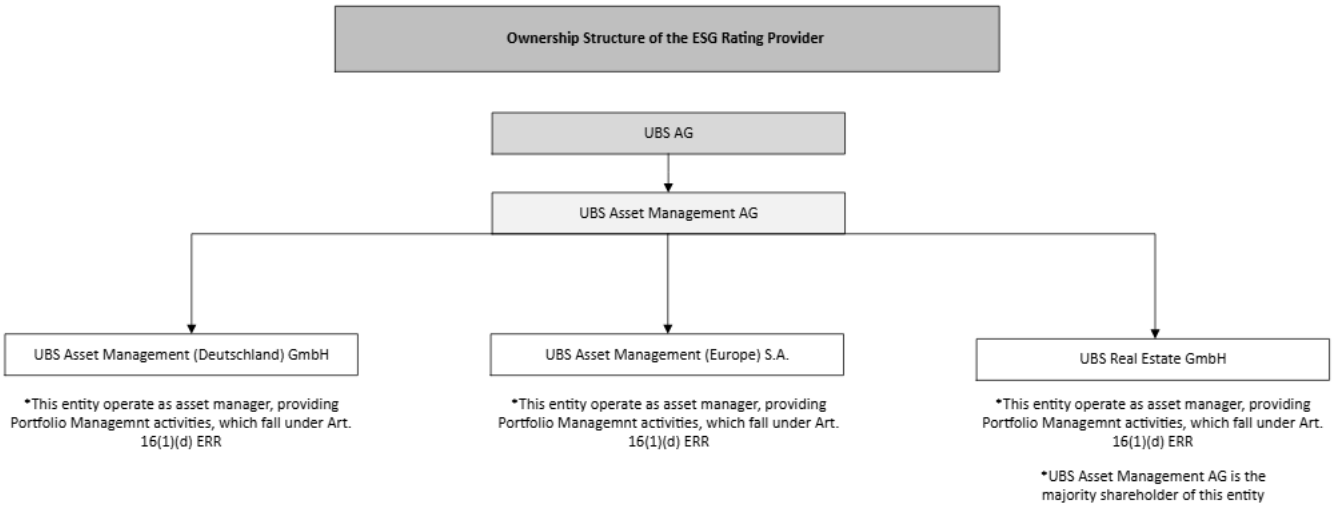
Where issuer-specific ESG data is unavailable, incomplete or not disclosed, the CIG Blended ESG Score methodology may use reasonable assumptions, based on relevant available information, to estimate missing data.

Organisational Disclosures

Ownership Structure

As specified in Annex III, point 1, letter d of the Regulation.

UBS Asset Management is part of UBS Group.
The schematic structure chart outlines its parent and subsidiaries and indicates whether relevant entities perform activities referred to in Article 16(1) or services referred to in Article 16(6) of the Regulation:



Fee Criteria

As specified in Annex III, point 1, letter l of the Regulation.

No fees are charged for the CIG Blended ESG Score, as it is a rating incorporated within selected products and services as an integral component of the companies' sustainable investment framework.

Risks of Conflict of Interest

As specified in Annex III, point 1, letter n of the Regulation.

UBS Asset Management has established a comprehensive framework to identify, prevent, escalate and manage actual, potential and perceived conflicts of interest, in accordance with the UBS Global Conflicts of Interest Policy and its fiduciary duty to act in the best interests of clients.

Conflicts of interest in the context of ESG ratings may arise where UBS, its employees, or its business activities have competing interests, incentives, or relationships that could

compromise, or be perceived to compromise, the independence, objectivity, or integrity of ESG rating methodologies, processes, or outputs. Such conflicts may be actual, potential, or perceived, and may arise from overlapping business activities and organisational structures within UBS, for example, where the same entity provides investment management, advisory, or product structuring services. They may also arise from commercial incentives, client relationships, performance objectives, or reputational considerations. They may occur across the ESG rating lifecycle, including data selection, methodology design, rating determination, and the use of ratings in investment processes, product development, and marketing or client communications.

Conflicts of interest are identified through business activities, and controls are implemented to prevent or mitigate such conflicts. These include governance frameworks, processes and procedures, clearly defined roles and responsibilities, and review and challenge by control functions. Where conflicts are identified, they are assessed and, as appropriate, mitigated, managed and/or disclosed, and documented through governed internal processes designed to prevent adverse impacts on clients or the integrity of investment processes.

Where appropriate, conflicts are escalated to ensure that decisions remain aligned with client interests and are disclosed in accordance with applicable laws and regulations.