2022 UK Stewardship Code Report

ALLSPRING GLOBAL INVESTMENTS

April 2023

Foreword

The unusual conditions in the last few years have highlighted the imperative of a thoughtful approach to responsible investing that encompasses both environmental and social considerations. Increased geopolitical instability along with rolling economic re-openings post COVID made 2022 a pivotal year as global inflation jumped and proved to be persistent. This challenging environment sparked a reassessment of energy security as well as concerns about the resilience and sustainability of global supply chains from the most basic of inputs, such as food and agricultural inputs, to the more sophisticated movement of modern goods and services. We met this opportunity with a solid uptick in engagement activity in terms of breadth of interactions and themes discussed.

Companies around the world rely on natural resources, though historically with very little accountability regarding the management and usage of those resources. This is changing swiftly, driven by the need and/or desire to reduce emissions, improve waste management and conserve water, among other environmental evolutions. Companies that are good stewards of our world's natural resources mitigate regulatory and/or operational interruption risks, among other issues, making the understanding of a company's risk management more relevant than ever to investing.

Our sustainability approach is to provide valuable insights into topical themes that have both investor and real-world consequences and that create context around potential investment opportunities. Our stewardship activities seek to help protect client capital by improving investee disclosure and information flow that in turn informs and improves investment decision-making. Moreover, in partnering with investee companies, we aspire to constructively advance the financial, operational and sustainability performance of those companies in years to come.

Over 2022, our stewardship focus areas have covered the following perspectives:

- Environmental: climate transition (incorporated in ~90% of our engagements), deforestation, food and agriculture, plastics and the circular economy, as well as water management
- Social: workforce diversity and gender pay gaps as well as human rights considerations in supply-chain management
- Governance: executive compensation and board diversity as well as sustainability disclosures and board oversight

We continue to learn from evolving insights gleaned from investee companies, our clients and industry bodies as well as our proprietary research. We foster an environment of intellectual curiosity grounded in generating practical applications that are attentive to our clients' broad investment ambitions and our mission to elevate investing to be worth more.

This also means that at a corporate level, embedding sustainability considerations is an important component of our corporate decision-making, operating model and culture. Transparency and a goal of continuous improvement guide our actions.

On behalf of the entire Allspring organisation, we hope this report helps highlight our commitment and responsibility as stewards of capital. It also illustrates how the 12 principles of the 2020 UK Stewardship Code apply to the Allspring investment process across asset classes as well as their broader application to our business operating model.

We value our conversations with our clients and industry partners as we continuously work to refine and improve our approach to responsible sustainability investing.

JOE SULLIVAN
Chief Executive Officer, US

HENRIETTA PACQUEMENT
Head of Sustainability, UK

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Principle 1: purpose, investment beliefs, strategy and culture

Our purpose

Allspring Global Investments is a leading asset management company that seeks to inspire a new era of investing that pursues both financial returns and positive outcomes. With decades of innovation and trusted experience propelling us forward, we are a company staying true to its core investment roots whilst reinventing itself. A company where diverse perspectives power our investment strategies through a unified platform and a commitment to clients. Our goal is to build portfolios aimed at generating successful client outcomes through the independence of thought that powers our investment teams and investment strategies.

The beliefs that guide us are the following:

Invest thoughtfully: we aim to understand our clients' needs on a deeper level through a unique blend of financial expertise, emotional intelligence and an inherent curiosity.

Plan with purpose: we build solutions that connect clients with what matters most to them and provide the potential to create a far-reaching positive impact.

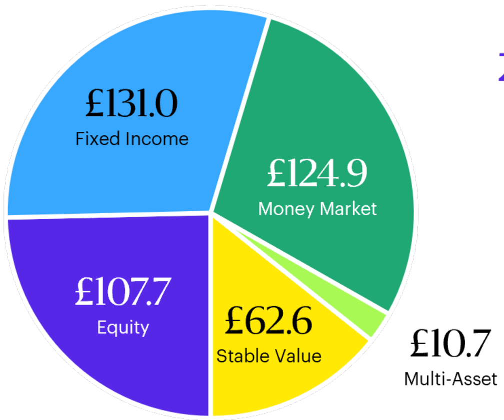
Look around the corner: we help clients navigate the future and make smarter financial decisions by evolving our products and solutions for what we see ahead.

Unlock what's possible: we take on clients' challenges with tenacity and agility, with a goal of turning possibilities into positive investment outcomes.

With a singular focus on asset management, we have £437 billion in assets under advisement (AUA), and our investment capabilities span both fundamental and systematic fixed income and equities, liquid alternatives, multi-asset solutions and sustainable investing. Importantly, we are 20% employee owned, and key investment employees have a close alignment of interest with clients through this shared ownership.

Our business model delivers a wide array of investment products and solutions designed to help meet a broad range of our clients' goals. Increasingly for our clients, return on investment extends above and beyond financial gains and, as a result, our approach to investing pursues not only financial returns but also positive outcomes.

Assets under advisement[1]



£437 billion

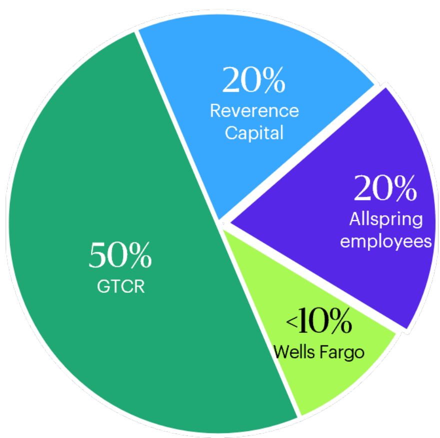
Our people

1,380+ dedicated employees

460+ global investment professionals[4]

20 years portfolio managers' average years of investment experience

Corporate ownership structure[2,3]



Our statistics

23 offices globally

Headquartered in Charlotte, North Carolina

Leading SMA provider[5]

Sources: 1. Allspring and affiliates. Figures are as of 31 December 2022, unless otherwise noted. Please note that the assets under management figures provided have been adjusted to eliminate any duplication of reporting among assets directed by multiple investment teams and includes £76bn from Galliard Capital Management (£63bn Stable Value; £13bn Fixed Income), an investment advisor that is not part of the Allspring trade name/GIPS firm. 2. Percentages are approximate and can fluctuate over time. 3. Percentages are based on number of total employees participating in equity ownership. 4. Global investment talent includes directors and associate level professionals. 5. Cerulli's league table.

Our corporate strategy

Our corporate strategy focuses on five areas to build and sustain our business and client relationships:

Driving an elevated client experience: we want to "change the game" for investors by elevating client experiences across three critical areas: investment management, distribution and operations. For the investment management experience, we seek to provide consistent excess return as well as value-added investment team insights to elevate client understanding; personal, 1:1 access to portfolio managers; and personalised investment capabilities at scale. For the distribution experience, we want to know our clients better than they know themselves, leveraging an evolved selling model and co-created solutions. For the operational experience, the new technology platform we are building seeks to provide the opportunity to invest in, build and create tools that support and drive a differentiated client experience. Our goal is to streamline, simplify and make highly customised the components most important to our clients' experience—RFP responses, onboarding process, client reporting and client invoicing, among others.

ESG focus: as a key strategic pillar, it is our goal to provide a thoughtful approach to sustainable investing, and we consider material environmental, social and governance (ESG) issues and sustainability themes across relevant investment strategies, where appropriate. Along with the evolution of our pooled fund offering, we customise solutions that suit clients' needs and objectives, including creating strategies with explicit sustainability intentions and financial goals. Our stewardship activities and investment research are important components of the investment process and key responsibilities on behalf of our clients; as such, they span the breadth of our offering.

Digital and operational transformation: we are building a best-in-class asset management technology platform that is specified for our business and tailored to where we believe the investment world is heading. Developing an elevated technology ecosystem will not only create efficiencies for our teams, it also will help us extract meaningful insights and deliver an enhanced experience for our clients. As a newly independent organisation, we have earmarked significant investment for the enhancement of our technology platform.

Expanding our global footprint: we seek to provide clients with the benefits of both global scale and learnings as well as "boots on the ground" to enhance our local distribution capabilities, local partnerships and locally relevant investment capabilities. We believe this will help us be a better and trusted partner to clients in all of our global locations. We are committed to being close to them and supporting them with relevant capabilities and regulatory requirements in their time zones and jurisdictions. To serve our clients and their varied needs, we now have over 20 offices globally through which we can deliver our investment insights and services on a regional basis outside of our US headquarters.

Diversity, equity & inclusion (DE&I): at Allspring, our focus on promoting DE&I across all aspects of our business is vital to our success. We firmly believe that bringing together multiple perspectives empowers creativity and innovation, a deeper understanding of our clients and the ability to see business opportunities in new ways. In 2022, we established a Diversity Office and appointed a chief diversity officer, who is a member of our Executive Leadership Team, and a deputy chief diversity officer. These leaders head Allspring's efforts to champion diversity and inclusion and develop goals and actions that will affect all levels of our global organisation.

Our culture

Since our independence in 2021, we have had a unique opportunity to evolve our company's culture with the values and expectations we believe are most important for sustaining successful long-term partnerships with our clients and our employees. Our values and culture consistently lead to behaviours that create a unique and positive working environment for employees as well as unique and positive long-term experiences and outcomes for our clients.

The values that shape our culture are the following:

Set the new bar: "good enough" never is. Go bigger. Do more. Ask all the questions. Consider all the angles. Sweat all the details. Exceed expectations. Challenge convention. Go further—and then even further—to reimagine and reshape the status quo.

Be bold, with boundaries: let your courage instil confidence. Harmonise ground-breaking thinking with reality. Big ideas are welcome, but even the most unexpected solutions must be anchored in thoughtful analysis, judgement and wisdom.

Make our differences the difference: inclusivity ignites greatness, so embrace the value of different perspectives. Respect different opinions. Celebrate different backgrounds. Unite different ideas.

Cultivate lasting connections: relationships cannot be bought. They have to be earned. Take action over apathy to move your colleagues, peers and clients forward. Go out in the world and create indispensable partnerships that last.

Deliver more, together: be better together. Be stronger together. Work smarter together. Make teamwork second nature and success its natural outcome. Collaborate, cooperate and contribute to a whole that is greater than the sum of its parts.

Our core values and behaviours inform and influence client alignment and the client experience as well as employee satisfaction, internal and external communication and collaboration, development of thought leadership and key talent acquisition and retention. Whilst the need for evolution and improvement is ever-present, we have demonstrated a strong, shared vision as a company, including a collaborative culture with respect for innovation and constructive challenge, deep support for diverse views and skills and a central value of putting clients at the core of everything we do. The collective impact of individual behaviours, client engagement and the client experience is taken into consideration each year in our annual talent and performance evaluations.

- To ensure that client needs, concerns and values are clearly visible within the organisation, we leverage several senior leadership groups to highlight and address important investment and client issues, initiatives and feedback. Our Investment Oversight Committee, composed of our most senior Investment, Strategy, Distribution, Research and control function leaders as well as our chief executive officer, is chartered with elevating and addressing investment issues and risks in order to understand and fulfil our obligations to our clients, regulators, stakeholders and business. This committee meets quarterly and on an as-needed basis as issues arise.
- Our global Distribution efforts are led by our North American and International Distribution leaders, both of whom serve on our Executive Leadership Team. These two leaders work continuously in partnership to identify and address global and regional client needs, issues and outcomes at the most senior leadership forum in the company. The North American distribution leader also serves on the Investment Oversight Committee, ensuring full visibility of client investment needs across both Distribution and Investment leadership. Both Distribution leaders also serve on the our Sustainability Council as well as on our Risk and Product Committees—all global forums. Together, these leaders and forums constitute the core "engines" that drive and are accountable for understanding our clients' evolving needs and challenges as well as the client experience and outcomes.

Our investment beliefs & approach: Allview

We believe in the power of active investing and the insights gleaned from deep fundamental research. Further, we believe an organisation of independent and specialised investment teams can enable us to achieve consistent outperformance and positive risk-adjusted returns. We bring together 23 investment teams and more than 460+investment professionals to address the varied goals of our broad, diversified, global client base. This approach unites independent thinking and diverse perspectives to deliver on our goal of achieving returns that expand beyond financial gains. In this way, we aim to combine the value of specialisation with the benefits of scale. We call this approach Allview.

DEPTH AND BREADTH OF OUR TEAMS
NUMBER OF INVESTMENT PROFESSIONALS ACROSS STRATEGIES

Equity	141
Fixed Income	162
Multi-Asset	21
Cross-Functional (Investment Risk, Research, Analytics, etc.)	133
TOTAL[1]	457

EXTENSIVE COVERAGE OF STRATEGIES
AVAILABLE TO CLIENTS

Equity: Fundamental	47
Equity: Systematic	35
Fixed Income: Taxable	46
Fixed Income: Municipal	10
Fixed Income: Systematic	3
Multi-Asset	30
TOTAL[1]	171

STRONG TRACK RECORD OF EXCESS RETURNS†
% OF COMPOSITE ASSETS OUTPERFORMING THEIR BENCHMARK[2]

	GROSS	NET
1-year	59%	40%
3-year	79%	64%
5-year	82%	68%
10-year	86%	76%

Sources: 1. Allspring and affiliates. Figures are as of 31 December 2022, unless otherwise noted. 2. As of 31 December 2022. The percentage of composite assets that outperform their corresponding representative benchmarks based on 225 marketed/non-marketed Institutional and Managed Account Composites shown gross/net of fees. Excludes money market composites and composites managed by Galliard Capital Management, GMO, Cooke & Bieler and Peregrine Capital Management. †For illustrative purposes only. Past performance is no guarantee of future performance and should not be relied upon when making an investment decision. Not all products are available in all regions.

Allview includes consideration of ESG issues and sustainability themes in our investment capabilities as we believe these contribute to our top priority: generating positive outcomes for our clients. Our broader platform benefits from the support and deep knowledge of our 15 Sustainable Investment professionals who facilitate expert collaboration in order to achieve optimal and effective integration of ESG issues.

Our diverse investment teams may integrate material ESG considerations into their investment processes in ways that are consistent with their asset classes, investment philosophy and implementation of their strategies, where appropriate.

Whilst each investment team may choose to integrate ESG analysis into their investment process differently, thus ensuring a strong fit with their strategies, we recognise that ESG issues can represent significant portfolio risk factors. We also believe it is our responsibility to be aware of how ESG and sustainability risks may influence investment outcomes as we seek to help our clients both succeed financially and benefit their stakeholders.

Our history

As an asset management organisation, we have been serving global clients since 1971. Over the course of several decades, the company (formerly Wells Fargo Asset Management) has demonstrated leadership in research and innovation on a number of topics important to addressing our clients' evolving needs, as noted below:

Decades of award-winning research

Peer reviewed published research

2000–2004

- Portfolio Constraints and the Fundamental Law of Active Management (2002)
- Theory and Methodology of Tactical Asset Allocation (2000)

2005–2009

- A Factor Approach to Asset Allocation (2005)
- Minimum Variance Portfolios in the U.S. Equity Market (2006)
- Fundamental Law of Active Management (2006)
- Fundamentals of Efficient Factor Investing (2006)
- Investing Separately in Alpha and Beta (2009)
- The Black-Litterman Model for Active Portfolio Management (2009)

2010–2014

- Know Your VMS Exposure (2010)
- Minimum Variance Portfolio Composition (2011)
- Risk-Based Asset Allocation: A new Answer to an Old Question? (2011)
- Fundamentals of Futures and Options (2013)

2015–2019

- Risk On/Risk Off (2015)
- From Risk Premia to Smart Betas: A Unified Framework (2017)

2020–present

- The Alpha, Beta and Sigma of ESG: Better Beta, Additional Alpha? (2019)
- Risk Management and Optimal Combination of Equity Market (2020)
- Analysis of Active Portfolio Management (2020)
- Macroeconomics and the Value Premium (2021)
- Climate Change and Asset Allocation (2021)
- When to Diversify Differently (2022)
- Climate Aware Risk Budgeting (2022)
- Trending Fast and Slow (2022)

KEY

Research that has received a Graham & Dodd Award

Research that has received a Bernstein Fabozzi/Jacobs Levy Award

For illustrative purposes only. Allspring do not create research for external distribution. All research papers are published by third parties and authored by Allspring employees. Ratings and awards demonstrate the capabilities of our employees and are not a guarantee of future performance at Allspring. They should not be relied upon when making an investment decision.

On 23 February 2021, Wells Fargo & Company announced that it had entered into a definitive agreement to sell Wells Fargo Asset Management (WFAM) to GTCR LLC and Reverence Capital Partners, L.P. The transaction closed on 1 November 2021, and Allspring Global Investments officially commenced operations as an independent asset management company. As part of the transaction, Wells Fargo owns a passive equity interest of less than 10% and will continue to serve as an important client and distribution partner.

The transition to private ownership has provided a unique opportunity to bring strong investment management resources and deep heritage, as well as long-standing client relationships, into an ownership structure that allows us to thrive and focus exclusively on asset management and our clients' needs. We are excited about the opportunity to co-architect solutions for our clients as a new and dynamic partner.

Stewardship at Allspring

As active owners of the companies in which we invest, stewardship is an integral component of our investment process. We have built our Stewardship Platform that reflects our values, which we express in two key ways: engagement with our investee companies and responsible proxy voting.

> As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. We embrace responsible, active ownership by engaging with investee companies and through voting proxies—and by doing both in a manner we believe will maximise the long-term value of our investments.

Our motivation for engagement originates from a strong desire both to deepen our knowledge of investee companies to which we allocate capital and, where appropriate, take action to protect invested capital. Importantly, our fundamental analysts across equities and fixed income collaborate alongside our Stewardship team to create strong alignment and to share perspectives. We recognise that there are many influences on the value of equity and fixed income instruments, and we attempt to identify and monitor issues that have the most material impact. We detail our approach throughout this document as we address each principle.

A history of serving clients' best interests

We believe we provide a strong client value proposition that has consistently and successfully addressed evolving and often complex desired investment outcomes. Our top 20 institutional clients have been with us, on average, for over 11 years and use an average of 2.8 investment strategies—evidence of strong, enduring client alignment and continuous partnership. In addition, over 85% of our global client base chose to remain with us when we became an independent company in late 2021. As a now privately held company with 20% employee ownership, we further believe our ownership structure fully aligns our employees behind our clients' needs, objectives and outcomes and that it supports retention of important talent and thought leadership.

Performance of investment platform

As of 31 December 2022

	1-YEAR			3-YEAR			5-YEAR			10-YEAR		
	% OF ASSETS OUTPERFORMING[1]	ASSET WEIGHTED EXCESS RETURN[2]	PEER RANK[3]	% OF ASSETS OUTPERFORMING[1]	ASSET WEIGHTED EXCESS RETURN[2]	PEER RANK[3]	% OF ASSETS OUTPERFORMING[1]	ASSET WEIGHTED EXCESS RETURN[2]	PEER RANK[3]	% OF ASSETS OUTPERFORMING[1]	ASSET WEIGHTED EXCESS RETURN[2]	PEER RANK[3]
	59%	+22	48	79%	+40	48	82%	+63	40	86%	+79	37

With the breadth and depth of our investment capabilities and our strong track record of investment results, combined with our stewardship and engagement efforts, we continue to successfully partner with clients over time to implement investment programmes that have integrated and addressed broad, complex and evolving investment objectives and desired outcomes. We regularly host clients and industry leaders at forums and events that aim to educate and support on important evolving investment issues, including ESG and DE&I, and their implications for investment decision-making. We are aware of the rapidly evolving information and data requirements surrounding the wide landscape of ESG topics in questionnaires and manager research, and we continue to gather and share relevant information with clients and innovate our product suite.

With our role of allocating capital and stewarding these assets on behalf of our clients, we are committed to continuous investment in and review of our ESG capabilities, including stewardship. The image below shows steps we have taken regarding developments to our investment approach, enhancement in our sustainability efforts and key industry signatory adoption (we document these further in Principle 6). We are also thoughtful about the integration of ESG considerations at the corporate entity level, particularly as they relate to climate.

Allspring's ESG evolution

	2014–2016	2017–2019	2020–2022
Allspring key ESG milestones	2014: introduction of formal ESG training for equity investment teams **ESG risk reporting** • 2014: post-trade ESG risk reports developed for equity portfolios • 2016: risk report enhancements with added pre-trade ESG screening tools	2017: dedicated ESG team formed with sustainable investing a strategic firm-wide initiative 2018: formally established the Stewardship platform to drive impact 2019: initiated the Climate Change Working Group 2019: launched ESGiQ, our proprietary ESG scoring framework focused on risk and materiality: analysts on the Global Credit Research platform incorporate this into analysis	2020: carbon and climate data integrated into ESG reporting scorecards 2020: quarterly Stewardship & Engagement Forum initiated company-wide 2021: internal Climate Transition score launched and integrated into analysis 2022: began construction of SDG framework 2022: adoption of UK Stewardship Code **Product launches** • 2020: municipal Sustainability strategy launched • 2021: climate Transition Credit strategy launched & seeded by UK pension plan • 2021: 2 Degree Global Equity launched • 2022: climate Focused Equity launched
Allspring sustainability initiatives	2015: PRI signatory status obtained 2016: joined the SASB Alliance were represented on the Investor Advisory Group and Standards Advisory Group	2018: joined Ceres Investor Network Member 2018: participated in the Green Bond Principles & Social Bond Principles advisory council 2019: joined Climate Action 100+, an investor initiative with the aim to drive change in greenhouse gas emitters	2020: represented on the Taskforce on Nature-related Financial Disclosures (TNFD) forum 2021: Allspring is a signatory to Terra Carta from HRH The Prince of Wales' Sustainable Markets Initiative 2021: joined the Advisory Group for the Assessing Sovereign Climate-related Opportunities and Risk (ASCOR) 2022: signed up to the Farm Animal Investment Risk & Return (FAIRR) initiative

Allspring Global Investments as at 31 March 2023.

At Allspring, we believe that return on investment expands beyond financial gains. Consistent with our mission to elevate investing to be worth more, our leadership team is committed to integrating sustainability in how we run and operate the business at a corporate level. This means operating our company with ESG considerations as an important component of our corporate decision-making and culture. Transparency and a goal of continuous improvement will guide our actions.

Environmental

We strive to become a leading asset manager in integrating climate considerations, both at the corporate entity level and within investment management. We recognise our primary impact is through our investments, but as a newly independent company, we support embedding sustainability at the core of our business and ensuring environmental sustainability is a priority. We believe responding to these critical issues throughout our operations helps raise greater awareness among employees globally, influencing our day-to-day practices and, ultimately, our culture.

We believe we have a responsibility to minimise the carbon, energy, water and waste impacts of our operations. We prioritise seeking Leadership in Energy and Environmental Design and Building Research Establishment Environmental Assessment Methodology certified spaces when pursuing new office locations. We have partnered with nZero, a global sustainability company, to measure our greenhouse gas (GHG) emissions and seek ways to reduce the company's environmental footprint for a more sustainable future. As a next step, we will produce a report on our alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Here we will establish our governance over our climate strategy and set goals to measure our operational energy footprint to establish a baseline from which, after proper evaluation, we will form a strategy to reduce our company's carbon footprint.

Social

We leverage the diversity of people, ideas and skills to help our clients pursue their financial goals. Promoting DE&I in all aspects of our business is vital to our success as different perspectives will help us navigate the future. We drive creativity and innovation by bringing together multiple perspectives—diversity and inclusion are key to understanding our clients, employees and communities more fully.

In the following tables, we present diversity statistics across our Senior Leadership and Board of Directors.

Allspring senior leadership as at 31-Dec-22

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian	1		1
Black or African American	1		1
Hispanic or Latino		1	1
Not specified		2	2
Two or more races	1		1
White	8	8	16
Grand total	**11**	**11**	**22**

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian	4.55%	0.00%	4.55%
Black or African American	4.55%	0.00%	4.55%
Hispanic or Latino	0.00%	4.55%	4.55%
Not specified	0.00%	9.09%	9.09%
Two or more races	4.55%	0.00%	4.55%
White	36.36%	36.36%	72.73%
Grand total	**50.00%**	**50.00%**	**100.00%**

Allspring Board of Directors as at 31-Dec-22

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian			
Black or African American		9%	9%
Hispanic or Latino		18%	18%
Not specified			
Two or more races			
White	27%	45%	72%
Grand total	**27%**	**72%**	**100.00%**

3 of 11
directors are women.

3 of 11
directors are racially/ethnically diverse.

In 2022, we launched the first eight Allspring Connectivity Groups (ACGs), which are diversity and inclusion working groups of employees who have common characteristics or backgrounds or who are interested in serving as allies for a particular underrepresented group. We believe the ACGs will help build deeper connections with our employees, across the business and with our communities and our clients. The ACGs are:

- Asian/Pacific Islander
- Black/African American
- Diverse Abilities
- Hispanic/Latino
- LGBTQ+
- Native Peoples
- Veterans
- Women

Governance

At Allspring, we have established a governance framework rooted in accountability, transparency and strategic oversight. The unique and diverse viewpoints from our Board of Directors reflect our company's desire to deliver outcomes beyond financial returns. The Board is supported by a robust internal governance framework that provides connectivity and clarity across Allspring as we manage known and emerging risks in support of helping our clients meet their financial goals. Our Sustainability Council is an important component of this framework, helping advise our Executive Leadership Team on initiatives related to corporate sustainability and sustainable investing.

Principle 2: signatories' governance, resources and incentives support stewardship

ESG integration at Allspring

We believe an organisation of independent and specialised investment teams is the optimal structure for achieving consistent outperformance and positive risk-adjusted returns. Our investment offerings are broad—spanning equity, fixed income, liquid alternatives and multi-asset solutions—and deep, providing fundamental and systematic strategies. Our diverse investment teams integrate material ESG considerations, where appropriate, into their investment processes in ways that are consistent with their asset classes and strategies. We outline examples of specific ESG-integration approaches below.

- **Corporate fixed income:** the Allspring Global Fixed Income Research (GFIR) team is at the heart of our fixed income platform, and portfolio management teams draw upon this resource to provide insight and analysis for a wide range of global issuers. GFIR's rigorous proprietary research incorporates a comprehensive analysis of quantitative and qualitative factors, including a long-standing emphasis on governance issues and management quality. We believe ESG analysis and climate considerations are critical to fully assess risk, and we have constructed in-house systems to assess ESG risk and climate risk—which we refer to, respectively, as ESGiQ and Climate Transition Framework—to embed these analyses into our overall research process. ESG and climate risk assessments inform, but do not drive, our analysts' fundamental opinion and relative-value assessments.
- **Municipal fixed income:** the team weaves ESG analysis into its internal rating assessments and considerations of the relative value of securities, as appropriate. The analysts' research process entails evaluating ESG issues from the perspective of sector-specific material environmental and social factors as well as assessing governance factors across all sectors. To understand the long-term fundamental trajectory of an issuer, portfolio managers draw on analyst research to aid in decision-making within a client's portfolio.
- **Systematic fixed income:** the team believes certain ESG attributes affect both the credit risk and the non-financial risk of sovereigns and can have a considerable impact on these bonds' long-term performance. We have developed a systematic framework for integrating ESG metrics into the portfolio-construction process—one that helps us understand and control for ESG risks and helps improve the long-term sustainability of our sovereign portfolios. The team also uses GFIR's rigorous and extensive research (as described above) for assessing ESG risks associated with corporate issuers.
- **Fundamental equity:** our independent equity teams incorporate ESG analysis into their portfolios, where appropriate, following their own unique approach to bottom-up fundamental analysis. Teams integrate material ESG information into different aspects of investment analysis, including industry analysis, assessment of management quality, strategy analysis and/or fair-value analysis. Adjustments to company forecasts may include changes to sales or operating costs or valuation model variables such as discount rates or terminal values. Direct contact with company management teams on a range of issues, including ESG issues, is an important component of their extensive independent fundamental research.
- **Systematic equity:** our teams capitalise on ESG and carbon-related information in deriving complementary insights for their alpha models, risk models and portfolio construction for relevant portfolios. The teams adopt a systematic approach to incorporating this information into their process alongside other factors, ranging from purely systematic ones to more quantamental styles where appropriate. We meet a range of objectives customised to clients' preferences on the spectrum of ESG characteristics—including carbon intensity and climate alignment—as well as tracking error, factor exposure and alpha. These efforts draw upon an array of internal resources and external data sets.
- **Multi-asset solutions:** ESG issues and climate change affect investor portfolios in terms of both top-down asset allocation and bottom-up security selection. The Allspring Multi-Asset Solutions team recognises the need for an integrated approach and takes into account ESG factors, carbon intensity and climate change from both

perspectives, where appropriate. Where (bottom-up) security selection is delegated to specialist teams, we use our Manager Research team to select the most appropriate managers. From a top-down perspective, it has become generally accepted that climate change affects economic variables, such as growth and inflation, as well as asset returns and risks. As a result, the team has designed an integrated framework to improve the long-term sustainability of our investment strategies whilst continuing to achieve our clients' desired investment outcomes.

Stewardship resources

Stewardship is part of the Sustainability team at Allspring. In 2022, we brought all of our ESG expertise, including Stewardship, together to embed our sustainable knowledge and expertise into our investment platform—under the investment leadership of Henrietta Pacquement, head of Sustainability and head of Global Fixed Income, along with Jamie Newton, deputy head of Sustainability and head of Global Fixed Income Research. This alignment also enhances our governance, with clear accountability to ensure an understanding of our sustainability guidance is embedded across all aspects of our business. Also, we have committed to invest further in our platform, adding positions and capacity to support our sustainable investment infrastructure. Henrietta and Jamie are experienced and respected global investment leaders of the company, enabling the team to maintain strong connectivity to Allspring's investment professionals.

The Sustainability team, in partnership with our specialised investment teams, implements our sustainability initiatives on behalf our clients. The team leverages a myriad of capabilities and tools, advances sustainable innovation, extends the integration of sustainability across the investment platform and partners with our clients to deliver against their investment and sustainability objectives. The Stewardship team is a key area of expertise within the Allspring Sustainability team. The other areas of expertise include:

- **Sustainability research and development** provides differentiated research to distil climate, water and other sustainability risks and topics into actionable investment ideas.
- **Investment integration** supports investment teams with educational training and process consulting, establishment of company-wide ESG guidelines, investment tool deployment and ESG risk management.
- **Analytics and reporting** empowers our investment teams via the ESG Analytics team, which incorporates ESG research and analysis into our independent risk management functions and provides proprietary tools and services that help portfolio managers more fully understand their investments' overall ESG and climate-specific risk profiles.
- **Product development** leverages expertise within the Allspring Product team by leading innovation to the company's overall ESG product strategy, including product innovation, development and execution and commercialised support for ESG products.

Together, the Sustainability team is composed of the following 15 team members. The Stewardship team is highlighted in blue. The full bios of the team members are in Appendix 1.

Sustainability team investment experience

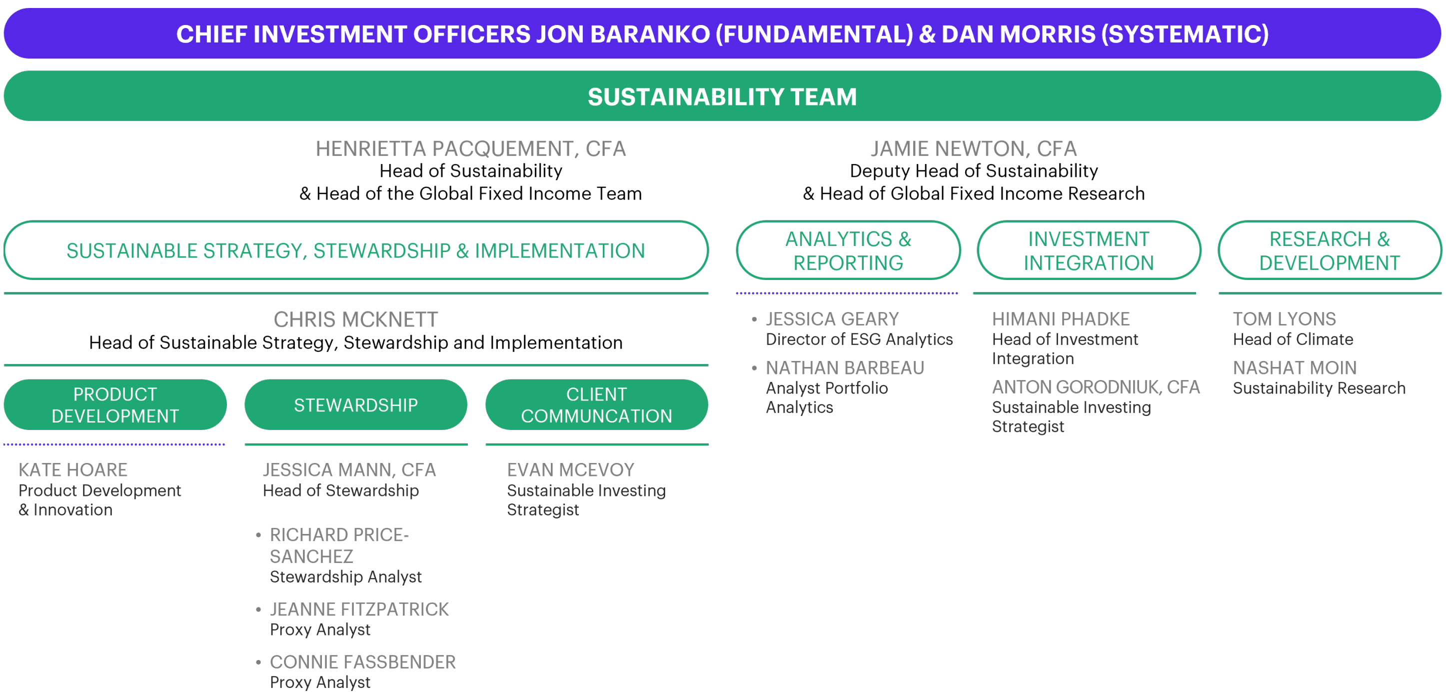
Name		Industry	ESG	Allspring
Henrietta Pacquement, CFA	Senior Portfolio Manager, Head of Global Fixed Income, Head of Sustainability	21	1	16
Jaime Newton, CFA	Head of Global Fixed Income Research and Deputy Head of Sustainability	24	3	20
Chris McKnett	Head of Sustainable Strategy, Stewardship and Implementation	23	17	4
Jessica Mann, CFA	Head of Stewardship	31	7	20
Richard Price-Sanchez	Stewardship Analyst	2	2	1
Jeanne Fitzpatrick	Proxy Analyst	21	10	14
Connie Fassbender	Proxy Analyst	32	–	23
Tom Lyons	Head of Climate	27	12	12
Nashat Moin	Senior Sustainability Analyst	9	9	4
Evan McEvoy	Sustainable Investing Strategist	15	2	12
Himani Phadke	Head of Investment Integration	13	10	3

Name		Industry	ESG	Allspring
Anton Gorodniuk, CFA	Sustainable Investing Strategist	9	9	1
Jessica Geary	Director of ESG Analytics	16	8	12
Nate Barbeau	ESG Analytics Analyst	21	2	6
Kate Hoare	Head of ESG Product	14	2	7
	AVERAGE	**19**	**7**	**10**

Stewardship governance

Stewardship is embedded in our investment team as we believe it is integral to our investment processes and assists in building client portfolios. It also means that governance over stewardship ultimately rests with our most senior investment leadership: Jon Baranko (Chief Investment Officer, Fundamental Investments) and Dan Morris (Chief Investment Officer, Systematic Investments). This structure ensures that stewardship efforts are additive to the investment processes and can have a meaningful impact on our clients' portfolios.

Allspring sustainability professionals



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Dotted lines represent cross-functional support.

Our Stewardship Platform's direct resources that support process, communication and governance include the following groups and committees:

The Sustainability Council brings together senior stakeholders from across the organisation—including senior investment management leadership across asset classes and investment styles, key business functions, the head of Stewardship and other Sustainability team leaders. In 2022, the Sustainability Council convened quarterly, serving as a forum for communication and debate on the various topics and issues encompassed by sustainability and stewardship. As of 2023, the Sustainability Council evolved into a formal governance body within our enhanced governance structure.

The Proxy Governance Committee (PGC) is chaired by the head of Active Equities with the head of Stewardship also providing strategic leadership. The PGC is responsible for our proxy voting policy and oversees our proxy voting process to ensure its implementation conforms to Allspring's Proxy Voting Policy and Procedures. The PGC also oversees our proxy administrator, ISS.

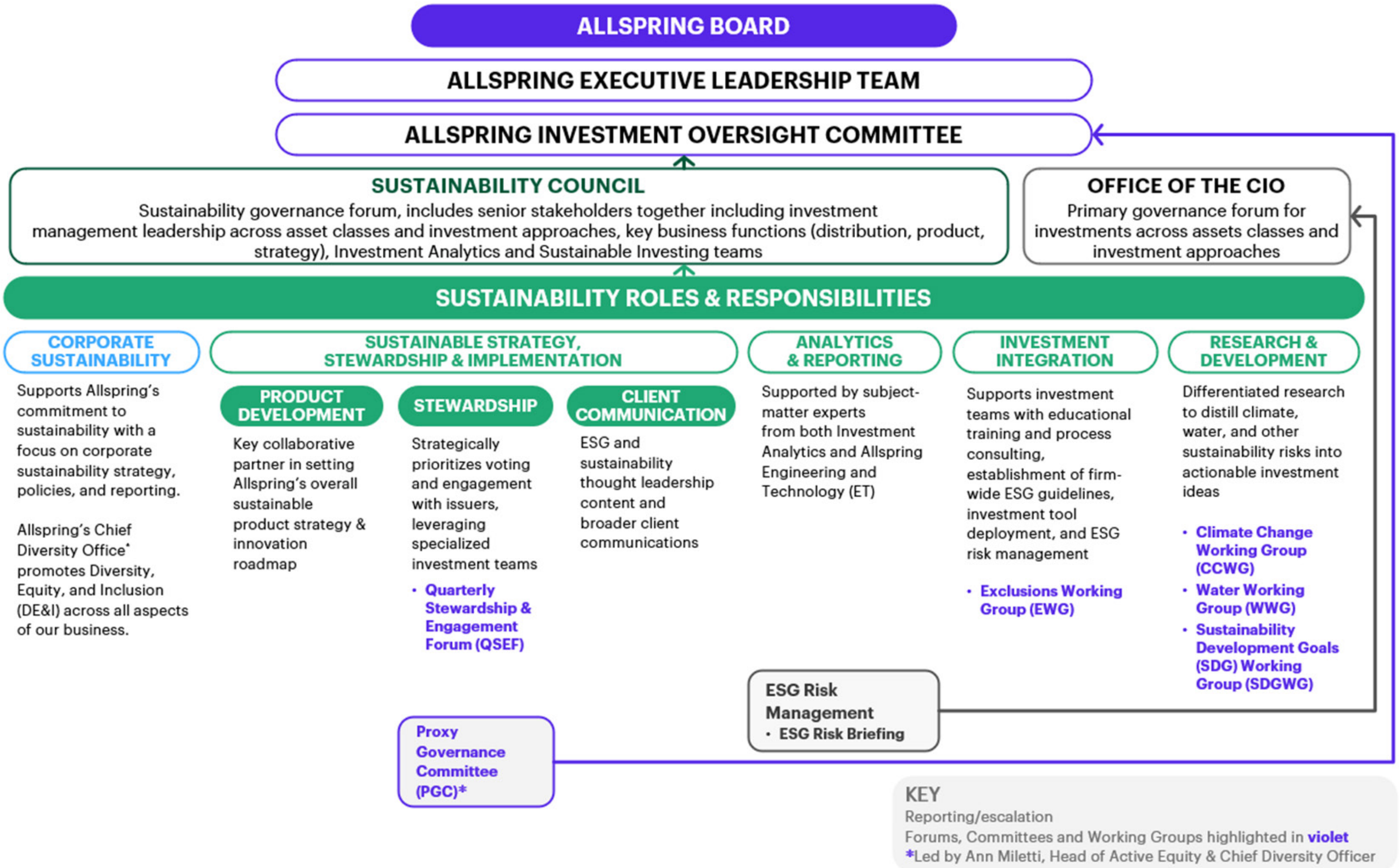
The Quarterly Stewardship and Engagement Forum (QSEF) meets quarterly to enhance coordination and deepen collaboration across the investment platform to engage companies on ESG issues. As QSEF members are representatives from across our investment platform, including from our Active Fixed Income and Active Equity teams and our Systematic teams, the forum also serves as a means for seeking input on strategic stewardship priorities and identifying ways we can improve partnership and enhance communication.

ESG Risk Briefing is conducted by the Investment Analytics team, which produces regular reports on significant product-specific, benchmark-relative ESG exposures and our most significant exposures to companies and securities with poor overall ESG and climate scores. The Office of the CIO conducts a monthly review with each investment team on its strategies, inclusive of ESG factors, which in turn leads to constructive dialogue on the ESG exposures and risks as well as the dynamics of ESG issues over time.

The ESG Exclusions Working Group assists in the implementation of our ESG Strategies Exclusion Review Guidelines. The Stewardship team participates in this group as it is essential to the dialogue with companies with which we engage to help them understand our Exclusions Rules and to acquire feedback from them on how they may be addressing the issues that led to their position on the list.

The Climate Change Working Group (CCWG) & Water Working Group (WWG) are cross-functional working groups that bring together analysts and portfolio managers across asset classes, along with our Sustainability Research and Development team within Sustainability, to assess climate change and water's impact on security value and portfolio risk. The analytical frameworks and research generated by the groups are shared across our investment platform and support client mandates and thematic investment products where appropriate. We also leverage the research to shape issuer engagements and proxy votes for investee companies materially exposed to climate change and/or water scarcity.

Bodies and governance structure supporting stewardship



Highlight

Effectiveness of committee guiding stewardship

Allspring formed the Quarterly Stewardship and Engagement Forum in 2020 to bring together the Stewardship team, all Fundamental Portfolio Management teams and Systematic teams and the Sustainability team for the effective execution of our stewardship practices. We believe the forum helps evolve this group of practitioners' expertise on ESG engagement and allows them to cascade ideas back to their investment teams. Further, it deepens engagement collaboration, provides a forum for seeking investment teams' input on strategic priorities for stewardship and helps improve partnership across the company.

Recent highlights include:

- In 2022, 16 different investment teams participated in the 89 ESG engagements led by the Stewardship team. The average across that group was 2.5 teams per engagement.
- Our survey to obtain input to set 2023's themes for engagement was distributed across our whole investment platform of over 460 investment professionals. Our 2023 priority themes are discussed in Principle 9.

The aligned resources and governance structure has enhanced our stewardship effectiveness in two primary ways:

01 The committees, forums and working groups increase the collaboration on selecting and prioritising engagement themes and on company-specific dialogues. In particular, the perspectives across and within asset classes that are collated by the Stewardship team afford a rounded consideration of investee company positions and directions of travel that inform both engagements and proxy votes.

02 Allspring Compliance's review of our proxy voting programme (discussed in more detail in Principle 5) found that it meets regulatory obligations, is appropriately disclosed in regulatory and client materials and relies on strong controls. Importantly, the review identified some recommendations for improvement that will be implemented going forward.

Stewardship technology and service providers

We believe the perspectives shared across our investment professionals are beneficial to our collective effort and that our Stewardship Platform's inclusive approach is a key differentiator in terms of how we engage. It is critical that we leverage technology to amplify our Stewardship communication internally. We also share a common ESG "toolbox" using third-party ESG vendors to benefit our Stewardship Platform as follows:

Sentieo: this external research and communication technology has been implemented within our Fundamental and Systematic Investments teams to help address the complexity of communication across our investment platform. Sentieo is a critical tool that enhances our ESG research and facilitates coordinated and targeted engagement efforts. Through a common set of tags, analysts can highlight meetings that included discussion on ESG topics such as water usage and carbon emissions. Investment teams can also tag notes detailing any engagements they have had with companies on these topics, enabling an easily accessible history and a framework for coordinated engagement efforts across investment strategies. The Stewardship team has a unique set of tags dedicated to the ESG engagements they lead, as do the fundamental investment teams that conduct their own ESG engagements independently. Within the detailed engagement meeting notes maintained in Sentieo, we summarise meetings and document our expectations for follow-up with the company in question for future use.

Proxy research: our primary vendor is our proxy administrator, ISS, which assists in the implementation of certain proxy voting–related functions. Among these are the provision of research and recommendations on proxy matters and voting proxies in accordance with our guidelines as well as the handling of administrative and reporting items. We may also leverage governance and related research from ESG data and research vendors.

ESG data and research: we license ESG and climate research and data from MSCI, Sustainalytics, OWL Analytics, the Sustainable Accounting Standards Board (SASB), S&P Trucost and HIP Investor. We also consume research and data from credit rating agencies, market data aggregators, sell-side brokers and independent research providers as well as information sourced from government agencies, non-governmental organisations and other publicly available databases. The complementary viewpoints of the different providers and the extensiveness of the research offer three primary use cases:

01 **Qualitative analysis**, which integrates well with our teams' bottom-up research processes

02 **Data sets** for incorporation into our Systematic Investment team models

03 **Quantitative scoring** to facilitate efficient review by our independent Investment Analytics team

Additionally, our Stewardship team uses this ESG research during engagements and as the basis for proxy due diligence.

Performance management and reward programmes

There is accountability for ESG at Allspring: it is incorporated into performance evaluations, and it influences incentive compensation for relevant investment professionals. At the company level, we have established that ESG risk oversight is an important duty of senior investment leadership, and we have built that into our long-standing risk-review meetings. Significant product-specific, benchmark-relative ESG exposures, as well as our most significant exposures to companies and securities with poor overall ESG scores, are regularly reviewed with the Office of the CIO. This ESG review process is also conducted monthly with each of our investment teams regarding their strategies—which, as noted under "Stewardship governance", leads to a constructive dialogue on ESG exposures and the risks and dynamics of ESG issues over time.

Our investment incentive-compensation plans play an important role in aligning the interests of our portfolio managers, investment team members, clients and shareholders. Incentive awards for portfolio managers, for example, are determined based on a review of relative investment and business/team performance along with other risk-aligned criteria. Embedded in investment performance is a disciplined investment risk management framework that, for relevant portfolios, incorporates one or more types of sustainability risk.

Along with the inclusion of sustainability criteria in portfolio managers' performance evaluations, many of our investment teams have incorporated sustainable key performance indicators (KPIs) into their analyst assessment and bonus recommendations. ESG components also are part of the performance review and remuneration metrics for our dedicated Sustainable Investing team.

Continuous improvement

Amid the evolution of topics and interest around sustainability and stewardship, we at Allspring will consistently evaluate our approach, technology and data, service providers and internal structure and resourcing.

Sustainable investing education and awareness of our investment professionals and client-facing team members are ongoing priorities for us. Highlights in this regard are our CCWG and WWG outputs and meetings, respectively. The Sustainability team has also conducted sessions including but not limited to:

- Training on the available ESG research and tools, infrastructure and resources available to investment teams, both vended and internal
- Training for fixed income and equity investment teams on climate change and the TCFD's recommendations
- Educational sessions for investment analysts and portfolio managers on our in-house climate change investment analysis framework

- Educational sessions for fixed income analysts and portfolio managers on our in-house ESG materiality assessment framework
- Bringing in expert external speakers, such as research analysts, investment consultants and academics

Investment teams and ESG professionals have ongoing, informal interactions on a range of timely topics and client concerns. Also, the Sustainable Investing team curates a widely distributed monthly newsletter publishing essential ESG-related news. Further, we have an active collaboration hub composed of more than 120 individuals across investment, product and client-facing teams and other functions for real-time information exchange.

Each year, Stewardship conducts discussions with many of our specialised investment teams that focus on their engagement efforts and strategy and assess where assistance can be provided or furthering collaboration. This one-to-one feedback loop adds to the information exchange that takes place through other recurring means, such as the Quarterly Stewardship Engagement Forum, Sentieo and company-specific engagements, among others.

Principle 3: signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Managing conflicts of interest

Our commitment as a fiduciary is to place the interests of our clients first and to identify and manage any actual or potential conflicts of interest, including those arising from proxy voting and/or engagement.

We have established and implemented effective conflict-of-interest arrangements that are appropriate to the size, nature, scale and complexity of our business. We have various relevant company-wide policies, among them the Allspring Code of Ethics (the Code), whereby all employees must always observe the highest standards of business conduct and follow all applicable laws and regulations. Another is the Allspring Conflicts of Interest and Outside Business Activities Policy, which requires our employees to commit to avoid, mitigate or appropriately resolve both conflicts of interest and situations that create the perception of a conflict of interest.

Our employees, as a condition of employment, must acknowledge in writing (or electronically) receipt of the Allspring Code and certify, within 30 calendar days of becoming subject to the Code and annually thereafter, that they have read and understood it and will comply with it. Violations of the Code may result in disciplinary actions, including disgorgement, fines and even termination, as determined by the Code manager and/or senior management.

We disclose our stewardship conflict-of-interest policies in our Allspring Proxy and Procedures Policy on our website here and our Allspring Engagement Policy is published here.

Potential conflicts of interest

We identify potential conflicts of interest that may arise over the course of proxy voting and/or during engagement activities, as follows:

Ownership conflicts: the business of Allspring is investment management with an overwhelming focus on publicly traded securities. As we are now mainly owned by private equity companies, we believe this ownership structure generally aligns with clients, and we believe it will be rare for conflicts of interest to arise in relation to this ownership. In 2022, we expanded the conflicts of interest language in our proxy policy to explicitly define that for GTCR's affiliated portfolio companies, we will vote in line with ISS Standard Policy recommendations and portfolio managers are not able to change the vote.

Client and prospective client conflicts: our client base includes institutional investors, including pension funds sponsored by corporations and balance sheet assets owned by corporations. Our proxy voting and engagement activities may be with investee companies, which can also be clients of Allspring. As a result, the following real or perceived conflicts may arise:

- We may engage with, or vote the shares held in, a company that is the sponsor of one of our pension fund clients, or which is in the same group as one of our clients or prospective clients.
- We may engage with a company that has a strong commercial relationship, including as a service provider, with Allspring and its affiliates and/or with clients or potential clients.
- We may vote on a corporate transaction whose outcome would benefit one client or prospect more than another.
- We may engage with a company in which certain clients or prospects are equity holders and others are bondholders.
- We may otherwise act on behalf of clients who have differing interests in the outcome of our activities.

Employee conflicts: at the individual level, employees are required to attest annually to our Code of Ethics that includes a commitment to always place the financial interests of Allspring clients before personal financial and business interests. This includes never taking advantage of information or using Allspring portfolio assets to affect the market in a way that personally benefits the employee. Employees must report if they or their immediate family members may have beneficial financial interest in or serve in a capacity of a publicly traded company (e.g., board director) with access to material information. Where such a personal connection exists, employees are required to disclose such to the Compliance Department, where an evaluation of the potential conflict is conducted and appropriate action is taken. Employees are required to highlight any changes to their personal conflict situations as soon as they arise, and this is complemented by regular employee attestations. Also, when employees engage in personal trading, there might be conflicts between the interests of employees and our clients. Allspring has extensive requirements of its employees in terms of disclosure and pre-clearance required.

Managing and monitoring conflicts

In all our activities, we seek to promote the long-term value and success of the companies in which our clients invest.

Our Compliance team: stewardship and engagement activities are exercised with the aim of influencing a company's behaviour and enhancing long-term risk-adjusted returns for that company's investors. However, these activities are not carried out with the intention of changing control of the issuer or of obtaining non-public information, nor is information obtained with the intention of manipulating the market or with the aim of using it in any other impermissible manner. If a case arises in which material non-public information is obtained through stewardship or engagement activities, our Compliance team is informed and restrictions are put in place around the issuer until the information is publicly disseminated. Whilst information barriers are in place, and during the application of the information barrier, Stewardship employees and all other Allspring employees are barred from acting upon or sharing the non-public material information. As mentioned above, the Allspring Compliance team requires that all employees periodically certify that they have complied with all of our policies and conflict arrangements.

Using objective assessments: whilst we welcome input and suggestions for engagement, including external input from clients, all of our engagement activities are selected and pursued based on an objective assessment of impact potential. This constitutes a combination of the company's systemic importance, its significance in its aggregate Allspring investment exposure and its possible significance in portfolio-level exposure, along with our judgement on the company's willingness to commit to change. The decision may also be influenced by the effect of public policy and regulation and the likelihood of success in achieving value-enhancing change or mitigating value-destroying change.

In our engagements with companies that are the sponsors of (or in the same group as) our clients, we are careful to protect and pursue the interests of all of our clients by seeking to enhance or protect the long-term value of the companies concerned. Because of information barriers, our client relationship managers are not aware of, nor do they participate in, our engagements with corporate issuers that may also be their clients of Allspring.

Proxy matters are conducted in the best interests of clients, in accordance with our fiduciary duties and applicable rules and standards, as outlined by the Investment Advisers Act of 1940, fiduciary standards and responsibilities for ERISA clients set out by the US Department of Labor, the UK Stewardship Code, the Japan Stewardship Code and other applicable laws and regulations.

In all circumstances in which we have voting authority, we will on a best-efforts basis comply with specific instructions to vote proxies, whether or not such client directions specify voting proxies in a manner that is different from that specified in our policies and procedures. When the Allspring Proxy Governance Committee becomes aware of a conflict of interest, it takes further steps to mitigate the conflict (as outlined in the proxy policy), which may include instructing Institutional Shareholder Services Inc. (ISS) to vote in accordance with its recommendation or engaging an independent fiduciary who will direct the vote on such matter.

Clients and internal investment teams may at times have differing immediate interests in the outcome of certain corporate activities, most notably in the result of a takeover bid involving two public companies. In addressing such situations, we are open with clients about the conflict and disclose it when practically possible. With respect to differing opinions among our internal investment teams, although we endeavour to vote consistently across multiple accounts and teams, we acknowledge that there are special circumstances, such as mergers and acquisitions, that may lead to a different or split vote. Investment teams can recommend a vote against the Proxy Governance Committee recommendation of a unified vote if their recommendation is substantiated in writing and if the Due Diligence Working Group reviews this recommendation in the context of the specific circumstances and with the intention of remaining consistent with our proxy voting responsibilities and the Allspring Governance Principles outlined in Principle 12 of this report.

Evaluating and addressing potential conflicts of interest with our proxy advisor: finally, there is also the issue of conflicts of interest potentially arising between the vendors our Stewardship team uses for ESG and corporate governance research and the relationships those vendors have with corporate issuers. In 2020, we began demanding more transparency from the significant relationships that our vendor, ISS, has in its other lines of business that provide services to corporate issuers.

We also established a new step in our proxy process to heighten focus on ISS's management of its potential conflicts of interest with corporate issuers. ISS now provides us with its "Policy and Disclosure of Significant ISS Relationships" on a monthly basis. We review the proxies of issuers that are significant clients of ISS that have upcoming meetings in order to determine whether those proxies include any shareholder proposals or recommendations on executive compensation in which ISS aligns with management. We review these shareholder proposals and executive-compensation recommendations, allowing us to better assess their position on two issues paramount to company management. Regarding shareholder proposals, management overwhelmingly recommends against, and for "Say on Pay", management always supports. We believe, therefore, that we have enhanced our proxy process, and client feedback has praised this as an industry-leading approach to assessing and managing proxy advisors' potential conflicts of interest.

Conflicts of interest handling in 2022

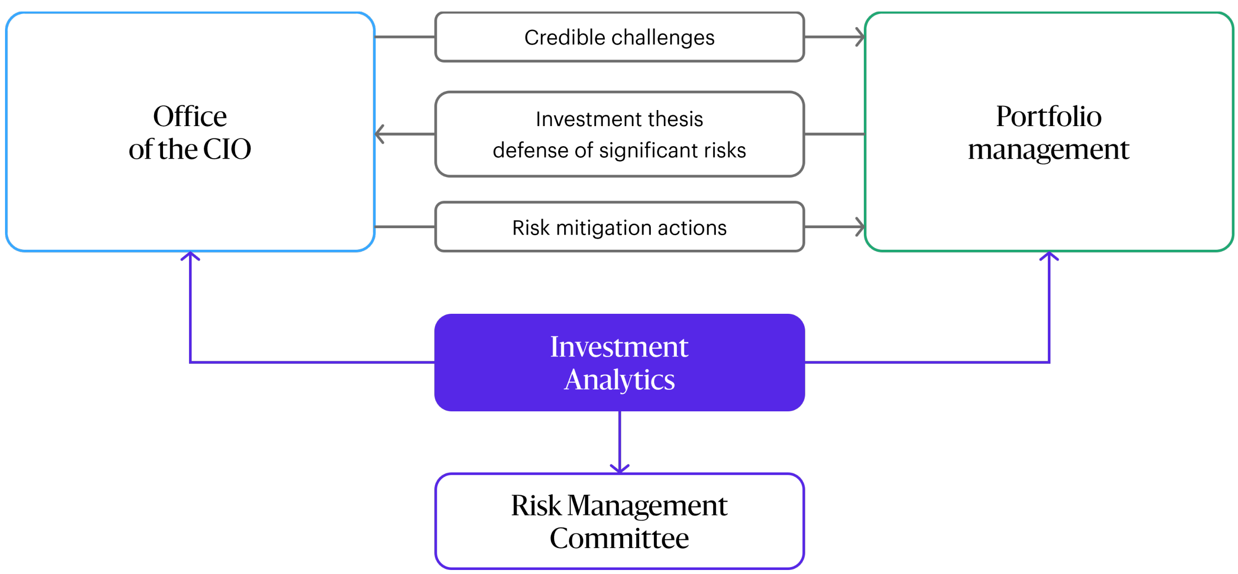
No conflicts of interest were identified during the period. However, we are mindful of the need to carefully manage potential conflicts of interest.

Principle 4: signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Market-wide and systemic risk identification

We can see that the world is changing rapidly and that this is partly due to systemic risks, such as climate change, the transition to a low-carbon economy, biodiversity declines, widening income inequality and changing demographics, as well as to regulatory shifts and rapid technological change. Applying an ESG and climate lens to investment analysis helps us evaluate these changes and their salience regarding risk and return, especially on a forward-looking basis, to contribute to a sustainable financial system for all participants.

Our investment culture encourages an active environment of communication, idea sharing and collaboration across our global platform in order to gain insights from our broad and diverse experts across investment teams. Our Investment Analytics team is responsible for collecting and recording identified market-wide and systemic risks sourced from interactions across the business, including those highlighted by our global research teams, portfolio management investment processes or senior management. The IA team is also responsible for communicating these risks across the business. The risks can manifest in various ways, including through such market-wide risks and systemic risks as climate change.



An example of how this works in practice is the Allview Market Risk Monitor. Each month, the Investment Analytics team assembles a top 10 list of market risks that it believes have the potential to influence investment portfolios. The list is not intended to be comprehensive, but rather a collection of items that answer the question: "as a risk manager, what keeps you up at night?" Our co-chief investment officers challenge portfolio managers on these risks, and we publish the Market Risk Monitor to our website.

We continually seek out new tools and data sets and augment our research in the interest of better understanding and mitigating these risks. The results are used in three contexts that demonstrate how we respond to market-wide and systemic risks: executing our fiduciary duty to investors, prioritising our stewardship efforts and being involved in/engaged with industry initiatives.

Fiduciary duty to investors

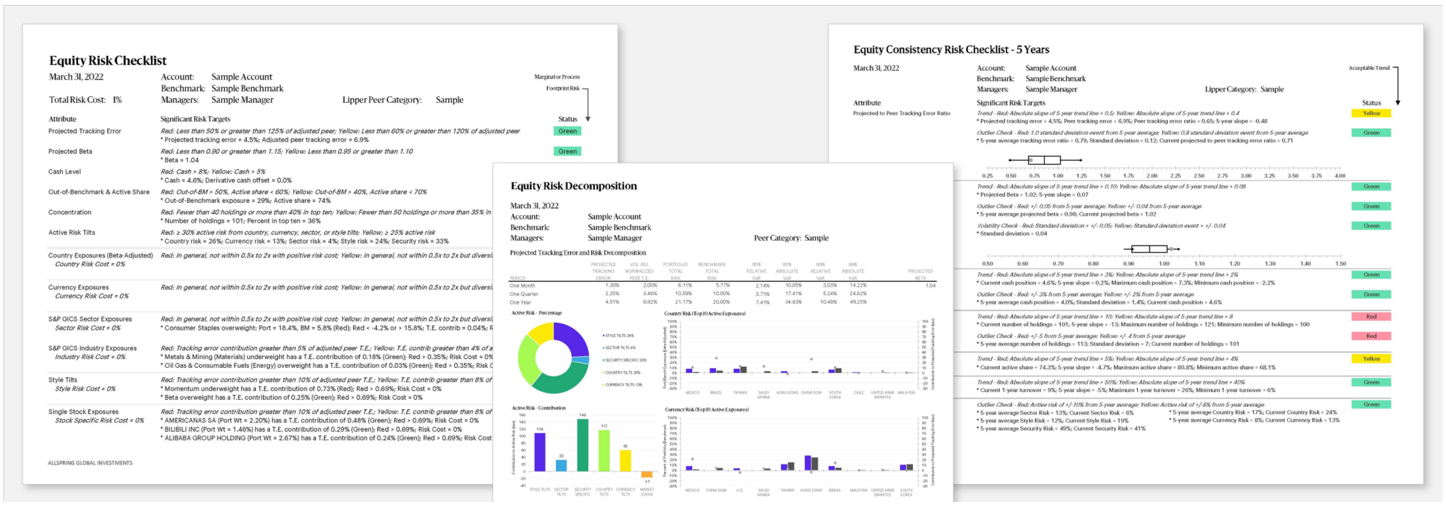
On a monthly basis, the Investment Analytics team reviews a listing of risks and participates in a monthly risk briefing with senior investment leaders who form the Office of the CIO. Agenda topics include a summary of the most significant market and strategy concerns (including sustainability), benchmark- and peer-relative performance and key aggregate company-wide issuer and transactional counterparty exposures, among others. If identified, credible challenges will be communicated to and discussed with portfolio management teams, and if required, risk-mitigation actions will be implemented.

Portfolios are tested for resilience against highlighted risks in order to ensure they behave as intended, maintaining the appropriate risk-return characteristics over the relevant investment horizons. Investment risk decomposition and stress-testing reports, tailored by asset class type, help managers assess and monitor these impacts.

See examples of some equity risk reports below.

Risk reports: Equity

- Created daily using MSCI Barra risk models and a variety of other analytics
- Assists in the identification of significant risks by decomposing exposures into country, currency, sector, style and security specific components
- Acts as a first step in the process of escalating significant market risks to senior management

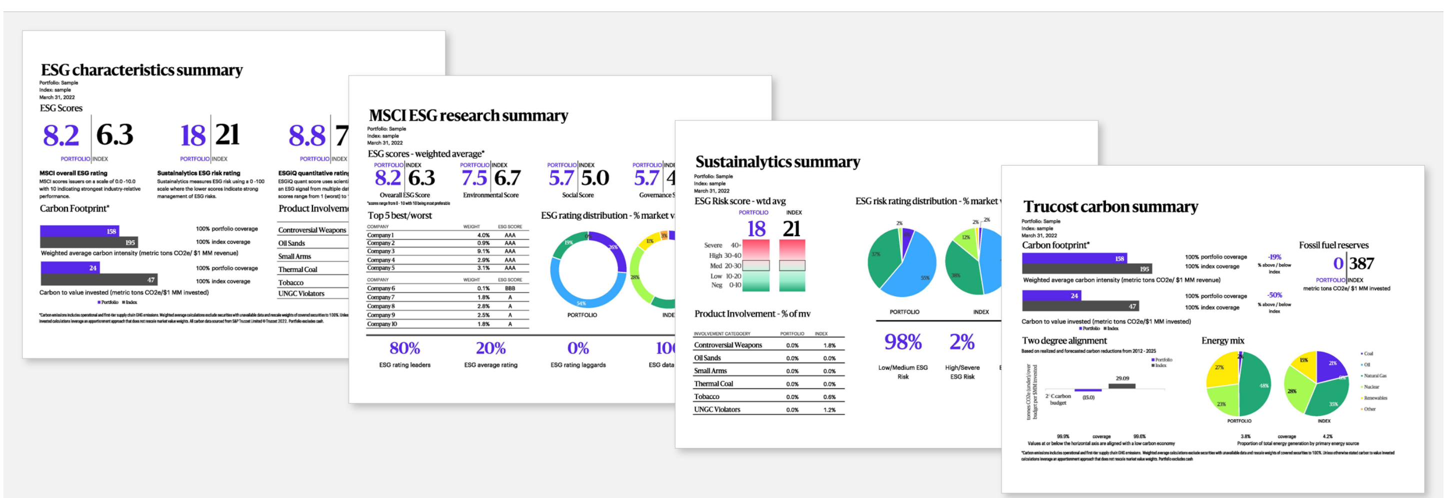


Sustainability risks for portfolios and benchmarks are also highlighted and monitored monthly.

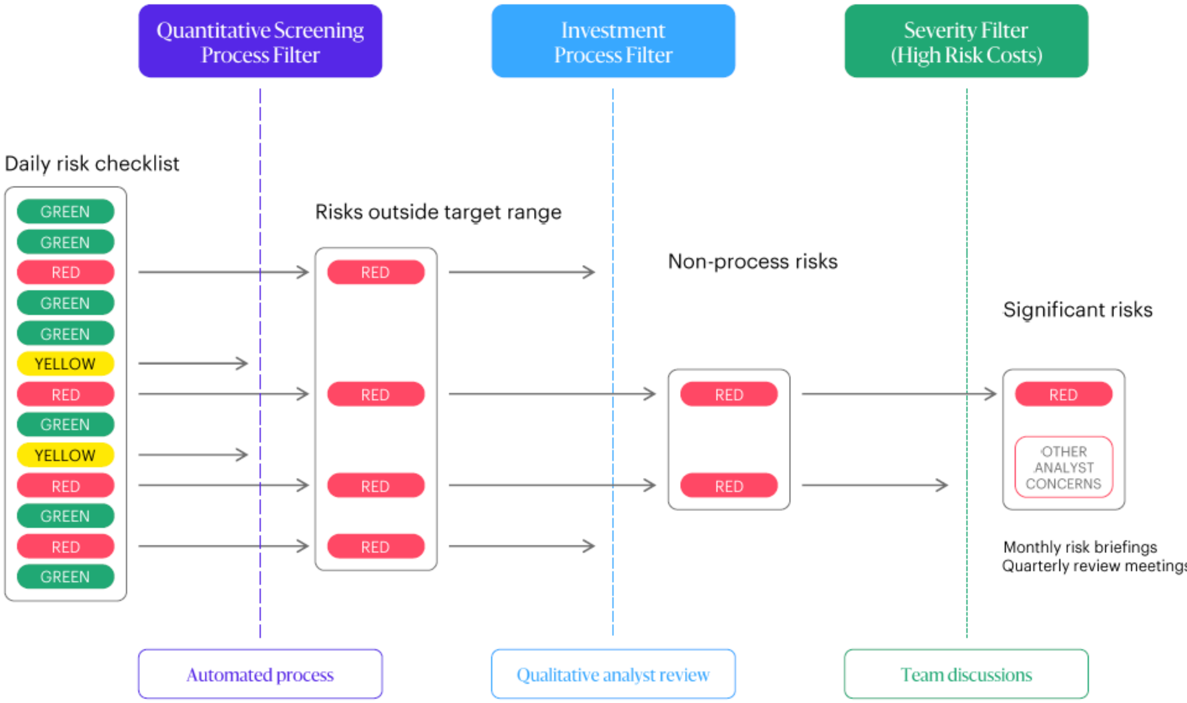
01
Assess a portfolio's existing ESG exposures

02
Determine the client's ESG objectives

03
Incorporate the ESG objectives into the client's portfolio



These examples of our reports demonstrate how we facilitate the identification of significant risks, which can then be escalated through a formal process, if required, as depicted below.



Stewardship

We have identified market-wide and systemic risks as a fertile source of engagement with companies for both fundamental and systematic teams and equity and fixed income exposures. For example, climate change is an identified systemic risk, and whilst the relative salience of climate risks will vary widely according to various scenarios, we understand that both physical risks and transition risks arising from climate change can have widespread social effects and also affect investment performance today.

To address this, we have developed cross-asset and cross-functional working groups on climate and water, led by our senior sustainable investment analysts. Both working groups enhance our engagement with companies and our discussions of opportunities and implications of climate change and/or water management.

CCWG: the cross-functional CCWG collaborates with investment teams to integrate climate risks into research processes and investment decisions. The primary goal is to assess climate change's impact on security value and portfolio risk, marrying top-down, systemic climate risk analysis with bottom-up sector expertise to improve investment performance and help clients achieve their climate goals. Through our Climate Transition Framework developed by the CCWG, we identity a range of ways in which business model, technology, physical, regulatory and other climate risks and opportunities affect the competitiveness of a company. This disciplined research process helps us optimise risk decisions at the portfolio level and formulate industry-level insights. Our differentiated approach allows us to:

- Comprehensively evaluate climate risks in a singular process with top-down and bottom-up research across asset classes—an important consideration as responses to climate risks can diverge from a credit-versus-equity perspective
- Evaluate negative and positive impacts with an understanding that, whilst climate change's worst effects may be significantly negative, a broad range of companies stands to benefit as society mobilises to contain climate risks and decarbonise

The CCWG enhances our engagement with companies and discussion of opportunities and implications of climate change. The research outputs help us identify climate transition preparedness leaders and laggards within industry groups and relative to decarbonisation pathways, such as net zero by 2050. For example, the case study discussed below comparing Air Liquide and Linde highlights Air Liquide as a climate transition leader in the chemicals sector with

Linde just a few steps behind as its transition strategy does not have as much specificity around an associated timeline and anticipated production breakdowns of blue and green hydrogen.

WWG: The cross-functional WWG focuses on advancing the understanding of water risks and opportunities and their investment implications. The WWG believes managing water-related risks and protecting water resources is essential and that as water risks intensify, understanding these dynamics will lead to improved security and industry analysis and better risk mitigation. The WWG enhances our engagement with companies and discussion of opportunities and implications of water management. It publishes white papers and research commentaries that examine investment implications across asset classes and geographies. We believe building this expertise will allow us to better assess companies we engage with as they navigate the ever-increasing risk of water scarcity.

During 2022, the WWG and the CCWG partnered to produce three thought leadership pieces:

The Great Western Drought: What Could It Mean for Markets?

Temperature Rising: Focus on Climate Change, Earth Systems, and Agriculture

2023 Sustainability Outlook: The Future Is Now

Case study

Air Liquide & Linde

Sector: basic materials—industrial gases

Asset classes: equity, fixed Income

Issue: over the next few decades, the global energy mix must shift away from carbon-intensive fossil fuels and towards a variety of renewables and green solutions to meet a temperature alignment trajectory congruent with the Paris Agreement. A key component in this transition will be the hard-to-abate chemicals sector, whose business model is based on the production and processing of hydrocarbons. As such, monitoring commitments to investment in renewable energy sources and establishing which chemical companies will be early leaders in either or both green or blue hydrogen with the use of carbon capture, usage and sequestration (CCUS) will have increased importance as this green energy transition plays out.

Objective: in the fourth quarter of 2022, our Stewardship team launched a thematic engagement initiative within the chemicals sector to analyse the decarbonisation strategies and relevant investment plans into green hydrogen. As part of this initiative, our Stewardship team, equity teams and fixed income analysts covering the sector met with several multi-national chemical companies that have launched transformational initiatives focused on decarbonisation and hydrogen production, including Air Liquide and Linde.

Engagement: both Air Liquide and Linde have announced decarbonisation targets that set the frame for their relevant strategies and investments:

Air Liquide	Linde

By 2025
• 30% reduction in carbon intensity in kg CO_2/EBITDA* vs. 2015 by 2025
By 2035
• 33% reduction in CO_2 eq. absolute emissions (scope 1 & 2)
By 2050
• Achieve carbon neutrality
These targets have been validated by the Science Based Targets initiative (SBTi) for the below 2DS scenario.
	By 2028
	• Achieve a 35% intensity reduction in GHG vs. EBITDA*
	• Intensity targets
	  ◦ 4% for HyCO GHG
	  ◦ 7% for ASU energy
	  ◦ 10% for distribution fleet GHG
	  ◦ 10% absolute reduction in GHG from other GHG emissions
	By 2035
	• 35% absolute reduction in GHG emissions (scope 1 & 2)
	By 2050
	• Achieve carbon neutrality
	These targets have been validated by SBTi for the below 2DS scenario.

*Earnings before interest, taxes, depreciation and amortisation

Air Liquide re-stated its climate transition strategy in early 2022 to significantly invest in opportunities in carbon capture and hydrogen. The new plan states that half of its industrial investments, which will total 16 billion euros for 2022–2025, will be dedicated evenly to the primary production of the molecule and CO_2 capture (4 billion euros) and the hydrogen logistics sector (4 billion euros). Notably, the company projects its 4-billion-euro investment could triple its hydrogen revenues from 2 billion euros to more than 6 billion euros during the same 2022–2025 period.

Air Liquide has more detail in its road map to reach its 2035 absolute emissions reduction goal of 33% (scopes 1 and 2). Air Liquide will use three different levers, each of which is expected to reduce emissions by 11%:

01 Sourcing low-carbon inputs for manufacturing

02 Asset management whereby Air Liquide will unload assets with high carbon intensity and replace or augment them to be more carbon efficient

03 Using carbon capture

Air Liquide has the capacity to use multiple types of carbon capture technology—absorption, adsorption and cryogenic—to convert 30% of its grey hydrogen production to blue by 2030. Over time, the company will switch to green hydrogen investments as renewables become more viable and available. Post 2030, Air Liquide believes both green and blue hydrogen production will increase significantly as grey production is phased out.

Similar to Air Liquide, Linde is investing significantly in its decarbonisation strategy and blue/green hydrogen production. The company committed to invest US$1 billion into decarbonisation initiatives by 2028. However, Linde could not give a breakdown of its US$1 billion target between CCUS and hydrogen investments.

Further, Linde believes its current CCUS investments are not up to the necessary scale to reduce emissions sufficiently but conveyed vaguely that it would need to work with industry peers and local governments to reduce costs, optimise results and build new technologies.

Both seek to be early players in the shift to low-carbon sources of hydrogen. However, Linde has much less of a road map, a specific breakdown or an associated timeline for its production of blue and green hydrogen.

Future focus: in summary, both Air Liquide and Linde have ambitions to take advantage of global decarbonisation and are making significant investments to increase hydrogen production. Both companies were very responsive to the feedback given during the engagements and promised to bring suggestions and concerns back to their respective boards for further discussion. These suggestions notably include considering how the company's carbon-reduction targets synthesise with each other and how green financing will be used in the future as well as providing more detail on the company's water management goals.

The Stewardship team will circle back with both companies in 2023 to discuss further developments to the hydrogen production plan as well as more details on their water management strategy and goals.

Industry initiatives

We believe that by aligning efforts on various initiatives, asset managers can significantly advance developments on a wide range of ESG and sustainability topics; highlight the importance of sustainable investing; and drive action by companies, investors and other market participants. Ultimately, we believe the outcomes of these efforts can improve investment management decisions, with the potential to drive long-term future returns for investors and positive environmental and social outcomes. We believe it is important for us to both contribute to and draw from industry initiatives focused on the advancement of sustainable approaches and capabilities. Therefore, supporting and contributing to industry initiatives is an important part of our sustainable investing approach.

Highlight

Allspring Industry Initiatives

Broad-based initiatives

- **PRI:** Allspring (and its precursor companies) has been a signatory to the Principles for Responsible Investment (PRI) since 2015. Along with fulfilling the requirements to be a signatory in good standing, we actively support the work of the PRI by contributing our investment expertise to PRI's Sub-Sovereign Debt Advisory Committee and Soft Commodities Practitioners Group, which is in addition to our previous contributions to other PRI forums.
- **IFRS Sustainability Alliance:** Allspring is a member of the Alliance, a global membership programme for sustainability standards, integrated reporting and integrated thinking. Allspring is also a member of the International Sustainability Standards Board (ISSB) Investor Advisory Group, formerly the SASB Investor Advisory Group, where Allspring has been a member since inception. The IFRS Foundation announced the formation of the ISSB in November 2021 at COP26 in Glasgow.
- **Terra Carta:** Terra Carta is the guiding mandate for the Sustainable Markets Initiative (SMI), which seeks to put nature, people and planet at the heart of global value creation. Allspring is a member of the SMI Asset Manager and Asset Owner Task Force.

Climate

- **CA100+:** Allspring is a signatory to Climate Action 100+, a coalition of institutional investors that seeks greater company disclosure around climate-change risk and company strategy alignment with the Paris Agreement. As a signatory, Allspring supports the transition to a lower-carbon economy consistent with limiting the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and leads an engagement with one of the focus companies.

- **ASCOR:** Allspring is part of the Advisory Group for Assessing Sovereign Climate-related Opportunities and Risks (ASCOR), established to provide investors with a common lens to understand sovereign exposure to climate risk and how governments plan to transition to a low-carbon economy.
- **FAIRR:** Allspring is a member of the FAIRR Initiative, a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by the global food sector.

Nature & biodiversity

- **TNFD:** Allspring is part of the Task Force on Nature-related Financial Disclosures (TNFD) Forum, a consultative network of institutional supporters of the TNFD mission. Previously, Allspring was part of the Informal Working Group of the TNFD.

Effectively responding to market-wide and systemic risk

There are multiple lines of defence when it comes to investment risk management. Our Investment Analytics team has a mandate of independent investment risk oversight for clients' investment portfolios. This mandate includes investment risks that may extend beyond a client portfolio or a collection of portfolios to risks that may have implications across the wider Allspring investment platform. Investment Analytics' main goal is to ensure that no one within Allspring is surprised by a market event or an investment risk in a client portfolio. The Office of the CIO assesses how well the Investment Analytics team makes all risks—both intended and unintended—transparent to portfolio managers and senior leadership, and part of the team's incentive compensation emphasises its focus and accountability to that goal.

Whilst Investment Analytics is a critical source of risk identification and tracking, management of the risks is a joint responsibility of Investment Analytics, the Office of the CIO and our specialised investment teams. The culture of our investment platform emphasises that all investment professionals are risk managers. Portfolio managers, analysts and strategists are empowered to identify risks and organise and execute responses. With respect to certain emerging risks broader than a specific security or client portfolio, and with durations that are more structural rather than acute in nature, we have organised cross-functional forums of investment professionals charged with research and development of analytical frameworks.

Our CCWG and WWG discussed above provide two examples of this. We employ two interactive approaches to position investments for addressing the risks of climate change and water stress. They are covered in Allspring's 2023 Outlook article "Questioning Consensus—The Future Is Now" and are summarised below.

01 **From a top-down perspective:** our WWG and CCWG run cross-industry analyses to assess risks and opportunities related to climate risk mitigation (for example, decarbonising within industries) and adaptation (such as expanding port and river infrastructures). These analyses maintain a disciplined emphasis on long-term fundamental trends rather than focusing solely on next year's earnings.

02 **From a bottom-up perspective:** our industry analysts apply robust analytical frameworks globally to better incorporate sustainability factors into their analyses of individual companies in each industry. Our CCWG, WWG, industry analysts and investment teams across the platform collaborate daily to ensure these analyses are integrated as appropriate into the investment teams' decision-making processes for achieving clients' goals.

Beyond investment research, our Stewardship team harnesses the intelligence provided by the working groups to support engagement with investee companies. This is an essential active management tool to maximise the long-term value of our clients' capital whilst influencing corporate behaviour around decarbonisation, water/agri-food/energy management and other sustainability initiatives. This is discussed in more detail in Principle 9.

Principle 5: signatories review their policies, ensure their processes and assess the effectiveness of their activities

Policy review process

We are committed to strong stewardship and sustainable investing practices on behalf of our clients, and we constantly assess and evolve our efforts as we gain new insights as the industry rapidly changes in terms of best practices. Our practices are codified into policies and procedures, which in turn must also stay relevant and reflective. We are committed to full public transparency of our stewardship and sustainable investing policies, with proper oversight and an appropriate frequency for review, as seen below.

STEWARDSHIP POLICIES	OVERSIGHT GROUP	UPDATE FREQUENCY
Allspring Proxy Policy and Procedures	PGC	Annually
Allspring Engagement Policy	QSEF	Biannually or, if material change, sooner
Japan Stewardship Code	Stewardship team	Biannually or, if material change, sooner

SUSTAINABLE INVESTING POLICIES AND GUIDELINES	OVERSIGHT GROUP	UPDATE FREQUENCY
Sustainable Investing Policy	Sustainability Council	Annually
Approach to ESG and Sustainable Investing	Sustainable Team	Annually
Sustainability Risk Policy	Compliance	Annually
Adverse Sustainability Impacts Statement	Compliance	Annually
Remuneration Policy Statement	Human Resources	Annually
Lux Fund Sustainability-Related Disclosures	Compliance	Annually
Allspring ESG Core Exclusions	Sustainability Council	Annually

Highlight

Annual review of our Allspring Proxy Policy and Procedures

Our Proxy Governance Committee reviews the company's policy and procedures annually, and we also monitor regulatory changes related to proxy requirements that could necessitate further modifications. During the fourth quarter of each year, the Proxy Governance Committee conducts a review of Allspring's custom Top of House (TOH) guidelines in light of industry trends in corporate governance. This encompasses evaluating the appropriateness of the regional policies of our proxy advisor, ISS, including adjustments driven by ISS's annual assessment. Where we seek a higher standard than that of ISS, or global consistency, we will define our own custom TOH guidelines to be implemented ahead of the next proxy season. One example of this led to Allspring's decision to define a more consistent custom policy on gender diversity. Whilst expectations for the representation of female directors have increased incrementally in many developed markets (ISS's Canada, UK and Ireland policies have a minimum of 33% for large companies), there are still others, such as Japan, with no gender diversity minimum. Since 2019, Allspring has sought a simple, consistent global expectation of all companies—regardless of their size or domicile—to have at least one woman on the board. We have codified this expectation into our custom policy as a TOH view.

Internal assurance

Internal Audit

Allspring Internal Audit is executed by the Allspring Internal Audit Department, with the primary objective of providing independent and objective assurance related to the adequacy and effectiveness of the risk management and governance practices of Allspring and its subsidiaries. Internal Audit conducts integrated assurance activities with Compliance in conformance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework. Internal Audit operates independently from management and has unrestricted access to any and all records and personnel.

Internal Audit directly reports to the Audit and Risk Committee of the Allspring Board of Directors (ARC), reporting administratively to the chief legal officer. Internal Audit's Departmental Charter, Code of Ethics, Policies, Budget and Resources and the annual Internal Audit Plan (and subsequent material changes to the plan) are reviewed and approved by the ARC. Internal Audit may address management's requests for more audit engagements as appropriate and with approval from the ARC. The chief auditor reports to the ARC the results of audits, the status of the Internal Audit Plan, remediation of issues and many other pertinent topics on a quarterly basis, enabling ARC oversight. The internal auditor's independence is further maintained by its lack of engagement in audited business activities. Internal Audit's team includes auditors covering both the operations and information technology disciplines.

In 2022, as part of the risk-based Internal Audit Plan, Internal Audit completed acomprehensive review pf ESG practices firmwide, working with management to identify and document controls and control gaps and remedy gaps where they existed. Any issues in remediation or that have already been remediated are subject to Internal Audit issue management and validation processes in line with IIA standards.

Compliance

Starting in 2022 and concluding in early 2023, Allspring Compliance conducted a review of our proxy voting programme. The review was conducted because of increased regulatory and client scrutiny in the industry, the need to ensure proxy activity is aligned with relevant ESG disclosures and the potential conflicts of interest that require identification and mitigation. Also, proxy voting was removed from the Allspring 2022 SOC1 (Type II) report, prompting an independent review by Compliance. Through this review, Allspring Compliance determined that our procedures and proxy voting process:

- Meet our regulatory obligations, including those established by US and EU regulators
- Appropriately disclose the voting programme in regulatory and client-facing materials
- Rely on strong controls to implement the voting programme

Some areas of improvement were identified, including 1) a need to update certain controls to stay in alignment with the current process and as it evolves over time and 2) the need for more Compliance oversight through ongoing monitoring of activities of controls. These improvements are being implemented in early 2023. Going forward, Compliance will conduct this independent review of proxy voting each year.

Risk

The risk management function is led by our chief risk officer, who is responsible for the execution of our risk management activities. Risk Management leads key risk functions, including the risk and control assessment process, risk event management, policy management, committee governance, emerging and strategic risk assessments and risk metrics and reports. Risk events are monitored through committee governance and escalated to the Allspring Board or other legal entity boards as needed. Aggregate risk exposure is used by the committees and boards. Metrics are monitored to support the aggregate company's risk profile and overseen through management routines, risk programmes and committee governance.

Our Risk Management Framework sets forth the core principles on how the company seeks to manage and govern risk in a comprehensive, integrated and consistent manner. Stewardship and sustainable investing policies and procedures are subject to policy management and governance routines and are included in risk and issue reporting as necessary.

External assurance

We will continue to assess its approach to assurance on an annual basis, including regarding the use of external assurance providers. The industry is just beginning to see the emergence of external assurance providers with stewardship expertise, much the same way that specialist verifiers emerged to attest to a manager's compliance with the Global Investment Performance Standards. We will endeavour to evaluate and consider this potential service provision in the coming months and years. We are audited annually in accordance with applicable rules and regulations, and whilst this audit does not specifically address our approach to stewardship, our robust internal audit continues to perform this role, and we are constantly reviewing and monitoring whether more external assurance will be required going forward.

Our annual PRI assessment functions as a valuable external perspective as it is conducted across our global signatory peers. Traditionally, the PRI has annually provided signatories with an assessment of their commitments to responsible investing, including stewardship, and this provides us with an important external validation of our commitments and activities.

2021 PRI Assessment Report

PRI MODULE	ALLSPRING	PEER MEDIAN
Investment & Stewardship Policy	★★★★	★★★
Direct – Listed Equity – Active Quantitative – Incorporation	★★★★	★★★★
Direct Listed Equity – Active Fundamental – Incorporation	★★★★	★★★★
Direct – Listed Equity – Active Quantitative – Voting	★★★	★★★
Direct Listed Equity – Active Fundamental – Voting	★★★	★★★
Direct Listed Equity – Passive – Voting	★★★	★★★
Direct – Fixed Income – SSA	★★★	★★★
Direct – Fixed Income – Corporate	★★★★	★★★
Direct – Fixed Income – Securitised	★★★	★★★

Source: Principles for Responsible Investment, 2021 Assessment Report. Peer median based on signatories that are in the same peer categories (1) signatory type = investment manager, (2) region = North America, (3) size by AUA band = US$250B+.

As an example from the last PRI assessment received, our 2021 assessment demonstrates our ongoing commitment to ESG integration, with scores of four out of five stars across four modules. We also communicate the results of our PRI assessment to our clients annually and provide them with insights and explanations.

Stewardship reporting

Each year, we provide enhanced public disclosure of our stewardship activities with an annual stewardship report and a mid-year update on our website. These reports include statistics, trends and case studies that illuminate our comprehensive approach and detail the commitments companies are making to us to improve their performance on ESG issues. The most recent published report, the 2021 Annual Report, is available here. We also featured it in this podcast.

We also fulfil many individual client requests for reporting on our stewardship activities, such as the Pensions and Lifetime Savings Association (PLSA) reporting for UK pension schemes, or as elements of other client needs, such as stewardship actions within a client's TCFD reporting. Our independent compliance function reviews our stewardship and ESG marketing materials, the annual and mid-year stewardship reports and our annual PRI reporting to ensure our reporting on stewardship activities is fair, balanced and understandable, with a keen eye towards clarity and fairness in all marketing material produced.

Continuous improvement

We are committed to continuously evolving our stewardship practices as we scan the marketplace for emerging best practices, and we seek to identify opportunities that are sometimes uncovered as our policies evolve to conform with changing regulations. Given the expertise on our global Compliance team, in 2022 we added our global head of Compliance to our Proxy Governance Committee as a voting member. Furthermore, we believe the annual compliance review discussed above is an enhancement. It will enable us to stay in tune with the global regulatory landscape, which has been very dynamic in terms of new and expanded proxy disclosures required of asset managers.

Also, in November 2022, the proxy administration team moved out of the back office in Operations and into the Stewardship team. Stewardship has provided the strategic direction for proxy policy since 2019 when we built our company-wide Stewardship team. Now, the proxy function sits together with strategic direction to make it a holistic and seamless process. This change also makes proxy voting more proximal to our investment teams as Stewardship is part of our Sustainability team in the front office.

Principle 6: signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

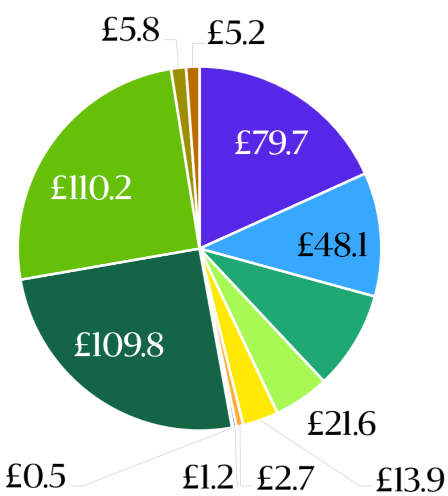
Our clients

We are an independent asset management company that offers a broad range of investment products and solutions designed to help meet our clients' goals. As of the end of 2022, we manage £437 billion on behalf of institutional and financial advisors worldwide, with a wide range of investment strategies spanning across fixed income, equities, multi-asset solutions and sustainable investing.

Our AUA

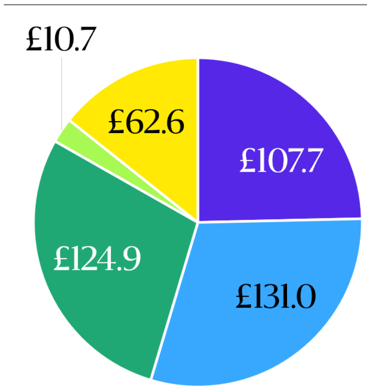
(Data is as of 31 December 2022 and in £ billions)

AUA by segment



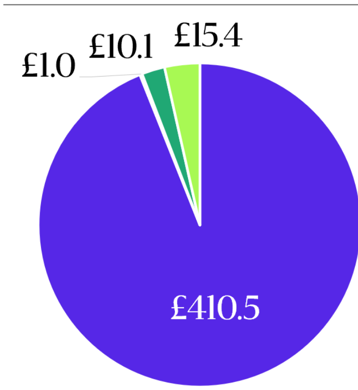
Segment	(£bn)
Corporation	79.7
Public/government fund	48.1
DIO	38.3
Subadvisory	21.6
Endowment/foundation	13.9
Union/multi-employer	2.7
Sovereign wealth fund/central bank	1.2
Individual/trust	0.5
Other institutional	109.8
Intermediary	110.2
Self-directed	5.8
All other	5.2

AUA by asset class



Asset class	(£bn)
Equity	107.7
Fixed Income	131.0
Money Market	124.9
Multi-Asset	10.7
Stable Value	62.6

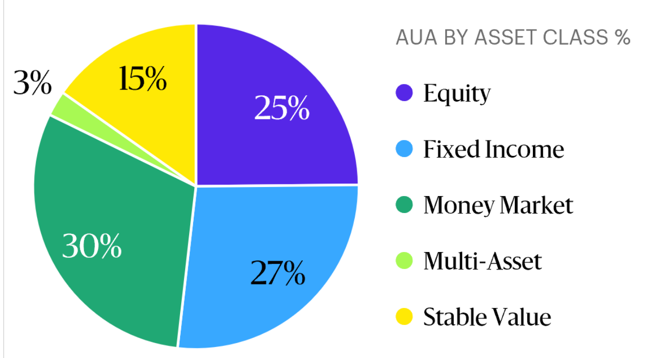
AUA by region



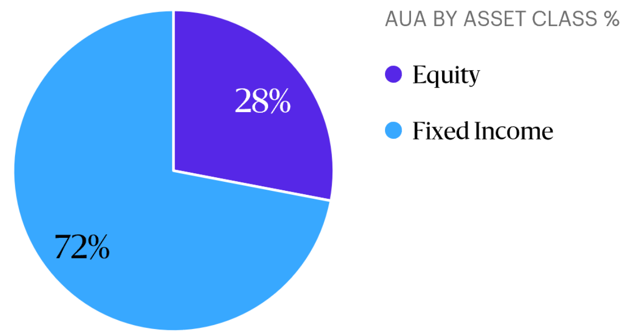
Region	(£bn)
US	410.5
America ex US	1.0
EMEA	10.1
APAC	15.4

With an institutional client base of pension funds, insurance companies, sovereign wealth funds, foundations and corporations, along with private wealth and intermediary, our clients' investment objectives are numerous and diverse. As mentioned in Principle 1, our key strength is a company structure and philosophy that harnesses independence of thought from both fundamental and systematic investments across multiple asset classes to deliver an array of investment products and solutions tailored to specific client objectives.

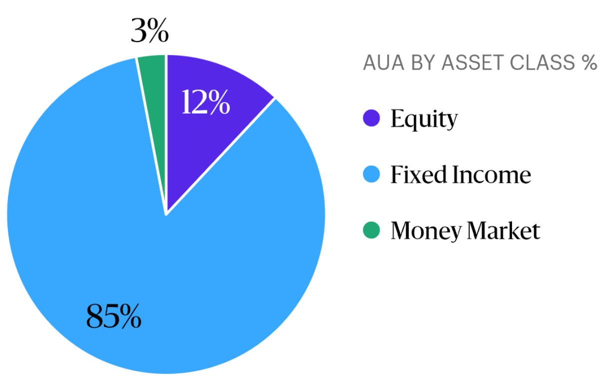
US clients by asset class £410.5bn



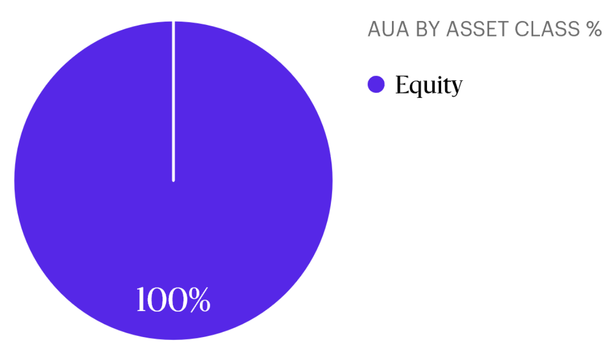
EMEA clients by asset class £10.1bn



APAC clients by asset class £15.4bn



America ex-US clients by asset class £1.0bn



We aspire to grow our client relationships outside of North America. To this end, in 2022 we expanded our ability to work directly with clients in a number of countries and jurisdictions. For example, we created new licensed entities and added new employees in multiple important markets:

- a new lead for our Milan office
- a new head of Financial Institutions for the UK and Switzerland
- a head of Sales for German-speaking Europe
- a new Japan representative and country head

Our licensed entities in Tokyo, Singapore and Hong Kong were also established in 2022 following the successful launch of our office in Italy in May (supplementing our existing offices in Frankfurt, Paris, London and Luxembourg).

Underpinning these developments is the philosophy of “think global—act local”. We aspire to be a truly global business with local teams in critical markets who are close to our clients, understand local market dynamics and respond in real time.

Client time horizon

The majority of our strategies are managed with a long-term perspective. This aligns with our belief that the best long-term performance results from investing in companies with fundamentally sound and sustainable business models that have strong long-term growth prospects. One way in which clients communicate their time horizon is by framing their performance expectations over rolling periods. This in turn frames their risk and return expectations. Clients invested in our equity strategies frame the longest time horizons—for example, rolling five-year periods. Total-return clients invested in our fixed income strategies frame time periods that vary based upon duration—for instance, rolling one-year periods in shorter durations versus longer, rolling three-year periods in longer-duration strategies. Custom strategies, such as Buy and Maintain, are low-turnover strategies and the time frames are more unique to the portfolio ladder(s). As we stated in Principle 1, our top 20 institutional clients have been with us, on average, for over 11 years, which implies that our relationships have spanned multiple cycles of performance evaluation.

ESG topic-adapted engagement horizons

Our experience is that some engagement issues can have immediate-term horizons. Improvements in corporate governance, for instance, can be addressed through proxy voting and more expansively in our Governance Principles. Others can have medium-term horizons—for instance, targets to improve workforce diversity or close gender pay gaps. Finally, others are long term in nature. When we engage with companies where climate transition is material, for example, we recognise it is a multi-decade journey towards net zero by 2050 and companies need to set and achieve credible, scientifically-based targets along the pathway.

As most of our clients and their beneficiaries seek a longer-term investment horizon, we believe the durations of our engagement horizons are designed to impel companies to do better on sustainability performance over a varied horizon appropriate to the issue at hand, from short to long term. We believe stewardship is an essential component of sustainable wealth creation sought by our clients and their beneficiaries as it is one that enriches them both as investors and as citizens and stakeholders of the world in which they live.

Client communication

As active owners, managing risk and maximising value go hand in hand with engaging companies and issuers to whom we have decided to allocate capital. Communicating those efforts to our clients is of utmost importance as it allows us to maintain focus on material themes that matter most to them. Our client teams have significant experience servicing diverse client types, and they often specialise to better respond to more unique client needs. Each client is assigned a client-relations director who typically is the primary point of contact and works with the client from the inception of the relationship to review investment guidelines and communication and reporting needs. Frequency of communication and delivery of reporting are consistent with a client's preference, and we maintain dialogue with our clients (and as needed with their consultants) to ensure these expectations are met. Clients may communicate with a client-relations director, members of the investment team and our sustainability and stewardship professionals as needed. Ongoing engagement can take place during in-person meetings as well as through less formal communication, such as conference calls, written materials, video conferencing, email and client events and forums.

These multiple touchpoints provide us the opportunity to seek feedback on our clients' evolving needs and on how we can better respond.

Evaluating the effectiveness and understanding our clients' needs

Along with handling direct and ongoing interaction with our clients, our global client-facing and consultant relations teams serve as an important source of feedback. This global group of experienced professionals plays an important role in our understanding of how effective we are at meeting our clients' needs as well as how we can improve. Stewardship comprises an important element of this review.

As mentioned in Principle 2, our QSEF brings the Stewardship, Distribution and Sustainability teams together with portfolio management teams across asset classes to enhance coordination and deepen collaboration. A crucial partner and participant within this forum is our Distribution team, whose role is twofold:

- To ensure our Stewardship team is aware of the themes and views being set and communicated by global and UK consultants, as well as some of the most influential schemes across the globe
- To ensure the Stewardship team is aware of the ever-evolving reporting requirements of their client base

Highlight

Client communication and partnership

In 2022, for a French public pension fund, we accommodated its need to implement a custom proxy voting policy aligned with its investment policy and the specifications of our mandate.

Each month, we also provide a holdings report showing our ESGiQ proprietary scoring that maps to the pension fund's multi-pillar, best-in-class investment approach.

We also provide bespoke annual stewardship reporting that shows direct and collaborative engagements we've had with companies held in the pension fund's equity portfolio. Engagement themes include but are not limited to: workforce diversity and gender pay equity, evolving sustainability disclosures, climate transition strategies and supply-chain management.

In line with our strategic priorities, we illustrate improvements we made in 2022 to strengthen our stewardship approach and its impact on clients.

Changing client needs and expectations: acknowledging the direction of travel in the industry, we continue to evolve our ESG reporting to deliver greater transparency to our clients on the nature of their investments. As a matter of course, we work with our segregated mandate clients to create bespoke reports in line with the sustainability objectives of their mandates. For example, in 2022 we proactively provided some of our UK clients who were obliged to begin producing an annual TCFD report with data and metrics in line with the joint IA/ABI/PLSA Working Group's Carbon Emissions Template. We understand this will soon be a need for all UK pension schemes, and we are working to standardise our approach to provide metrics aligned with TCFD requirements. We also provided a live engagement case study to one UK pension fund to be used in its TCFD report, highlighting outcomes we would like to see before considering a large downstream petroleum company within the client's mandate.

Our ongoing ESG characteristics analytics reporting includes our proprietary ESGiQ scores alongside a variety of other sustainability information and ESG/climate metrics at the portfolio level. We have much of this for internal purposes. However, we believe clients will eventually expect some elements of this type of data on a regular basis as part of normal investor reporting communication.

In the interest of greater standardisation for clients, we are also supportive of, and have adopted, industry-reporting templates such as the PLSA's Voting and Engagement Template.

We consider the UN Sustainable Development Goals (SDGs) representative of a useful impact framework—one that also highlights systemic risks, such as climate change, that can affect wide swathes of the global economy, endangering growth and prosperity. We believe the SDGs provide significant potential in terms of communicating to beneficiaries the impact of their investments on the global economy. We are conducting research and building frameworks to understand where contributions are being made across investor profiles to help sustainable (environmental and/or social) outcomes. To this end, we are developing a bottom-up, granular view on whether a company is helping or hindering an SDG's achievement, and we are seeking to address concerns with current SDG approaches that often rely simply on "alignment". This is highlighted in Principle 7.

Case study

French Public Fund

In 2022, we populated a comprehensive ESG reporting template for a French public pension fund client for whom we manage a Climate Transition Credit strategy. Every six months, we report an array of quantitative climate and sustainability data on the portfolio versus the index, including carbon intensity, fossil reserves, greenshare (amount of revenue from green products or services), COP21 compliance (by investee company), temperature alignment with 1.5DS, physical hazard risk, transition risks, biodiversity performance, coal exposure, green bonds in the portfolio, ESG ratings using ESGiQ (portfolio and by sector) and SDG contributors. We also detail engagements with portfolio holdings during the periods.

This is the most extensive ESG/climate reporting we have produced, and we can leverage this as our "gold standard" with other interested clients.

Spotlight on ESG: to help the many clients we have who are actively targeting net zero by 2050, we expanded our fixed income product suite to include Climate Transition Global Buy and Maintain and Climate Transition Global High Yield strategies. Our Climate Transition Framework, which forms the foundation of each, includes an engagement element with investee companies seen as having systemic importance to a transition to a low-carbon economy. We collaborate with issuers to set expectations, improve transparency and share best thinking. We determine deliberate engagement outcomes, such as improving climate performance of investee companies or broadening the universe of qualified companies. We discuss this approach in more detail later in our submission.

Digital Transformation: we continue to encourage greater use of Sentieo, now in its third year at Allspring (described in Principle 2). Today, it counts over 250 active users across both fundamental and systematic investments. With increased use, we have been able to leverage the capabilities of Sentieo's platform to enhance our ESG research and track ESG engagements of our investment teams independent of the Stewardship-led efforts. In 2022, we rolled out a revised taxonomy of ESG hashtags in Sentieo to capture investment team–led ESG engagements, facilitating more consistent use of the categories and improving our ability to provide timely and transparent engagement reporting to our clients.

DE&I: at Allspring, our focus on promoting DE&I across all aspects of our business is vital to our success. As mentioned in Principle 1, we firmly believe that bringing together multiple perspectives empowers creativity and innovation, a deeper understanding of our clients and the ability to see business opportunities in new ways.

In April 2022, we announced the formation of our Chief Diversity Office to further promote DE&I throughout the organisation. Our head of Active Equity, Ann Miletti, was appointed to also take on the role of Allspring's chief diversity officer and joined the Executive Leadership Team. Sonya Rorie was appointed deputy chief diversity officer and joined the Senior Leadership Team. The newly formed Chief Diversity Office and these appointments create a platform to effectively address DE&I as a strategic imperative of our business and fully embed DE&I into the company.

Gender, ethnicity and cognitive diversity characteristics affect the outcome of the investment process in many ways. The company-wide composition of the analysts and portfolio managers executing the investment process can have a tangible impact on long-term investment decision-making. Building diverse teams that foster and promote gender, ethnic and cognitive inclusion optimises the team's ability to identify risks and opportunities across the investment universe. It also provides a deeper and richer source of credibility to the "devil's advocate" element of stress testing an investment thesis.

Within the security-selection process, gender, ethnic and cognitive diversity is an important and incremental data point in comprehensive investment case review. Perhaps the most direct and meaningful benefit of diversity is seen through the composition of companies' leadership teams and boards of directors, where we believe there is evidence that better long-term asset allocation decisions are created when diversity exists, especially when viewed through a risk-adjusted lens.

Principle 7: signatories systematically integrate stewardship and investment, including material environmental, social and governance issues and climate change, to fulfil their responsibilities

Identifying ESG issues of importance

We have developed multiple asset-class- and use-case-specific tools to help investment teams formulate a rounded assessment of their investment universe from a sustainability perspective. These tools include current-state assessments as well as forward-looking analysis to enable investment teams to integrate sustainability considerations in a way that is adapted to the diversity of asset classes and investment styles we manage and the breadth of the investment objectives of their investor base.

We take great care and diligence in understanding client objectives in line with our mission statement: "to elevate investing to be worth more". We partner with our clients to gain a full assessment from sustainability and financial perspectives, including return expectations, risk tolerance, liquidity needs and investment horizon. Our suite of sustainability tools is adapted to deal with the full range of investment horizons, from short term in the money market area to medium to long term in the fixed income and equity space—as well as the spectrum of ESG perspectives, ranging from how ESG issues affect investments to how investments affect society and the environment.

See tool summary table below.

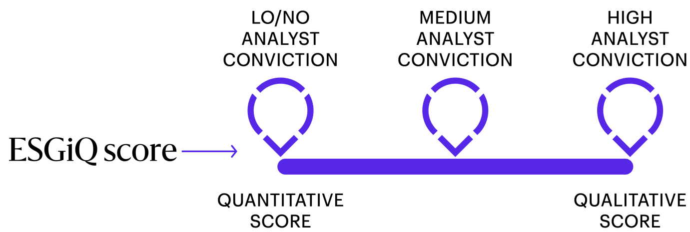
TOOLS	ESGIQ CORPORATE	CLIMATE TRANSITION SCORE	US MUNICIPAL POSITIVE IMPACT	MULTI-ASSET POSITIVE IMPACT ASSESSMENT	SDG LENS	ESGIQ SOVEREIGN
Description	Broad ESG risk assessment	Climate readiness assessment	Positive impact framework	Positive impact framework	Impact assessment	Broad ESG risk assessment
Asset-class applicability	Equities, credit	Equities, credit	US municipals	Money markets	Equities, credit	Sovereign bonds
Geographic reach	Global	Global	US	Global	Global	Global

These tools also facilitate identifying stewardship and engagement themes and opportunities for incorporation into investment research, portfolio management and stewardship and engagement activities.

Descriptions of the tools and example use cases are described by asset class and investment style below to demonstrate that, in practice, relevant and appropriate integration of stewardship and investment varies across strategies—for example, from routine risk-based integration to specialised climate transition strategies with mandates increasingly using a combination of characteristics.

Highlight

ESGiQ Corporate

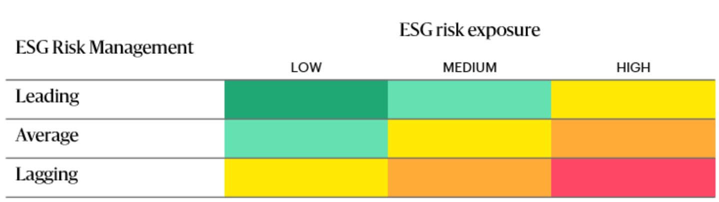


To assess ESG risk across the spectrum of corporate fixed income (and where appropriate elsewhere), we developed a proprietary ESG scoring system we developed called ESG information Quotient, or ESGiQ. Our methodology combines and enhances data from third-party providers to add breadth whilst our analysts' in-depth sector expertise adds depth. This analysis focuses on financially material risks. The ESGiQ Score has two components: the Quantitative Score and the Qualitative Score. All companies with an ESGiQ Score will have an ESGiQ Quantitative Score. When a company also has an ESGiQ Qualitative Score, the conviction of the analyst working on that specific company may overweight or completely override the Quantitative Score. If analyst conviction is low, the Quantitative Score will be predominant.

ESGiQ's Quantitative Score incorporates information from MSCI, Sustainalytics and OWL Analytics whilst also taking into account SASB Standards via its published mappings through inputs derived from MSCI and Sustainalytics data that are mapped to SASB. This enables broader coverage than what is available from a single provider. The Quantitative Score leverages a patent-pending, proprietary process that uses advanced statistical learning techniques and specialised sampling methodologies to distil insights from multiple ESG data sources. It is a robust system capable of dealing with the inconsistent terminology, incomplete information and non-uniform coverage found in many ESG data sets. By using custom-crafted algorithms, we are able to create a score that scales well across these diverse data sources, providing us with improved breadth of coverage. This Quantitative Score is available to both our fundamental equity and fixed income teams for incorporation into their analyses, where appropriate.

ESGiQ's Qualitative Score incorporates views from our Global Fixed Income Research team, which is composed of highly experienced sector experts who provide qualitative, forward-looking input, including an assessment that complements the vended data to ensure timeliness and captures trends. This in-house Qualitative Score is based on our analysts' assessments of risk exposure, risk management and future trend/outlook with respect to material ESG risks. Analysts scrutinise different environmental and social factors across sectors, helping us identify ESG issues most likely to affect a company's financial performance. Management and oversight are assessed for all companies in all sectors and are emphasised in our scoring, reflecting our view that strong governance can mitigate environmental and social risks.

The scoring system includes a forward-looking view that results in an industry/sector relative scoring that identifies leaders and laggards—focusing on risk and materiality—and facilitates the identification of triggers for corporate engagement.



Corporate fixed income: Climate transition credit

Our Climate Transition Credit strategies promote environmental characteristics by investing in the debt of companies that we deem are fundamentally advantaged by decarbonisation and aligned to the climate transition, as the goal of the relevant portfolios is to achieve decarbonisation over time. Portfolio decarbonisation is intended to be achieved by setting a decarbonisation profile for the strategy, starting at least 30% below the carbon intensity of the portfolio's performance benchmark and aiming for decarbonisation by 2050. The portfolio's assets are then managed such that the decarbonisation profile will decline annually along a predefined trajectory.

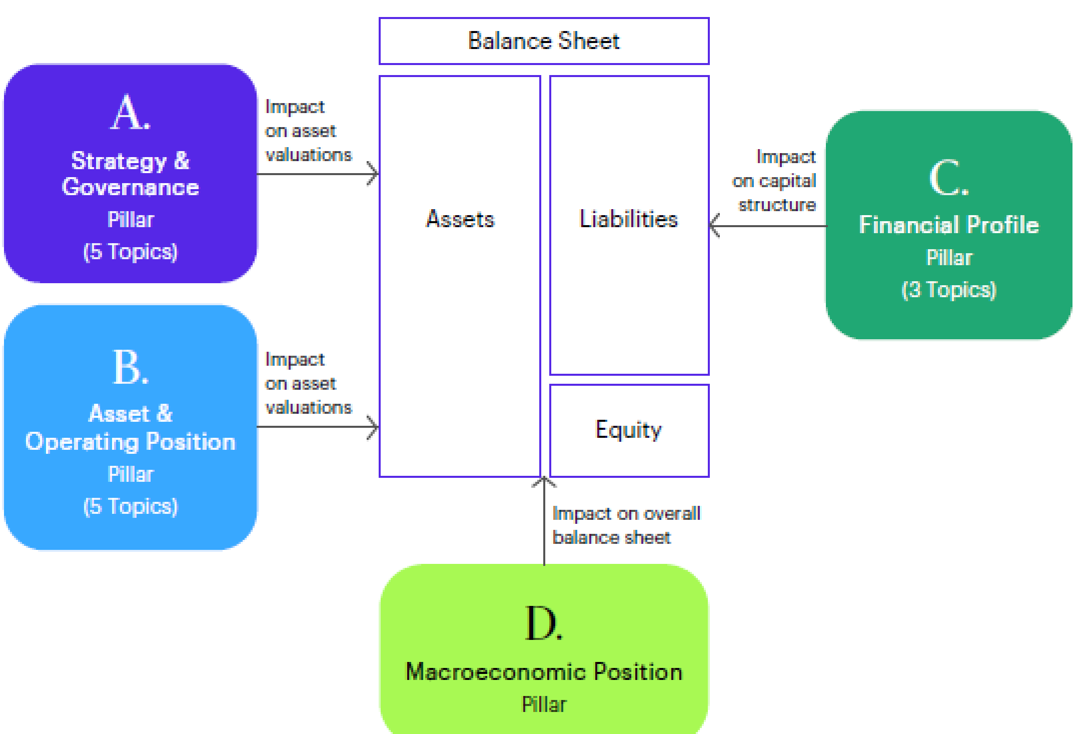
ESG INTEGRATION	CONTROVERSIAL ACTIVITY-BASED EXCLUSIONS	BROAD VALUES-BASED EXCLUSIONS	POSITIVE INCLUSIONS	BEST-IN-CLASS TILTS	CLIMATE FEATURES	ENGAGEMENT TARGETS
✓	✓			✓	✓	✓

This identification of investment opportunities is facilitated by our Climate Transition Framework, which was developed by our CCWG. Using the framework, our fundamental analysts draw and build upon their deep knowledge to evaluate and score the implications of climate change on company fundamentals. First, we identify a range of ways in which business model, technology, physical, regulatory and other climate risks and opportunities affect the competitiveness of a company. Next, we map these risks and opportunities to our Climate Transition Framework, which is structured around four pillars: Strategy & Governance, Asset & Operating Position, Financial Profile and Macroeconomic Position. The four pillars are scored, supported by topics that include an assessment of the trend. Pillar scores answer two essential questions for each company:

01 What is decarbonisation's impact on the company?

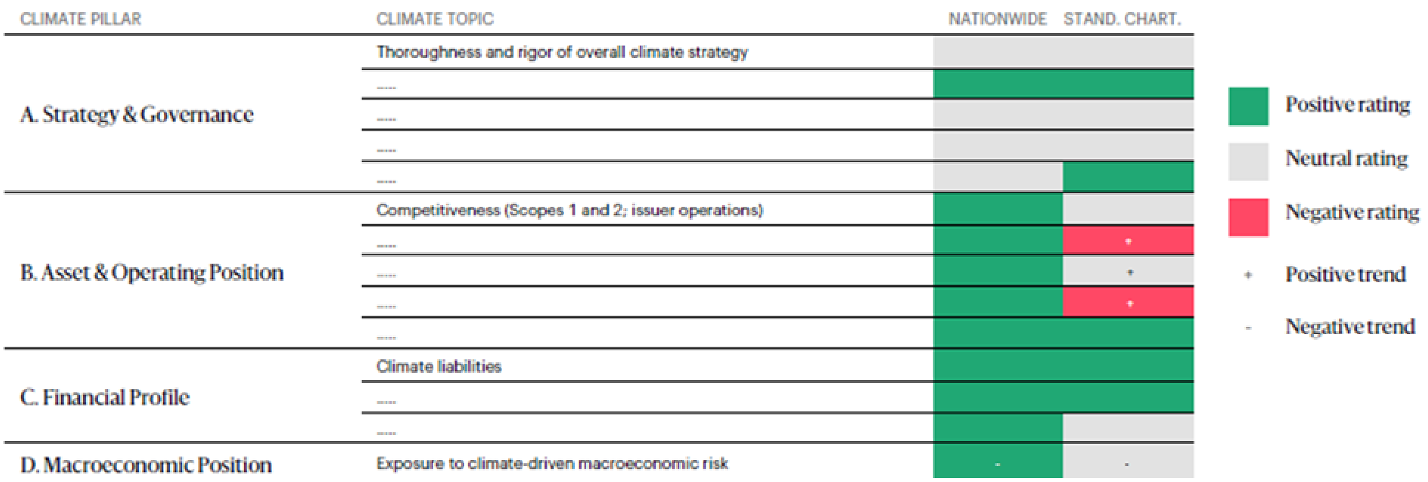
02 What is the company's impact on decarbonisation?

Implications of climate change on company fundamentals



The analysis results in a proprietary Climate Transition Score that, when associated with a company's carbon metrics, broad ESG assessment and analyst recommendations, forms a rounded assessment of a given investment opportunity and surfaces triggers for engagement with investee companies or prospects.

BOND	SECTOR	ISSUER RATING	ISSUE RATING	CARBON INTENSITY	ANALYST REC.	ESGIQ SCORE	CLIMATE TRANSITION SCORE
Nationwide	Banks	Baa2/BBB+/A	A2/BBB+/A	10	Overweight	5	3
Standard Chartered	Banks	A2/BBB+/A	A2/BBB+/A	21	Underweight	3+	2+

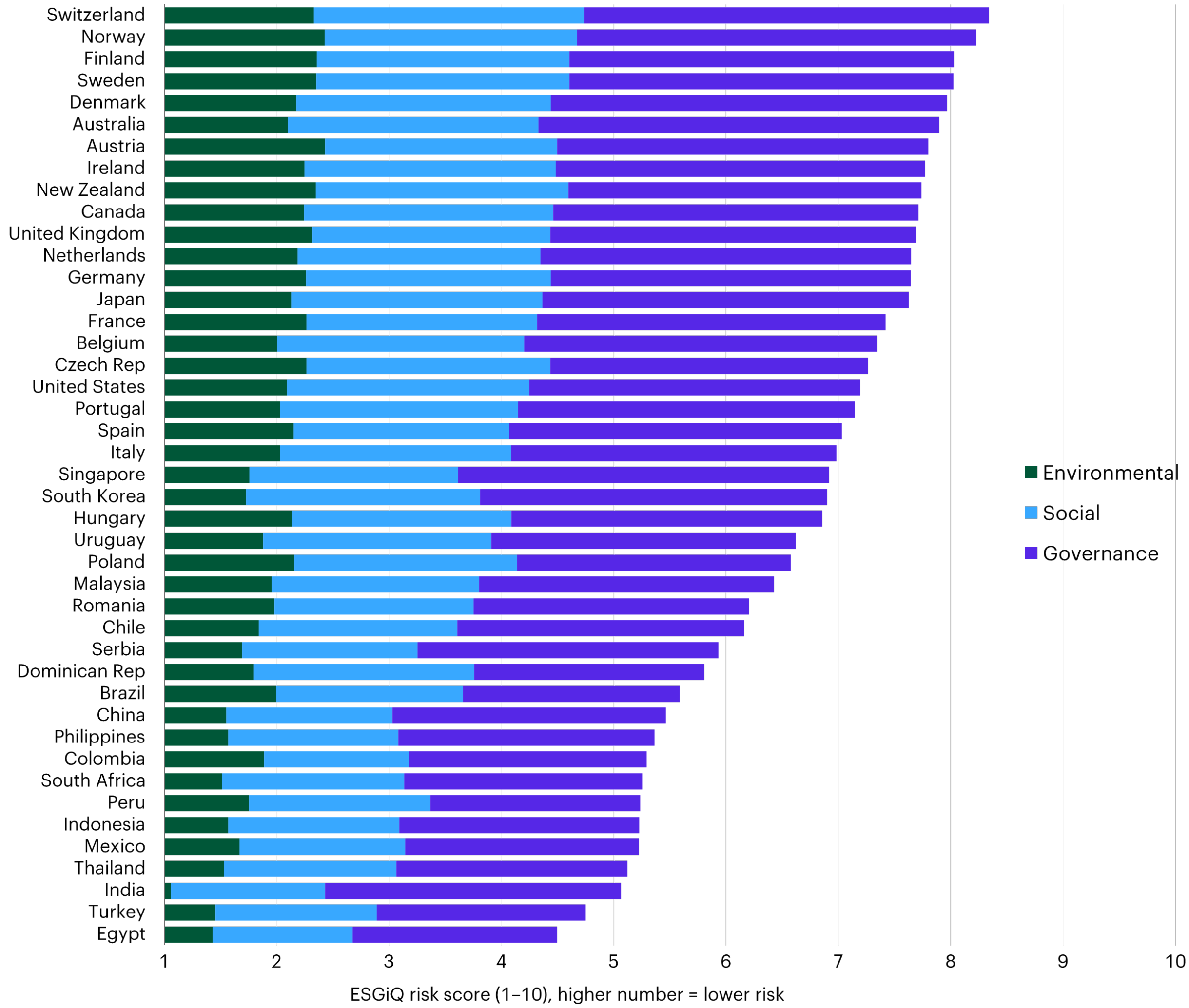


We believe assessing climate change's impact on security value and portfolio risk, coupled with top-down, systemic climate risk analysis, leads to more successful investment and climate outcomes for our clients. Thus, assessment of climate risk and Climate Transition Framework scoring are applied to all credits under coverage.

Systematic fixed income: ESGiQ sovereign

We believe quantifying inherent ESG risks at the sovereign level may allow us to better manage these risks and generate sustainable long-term returns. Given the constraints of ESG data available in the marketplace, we have developed our own sovereign ESG scoring framework covering 168 sovereigns. The goals of the Sovereign ESGiQ are to complement traditional measures of risk and provide a more holistic view of longer-term creditworthiness.

Allspring Sovereign ESGiQ



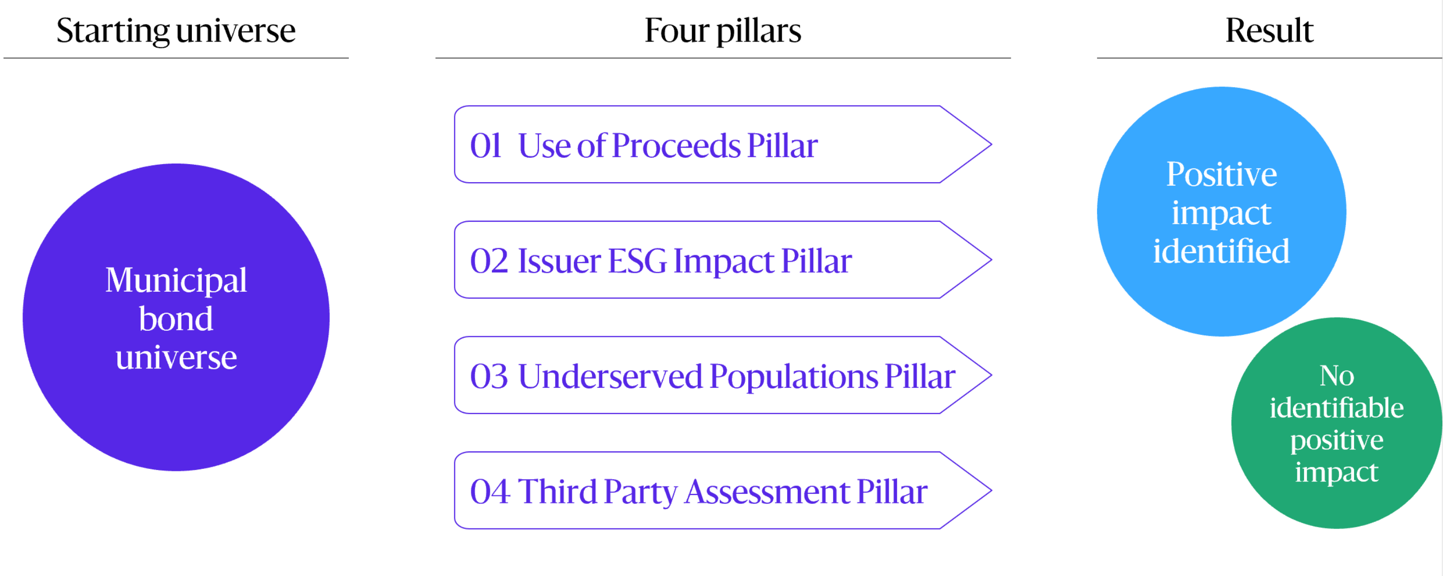
Source: Allspring Global Investments, as at 31-Mar-22. For illustrative purposes only.

The Sovereign ESGiQ brings together 19 factors across the environmental, social and governance pillars. Data are sourced from independent and market-leading providers. Transforming and standardising the data—both in terms of scale and direction—allows us to directly compare across topics, pillars and overall ESG risk scores. We orient the data sets so that higher numbers are better—they represent lower levels of ESG risk—and we weight topics equally within each of the three pillars.

The environmental and social pillars each account for 30% of the overall score, and the governance pillar accounts for 40%. A country's score in the Sovereign ESGiQ can range from 1 (most risk) to 10. The standardisation process also allows us to capture the average rate of change in a topic over time. This means countries that underperform, either by standing still or by changing at a slower pace than average, will see their relative standing in that topic deteriorate. More information about Sovereign ESGiQ is available here.

US municipal fixed income: positive impact framework

Our US municipal bond positive impact framework leverages the Municipal Fixed Income team analysts' in-depth knowledge of municipal bond issuers and uses a four-pillar approach that assesses both the individual bond issue itself and the bond issuer. Each pillar is explained in more detail below.



Use of Proceeds Pillar: analysts rely on information that the issuer provides in considering whether a bond's proceeds will be used towards an activity or project that has tangible environmental or social benefits.

Issuer ESG Impact Pillar: this pillar looks at whether the issuer has a history of positive ESG-related outcomes. To make the assessment, sector analysts employ sector-specific metrics aligned to the ICMA's Social Bond Principles (SBPs) and Green Bond Principles (GBPs) as well as to our proprietary measures.

Underserved Populations Pillar: this pillar, through use of publicly available data sources, looks at whether the issuer serves or bond proceeds serve an underserved population group, with reference to SBPs.

Third-Party Assessment Pillar: analysts review municipal ESG scores on an issuer or security from third-party vendor Human Impact + Profit Investor (HIP Investor). HIP Investor measures the impact on five dimensions (health, wealth, Earth, equality and trust) and provides absolute ratings on a 0–100 scale.

The outcome of the municipal bond positive impact security assessment constitutes the aggregated results of the four pillars, resulting in an assessment of final impact level. The framework recognises that certain bonds may be more impactful, for example, through strong use of proceeds and the serving of an underserved population. The final impact level considers how significant the positive impact is across the four pillars and assigns an overall score of no positive impact, low positive impact, medium positive impact or high positive impact.

Highlight

Allspring's SDG Lens

The United Nations (UN) Sustainable Development Goals (SDGs) are widely supported and look to address global issues with ambitious goals—zero hunger, sustainable cities and communities and life below water, for instance. Beneath the 17 SDGs, there are 169 specific underlying targets with 247 indicators.

Our Sustainability team, with input from its investment teams, is constructing an SDGs assessment for corporate securities to help our clients and investment teams evaluate how companies' actions bring us closer to achieving these global goals. The aim is to provide robust data related to company contribution to the SDGs, leveraging in-house sustainability expertise and industry best practices.

We think it is important to frame the analysis as to whether a company is helping or hindering the achievement of specific SDG goals through a series of questions pertinent to the goal and tied directly to its targets and indicators.

Looking at SDG 5 (Gender Equality), questions might include:

- Does the company have a diversity and inclusion policy, and are mechanisms in place to track and promote gender equality and women's empowerment (including the supply chain)?
- Is the proportion of women in managerial positions at around 50%?
- Does the company have any controversies related to discrimination?

Our target-level assessment of SDG contribution uses a five-point scoring scale, which rolls up at the goal level. It also considers specific ways companies can influence the SDG outcomes by looking at three channels of impact assessment: products and services, operations and supply chain.

Summary of proposed approach and framework

SDG assessment dataset for use across investment teams, for SDG-specific client reporting or product needs as well as requests related to positive

17 SDGs

- 169 underlying targets
- 247 indicators

SDG Framework

- Allspring assessment of which SDGs/targets/ indicators are relevant
- What are we assessing a company on? (i.e., the topics or indicators that indicate its potential impact)
- How would we assess actual contribution, balancing positive and negative impacts? (i.e., assigning "credit" to the company)

SDG dataset

- Assessment data set across 17 SDGs and full corporate universe
- Evaluates whether companies are "helping" or 'hindering' the SDGs

Fundamental equity: corporate governance principles

We support sound corporate governance principles, and we have defined our expectations of investee companies in our Allspring Governance Principles (outlined in Section 2 of the Appendix). These principles enable us to express our expectations and voice our concerns directly to the company's board and/or management in the course of our engagements.

01

Boards should have strong independent leadership

02

Board should adopt structures that enhance their effectiveness

03

Companies should strive to maximise shareholder rights and representation

04

Boards are accountable to shareholders and should be responsive to shareholders

05

Boards should oversee company management's formulation and communication of long-term corporate strategy

Fundamental equity: ESG adjustment to valuation

Our diverse fundamental equity teams integrate material ESG considerations into their investment processes in ways that are consistent with their relevant strategies, where appropriate. One of our fundamental emerging markets equity teams includes considerations of ESG risks as part of its focus on risk-adjusted expected returns and includes companies in the portfolio only where the potential return is determined to be in excess of the team's proprietary estimation of "equity value at risk" from material ESG factors.

The team pays attention to what is most financially material for each industry, tracking company performance over time on nine sustainability metrics, such as energy intensity, GHG intensity, water intensity, accident incidence rates and equal pay policies, among others. The team also tracks other industry-specific sustainability factors based on materiality, following SASB's Sustainability Accounting Standards. This information contributes to the team's quantification of "equity value at risk" derived from sustainability factors.

ESG exposure

INDUSTRY	INDUSTRY IN TOP 10 RISK LIST	AS % OF TARGET
Target price (YE23)	**$27.93**	**100%**
ESG adjustment	-$4.57	-16.4%
Net target	**$23.36**	**83.6%**
Current price	$16.72	
Upside (downside)	**40%**	

Source: Allspring Global Investments, as at 31-Mar-22. For illustrative purposes only.

The team uses this ESG research towards a strategic approach to sustainability practices through stewardship. The ESG research input informs proxy voting and engagement with companies.

Fundamental equity: combining quantitative data and qualitative research

Another one of our equity teams, focused on growth stocks, takes an intensive research-based approach to ESG assessment, combining quantitative data with qualitative research. The team analyses a company's ESG strategy and initiatives, performance trajectory and ESG-related revenue streams that can help the company create a sustainable growth profile. In particular, the team favours companies with products or services that promote a sustainable future, which in turn helps drive their competitive advantages in a world where issues such as climate change, diversity and inclusion and health and safety are becoming increasingly more urgent every day.

The team views strong ESG policies and practices as contributing to a company's long-term sustainability of growth—a core tenet of the team's investment process that focuses on companies with robust, sustainable and underappreciated growth. Rather than favouring only companies perceived as strong ESG performers, the team also looks for companies with underappreciated ESG characteristics that could drive future growth consistent with the team's forward-looking expectations.

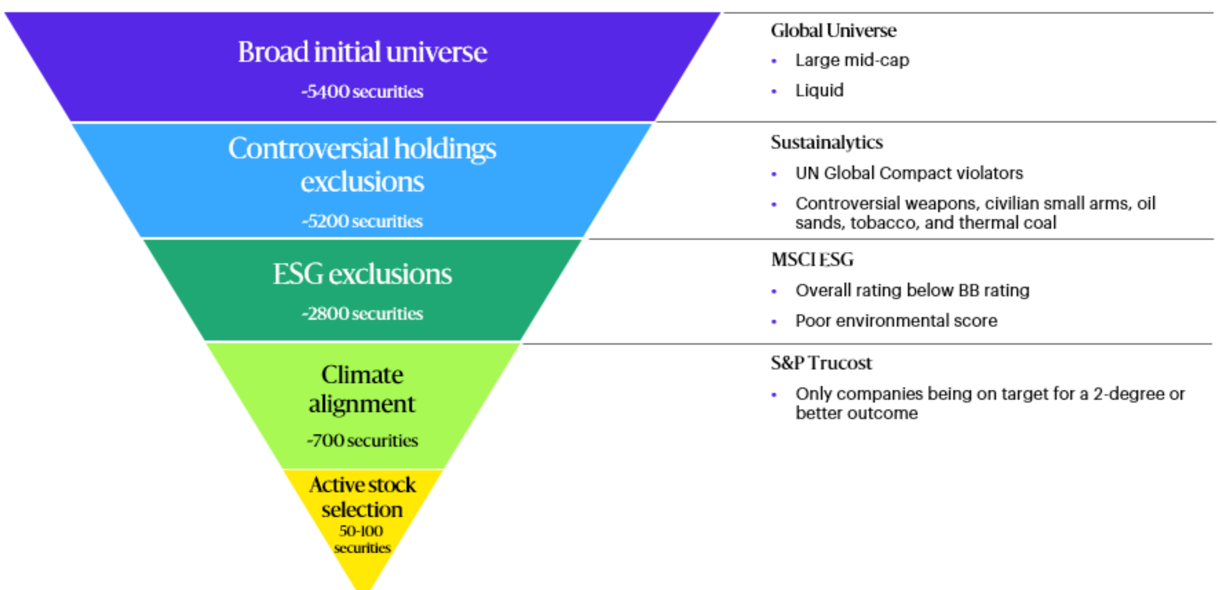
The team's ESG assessment begins with evaluating measurable SASB metrics most relevant to a company's industry. That is followed by a quantitative review of a company's overall ESG performance using the quantitative component of ESGiQ. Lastly, the assessment takes into consideration material ESG issues not accurately or fully reflected in the quantitative data.

Engagement is a key tool for the team, and its members often work directly with company management on specific ESG issues they feel the company needs to address and where they believe improvement in ESG performance can contribute to its stock performance over time. This overall framework allows the team to identify issues specific to a company's industry, measure it, review how third-party databases evaluate the company and then add the team's own research in order to make a determination on the suitability of the stock for their strategy.

Systematic equity: 2-degree aligned portfolios

In 2021 and into 2022, the systematic equity teams launched dedicated climate strategies to address the needs of our clients. An example is our 2-Degree Aligned Global Equity strategy, which seeks to deliver a portfolio that is well positioned for the transition to a decarbonised economy by investing in companies identified to be on target for an outcome of 2 degrees Celsius or better.

Portfolio is aligned for a 2-degree or better climate outcome



Using a combination of data from providers that specialise in climate data along with internal analysis, these companies are selected from the MSCI All Country World Index and evaluated for their alignment with the two degrees Celsius or better outcome. The two-degree alignment measure is based on realized and forecasted carbon reductions from 2012–2025. Once again, the set of ESG tools used in portfolio construction inform engagement triggers in the equity space.

Stewardship: three levels of engagement

Our inclusive approach—collaborating with our fundamental and systematic equity teams as well as our credit teams—is a key differentiator of how we engage. The tools described above help uncover financially material ESG issues to identify leaders and laggards. We balance engagements on strategic ESG themes with the flexibility to accommodate on a case-by-case basis as issues and controversies arise. Companies are prioritised by impact potential: systematic importance, aggregate exposure and portfolio-level exposure. The engagement process leverages proprietary research projects sponsored by the CCWG and the WWG (discussed in Principle 4).

Once engagement themes have been identified, teams have three levels for engagement:

01 **In-depth engagement led by the Stewardship and Engagement team** is defined as multi-year programmes of repeat interactions on broad topics such as climate change with larger, typically international organisations. These interactions will bring together perspectives from across the company, including those from both equity and fixed income.

02 **In-depth engagement led by an investment team** is defined as multi-quarter to multi-year programmes of repeat interactions on broader topics such as reporting and disclosure, climate transition and/or sustainability strategy. These will typically occur with small to medium organisations.

03 **Periodic engagement led by an investment-focused team** is defined as point-in-time interactions with investee companies or issuers for addressing specific topics, such as the characteristics of a sustainability-linked bond or proxy issues. Systematic teams will typically only take part in in-depth engagement via the Stewardship and Engagement team.

These interactions are published on our shared research platforms for all investment teams to see—including on Sentieo (primarily for equity teams) and on Bloomberg Research Management Notes (primarily for fixed income teams).

Adjustments for asset classes and geographies

In general, we apply a global perspective to stewardship as much as is practical whilst accounting for geographic differences when appropriate. A global perspective yields consistent global implementation that we believe enhances clear signalling to investee companies and clients alike. For example, whilst many proxy advisors and market participants with stewardship obligations tailor their gender diversity standards for boards of directors by geography (as discussed in Principle 5), we have a straightforward, globally consistent expectation of at least one woman on the board. On the other hand, in terms of proxy voting, some countries have unique and challenging features such as share blocking or requiring power of attorney (discussed in Principle 12).

Our specialised investment teams manage client portfolios spanning developed and emerging markets across multiple continents, with investment professionals located in many countries. Our proxy voting process emphasises engagement with our fundamental equity portfolio managers in order to leverage their keen understanding of companies and the key region(s) in which they operate. Whilst our process follows a systematic approach to arrive at a recommended vote, portfolio managers can challenge any proxy recommendation with substantiated rationale (a process described in Principle 12).

Within our company, we approach all company-wide engagements as collaborative for many of the same motivations as those behind industry-wide collaborations. This structure enhances our perspective and provides a unified team on ESG engagements, bringing to bear the scale of our AUA. We believe the inclusive approach of our Stewardship Platform, with a focus on bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure, is a key differentiator of how we engage. To the extent equity and credit perspectives diverge, we align and agree on an agenda and desired outcome ahead of initiating the engagement. (Further discussion of geographic impacts on engagements with companies in different domiciles is provided in Principle 9.)

Principle 8: signatories monitor and hold to account managers and/or service providers

Due diligence and monitoring procedures

We perform ongoing due diligence and monitoring procedures for all key service providers. The Allspring framework includes vendor negotiation support, legal and contract review and information security review. Where it makes sense, we develop or leverage master-service-level agreements. Standard practice includes operating memorandums and/or service-level agreements in contracts. Issues with the quality of services rendered by external service providers are escalated to our vendor management team for resolution with the vendors.

In some instances, a direct dialogue with the vendor can be constructive when our analysts are seeking more information that can lead to an improvement in data accuracy or clarification on methodology. We conduct ongoing reporting and monitoring of the results and of exceptions. Details of the process are described within our SOC (SSAE) reporting, available only to clients upon request.

As part of our technology transition to Allspring, some vendors are included in the Transition Service Agreement (TSA) between Wells Fargo and Allspring. In those cases, the vendor is managed under the Wells Fargo vendor risk management policy. Whilst Wells Fargo has separate policies and procedures that govern the approval, due diligence and ongoing oversight of third-party service providers, we use a separate management team for the applications and services that fall under the TSA.

The same rigour and review are applied to vendors associated with our Stewardship Platform. The Stewardship Platform is supported by, and reflexively gives oversight to, our ESG data providers and our proxy advisor, ISS.

Current ESG data providers

The Stewardship team shares a common toolbox with respect to the ESG and climate research vendors that serve the company. Current ESG data providers include SASB, MSCI ESG Research, Sustainalytics, OWL Analytics, S&P Trucost and HIP Investor.

Whilst ESG information we procure from ESG vendors is becoming more readily available, there are limitations on their comparability, and we distil these down to three items:
- ESG ratings are constructed independently and are not designed to measure the same things.
- The quality of company disclosure is inconsistent.
- The information can be stale and backward looking.

We have designed a proprietary solution aimed at enhancing the value of any one vended data set. Our rating framework leverages high-quality ESG data and analyses from leading external data providers, enabling broader coverage than what is available from a single provider. The score leverages a proprietary process that uses advanced statistical learning techniques and specialised sampling methodologies in order to distil insights from multiple ESG data sources. This scoring is explicitly the quantitative component of ESGiQ Corporate (described comprehensively in Principle 7).

Our analysts and practitioners also continuously monitor data quality of the individual third-party ESG research/rating agencies to ensure it is accurate and of high quality. This serves our investment analysis and client reporting, where appropriate. We will occasionally surface issues on a case-by-case basis.

Case study

Gender diversity data

Description: in early 2023, we were developing our assessment of company contributions to the UN SDGs, including SDG 5 on Gender Equality. As part of that assessment, we looked at company diversity metrics provided to us by a third-party data provider and noticed that in some cases, those metrics were inconsistent with company disclosures on websites or sustainability reports. In particular, the share of women in executive management seemed to be under-reported in multiple cases by the vendor. We reached out to the vendor with some examples and sought an explanation.

Outcome: for some of the examples, Vendor X confirmed to us that the data it has is correct and explained its data collection process and definitions, which was helpful to our understanding of company metrics. In other cases, Vendor X's data had not yet been updated to reflect the latest disclosed company information that was either outdated or incorrect, and as a follow-up to our questions, it made the updates and notified us as such. This helped improve the quality of diversity data available to us, and as a result to other data users, and enabled our work on SDG 5 to be more accurate.

Proxy service monitoring

Our proxy advisor is ISS. On an annual basis, the Allspring Funds Management Compliance personnel review ISS's abilities to provide research, vote execution and vote disclosure services for Allspring. This review historically was done through an on-site analysis, but since the onset of the COVID-19 pandemic, we have remotely collected information and handled assessment. A due-diligence questionnaire, materials and follow-up questions were sourced from our vendor contact at ISS in the absence of the on-site review. That review concluded that ISS has an adequate compliance programme in place.

We monitor our proxy services continuously through the work of our dedicated Proxy Administration team. The team at Allspring is in constant contact with ISS. Along with regular meetings, as issues arise, the team communicates and resolves these in an ad-hoc manner with the advisor. The team also manages a number of filters in our proxy procedures to drive more proposals through the Due Diligence Working Group (DDWG) for review, research and debate on matters of elevated importance as compared with more routine or housekeeping matters. In this way, we are evaluating the quality, rigour and independence of ISS's research and recommendations.

High-importance review: based on the definitions of proxy importance levels (1–6) as defined by ISS, we perform further diligence for votes categorised in the two highest categories: proxy contests (level 6) and significant transactions (level 5). This includes votes pertaining to contests related to director elections (for both management and oppositions slates), mergers, acquisitions, reorganisations, restructurings, spin-offs, issuances of shares in connection with an acquisition and the sale or purchase of company assets—as well as adjourning meetings to solicit more votes. For these votes, the DDWG proactively seeks out the opinion of our fundamental portfolio managers for their insight into each company.

Case study

McDonald's high-importance proxy contest

Description: activist investor Carl Ichan launched a proxy fight in 2022, contending that McDonald's failed to deliver on its 2012 commitment to source 100% of pork from producers that do not house pregnant sows in gestation stalls by 2022. He targeted the two longest-tenured directors serving on the Sustainability and Corporate Responsibility Committee (SCRC) with his replacement candidates. In August 2021, McDonald's disclosed that the COVID-19 pandemic and the African Swine Fever outbreak delayed conversion rates related to its 2012 commitment. In January 2022, McDonald's announced a two-year extension of its timeline, from 2022 to 2024. The day after Ichan nominated his replacement candidates, McDonald's announced it expects to source 85% to 90% of its US pork volumes from sows not housed in gestation crates during pregnancy by the end of 2022 along with its 2024 commitment ban.

Outcome: we did not vote for the dissident candidates. We did not believe an immediate case to remove the two longest-serving directors on the SCRC was made, especially in light of the fact that the company expected to achieve 85% to 90% by the end of 2022, with the remainder abated by 2024. The extension of time due to the COVID-19 and African Swine Fever setbacks seemed reasonable to us. In the end, only 1% of shareholders backed Ichan's candidates at the 2022 annual general meeting.

Environmental and social issues review: in the event that ISS's standard and sustainability research differ on a given recommendation, the proposal is put into an ESG review that considers the materiality of the ESG issue at hand. We draw upon the ESG perspectives of research vendors and other internal experts. We also leverage our experience and findings of ongoing ESG engagements with the company. If deemed immaterial or lacking merit, we will vote along with the ISS standard. If deemed material and with merit, the recommendation will be to vote with ISS Sustainability and the item will be escalated to the DDWG with the possibility of further escalation to the PGC for a decision.

Case study

Sysco & Supply Chain Risks

Description: Sysco Corporation, the world's largest broadline food distributor, had a shareholder proposal requesting it commission a third-party report assessing its supply chain risks. The filer, the Shareholder Association for Research & Education ("SHARE"), said Sysco's Supplier Code of Conduct lacks information on how compliance with labor requirements is monitored. It further asserts that Sysco does not disclose whether its supplier audits—which are conducted for suppliers in high-risk Latin American and Asian countries—include migrant workers employed through recruitment agencies that are often not counted in such audits.

The Sysco Board contended that Sysco's Supplier Code of Conduct applies to the company's suppliers and their subcontractors and explicitly prohibits the abuse of foreign or migrant workers. It stated that suppliers that are found to violate the policy are required to implement a corrective action plan or face ending their business relationship with Sysco. The supply chain is monitored through a risk-based audit program of facilities producing Sysco-branded products. Finally, the Sysco Board stated that Sysco has a 2025 goal to ensure that all first-tier and high-risk suppliers comply with its policy.

Outcome: Allspring engaged with Sysco in 2022 as part of its thematic theme on Food and Agriculture, and we covered this issue at length. Our engagement led us to agree as management confirmed that the contracts with nonconforming suppliers would be terminated. Allspring voted with Management and against the shareholder proposal. The proposal failed with 81% of votes against.

Significant votes review: one of our due-diligence procedures is focused on identifying and elevating our attention to "significant votes". These are votes on our top 15 investee companies (based on AUA) that are flagged by ISS as having a low governance score (in the lowest 3 ratings bands out of 10). Our DDWG reviews these companies' proxies in their entirety to determine if there were any proxy item(s) for which the vote could make a positive impact on the company's corporate governance standing. The table below shows our top 15 largest positions in those companies deemed high risk as indicated by an ISS Governance Quality Score of between 8 and 10.

COMPANY	ESTIMATED POSITION VALUE (IN USD)*	ISS GOVERNANCE QUALITY SCORE**	ALLSPRING VOTED WITH MANAGEMENT	ALLSPRING VOTED AGAINST MANAGEMENT	SIGNIFICANT VOTES AGAINST MANAGEMENT
Tencent Holdings Ltd.	410.1mm	10	8	2	We voted against the approval of an Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights because the aggregate share issuance limit is greater than 10% and the company did not specify the discount limit.
Tradeweb Markets Inc.	357.7mm	10	6	4	We voted against all three directors up for election—Lee Olesky, Billy Hult and Steven Berns—for several weaknesses: 1) the board is classified and has not set a sunset provision, 2) the board is only 40% independent vs. majority independent and 3) executive compensation is problematic and the company does not have a Say on Pay vote this year nor is any member of the compensation committee up for election.
Keurig Dr Pepper Inc.	348.7mm	10	13	0	There was no significant vote against management.
Valero Energy Corp.	325.4mm	9	14	0	There was no significant vote against management.
Reynolds Consumer Products Inc.	321.7mm	8	2	2	We voted against the election of both director nominees as the board is only 43% independent and their election would continue to maintain a board without an independent majority. Also, the board has a classified structure, and no sunset provision to declassify has been set.
Berkshire Hathaway Inc.	281.7mm	10	10	9	We voted for (against management) the shareholder proposal to Report on Climate-Related Risks and Opportunities. We believe the company is not addressing or disclosing its management of climate-related risks and opportunities that would allow shareholders to better understand how the company is managing systemic risks posed by climate change and the transition to a low-carbon economy.
FirstEnergy Corp.	261.0mm	8	15	1	We voted against the election of Director Steven J. Demetriou on the basis of CEO overboarding. Demetriou is CEO and chair of Jacobs Engineering and has sat on the board of C4 Acquisition Corp. longer than FirstEnergy. We support the one outside board with the longest tenure.
Universal Health Services, Inc.	244.9mm	10	1	3	Allspring voted for (against management) the shareholder proposal to Require a Majority Vote for the Election of Directors. We believe a majority vote standard for uncontested director elections would provide shareholders with a more meaningful voice in the election of directors.
Meta Platforms, Inc.	244.9mm	10	14	9	We voted for (against management) the shareholder proposal to Report on Community Standards Enforcement. We believe shareholders would benefit from increased transparency and disclosure on how the company is managing material risks related to misinformation and harmful content, especially since it is still involved in controversies surrounding hate speech, disinformation or content that incites violence and/or harm to public health or personal safety.
Monolithic Power Systems, Inc.	241.3mm	9	5	0	There was no significant vote against management.
AbbVie Inc.	226.7mm	8	8	3	We voted for (against management) the shareholder proposal to Report on Congruency of Political Spending with Company Values and Priorities. We believe more comprehensive information comparing the company's public policy statements with its political contributions and lobbying efforts would benefit shareholders in assessing the company's management of related risks.

COMPANY	ESTIMATED POSITION VALUE (IN USD)*	ISS GOVERNANCE QUALITY SCORE**	ALLSPRING VOTED WITH MANAGEMENT	ALLSPRING VOTED AGAINST MANAGEMENT	SIGNIFICANT VOTES AGAINST MANAGEMENT
Teledyne Technologies Inc.	223.0mm	8	6	0	There was no significant vote against management.
Fifth Third Bancorp	219.0mm	8	18	0	There was no significant vote against management.
ServiceNow, Inc.	212.2mm	9	10	1	We voted against the election of Director Jonathan C. Chadwick on the basis of CEO overboarding. Chadwick is not a CEO and sits on five boards: ServiceNow Inc., Elastic NV, Confluent Inc., Zoom Video Communications Inc. and Samsara Inc. We support up to four public company boards if the nominee is not a CEO.
Zimmer Biomet Holdings, Inc.	201.2mm	10	11	1	We voted Against the Say on Pay proposal as the compensation committee made a problematic one-time pay decision after the fiscal year-end. In connection with a spinoff, performance equity granted in 2020 and 2021 was converted into time-vested equity, without disclosure of sufficient rationale. Also, despite the 2020 performance equity tracking to not earn a payout due to underperformance (50% of target), that grant vested, which undermines a pay-for-performance philosophy.

Significant relationships review: on a monthly basis, ISS provides us with its "Policy and Disclosure of Significant ISS Relationships", which focuses on issuers that make up the top 10% of ISS's revenues. When those companies have upcoming annual general meetings, we review proposals in which management's sensitivities may be higher, such as executive compensation and shareholder proposals. Where ISS aligns with management, we review the robustness of its rationale as well as its level of subjectivity with further prejudice. Since implementing the review, we have only surfaced one "grey area" of concern as outlined below in the case study.

Case study

Company in significant relationship review

Description: this company had a shareholder proposal for a Report on Racism in Corporate Culture where the shareholder was requesting that the board of directors oversee an independent third-party audit analysing whether written policies or unwritten norms at the company reinforce racism in company culture and report to shareholders on any planned remedies. The company was on our ISS Significant Relationships list.

The proponent referenced the company's publicly reported EE0-1 disclosures with only 18% of diversity in executive/senior management roles. The company contended it was 40%, but the public disclosures clearly stated less than half of that. Furthermore, the company is subject to controversies related to racism, including accusations that the company wrongfully terminated two Black employees who faced racist remarks from a customer as well as a Black employee who was shot at by white men but was still required to finish his work that day. The proponent links these as indicators that the company needs to assess structural racism in corporate culture.

Outcome: we voted for the shareholder proposal, which ISS Standard recommendation was voting against on the basis that "the company discusses a variety of initiatives aimed at enhancing opportunities for diverse individuals, and it provides a clear commitment to diversity and inclusion across its operations". We were concerned that the misrepresentation the company was making about senior leadership diversity and believe senior leadership sets the tone at the top for company culture. We agree with the proponent that the board should hire a third party to conduct a review of potential racism in corporate culture and report its findings to shareholders. The proposal received 12% of shareholder support.

On an annual basis, we also conduct a "Service Provider Risk and Compliance Assessment" on ISS (described in Principle 8). This is conducted by Funds Management Compliance personnel after the close of the US proxy season.

Principle 9: signatories engage with issuers to maintain or enhance the value of assets

Engagement selection and prioritisation

Our approach to engagement with investee companies balances proactive, strategic themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise. We summarise our approach to engagement, applied where appropriate, as follows:

- Uncover financially material ESG issues and leverage our proprietary ESG tools described in Principle 7 to identify leaders and laggards
- Balance engagements on strategic ESG themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise
- Leverage proprietary research projects such as climate change and water management
- Emphasise transparency

As an active manager, we primarily practice direct private engagement with investee companies through meetings with management. We may, though, also engage through their generic letters to communicate positions broadly across a variety of investment holdings on a particular issue such as board gender diversity or tailored letters to individual companies on specific material issues such as climate governance or capital alignment. We also engage through our voting policies and practices to improve alignment of investee companies (further described in Principle 12). We escalate our engagements through formal letters and requests to hold further meetings with c-suit or board members.

Within our company, we approach all company-wide engagements as collaborative efforts. Our approach focuses on bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure. We believe the inclusive approach of our Stewardship Platform is a key differentiator of how we engage and that the perspectives shared across our investment professionals are beneficial to our efforts. This method also allows us to navigate possible hurdles for engagement for our fixed income analysis. By combining engagement efforts across asset classes, our fixed income investors are given greater access to non-financial experts, chief executive officers and board members than they may have had when engaging as a single asset class. When discussing proxy matters, our fixed income analysts, alongside our equity analysts, are presented the opportunity to give their opinions and ask questions of management on voting agendas that they otherwise would not. This structure enhances our perspective on ESG engagements, bringing to bear the scale of our AUA. As a result, we believe we have influence given our size and the breadth of asset classes we manage.

Our approach to engagement does not vary by geography. However, the material topics focused on will take into consideration the company's domicile and geographic locations of its business. The cornerstone of our engagement process involves rigorous research to uncover material ESG issues specific to the targeted company. Through this research, we take into account the geographic influences, challenges and differences in terms of each company's operations, supply chain, regulatory environment and geopolitical issues. Examples of this could include a company's operational exposure to water-stressed regions and the differences in physical risk in terms of climate strategy, which is also location dependent. There are also differences in corporate governance norms in certain countries or regions. This is accommodated by our proxy advisor ISS in its different regional and country policies. For instance, whilst expectations for the representation of female directors has increased incrementally in many developed markets (ISS's Canadian, UK and Ireland policies have a minimum of 33% for large companies), there are still others, such as Japan, with no gender diversity minimum. Our Proxy Governance Committee reviews ISS regional/country policies each December when ISS releases its changes to the policies. The goal is to align with ISS or establish a custom policy in terms of our TOH view if we seek a higher or more globally consistent standard. Since 2019, we have sought a simple, consistent global expectation of companies of all sizes, regardless of domicile, to have at least one woman on the board, and we have codified that into our custom policy as a TOH view.

Annually, we set a strategic plan for thematic engagement by sectors/industries and material ESG issues. In the fourth quarter of each year, we issue a survey to our investment professionals to solicit their perspectives and opinions on topical material ESG issues and current market events. For 2022, our key engagement themes are summarised below.

Allspring's 2022 high-priority engagement themes

Environmental

Climate

Climate change and investee company transition strategies will continue to be a perennial imperative given the urgency of response and time compression. We continue to meet with companies in the systemically important, high-emitting sectors where we have a large investment exposure across the company to evaluate the robustness of their climate transition strategies. This includes (followed by year when the theme was launched):

- Auto original equipment manufacturers (OEMs, launched 2020)
- Utilities (2020)
- Integrated energy (2021)
- Airlines & airline OEMs (2021)
- Metals & mining (2021)
- Food & agriculture (2022)
- Insurance (2022)
- Chemicals (2022)

We set expectations for companies in these systemically important sectors to:

- Have robust TCFD reporting that strengthens over time
- Set 2030 or later science-based targets for scopes 1 and 2 in alignment with 1.5DS (and commit to SBTi verification or, if the SBTi has already issued sector guidance at 1.5DS, be verified)
- Include scope 3 emissions in net-zero commitment
- Commit to a full inventory of scope 3 relevant categories and disclose in line with guidance by GHG protocol
- Include climate performance in executive compensation with clarity on weights and KPIs
- Maintain a specific board committee overseeing climate strategy with the expertise of committee members

Biodiversity & natural capital

Biodiversity refers to the variety of life on Earth at all its levels—from microbes to vast, interconnected ecosystems. Biodiversity and natural ecosystems are fundamental to human life and well-being. The loss of this biodiversity undermines Earth's natural systems, and without healthy biological systems, the planet cannot adequately provide the natural capital that we depend on. There is clear scientific consensus that ecosystems with higher biodiversity are more stable and are therefore better able to sustain the provision of natural capital: renewable resources (ecosystems, air and water) and non-renewable sources (minerals, metals, fossil fuels and other commodities).

In recognition of this, over the last few years, we have advanced several thematic engagement initiatives that are directly related to natural capital and biodiversity. Under the biodiversity umbrella, the issues engaged include climate change, water management, land use and forestry (including deforestation), plastics and the circular economy. We have addressed these topics with companies where these risks and opportunities are most material—for example, the food and agricultural, metals and mining, waste management, integrated energy and utility sectors. As long-term investors, we encouraged these companies to disclose how they have adopted or plan to incorporate business practices consistent with the sustainable use and management of natural capital and the respect for the biodiverse contexts in which they operate. To enhance our engagement practices further, beginning in 2023, we plan to incorporate the final recommendations of the TNFD into our research and disclosure guidance.

Social

We have focused on the social engagement topics of human capital management (HCM) in terms of DE&I, engagement, talent development and pay equity. In some cases where material, this also includes the impact of climate transition strategies on companies' workforces and how they address this. We generally encourage companies to demonstrate a robust approach to HCM and provide shareholders with the necessary information to understand how it aligns with their stated strategy and business model. These disclosures may address how a company identifies its key human capital priorities, the policies in place to address these priorities and how the board oversees management to ensure accountability. It is helpful to investors if companies provide details of any relevant goals and targets that will demonstrate progress over time.

Focusing on human rights is also important, as unmanaged potential or actual adverse human rights issues, such as modern slavery, can harm those directly affected and expose companies to significant legal, regulatory, operational and reputational risks. There are also more targeted social issues that we identify for engagement for specific sectors/industries, such as content governance for social media companies, data and privacy for various sectors, antimicrobial resistance (AMR) for animal pharma and the food and beverage value chain, conflict minerals in the supply chain for semiconductors and nutrition and food scarcity for food and beverage companies and other parts of the agriculture value chain.

Governance

Topics of focus in corporate governance tend to be case-by-case depending on where the company has weaknesses or deficiencies against our Governance Principles. Topics that tend to be more universal in nature were a focus for 2022, including executive compensation and incentive links to ESG/sustainability performance, board diversity (including gender, racial and ethnic mix) and sustainability disclosures and board oversight over sustainability.

We then map the materiality of ESG priority issues to industries and sectors of interest, as an example, as follows:

	CLIMATE CHANGE	WATER MANAGEMENT & RISK	PLASTICS & CIRCULAR ECONOMY	WORKFORCE DIVERSITY	HUMAN RIGHTS IN SUPPLY CHAIN	CONTENT GOVERNANCE	CORPORATE GOVERNANCE
Airline OEMs	Most material	Somewhat material	Somewhat material	Most material	Least material	Least material	Most material
Airlines	Most material	Somewhat material	Somewhat material	Most material	Somewhat material	Least material	Most material
Auto OEMs	Most material	Somewhat material	Somewhat material	Most material	Somewhat material	Least material	Most material
Chemicals	Most material	Most material	Most material	Most material	Least material	Least material	Most material
Financials	Somewhat material	Least material	Least material	Most material	Least material	Least material	Most material
Food & agriculture	Most material	Most material	Most material	Most material	Most material	Least material	Most material
Media	Least material	Least material	Least material	Most material	Least material	Most material	Most material
Metals & mining	Most material	Most material	Somewhat material	Most material	Most material	Least material	Most material
Utilities	Most material	Most material	Least material	Most material	Somewhat material	Least material	Most material

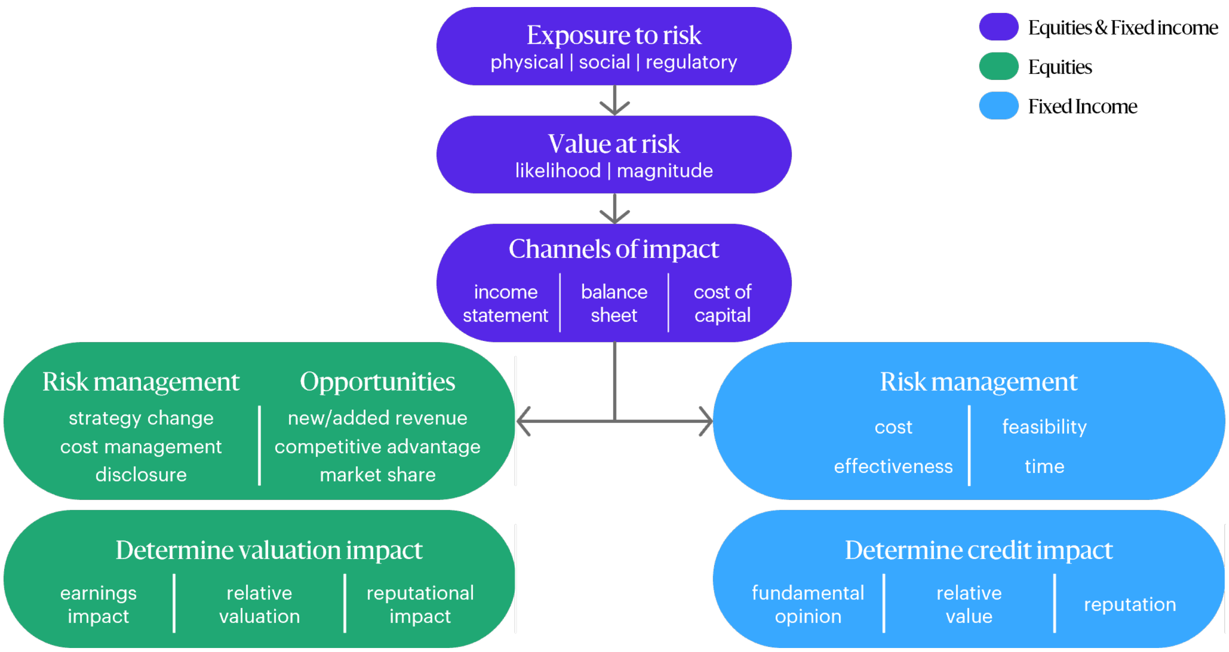
KEY ● Most material ● Somewhat material ● Least material

Requests from companies seeking to engage with us have been increasing, typically ahead of their annual general meetings, or in what has become a trend, six months later—with the expectation that we will accommodate. When companies reach out to us to engage on proxy issues, we may accept or decline depending mainly on a combination of thresholds:

- Do our thematic ESG priorities resonate as material to the company?
- Does the proxy overlap with any of the issues that are high priorities for us?
- Are any Allspring investment strategies significantly invested in the company at the company-wide or portfolio levels?

We also may proactively reach out to a company to seek more input when we are evaluating a proxy—for instance, on a matter of high importance.

In-depth engagement led by the Stewardship and Engagement team is not conducted separately on ESG engagements for equities and fixed income. We believe the perspectives shared across our investment professionals are beneficial to our collective effort. We do, however, acknowledge there might be a different perception of material ESG risks and opportunities depending on what part of the capital structure our analysts and portfolio managers are focused on. For instance, on the theme of water, we assess the physical, social and regulatory risks at the issuer, industry and sector levels. Using a water risk framework as shown below, key impacts at the company/issuer level do bifurcate into implications for equity securities versus fixed income.



Below, we provide some engagements that had participation from our equity analysts and credit analysts.

Case study

CASE STUDY 1

Accenture PLC

Sector: technology—computer services

Asset class: equity, fixed income

Issue: linkages to ESG metrics in executive compensation are important for companies as they signal that ESG programmes are a priority. Aside from responding to investor expectations from an environmental, social or governance lens, having strong ties to these criteria gives credibility to the commitments companies have made, and in turn, performance on these commitments reflects back to increased long-term value.

Further on the theme of compensation is pay equity. Pay equity can be defined as compensating employees equally for the same or similar job functions whilst accounting for experience level, performance and tenure. Whilst pay equity is certainly on the side of moral upstanding, there are significant benefits both macroeconomically and at the company level. A company can increase productivity, reduce turnover and attract talent by ensuring its workforce is paid equitably.

Objective: following an invitation from Accenture to discuss ESG topics, the Stewardship team along with two of our fundamental equity teams met with the company in late 2022. Through our discussion, we looked to assess Accenture's ESG governance, how its ESG programmes are linked back to executive compensation and whether its pay programmes are equitable for all employees.

Engagement: beginning with its governance structure at the board level, the Compensation, Culture, & People Committee is responsible for overseeing the company's strategy and policies related to human capital management, DE&I and pay equity. Whilst the company does not publish an ESG skills matrix for those on the board, the team was responsive to our suggestion of implementing a skills matrix as a best practice. In this way, the company will be able to better articulate the credibility of its board members to oversee such initiatives.

Further on credibility, Accenture gives little in terms of disclosure of the specific ESG-related KPIs attached to its executive compensation programme. Whilst the company discloses a scorecard used as a non-financial measure tied to several DE&I categories, it does not give adequate detail on its measurable objectives and how they are scored. The scorecard references the following as being linked to the pay programme:

> Achieving gender, racial and ethnic diversity and inclusion targets, including metrics related to recruitment, advancement and retention based on our goals for 2025 for a 50/50 gender-balanced workforce, 30% women managing directors and increased race and ethnicity representation.

We suggested introducing KPIs more explicitly as we believe what gets measured gets managed. This was again taken well by company personnel.

The Stewardship team took more time to focus specifically on gender pay equity at the company. Accenture reports 100% gender pay equity for like jobs in three markets: the US, the UK and South Africa. The company focuses on these markets because Accenture has full access to pay data. However, Accenture reports that, overall, in the UK, there is a 16% pay gap between men and women. The rationale for such a gap is that it is caused by a disparity between men and women across company levels, meaning there are more women in lower-paying jobs by percentage. To combat this, Accenture has instituted the target of increasing the number of women in management/director positions by 30% by 2025.

Future focus: overall, the team at Accenture was responsive to feedback and had an interest in understanding how we use ESG in our investment decisions. Also, the team promised to report our views back to management. Because of this, we will check back with the company on the discussed matters in 2023 to see if its suggestions have been fully implemented.

CASE STUDY 2

WH Group
(Smithfield Foods, Henan Shuanghui Investment & Development Co. Ltd.)—Scope 3 emissions

Sector: consumer, non-cyclical—food-meat products

Asset class: equity, fixed income

Issue: the global food system produces approximately one-third of manmade GHG emissions. Of this, animal agriculture accounts for 31%, crops 27%, land use 24% and supply chains 18%. Reflexively, the atmospheric buildup of heat-trapping gases like carbon dioxide and methane can affect the food system by suppressing global average crop yields, diminishing the nutritional quality of staple foods and increasing the severity and scope of malnutrition and food scarcity in low- and middle-income countries. This relationship sets the stage for two converging issues that we expect will come to a head at mid-century: the complex global food system needs to transform in order to produce 50% more food to nourish a population set to reach 10 billion persons and cut approximately 13 gigatons of GHG emissions in order to limit global temperature rise to less than 1.5° Celsius above pre-industrial levels. In recognition of this, in 2022, we began a thematic engagement initiative within the food and agricultural sectors to push our investee companies to operate within the planet's boundaries and thus create long-term value for clients.

Objective: as part of the 2022 thematic engagement initiative in the food and agricultural sectors, the Stewardship team reached out to WH Group to assess the development of the company's budding sustainability strategy and how it was leveraging the growing expertise of its subsidiaries in developed markets. The Stewardship team partnered with one of our emerging markets equity teams to focus on the company's scope 3 emissions and supply-chain management.

Engagement: WH Group's business is roughly split between its legacy brand Shuanghui and US-based Smithfield Foods (acquired in 2013). The bifurcated business has opted to keep environmental targets separate and tailored to each business's operations.

Compared with Smithfield, Shuanghui's progress in tackling climate issues is less advanced. The American subsidiary has had scope 1 and 2 reduction targets since 2016 (25% by 2025) and has two medium-term targets for 2030: to be carbon negative in its operations and achieve a 30% reduction in its value-chain emissions. Smithfield has signed on to the Business Ambition for 1.5°C, a global campaign designed to drive climate action in the private sector to reach net-zero global emissions by 2050 and align with a 1.5°C future.

Shuanghui operations in China are behind in their handling of emissions management. The company does not have formal GHG reduction targets or inventory, though management has begun to develop a conviction on GHG reductions and they note the primary issue is its scope 3 emissions. Unfortunately, public data provided by the government is not credible. WH Group's supply chain in China follows policies set by the government, which has historically been dismissive of broad decarbonisation. The government's current outline is that peak emissions will be reached by 2030 and the country will reach carbon neutrality by 2060.

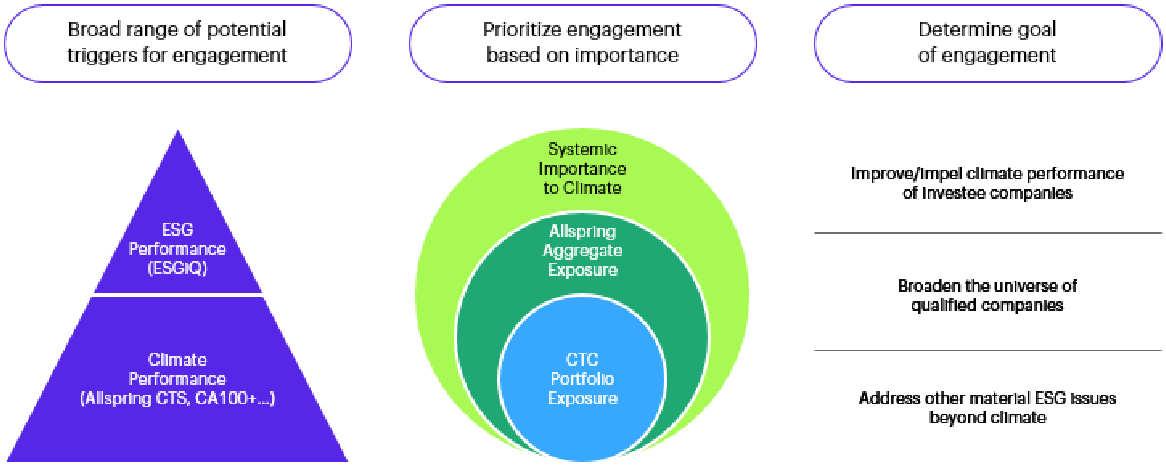
In order for Shuanghui to catch up to the expectations of international investors, the company is launching a consolidated environmental management programme at the group level. As part of this programme, WH Group management will be speaking to external experts to create a systematic approach to formalising a carbon inventory and decarbonisation road map. To move at a more advanced pace, WH Group hopes to leverage some of Smithfield's supply-chain management expertise. More specifically, Smithfield will be looking at Shuanghui's waste management within its meat-slaughtering chain and the natural fertiliser use of feed farmers. Also, both companies will be considering renewables as part of their energy structures, including solar (where infrastructure permits) and biogas. Management from WH Group and Shuanghui have monthly meetings with the Smithfield team to discuss policy changes and challenges for both businesses' scheduled lines. Furthermore, at the group level, the ESG team will have more discussions with Shuanghui management to review supplier codes of conduct and oversight.

Future focus: WH Group is beginning its sustainability journey and has tremendous hurdles to overcome, both from the complicated task of decarbonising and the social and regulatory hurdles in China. As it stands, WH Group's programme will monitor subsidiaries in accordance with the country's applicable environmental policies, laws and regulations. This will not be enough to satisfy the operational requirements to keep the company's temperature alignment below 1.5°C or 2°C above pre-industrial levels. Given the economic implications of such scenarios, we will continue our engagement with the company in 2023 once the internal conversations between our subsidiaries have developed further. Depending on the degree of development of the company's decarbonisation plan, we may send a letter to the CEO and chair of the board requesting science-based decarbonisation targets for all WH Group operations across all scopes.

Framing company priorities at the strategy level

We contextualise individual strategies and teams into the overall Allspring engagement strategy. We believe it is necessary to be somewhat flexible and pragmatic to accommodate cross-asset-class, cross-geographical imperatives and be inclusive of our many investment teams and styles. For example, aggregate economic exposure alone will not benefit capacity-constrained strategies such as small caps, and high yield will have smaller but important positions to their strategies.

To illustrate, engagement is a fundamental pillar of our Climate Transition Credit strategy. Triggers for Climate Transition Credit engagement are articulated and prioritised based on importance using our process shown below with deliberate engagement outcomes determined.



Case study

Ford

As described in Principle 7, our Climate Transition Framework is structured around four pillars: Strategy & Governance, Asset & Operating Position, Financial Profile and Macroeconomic position. The four pillars are scored, supported by topics that include an assessment of the trend. Pillar scores answer two essential questions for each company: what is decarbonisation's impact on the company, and what is the company's impact on decarbonisation?

Engagement with companies in our Climate Transition Credit strategies has great connectivity to the Strategy & Governance pillar. Engagement on climate is an opportunity for the credit analysts to get an update on progress of the company's transition strategy, governance over climate and performance on stated commitments as well as discuss new or upgraded commitments towards net zero by 2050 or sooner. An outcome of engagements is to elevate the credit analyst's conviction on pillar scores forming the composite Climate Transition Score.

Our engagements with Ford provide a good example. The chart below maps our meetings with Ford to discuss its fundamental, climate and bond spread performance during the 2017–2022 time frame. Ahead of the 2017 meeting, our analysts did not score Ford at a sufficient level to be eligible for our Climate Transition portfolios. The company lacked a compelling climate strategy, had limited flexibility with which to invest in electrification and offered modest disclosure around its sustainability risk profile. Things changed over the following two years. Ford rolled out a detailed and ambitious electrification strategy, leading eventually to the creation of a new electric vehicle division in 2022. Further, the company de-levered substantially, lending credibility to its ability to deliver its electrification plans. Disclosure, too, improved a great deal. Our analysts upgraded Ford's Climate Transition score in 2019, making the company's securities eligible for Climate Transition portfolios.

Case study: climate engagement with Ford

BOND	SECTOR	ISSUER RATING	ISSUE RATING	CARBON INTENSITY	ANALYST REC.	ESGIQ SCORE	CLIMATE TRANSITION SCORE
Ford	Autos	BB+	BB+	51	Overweight	5+	2+

2020 engagement
- Engagement focused on climate change
- Publication of Allspring's Climate Change paper on auto industry
- Active engagement in relation to Electric Vehicles

2022 engagement
- Business update – split into Ford Blue (IDE) and Ford Model E (EV)
- Metrics & Targets – SBTi approval
- Significant improvement in EV market share and rollouts

CLIMATE PILLAR	CLIMATE TOPIC	2017	2023
A. Strategy & governance	[metric 1]		+
	[metric 2]		+
	[metric 3]		+
	[metric 4]		+
	[metric 5]		+
B. Asset & operating position	[metric 1]		+
	[metric 2]		+
	[metric 3]		+
	[metric 4]		+
	[metric 5]		+
C. Financial profile	[metric 1]	-	+
	[metric 2]	-	+
	[metric 3]	-	+
D. Macroeconomic position	[metric 1]		
	[metric 2]		

RATINGS
- Positive
- Neutral
- Negative

TRENDS
- \+ Positive
- − Negative

Source: Allspring, Bloomberg, Trucost. As of December 31, 2022. This is for illustrative purposes only to demonstrate our investment process and capabilities. It is not a recommendation to buy or sell a security.

We also need to be responsive to controversies or unexpected themes that emerge, such as a ground swell of interest in environmental justice and companies' ongoing response to it. For example, in May 2022, a waste company owned by one of our fundamental equity teams reviewed two shareholder proposals on its proxy requesting third-party Environmental Justice and Civil Rights Audits that our proxy advisor, ISS, supported. The team has engaged with the company for over a decade and is well versed on its business as well as its ESG initiatives. Having engaged with the management and board members earlier in the year, the team believed these audits were not warranted and the proposing shareholders had not completed sufficient due diligence on the company's initiatives or engaged directly with management. Specifically on the Environmental Justice Audit, the data the proposal was requesting would be made available. The robust plan to ensure Environmental Justice at the company was already in flight, and we believed the audit might only delay the implementation and take resources from the community impact that was laid out in the existing plan. Whilst ISS recommended voting against management and supporting the shareholder proposals, our diligence indicated those actions were unnecessary, and we applaud the company's management for its foresight in delivering meaningful data to support its ESG statements.

Allspring engagement activity: 2022

We believe our ESG engagements are differentiated based on how focused we are and how efficiently we span a broad set of material ESG issues and yet also have depth to our analysis. This is reflected in the ratio of ESG issues of focus to company meetings, which was up over 4.0 in 2021 compared with 2.4 in 2020. Our case studies below reflect the breadth and depth of our engagements.

Our engagements mainly take the form of video conference calls spanning 30 to 60 minutes. We may also have short interactions with companies by email to exchange information. We do not count these as full-scale engagements, but they are useful for the preparation of the full-scale engagement meetings. We also find company presentations, such as Investor Days focused on ESG, very helpful, but we do not count these either. Our threshold for engagement must be an accommodation of our own questions with a company.

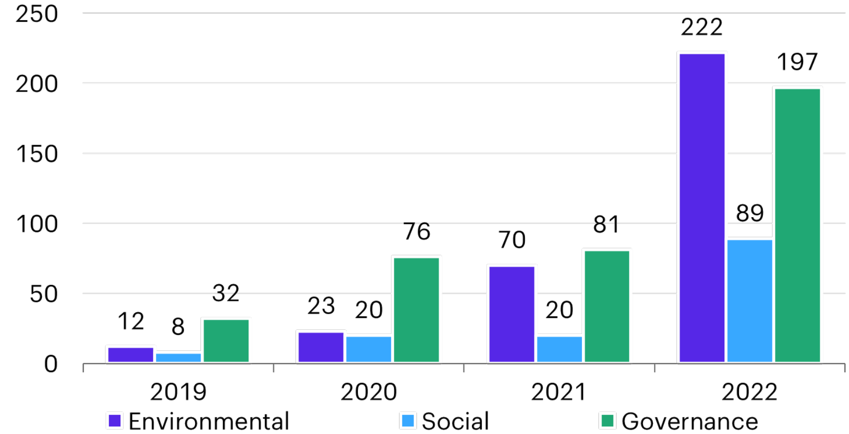
Company-wide engagement activity

2019: 27 engagements, 52 ESG issues

2020: 50 engagements, 119 ESG issues

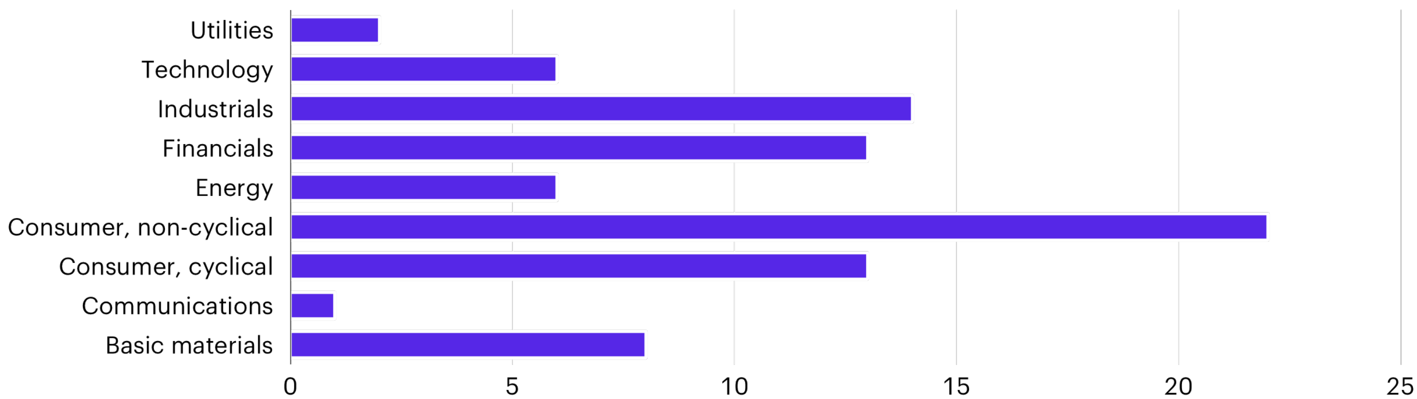
2021: 42 engagements, 171 ESG issues

2022: 89 engagements, 508 ESG issues



Total invested assets in companies engaged: ~US$35bn (~15% of total corporate AUA)

Company-wide engagement activity 2022—by sector



We also have high standards for preparatory research ahead of the engagement and develop focused agendas, which we share with the company ahead of the meeting. This allows the company to assemble its senior-level subject matter experts and often captures the attention of board members as well.

As a large, active, fundamental investment manager, we have the benefit of using a "carrot and stick" approach when it comes to assessing investee companies' commitments and our recourse options. As long-term investors, we take a pragmatic and patient approach to our engagement framework to build mutual understandings, which we believe can drive effective results with the issuers in which we invest. Engagement outcomes may require multiple interactions over time, and we develop milestone expectations that we establish with individual commitments that our investee companies pledge to us.

Our approach to escalation is discussed in Principle 11.

The outcomes of our engagements are summarised in our case studies in terms of "future focus". Because engagements tend to transpire over time (three years on average), the conclusion of engagements—given the longevity of our company-wide platform—puts our activity mainly still "in flight". There are nuances and context to each engagement, however, and the future focus is important because it projects the individual circumstances and viewpoints for each company engagement.

Our engagements with Honeywell and Valero are examples. We have engaged with Honeywell International Inc. each year since the inception of our Stewardship team in 2019. Over the course of this effort, we have pushed the company for greater transparency to enhance gender diversity and to commit to a science-based decarbonisation strategy. These efforts and the state of the company's relevant programmes are summarised below. The "traffic light" shading in the table shows our opinions of an issue in terms of lagging (red), average (amber) and leading (green).

ISSUES	2019	2020	2021	2022
1	Board refreshment (3 at max age 75)	Board refreshment (2 at max age 75; only two with tech experience)		Board refreshment (up to four with tech experience and added ESG into skills matrix)
2	Board gender diversity (only 25%)	Board gender diversity (31%)	Board gender diversity (27%)	Board gender diversity (40%)
3	Ethnic/racial diversity (42%)	Ethnic/racial diversity (38%)	Ethnic/racial diversity (36%)	Board ethnic/racial (50%)
4	Climate transition strategy (nascent)	Carbon emissions targets (scopes 1&2) set only to 2024	Committed to be carbon neutral in scopes 1&2 by 2035; assess scope 3	Committed to submit All Scopes (1–3) to SBTi; Business transition strategy emerging ">60% of 2021's revenues from ESG-oriented products and 60% of R&D spend directed toward ESG products/ breakthroughs"
5	No climate lobby disclosures (recurring SP)	First lobby disclosure report		Produced Robust Climate Lobby Disclosures with policy differences assessed
6	Workforce diversity (no transparency)		Hired chief diversity officer	Published workforce diversity (EE0-1 report)
7	No sustainability disclosures	Began reporting to SASB and TCFD		Reported on due diligence processes to assess E&S risks

Case study

A history of engagement with Valero Energy Corp.:

Sector: energy—oil refining

Asset class: equity, fixed income

History of engagement: since 2019, the Stewardship team, along with our invested equity and fixed income teams, has met with Valero Energy on multiple occasions to discuss its decarbonisation strategy and sustainability reporting.

At our first engagement in 2019, the company was not communicating a robust, dynamic transition strategy, simply believing that being the lowest-cost operator would allow it to persist even in a net-zero carbon economy because the world will still require some petroleum. With the company's lack of sustainability disclosures, our Stewardship team—as a member of the SASB Investor Advisory Group—took the opportunity to educate Valero on the organisation's materiality framework and pushed it to embrace components of the TCFD framework as doing so would inherently require the company to communicate a climate strategy and ponder a 2050 net-carbon emissions ambition.

We continued to engage with Valero in 2020. Meeting our requests from the previous engagement, the company had begun reporting in line with the SASB and included some preliminary disclosures in line with TCFD. After congratulating the company on its progress, we encouraged it to take the next step and issue a full TCFD report.

In 2021, to drive more progress and robustness in its commitments, the company announced its ambition to become the North American leader in renewable fuels with significant investments to provide substantially more low-carbon fuel. It also announced a considerable carbon-reduction target (63% by 2025) in its operations and a new explicit and significant component of the CEO's pay based on progress towards the target. Valero announced new climate commitments, including targeting net-zero emissions in its operations by 2035.

We met with the company twice over this period to discuss the feasibility of its new goal, which would be buttressed by increasingly larger capital investments in low-carbon projects. These investments would amount to 60% of its growth capital in 2021. The company would also be planning to invest nearly US$2 billion more through 2023 to expand capacity. Whilst these short-term commitments were impressive given where the company was just two years prior, we encouraged management to set medium- and long-term reduction targets for its operations as well as calculate and set targets for its scope 3 emissions.

Details of engagement: in March 2022, we requested a meeting with management to discuss Valero's latest sustainability reporting, which omitted a commitment to reducing scope 3 emissions. The lack of any scope 3 commitment at this point had placed the company behind its peers. We had concerns over the company's carbon accounting. For this meeting, we brought together our Stewardship team, our head of Climate Research and our equity portfolio managers covering the stock as well as a senior credit analyst covering integrated energy.

The team at Allspring perceived Valero to be misallocating carbon credits and offsets towards its operations when some were related to customer use of products (scope 3 emissions). Looking over the company's decarbonisation plan, its actual emissions reductions (for scopes 1 and 2) by 2035 would be only 55%, with 45% coming from blending credits of renewable fuels and carbon capture. Blending and renewable projects would be a better match for scope 3, and only carbon capture/absolute reductions should be used against scopes 1 and 2. Aside from being a misleading pathway for the company to reach its GHG reduction goals, reaching its 2035 net-zero target for its operations through the misuse of these credits and offsets would be undercut by a large and untended-to-scope 3 footprint. When this was brought to the attention of Valero's leaders, they were responsive but unfazed by the issue. The lack of substance in their response to the issue made us question the legitimacy of the decarbonisation plan. Further, we expected the company to clarify its accounting before publishing its next TCFD disclosure in the late summer of 2022.

Following the publication of the TCFD report, we recognised that the issue of Valero's carbon accounting had not been settled. As such, there was agreement among our Stewardship and investment teams to escalate the issue and write a letter to Valero's CEO and to the chair of the company's Nominating, Governance and Public Policy Committee to express our concerns and call a meeting if a response to us did not materialise.

Highlight

Biodiversity

Biodiversity refers to the variety of life on Earth at all its levels, from microbes to vast interconnected ecosystems. Biodiversity and natural ecosystems are fundamental to human life and well-being. The loss of this biodiversity undermines Earth's natural systems, and without healthy biological systems, the planet cannot adequately provide the natural capital we depend on. There is clear scientific consensus that ecosystems with higher biodiversity are more stable and therefore better able to sustain the provision of natural capital—renewable resources (ecosystems, air and water) and non-renewable sources (minerals, metals, fossil fuels and other commodities) alike.

With these resources in mind, it is essential to keep in frame that climate change and other related human activities are directly linked to the looming biodiversity crisis. The World Wildlife Fund's *Living Planet Report 2022* has suggested that species populations have declined 69% on average over the last half century. Over the same period, per the Intergovernmental Panel on Climate Change and the National Oceanic and Atmospheric Administration, the oceans have absorbed 20% to 30% of human-induced carbon emissions, which has caused substantial lowering of the oceans' pH levels and led to acidification that poses significant harm to marine life. These issues are even more pressing as we progress to mid-century. The world's economic systems must rapidly decarbonise to limit global temperature rise to <1.5°C above pre-industrial levels—whilst at the same time the rapidly growing global population will drive increases in urbanism, demand for hard and soft commodities and energy as well as increase the stress on water resources.

In recognition of this, over the last few years we have set forward several thematic engagement initiatives directly related to natural capital and biodiversity. Under the biodiversity umbrella, the issues engaged include climate change, water management, land use and forestry (including deforestation), plastics and the circular economy.

We believe engagement with investee companies to operate whilst responsibly managing the natural capital within our shared planet's boundaries can contribute to resilient investment candidates and a prosperous future.

In the table below, we show our 2022 engagements on biodiversity topics with companies in sectors where these risks and opportunities are most material. As long-term investors, we encouraged these companies to disclose how they have adopted or plan to incorporate business practices consistent with the sustainable use and management of natural capital and the respect for the biodiverse contexts in which they operate. To enhance our engagement practices further, beginning in 2023, we plan to also incorporate the final recommendations of the TNFD into our research and disclosure guidance.

FOOD & AG	CLIMATE CHANGE	DEFORESTATION	WATER MANAGEMENT	PLASTICS
JBS S.A.	●	●	●	
Archer Daniels Midland Company	●	●	●	
Bunge Limited	●	●	●	
Chipotle Mexican Grill, Inc.	●	●	●	●
Jack in the Box	●	●	●	●
Keurig Dr. Pepper	●	●	●	●
McDonald's Corporation	●	●	●	●
Nestle S.A.	●	●	●	●
Nomad Foods LTD	●		●	●
Pepsi Co	●		●	●
Starbucks Corp	●	●	●	●
Sysco Corp	●	●	●	●
The Molson Coors Beverage Company	●		●	●
Walmart	●	●	●	●
Wendy's	●	●	●	●
WH Group	●	●	●	
Yum! Brands, Inc	●	●	●	●
CHEMICALS				
Air Liquide SA	●		●	
DuPont de Nemours Inc	●		●	
LG Chem Ltd	●		●	
Linde	●		●	
PPG Industries Inc	●		●	
Westlake	●		●	
METALS & MINING				
Freeport McMoran	●	●	●	
Newmont	●	●	●	
Rio Tinto	●	●	●	
Vale	●	●	●	
WASTE MANAGEMENT				
Republic Services	●		●	●

Case study

JBS SA—deforestation

Sector: consumer, non-cyclical—food-meat products

Asset class: equity

Issue: roughly 8% of global carbon emissions are associated with land-use change, primarily through deforestation. The removal of forest carbon sinks puts humanity at risk of passing critical thresholds for climate change. Intensive animal agriculture is widely recognised as a primary driver of these changes. This issue is particularly salient in emerging markets like Brazil, where cattle farming directly threatens the Amazon rainforest—the world's largest and most critical old-growth forest. Brazilian meat producers have been mired in controversy for their involvement in deforestation practices in Brazil. One such company—JBS SA—has been accused by non-governmental organisations (NGOs) of sourcing cattle from Brazilian farmers who have illegally started fires to clear large areas of land. The fires have reportedly destroyed around 30% of the Pantanal rainforest—the world’s biggest wetland, located in Brazil. Because of this, supermarket chains in Belgium, France, the Netherlands and the UK have announced they will not offer specific meat products tied to JBS.

Objective: as part of our thematic engagement initiative with the food and agricultural sectors, the Stewardship team partnered with one of our emerging markets equity teams to engage with JBS on climate and deforestation implications. JBS Brazil had recently hired a new chief sustainability officer (CSO) who had been tasked with both sustainability oversight and managing deforestation risks in Brazil. We met with the CSO to assess the company's conviction on eliminating deforestation within its supply chain.

Engagement: in response to the deforestation accusations, JBS set a goal to eliminate illegal deforestation from the Brazilian cattle supply chain—including suppliers of suppliers—in the Amazon and other Brazilian biomes by 2025 and advance traceability to assure deforestation-free supply chains. The company currently monitors 100% of its direct cattle suppliers for illegal Amazon deforestation and has launched the Transparent Livestock Farming Platform to identify and monitor all links to deforestation in the livestock supply chain. The platform will act as a private registry of livestock and their associated movement among farms. Compliance with the programme will be optional until 2025. Thereafter, the registry of all indirect suppliers will become mandatory. The registry’s creation is imperative for the company to track the movement of animals in its value chain because Brazilian legislation blocks JBS and its peer companies from accessing the government's Rural Environmental Registry (CAR), an environmental registry of rural Brazilian farms. This accumulation of private data will also allow for greater transparency with investors.

Our team wanted to go a step further and pushed JBS to explain, aside from making registration mandatory in 2025, how the company will manage suppliers who are non-compliant with JBS's zero-deforestation ambition. The company plans to first block suppliers from further business and then engage with them to allow for re-entry into the value chain. JBS has set up multiple offices to help align blocked farmers with JBS's goals through educational and operational resources. We agreed with the company’s strategy. Allowing for reintegration will hopefully keep farmers from entering the grey market and continuing deforestation practices illegally.

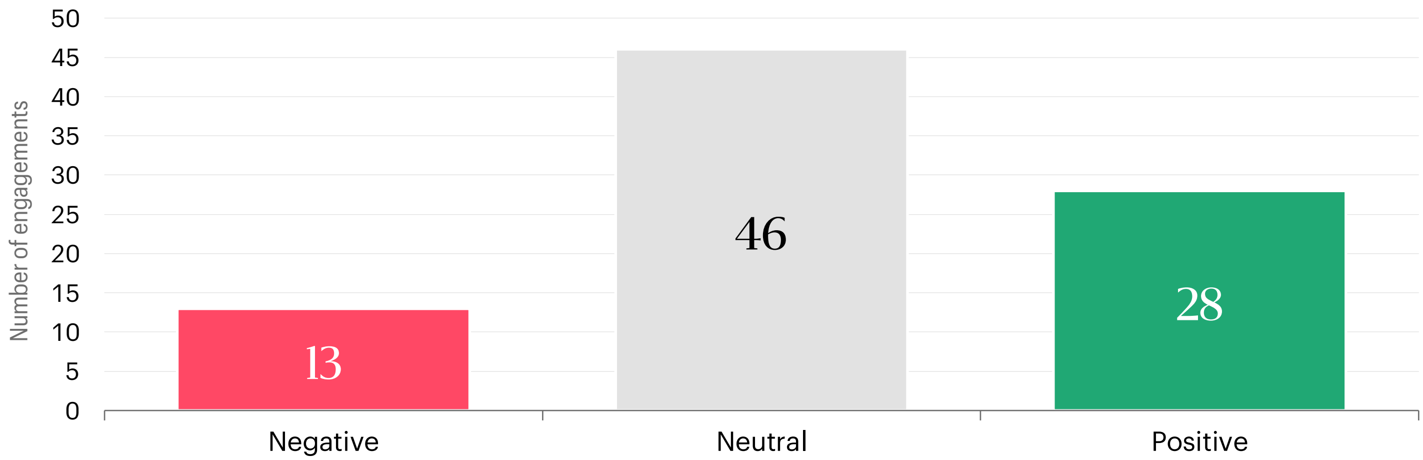
Future focus: the team at Allspring sees the platform as a significant step in the right direction. As the wealth of data expands, supply-chain transparency will transfer to investors, giving more credibility to JBS's ambitions and allowing for better decision-making. This is already being seen in Europe, where at the recent investor relations roadshow, the announcement of the platform was received positively.

Going forward, we will continue to monitor the progress and effectiveness of the platform and how Brazilian meat producers, more broadly, can successfully eradicate illegal deforestation with very little government assistance. Given the pervasive nature of the issue and the company's historical lack of action, we will need to monitor progress closely and, depending on the momentum of the programme's uptake, may need to send letters directly to the CEO and the board chair requesting enhanced action from both the company and its industry groups. Deforestation is a systemic issue and will need the combined efforts of all market actors to lift the reputation of Brazilian beef.

Continuous improvement

As an enhancement to capturing our engagement notes, in 2022 we implemented a new assessment of the engagement in terms of “positive, neutral, negative”. These ratings are relative to our expectations for a company given our history of engagement or our assessment on its position in its individual sustainability journey. These ratings provide a signal of momentum for our analysts and help give a broad framing to the specifics and nuances further explained in the extensive multi-page engagement research notes available to our investment teams. Of the 89 company-wide engagements set up by the Allspring Stewardship team in 2022, 13 were rated negative, 46 were rated neutral and 28 were rated positive.

Assessment of 2022 engagements



Along with having our company-wide Stewardship Platform, we are structured with independent investment teams that conduct their own fundamental research, which includes engaging with company management. Given our structure, we believe engagement activities are the responsibility of both our investment teams and our company-wide Stewardship team with robust collaboration between the two.

Another improvement to our engagement tracking at the investment team level was mentioned in Principle 6. Our research communication platform, Sentieo, is now in its third year at Allspring, as described in Principle 2. Over 250 analysts and portfolio managers are active users across both fundamental and systematic investments. With increased use, we have been able to leverage the capabilities of Sentieo’s platform to enhance our ESG research and track ESG engagements of our investment teams independent of the Stewardship-led efforts. In 2022, we rolled out a revised taxonomy of ESG hashtags in Sentieo to capture investment team–led ESG engagements, facilitating more consistent use of the categories and improving our ability to provide timely and transparent engagement reporting to our clients. In Appendix 4, we provide a detailed list of the 184 companies our investment teams engaged with (independent of the Stewardship team) from 15 August 2022 to 31 December 2022. This corresponds with the date the taxonomy was rolled out and activity levels using the new, standardised taxonomy could be captured. The monthly average was 41 engagements per month.

Principle 10: signatories, where necessary, participate in collaborative engagement to influence issuers

Collaborative engagement

Within our company, we approach all company-wide engagements as collaborative for many of the same motivations as those behind industry-wide collaborations. We focus on bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure. This structure enhances our perspective on ESG engagements, bringing to bear the full scale of our AUA. We believe we have influence given our size and the breadth of asset classes we manage. As a result, most of our engagements are conducted privately. However, we may identify selective industry partnerships and collaborations as opportunities to amplify our collective voice when we unite with other investors on a common agenda such as climate change.

01 **Climate Action 100+ (CA100+):** in 2019, we joined the CA100+, an investor initiative that ensures the world's largest corporate GHG emitters take necessary action on climate change. We joined the CA100+ because we believe it is critical that companies in which we are invested take action on climate change. We want to stand as committed partners with our clients who are also participating in the initiative, and we want to contribute to our commitment to become a leading asset manager with respect to the integration of climate considerations. As part of our commitment to CA100+, we are leading an engagement with CEMEX S.A.B. de C.V.—a large global construction materials company based in the emerging markets.

02 **PRI:** at the end of 2021, we also joined a new, PRI-organised collaboration focused on tackling conflict minerals in the semiconductor supply chain. There are 160 investors supporting the initiative with collective assets under management of US$6.59 trillion. It is clear the investor community, including Allspring, recognises the challenges of mineral sourcing within the semiconductor supply chain and believes more action is required in order to develop conflict mineral-free supply chains and improve industry practices. We have been asked to lead the engagement with a large global software company.

03 **Ceres:** we are also members of the Ceres Investor Network and have access to its research and ongoing dialogues for its collaboration projects in flight. We find that the perspective gleaned from the Ceres collaboration projects can help inform our own private engagements with the same companies on the same topics.

04 **Farm Animal Investment Risk and Return (FAIRR):** following discussion with FAIRR in 2021 and in line with our new thematic engagement topic (food systems) added at the end of 2021, in 2022 we joined the FAIRR initiative. FAIRR is a global network of investors addressing ESG issues in protein supply chains. Along with providing related research and data to investor members, FAIRR organises collaborative investor engagements with companies on topics such as labour risk in global meat supply chains, biodiversity and climate risks in food-related industries. We believe there is a valuable opportunity to join their collaborative engagements alongside other investors as FAIRR has the visibility as a global leader to companies in this sector and the scale of assets invested will amplify the collaboration's influence.

Climate Action 100+ progress report

As the lead investor engaging with CEMEX S.A.B. de C.V. (CEMEX) and with the support of Climate Action 100+, we have had a consistent dialogue with CEMEX since 2019. The collaborative engagement team consists of two asset owners—Universities Superannuation Scheme in the UK and Alfore XXI Banorte in Mexico—and another asset manager, Loomis Sayles.

The Climate Action 100+ signatories have agreed on a common agenda for discussion with companies, including CEMEX. The initiative aims to secure commitments from the boards and senior management of its focus companies to:

01 Implement a strong governance framework that clearly articulates the board's accountability and oversight of climate change risks and opportunities

02 Take action to reduce GHG emissions across the value chain, consistent with the Paris Agreement's goal of limiting the global average temperature increase to below 1.5°C above pre-industrial levels

03 Provide enhanced corporate disclosure in line with the final recommendations of the TCFD, including targets and scenario analysis that includes the IEA's NZE 1.5°C pathway.

When the engagement began in 2019, the company lacked a robust climate governance structure and a strong ambition for decarbonisation and sustainable products. As such, our initial priorities were to:

- Support the company's new 2030 GHG reduction goal, push to establish medium- and long-term commitments and milestones and push for more disclosure regarding the research and development investments necessary to achieve those goals
- Suggest that the company consider a more restrictive 1.5°C scenario in its target-setting process to include a relevant assessment
- Encourage the company to publicly showcase its board-level climate oversight practices already in place and provide more formulaic details on how executive pay is linked to climate performance
- Ask the company to disclose more information regarding its scope 3 emissions and supply-chain management
- Advocate that the company issue a stand-alone TCFD report.

In 2020, CEMEX made progress in several areas that we have focused on in our engagement:

- In February 2020, the company committed to delivering net-zero CO2 cement by 2050. The
- company also set an enhanced target for 2030 consistent with science-based methods. Specifically, the company increased its goal to reduce net CO2 emissions 35% by 2030 (compared with 1990 levels), a 5% ratchet up on its 2019 goal of 30% by 2030.
- The company tied its new GHG reduction targets to its CEO's and top management's variable compensation scheme.
- The company began reporting against the TCFD framework via its integrated report and became 1 of only 10 in the global construction sector to be an official TCFD supporter (as of March 2020).

In 2021, CEMEX built more momentum during the course of our engagement interactions:

- In its 2021 Integrated Report under the report's Climate Action section, CEMEX recorded a 4.7% year-over-year decrease in its CO2 emissions per tonne of cementitious material.
- Alternative fuel substitution rose to 29% whilst its products' average clinker factor fell to 75%. (Clinker is the main ingredient in cement and is responsible for the majority of both its cost and carbon emissions.)
- CEMEX became the first company to complete a global rollout of its reduced CO2 cement and concrete range (Vertua). The industry's first net-zero CO2 concrete, Vertua Ultra® concrete, uses cutting-edge technology, replacing limestone-based clinker with a geopolymer technology that eliminates associated process emissions from the calcination of clinker. This clinker-free concrete can be used as an alternative to more commonly used clinker-based cement solutions in multiple applications. There are three types of Vertua products, and its CO2 reduction percentages are shown below:

CO2 REDUCTION BY PRODUCT

Product	Vertua Classic	Vertua Plus	Vertua Ultra
Concrete	30%	50%	70%
Cement	15%	25%	40%

CEMEX claims the remaining 30% of emissions in the Vertua Ultra concrete product can be neutralised through offsetting efforts (an ongoing area of focus for the engagement).

- CEMEX established SBTi-verified well below 2°C 2030 climate action goals and joined the UN's Race to Zero and the Business Ambition for 1.5°C coalition. It also became a founding member of the World Economic Forum's First Movers Coalition for zero-carbon economic development.

In 2022, CEMEX established itself as a market leader in the cement industry in terms of climate commitments and progress, including:

- Announcing in late 2022 that CEMEX has become one of the first cement companies to commit to net zero across its value chain (all three scopes) and validate its 2050 net-zero CO_2 road map and 2030 decarbonisation goals for all three scopes in a 1.5ºC scenario with the SBTi
- Announcing many advancements in important transformative projects such as Climafuel at its Rugby facility in the UK; a partnership with Coolbrook to use its patented technology to replace fossil fuels with electricity; and launching the Climate Neutral Alliance with public and private partners to realise more technological breakthroughs needed for the cement sector's climate-transition success
- After launching the Vertua low-carbon cement and concrete products, reporting transparently on early success with strong sales that are rapidly growing and expected to be more than half of all cement and concrete sales by 2025
- Announcing CO_2 reduction goals to apply to 4,500 executives globally (-10% to +10% impact on short-term incentive pay)
- Announcing that CEO Gonzalez will join the Sustainability Committee of the CEMEX board of directors
- Announcing the launch of its Green Financing Framework, followed by issuing its first sustainability-linked loan in 2022

2023 engagement plan

As the engagement continues into 2023, it is important to keep track of these announcements and updates regarding CEMEX's products and decarbonisation pathways en route to net zero several decades out. Each year, we create an engagement plan for CEMEX measuring which areas of its strategy and decarbonisation plan still need improvement. We established our 2023 plan in conjunction with reorganising our assessment of CEMEX's climate action plan in the following framework with four areas of focus: 1) Scope 1 and 2 Emissions; 2) Scope 3 Emissions; 3) Portfolio and Capital Allocation; and 4) Governance, Policy Engagement and Disclosure.

SCOPE 1 AND 2 EMISSIONS	SCOPE 3 EMISSIONS	PORTFOLIO & CAPITAL ALLOCATION	GOVERNANCE, POLICY ENGAGEMENT, & DISCLOSURE
Seek updates on setting 2040 goals	Advocate for more transparency on Scope 3 categories and associated emissions and discussion on evolving to full inventory (i.e., Why does Scope 3 in TCFD Report pg. 17 Excluding "use of sold products of other businesses, 4.1 million tons?")	Advocate that CEMEX publish more on climate-related R&D, CAPEX and CEMEX ventures	Articulate how climate skills of SC members are assessed
Advocate for more articulation of levers and progress of Roadmap (https://www.cemex.com /web/guest//sustainability/future-in-action/decarbonizing-our-operations)	Advocate for establishing consequences (e.g., termination of contract) for critical suppliers who do not set Scope 1 and 2 goals of their own.		Comply or explain on all SASB disclosures (several missing at present)
		Advocate that CEMEX disclose internal carbon price assumption	Provide lobby disclosures on industry associations
			Disclose CEMEX policy positions related to climate
			Review industry associations positions on climate and their advocacy efforts annually.
			Continue to evolve just transition narrative and details

Case study

Zoetis—the FAIRR Initiative and Antimicrobial Resistance

Sector: consumer, non-cyclical—medical drugs

Asset class: equity

Issue: Antimicrobial Resistance (AMR) has been declared one of the top 10 global health threats facing humanity by the World Health Organization due to the high potential for increases in zoonotic transfers and multi-resistant bacterial infections in humans. The severity of the human health and economic implications of such infections are projected to rise significantly by mid-century. The FAIRR Initiative—an NGO focused on research to help investors understand and manage the risks and opportunities associated with intensive animal agriculture—launched a collaborative engagement initiative with asset managers to engage animal pharma companies on the subject of antimicrobial resistance. We committed to joining this collaboration, focusing on one company targeted for engagement: Zoetis, in which we invest.

Engagement with FAIRR: our engagement process began by signing a letter from FAIRR, along with other investors, to HealthforAnimals—an industry group representing Zoetis and other companies targeted in the engagement effort. In response to the letter, HealthforAnimals refused to speak with FAIRR through the engagement initiative, stifling the opportunity to engage with other investors collaboratively. In response, the initiative moved to contact the companies individually, forwarding questions and requesting direct opportunities to engage. Through this discourse, FAIRR received a response from HealthforAnimals giving the opportunity to speak with its member companies individually on the subject of AMR through one-on-one calls. This change in attitude was a positive impact tied directly to the engagement effort.

With this invitation, our Stewardship team partnered with one of our growth equity teams to engage with Zoetis privately whilst being supported by the initiative through the supply of engagement questions and research. Our engagement team met with Zoetis leadership twice during the fourth quarter of 2022 to discuss how Zoetis was diversifying into antibiotic alternatives and how the issue of mitigating AMR could affect the business over time. We sought enhanced disclosures from Zoetis specific to its commitments and strategy as only one company, Elantra, had begun to step out of the shadow of the industry organisation and start establishing its own commitments.

Private engagement: in its responses to FAIRR's questions regarding AMR, Zoetis tended to refer back to industry-wide position statements as stated by HealthforAnimals. Zoetis believes there has been significant industry-wide progress over the last 10 years to reduce non-medically necessary antibiotic use in farm animals, citing a 40% to 48% overall reduction in the US and Europe. We responded by pointing out that most of this reduction relates to regulations enacted over that period.

Zoetis does plan to reduce the size of its treatment portfolio and invest more in alternatives. The company's rationale for doing so is twofold. First, its thought process synergised with FAIRR's on AMR's long-term threat to human health. Second, there is lower profitability in antibiotics versus alternatives overall. As explained by the company, in the past there was more of an industry-wide focus on treatment that has now begun to shift towards prevention because animal sickness thins margins for farmers and animal deaths create a net loss. Investing in preventative medicines and treatments will improve overall animal health and lead to higher farm yields and productivity. As such, Zoetis believes from a purely capitalistic perspective that all growth incentives point away from injectable and feed-additive antibiotics and towards preventative medicines and diagnostics.

Zoetis has already made investments in an array of alternatives to antibiotics. The company seems primarily interested in developing vaccines, as it has done for poultry, salmon and other livestock. Also, Zoetis is looking to develop other immunotherapies and diagnostic tools to reduce farm infection rates. Given the implied positive economics, these efforts should benefit the company’s margins and keep its business opportunities open with farms subject to their customers' preferences for non-antibiotic use—for example, Wendy's, which has stated new goals to reduce antibiotic use in its supply chains.

Future focus: we believe that if Zoetis can begin to speak for itself instead of allowing HealthforAnimals to speak for the whole industry, there is an opportunity to present its economic case for antibiotic alternatives that should help the company’s reputation and its industry leadership. To this end, whilst we will continue to engage with Zoetis privately, we will also join FAIRR's efforts again in the first quarter of 2023 by sending another letter to company management commenting on this year's efforts and further demanding enhanced disclosures related to AMR.

Principle 11: signatories, where necessary, escalate stewardship activities to influence issuers

Clear communication of engagement activities

As long-term investors, we pursue a pragmatic and patient approach to our engagement efforts in an effort to build mutual understandings, which we believe can drive constructive and effective results with the issuers in which we invest. Engagement outcomes may require multiple interactions over time, and we develop milestone expectations with our investee companies that establish specific commitments in their pledge to us.

We believe the key to effective escalation at Allspring is clear communication of engagement activities and outcomes with corporate issuers. Along with having our company-wide Stewardship Platform focused on material ESG issues, our structure constitutes independent investment teams that conduct their own fundamental research, including engagement with company management teams across a variety of topics, among them sustainability. Understanding our structure as well as its benefits and constraints, we believe engagement activities are the responsibility of both our investment teams and our company-wide Stewardship and Engagement teams, with robust collaboration between the two.

Escalation process

If we conclude an issuer has material deficiencies, our first course of action is to communicate our concerns to company management or its board via one or more of the following activities:

- Holding further meetings with management to discuss specific concerns
- Meeting with the chair of the board or other board members as the board is ultimately responsible for oversight of the company
- Joining collaborative engagements, thus increasing the scale of assets to amplify the messages where we have a common agenda with other investors
- Writing a private, formal letter or email stating our concerns and seeking a follow-up meeting to discuss

Proxy proposals are also strongly correlated to corporate governance issues, and proxy votes can be an important conduit for us to express dissatisfaction with a given company.

Ultimately, our progress with stewardship efforts with respect to relevant portfolios will affect our investment teams' fundamental assessment of these companies and, in turn, our remediation actions.

The following are potential outcomes:

- Poor progress on ESG performance or failure to deliver on commitments made in ESG engagements may influence our portfolio managers' willingness to maintain a position in the company, which may in turn lead to reduced exposure and/or an exit from these investment positions.
- For equities, proxy voting actions can be exercised to support ESG-oriented shareholder proposals and/or board accountability for company performance on ESG issues.

Case study

Escalation examples from Allspring's Equity teams:

CASE STUDY

Magnite (MGNI)

MGNI produces software used by digital publishers to sell its ad inventory. The company's overall ESG strategy was poor, with no public ESG disclosures, average-to-poor scores and no clear alignment with ESG goals. We reached out to MGNI repeatedly in 2021 to discuss its path forward, but the company did not respond to our requests. We exited the position in February 2022 in part due to its unwillingness to engage on ESG topics.

CASE STUDY

Trade Desk

In 2022, Trade Desk was on our radar for engagement due to its poor ESG scores and overall lack of disclosures. Management initially informed us that the company's inaugural ESG report would be published by the end of 2021. When this report failed to appear, we discussed ESG in depth with Trade Desk investor relations in March 2022. At that time, the company promised to publish the report within 90 days. When once again this report failed to appear, we determined that Trade Desk's path forward on ESG was unclear and, as such, underperforming on ESG execution relative to others in the portfolio. These factors influenced our decision to exit the stock in May 2022.

CASE STUDY

Take-Two Interactive Software (TTWO)

In recent years, the video game industry has been plagued by high-profile human capital issues such as the gender discrimination lawsuits at Activision and the prevalence of "crunch culture". Cybersecurity risks are also increasing, as evidenced by Take-Two's own Grand Theft Auto VI game leak in September 2022. We discussed these issues with management in an ESG-dedicated meeting in late September 2022. Although Take-Two's representatives were proud of their emphasis on culture, we felt there was a lack of genuine engagement on the issues. For example, they spoke to having "a lot of very senior female leadership" on board, despite female representation at less than 20% at the people manager and VP+ level, with no clear DE&I goals in place to improve these metrics. These ESG factors were part of the overall mosaic of decision-making behind our divestment in December 2022.

CASE STUDY

ZoomInfo (ZI)

ZoomInfo is a sales intelligence platform that provides comprehensive data on potential leads to sales representatives. In 2022, ZoomInfo demonstrated a lack of transparency with shareholders. In particular, the credibility of managers suffered when they provided poor forward revenue guidance at a conference just weeks after their 3Q22 earnings call and a few months after pulling forward out-year run-rate guidance. We discussed ZoomInfo's approach to disclosing material information at our Stewardship-led interaction in November 2022. Although we emphasised the importance of shareholder transparency in this interaction, in recent weeks, ZoomInfo's guidance has continued to fluctuate. We believe this pattern indicates poor governance, and it contributed to our divestment in March 2023.

As mentioned in Principle 9, in 2022, we implemented a new assessment of the engagement in terms of positive, neutral and negative. These ratings are relative to our expectations of the engagement given our history of engaging with the company and/or our extensive company research to gauge where the company appears to be in its sustainability journey. These ratings signal our opinion of the engagement and evidence of potential accelerated outperformance (positive) or underperformance/challenges (negative) in the company's sustainability journey. Of the 89 company-wide engagements arranged by our Stewardship team, 13 were rated negative, 46 were rated neutral and 28 were rated positive.

Regarding the 13 negatively rated engagements, our first course of action is to schedule revisits with the company in early 2023 and ensure that the company's senior leadership will be in attendance. This could include the chief sustainability officer, the CEO and potentially the chair of the committee responsible for ESG/Sustainability.

Future improvements contemplated

In 2023, we are implementing an extensive letter-writing campaign focusing on proxy items that were reviewed through our ESG procedure to call out improvements we believe the company should consider. For example, many companies are not explicitly disclosing board diversity in terms of race and ethnicity. It would benefit the S&P 1500 companies to have board members self-identify and explicitly disclose this information as ISS began recommending against the nominations chair if the company appears to not have at least one racially/ethnically diverse board member when the disclosure is not made.

Principle 12: signatories should explain how they exercise their rights and responsibilities and how their approach has differed for funds, assets or geographies

As we stated under Principle 1, as fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. To us, good stewardship reflects responsible, active ownership and includes both engaging with investee companies and voting proxies in a manner that we believe will maximise the long-term value of our investments. As an extension of this, we believe—consistent with client objectives, risk-return considerations and other applicable requirements—investors must be responsible stewards of capital in order to contribute to positive outcomes for our clients and beneficiaries as well as for society.

Throughout this report, we have sought to demonstrate how we have responded to these responsibilities through active stewardship. A comment on money funds should be made as this is a large component of our AUA. The money market fund universe is significant, but a substantial amount of holdings is invested in US government and agency securities due to fund requirements as well as regulatory liquidity requirements. Thus, due to the depth and liquidity of these markets, engagement is virtually non-existent. However, there are more opportunities to engage in the prime fund space as investments may include corporate bonds among other investment options. This is covered below.

Fixed income products

For our fixed income products, the rights we possess manifest in credit and municipal research. Credit and municipal research is foundational to our investment process, and this incorporates an appropriate review of documentation, including primary-offering memorandums and credit agreements. We review and assess these documents in order to better understand the risk borne by investing in a particular security, such as structure, covenants (financial or otherwise) and call and put options as well as other language or actions that could influence the structure, priority, claim and/or value of the security. If our analysis occurs in conjunction with issuance and we conclude that certain issues are unfavourable, we will engage with the interested parties, including the company, to improve the structure.

Note that our review of green, social, sustainable and sustainability-linked (GSSS) issues will also focus on these attributes. If, upon review, we deem the attributes of sustainability are lacking for a given GSSS bond, we will engage the sponsor and/or company for them to address our concerns. In all cases, if we do not receive a satisfactory response or adjustment to the documentation, we may reduce our anticipated exposure or choose to not participate in the transaction.

Further, as part of ongoing discussions with management teams, we will articulate concerns with existing structures and/or documentation and constantly seek further disclosure that is consistent and industry-relative. We believe more and better information improves our understanding, thus reducing risk, and that this may then improve our assessment and willingness to own an issuer's securities.

Below we compare our views on two different bond issuances by two different European utilities. One was sustainability-linked and the other was a green bond.

Example 1: constructive view

Sustainability-linked bond issued by Southern European Utility

Relevant SDGs

Sustainability bond overview	
Use of proceeds	"Southern European Utility International has successfully launched a 1-billion-euro Sustainability-Linked Bond, linked to the achievement of their sustainable objective relating to the reduction of direct greenhouse gas emissions (Scope 1), contributing to United Nations Sustainable Development Goal 13 (Climate Action)"
Proceeds	€1,000,000,000
Framework alignment	International Capital Market Association's (ICMA) "Sustainability-Linked Bond Principles" and the Loan Market Association's (LMA) "Sustainability-Linked Loan Principles", as verified by the Second-Party Provider V.E
Carbon targets supported	Net zero by 2040 (previously 2050) 80% CO_2eq reduction by 2030 (vs 2017)
KPI and mechanism	Step up coupon based on CO_2eq 2024 level
Allspring view	Positive view on 1) fundamental momentum, 2) alignment of corporate strategy with bond sustainability objectives, 3) robustness of KPI and related mechanism and 4) relative value at issuance

For illustrative purposes only. Source: Allspring, March 2023.

Example 2: less constructive view

Green bond issued by a second Southern European Utility

Relevant SDGs

Green bond overview	
Use of proceeds	Projects related to wind & solar renewable energy generation, with clear expected environmental benefits on climate change mitigation, promotion of clean technology and clean energy transition, clear contribution, to...corporate environmental targets and in line with two U.N. sustainable development goals
Proceeds	€800,000,000
Framework alignment	Rules and commitments for the management of proceeds are documented in line with Green Bond Principles' guidelines
Monitoring and reporting	Is sure to report annually on bond management and results until the net proceeds are fully allocated and as necessary afterwards. Reporting commitments cover the use of proceeds (projects, quantitative environmental benefits), exclusion criteria, legal process related to the breach of ESG criteria and the management of proceeds
Allspring view	We have concerns about 1) fundamental momentum, 2) reliability of decarbonization strategy, 3) alignment of corporate strategy with use of proceeds and 4) extent to which risks are reflected in bond trading levels

For illustrative purposes only. Source: Allspring, March 2023.

Listed equities

For listed equities, our voting and engagement work together in a complementary and harmonious way as part of our overarching approach to stewardship. Our voting decisions, then, are informed by insights and experience gained from engagement with the investee company. We set out in more detail how we have exercised our shareholder rights for listed equities, including proxy voting rights, in the following section.

We have a centralised proxy voting framework and a singular proxy policy and process for Allspring Funds and clients who delegate their proxy voting to Allspring. This is outlined in our Allspring Proxy Policy and Procedures. Not all clients delegate proxy voting authority to Allspring, and clients are able to provide their own policy or voting instructions on a specific voting matter. In such cases, we vote those clients' shares in a manner that is consistent with their instructions when voting their proxies, regardless of Allspring's Proxy Policy and Procedures.

Our proxy voting process emphasises engagement with our fundamental equity portfolio managers in order to leverage their deep knowledge of investee companies. Whilst our process follows a systematic approach to arrive at a recommended vote, portfolio managers can dispute any proxy recommendation with substantiated rationale. We value the deep knowledge and fundamental research supporting those situations, and we attempt to align our conviction into a single stance on that issue. As a result, cases with "split votes" are rare.

Our approach to the proxy process is to focus our resources on the most important proxy matters by using pragmatic filters to push items to a Due Diligence Working Group of the Proxy Governance Committee that will review and refer the item back up to the PGC if necessary. We have established a customised Allspring TOH view as our company's unified stance on a particular proxy issue, and this is aligned with the Allspring Governance Principles outlined in Principle 7. We also review matters of high importance (as defined by the top three categories of ISS's High Importance Ratings), including proxy contests and merger-and-acquisition activity where ISS and management recommendations disagree. Another key feature of our proxy process involves integrating ESG issues into the proxy process and applying our ESG expertise to determine whether issues are material to investors and, therefore, worthy of further research, debate and discussion to arrive at our recommendation.

Proxy voting policy: the Allspring Proxy Voting Policy and Procedures are reviewed annually by the PGC, but we also monitor regulatory changes related to proxy requirements that could necessitate further modifications. During the fourth quarter of each year, the PGC conducts a review of our custom TOH guidelines in light of industry trends in corporate governance, including the evaluation of the appropriateness of our proxy advisor's ISS regional policies, which are enhanced annually. Where we seek a higher standard than ISS or more global consistency (e.g., eliminating regional differences), we will define our own custom TOH guidelines to be implemented ahead of the next proxy season.

We maintain two key differences with ISS in our custom proxy policy:

- We have a gender-diversity standard of requiring at least one woman on boards, regardless of company size or domicile. This differs from ISS, which still has different standards for larger and smaller companies as well as different standards by region.
- We have established "overboarding" standards for operating company directors (no more than four boards) that are different for those of CEOs (no more than one outside board). This differs from ISS, which has a more generous standard for CEO overboarding, as described in Principle 5.

Practical limitations to proxy voting: whilst we use our reasonable best efforts to vote proxies, in certain circumstances, we may determine that voting would not be in clients' best interest for select reasons. An example could be the presence of share-blocking requirements or meetings in which voting would entail added costs. We understand that we must weigh the costs and benefits of voting proxy proposals relating to securities and make an informed decision with respect to whether voting a given proxy proposal is prudent and solely in the interests of the clients. Our decision in such circumstances will consider the effect that the proxy vote (either by itself or together with other votes) is expected to have on the value of the client's investment and whether this expected effect would outweigh the cost of voting. Securities on loan and share blocking are two examples of proxy voting limitations.

Securities on loan: as a general matter, securities on loan will not be recalled to facilitate proxy voting (in which case the borrower of the security shall be entitled to vote the proxy). However, if the Proxy Governance Committee is aware of an item in time to recall the security and has determined in good faith that the importance of the matter to be voted upon outweighs the loss in lending revenue that would result from recalling the security (e.g., if there is a controversial upcoming merger or acquisition or some other significant matter), the security will be recalled for voting.

Share blocking: proxy voting in certain countries requires "share blocking". Shareholders wishing to vote their proxies must deposit their shares with a designated depositary before the date of the meeting. Consequently, the shares may not be sold in the period preceding the proxy vote. Absent compelling reasons, we believe the benefit derived from voting these shares is outweighed by the burden of limited trading. Therefore, if share blocking is required in certain markets, we will not participate here and will refrain from voting proxies for those clients affected by share blocking.

Proxy voting by the numbers: overall, in 2022, we voted in 98% of all meetings, with at least one vote against management in 46% of all meetings. As most of our equity strategies are actively managed with deep fundamental research, we feel this proportion is intuitively in the right range: it largely reflects support of leadership at the companies in which we have conviction but also reflects a healthy range of disagreement on some issues. Our engagement, which serves as the constructive, dynamic communication mechanism to proxy voting, allows us to communicate those issues we'd like to see management improve upon.

In terms of regional breakdown, US company votes comprise 51% of our total votes with 28% in companies domiciled in emerging markets.

2022 proxy voting statistics

We compare Allspring's voting summary for the last three years below.

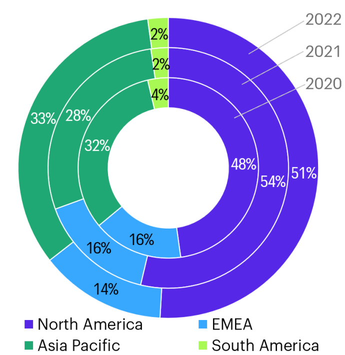
DESCRIPTION	2020	2021	2022
Total meetings	6,800	5,400	5,800
Total proposals	67,000	54,000	56,000
Meetings with at least one vote against management	44%	44%	46%
Meetings with at least one vote against ISS	10%	10%	11%
Against management on all proposals	11%	10%	10%
Against management on management proposals	10%	10%	11%
Against management on shareholder proposals	29%	32%	26%

Note: All voting results for the Wells Fargo (Lux) Worldwide Fund covering the fiscal year that ended 30 June 2022 can be found here at this link.

It impacted each global region, as reflected in the table below.

MEETING VOTED BY REGION	2020	2021	2022
North America	3,250	2,900	2,900
US	2,800	2,500	2,600
EMEA	1,100	850	775
UK	250	200	200
Asia Pacific	2,200	1,525	1,900
China	600	600	800
South America	250	125	125
Brazil	200	100	100
Total	**6,800**	**5,400**	**5,700**

REGIONAL COMPARISON OF MEETINGS VOTED



Summary of management proposals by topic: 1-Jan-2022 to 31-Dec-2022.

MANAGEMENT PROPOSALS	WITH MANAGEMENT	AGAINST MANAGEMENT	% AGAINST
Total management proposals	49,049	5,879	11%
Board-related	28,615	3,622	11%
Elect directors	24,565	3,002	10%
Elect chair/vice-chair	41	16	39%
Declassify the board	52	-	0%
Director remuneration	832	41	5%
Capital management	3,079	391	13%
Authorise share repurchase	687	19	3%
Approve issuance of equity	803	186	23%
Changes to company articles	1,690	256	13%
Reduce supermajority vote	74	0	0%
Other anti-takeover related	273	22-	7%
Executive Compensation	5,473	1,101	17%
Advisory vote on executive compensation	2,481	414	14%
Approve executive stock option plan	40	35	88%
Strategic Transactions	776	190	20%
Divesture/spin-off	125	3	2%
Merger/acquisition	205	49	24%
ESG Related	153	4-	3%
Political Donatons	70	0-	0%
Say on Climate	34	1-	3%
Routine Business	9,263	315	3%

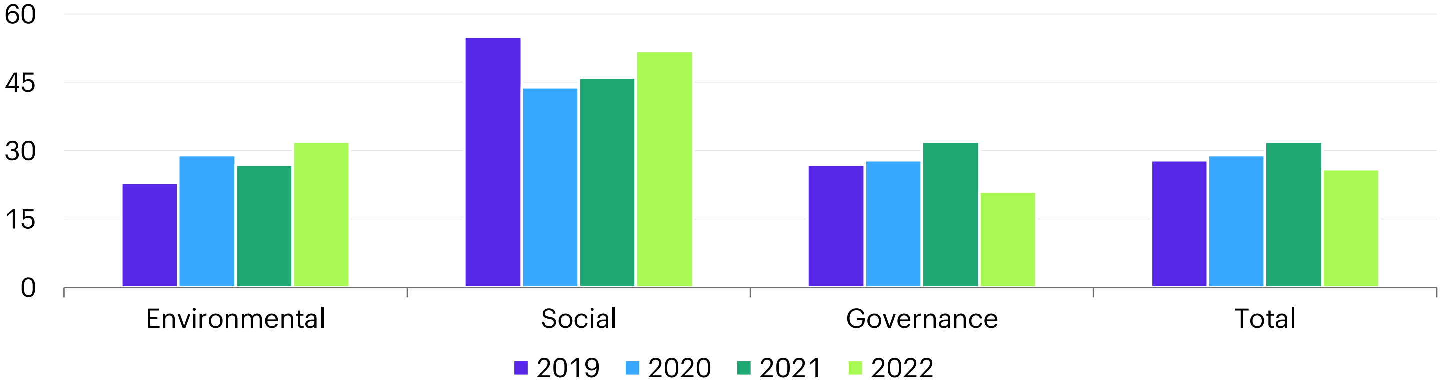
Shareholder proposal statistics by sustainability consideration: 1-Jan-22 to 31-Dec-22

MANAGEMENT PROPOSALS	WITH MANAGEMENT	AGAINST MANAGEMENT	% AGAINST
Total	1,095	390	26%
Environmental	101	47	32%
Nuclear plant phase out	30	0	
GHG emissions	19	18	
Renewables	5	0	
Climate change	37	18	
Environmental impact	9	4	
Circular economy	7	1	
Social	110	118	52%
Workforce diversity	4	7	
Pay disparity	7	4	
Human rights	9	14	
Political lobbying	14	39	
Data privacy & internet content	1	0	
Racial equity audit	12	14	
Governance	846	222	21%
Require independent chair	24	19	
Declassify the board	4	3	
Elect dissident director	49	12	
Elect proxy access nominee	86	13	
Reduce supermajority vote	4	7	
One vote per share	0	8	
General ESG	**38**	**3**	**21%**

It was a conducive year for shareholder proposals. Our number of shareholder proposals focused on environmental issues increased 57% from 2021 levels, and social proposals increased over 200% from 2021 levels. Much of this was due to tailwinds in the US as the SEC's tone on ESG issues changed with the presidential administration change from Donald Trump to Joe Biden. In late 2021, SEC staff under President Biden signalled it would take a more expansive view on whether proposals raised significant policy issues that transcended ordinary business in determining no-action guidance for companies to omit shareholder proposals. This set the stage for an unprecedented year in 2022 for US shareholder proposals: the number of proposals submitted surged, the percentage of proposals that shareholders were willing to withdraw as a result of negotiations with companies dropped and the number of proposals excluded through the SEC no-action process plummeted.

In 2021, ESG issues of note occurring on shareholder proposals included: climate and GHG emissions (we supported 47%), political lobbying disclosure (we supported 74%) and requiring independent chair (we supported 44%).

Allspring vote % for shareholder proposals



Source: Allspring voting results for calendar years 2019 to 2022

Allspring proxy results

In 2022, we overwhelmingly supported management and shareholder proposals that addressed key corporate governance issues aligning with the Allspring Governance Principles (outlined in Section 2 of the Appendix). These include proposals to declassify the board, to provide right-to-proxy access, to reduce supermajority voting, to provide right to act by written consent, to provide right to call special meeting (subject to threshold of 15% to 25%), and to provide one vote per share.

Case study

Unequal voting rights

Meta Platforms and Alphabet are 2 of the 33 companies in the S&P 500 Index that still maintain unequal voting rights. At Meta, founder Mark Zuckerberg owns 90% of the company's unlisted Class B shares, which have 10 votes each to 1 vote each for the Class A shares that are publicly traded. Many big tech companies IPO with similar features to prevent activists from influencing the board and management. We believe it is important for companies with features that are detrimental to shareholders to commit to a time frame (for example, up to seven years) in which they will rectify the structure. We believe the more appropriate structure would be for Meta and Alphabet to adopt a one-share, one-vote standard. Meta IPO'ed in 2012 as Facebook and Alphabet did so in 2004 as Google. In 2022, both companies had One Share, One Vote Recapitalization Plan shareholder proposals, and we supported both of these. Given that Zuckerberg owns over 54% of Meta, the proposal was bound to fail without his support. Indeed, it garnered only 28% of shareholder support (but 60% of shareholders not named Mark Zuckerberg). Similarly, Larry Page and Sergey Brin own a combined 51% of Alphabet, and its shareholder proposal only garnered 33% of shareholder support (but 65% of shareholders not named Larry Page and Sergey Brin).

Say-on-Pay

In the US market, the median CEO pay of S&P 500 companies rose to a record US$15 million, and with it came more dissent from shareholders as average support dipped to 90%. Globally across all votes, We supported 87% of Say-on-Pay proposals.

Case study

Say on Pay

One high-profile Say on Pay that failed was JP Morgan Chase (JPM), which was defeated with only 31% support. We voted against on the basis of an extraordinarily large one-time award for CEO Jamie Dimon. We engaged with JPM after the meeting. As was explained by the management team, the one-time grant is an options grant tied to keeping Dimon in his CEO role for the next five years whilst the company conducts a thorough and diligent candidate to succeed him. The options grant also requires JPM to maintain a high stock price. Dimon will be able to exercise the grant but will not be able to sell the stock during the five-year period. The JPM board believes Dimon is a once-in-a-generation talent in the final period of his career.

After his tenure as CEO has ended, another aspect of the handover and establishment of a new CEO would be for Dimon to assume the role of chair of the board. Whilst the board has already begun to look at external candidates, it seems more likely it will promote from within given the company's strong culture and strong leadership team. Dimon's understudies also seem to be moving into different roles in the interim period to give them more exposure to managing different lines of the bank's business.

At the conclusion of the engagement, we communicated we are comfortable with how thoroughly JPM has laid out the succession plan and is setting investor expectations.

Climate change

We believe climate change is a systemic risk and a complex challenge for companies to address. It can take companies time to map out and execute a successful strategy for being resilient in a low-carbon economy. The critical horizon is 2050, with much progress and numerous goals needed between now and then in order to achieve success. For that reason, climate change is a perennial issue on which we engage given the urgency of time and the drive for progress on key commitments, but these efforts will take time to play out. Companies cannot change overnight. Thus, we evaluate shareholder proposals on climate change in the context of where each company is in terms of its climate-transition strategy and on whether the proposal is addressing the most pertinent issues at the right time in that journey. We recognise the importance of companies' commitment to engage with stakeholders, including shareholder proponents, and the value of negotiating constructive outcomes to progress on disclosure and climate commitments. For these reasons, our voting outcomes on shareholder proposals related to climate change may appear varied, but the detail of the analysis to support or not support is contextual. In 2021, we voted for 18 out of 56 shareholder proposals related to climate change and GHG emissions.

In 2022, on management proposals known as Say on Climate, we voted with management on all but one (34 out of 35). Management teams' willingness to put proposals to shareholders outlining their climate transition strategies, commitments and progress is usually supported by most shareholders. However, in 2022, we voted against Glencore's management proposal to approve its Climate Progress Report on the basis of concerns that the company's exit plan for thermal coal stretches to 2050 (the International Energy Agency says even developing countries should stop burning coal by 2040, not 2050) and that its lobbying is not aligned with the Paris Agreement. This proposal was voted against by 24% of shareholders, so with 76% support, it passed.

In 2022, we aligned with ISS's new climate accountability policy to hold the boards of the largest GHG-emitting companies accountable for progressing the agenda of the Climate Action 100+ coalition. For companies targeted by CA100+ that we determine have not taken the minimum steps needed to understand, assess and mitigate risks related to climate change to the company and the larger economy, we will vote against the incumbent chair of the responsible committee for climate action (or other directors on a case-by-case basis). Minimum steps to understand and mitigate those risks are considered to be:

01 Detailed disclosure of climate-related risks, such as according to the framework established by the TCFD, including:

- Board governance measures
- Corporate strategy
- Risk management analyses
- Metrics and targets

02 Appropriate GHG emissions-reduction targets; for 2022, “appropriate GHG emissions reductions targets” will be medium-term GHG-reduction targets or net-zero-by-2050 GHG-reduction targets for a company's operations (scope 1) and electricity use (scope 2); targets should also cover the vast majority of the company’s direct emissions

Case study

Berkshire Hathaway Climate Accountability

In 2022, we voted against the lead independent director of Berkshire Hathaway on the basis of climate accountability. Berkshire Hathaway is a focus of CA100+ as it is an investment holding company active in high-emitting sectors, including utilities and energy. The company has not disclosed a holding company–level climate strategy, deferring to its subsidiaries to manage climate risk, and some have disclosed strategies to reduce GHG emissions and manage climate-related risks. The company is known to be unresponsive to investors seeking more transparency and has not produced or seemingly considered TCFD reporting, including scenario analysis and GHG emissions-reduction targets for scope 1, 2 and 3 emissions and near-, medium- and long-term horizons. There also is no board committee focused on sustainability, including climate strategy. Outcome: This proposal received only 26% of shareholder support and therefore did not pass.

Allspring Significant Vote results

In Principle 10, we provide more detail on our Significant Votes, which are our 15 largest company investments where the company is deemed to have weak corporate governance. We review each of these proxies in their entirety alongside the fundamental equity teams invested in them, with an eye towards any proposals we think can be voted in a manner to improve a company’s corporate governance. In 2022, examples of proposals where we voted against management were:

- Tradeweb Markets: we voted **against** all three directors nominated on the classified board due to two issues that reduce shareholder rights: classified board structure with no sunset provision committing to declassify and the lack of a majority independent board.
- Berkshire Hathaway: we voted **for** (against management) a Report on Climate-Related Risks and Opportunities. This feature would allow shareholders to better assess the company’s climate risks.
- First Energy: we voted **against** the election of director-at-large Steven J. Demetriou on the basis of CEO overboarding.

Appendix

Appendix 1: Sustainability team bios

HENRIETTA PACQUEMENT, CFA

Senior Portfolio Manager, Head of Global Fixed Income, Head of Sustainability

Henrietta Pacquement is a senior portfolio manager and the head of both the Global Fixed Income team and the Sustainability team at Allspring Global Investments. She joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Henrietta joined WFAM as a quantitative analyst before becoming a portfolio manager and, subsequently, the head of the European investment-grade business for the Global Fixed Income team in London. She has extensive buy-side experience in portfolio and risk management. Before joining WFAM, Henrietta was a quantitative analyst at Barclays Global Investors. Earlier, Henrietta worked in Paris for AXA Investment Management in a similar role. She began her investment industry career in 2001. Henrietta earned a master's degree in astrophysics from Cambridge University. She has earned the right to use the Chartered Financial Analyst® (CFA®) designation.

JAMIE NEWTON, CFA

Head of Global Fixed Income Research and Deputy Head of Sustainability

Jamie Newton is the head of the Global Fixed Income Research team and the deputy head of the Sustainability team at Allspring Global Investments. He joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM), where he served as head of the Global Credit Research team and previously as a senior analyst. Jamie joined WFAM from Strong Capital Management. Before Strong, he served as an investment-grade credit analyst in the public fixed income department at Northwestern Mutual Life (NML) Insurance Company, where he was promoted to director. He had also been an associate in the private placement department at NML. He began his investment industry career in 1992 as an auditor with Deloitte & Touche, LLP. Jamie earned a bachelor's degree in economics with an emphasis in accounting from Albion College and a master's degree in business administration with an emphasis in finance from the University of Michigan. He is a certified public accountant and has earned the right to use the Chartered Financial Analyst® (CFA®) designation.

CHRISTOPHER MCKNETT

Head of Sustainable Strategy, Stewardship and Implementation, Sustainability

Christopher (Chris) McKnett is the head of Sustainable Strategy, Stewardship and Implementation for the Sustainability team at Allspring Global Investments. He joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before joining WFAM as a senior environmental, social and governance (ESG) investment strategist, Chris served as head ESG strategist for State Street Global Advisors and was a member of the company's senior leadership team. Previously, he worked at KLD Research & Analytics in Boston, one of the first research companies to specialise in ESG, and American Century Investments. He began his investment industry career in 1999. Chris earned a bachelor's degree in business administration from the University of Connecticut, Storrs, and a master's degree in business administration from Daniels College of Business at the University of Denver. He is a First Movers Fellow of the Aspen Institute Business & Society Program.

JESSICA MANN, CFA

Head of Stewardship, Sustainability

Jessica Mann is the head of Stewardship for the Sustainability team Allspring Global Investments. She joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before WFAM, Jessica was the head of Standard Setting at CFA Institute. Earlier she was at Watson Wyatt Partners as an investment consultant and before that she was at Mercer Investment Consulting, where she began her investment industry career in 1992. Jessica earned a bachelor's degree in mathematics from the University of Virginia. She has earned the right to use the Chartered Financial Analyst® (CFA®) designation and is a member of CFA Institute and CFA Society San Francisco and a fellow of CFA Society United Kingdom.

RICHARD PRICE-SANCHEZ

Stewardship Analyst, Sustainability

Richard Price-Sanchez is a stewardship analyst for the Sustainability team at Allspring Global Investments. In this role, he is responsible for research and investee company engagements. Richard joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before that, he held several internships with WFAM and Wells Fargo, including serving as a Wealth and Investment Management analyst intern and Enterprise finance intern. He began his investment industry career in 2021. Richard earned a bachelor's degree in economics from Wesleyan University.

JEANNE FITZPATRICK

Proxy Analyst, Sustainability

Jeanne Fitzpatrick is a dedicated proxy analyst for the Stewardship team and part of the broader Sustainability team at Allspring Global Investments. In this role, she executes Allspring's proxy procedures and contributes to Allspring's corporate governance expertise. Jeanne joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before that, she held several positions with A.G. Edwards, Ziegler Investments and Cleary Gull, including operations analyst positions and assisting financial consultants. She began her investment-industry career in 2001. Jeanne earned a bachelor's degree in legal studies from Concordia University Wisconsin.

CONNIE FASSBENDER

Proxy Analyst, Sustainability

Connie Fassbender is a proxy analyst for the Stewardship team and part of the broader Sustainability team at Allspring Global Investments. In this role, she executes Allspring's proxy procedures and contributes to Allspring's corporate governance expertise. Connie joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before that, she held several positions with WFAM, including operations analyst positions and transfer agent oversight for the US and (Lux) Worldwide Funds and retail managed accounts. She began her investment industry career in 2000. Connie earned a bachelor's degree in business administration from Northern Michigan University.

H. THOMAS LYONS

Head of Climate, Sustainability

H. Thomas (Tom) Lyons is head of Climate for the Global Fixed Income Research team at Allspring Global Investments. He joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before this, he managed energy, infrastructure and insurance investments as a lead portfolio analyst for WFAM's Montgomery Fixed Income team. He joined the company from UBS Investment Bank, where he ran European energy and utilities credit research. Earlier roles include leading strategy initiatives as a senior analyst for Louis Dreyfus and executing project financings as an associate for GE Capital. He began his investment industry career in 1992. Tom earned a bachelor's degree in history from Duke University and a master's degree in business administration with an emphasis in finance from the Wharton School of the University of Pennsylvania.

NASHAT MOIN

Senior ESG Analyst, Sustainability

Nashat Moin is a senior ESG analyst for the Sustainability team at Allspring Global Investments. In this role, she leads the team's evaluation and implementation of proprietary Allspring research into ESG factors. Nashat also serves as an internal liaison with other groups within Allspring on ESG approach and methodology. She joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before WFAM, she worked as a sector analyst for the Sustainability Accounting Standards Board, where she led the research for 34 industries in the transportation, services, consumer durables and infrastructure sectors. Earlier roles include serving as a research associate for Poverty Action Lab and as an assistant economist at the Federal Reserve Bank of Richmond. She began her investment industry career in 2013. Nashat earned a bachelor's degree in economics from Smith College and a master's degree in international policy studies from Stanford University.

ANTON GORODNIUK, CFA

Investing Strategist, Sustainability

Anton Gorodniuk is an investing strategist for the Sustainability team at Allspring Global Investments. In this capacity, he helps create ESG-driven analysis, manages custom projects for clients and prospects and contributes to content development and thought leadership. Anton joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before WFAM, he worked at the Value Reporting Foundation (formerly known as the Sustainability Accounting Standards Board), where he served as a lead analyst. Earlier, Anton was an equity research analyst intern at Allianz Global Investors and a research analyst intern at Crestline Investors. He began his investment industry career in 2012. He earned an economics and management degree in real estate management from the Saint Petersburg State University of Engineering and Economics and a master's degree in business administration from the University of Alaska, Fairbanks. Anton has earned the right to use the Chartered Financial Analyst® (CFA®) designation.

HIMANI PHADKE, FSA

Head of Investment Integration, Sustainability

Himani Phadke is the head of Investment Integration for the Sustainability team at Allspring Global Investments. She joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before that, Himani worked at Truvalue Labs, a fintech startup providing environmental, social and governance (ESG) analytics to investors, where she served as a senior product manager for ESG data and content. Earlier, Himani served as a director of research and as interim head of standards for the Sustainability Accounting Standards Board, managing research on financially material sustainability topics across sectors, and where she began her investment industry career in 2012. Before entering the industry, Himani was a policy advisor at the UK Treasury focusing on financial regulation strategy and was a financial analyst at LECG in London. She earned a bachelor's degree in economics and statistics from Mumbai University, a master's degree in international energy and environment policy from Stanford University and a master's degree in economics for development from Oxford University.

EVAN MCEVOY

Sustainable Investing Strategist, Sustainability

Evan McEvoy is a sustainable investing strategist for the Sustainability team at Allspring Global Investments. In this role, he helps execute a company-wide integration of sustainable investing principles. He joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before joining the team, Evan worked as a sales associate for the Institutional Client Group at WFAM, focusing on client relations and sales strategy. Evan earned a bachelor's degree in business economics from the University of Arizona.

NATHAN BARBEAU

Analyst, Investment Analytics

Nathan (Nate) Barbeau is an analyst for the Investment Analytics team at Allspring Global Investments. He focuses on ESG analytics as part of the Portfolio Analytics segment. Nate joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before his current role, Nate served as an institutional RFP specialist. He joined WFAM from Robert W. Baird & Co. where he worked as a risk analyst. Nate began his investment industry career in 2001. He earned a bachelor's degree in economics from the University of Wisconsin, Madison, and a master's degree in business administration from the University of Wisconsin, Milwaukee.

JESSICA GEARY

Director of ESG Analytics, Investment Analytics

Jessica Geary is the director of ESG Analytics for the Investment Analytics team at Allspring Global Investments. Jessica joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before her current role, Jessica served as a senior analyst in the portfolio analytics segment. She joined WFAM from Cleary Gull Holdings, Inc., where she was a portfolio analyst. Jessica began her investment industry career in 2006. She earned a bachelor's degree in business administration from the University of Wisconsin, Milwaukee, and a master's degree in business administration from Marquette University.

KATE HOARE

Head of ESG Product

Kate Hoare is head of ESG Product at Allspring Global Investments. In this role, she leads sustainability initiatives and innovation within Allspring's Product team. Kate is the key collaborative partner in setting the company's overall ESG product strategy, ESG road map development and execution, commercialisation support and thought leadership. She joined Allspring from its predecessor company, Wells Fargo Asset Management (WFAM). Before her current role, Kate served as an ESG innovation manager, and earlier she was an international business development consultant. Before WFAM, she served as a senior investment specialist for Australian Unity Investments and as a consultant for Frontier Advisors in Melbourne, Australia. Kate began her investment industry career in 2007. She earned a bachelor's degree in economics and German economics from Trinity College Dublin and a master's degree in economics and econometrics from the University of Melbourne.

Appendix 2: Allspring governance principles

ALLSPRING GOVERNANCE PRINCIPLES	DESCRIPTION
Boards should have strong, independent leadership	• Independent leadership of the board is necessary to oversee a company's strategy, assess management's performance and provide a voice independent from management that is accountable directly to shareholders and other stakeholders. • A majority of the directors on the board should be independent. We believe the issue of separation of CEO and chairperson is company dependent and should be assessed based on a company's own circumstances. • If we deem a combined CEO/chairperson structure is beneficial for the company, we will seek a credible independent lead director with clearly defined responsibilities to ensure effective and constructive leadership. • Boards should establish committees to which they delegate certain tasks to fulfil their oversight responsibilities. At a minimum, the audit, compensation and nominating committees should be fully independent.
Boards should adopt structures that enhance their effectiveness	• Boards should be composed of directors who have a mix of direct industry expertise and skills relevant to the company's current and future strategy. • A well-composed board should also embody multiple dimensions of diversity to create a constructive debate of competing perspectives and opinions in the boardroom. • Diversity should consider personal factors, such as gender, ethnicity and age as well as professional factors, such as area of expertise, industry experience and geographic location and experience. • We believe companies should have at least one female director on the board. • The responsibilities of a public company director are complex and demanding. We believe directors should sit on no more than four public company boards and that CEOs should sit on no more than one other outside public company board. • Directors should aim to attend all board meetings, and we will generally vote against a director with poor attendance (defined as attending less than 75% of combined board meetings and applicable key committee meetings). • Boards should disclose mechanisms to ensure there is appropriate board refreshment.
Companies should strive to maximise shareholder rights and representation	• Companies should adopt a one-share, one-vote standard and avoid adopting share structures that create unequal voting rights among their shareholders. • We expect boards of companies with dual- or multiple-class share structures to review these structures, and we will encourage them to establish a mechanism to end or phase out controlling structures. • Directors should be elected by majority vote, and a simple majority-voting standard should be required to pass proposals. • Where there is a substantial or dominant shareholder, supermajority voting may be protective of public shareholder interests, and we may support supermajority requirements in those situations. • We believe long-term shareholders should be allowed to participate in decision-making through direct director nomination, proxy access, calling a special meeting or acting by written consent.

ALLSPRING GOVERNANCE PRINCIPLES	DESCRIPTION
	• Directors should be elected annually to increase their accountability to shareholders. • On classified boards, we may choose to vote against or withhold votes from the available slate of directors when there is no voting mechanism for immediately addressing the concerns of a specific director that is not on the slate. • Anti-takeover measures adopted by companies can reduce board accountability and can prevent shareholders from realising maximum value for their shares. If a board adopts an anti-takeover measure, directors should explain to shareholders why adopting these measures is in the best long-term interest of the company.
Boards are accountable to shareholders and should be responsive to shareholders	• Shareholders expect responsive boards to work for their benefit and in the best interest of the company. • Boards should seek to understand the reasons for and respond to significant shareholder opposition to management proposals. • Boards should respond to a shareholder proposal that receives significant shareholder support by implementing the proposed change(s) or by providing an explanation to shareholders as to why the actions they have taken or not taken are in the best long-term interests of the company. • The appropriate independent directors should be available to engage in dialogue with shareholders on matters of significance to understand shareholders' views. • We may oppose the re-election of directors when they have persistently failed to respond to feedback from their shareholders.
Boards should oversee company management's formulation and communication of long-term corporate strategy	• Companies should clearly communicate their long-term strategy and how it links to economic value creation for shareholders and other stakeholders. • To reinforce this, the board or its compensation committee should link long-term performance goals that underpin the company's long-term strategy into the management incentive plans and ensure that quantifiable, long-term, performance-based incentives serve as majority drivers of incentive awards. • The emphasis should be on the long term and should seek to mitigate short-term pressures that can lead to an undue focus on short-term profits at the expense of strategic investments needed for long-term growth and value creation. • All extraordinary pay decisions for the named executive officers should be explained to shareholders. • Boards should consider establishing a sustainability committee (or amend the charter of an existing committee) to establish clear accountability for the identification and management of environmental and social risks that are material to long-term shareholder and stakeholder (e.g., workers, families and communities) value.

Appendix 3: ESG engagements led by Stewardship

Stewardship-led engagements—by individual issuer

		Environmental			Social					Governance									
ISSUER	OUTCOME	CLIMATE CHANGE	NATURE CAPITAL	POLLUTION, WASTE	CONDUCT, CULTURE AND ETHICS	HUMAN AND LABOUR RIGHTS	HUMAN CAPITAL MANAGEMENT	INEQUALITY	PUBLIC HEALTH	BOARD DIVERSITY	BOARD INDEPENDENCE OR OVERSIGHT	GOVERNANCE—OTHER	GOVERNANCE—LEADERSHIP	REMUNERATION	SHAREHOLDER RIGHTS	STRATEGY—CAPITAL ALLOCATION	STRATEGY/ PURPOSE	SUSTAINABILITY DISCLOSURES	CYBER/INFO SECURITY
Accenture Plc	+	1				1	1			1		1		1				1	
Air Liquide SA	+	1	1	1								1		1		1	1	1	
Airbus SE	+	1		1							1			1		1		1	
Alcon Inc	↔	1	1			1	1		1	1	1	1		1		1		1	
Allstate Corp	↔	1									1	1		1			1	1	
Amazon.com Inc	↔	1		1	1	1	1	1			1			1	1			1	
American Homes 4 Rent	+	1					1				1		1	1		1	1	1	1
American Water Works Co Inc	↔	1	1									1				1	1	1	
Apple Inc	↔	1		1	1	1	1	1		1	1	1	1	1				1	
Arch Capital Group Ltd	↔	1										1	1	1	1				
Archer Daniels Midland Co	↔	1	1	1		1						1				1	1	1	
Becton Dickinson and Co	↔	1					1				1	1		1				1	
Best Buy Co Inc	↔	1				1	1				1					1	1	1	
BlackRock Inc	+	1									1	1	1	1				1	
Bunge Ltd	+	1	1	1		1						1				1		1	
Casella Waste Systems Inc	↔	1		1								1		1		1		1	
Castle Biosciences Inc	+	1	1		1	1	1					1		1				1	
Caterpillar Inc	↔	1					1									1		1	
CBRE Group Inc	↔									1	1	1						1	
Cemex SAB de CV	↔	1	1	1			1									1	1	1	
Chevron Corp	—	1		1	1	1	1	1	1					1	1			1	
Devon Energy Corp	↔	1	1											1		1	1	1	
Dominion Energy Inc	↔	1										1		1	1	1	1	1	
DuPont de Nemours Inc	+	1	1			1						1		1		1	1	1	
ELF Beauty Inc	↔													1	1			1	
Eli Lilly & Co	—	1		1		1	1		1	1	1			1	1	1	1	1	
Enstar Group Ltd	—	1								1	1	1	1	1				1	
ExxonMobil Corp	↔	1		1										1	1	1		1	
FedEx Corp	—	1		1		1	1					1				1	1	1	
First Hawaiian Inc	—	1					1					1		1		1	1	1	
FMC Corp	—	1	1	1		1	1				1		1	1	1	1	1	1	1
Ford Motor Co	+	1	1	1	1						1			1	1	1	1	1	
General Motors Co	+	1	1				1				1			1		1	1	1	1
Genuine Parts Co	—	1		1		1	1					1		1		1	1	1	
Gill Apparel Group Ltd	↔									1	1	1						1	
HealthEquity Inc	↔									1	1	1	1	1	1		1	1	1
Honeywell International Inc	↔			1								1	1	1	1	1	1	1	
Horizon Theraputics Plc	—	1					1				1	1						1	
Humana Inc	↔	1				1	1		1	1		1		1				1	1
Jack in the Box Inc	—	1	1				1			1	1	1	1	1		1	1	1	
Jackson Financial Inc	↔	1									1			1	1			1	1
JBS SA	+	1	1	1		1	1					1				1	1	1	
JPMorgan Chase & Co	+	1					1			1	1	1	1	1	1			1	
Keurig Dr Pepper Inc	+	1		1		1	1					1		1				1	
Kroger Co	↔	1	1										1	1		1		1	
Lear Corp	+	1		1		1	1					1		1		1	1	1	
LG Chem Ltd	+	1		1		1	1					1				1		1	
Lightspeed Commerce Inc	↔													1	1			1	
Linde Plc	+	1	1									1		1		1	1	1	
McDonald's Corp	—	1	1									1				1	1	1	
Mercedes-Benz Group AG	↔	1		1		1					1	1				1	1	1	
Molson Coors Beverage Co	↔	1	1	1								1		1				1	
MongoDB	—	1					1			1	1							1	
Myers Industries Inc	—	1	1			1						1		1		1		1	
NatWest Group PLC	↔	1	1	1								1						1	
Nestle SA	↔	1	1	1						1				1		1	1	1	
Nomad Foods Ltd	+	1				1	1								1	1	1	1	
Phillips 66	—	1										1		1		1	1	1	
Pioneer Natural Resources Co	↔	1	1											1	1	1		1	
PPG Industries Inc	↔	1	1	1							1			1		1	1	1	
Republic Services Inc	↔	1		1			1					1		1	1	1		1	
Stanley Black & Decker Inc	+	1		1		1						1		1		1	1	1	
Starbucks Corp	—	1				1	1					1		1				1	
Sysco Corp	+	1	1				1					1		1		1		1	
The RMR Group Inc	↔									1	1	1						1	
Toyota Motor Corp	↔	1		1		1						1		1		1	1	1	
Truist Financial Corp	↔	1								1		1	1	1	1			1	
United Parcel Service Inc	↔	1										1			1	1	1	1	
VALE SA	↔	1	1	1	1	1				1		1		1		1	1	1	
Valero Energy Co	—	1	1				1			1	1	1		1	1	1	1	1	1
Walmart Inc	+	1	1			1				1			1	1	1	1		1	
Wendy's Co	+	1	1	1		1	1				1	1		1		1	1	1	
Westlake Corp	↔	1	1	1			1				1	1		1		1	1	1	
WH Group Ltd	↔	1	1				1					1	1	1		1	1	1	
Zimmer Biomet Holdings Inc	↔	1	1	1		1	1					1						1	
Zoetis Inc	↔	1	1						1			1		1		1		1	
ZoomInfo Technologies Inc	↔	1									1	1		1			1	1	1

Source: Allspring Stewardship Team, 2022

Appendix 4: ESG engagements by investment teams

15 August 2022 to 31 December 2022*

ISSUER
360 DigiTech Inc
3R Petroleum Oleo E Gas SA
Abu Dhabi Islamic Bank PJSC
Abu Dhabi Ports Co PJSC
Accenture Plc
ACEN Corp
Activision Blizzard Inc
Adaro Energy Indonesia TBK PT
Adaro Minerals Indonesia Tbk PT
Agora Inc
Agthia Group PJSC
Aldar Properties PJSC
American Water Works Co Inc
Americanas SA
Aneka Tambang TBK
AngloGold Ashanti Ltd
Ansell Ltd
Applied Industrial Technologies Inc
Arcadis NV
Arts Optical International Hldgs Ltd
Atacadao SA
Banco BTG Pactual S.A
Bangkok Bank PCL
Bank Mandiri Persero Tbk PT
Bank Negara Indonesia Persero Tbk PT
Bank Polska Kasa Opieki SA
Becle SAB de CV
Beijing Northland Biotech Co Ltd
Bid Corp Ltd
BidVest Group Ltd
Bilibili Inc
Bill.com Inc
BioMarin Pharmaceutical Inc
Black Knight Inc
Brasil Bolsa Balcao
Bristow Group Inc
BYD Co Ltd
Cactus Inc
California Resources Corp
Calix Inc
Cambium Networks Corp
Canadian Western Bank
Casella Waste Systems Inc
Castle Biosciences Inc
CBRE Group Inc
Cemex SAB de CV
Cencosud SA
Cettire Ltd
Charles Schwab Corp
China Communications Services Corp Ltd
China Life Insurance Co Ltd
China Meidong Auto Holdings Ltd
Chipotle Mexican Grill Inc
Chong Hing Bank Ltd
Chow Tai Fook Enterprises Ltd
Cluster Technology Co Ltd
CME Group Inc
Computacenter PLC
ConvaTec Group PLC
Co-Op Chemical Co Ltd
CSL Ltd
Diagnosticos da America SA

ISSUER
DigitalOcean Holdings Inc
Ecolab Inc
Ecopetrol SA
Electronic Arts Inc
Emaar Properties PJSC
Emirates NBD Bank PJSC
Equipo IVI SL
Evolent Health Inc
Fair Isaac Corp
Fibra Uno Administracion SA de CV
First Abu Dhabi Bank PJSC
Five Below Inc
Flywire Corp
Fomento Economico Mexicano SAB de CV
GreenTree Hospitality Group Ltd
Growthpoint Properties Ltd
Grupo Bimbo SAB de CV
Grupo Financiero Banorte SAB de CV
Hapvida Participacoes e Investimewntos SA
HC Group Inc
HCS HOLDINGS CO LTD
HealthEquity Inc
Helios Towers PLC
Iguatemi Empresa de Shopping Centers SA
InPost SA
Interactive Brokers Group Inc
Intercontinental Exchange Inc
IRPC PCL
Itau Unibanco SA
Jadestone Energy PLC
Jamf Holding Corp
Johnson Controls International PLC
Kasilkornbank PCL
Kenedix Inc
Kinjiro Co Ltd
Kinsale Capital Group Inc
Korea Investment Belgium Core Office Real Estate Investment Trust
KT&G Corp
Lear Corp
Linde PLC
Littelfuse Inc
Live Nation Entertainment Inc
LPL Financial Holdings Inc
MarketAxess Holdings Inc
Mastercard Inc
MAX FINANCIAL SERVICES Ltd
McGrath RentCorp
MercadoLibre Inc
Merdeka Copper Gold Tbk PT
Milan Station Holdings Ltd
Minerva Foods SA
MTN Group Ltd
Multiplan Empreendimentos Imobiliarios SA
Myers Industries Inc
Nishimatsu Construction Co Ltd
On Holding AG
O'Reilly Automotive Inc
Pacira BioSciences Inc
Palo Alto Networks Inc
Papa John's International Inc
Paradise Entertainment Ltd

ISSUER
Paycor HCM Inc
PayPal Holdings Inc
Petrobras Brasileiro SA
Petrobras Global Finance BV
Petronas Chemicals Group Bhd
PowerSchool Holdings Inc
Powszechny Zaklad Ubezpieczen SA
Prima Meat Packers Ltd
Progressive Corp
PTT Exploration & Production PCL
Qatar National Bank QPSC
Repligen Corp
Revance Therapeutics Inc
Royalty Pharma PLC
Ryan Specialty Holdings Inc
S&P Global Inc
San Miguel Food and Beverage Inc
Saudi Tadawul Group Holding Co
SBA Communications Corp
SBI LIFE INSURANCE CO LTD
ServiceNow Inc
Shift4 Payments Inc
Shinko Sangyo Co Ltd
Shoals Technologies Group Inc
Siam Cement PCL
Simply Good Foods Co
SiteOne Landscape Supply Inc
SK Hynix Inc
SM Investments Corp
Sociedad Quimica y Minera de Chile SA
Sovos Brands Inc
Spirent Communications PLC
SPS Commerce Inc
SPX Technologies Inc
Stanley Black & Decker Inc
STERIS PLC
Sun Art Retail Group Ltd
Sysco Corp
Take-Two Interactive Software Inc
Telekom Malaysia Bhd
Telkom Indonesia Persero Tbk PT
Tencent Music Entertainment Group
Thermo Fisher Scientific Inc
Tiger Brands Ltd
Tradeweb Markets Inc
TransDigm Inc
ULTRATECH CEMENT LTD
United Electronics Co
United Parcel Service Inc Class
Varex Imaging Corp
Verint Systems Inc
Visa Inc
Weibo Corp
Workiva Inc Class A
Yum China Holdings Inc
Zamp SA
Zebra Technologies Corp
Zepp Health Corp
Zhou Hei Ya International Holdings Co Ltd
Zoetis Inc
Zoom Info

Note: Allspring implemented a new taxonomy in Sentieo on 15 August 2022 to capture investment team engagements independent of the Stewardship team.

Thank you