

Sustainable Investing Capabilities

Building for today and for the future

MARKETING COMMUNICATION, FOR PROFESSIONAL/QUALIFIED INVESTORS ONLY



Increasingly, investors are seeking sustainable investment solutions and want to demonstrate how their investments are making a positive difference for society and the environment.

Sustainability themes and environmental, social, and governance (ESG) topics are essential components of meeting traditional investment goals, such as capital preservation, dependable income streams, and competitive risk-adjusted returns.

At Allspring Global Investments, sustainable investing is both a core capability and part of our investment fabric. We believe that as investment professionals, we have a critical role to play in helping shape a resilient and sustainable future through thoughtful investing and purposeful planning. Our sustainable investing professionals partner with our investment teams to build frameworks for assessing ESG and climate risks across asset classes. Together, they strive to facilitate the type of innovations investors are demanding with positive social and environmental outcomes beyond financial gains alone.





Our core pillars

THE BELIEFS THAT GUIDE US

Invest thoughtfully



Plan with purpose



Look around the corner



Unlock what's possible



FOUR KEY PILLARS OF SUSTAINABLE INVESTING

Stewardship: Centralize and strategically prioritize our engagement with issuers through our dedicated stewardship team

Climate: Integrate the consideration of climate change risks within investment processes and design portfolio decarbonization methodologies

ESG risk: Develop in-house methodologies and ESG scores to better understand the material risks impacting companies and issuers

Impact: Create ways to understand, report, and focus on driving positive environmental and social outcomes

A specialized team

01

Experience

Our 11 dedicated sustainability subject matter experts average 8 years of ESG experience and specialize in complementary functions.

02

Partnership

We work with specialist investment teams throughout Allspring to incorporate ESG considerations in line with each team's investment style and analysis process and across a range of asset categories: fundamental active equity, corporate debt, sovereign debt, municipal bonds, liquidity instruments, systematic investing, and multi-asset solutions.

03

Collaboration

Clients' needs and objectives drive our customized solutions, including strategies with explicit sustainability intentions and financial goals.

Our capabilities in action

Invest thoughtfully: We consistently assess whether companies’ business strategies are prepared for the future and believe strong active management plays an important role.

01 HOW DO WE THINK ABOUT COMPANIES RELATIVE TO THEIR DESIRE TO LINK THEIR ACTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)?

Background and challenges:

- A growing number of investors want their investments to be tied to positive outcomes for society and the planet.
- The SDGs were originally developed for countries/ governments, so adapting them for companies requires thoughtful application.
- For listed equities or corporate debt, we believe a holistic approach is required that considers more than just a company’s products or services. It should also evaluate its operational impact, thereby linking company performance to specific metrics relevant to the intentions of the SDGs.

Solution:

- We’re building a sector-based framework that focuses on whether companies are helping or hindering achievement of the SDGs and looks for tangible links to the SDGs’ targets and indicators.





Plan with purpose: With intentionality and clarity, we’re building solutions that connect clients with what matters most to them and provide the potential to create a far-reaching positive impact.

02 WHAT TOOLS DO WE HAVE TO PROACTIVELY ACT ON CLIMATE TRANSITION?

Challenge:

- The response to threats from climate change is driving structural decarbonization of the global economy, with the urgency for action now much more widely appreciated by companies, investors, and policymakers. How can we best respond to this opportunity?

Solution:

ALLSPRING’S CLIMATE TRANSITION FRAMEWORK

- The framework evaluates a company’s contribution to, and preparedness for, a decarbonized economy and is grounded in fundamental active-management thinking.
- Capabilities of the framework include identifying the range of ways that business model, technological, physical, and regulatory climate risks and opportunities affect a company’s competitiveness.
- Our cross-functional Climate Change Working Group—comprising equity and credit investors and sustainability strategists—is crucial to the framework’s success.

01 EVALUATE

Fundamental analysts build upon their deep knowledge to evaluate and score the implications of climate change on a company’s fundamentals.

02 ANALYZE

The risks and opportunities identified in Step 1 are mapped to our Climate Transition Framework, structured around four assessment pillars: strategy and governance, asset and operating position, financial profile, and macroeconomic position.

03 ASSESS

The results from Step 2 are combined with deep credit research, incorporating our proprietary assessment of ESG risks.

04 ALLOCATE

The framework’s output provides the ability to create decarbonizing fixed income portfolios that allocate capital to companies we believe are best positioned to thrive in a carbon-constrained global economy.

03 HOW ARE WE INCORPORATING SUSTAINABLE INVESTING APPROACHES WITH MUNICIPAL BONDS IN OUR ESG-FOCUSED STRATEGY?

Background and challenge:

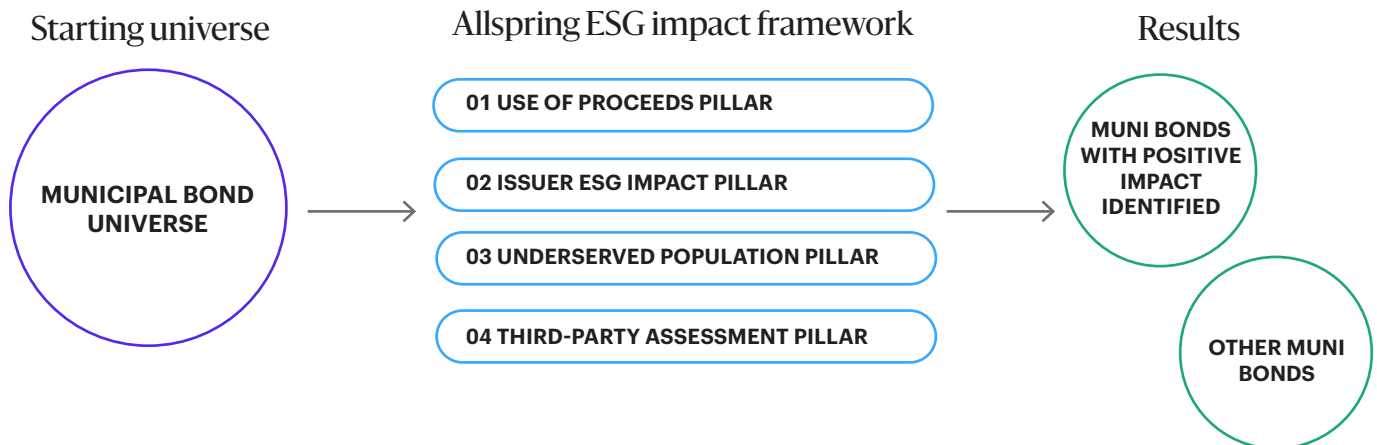
- Municipal fixed income markets are an ideal space for identifying securities that can create positive impacts in local communities and beyond.
- While the municipal bond asset class is designed for public good, it can be inefficient, creating opportunities for investors.
- Historically, the municipal bond market lacked ESG information in an accessible format.

Solution:

U.S. MUNICIPAL BOND ESG IMPACT FRAMEWORK

- Our U.S. Municipal Bond ESG Impact Framework seeks to identify securities that offer positive environmental or social outcomes.
- We assess sustainability attributes at the issuer and bond level on multiple dimensions:
 - Use of proceeds: Assesses proceeds for an activity or project that has tangible environmental or social benefits (aligned with the [International Capital Market Association’s Green Bond Principles¹](#) or Social Bond Principles [SBP])
 - Issuer ESG impact: Observes whether the issuer of securities in potential high-impact subsectors has demonstrated positive ESG impacts to the environment or society historically
 - Underserved populations: Analyzes whether the issuer or bond proceeds serves an underserved population group using SBP-defined guidance

Municipal Bond ESG Impact Framework



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Look around the corner: Understanding risks is a key factor in helping clients navigate the future and make smarter financial decisions. We work to evolve our products and solutions to what we see ahead.

04 HOW DOES ALLSPRING DEAL WITH A VARIETY OF ESG RISK ASSESSMENTS IN THE MARKET?

Background:

- We believe investors should have a view of ESG risks into their decision-making process. This is crucial to better risk management and capturing important issues that may be mispriced by the markets.

Solution:

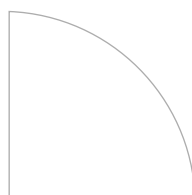
WE CREATED ALLSPRING'S ESGIQ SCORES TO PROVIDE OUR ASSESSMENTS OF ESG RISK.

Corporate debt ESGiQ

- This rating framework leverages:
 - **High-quality ESG data and analyses from external providers.** This enables broader coverage and provides a quantitative score distilled from multiple independent ESG datasets.
 - **Assessments by our fundamental investment analysts.** Our analysts use their sector expertise to complement the combined external data, thereby ensuring timeliness, capturing trends, and highlighting their assessments of ESG risk exposures and risk management.

Sovereign ESGiQ

- The sovereign ESGiQ risk framework expresses our view on ESG risks faced by countries. We believe that quantifying inherent ESG risks at the sovereign level may allow us to better manage these risks and generate sustainable long-term returns.
- This framework enables the measurement of relative ESG risks among countries.
- Each country is evaluated using the same set of topics. However, certain topics tend to resonate more, or less, on a country-by-country basis.



Unlock what's possible: We intend to help move the industry forward to create a more sustainable economy and to unlock the potential for the future of investing as partners and advocates.

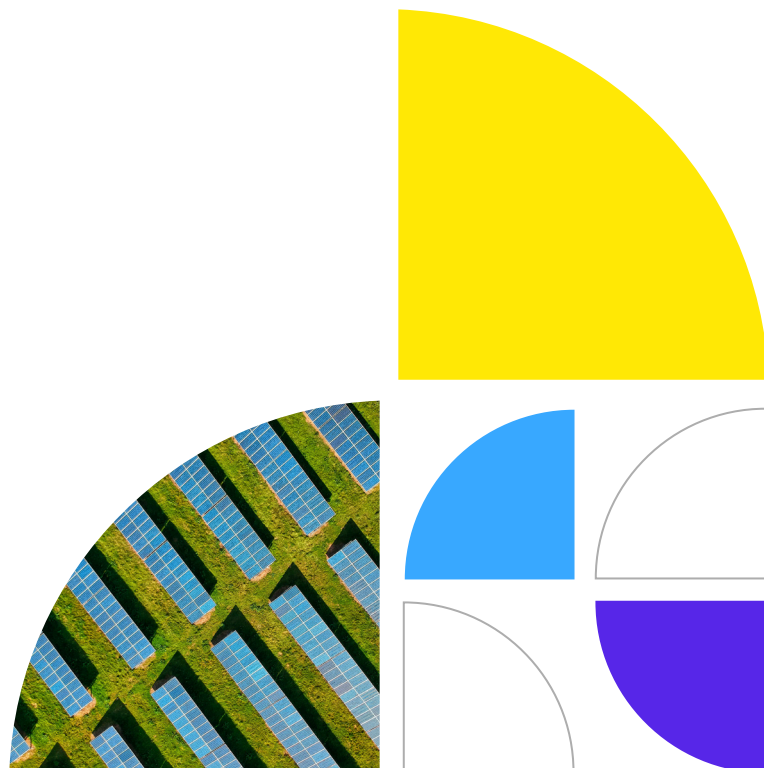
We participate in industry initiatives to build sustainable investing awareness in topics like nature and biodiversity, and in asset classes such as commodities, derivatives and innovative financing instruments for corporates. Working together with the investing industry, we unlock the potential for how investing can deliver a sustainable world.

05

CASE STUDY: IN OUR VIEW, INVESTING IN COMMODITIES IN THE TRADITIONAL FASHION APPEARS MISALIGNED WITH SUSTAINABILITY PRINCIPLES, SO A RETHINK IS REQUIRED.

- The commodities market wasn't originally designed with environmental and social impacts in mind. Standardized commodities contracts generally don't include sustainability considerations.
- As investors look to employ a sustainable investing approach in all asset classes, how should we approach commodities?
- We believe that sustainability-driven investors need a new approach that takes into account the production considerations of natural resources and a perspective on alignment with the needs of a future sustainable economy.
- In search of ways to approach this complex topic, we partnered with a leading master's program to assess primary commodities in terms of their environmental and social impacts.

Read our findings [here](#).





Contact us

At Allspring, we look to ask thoughtful questions steeped in sustainability thinking, and we build frameworks and tools to answer those questions for the benefit of the clients we serve.

Our ultimate goal: We strive to deliver value for investors by tackling ESG risks, climate and decarbonization, positive impacts, and investment stewardship.

We want to help clients build for successful outcomes, defend portfolios against uncertainty, and create long-term financial well-being. To learn more, investment professionals can contact us:

- To reach our U.S.-based investment professionals, contact your existing client relations director, or contact us at **AllspringInstitutional@allspringglobal.com**.
- To reach our U.S.-based intermediary sales professionals, contact your dedicated regional director, or call us at **1-866-701-2575**.
- To reach our U.S.-based retirement professionals, contact **Nathaniel Miles**, head of Global Client Strategy, at **nathaniel.s.miles@allspringglobal.com**.
- To discuss sustainable investing solutions, contact **Henrietta Pacquement**, head of Sustainability, and **Jamie Newton**, deputy head of Sustainability, at **henrietta.pacquement@allspringglobal.com** and **jamie.newton@allspringglobal.com**.
- To reach our non-U.S.-based investment professionals, contact us at **AllspringInternational@allspringglobal.com**.

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