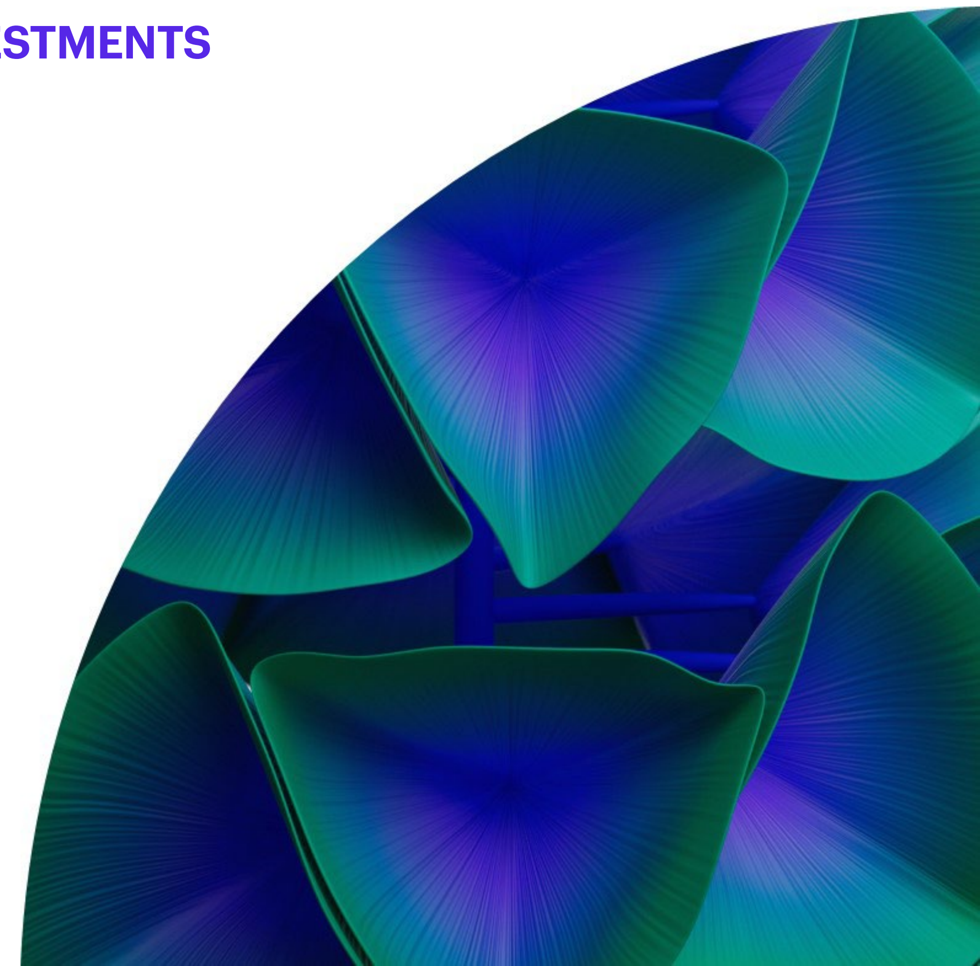
Allspring

# 2024 UK Stewardship Code Report

**ALLSPRING GLOBAL INVESTMENTS**

April 2025



# Foreword

The world continues to grapple with 'change and challenge' imposed by systemic risks such as climate transition. Last year was the warmest on record, and the first in which global temperatures averaged a rise of more than 1.5 degrees Celsius on pre-industrial levels. Natural disasters made headlines, including multiple hurricanes striking the southeastern U.S. and a year's worth of rain in less than one day near Valencia, Spain. Destructive wild, and now even suburban, fires have become more widespread. According to Munich Re, natural disasters caused around $140bn of insured losses globally in 2024, and one estimate predicts $200bn of catastrophe-related insured losses in 2025.

Despite these challenges, there were advancements toward long-run climate resilience. Global investment in the energy transition surpassed $2 trillion last year, an all-time record and sales of electric vehicles in China, the world's largest auto market, outstripped those of internal combustion engines. We met with companies in high-emitting sectors where we have larger investment exposure to evaluate the robustness of their climate transition strategies, how they are leveraging opportunities from climate transition, and how they are addressing the associated risks.

In terms of biodiversity, ecosystems with higher biodiversity are often more stable and therefore able to sustain the provision of natural capital, including both renewable resources (ecosystems, air and water) and non-renewable sources (minerals, metals, fossil fuels and other commodities). Under the biodiversity umbrella, we engaged on water management, deforestation, plastics and the circular economy, focusing on companies in sectors where these risks and opportunities are most material (e.g., real estate, building materials, metals and mining, and consumer goods).

In terms of social issues, human capital management is a perennial topic. We met with companies to assess the value they place on employee engagement, talent development and retention. This has important linkage to employee turnover, potentially exposing companies to meaningful costs both financially and culturally (e.g., recruitment expenses, loss of productivity, and cultural erosion). We also focused on human rights, as unmanaged human rights issues, such as modern slavery, can expose companies to significant legal, regulatory, operational and reputational risks. In 2024 specifically, we focused on industries like apparel, with high human rights risk in their supply chains. We evaluated how they manage and mitigate human rights risks, including developing a robust due diligence management system and whether their escalation efforts have 'teeth' such as terminating contracts.

As long-term investors, Allspring's goal is to navigate change to deliver outcomes for our clients. Our stewardship activities aim to protect client capital by improving investee disclosure and information flow to inform better decision-making in our investment process. By engaging with investee companies, we aspire to constructively advance the financial, operational, and sustainability performance and risk management of these companies for years to come.

On behalf of the entire Allspring organisation, we hope this report helps to highlight and emphasise our commitment and responsibility as stewards of our clients' capital.

JOE SULLIVAN
Chief Executive Officer
Chair, Board of Directors

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 seeking 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 while reinventing itself. A company where diverse perspectives power our investment strategies through a unified platform and a commitment to our clients. Our goal is to build portfolios aimed at generating successful client outcomes and to create an industry-leading client experience delivered across the entire organisation.

**The beliefs that guide us:**

**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.

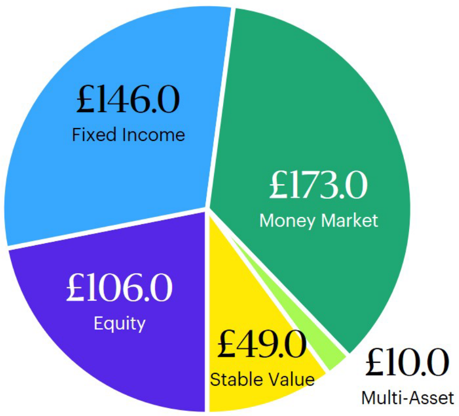
**Look around the corner:** we help clients navigate the future and make smarter financial decisions by evolving our products and solutions for what we see ahead.

**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 £ 483 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. Allspring distinguishes the level of ESG incorporation of our investment strategies, and a growing number have explicit ESG or sustainability objectives and related design elements. For these 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]




**£483** billion

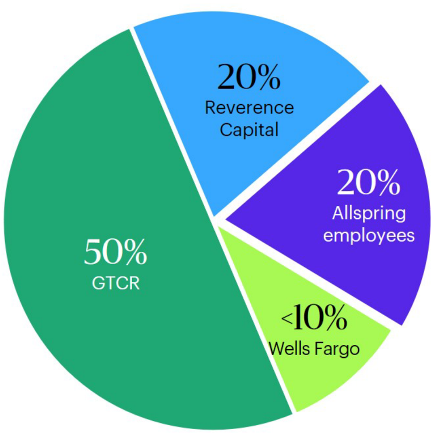
## Our people

**1,370+** dedicated employees

**400+** global investment professionals[4]

**23 years** portfolio managers' average years of investment experience

## Corporate ownership structure[2,3]




## Our statistics

20 offices globally

Headquartered in Charlotte, North Carolina

Leading SMA provider[5]

Sources: 1. Allspring and affiliates. Figures are as of 31-Dec-24, unless otherwise noted. Please note that the assets under advisement (AUA) figures provided include discretionary and non-discretionary assets and have been adjusted to eliminate any duplication of reporting among assets directed by multiple investment teams and includes £64B from Galliard Capital Management (£49B stable value; £16B fixed income). AUA includes non-discretionary assets that are not captured in Allspring's assets under management (AUM) figure of £429B which includes Galliard, an investment advisor that is not part of the Allspring trade name/GIPS firm. Numbers may not add up to the total presented due to rounding. 2. Percentages are approximate and can fluctuate over time. 3. Percentages are based on number of total employees participating in equity ownership. 4. Investment talent includes directors and associate level professionals. 5. Cerulli's league table as of 30-Sep-24.

## Our corporate strategy

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

Deliver 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 technology platform we are building seeks to maximise our ability to deliver tools that support and drive a differentiated client experience. Our goal is to streamline, simplify and highly customise the components most important to our clients' experience at all touchpoints—RFP and due diligence questionnaires, onboarding process, client reporting, client invoicing, and idea sharing, among others.

**Sustainability focus:** as a key strategic pillar at Allspring, it is our goal to provide a thoughtful approach to sustainability as an operating firm and within sustainable investing. As such, we consider material environmental, social and governance (ESG) issues and sustainability themes across relevant investment strategies, while sustainability is embedded and integrated across our investment risk assessment and culture. Along with the evolution of our pooled fund offering, we build and customise solutions that suit clients' needs and objectives. This includes creating investment strategies with explicit sustainability objectives and financial goals. Our stewardship activities and investment research are also important components of the overall active investment management process.

**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 landscape is moving. Developing an elevated technology ecosystem will not only create beneficial efficiencies for our teams, it also will help us extract meaningful insights and deliver an enhanced experience for our clients. Looking ahead, we will continue to make significant investment in upgrading and optimising our technology platform.

**Expanding our global footprint:** we seek to provide clients with the benefits of balancing both global scale and learnings with localised distribution capabilities, local partnerships and locally relevant investment capabilities. We believe this will allow us to be a better and more trusted partner to clients in all our global locations, each with their own unique set of priorities and needs. We are committed to supporting clients with relevant capabilities and an understanding of any regulatory or other regional requirements, while operating in their time zones and jurisdictions. To serve our clients and their varied needs, we now have 20 offices globally through which we can deliver our investment insights and services on a regional basis outside of our US headquarters.

**Inclusivity:** at Allspring, our focus on promoting inclusivity 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—and the communities we operate in—in new ways. Our Diversity Office, managed by our Chief Diversity Officer (a member of our Executive Leadership Team) heads Allspring's efforts to promote inclusivity within Allspring and the communities where we have a substantial presence. In doing so, we strive to capture and empower a diverse source of ideas, create a positive and inclusive environment for team members, and serve local communities in ways that can have an impact.

## Our culture

Ever since Allspring became an independent company in 2021, we have had a unique opportunity to evolve our culture with the values and expectations we believe are most important for sustaining successful long-term partnerships with our clients, team members, and other partners. Our values and culture consistently lead to behaviours that create a unique and rewarding 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 into 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, the development of thought leadership, training, support, and key talent acquisition and retention. While 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 are 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 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 our Sustainability Council as well as on our Risk and Product Committees—all global forums. This participation in key global forums ensures those who understand our clients' evolving needs and challenges, as well as the client experience, are 'at the table' serving as advocates on their behalf.

## Our investment beliefs and approach: Allview

We believe in the power of active investing and the insights gleaned from deep fundamental research. Furthermore, 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 24 investment teams and more than 400 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<br>NUMBER OF INVESTMENT PROFESSIONALS ACROSS STRATEGIES | |
|---|---|
| Equity | 123 |
| Fixed Income | 152 |
| Multi-Asset | 13 |
| Cross-Functional<br>(Investment risk, research, analytics, etc.) | 114 |
| TOTAL[1] | 402 |

| EXTENSIVE COVERAGE OF STRATEGIES<br>AVAILABLE TO CLIENTS | |
|---|---|
| Equity | 40 |
| Equity: Alternative | 15 |
| Fixed Income: Taxable | 49 |
| Fixed Income: Municipal | 12 |
| Multi-Asset | 12 |
| Alternatives | 8 |
| Stable Value | 1 |
| TOTAL[1] | 137 |

| STRONG TRACK RECORD OF EXCESS RETURNS†<br>% OF COMPOSITE ASSETS OUTPERFORMING THEIR BENCHMARK[2] | GROSS | NET |
|---|---|---|
| 1-year | 69% | 64% |
| 3-year | 79% | 70% |
| 5-year | 81% | 74% |
| 10-year | 87% | 66% |

Sources: 1. Allspring and affiliates. Figures are as of 31-Dec-24, unless otherwise noted. 2. As of 31-Dec-24. The percentage of composite assets that outperform their corresponding representative benchmarks based on 187 marketed/non-marketed Institutional and Managed Account Composites shown gross/net of fees. Excludes money market composites and composites managed by Galliard Capital Management 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 strategies are available in every region.

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 deep knowledge of our 15 Sustainable Investment professionals who support optimal and effective integration of sustainability issues.

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

While each investment team may choose to integrate sustainability 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:

| 2000 | 2010 | 2020 | Present |
|---|---|---|---|
| Theory and Methodology of Tactical Asset Allocation (2000) | Investing Separately in Alpha and Beta (2009) | Risk On/Risk Off (2015) | Climate Change and Asset Allocation (2021) |
| Portfolio Constraints and the Fundamental Law of Active Management (2002) | The Black-Litterman Model for Active Portfolio Management (2009) | From Risk Premia to Smart Betas: A Unified Framework (2017) | Friend of Your Trend (2021) |
| A Factor Approach to Asset Allocation (2005) | Know your VMS Exposure (2010) | The Alpha, Beta and Sigma of ESG: Better Beta, Additional Alpha? (2019) | When to Diversify Differently (2022) |
| Minimum Variance Portfolios in the U.S. Equity Market (2006) | Minimum Variance Portfolio Composition (2011) | Risk Management and Optimal Combination of Equity Market (2020) | Climate Aware Risk Budgeting (2022) |
| Fundamental Law of Active Management (2006) | Risk Based Asset Allocation: A new Answer to an Old Question? (2011) | Analysis of Active Portfolio Management (2020) | Trending Fast and Slow (2022) |
| Fundamentals of Efficient Factor Investing (2006) | Fundamentals of Future and Options (2013) | Macroeconomics and the Value Premium (2021) | The Lost Decade: Have Macro Factor Risk Premia Become Irrelevant (2023) |
| | | | Perspectives: Multi-Asset Portfolios in the New Order (2023) |

KEY

Research that has received a Graham & Dodd Award

Research that has received a Bernstein Fabozzi/Jacobs Levy Award

Research that has received a Peter L. Bernstein 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.

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 responsible owners of the companies in which we invest, stewardship is an integral component of our investment process. We have built our Stewardship Platform to reflect our values of exercising care, prudence and fiduciary duty to our clients, which we express in two key ways: by engaging with our investee companies and through voting proxies on behalf of our clients.

> As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. We embrace responsible 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 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 dedicated Stewardship team to create strong alignment and 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.

With the responsibility of allocating capital and stewarding assets on behalf of our clients, we are committed to continuous investment in and review of our sustainability 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 4). We are also thoughtful about the integration of ESG considerations at the corporate entity level, particularly as they relate to climate.

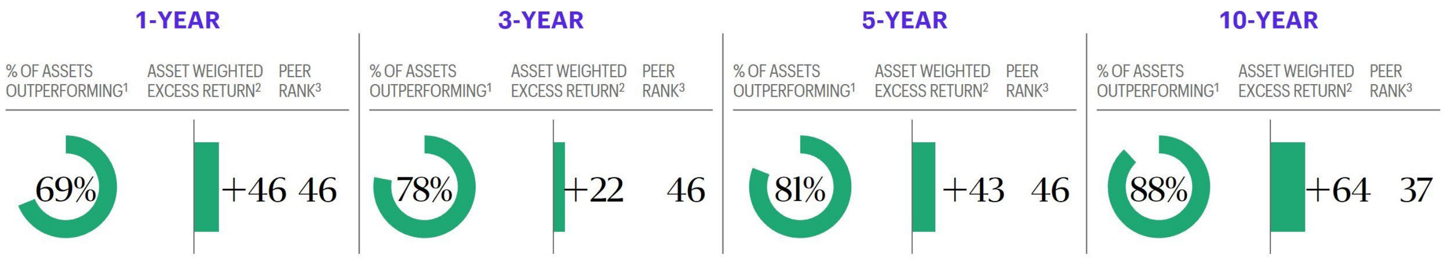
| | 2014–2017 | 2018–2020 | 2021–TODAY |
|---|---|---|---|
| **Allspring key ESG milestones** | **'14:** Introduction of formal ESG training for investment teams<br>**'14:** Post-trade ESG risk reports developed for portfolios<br>**'16:** Risk report enhancements with added pre-trade ESG screening tools<br>**'17:** Dedicated ESG team formed with sustainable investing a strategic firm-wide initiative | **'18:** Formally established the Stewardship Platform to drive impact<br>**'19:** Initiated the Climate Change Working Group<br>**'19:** Launched ESGiQ, our proprietary ESG scoring framework focused on risk and materiality; analysts on the Global Credit Research platform incorporate this into analysis<br>**'20:** Carbon and climate data integrated into ESG reporting scorecards<br>**'20:** Quarterly Stewardship & Engagement Forum initiated company-wide<br>**PRODUCT LAUNCHES**<br>**'20:** Municipal Sustainability strategy launch | **'21:** Internal Climate Transition score launched and integrated into analysis<br>**'22:** Began construction of SDG framework<br>**'22:** Signatory to the UK Stewardship Code<br>**'23:** Head of Climate named<br>**PRODUCT LAUNCHES**<br>**'21:** Climate Transition Credit Investment Grade strategy launched and seeded by UK pension plan<br>**'21:** Climate Transition Global Equity launched<br>**'22:** Climate Focused Equity launched<br>**'23:** Climate Transition Credit High Yield and Buy & Maintain strategies launched |
| **Allspring sustainability initiatives** | **'15:** PRI signatory status obtained<br>**'16:** Joined the SASB Alliance; represented on the Investor Advisory Group and Standards Advisory Group<br>**'17:** Code Adoption of Japan's Stewardship | **'18:** Joined Ceres Investor Network<br>**'18:** Participated in the Green Bond Principles & Social Bond Principles advisory council<br>**'19:** Joined Climate Action 100+ and led engagement with a focus company (departed CA100+ in 2024)<br>**'20:** Represented on the Taskforce on Nature-related Financial Disclosures (TNFD) forum | **'21:** Signatory to Terra Carta launched by His Majesty King Charles III, in his former role as the Prince of Wales' Sustainable Markets Initiative<br>**MARKETS INITIATIVE**<br>**'21:** Joined the Advisory Group for the Assessing Sovereign Climate-related Opportunities and Risk (ASCOR)<br>**'22:** Signed up to the Farm Animal Investment Risk & Return (FAIRR) initiative<br>**'23:** Signed up to the Carbon Disclosure Project (CDP)<br>**'23:** Signed up to the Institutional Investors Group on Climate Change (IIGCC)<br>**'24:** Published inaugural TCFD[1]-aligned report |

## 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 12 years and use, on average, at least two of our 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 originally became an independent company in late 2021. As a privately held company with 20% employee ownership, we believe our ownership structure fully aligns our employees behind our clients' needs, objectives and outcomes while supporting retention of important talent and thought leadership.

## Performance of investment platform

As at 31-Dec-24




1. The percentage of representative composite assets that outperform their corresponding representative benchmarks, grouped by business segment. Excludes money market composites. Excludes Galliard Capital Management and Peregrine Capital Management.

2. The asset-weighted relative performance of representative composites against their corresponding representative benchmarks, grouped by business segment. Weighted average excess returns are annualized and take into account the size of each composite (i.e., larger composites carry more weight in the calculation). Composite performance is provided gross of fees. Excludes money market composites. Excludes Galliard Capital Management and Peregrine Capital Management.

3. The asset-weighted peer-relative performance ranks of mutual funds within their corresponding Morningstar categories, grouped by business segment. Excludes money market funds, Collective Investment Trusts (CITs), and Galliard Capital Management. Mutual fund performance is provided net of fees. (1 = top, 100 = bottom)

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 sustainability 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 recognise our primary impact is through our investments, but we believe that we have a corporate responsibility to ensure sustainability is core to how we run our business. We are committed to transparent reporting on our environmental impact, continuous improvement and integrating sustainability practices within the operations of our company as we seek to reduce our firm's environmental footprint in support of a more sustainable future. As further demonstration, in 2024 we implemented an enterprise approach to climate-change-related risks and opportunities through the Taskforce on Climate-related Financial Disclosures (TCFD). We issued an inaugural TCFD aligned report in May of 2024, where we describe our governance over climate risks and opportunities, thereby providing transparency to our stakeholders.

We have partnered with nZero, a global sustainability company, to measure our greenhouse gas (GHG) emissions and to help us seek ways to reduce the firm's environmental footprint to minimise the carbon, energy, water and waste impacts of our operations.

Allspring has already taken some measures to reduce our operational carbon and energy footprint. When locating new office locations, we have prioritised Leadership in Energy and Environmental Design (LEED) and Building Research Establishment Environmental Assessment Methodology (BREEAM) certified space; eight of our offices have a LEED rating of platinum or gold. Allspring applies GHG use intensity (GUI) to assess our buildings' GHG emission output based on square footage and average energy use intensity (EUI) to measure a building's energy efficiency in design and operations.

We have developed a travel policy that encourages staff to consider numerous factors before booking any business travel. For example, to minimise the carbon footprint of air travel, nonstop flights are booked whenever possible. Single-meeting trips are avoided and scheduled trips include multiple meetings whenever possible. Rail travel is prioritised over air travel for trips under 300 miles. And, when renting vehicles, energy-efficient (hybrid, electric, compact) vehicles are prioritised. When booking hotels, staff are also strongly encouraged to use LEED certified or Green Seal hotels.

## Social

We leverage the diversity of people, ideas and skills to help our clients pursue their financial goals. Promoting inclusivity in all aspects of our business is vital to our success as multiple perspectives will help us drive creativity and innovation as well as understand our clients, employees and communities more fully.

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

### Allspring senior leadership as at 31-Dec-24

| ETHNICITY & GENDER | FEMALE | MALE | GRAND TOTAL |
|---|---|---|---|
| Asian | | | |
| Black or African American | 5.3% | | 5.3% |
| Hispanic or Latino | | | |
| Not specified | | | |
| Two or more races | 5.3% | | 5.3% |
| White | 42.1% | 47.4% | 89.5% |
| **Grand total** | **52.6%** | **47.4%** | **100.0%** |

| ETHNICITY & GENDER | FEMALE | MALE | PREFER NOT TO DISCLOSE | GRAND TOTAL |
|---|---|---|---|---|
| American Indian/Alaskan Native | | 0.2% | | 0.2% |
| Asian | 5.4% | 7.7% | | 13.2% |
| Black or African American | 1.3% | 2.0% | | 3.2% |
| Hispanic or Latino | 1.1% | 1.8% | | 2.9% |
| Native Hawaiian/Other Pacific Islander | 0.1% | 8.0% | | 0.2% |
| Not specified | 2.5% | 6.0% | 3.0% | 11.5% |
| Two or more races | 1.2% | 1.6% | 0.2% | 3.0% |
| White | 24.0% | 41.8% | 0.2% | 66.0% |
| **Grand total** | **35.5%** | **61.1%** | **3.4%** | **100.0%** |

### Allspring Board of Directors as at 31-Dec-24

| ETHNICITY & GENDER | FEMALE | MALE | GRAND TOTAL |
|---|---|---|---|
| Asian | | | |
| Black or African American | | 8% | 8% |
| Hispanic or Latino | | 15% | 15% |
| Not specified | | | |
| Two or more races | | | |
| White | 31% | 46% | 77% |
| **Grand total** | **31%** | **69%** | **100%** |

4 of 13
directors are women.

3 of 13
directors are racially/ethnically diverse.

In 2022, we launched the first eight Allspring Connectivity Groups (ACGs), which include employees who have common characteristics and those who are interested in serving as allies. We believe the ACGs help build partnerships and deeper connections among our employees, across the business and with our communities and our clients.

## Governance

A robust governance framework is critical in maintaining a sustainable company while meeting the investment needs of our clients. 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. It 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 Business Management, the Head of Sustainability, and other Sustainability team leaders—to enable cross-functional consideration of sustainability-relevant matters.

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

## Stewardship governance

Stewardship is embedded in our investment organisation as we believe both dimensions of stewardship—engagement and proxy voting—are integral to our investment processes and assist in building towards client outcomes. It also means that governance over stewardship ultimately rests with our most senior investment leadership: Chief Investment Officer Jon Baranko. We also have two stewardship-related committees that escalate matters to the **Investment Oversight Committee (IOC)**, as appropriate. The IOC oversees investment and investment-related topics including investment risks in support of our obligations to clients, employees, regulators and other key stakeholders. This structure ensures that stewardship efforts are additive to the investment processes and can have a meaningful impact on our clients' portfolios.

The committees are:

The **Proxy Governance Committee (PGC)** is chaired by the head of 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, Institutional Shareholder Services Inc. (ISS).

The **Sustainability Council** oversees risks and opportunities related to corporate sustainability and sustainable investing. On a quarterly basis, it brings together senior stakeholders from across the organisation to enable cross-functional consideration of sustainability and climate matters.

## Stewardship's role in risk briefing

The **Sustainability Risk Briefing**, part of Allspring's investment risk governance, informs the IOC review of sustainability risks. The briefing is coordinated by Investment Analytics, our independent risk management team, and conducted quarterly with the Office of the CIO. The function of the Office of the CIO is to oversee risk mitigation actions and to provide credible challenges to portfolio management teams to ensure portfolio positions are well understood and consistent with the investment team's stated process. At the briefing, the Office of the CIO receives and reviews information on certain strategies with sustainability objectives and/or that promote environmental or social characteristics and may, at its discretion, direct follow-up or remediation to the relevant investment team and/or the Stewardship team, which may include engagement with the company.

## Stewardship resources

Stewardship is part of the Sustainable Investing team which brings sustainability expertise to the Allspring investment platform and collaborates with our investment professionals to advance sustainability initiatives on behalf of our clients.

## Allspring's sustainability organisation

**CHIEF INVESTMENT OFFICER**

**SUSTAINABILITY TEAM**
HEAD OF SUSTAINABILITY | DEPUTY HEAD OF SUSTAINABILITY

| | |
|---|---|
| **STEWARDSHIP** | **RESEARCH & DEVELOPMENT** |
| **INVESTMENT INTEGRATION** | **ANALYTICS & REPORTING†** |
| **BUSINESS INTELLIGENCE** | **PRODUCT DEVELOPMENT†** |

†Cross-functional dedicated support

The team develops and leverages myriad capabilities and tools across the investment platform to enable sustainable innovation and deliver against client investment and sustainability objectives.

Our team's areas of concentration include:

**Research and development:** Provides differentiated research to distil climate, water, natural capital, and other sustainability risks and topics into actionable investment ideas.

**Investment integration:** Supports investment teams with educational resources and process consulting, investment tool deployment and ESG risk management.

**Stewardship:** Centralises and strategically prioritises proxy voting and our ESG engagement with issuers, leveraging in-house research tools and frameworks and partnering with our specialised investment teams.

**Analytics and reporting:** Provides the sustainability risk and exposure metrics portfolio managers require for effective investment management and supports our client groups with portfolio-level sustainability characteristics.

**Business intelligence:** Key strategy, communications, and analytics supporting the investment platform and clients.

**Product development:** Partnering across functions to shape innovation and ensure effective product management.

Under the leadership of Henrietta Pacquement, Senior Portfolio Manager and head of Sustainability, Jamie Newton, head of Global Fixed Income Research and deputy head of Sustainability, and Chris McKnett, head of Sustainability Strategy, Stewardship and Implementation, the team maintains strong connectivity to Allspring's investment professionals. Equally, effective execution requires partnering with key functional areas across the firm, such as distribution, legal, compliance, and risk, and therefore we have instituted multiple forums and structures to optimise collaboration.

Together, the Sustainability team is composed of 15 members with 17 years average industry experience and 7 years average ESG experience. More information on the team is available at allspringglobal.com/capabilities/sustainable-investing/.

The dedicated Stewardship team is responsible for proxy voting and investee company engagement. The team consists of five team members with a focus on engagement, proxy voting, or dual responsibility. The team has an average firm tenure of 10 years and average industry experience of 17 years. With respect to proxy voting, the team leads the ongoing maintenance of our proxy voting policy and procedures, and the execution of our votes, guided by our policy but in coordination with our equity portfolio managers. Engagement is strategically managed, with the team setting out annual priorities and coordinating engagements over the duration of their lifecycle, in partnership with our specialised investment teams.

The following working groups and forum also deepen our stewardship resources, namely engagement, by assembling cross-functional perspectives that foster idea generation and knowledge sharing:

**The Quarterly Stewardship and Engagement Forum (QSEF)** provides an important connection between the Stewardship team and our specialised investment teams. This group meets quarterly to enhance coordination and deepen collaboration across the investment platform to engage companies on ESG issues. The QSEF is comprised of representatives from investment teams across our investment platform—active fixed income, active equity and systematic teams—and Sustainability. The forum is designed to collect input on strategic stewardship priorities and identify ways to improve partnership and enhance communication.

**The ESG Exclusions Working Group** oversees the development and maintenance of ESG exclusions that are applied to certain Allspring portfolios and ensures the established exclusion criterion remain fit for purpose and aligned with evolving marketplace expectations. The Stewardship team participates in this group as investment exclusion dynamics and investee company feedback may be germane to our dialogue with companies.

**The Climate Change & Water Working Group (CCWWG)** is a cross-functional working group providing thought leadership and commentary related to how climate, water and natural capital themes may impact company fundamentals and markets. CCWWG seeks to assess the impact of these themes on security value and portfolio risk, marrying top-down, system-level analysis with bottom-up sector expertise to improve investment performance. The group supported the development of our Climate Transition Framework which we leverage, along with the working group commentary, to shape issuer engagements and proxy votes for investee companies materially exposed to climate change and/or water scarcity. For example, in Principle 7 we discuss the Climate Transition Score and how it informs research and engagement.

## 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. Furthermore, 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 2024, 17 different investment teams participated in the 101 ESG engagements led by the Stewardship team. The average across that group was more than two teams per engagement.
- Our questionnaire to collect input and set out the 2024 themes for engagement was distributed across our whole investment platform of over 400 investment professionals. Our 2024 priority themes are discussed in Principle 9.

## 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—bringing together credit, equity and sustainability professionals—is a key differentiator in terms of how we engage. It is critical that we leverage technology to amplify our Stewardship communication and effectiveness internally. Across the investment platform we share a common ESG tool kit of internal frameworks and third-party vendors to the benefit of our stewardship efforts, as follows:

AlphaSense[1]: this external research and communication technology has been implemented to help facilitate communication across our equity investment platform. The Stewardship team is able to share our stewardship-led engagement notes with companies across the platform. This has also become an essential tool that enhances our ESG research with native language processing by scanning company news and regulatory filings. It also provides a vital history for tracking engagements. 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. This provides a vital history for tracking engagements.

**Bloomberg:** the Stewardship team shares company engagement notes with our global credit analyst and fixed income portfolio managers in the Allspring research notes database. Allspring worked with Bloomberg to create a custom engagement note template which draws in both vended ESG data and our proprietary ESG scores, and populates the ESG notes section of the last credit analyst note published. In mid-2023, we enhanced the template further by mirroring a taxonomy that the UK consultants established in a stewardship template. Allspring codified the ESG issues and stages (or outcomes) attached to those in order to standardise their data collection from asset managers. This is discussed in more detail in Principle 9.

**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 executing votes in accordance with our guidelines, as well as the handling of administrative and reporting items. We may also leverage governance and related research from other ESG data and research vendors.

**ESG data and research:** we license an array of sustainability and climate information from a variety of third-party vendors including MSCI, Sustainalytics and SASB Standards from the International Financial Reporting Standards (IFRS) Foundation. We also use 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 **Datasets** 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 information along with other sources during engagements and for proxy due diligence.

## Stewardship and ESG integration

Allspring is committed to the importance of stewardship as a reflection of our commitment to active ownership. For illustrative purposes, we outline examples of asset class-specific ESG integration approaches below and how stewardship plays a valuable role in their processes.

**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 climate and sustainability analysis are critical to fully assess risk, and we have constructed in-house systems to assess ESG risk and climate risk, which we refer toas 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

[1] In previous reports, we referred to Sentieo. Alpha-Sense acquired Sentieo.

opinion and relative-value assessments. Additionally, these assessments are catalysts for engagement with issuers by credit analysts, Stewardship, or both.

**Fundamental equity:** our specialised equity teams incorporate ESG risk and sustainability analysis into their portfolios, where appropriate, following their own unique approach to bottom-up fundamental analysis. Teams may 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, operating costs, or valuation model variables such as discount rates or terminal values. Direct contact with investee company management teams on a range of issues, including sustainability topics, is an important component of their extensive independent fundamental research. The fundamental equity teams participate in ESG engagements led by the Stewardship team and they conduct ESG engagements independently as well. The Stewardship team also works closely with our fundamental equity teams to execute proxy votes. This is covered in Principle 12.

**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 quantitative to those that incorporate factors, where appropriate. We meet a range of objectives customised to clients' preferences in terms of sustainability characteristics, and climate alignment, as well as income, tracking error, factor exposure, alpha targets and more. These efforts draw upon an array of internal resources and external datasets. Importantly, Stewardship supports the Systematic Equity team by providing the centralised proxy-voting function and engagement coverage of investee companies. Since the team does not conduct fundamental analysis given their approach, these are added benefits. Further examples are provided in Principle 7.

## Performance management and reward programmes

Sustainability 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 sustainability exposures are regularly reviewed with the Office of the CIO, whose role is to oversee risk mitigation actions and to provide credible challenges to portfolio management teams. This review process is complemented by a quarterly Sustainability Risk Briefing with the Office of the CIO that focuses exclusively on certain investment products with sustainability objectives, or promoted environmental, or social characteristics to ensure strategy positions are well understood and consistent with the stated objectives or characteristics.

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.

ESG components are part of the performance review and remuneration metrics for our dedicated Sustainable Investing team as well as certain cross-functional business line support resources aligned to support Allspring's sustainable investing initiatives.

## Continuous improvement

Amid dynamic client needs, regulation, and data and technological advances, we must continuously evaluate how we can adapt to best serve clients. We routinely consider whether our products and services, mix of technology, data and service providers, and internal structure and resourcing are fit for purpose.

An important part of this process is education and awareness, particularly for our investment professionals and client-facing team members. The Sustainable team has created a Learning Centre on Allspring's intranet which serves as a central learning hub for sustainable investing at the firm. It features thought leadership, toolkits, research and resources on topics ranging from sustainability-related regulations to proprietary analytical frameworks.

The Sustainability team has organised or conducted sessions including, but not limited to, the following topics:

- Briefings on the sustainability research, tools, infrastructure and resources available to investment teams, both vended and internal
- Briefings for fixed income and equity investment teams on climate change and the TCFD's recommendations
- Educational sessions for investment professionals and portfolio managers on our in-house Climate Transition Framework
- Training for all investment teams on modern slavery risks, regulations and resources
- Briefings on key regulations, including the EU Sustainable Finance Disclosure Regulation, the UK Sustainability Disclosure Requirements
- External expert speakers, such as research analysts, consultants and academics

Additionally, the cross-functional forums that we have established, such as CCWWG and QSEF, help to advance knowledge, generate insights and facilitate information exchange across the investment platform.

Each year outside of proxy season, Stewardship holds strategic discussions with many investment teams with a goal of identifying strategy-specific company engagements. Increasingly, we have also seen clients who have made commitments to initiatives seek our partnership in fulfilling their stewardship-related commitments. This also requires close coordination with our investment teams who manage assets for those clients.

## Case study

### French Pension Fund Request for Engagement

A French pension fund client of Allspring is a participant in an asset owner alliance that requires it to engage with 30 portfolio companies each year, prioritising those that have high carbon emissions and those that have not had their GHG emissions targets verified by the Science-based Target Initiative (SBTi). In 2024, the pension fund asked its external asset managers to conduct one such engagement on its behalf. Allspring manages a US growth equity strategy for the pension fund.

In the course of the engagement, it was seeking our assessment of:

- Whether the portfolio company is in favour of an energy transition in line with the objectives of the Paris Agreement.
- The portfolio company's transparency on emissions disclosure, the setting of short/medium or long-term targets, and a commitment on when SBTi verification would happen.

Furthermore, if the portfolio company is not a focus of the Climate Action 100+ (CA100+), the pension fund asked its asset managers to provide their own assessment of the company, using the 'Net Zero Company Benchmark' developed by the CA100+ initiative.

Our Stewardship team worked with the Growth Equity Team to identify a company to focus on for this highly tailored request. The engagement was with a company not in the CA100+ focus. The engagement was conducted, and the dialogue gave Allspring more than enough information to assess the company as an industry leader among technology companies with respect to climate ambition and climate action. As such, we could complete the pension fund's request for that assessment using the Net Zero Company Benchmark as the framework.

# 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.

Conflict-of-interest management is disclosed in our Allspring Proxy Voting Policies and Procedures on our website Proxy Voting Policies and Procedures | Allspring Global Investments and our Allspring Engagement Approach which is published Engagement Approach.

## 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 one of our private equity owners (GTCR) who also owns public companies, we will vote in line with ISS Standard Policy recommendations for those GTCR public companies in which we are also invested. Additionally, Allspring 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 on 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. We believe the following areas help us manage perceived or real conflicts of interest.

**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. While 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:** while we welcome input and suggestions for engagement, including external input from clients, all 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 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 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 to comply with specific instructions to vote proxies as 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 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, which may lead to a different or split vote. Investment teams can recommend a vote against the recommendation that the policy and procedures bear out if their recommendation is substantiated in writing and if the Due Diligence Working Group (DDWG) reviews this recommendation 1) in the context of the specific circumstances and 2) with the intention of remaining consistent with our proxy voting responsibilities and the Allspring Proxy Guidelines.

**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. ISS provides us monthly with its “Disclosure of Significant ISS Relationships”. ISS defines this as clients comprising the top 10% of revenue from all ISS relationships. We review the proxies of issuers that are significant clients of ISS that have upcoming meetings on two issues paramount to company management yet where the ISS assessment tends to have a high degree of subjectivity —shareholder proposals and/or recommendations on executive compensation. If ISS aligns with management, we review these shareholder proposals and executive-compensation recommendations, allowing us to better assess the objectivity of ISS’s position. We believe that this review has 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.  In Principle 8 we highlight how the Significant Reviews lead to more analysis and when more information is needed, how engagement with companies can be constructive.

## Conflicts of interest handling in 2024

In 2024, there were two GTCR publicly listed companies that were also owned by Allspring and in accordance with our policy, we voted in line with the ISS Standard Policy.

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

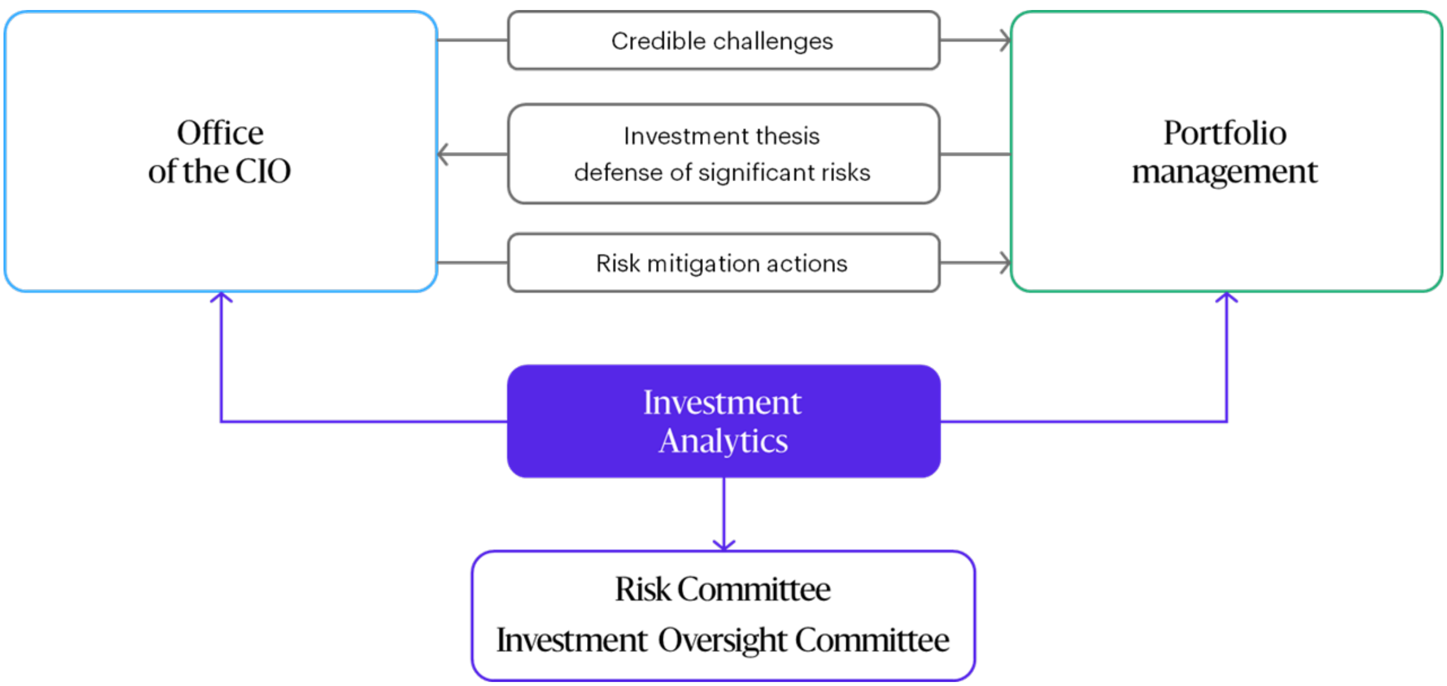
## Market-wide and systemic risk identification

We can see that the world is changing rapidly and that this is partly due to systemic risks, such as climate change, energy transition, biodiversity declines, and social inequities. As an asset manager, we are impacted and informed by many other changes including economic cycles, fiscal and monetary policy, regulatory shifts, technological innovation, geopolitics, and the global health crisis.

But for Allspring, one constant amid all this change is our unwavering focus on helping clients improve their investment outcomes. Among other tools, applying a sustainability lens to risk management, investment analysis and stewardship provides a window into these shifts and can inform long-term value creation.

### Independent Investment Risk Management

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 continuously monitoring known risks, anticipating and identifying new risks, and regularly communicating these risks across the business. Our independent investment oversight process complements each investment team's embedded risk management efforts. Overseen by the Office of the CIO, the team regularly administers assessments, reports and analyses to facilitate a better understanding of intended and unintended investment risks.




Markets can be affected by many types of risks, and each risk's impact generally varies over time. Investment Analytics also identifies, tracks and communicates market risks that extend beyond a particular investment team or portfolio. An example of how this works in practice is the Allview Market Risk Monitor. Each month, the team compiles and explains the top 10 current global market risks the team has identified, ranked by each risk's likelihood and potential impact on markets. As events worldwide occur and evolve every month, those changes are considered as the team constructs the next top 10 list. So, risk rankings often shift from one month to the next, and one risk could be removed when another more impactful and/or more likely risk is identified. The list is not intended to be comprehensive, but rather a collection of items that answers the question: "As a risk manager, what keeps you up at night?" Our co-Chief Investment Officers challenge portfolio managers to respond to these views based on their diverse perspectives, and we publish the Market Risk Monitor to our website.


APRIL 2025

# Allview: Market Risk Monitor

ALLSPRING INVESTMENT ANALYTICS TEAM

**APRIL UPDATE**

The April 2 announcement of a new U.S. tariff regime highlights our top concern. Markets face uncertainty due to the lack of historical precedent. High tariffs could trigger a global recession (see #3) if consumer spending declines, reignite inflation if importers pass costs to consumers, or lead to a U.S. manufacturing revival. An "all three" scenario of stagflation coupled with reshoring of manufacturing back to the U.S. is also possible. Updates will follow in our May report as data and trends become clearer.

| | POTENTIAL IMPACTS (– OR +) | PROBABILITY | GLOBAL IMPACT |
|---|---|---|---|
| **1 NEW TARIFFS ON U.S. IMPORTS** President Trump announced a 10% baseline tariff on all imports and additional reciprocal tariffs on many others. Inflation expectations in the U.S. may turn sharply higher over the next 12 months. | – Global equities<br>– Global fixed income | Very high | High |
| **2 CHINESE MILITARY ACTION** China's desire to expand its influence in the South and East China Seas, especially regarding Taiwan, elevates the probability of a regional military conflict or embargo. | – Asian equities<br>– IT hardware equities | Medium | Very high |
| **3 GLOBAL RECESSION** The threat of a global trade war coupled with the U.S. government's substantial spending cuts may push the global economy into contraction. | – Equities & fixed income in consumer cyclical, industrials, financials, & IT sectors | High | Medium |
| **4 CHINA DECOUPLING FROM THE U.S.** China's turn toward autocracy may lead to a broad decoupling of the Chinese and U.S. economies. | – U.S. IT equities<br>– Chinese equities | High | Medium |
| **5 RETURN OF U.S. BOND VIGILANTES** High U.S. government debt coupled with potential tax cuts could hurt U.S. credibility. In response, bond vigilantes could stop buying U.S. government debt, driving a dramatic climb in yields. | – U.S. fixed income | Medium | High |

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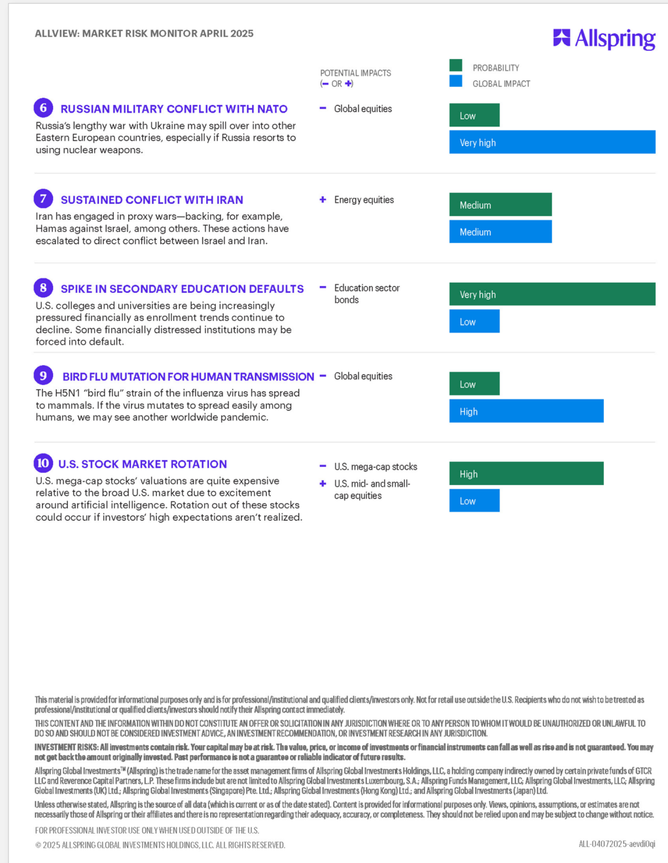
ALLVIEW: MARKET RISK MONITOR APRIL 2025

| | POTENTIAL IMPACTS (– OR +) | PROBABILITY | GLOBAL IMPACT |
|---|---|---|---|
| **6 RUSSIAN MILITARY CONFLICT WITH NATO** Russia's lengthy war with Ukraine may spill over into other Eastern European countries, especially if Russia resorts to using nuclear weapons. | – Global equities | Low | Very high |
| **7 SUSTAINED CONFLICT WITH IRAN** Iran has engaged in proxy wars—backing, for example, Hamas against Israel, among others. These actions have escalated to direct conflict between Israel and Iran. | + Energy equities | Medium | Medium |
| **8 SPIKE IN SECONDARY EDUCATION DEFAULTS** U.S. colleges and universities are being increasingly pressured financially as enrollment trends continue to decline. Some financially distressed institutions may be forced into default. | – Education sector bonds | Very high | Low |
| **9 BIRD FLU MUTATION FOR HUMAN TRANSMISSION** The H5N1 "bird flu" strain of the influenza virus has spread to mammals. If the virus mutates to spread easily among humans, we may see another worldwide pandemic. | – Global equities | Low | High |
| **10 U.S. STOCK MARKET ROTATION** U.S. mega-cap stocks' valuations are quite expensive relative to the broad U.S. market due to excitement around artificial intelligence. Rotation out of these stocks could occur if investors' high expectations aren't realized. | – U.S. mega-cap stocks<br>+ U.S. mid- and small-cap equities | High | Low |

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We continually seek out new tools and datasets 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.

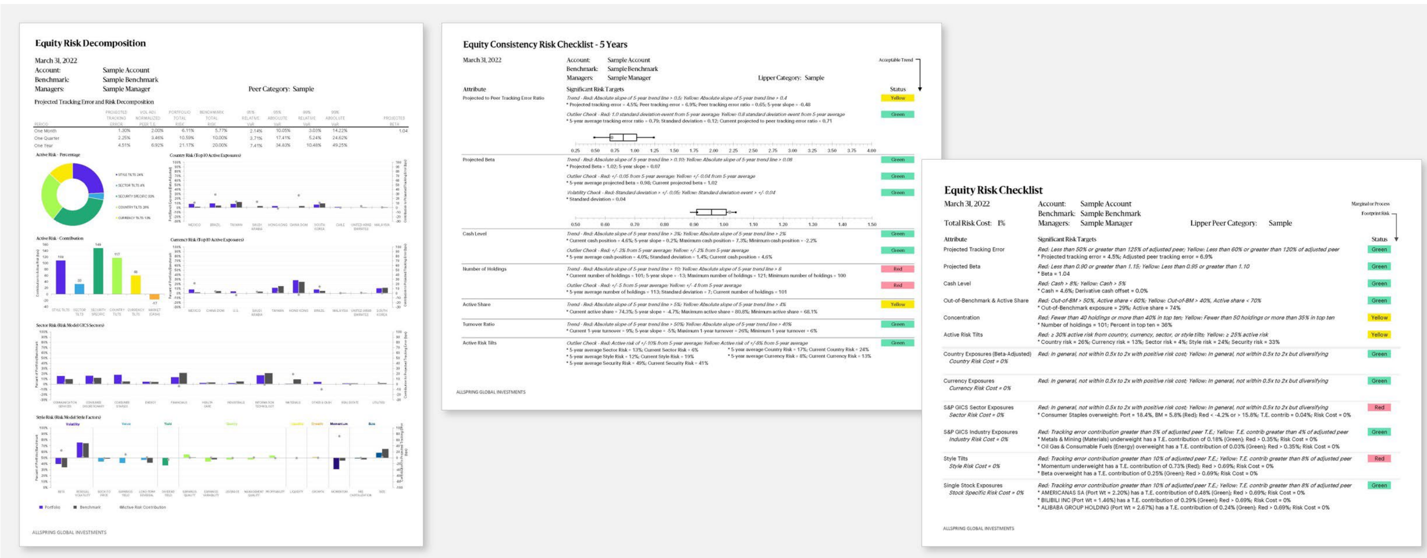
On a monthly basis, the Investment Analytics team reviews a listing of risks and participates in a monthly risk briefing with senior investment leaders who form the Office of the CIO. Agenda topics include a summary of the most significant market and strategy concerns (including sustainability), benchmark- 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 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 on the next page.

# Equity risk reports

- Risk reports are created daily using MSCI Barra risk models and a variety of other analytics
- This assists in the identification of significant risks by decomposing exposures into country, currency, sector, style and security specific components
- It acts as a first step in the process of escalating significant market risks to senior management




# Sustainability risk reports

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

**01**

Assess a portfolio's existing sustainability risk exposures

Portfolio-level analytics leveraging vended and proprietary sustainability metrics

**02**

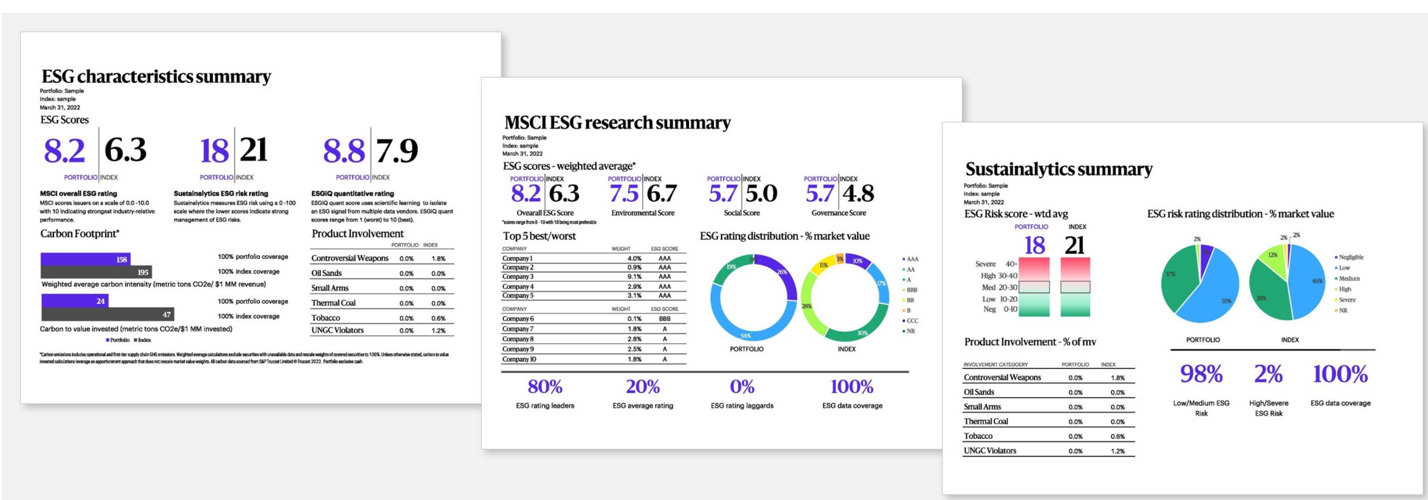
Understand the client's sustainability objectives

Sustainability decision framework based on stakeholder objectives (e.g., a university's student body)

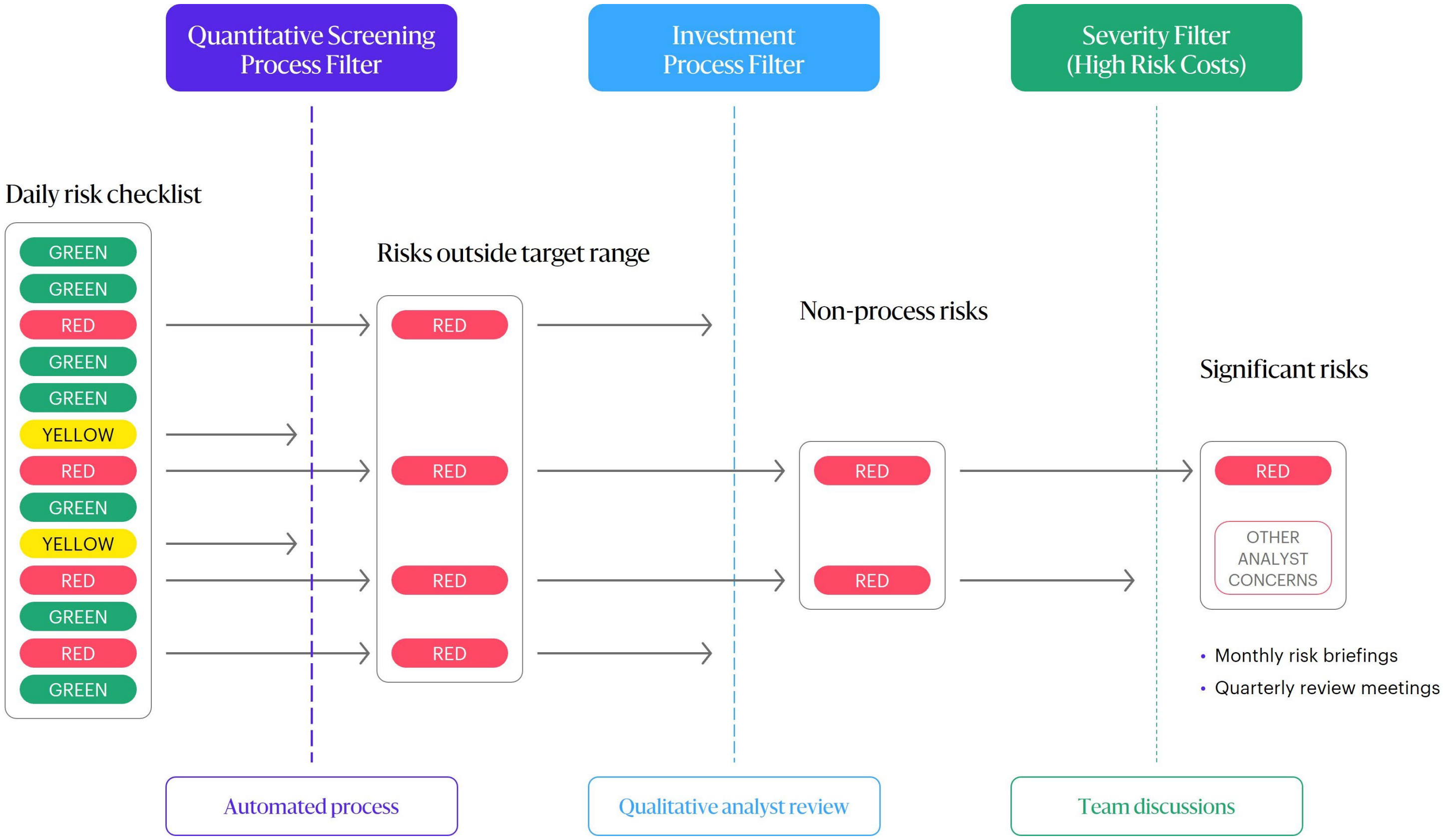
**03**

Provide analytics, insights and reporting to facilitate integration of sustainability objectives into portfolios

Negative/positive screening/ESG integration/thematic investing/impact investing



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.




## Collaborative research forums

We have identified market-wide and systemic risks as a fertile source of engagement with companies for both fundamental and systematic teams across equity and fixed income exposures. For example, climate change is an identified systemic risk, and while 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 affect investment performance today.

To address this, we have developed a cross-asset and cross-functional working group on climate change and water, led by our senior sustainable investment professionals. The working group enhances our engagement with companies and our discussions about opportunities and implications of climate change and/or water risk.

**CCWWG:** the cross-functional Climate Change and Water Working Group (CCWWG) is a bi-weekly session designed to integrate climate and water risk considerations into investment strategies. It brings together experts to discuss the implications of climate change and water-related risks on portfolio performance, corporate engagement, and long-term investment decisions. The webinars explore key themes such as climate transition preparedness, water scarcity challenges, and the role of proactive investments in mitigating these risks. By combining insights from climate and water risk assessments, the CCWWG webinars enhance understanding and equips investors with the tools to navigate an evolving sustainability landscape.

Allspring has and will continue to develop resources to acquire knowledge and support risk assessments that strengthen our approach to ESG engagements, such as highlighting key regulations, creating data and information toolkits, and providing suggested questions for investee company engagements within thematic priorities such as climate and biodiversity (including water management).

## Industry initiatives

Allspring recognises that we can both contribute to and draw from industry initiatives focused on the understanding of critical sustainability topics and challenges. Therefore, supporting and contributing to industry initiatives alongside other market participants is an important part of our sustainable investing approach. Ultimately, we believe the outcomes of these efforts can help improve investment management decisions, with the potential to contribute to long-term future returns for our clients.

Allspring participates in organisations and initiatives whose purpose and advocacy goals are aligned with those of our investment teams and clients. Several factors can support or hinder their effectiveness, including broader market dynamics and legal and regulatory actions.

In May of 2024 Allspring withdrew as a signatory to CA100+. We believe our robust in-house stewardship has evolved such that CA100+ membership is no longer critical to our understanding of investee company climate transition strategies. In addition, the company that we were engaging with via CA100+ has transformed into a climate transition leader within its industry and we can continue to independently engage with the company, and with other relevant companies, on their climate transition strategies.

## 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 contribute our investment expertise to their Sub-Sovereign Debt Advisory Committee.

**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.

### Climate

**ASCOR:** Allspring is a founding member of the advisory committee for the Assessing Sovereign Climate Related Opportunities and Risk (ASCOR) project. ASCOR is the first publicly available, independent, and open-source investor framework and database assessing the climate action and alignment of sovereign bond issuers. Recently Allspring committed to the second phase of itswork, having found the first phase provided positive impact on the industry.

**FAIRR:** Allspring is a member of the Farm Animal Investment Risk and Return (FAIRR) Initiative, a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by the global food sector.

**CDP:** As an investor signatory to the CDP, Allspring lends its voice to requests for disclosure that contribute to the world's largest, most comprehensive dataset on climate and water in the world. Allspring became a signatory in 2023.

**IIGCC:** Allspring is a member of the Institutional Investors Group on Climate Change (IIGCC), the voice of investors taking action for a prosperous, low carbon future. Allspring became a member in 2023.

### Nature and biodiversity

**TNFD:** Allspring is part of the Taskforce 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 particular sector or portfolio, 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.

While 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 structural sustainability risks, we have organised cross-functional forums of investment professionals charged with research and the development of analytical frameworks.

Our CCWWG discussed above provide examples of this. We employ two interactive approaches to position investments for addressing the risks of climate change.

01 **From a top-down perspective:** our CCWWG runs 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 CCWWG, industry analysts and investment teams across the platform collaborate regularly to ensure these analyses are integrated into the stewardship activities and investment teams' decision-making processes as appropriate for achieving clients' goals.

Beyond investment research, our Stewardship team harnesses the intelligence provided by the working groups and risk management functions to support engagement with investee companies. This is an essential active management tool to maximise the long-term value of our clients' capital and constructively advance the financial, operational and sustainability performance of those companies in years to come. 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

We are committed to strong stewardship and sustainable investing practices on behalf of our clients, and we continuously review and evolve our efforts to ensure we meet client expectations, regulatory requirements and align with market best practices. We are committed to public transparency of our stewardship and sustainable investing policies and practices, with proper oversight and an appropriate frequency for review.

## Allspring Policy Governance

Allspring's Risk Management team manages Allspring's Policy Governance Program, which supports the Risk Management Framework with standards for creating and maintaining policies and other company governance documents. Policies, frameworks, and programs establish requirements for running Allspring's business in a manner that manages risk and complies with laws and regulations, and procedures are designed to support how Allspring executes the requirements in governance documents. Governance documents follow a consistent approval structure and utilise Allspring's committee governance framework for escalations, violations, and approvals, where applicable.

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. Sustainable investing and stewardship policies and related disclosures are as follows:

| RELEVANT POLICIES | OVERVIEW | OVERSIGHT GROUP | UPDATE FREQUENCY |
|---|---|---|---|
| Allspring Proxy Policy and Procedure | Describes the exercise of proxy votes on behalf of clients | Proxy governance committee | Annual |
| Allspring Sustainable Investing Policy | An internal policy describing Allspring's governance structure and mitigating controls for environmental social and governance related and or sustainable investing risks and disclosures | Investment oversight committee | Annual |

| STEWARDSHIP RELATED DISCLOSURE | DESCRIPTION | UPDATE FREQUENCY |
|---|---|---|
| Allspring Engagement Approach | Describes how we conduct our company wide engagement activities | Annual |
| Japan Stewardship Code | Expression of support and commitment for the code | When Code is updated by the Council of Experts on Japan's Stewardship Code |
| UK Stewardship Code Report | Transparency report on Allspring's commitment to the 12 principles of the UK stewardship code (2020) and subject to FRC renewal of our signatory status | Annual |
| Allspring Global Stewardship Report | Transparency report on our proxy and engagement activities | Annual |

Allspring policies and disclosures can be accessed at allspringglobal.com/corporate/policies/

## Annual review of our Allspring Proxy Policy and Procedures

Our Proxy Governance Committee (PGC) reviews the company's policy and procedures at least annually, and we also monitor regulatory changes related to proxy requirements that could necessitate further modifications. Each year, the Stewardship team conducts a review 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' annual update of their regional policies.

Where we seek a higher standard than that of ISS, or global consistency, the Stewardship team recommends to the PGC custom enhancements to the Allspring Policy to be implemented ahead of the next proxy season. One example of this is Chief Executive Officer (CEO) overboarding. We believe Directors serving on an excessive number of boards could result in time constraints and an inability to fulfil their duties. For CEOs, we allow for no more than one outside directorship; for directors at large operating companies, no more than four in total. ISS allows CEOs to sit on two outside directorships but we believe it is most important for CEOs to focus on the company they are leading and we want to limit further the demands on their time from sitting on other company boards.

# 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, governance and internal control practices of Allspring and its subsidiaries. Internal Audit conducts activities in conformance with the Institute of Internal Auditors' (IIA) International Professional Practices Framework. Internal Audit operates independently from management and has unrestricted access to 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, as well as the annual Internal Audit Plan (and subsequent material changes to the Plan) are reviewed and approved by the ARC. The annual Internal Audit Plan is developed using a risk-based approach in the determination of which audits are included. 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.

Stewardship was included in a comprehensive review of ESG practices by Internal Audit in 2022. Because Internal Audit uses a risk-based approach to determine which audits are included in the annual Internal Audit Plan, and Stewardship is deemed to be low risk, it is expected to rotate back to ESG including Stewardship sometime in the future.

## Compliance

Allspring Compliance last conducted a review of our proxy voting programme in 2023. 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

Because Compliance also uses a risk-based approach to determine which business units it sequences for review, the frequency of review is also expected to rotate back to reviewing certain proxy voting procedures sometime in the future.

## External assurance

We will continue to assess this 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 while 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.

2024 PRI Assessment Report

| PRI MODULE | ALLSPRING | PRI MEDIAN |
|---|---|---|
| Policy Governance and Strategy | ★★★ | ★★★ |
| Direct—Listed Equity—Active Quantitative | ★★★★ | ★★★★ |
| Direct—Listed Equity—Active Fundamental | ★★★★ | ★★★★ |
| Direct—Fixed Income—SSA | ★★★★ | ★★★ |
| Direct—Fixed Income—Corporate | ★★★★ | ★★★★ |
| Direct—Fixed Income—Securitised | ★★ | ★★★★ |
| Confidence building measures | ★★★★ | ★★★★ |

Source: Principles for Responsible Investment, 2024 Assessment Report; PRI Medians for modules are calculated as the 50th percentile module percentage score and converted to stars; includes all PRI signatories who submitted and were eligible to report on the module.

Our 2024 PRI assessment demonstrates Allspring's sustainability capabilities, particularly integration within portfolio construction where appropriate, utilising decarbonising investment strategies that are available, and putting controls in place to assess and aggregate climate and sustainability risks on behalf of our clients.

## 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 2023 Annual Report, is available here.

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 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.

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

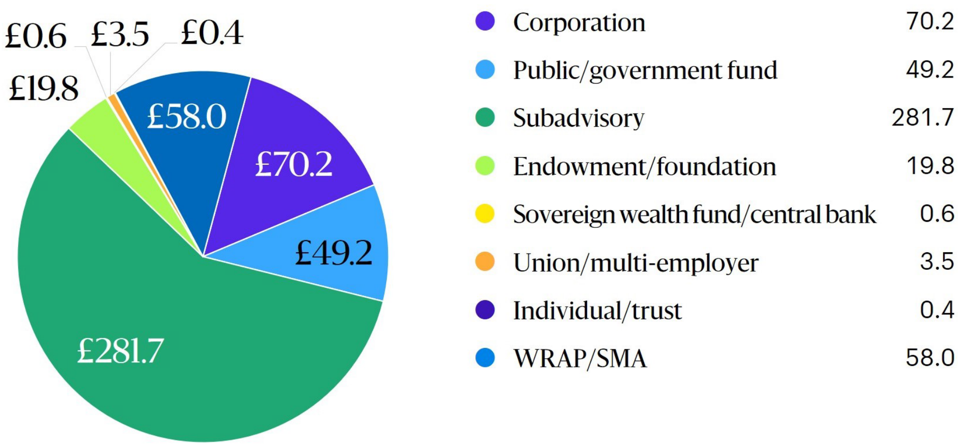
## Our clients

We are an independent asset management company with a broad and versatile offering of investment products and solutions designed to help meet our clients' diverse set of goals. As at the end of 2024, we managed £483 billion on behalf of institutional and financial advisors worldwide, with a wide range of investment strategies spanning fixed income, equities, multi-asset solutions and sustainable investing.

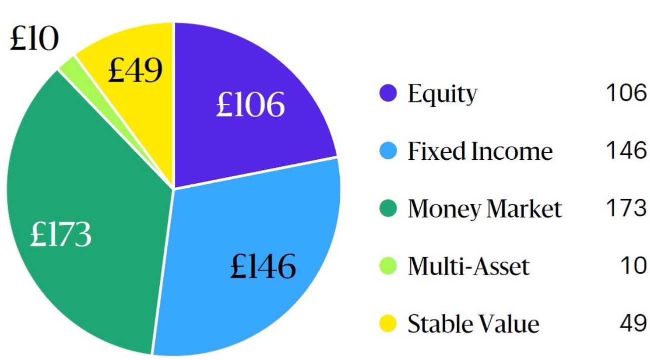
## Our AUA

Data is as at 31-Dec-24

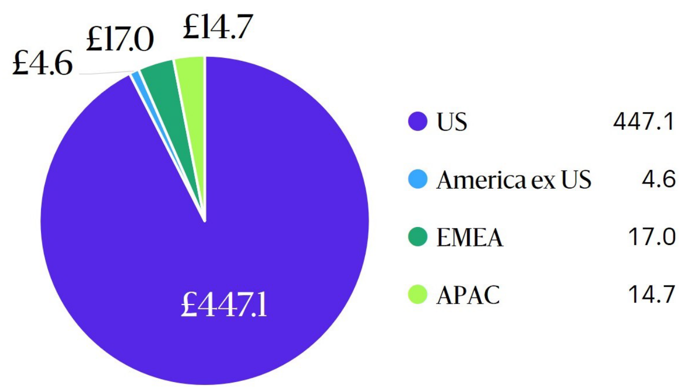
### AUA by segment (£bn)




### AUA by asset class (£bn)

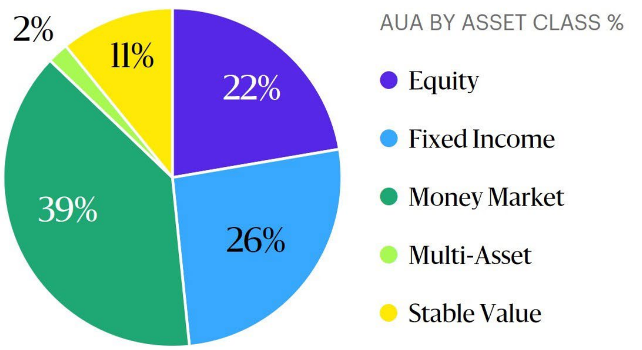



### AUA by region (£bn)

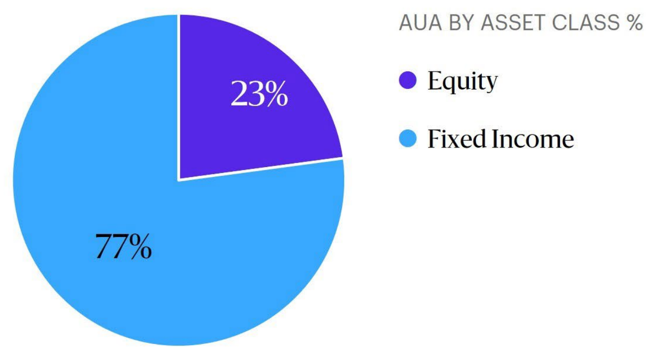



With an institutional client base of pension funds, insurance companies, sovereign wealth funds, foundations and corporations, along with private wealth and intermediary, our clients' investment objectives are numerous and distinct. As mentioned in Principle 1, our key strength is a company structure and philosophy that together harness 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.

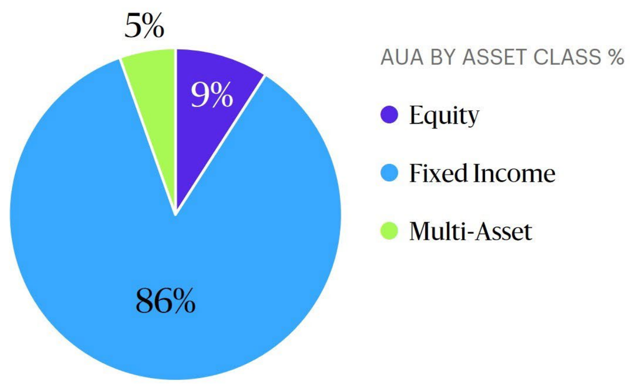
## US clients by asset class £447.1bn



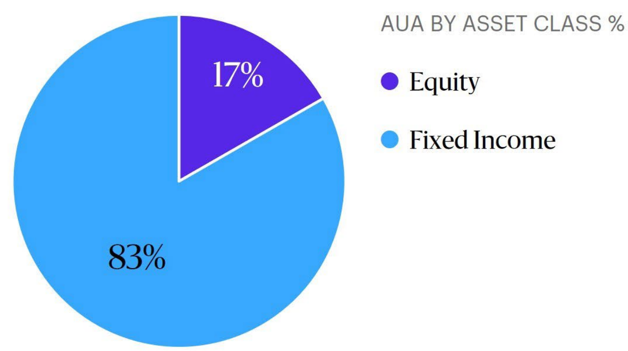

## EMEA clients by asset class £17.0bn




## APAC clients by asset class £14.7bn




## America ex-US clients by asset class £4.6bn



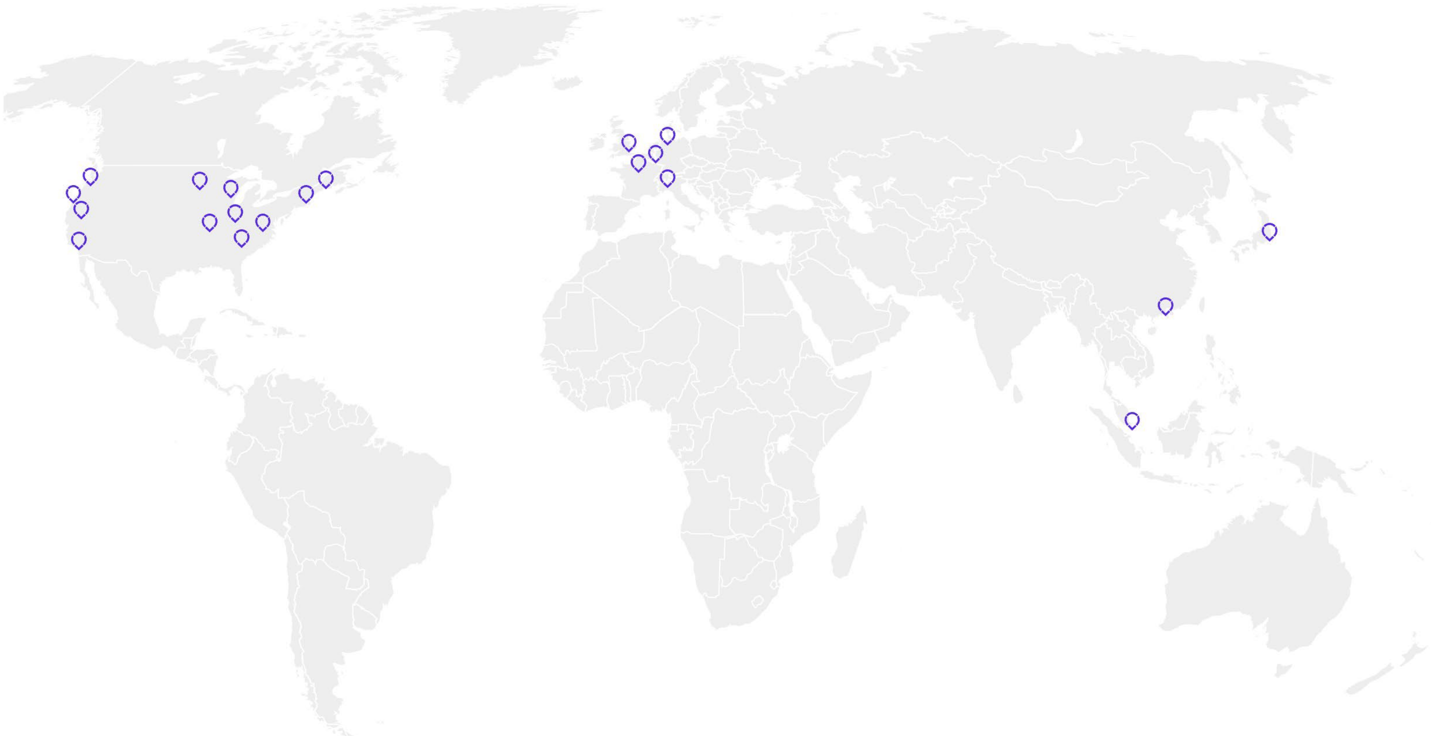

Consistent with our commitment to optimising our operating model, we continue to grow our client relationships and capabilities outside of North America.

To demonstrate our investment in global markets, added or expanded roles in 2024 include:

- New head of Sales for Middle East and Africa
- New stewardship analyst based in London
- Head of International Investment Strategists
- Fixed Income specialist

We believe our expanded footprint will better allow us to “think global—act local”, and ultimately deliver solutions that are more relevant to clients in a number of countries and jurisdictions. The following diagram displays Allspring offices geographically.

## Allspring's Global Presence



## 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 for over 12 years on average, 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. For instance, improvements in corporate governance, can be addressed through proxy voting and more expansively in our Governance Principles. Others can have medium-term horizons, such as targets to improve workforce diversity or close gender pay gaps, while some 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, science-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 the 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

Managing risk and maximising value go hand-in-hand with engaging the 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 those 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, 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 the opportunity to seek feedback on our clients' evolving needs, learn from our clients, and provide a partnership approach through superior client experience.

## 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 two-fold:

- 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

## Client communication and partnership

To accommodate growing reporting requirements, in both breadth and depth, we provide our clients with bespoke solutions to help them better understand complex sustainability themes impacting, and being impacted by, their investment portfolios.

For example, on a quarterly basis Allspring delivers stewardship case studies to a UK pension fund to be used within its TCFD report. The case studies highlight conversations we've had with issuers held in their portfolio that are specific to the transition to a greener economy and include both positive and negative assessments.

In 2024, these case studies included examples aligned to Allspring's thematic focus on banks' finance emissions and sustainable finance initiatives For example, a US bank advancing its approach, a German bank's climate disclosures and a UK bank's green bond issuance. We continue to meet the challenge of evolving client expectations with thoughtful, qualitative reporting to communicate outcomes we would like to see as investors and stewards of our clients' capital.

In line with our strategic priorities, we illustrate improvements we began in 2023 to strengthen our stewardship approach and its impact on clients.

**Changing client needs and expectations:** acknowledging the direction of travel in the industry, and the maturation of disclosure regulations across jurisdictions, 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, beginning in 2023, and now annually, we provide UK clients, who are obliged to produce an annual TCFD report, with qualitative and quantitative data and metrics and complete industry-wide accepted templates, using the UK Pensions and Lifetime Savings Association (PLSA) or Investment Consultants Sustainability Working Group (ICSWG). As requirements will continue to evolve for UK pension schemes, we continue to partner with our clients and provide data and metrics aligned with their requirements.

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 also appreciate our clients are increasingly looking to understand real world outcomes tied to their investment portfolio. To that end, 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

### A Danish Pension Fund

In 2024, we continued to evolve our ESG reporting capabilities to meet our clients' requirements as best as we can. Following every quarter, we report an array of quantitative and qualitative sustainability data to one of our Nordic clients, a Danish pension fund, which is invested in our US credit strategy through an ESG mandate.

The report includes: the portfolio's ESG positioning and ESG investment consideration, the firm's engagement candidates and the ESG updates on the company level.

To further enhance our impact, we decided to review the client's requirements and integrate further ESG data indicators that would be relevant to our client's mandate and ESG considerations. In partnership with the Client Relationship Manager, we redesigned the report by leveraging the firm's overall ESG capabilities. We included further ESG data under the portfolio positioning section, which initially covered only the green bond exposure. We started reporting on the portfolio's ESG scores and rating distribution relative to the benchmark. Additionally, we incorporated data about the portfolio's carbon intensity relative to the benchmark, the energy mix within the mandate, and the temperature alignment with 1.5°C. The reported data is sourced from our internal ESG characteristic reports and includes both third-party approved data and Allspring proprietary ESG ratings. Finally, we continued to provide our client with engagement case studies using a new structure, designed by the Stewardship team.

This is the most extensive ESG/climate reporting we have produced for our Nordic clients, and we can leverage this as a reference for other interested clients.

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**Spotlight on ESG:** In 2024, we celebrated the three-year anniversary of our Climate Transition Credit strategies. These strategies leverage our propriety climate transition scoring framework. We were delighted to be recognised with an industry award, the UK Pensions Award "DB innovation award 2024" for our approach. We continue to help the many clients we have who are actively targeting net zero by 2050, and therefore seeking solutions across various investment approaches and, in 2024, we added an equity strategy—Climate Transition Global Equity—to our exiting Climate Transition fixed suite. With all our climate transition solutions under one roof, our clients can now benefit from a choice of asset classes and approaches that fit their individual needs. All funds in the suite have the same overarching philosophy and objective: to deliver attractive returns by investing in climate transition winners, while providing exposure to the broad market and engaging with companies to influence outcomes. The Climate Transition Credit Framework is central to the fixed income climate transition funds and uses asset-class-specific lenses to identify transition winners. Climate Transition Global Equity, as a systematic equity strategy, leverages third-party, forward-looking transition pathway data to identify companies on track for a 2-degree or better climate outcome in line with the Paris Agreement goals. We feel this is a natural fit, as access to capital and cost of capital are useful levers for bondholders when engaging on climate. We collaborate with issuers to set expectations, improve transparency and share best thinking. We determine deliberate engagement outcomes, such as improving the 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:** In 2024, the Sustainability team focused on making sustainability data more accessible to investment teams. We collaborated with the Engineering & Technology (ET) team to create a "single source of truth" for both vended sustainability data and data insights generated by Allspring's proprietary sustainability frameworks. To effectively leverage the new infrastructure created by the ET team, the Sustainability team produced a library of educational resources (including guides and videos) and practical toolkits to help investment teams more easily integrate sustainability data into their day-to-day analysis and portfolio management. For example, the Sustainability team created toolkits that allow investment teams to quickly access data for single securities, portfolios and benchmarks, and easily view time series data.

**TCFD:** In 2024, Allspring published our inaugural TCFD report, laying out our enterprise approach to addressing climate risks and opportunities as an investor and a corporate entity. At a corporate level, we have worked to establish an emissions and energy use intensity baseline and continue our efforts to gauge climate-related impacts on our operations. As an investor of our client's capital, we look for opportunities arising from the energy transition and to manage material climate-related risks in client portfolios. The report includes a discussion of these climate lenses, as well as pertinent metrics and targets that we will seek to build upon in the coming years.

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

Systemic sustainability risks like climate change, declining biodiversity and social inequities influence regulation and policy dynamics and can impact industry- and company-specific sustainability risks and opportunities. This in turn can affect capital markets and investment performance. Applying a sustainability lens to investment and stewardship provides a futuristic window into these shifts and can inform decision-making.

We therefore regard the integration of ESG issues as crucial for investment risk management. It captures important issues that may result in investments being mispriced and ultimately enhances our ability to manage risk more comprehensively and generate sustainable, long-term returns for our clients.

Through stewardship, we seek to protect client capital by improving investee disclosure and information flow which, in turn, can inform and improve investment decision-making. Moreover, through engaging with investee companies, we aspire to constructively advance the financial, operational and sustainability performance of those companies in years to come for the benefit of our clients.

Incorporating sustainability considerations into our investment and stewardship activities contributes to our number one priority: generating positive investment outcomes for our clients.

## Stewardship: two 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 below 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.

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

01 **ESG engagements led by the Stewardship team:** defined as in-depth, multi-year programmes of repeat meetings on material ESG topics with companies. These interactions will bring together perspectives from across our firm, including those from our fundamental equity and fixed income teams. The Stewardship team also engages companies in writing, for instance encouraging them to improve certain disclosures.

02 **ESG engagements led by an investment team:** defined as meetings with companies where ESG topics are part of a broader agenda. These meetings typically do not involve the Stewardship team.

The engagements conducted by the Stewardship team are published on our shared research platforms for all investment teams to see—including on AlphaSense (primarily for equity teams) and on Bloomberg Research Management Notes (primarily for fixed income teams). In terms of activity, our Stewardship team led 101 engagements in 2024 on over 450 ESG issues (type 01 above). Our fundamental equity and credit teams participated in 90% of those engagements. In terms of investment-team led engagements (type 02 above), our investment teams conducted over 600 ESG engagements.

## Adjustments for asset classes and geographies

Our specialised investment teams manage client portfolios spanning developed and emerging markets across multiple continents, with investment professionals located in many countries. In general, we apply a global perspective to stewardship as much as is practical while accounting for geographic differences when appropriate. A global perspective yields consistent 'best practices'. For example, five years ago, many Asian markets had no gender diversity standard for Boards of Directors, but markets like Korea and Japan have made great progress with a combination of investor engagement, regulation or stock-exchange listing requirements, or the development of local market corporate governance standards—the latter two influenced by practices in other regions of the world. On the other hand, we have to adjust as some countries have unique and challenging features, for example, share blocking or requiring power of attorney with proxy voting (discussed in Principle 12). Regionally, there is a bifurcation globally where we see in certain regions less policy support for ESG and this can present headwinds and challenges to a homogenous global approach to stewardship.

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. As previously mentioned, our investment teams and credit analysts participated in 90% of the firm-wide engagements led by the Stewardship team. To the extent equity and credit perspectives diverge, we encourage active participation from all analysts and portfolio managers to accommodate different viewpoints in the engagement. (Further discussion of geographic impacts on engagements with companies in different domiciles is provided in Principle 9.)

## Allspring proprietary ESG frameworks

We have developed multiple frameworks designed to help investment teams formulate a rounded assessment of their investment universe from a sustainability perspective, or to achieve specific client sustainability objectives. These frameworks include current-state assessments as well as forward-looking analysis to manage sustainability exposure.

Our suite of sustainability frameworks is adapted to deal with a full range of investment objectives, from return expectations, risk tolerance, liquidity or income needs, and the spectrum of sustainability perspectives, to how ESG risks affect investments and how investments may affect society and the environment.

See summary in the table below.

| TOOLS | ESGiQ Corporate | Climate Transition Score | SDG Lens | ESGiQ Sovereign |
|---|---|---|---|---|
| DESCRIPTION | Broad ESG risk assessment | Climate readiness assessment | Impact assessment | Broad ESG risk assessment |
| ASSET-CLASS APPLICABILITY | Equities, credit | Equities, credit | Equities, credit | Sovereign bonds |
| GEOGRAPHIC REACH | Global | Global | Global | Global |

These frameworks also surface information to be incorporated into stewardship and engagement activities. As we embark on themes and sectors, for instance, the scores help us identify leaders and laggards as potential candidates for engagement.

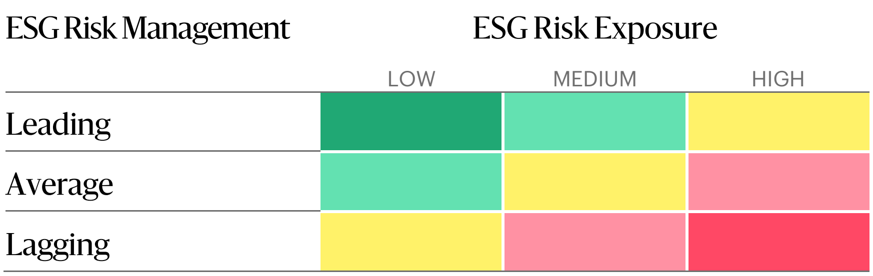
Descriptions of the frameworks and example use cases are described by asset class and investment style below, to demonstrate that, in practice, relevant and appropriate integration of stewardship and investment varies across strategies. For example, from routine risk-based integration to specialised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

# ESGiQ Corporate

To assess ESG risk, we developed a proprietary ESG-scoring system called ESG information Quotient, or ESGiQ. Our methodology combines and enhances data from third-party providers to add breadth while our analysts' in-depth sector expertise adds depth. This analysis focuses on ESG risks material to the operating performance, financial condition or risk profile of the issuer. Integrating ESG elements into our assessment of company valuation enhances our ability to identify opportunities and risks at the industry and issuer level. The ESGiQ Score has two dimensions: the Quantitative Score and the Qualitative Score. All companies with an ESGiQ Score will have an ESGiQ Quantitative Score.

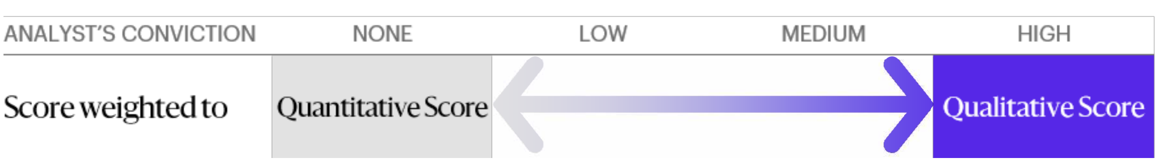
The Quantitative Score leverages a patent-pending, proprietary process that uses advanced statistical learning techniques and specialised sampling methodologies to distil insights from multiple ESG data sources. The system resolves differences between datasets and improves quality and uniformity. By using custom-crafted algorithms, we are able to create a score that scales across diverse data sources, providing us with improved breadth of coverage and meaningful insights. 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 analyst team. 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, while 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.




Our ESGiQ scores combine our quantitative and qualitative assessments based on our fundamental analysts' level of conviction in their ESG assessments. While our fundamental analysts know and understand the companies they cover, their ability to assess ESG factors may be limited or less certain for a variety of reasons, including lack of data, insufficient data, a new strategy, or a new company under evaluation.

As a result, an ESGiQ score reflects our qualitative score when an analyst has a high degree of confidence in the assessment. However, when an analyst is not completely confident in the ESG assessment, the ESGiQ score incorporates the quantitative and the qualitative scores. Should an analyst have minimal conviction in the ESG assessment, our ESGiQ score reflects the quantitative rating only. We expect that as company disclosures improve, and our analysts' knowledge evolves, our ESGiQ scores will rely less on quantitative scores and increasingly on our analyst-supported qualitative scores.




These examples show how the components come together, including analyst conviction and salient comments.

### ESGiQ Scoring Results

| ISSUER | ALLSPRING QUANTITATIVE SCORE | ALLSPRING QUALITATIVE SCORE | ALLSPRING ESGiQ SCORE | ANALYSTS ESG CONVICTION | ANALYST'S COMMENTS |
|---|---|---|---|---|---|
| Global agribusiness and food company | 4 | 3+ | 3+ | Medium | Analyst outlook reflects average management of most ESG risks and the positive outlook due to its decarbonisation strategy and science-based carbon goals. |
| Multinational oil and gas company | 4 | 5– | 5– | High | Good management of risk compared with peers, including ambitious net-zero target for scope 1, 2 and 3 emissions by 2050, led to favourable view by analyst. Worker safety is an area of concern, leading to a slightly negative outlook. |
| US-based property and casualty insurance company | 3 | 2 | 2 | Medium | Limited evidence of integrating ESG into the investment process partially offset by reasonable efforts to mitigate risk of climate change in underwriting. |

Source: Allspring, as at Sep-23.

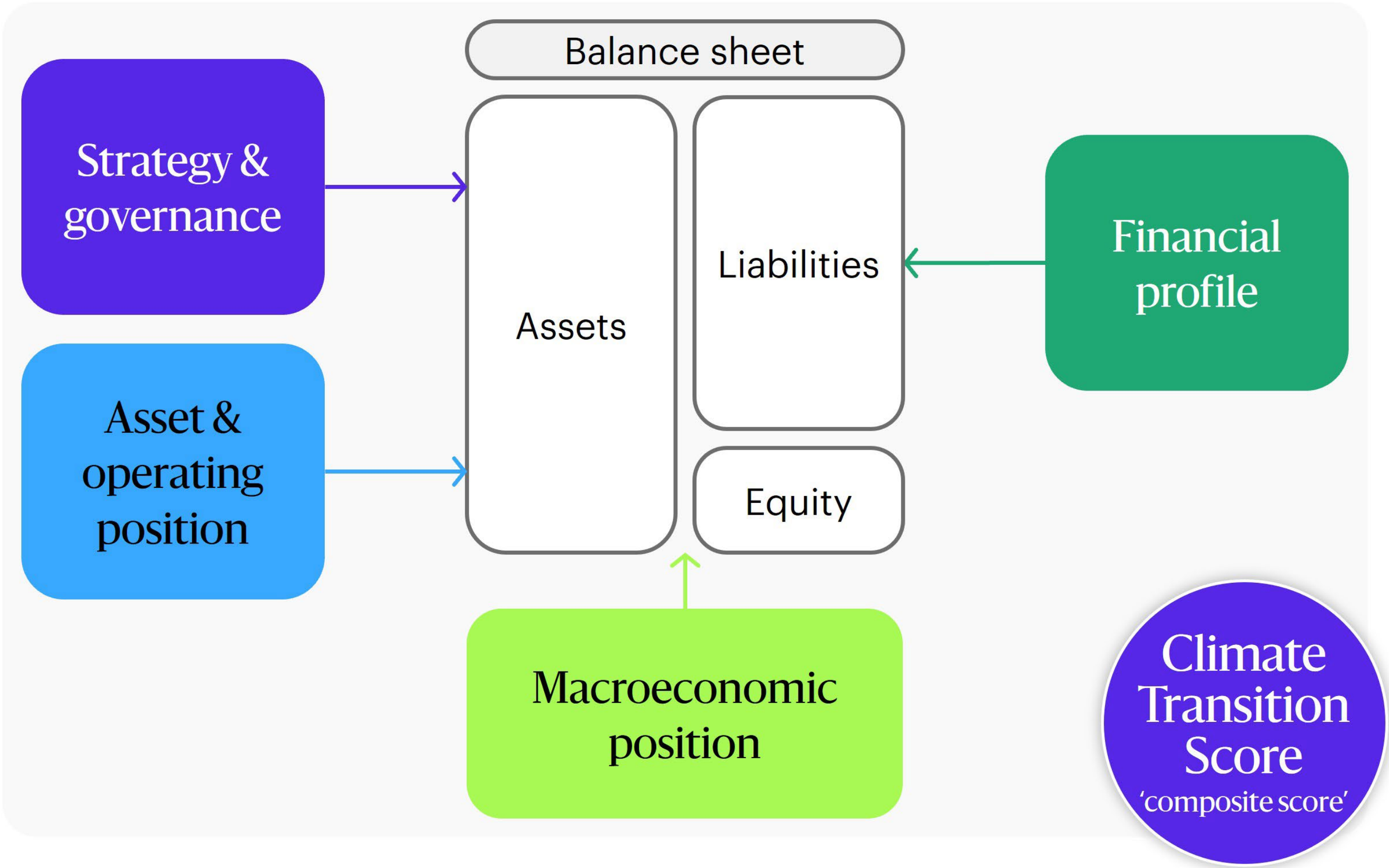
## Corporate fixed income: Climate Transition Credit

The transition towards net-zero emissions creates new opportunities and risks across markets. We believe assessing climate change's impact on security value and portfolio risk can lead to more successful investment and climate outcomes for investors. Many of our clients seek to marry financial and climate objectives and we have developed a range of climate transition fixed income strategies to meet this need.

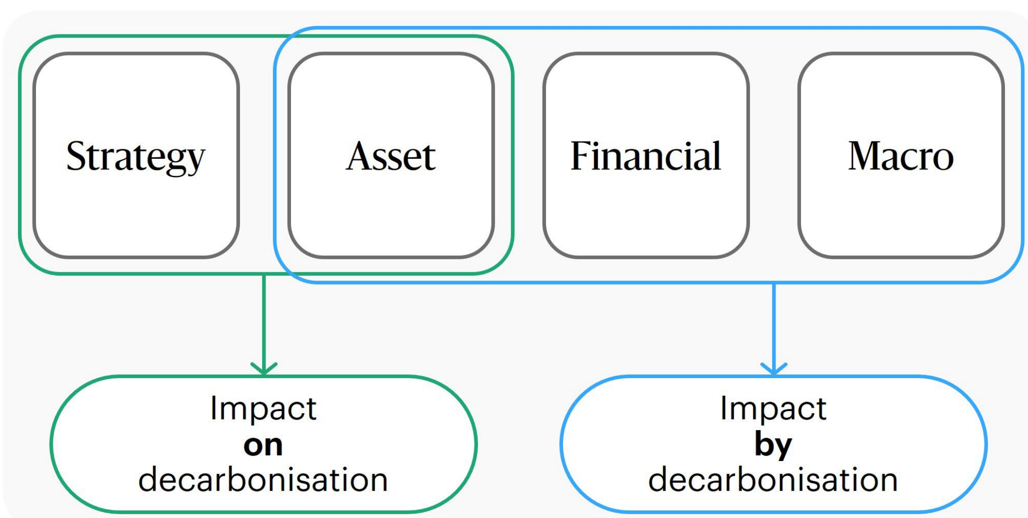
Our Climate Transition Credit strategies promote environmental characteristics by investing in the debt of companies that we consider fundamentally advantaged by decarbonisation and aligned to the climate transition. Portfolio decarbonisation is intended to be achieved by setting a decarbonisation profile 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.

We developed our Climate Transition Framework to identify investment opportunities. Our fundamental credit 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, positively or negatively. 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.

# Allspring's Climate Transition Framework




The four pillars are scored at the criteria level and include an assessment of the trend. Pillars measure both impact on decarbonisation, which is mainly strategy and governance, and impact by decarbonisation, which includes the financial profile and macroeconomic position, while asset and operating position straddle both categories.




The climate transition score tries to capture answers to two essential questions for each company:

01 What is decarbonisation's likely impact on the company?

02 What is the company's likely impact on decarbonisation?

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

Our Global Fixed Income Research team assesses climate risk via the Climate Transition Framework for all credits under their coverage and scoring is incorporated into the mosaic of information that portfolio managers use in their credit investment strategies. In the example below, a corporate-focused Scandinavian Bank is assessed across the four pillars of our Climate Transition Score with above average (2+) scores on Strategy & Governance, Asset & Operating position and Financial profile. It scores strongly on Strategy & Governance having developed in 2021 a two-pronged approach to climate transition, not only reducing its carbon exposure but also actively promoting sustainable lending. Its Asset & Operating position score (2.6) reflects the increase in sustainability-related financing from 4.0% at end-2021 to 7.8% at end of 2023 and its fossil fuel credit exposure had fallen from 4.8% in 2019 to 2.6% of its credit portfolio by the end of 2023. Its strong financial profile (2.7) score reflects not only its current strong credit metrics but that they should remain so in a climate transitioning world. The resulting overall Climate Transition Score is 2.7 on a scale of 0–4.

## High to low transition story

### Climate change impact

Positively impacted by

Positively impacting on

### Scandinavian Bank

- Corporate focused bank with best-in-class disclosure
- In 2021, the bank developed a two-pronged approach to climate strategy which involved not only reducing its carbon exposure ('the brown') but actively promoting sustainable lending ('the green').
- This involved increasing average green activity by 6-8x by 2030 compared with a 2021 baseline.
- Looking at energy portfolio, fossil share has gone down from 60% in 2019 to 37% at 3Q23.
- Sustainability-related financing as a share of total credit portfolio index has gone from 4.0% at end-2021 to 7.8% at 3Q23.

### Issuer summary

| | |
|---|---|
| Sector | Bank |
| Moody's | Aa3 |
| S&P | A+ |
| Fitch | AA- |

### Sustainability

| | |
|---|---|
| Quantitative | 4 |
| Qualitative | 3 |
| ESGiQ score | 3 |
| Sustainalytics ESG Risk Score | 24 |
| MSCI Overall Score | AA |

### Climate

| | |
|---|---|
| Strategy & governance | 2.8 |
| Asset & operating position | 2.6 |
| Financial profile | 2.7 |
| Macroeconomic position | 2 |
| Climate transition score | 2.7 |
| Carbon intensity | 4.1 |

### Contribution to SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

13 CLIMATE ACTION

## Allspring's SDG Lens

The United Nations (UN) Sustainable Development Goals (SDGs) are 17 broad-based goals for 2030 adopted by all UN Member States in 2015. The goals cover key environmental, social, and economic themes and their interconnectedness. Beneath the 17 SDGs, there are 169 specific underlying targets with 247 indicators.

In response to client interest, we have constructed a bottom-up framework to help determine which companies are supporting progress on the SDGs and which are hindering. We call this framework the SDG Lens. SDG Lens uses a structured and detailed approach to weigh positive and negative outcomes across a company's value chain, taking an industry-specific and detailed view of the SDG targets to formulate key questions about company actions. Our firm's sustainability experts and investment professionals use granular and specific data points to help answer these questions.

SDG Lens considers information across products and services, operations, and supply chains, including forward-looking targets, current and historical performance data, and management programs and policies. This multi-variable approach combines data inputs tailored to the SDG targets to arrive at an integrated, well-supported conclusion.

The assessment output provides insights into key themes such as gender diversity, water, climate action, and modern slavery, to name a few. The use case for the flexible SDG Lens includes illuminating portfolio exposures for client reporting, informing investment decisions, and steering allocations to SDGs of client choosing.

### Methodology summary

- Three channels of impact assessment: products and services, operations, and supply chain
- Controversy deductions depending on severity
- Five-point scale indicating whether a company is supporting or hindering progress towards an SDG


## Sovereign 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 157 sovereigns across developed and emerging markets. The goals of the ESGiQ Sovereign are to complement traditional measures of risk and provide a more holistic view of longer-term creditworthiness. We believe the topics assessed by ESGiQ Sovereign impact the economic factors that influence the creditworthiness of sovereign issues. ESGiQ Sovereign scores inform but do not drive overall qualitative assessments of sovereign bonds.

A comprehensive set of 19 environmental, social, and governance topics has been developed based on industry best practices and academic findings. For each topic, the best available dataset is sourced from a credible provider. The Sovereign ESGiQ uses a mix of both publicly available data and vended datasets.

## ESGiQ Sovereign pillars and inputs

| | TOPIC | SOURCE |
|---|---|---|
| Environmental | Water stress | World Resources Institute: Aquaduct |
| | Food security | Economist Intelligence Unit |
| | Energy use & security | World Energy Council: Trilemma Index |
| | Natural capital endowment | Yale Center: Environment Performance Index |
| | Waste & pollution | European Commission: EDGAR |
| | Climate change vulnerability | Notre Dame – Global Adaption Initiative |
| Social | Freedom of speech | Reporters Without Borders |
| | Demography | World Bank: Age Dependency Ratio |
| | Education | United Nations: Human Development Index |
| | Socioeconomic conditions | PRS Group |
| | Internal conflict | PRS Group |
| | Access to services | World Bank DataBank |
| Governance | Governance effectiveness | World Bank DataBank |
| | Economic environment | PRS Group |
| | Corruption | Transparency International: Corruption Perception |
| | Law & order | PRS Group |
| | Government stability | PRS Group |
| | Democratic accountability | PRS Group |
| | Gender equality | United Nations: Gender Inequality Index |

Source: Allspring Global Investments, as at 31-Dec-23. For illustrative purposes only.

Our preference is to source indexes developed by subject matter experts, where possible, over primary datasets which are direct measures of quantities and volumes. For example, the Food Security Index and Corruption Perception Index are used for the food security and corruption topics respectively. ESG topics are complex and difficult to capture using primary data points. There are two options to resolve this—the first would be to find a well-regarded proxy, a dataset that is highly correlated with the actual topic we would like to measure. The second would be to find datasets that capture the nuanced topic, as determined by subject matter experts. For the Sovereign ESGiQ framework, we have chosen the second option whenever possible. It eliminates the need to make assumptions about proxy datasets.

We orient the datasets so that a higher number is better, i.e. higher values represent low levels of ESG risk, and weight all topics equally within each of the three pillars—environmental, social, and governance. A country's score in the ESGiQ Sovereign can range from 1 (most risk) to 10 (least risk).

Our investment teams have access to scores for each of the three pillars, in addition to the overall ESGiQ score. The three pillars are weighted roughly equally with slightly more weight placed on governance. Environment and social pillars are weighted 30 percent and governance is weighted 40 percent in the final score.

Computed quarterly, the ESGiQ Sovereign operates without input from Allspring investment professionals. This design means that the framework can cover a wider universe of sovereign names and is consistent in its score generation. The output, be it at the pillar level or the overall ESG risk score, can then be used by the investment teams in several ways. For example, it can form part of the qualitative assessment of sovereign fundamentals. A higher- or lower-than-peer score (or in certain pillar components) could flag areas of potential risk or resilience that merit further investigation. Contrasting ESGiQ Sovereign scores with macroeconomic variables, such as GDP per capita or nominal/real yields, can also highlight sovereigns where ESG risk may not be adequately reflected in longer-term asset pricing.

## Fundamental equity: ESG research supports quality assessments and engagements

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 emerging markets equity teams holds the view that issues related to ESG risk and performance can impact future revenue, costs, cash flow, and earnings, and therefore may directly impact the long-term intrinsic value of a company. As such, ESG information and research can inform assessment of quality and value drivers where relevant, and surface engagement opportunities, for both existing and potential investments.

Understanding a company's exposure to and management of ESG factors helps the team better understand the risks and opportunities that companies face, which are not typically measured via an income statement or a balance sheet. For instance, a company with significant operations in India that does a poor job managing its water usage could face increased regulations and costs during a drought; a company with weak governance controls could become a victim of fraud or the subject of a lawsuit because of the actions of a few bad players; or a company with a weak record of data protection may strengthen security to reduce risk exposure. When relevant, the team seeks to research and engage with companies on these issues before they become significant enough to impact the income statement.

**ESG monitoring process:**

- Review ESG Characteristic Reports to identify companies with potential concerns
- Formally review and discuss flagged holdings in the team's investment meetings
- Determine if holdings merit additional fundamental research to address relevant ESG risk factors
- Engage with company management around ESG risk concerns, when appropriate
- Document engagement and follow up as appropriate
- Like any important input into the research process, extremely negative ESG assessments could impact our valuation assessment and investment decision, absent mitigating factors, such as measurable signs of improvement

## Fundamental equity: ESG research and engagement informs valuation

The Allspring Growth Equity team believes that companies with products or services that promote a sustainable future can drive their competitive advantage in the marketplace. Strong ESG policies and practices can contribute to a company's long-term sustainability of growth, a core tenet of the team's investment process focusing on companies on the right side of change. The team analyses a company's ESG strategy and initiatives, performance trajectory, and ESG-related revenue streams that can help to create a sustainable growth profile.

The team integrates ESG via an intensive research-based approach. ESG assessment is done through quantitative data and qualitative research. Quantitative reviews typically draw from third-party data providers. These providers each have strengths and weaknesses, and they differ in methodologies, labels, and standards. Therefore, the team evaluates material ESG issues not fully reflected in the quantitative data via qualitative research, which adds a fundamental element. The team closely examines how company management allocates human, financial, and social capital. Successful allocation of these resources correlates with key indicators of future performance such as market-share gains, growth in earnings per share, and superior free cash flow generation.

Engagement is a key tool for the team, which often works directly with company management on specific ESG issues that need to be addressed and where improvement in ESG performance can contribute to stock performance over time. Engagement can also provide greater insight into companies' cultures, risk management, and relations with all stakeholders. The team has found that these considerations often relate to sustainable competitive advantages for companies and foster financial success in the future.

The Growth Equity team makes continuous efforts to further integrate ESG considerations into its investment process. The team works closely with Allspring's dedicated sustainable investing professionals to further understand broad and granular ESG themes represented in portfolios as well as innovative approaches. They continue to evaluate the materiality landscape of ESG factors as both a source of risk mitigation and potential source of positive returns.

## A systematic approach to climate transition

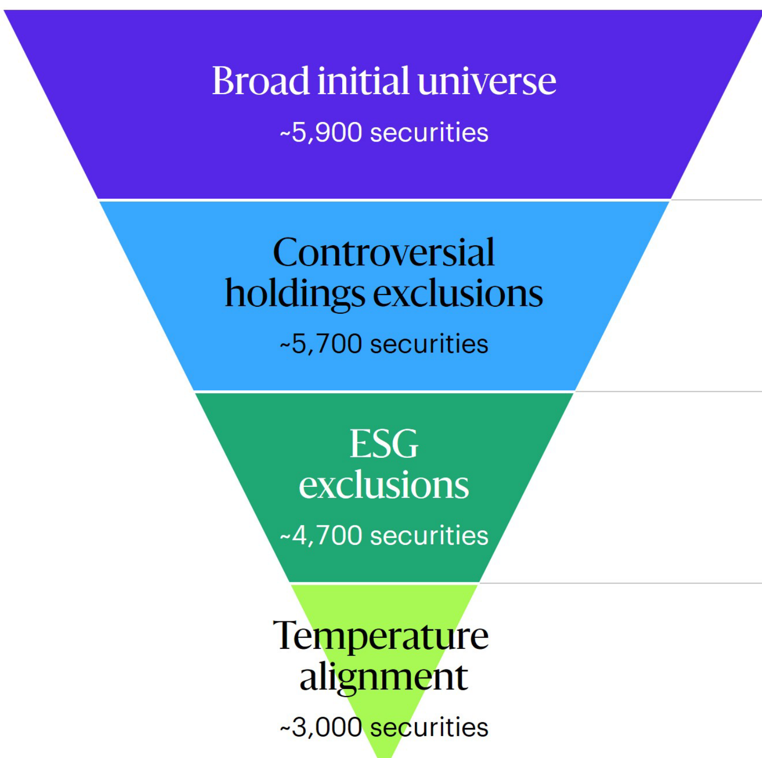
The Systematic Core Equity team believes limiting climate change to no more than 2 degrees Celsius will require significant changes to the economy that will present meaningful risks to the companies unprepared for the transition to a decarbonised economy, along with meaningful opportunities for those that are. The team's approach is predominantly risk-based and centered on the belief that over the long-term, companies which are well positioned should outperform peers who are not.

Climate Transition Global Equity is a core global equity strategy designed to deliver returns for investors while mitigating climate-related risks. The strategy has the dual objective of targeting long-term capital appreciation and reaching net zero emissions by 2050, delivered in a core global equity portfolio aligned with the Paris Agreement.

The strategy is underpinned by a time-tested alpha model that drives ~$8bn of AUM and has been successful in delivering alpha for clients since the late 1990s. The team's disciplined, objective and repeatable approach leveraging our alpha model, fundamental validation and risk-based portfolio construction, is utilised to meet both the financial and climate objectives of the fund.

The fund is designed to invest only in companies that have been identified as on track for a 2 degree or better climate outcome in line with the Paris Agreement and targeting net zero by 2050. The team leverages MSCI alignment data to identify companies with an implied temperature rise (ITR) of 2 degrees or less. The team accounts for scopes 1 and 2 in their implied temperature rise calculation. The portfolio's weighted average carbon intensity (WACI) is capped at 30% below that of its benchmark and managed such that the decarbonisation cap declines annually along a pre-defined decarbonisation profile.

All stocks included in the portfolio must meet our fundamental/financial requirements (i.e. being well ranked by the model) and must also be 2-degree aligned. The large initial investment universe is reduced to ~3,000 securities from which 80-100 make it into the final portfolio, which is designed to maximise exposure to companies that score well in the alpha model while adhering to various risk considerations.




- MSCI ACWI + non-ACWI names
- Large-mid cap, >$1bn market cap

- UN Global Compact violators
- Controversial weapons, civilian small arms, oil sands, tobacco and thermal coal

- Overall rating below BB rating
- Poor environmental score

- MSCI ACWI and non-MSCI ACWI companies that meet temperature alignment (ITR)

Each year, the investment team identifies at least two companies and partners with the Allspring Stewardship team to engage with these names. The desired goal of the teams' engagements is to encourage companies that they would like to invest in (and may hold in other portfolios) but are unable to due to lack of alignment, to improve their policies/processes to achieve alignment status. The team will typically select names seen as higher emitters or harder to transition, in line with their belief that a successful transition to a decarbonised economy will require broad market participation.

# 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 System and Organization Controls (SOC) and Statement on Standards for Attestation Engagements (SSAE) reporting, available only to clients upon request.

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 standards, MSCI ESG Research, and Sustainalytics.

While ESG information we procure from ESG vendors is becoming more readily available, there are limitations on information comparability, so we distil this down to three items:

01 ESG ratings are constructed independently and are not designed to measure the same things

02 The quality of company disclosure is inconsistent

03 The information can be stale and backward looking

We have designed a proprietary solution aimed at enhancing the value of any one vended dataset. 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.

## Proxy service monitoring

Allspring has a comprehensive third-party risk management program. Vendor relationships are managed in a risk-based manner, striking an appropriate balance between ensuring business objectives are met and identifying, mitigating and managing any material risks presented by those relationships. The firm has a dedicated vendor management team that supports lines of business and which is responsible for coordinating vendor onboarding and monitoring, including the completion of appropriate due diligence assessments (including the review of cyber and business continuity plans (BCP) policies) and legal contract review. Allspring uses S&P Global's Know Your Third Party (KY3P) product and KY3P-managed service to onboard, manage and monitor its third parties. For confidentiality and liability reasons, we cannot issue public statements about third-party assessment results.

We also monitor our proxy services continuously through the work of our dedicated Stewardship team. The team at Allspring is in constant contact with ISS. Along with regular meetings, the team communicates and resolves issues as they arise 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 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 opposition slates) and capitalization items such as mergers, acquisitions, reorganisations, restructurings, spin-offs, issuances of shares in connection with an acquisition, and the sale or purchase of company assets. For these votes, the DDWG proactively seeks out the opinion of our fundamental portfolio managers for their insight into each company.

Case study

HIGH IMPORTANCE REVIEW (PROXY CONTEST)

## Gildan Activewear

Gildan Activewear primarily manufactures 'blank activewear' which is subsequently decorated by screen printing companies with designs and logos. In December 2023, the Gildan Board of Directors abruptly terminated the company CEO Glenn Chamandy after 20 years in that position. Many long-time shareowners were displeased with the firing and the replacement choice, CEO Vince Tyra. In fact, one shareowner, Browning West, had owned the company for four years with no activist intent but changed their position to activist as a response and requested that the Board consider its two director nominees to be added to the Board. In late December, the Board was still unresponsive, so the activist increased their slate of disssidents from two to five and joined the chorus of investors asking the Board to re-instate Chamandy as CEO. The Board became hostile and filed a lawsuit against Browning West, followed by an announcement in March 2024 that the Board was putting the company up for sale. Browning West then filed a proxy circular with eight dissident directors nominated to replace the whole Board. As the May annual general meeting approached, the company replaced five Board members with directors loyal to the replacement CEO Tyra. On May 23, 2024, as the majority of shareowners made it clear that they supported Browning West and the company announced the sale process was curtailed. The CEO and entire Board stepped down and Chamandy was reinstated as CEO to make way for the votes at the May 28 meeting. Allspring supported all eight dissident directors who were elected at this meeting.

**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 AUM) that are flagged by ISS as having a low governance score (in the lowest 3 ratings bands out of 10). [Note: In 2024, one of these companies was private and therefore did not have an annual general meeting of shareholders.] 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 and we highlight key votes against management, if any.

| COMPANY+ | ESTIMATED POSITION VALUE (IN USD)* | ISS GOVERNANCE QUALITY SCORE** | ALLSPRING VOTED WITH MANAGEMENT | ALLSPRING VOTED AGAINST MANAGEMENT | SIGNIFICANT VOTES AGAINST MANAGEMENT |
|---|---|---|---|---|---|
| Alphabet Inc. | 1.3 B | 10 | 13 | 10 | Allspring voted for the shareholder proposal to "Report on Risks Related to AI Generated Misinformation and Disinformation". Recent controversies, the potential for litigation, and growing regulations indicate that shareholders would benefit from an annual review of Alphabet’s risk management with respect to its use of generative AI. Shareholders would also benefit from greater transparency on mis/disinformation related to generative AI to assess how the company is managing associated risks. |
| Amazon.com, Inc. | 1.2 B | 9 | 21 | 7 | Allspring voted for a shareholder proposal to "Commission a Third-Party Audit on Working Conditions" due to concerns regarding recent workplace-related violations and resulting negative media attention, posing reputational risk. The audit results may also address the inconsistencies between the statistics cited by the proponent and the injury rates reported by the company, which would allow shareholders to more fully evaluate the company's efforts to address workplace safety. |
| Meta Platforms, Inc. | 915.1 M | 10 | 9 | 14 | Allspring voted for the shareholder proposal to "Report on Child Safety and Harm Reduction". Given the potential financial and reputational impacts of potential controversies related to child safety on the company's platforms, and concerns about social media impacts on teen mental health, shareholders would benefit from additional information on how the company is managing the risks related to child safety. |
| Tencent Holdings Limited | 485.1 M | 10 | 8 | 1 | Allspring voted against the approval of an issuance of equity or equity-linked securities without pre-emptive rights because the company has not specified the discount limit for issuances of shares for cash consideration and issuances for non-cash consideration. |
| Jacobs Solutions, Inc. | 468.0 M | 8 | 17 | 1 | Allspring voted for the shareholder proposal (against management) to adopt a simple majority vote because the elimination of the supermajority vote requirement would enhance shareholder rights. |
| Keurig Dr Pepper Inc. | 462.2 M | 9 | 14 | 0 | There were no votes against management. |
| Reynolds Consumer Products Inc. | 340.6 M | 8 | 3 | 3 | Allspring voted against amending the certificate of incorporation to allow the exculpation of officers because there are various aspects of the company's governance which impair accountability to shareholders. Furthermore, the company is controlled and half of the members of the company's Board of Directors are not independent. Decisions regarding the company's response to shareholder litigation would be made by a Board that lacks accountability. |
| Loews Corporation | 259.8 M | 9 | 13 | 0 | There were no votes against management. |
| Berkshire Hathaway Inc. | 257.3 M | 10 | 14 | 6 | Allspring withheld votes for four directors up for election: Stephen B. Burke, Kenneth I. Chenault, Charlotte Guyman, Thomas S. Murphy, Jr. due to the company maintaining a multi-class share structure with disparate voting rights, which is not subject to a reasonable, time-based sunset and persistent concerns regarding executive pay practices and disclosures. |

| COMPANY+ | ESTIMATED POSITION VALUE (IN USD)* | ISS GOVERNANCE QUALITY SCORE** | ALLSPRING VOTED WITH MANAGEMENT | ALLSPRING VOTED AGAINST MANAGEMENT | SIGNIFICANT VOTES AGAINST MANAGEMENT |
|---|---|---|---|---|---|
| Fair Isaac Corporation | 246.0 M | 10 | 10 | 1 | Allspring voted against Say on Pay based on several problematic issues. Despite recent outperformance by the company, a pay-for-performance misalignment exists for the year in review. Although the annual bonus was based on rigorous financial measures, a concern is noted regarding the potential for individual performance to greatly increase payouts in instances of financial underperformance. Though a majority of the LTI program was in performance-conditioned equity, a majority of the performance equity utilized a one-year performance period. Furthermore, there are concerns regarding target setting, as the financial metrics and targets used were identical to the annual bonus program, while the market-based equity targeted performance at merely the median of the Russell 3000 Index. The market-based equity also allows for multiple opportunities to vest, which runs counter to the at-risk nature of a pay-for-performance philosophy. Finally, the CEO received a retention award, a significant portion of which was in time-vested equity, while the performance portion, though measured over a longer term, still targets the median of the Index. |
| HEICO Corporation | 224.5 M | 10 | 9 | 3 | Allspring voted against management on Say on Pay. Certain concerns raised in prior years have now resulted in a misalignment between pay and performance. Annual incentive opportunities are relatively large and, while financial targets are disclosed, threshold and maximum goals are not provided nor is the payout formula. Further, equity awards are entirely time-vesting and two NEOs received time-vesting grants that approximated total CEO pay at peer companies. Lastly, the Board made sizable, discretionary contributions to NEOs' deferred compensation accounts. |
| Charles River Laboratories International, Inc. | 199.9 M | 8 | 14 | 0 | There were no votes against management. |
| Axon Enterprise, Inc. | 199.2 M | 9 | 11 | 4 | Allspring voted against the management proposal to "Approve Share Plan Grant to CEO Patrick W. Smith". While the award is smaller than the grant originally proposed (but withdrawn) last year, concerns regarding the magnitude and design of this award again outweigh the positive aspects. The grant size is considered excessive and effectively locks in high pay opportunities for multiple years. This structure also restricts the Board's ability to meaningfully adjust future pay levels or incentive metrics. In addition, as of the time of this report, the first stock price hurdle had already been exceeded. Lastly, despite very strong performance over the period between the 2018 award and now, investors may question the need for another sizable stock award to a CEO who owns $900 million in the company's stock. |
| Teledyne Technologies Incorporated | 191.8 M | 9 | 8 | 1 | Allspring voted for the shareholder proposal (against management) to adopt a simple majority vote because the elimination of the supermajority vote requirement would enhance shareholder rights. |

**ISS Governance scores are calculated on a scale of 1 (highest) to 10 (lowest) based upon ISS' assessment of governance risk based upon publicly available information. Scores indicate rank relative to index or region.

**Significant relationships review:** ISS provides us monthly 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. In 2024, there were 53 companies that screened as being on the list of significant relationships and where ISS aligned with management on Say on Pay and/or shareholder proposals. The case study below illuminates how we can advance our understanding of these issues and inform our voting for future meetings.

## Case study

### A US Bank

A US bank was on the ISS Significant Relationships list in 2024 and as a result we reviewed ISS’s recommendation on Say on Pay. ISS recommended a FOR vote on Say on Pay but we believed there was a disconnect as the analysis and discussion projected a very critical tone. ISS projected frustration that year after year the Bank lacked disclosures surrounding KPIs and weightings of each component of the annual bonus incentive. We decided to request an engagement with the bank with one of the major topics being executive compensation. We confirmed that In the short-term incentive program the company does not disclose the weights to the five metrics in the program—Net Interest Income, Diluted EPS, ROE, ROA, and risk-adjusted efficiency ratio. While it does disclose the targets for each, it does not disclose pre-set minimums and maximums in addition to the targets. Finally, it also does not disclose the actual results achieved for the year. As a result, the proxy disclosure makes it difficult for us to assess to what extent the various factors and considerations cited are linked to the final pay decision. Allspring encouraged the Compensation Committee to contemplate better disclosure and a more formulaic structure to short-term incentives. Allspring will also review the ISS recommendation on Say on Pay prior to the 2025 company meeting to review our vote.

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

Our inclusive approach is a key differentiator of how we engage. The Stewardship team organises and leads company-wide engagements that also include many of our specialised investment teams. By bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure, we leverage the deep fundamental research and perspectives of our investment teams and the ESG expertise of our Stewardship team. This structure also brings to bear the scale of our AUA across equities and fixed income. As a result, we believe we have influence, given our size and the breadth of asset classes we manage. In 2024, fundamental investment teams participated in 90% of the engagements led by the Stewardship team.

Along with our company-wide Stewardship team, independent investment teams 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. Engagements can therefore be categorised by who leads the engagement and the format for the engagement.

01 **ESG engagements led by the Stewardship team:** defined as in-depth, multi-year programmes of repeat meetings on material ESG topics with companies. These interactions will bring together perspectives from across our firm, including those from our fundamental equity and fixed income teams. The Stewardship team also engages companies in writing, for instance encouraging them to improve certain disclosures.

02 **ESG engagements led by an investment team:** defined as meetings with companies where ESG topics are part of a broader agenda. These meetings typically do not involve the Stewardship team.

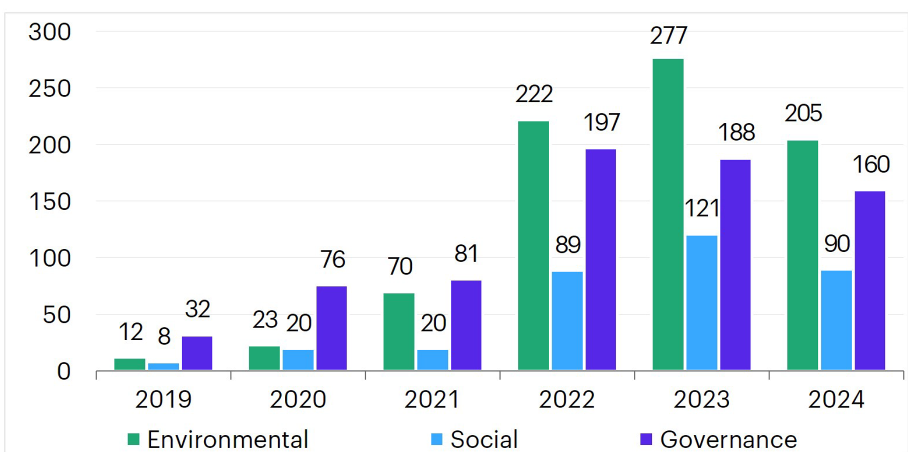
In 2024, our investment teams conducted over 600 ESG engagement meetings and communications independent of the Stewardship Team.

## Allspring engagement activity

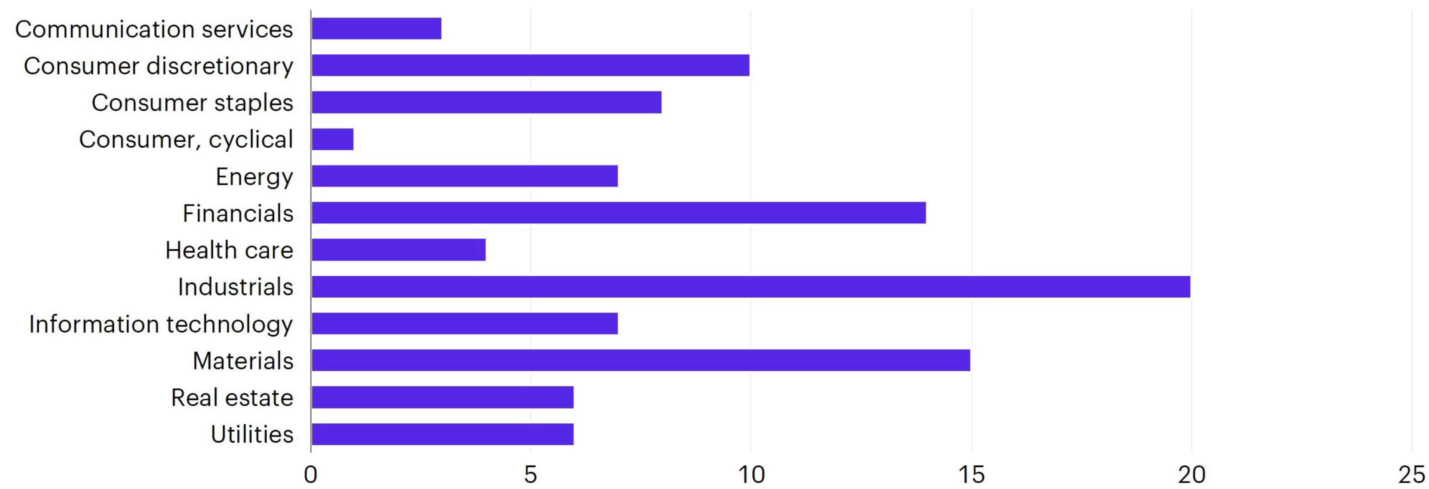
In 2024, the Stewardship team led 101 engagements and covered 455 key ESG topics during the meetings. This represented $41 billion of invested assets which was approximately 19% of our assets invested in corporates. We believe our ESG engagements are differentiated based on how focused we are and how efficiently we span a broad set of material ESG issues and yet also bring depth to our analysis. This is reflected in the ratio of ESG issues of focus to company meetings, which was over 4.5 in 2024 compared with 2.4 in 2020. Our case studies below reflect the breadth and depth of our engagements.

### Company-wide engagement activity

| | ENGAGEMENTS | ESG ISSUES |
|---|---|---|
| **2019** | 27 | 52 |
| **2020** | 50 | 119 |
| **2021** | 42 | 171 |
| **2022** | 89 | 508 |
| **2023** | 100 | 586 |
| **2024** | 101 | 455 |



### Firm-wide engagement activity 2024—by sector




As an active manager, we primarily practice direct private engagement with investee companies through meetings with management and board directors. 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. We may also engage through written correspondence to communicate positions broadly across a variety of investment holdings on a particular issue. For example, in 2024, we communicated by email with several companies that we flagged for having deficiencies in board diversity disclosure.

In-depth engagement led by the Stewardship 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. By participating in the engagements, the analysts incorporate their opinions into their mosaic of their fundamental analysis.

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 consider 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.

## 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 and the proprietary scores from our ESGiQ and Climate Transition Frameworks (discussed below)

## Allspring's 2024 priority engagement themes

Annually, the Stewardship team sets a strategic plan for thematic engagement. In the first 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. Once themes are identified, we then map the materiality of ESG priority issues to industries and sectors of interest. The following identifies our 2024 priority themes and sectors.

| | Airlines | Aviation OEMs | Auto OEMs | Utilities | Financials | Food & beverage | Media |
|---|---|---|---|---|---|---|---|
| Climate change | Most material | Most material | Most material | Most material | Somewhat material | Somewhat material | Least material |
| Water management & risk | Somewhat material | Somewhat material | Somewhat material | Least material | Least material | Most material | Least material |
| Plastic & circular economy | Most material | Most material | Most material | Least material | Least material | Most material | Least material |
| Workforce diversity | Most material | Most material | Most material | Most material | Most material | Most material | Most material |
| Human rights & supply chain | Least material | Most material | Most material | Least material | Least material | Most material | Least material |
| Content governance | Least material | Least material | Least material | Least material | Least material | Least material | Most material |
| Corporate governance | Most material | Most material | Most material | Most material | Most material | Most material | Most material |

KEY • Most material • Somewhat material • Least material

Our Stewardship team, with input from the investment teams, then leads the prioritisation of which companies to focus on within the strategic themes established. The Stewardship team screens our investment portfolios to flag sector laggards and leaders on material ESG issues through our proprietary analytical frameworks, such as ESGiQ and Climate Transition Scores. Potential engagement targets are then prioritised by impact potential, which is determined by assessing the company's systemic importance to the issue, its significance in our aggregate exposure across the investment platform, and its potential significance in portfolio-level exposure. More detail on our high priority themes in 2024 is discussed below.

### 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 to evaluate the robustness of their climate transition strategies. This includes (followed by year when the theme was launched):

- Auto original equipment manufacturers (OEMs, 2020)
- Utilities (2020)
- Airlines & airline OEMs (2021)
- Integrated energy (2021)
- Metals & mining (2021)
- Chemicals (2022)
- Food & agriculture (2022)
- Insurance (2022)
- REITs (2023)
- Transport (2023)

In 2024, we circled back on two key sectors we engaged with for the first time 3–4 years ago with key milestones approaching:

- **Automobile OEMs:** EV sales goals set in 2020 have 2025 milestones and many headwinds and tailwinds have developed in the past four years.
- **Airlines:** All have committed to considerable Sustainable Aviation Fuel (SAF) usage goals by 2030 but supply continues to be a meagre 1% of all fuel utilised. Second and third generation SAF pathways with more scalable feedstocks are emerging as solutions for the coming decades as the industry commits to 100% SAF by 2050.

We launched a thematic focus on financials as a sector where Allspring has considerable investment, focusing on financed emissions and sustainable finance. Most large global banks have set emissions reductions targets for high-emitting sectors in their loan portfolios. Many banks also joined the Net Zero Banking Alliance which was already coming under scrutiny with sustainability and climate commitments increasingly in the crosshairs in the US while the rest of the world continues to be pro-sustainability and climate.

## Case studies

### 2024: Bank Comparison: Financed Emissions and Sustainable Finance

**ISSUE:** Banks play a critical role to catalyse global sustainable economic growth by allocating their capital and expertise to help accelerate the global transition to a low-carbon economy. This is referred to as sustainable finance. They can also reduce the emissions associated with their financing and investment activities, known as "financed emissions". Many large banks have set financed emissions reductions targets for the highest emitting sectors in their loan book. The disclosure of financed emissions is currently voluntary in the US, though already mandatory in the European Union.

**OBJECTIVE:** To assess the progress on their substantial sustainable finance goals and the evolution of their approaches to financed emissions.

**ENGAGEMENT FINDINGS:** Both JP Morgan and Wells Fargo have set sustainable finance goals and financed emissions reduction targets in their loan books for high-emitting sectors. In 2021, JP Morgan set a ten-year $2.5 trillion Sustainable Development Target by 2030, incorporating activity across retail and wholesale banking segments. This goal is larger and more comprehensive than its peers. Also in 2021, Wells Fargo set a goal of $500 billion for sustainable finance, also by 2030 with 80% towards wholesale banking segments. The challenge is, while both banks disclose what their definitions are, they vary dramatically, making it hard to compare like for like. The banks' categorisation and progress over two years is shown below:

**JP Morgan**

| CATEGORY | ACHIEVED 2021–2023 ($M) |
|---|---|
| Green finance | 242 |
| Development finance (to developing countries) | 306 |
| Community development (focused on low income, underserved communities)* | 127 |

**Wells Fargo**

| CATEGORY | ACHIEVED 2021–2023 ($M) |
|---|---|
| Environmental finance | 47 |
| Standard aligned finance (sustainability linked bonds, sustainability bonds, green bonds, social bonds) | 102 |
| Social finance (affordable housing & empowerment) | 28 |

The first category seems, on the surface, comparable. In the third category, JP Morgan has a much broader list of what it includes (areas such as homeownership and affordable housing, small business growth, education and healthcare, with a focus on Low-to-Moderate Income ("LMI") individuals and underserved communities, as well as Black, Hispanic and Latino individuals and communities). For Wells Fargo, it is simply stated as affordable housing and "socioeconomic advancement and empowerment". JP Morgan has a category defined as lending to developing countries. It is not clear where JP Morgan would put what Wells Fargo calls "standard aligned finance" but clearly JP Morgan would be very involved in this type of financing as well.

In terms of financed emissions, when Allspring began engaging with JP Morgan in 2021, the company had only set intensity reduction targets for Oil & Gas, Electric Power, and Automotive Manufacturing. Since then, JP Morgan has added Iron & Steel, Cement, Aviation, Shipping, and Aluminium. Along with the addition of new carbon-intensive sectors, in 2023, the company advanced its financed emissions approach by aligning all emissions reduction targets with a more ambitious IEA scenario which aims to limit temperature rise to 1.5 degrees Celsius and achieve net zero emissions by 2050 (previously 2070-aligned).

Wells Fargo has financed emissions reduction targets by 2030 for five sectors: Oil & Gas, Power, Auto, Steel, and Aviation. During the engagement we discussed the announcement in its climate report that it is not setting any additional targets. The bank stated it was for a variety of reasons such as data reliability or lack of methodologies. It believes as these issues are resolved, it will continue to set targets for other high-emitting sectors.

The banks have different definitions and reporting approaches to Oil & Gas. In the sectors where the definitions align, we can compare their emission-reduction targets to comparably defined sectors in the table below:

| | | JP Morgan | | Wells Fargo | |
|---|---|---|---|---|---|
| UNIT | SCOPES INCLUDED | BASELINE EMISSIONS (YEAR) | 2030 TARGET (% REDUCTION) | BASELINE EMISSIONS (YEAR) | 2030 TARGET (% REDUCTION) |
| Electric power | Scope 1 | 343 (2019) | 284 (-17%) | 273 (2019) | 102 (-63%) |
| Auto OEM | Scopes 1, 2, & 3 (tank to wheel) | 165 (2019) | 86 (-48%) | 220 (2021) | 103 (-53%) |
| Steel manufacturing | Scope 1 + Scope 2 | 1.42 (2020) | 1.30 (-8%) | 1.01 (2021) | 1.01 (0%) |
| Aviation | Scope 1 (tank to wake) | 973 (2021) | 625 (-36%) | 969 (2019) | 775 (-20%) |

Note: each sector has different units of CO2 measurement but both banks use the same units of measurement

In terms of strategies to lower financed emissions, both banks state they are working with clients to help them design pathways to reduce emissions. Electric power stands out as a sector where Wells Fargo believes it can achieve more aggressive reduction than JP Morgan. Wells states "Much of the power sector's transition is expected to rely on known technologies like solar, wind, and battery storage that Wells Fargo is already financing both directly and through utility clients". JPM has more sectors targeted in its financed emissions goal setting for high-emitting sectors and its sustainable finance goal of $2.5 Trillion over 10 years to 2030 is the largest commitment of the US banks.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave our engagements with both banks a positive rating in terms of our "positive, neutral and negative" outcome scale. Ratings are given relative to our expectations for the company before the meeting. Expectations are made based on our due diligence ahead of engagement, our history of engagement with the company and the maturity of the sustainability program.

## Heidelberg Materials AG

| | | | |
|---|---|---|---|
| COUNTRY | Germany | SECTOR | Building materials |
| ASSET CLASSES | Fixed income and equity | ENGAGEMENT TEAM (#) | Stewardship (2), Credit Analyst (3) |
| DISCUSSED TOPICS | Climate Change, Green Products, Regulatory Risk, Capital Allocation & Strategy | | |

**BACKGROUND:** Heidelberg Materials AG produces and markets building materials and solutions.

**ISSUE:** Per the UN Environmental Programme, the buildings and construction sector accounts for 37% of global emissions. This encompasses the production and use of materials such as cement, steel, and aluminium. Cement companies have been setting or revamping targets to reduce their carbon intensity ($CO_2e$/tons cementitious material), but many still fall short of international expectations. Only four companies have set targets that meet or surpass the 2030 benchmark from the International Energy Agency's Net Zero by 2050 scenario. Cement production is highly carbon-intensive primarily due to the chemical process involved in making cement, known as the calcination of limestone, and the energy required for the process. This outlines the challenge faced by an industry where emissions are not only high but also hard to abate.

**OBJECTIVE:** To discuss the company's decarbonisation levers and the growth strategy of its green product line.

**ENGAGEMENT FINDINGS:** In accordance with SBTi's 1,5DS pathway, by 2030, Heidelberg aims to reduce its net Scope 1 CO2 emissions to 400 kg per ton of cementitious material. This corresponds to a reduction of almost half compared to 1990.

Heidelberg has three key levers to reach its CO2-reduction target: First, a clinker-to-cement ratio of less than 68% by 2030, aimed to help lower carbon emissions and boost its environmental performance; second, the 45%-plus use of alternative fuels and 20% biomass; and lastly, to lead sector decarbonisation, the company seeks to eliminate 10 million tons of CO2 via Carbon Capture Utilization and Storage (CCUS) technologies alone as of 2030. To do so, Heidelberg plans to invest a total of €3,250.0 million and €280.0 million in OpEx by 2030.

These efforts hinge on the increased demand for its green, durable building materials. The share of revenue generated with sustainable products serving sustainable construction increased to 39% in 2023. The company is aiming to achieve 50% revenue share from sustainable products that are either low-carbon or circular by 2030.

Heidelberg believes that the eco-products should significantly boost margins along with their sustainability gains. While low-carbon products may be the industry's future, Heidelberg will be able to sell exclusive products in the European market for the time being. With blockchain technology, the company will also be able to track the CO2 use of different regional products and assign them different cost structures. Some of these material compositions will be based on regional regulations for building materials. For example, in Switzerland, you may utilise up to 50% alternatives in cement products, whereas in Germany, you may only use 15%.

Regarding competition, Heidelberg is not worried about smaller players for the time being. It believes that smaller competitors lack either the funds or the expertise to scale low-carbon cement operations.

**FUTURE FOCUS:** Heidelberg has made significant investments in its green product line and is positioned to be a market leader in Europe. Additionally, because of its early investments into CCUS and advantageous application strategy regarding government grants for green funding, the company should be able to circumvent any costs stemming from the EU Carbon Border Adjustment Mechanism. To this end, we will continue to monitor the company's investments in new plants and CCUS projects, given the evolving regulatory landscape in Germany.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale. This was Allspring's first engagement with Heidelberg and we formed a positive view that the significant investments into its green product line and CCUS discussed during the engagement make the company an industry leader.

## General Motors

| | | | |
|---|---|---|---|
| COUNTRY | United States | SECTOR | Autos |
| ASSET CLASSES | Fixed income and equity | ENGAGEMENT TEAM (#) | Stewardship (2), Global Fixed Income (3) |
| DISCUSSED TOPICS | Climate Change, Electric Vehicles, Executive Compensation | | |

**BACKGROUND:** GM designs, builds, and sells motor vehicles under a suit of well-known brands.

**ISSUE:** While the transition to electric vehicles is accelerating globally, that shift is manifesting asymmetrically—with most new battery electric vehicles (BEV) sales concentrated in a few major markets. In 2024, global EV sales increased to 17.1 million, a 25% growth from 2023. In the medium term, BEV market growth has been strong, though it has slowed in the past couple of years. The relative slowness in market growth in the US is due, in part, to increased input costs, dampened consumer interest, and insufficient charging infrastructure. This has caused OEMs to slow EV production and adjust their rollout outlook.

**OBJECTIVE:** To assess the evolution of the company's climate transition strategy and EV rollout.

**ENGAGEMENT FINDINGS:** Market growth for GM's BEVs has been slower than forecast, and traction and near-term progress have been challenging for the company due to weaker-than-expected demand. The company recently pulled back its 2024 EV sales outlook from 200,000-300,000 to 250,000 on the high-end. Part of this pullback was due to the long tail of internal combustion engine (ICE) demand.

Regardless, the company is committed to its long-term vision for a full EV lineup. It will prioritise its EV expansion by developing new products and increasing production capacity. In addition to bolstering its own in-house lineup, part of that work will be partnerships with other OEMs. The company recently announced partnerships with Honda and Acura to produce several vehicles, although it could not get into detail on the subject during the engagement.

Additionally, the company is pursuing partnerships to fortify charging architecture and reliability. Reliability issues with CCS chargers have been seen as a potential barrier to wider BEV adoption. Tesla opened up its NACS standard in November 2022, publishing the technical specifications and inviting charging network operators and other automakers to use its plug design. In June 2023, GM announced it would adopt Tesla's North American Charging Standard (NACS) in GM EVs, beginning with BEVs manufactured in 2025, with adapters available in 2024 to those already manufactured. GM cites this as an essential next step in quickly expanding their customers' access to fast chargers. GM noted that most EV customers are on the coast, and the ability to focus more on collective industry investment in charging infrastructure in inland areas will help drive demand by easing availability and range issues.

**FUTURE FOCUS:** GM is fully committed to an EV future and is not backing down from its goal of 100% EV sales (light duty) by 2035. Since 2020, GM announced investments of over $12 billion across various sites in North America, and in 2022, it issued a $2.25 billion green bond with the use of proceeds towards capital expenditures to convert from ICE to EV (Factory ZERO Assembly Center in Detroit-Hamtramck, Michigan and Orion Assembly, in Orion Township). Recent news flow indicates EV profits are on the uptick. Investors will have to scrutinise the persistence of EV demand and how GM can manage its production capacity and EV rollouts.

Allspring will continue to discuss the EV strategy with the company. Additionally, we will seek more clarity surrounding the company's Just Transition narrative.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a neutral rating in terms of our "positive, neutral and negative" outcome scale. We have had an ongoing engagement with GM since 2019 and progress on their EV strategy, as discussed, was in line with our expectations ahead of the meeting.

## Vistajet

| | | | |
|---|---|---|---|
| COUNTRY | Malta | SECTOR | Airlines |
| ASSET CLASSES | Fixed income | ENGAGEMENT TEAM (#) | Stewardship (3), Global Fixed Income (2) |
| DISCUSSED TOPICS | Climate Change, Lobbying, Human Capital | | |

**BACKGROUND:** Allspring reached out to VistaJet, along with a number of other companies involved in air and sea transportation, to engage on their plans for decarbonising the hard-to-abate sectors, and the governance they have in place to oversee these plans. Airlines and specifically their plans for ramping up the use of SAF was one of the focus engagement themes for 2024. VistaJet provides private jets and transit services to customers worldwide.

**ISSUE:** As already noted, airlines are viewed as a hard-to-abate sector, given they cannot be electrified (other than in a limited number of use cases) like some other carbon intensive sectors. Currently their path towards net zero is heavily reliant on SAF as a blend with jet fuel to reduce GHG emissions. Revolutionary technology in terms of hydrogen and electric propulsion is at varying phases of development and testing but is not expected to hit runways for commercial airlines until the middle of the next decade. Global aviation emissions may currently be fairly modest when compared to other sectors, but as volumes in the sector are anticipated to grow, and as other sectors decarbonise, their share of global emissions is likely to increase rapidly. Unchecked, this could lead to harsher regulation and higher carbon taxes.

**OBJECTIVE:** To assess the company's decarbonisation strategy and its investments in this plan given current technological limitations.

**ENGAGEMENT FINDINGS:** VistaJet were forthcoming with their strategy and the progress to date. As with their commercial counterparts, the focus has shifted from carbon offsetting initially to SAF. This is sensible given it is the only near-term, realisable decarbonisation lever available to substantially decarbonise aviation, and aviation fuel accounted for c.72% of total (Scopes 1, 2 and 3 emissions) in 2023. VistaJet noted the progress made in ramping up the SAF supply secured from 200,000 US gallons in 2022 to 4.2 million in 2023 and the blending maximum is 50%. Availability and feedstock are the main determinants of price at present, with SAF tending to be cheaper if the airport is located close to a refinery. In general, the price can be 2x to 10x that of jet fuel.

Regarding feedstock, VistaJet has already stated it will only purchase fuel that is certified by the International Sustainability and Carbon Certification (ISCC), which rules out SAF being produced from crops grown specifically to produce fuel. Currently, VistaJet is using biogenic SAF produced from used cooking oil, and there is additional room to grow volumes here and from other organic waste materials. Achieving the industry's low-carbon goals will require a mix of different pathways to produce SAF, including the growth of eSAF which is derived by renewable energy.

As with the cost of carbon offsets, the costs associated with SAF are wholly passed through to the customer through an addition to their subscription fee, expressed as a percentage of flight cost per hour. The company has been transparent, and the overall cost uplift has been modest at c.1% per hour. VistaJet believes that many of their customers 'feel good' about their decarbonisation initiatives, and there has been no pushback.

Regarding contrails and the warming impact they have, VistaJet was less forthcoming. The company is aware of the research and the issue but has not yet commenced work on it.

**FUTURE FOCUS:** As the engagement was focused on their decarbonisation strategy, we did not have the opportunity to discuss DE&I topics, including efforts to increase the gender, racial and ethnic representation of their pilots.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale. This was Allspring's first engagement with VistaJet and we formed a positive view that their efforts on SAF and transparency with customers are strong and tangible given where the industry is today.

## Natural Capital & Biodiversity

Natural capital is the world's stock of natural resources, which includes geology, soils, air, water and all living organisms while biodiversity is a subset of natural capital and 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.

In recognition of this, each year we have set several thematic engagement initiatives directly related to natural capital and biodiversity. Under the biodiversity umbrella, the issues engaged on 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, food and agriculture, metals and mining, waste management, integrated energy and utility sectors. As long-term investors, we have 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 respect for the biodiverse contexts in which they operate.

In 2024, we revisited plastics and packaging and the circular economy from three years ago as many beverage companies made bold rPET commitments and the 2030 milestones are now approaching. Another timely development is the UN Global Plastics Treaty which was endorsed by 200 countries in 2022 with ratification expected following another round of negotiations in 2025, adding further momentum. Deforestation continues to be at the forefront with new (albeit delayed to end-2025) European regulation banning products linked to deforestation, introducing heightened risks to many sectors. We also elevated water management as a key engagement topic that is material to many industries. In particular, we will focus on the robustness of water management programs in high water-stress areas and company commitments to reduce and reuse.

In the table below we highlight the topics covered in the biodiversity engagements with our three largest holdings in each sector (if more than three companies were engaged upon).

| Biodiversity 2024 | | CLIMATE | WATER | DEFORESTATION | PLASTICS |
|---|---|---|---|---|---|
| Real estate | Equinix | ● | ● | | |
| | Digital Realty Trust | ● | ● | | |
| | American Homes 4 Rent | ● | ● | | |
| Construction Materials | Vulcan Materials | ● | ● | | |
| | CRH | ● | ● | | |
| | Heidelberg Materials | ● | ● | | |
| Metals & Mining | Glencore | ● | | | |
| | Rio Tinto | ● | ● | | |
| | Pilbara Minerals | ● | ● | | |
| Consumer Staples | Keurig Dr. Pepper | ● | ● | | ● |
| | Nomad Foods | ● | ● | ● | |
| | JBS | ● | | ● | ● |

## Equinix Inc.

| | | | |
|---|---|---|---|
| COUNTRY | United States | SECTOR | REIT |
| ASSET CLASSES | Fixed income and equity | ENGAGEMENT TEAM (#) | Stewardship (2), Global Fixed Income (2) |
| DISCUSSED TOPICS | Water Management, Climate Change, Capital Allocation & Strategy, Green Construction | | |

**BACKGROUND:** Equinix, Inc. operates as a REIT that invests in interconnected data centres.

Issue: The freshwater supply deficit is large and growing. Globally, from Southern China to the Rocky Mountain West, water basins are being strained by persistent drought, and sources of groundwater are being drawn upon faster than they can be replenished. By 2030, primarily driven by population growth and further urbanisation in developing economies, global freshwater demand is estimated to grow by a third. If this issue is not contained, structural freshwater supply deficits will contract economic growth across sectors—business will slow, crops won't grow, energy supplies will be strained, and geopolitical risk will increase. This calls for a need to invest in not only water infrastructure, to meet supply and quality concerns, but for investment that cuts across major industries on both sides of the supply and demand equation—agriculture, semiconductors, data centres, technology, and electric utilities. If done rapidly, it is entirely technologically possible to contain and reduce the water deficit.

**OBJECTIVE:** To discuss the development of the company's water-related disclosures and assess how water risks will affect its growth strategy.

**ENGAGEMENT FINDINGS:** Along with energy loads, data centres face the challenge of managing a heavier water-use requirement in day-to-day operations to keep systems running and facilities cooled compared to other commercial real estate asset classes. Equinix's water dependency will likely increase as the company grows via direct and indirect utility use.

To begin quantifying this risk, Equinix recently published its first CDP Water survey. While the survey discloses water-related risks, it does not disclose water-use data. The company will begin reporting water usage later in 2024. These water disclosures will be part of the 2024 sustainability report. In addition, the company will set water-use reduction targets within the next two years (year-end 2026).

Regarding how water scarcity will affect the development of new data centres, the company could not disclose specifics on where water stress in local markets had affected the construction of data centres. Future growth would be primarily driven by customer demand. However, water risks would be considered in site planning. Additionally, the company let us know there have been design changes to some new plants because of local water shortages and that future retrofits would continue to be prioritised.

**FUTURE FOCUS:** Equinix has made its first strides in quantifying its water-related risks and will begin reporting on its water usage data in 2024, adding detail to its previous CDP reporting. In addition, after some analysis, it will start the process of setting water-use reduction targets for its data centres by year-end 2026. As water shortages have already affected data centres in some areas, and may further affect new developments, understanding how Equinix will be reducing its water footprint and creating efficiencies will become more material going forward. We will connect back with the company on water management after it has advanced their reporting.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale. Equinix appears on track to achieve climate neutrality for its entire global portfolio by 2030 with a strong focus on renewable energy. The company is also advancing its supply chain management efforts to link it to Scope 3 reductions. On water, it is committed to setting reduction targets.

## Nomad Foods

| | | | |
|---|---|---|---|
| COUNTRY | | SECTOR | Consumer Staples |
| ASSET CLASSES | Equity | ENGAGEMENT TEAM (#) | Stewardship (2), Equity teams (4) |
| DISCUSSED TOPICS | Biodiversity | | |

**BACKGROUND:** Nomad Foods is Europe's leading frozen food company and one of the largest in the world. Allspring engaged with Nomad Foods in 2022 and 2024 with a focus on biodiversity, identified by the Stewardship team as a key theme for engagement, particularly within food and agriculture.

**ISSUE:** Allspring engaged with Nomad on two material topics related to biodiversity: water management and packaging and recycling. Given that 72% of all water withdrawals are used by agriculture, water is vital to the way food is grown and processed. There are two ways that Nomad Foods can manage water—in their operations and in their supply chain. Nomad Foods has a portfolio of frozen food products, primarily fish and vegetables.

**OBJECTIVE:** To assess the company's biodiversity approach.

**ENGAGEMENT FINDINGS:** On water in operations, Nomad's freshwater consumption decreased by 2.3% per ton of finished goods from 2022 to 2023, while its effluent decreased by 1.7% per ton of finished goods. The company tracks progress against internal water reduction targets but has not publicly expressed targets. It has plans to develop a longer-term waste and water strategy in the coming years. For now, its approach is more 'bottom up' in that it is focused on setting water-reduction targets for its factories. The company is not disclosing what percentage of its operations are in areas of high-water stress and Allspring suggested that this is included going forward.

In terms of supply chain, water is covered as part of a broader sustainability assessment. In 2018, Nomad joined the Sustainable Agriculture Initiative Platform (SAI Platform). The company utilises the SAI Platform's Farm Sustainability Assessment (FSA) to measure its suppliers' and farmers' progress towards its sustainability targets. The FSA framework covers ten fundamental components of sustainable agriculture, including soil management, water management, air quality and greenhouse gas emissions, biodiversity and labour conditions. Farms or farm management groups are awarded bronze, silver or gold depending on which threshold of requirements is met.

The company's goal is to source 100% of vegetables, potatoes, fruit and herbs from vendors utilising sustainable farming practices by 2025. Within its 100% "sustainable farming practices" target, Nomad requires a minimum silver FSA verification and in 2023 it was at 92% silver.

In terms of packaging, approximately 85% is paper or fibre based. Plastic packaging makes up a further 12.5%, with the remainder comprised of glass and metal. The company has three commitments to help improve the sustainability of its packaging:

01 By 2030, 100% recyclable consumer packaging (at 93%)

02 Increase use of recycled content in plastic packaging (+5%, 2023 baseline)

03 Reduce overall packaging weight year on year (-125m tons)

Each has a dedicated internal program of work and while Nomad states there are R&D resources allocated to each; it does not disclose the amount of investment being made. Having first focused on recycled content into non-food contact packaging components, in 2023 Nomad identified a food safe and International Sustainability and Carbon Certification certified material for food contact flexible plastic packaging and began rolling it out region by region in 2024.

**FUTURE FOCUS:** Nomad has demonstrated remarkable progress in its approach to water, packaging, and recycling. Allspring will continue to engage with the company on these issues and will consider expanding the conversation to cover other environmental topics, such as deforestation.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring believes that Nomad Foods has a strong and mature sustainability program and has consistently improved the rigour of its goals and the transparency of its disclosures over time. Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale.

## Social

Human capital management (HCM) is material to all companies. 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. Within HCM, in 2024, we continued to focus on inclusivity, team member engagement, talent development and pay equity.

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. In 2024, we focused on companies with high human rights risk in their supply chains to impel them to commit to improve transparency in their supply chain, to engage with suppliers to identify and mitigate risks and to develop a robust due diligence management system to assess compliance with supplier codes of conduct. There are also more targeted social issues that we identify for engagement for specific sectors/industries, such as content governance for social media companies.

## Case studies

### Advanced Micro Devices

| | | | |
|---|---|---|---|
| COUNTRY | United States | SECTOR | Technology |
| ASSET CLASSES | Fixed income and equity | ENGAGEMENT TEAM (#) | Stewardship (2), Equity teams (4) |
| DISCUSSED TOPICS | Human Rights, Climate Change | | |

**BACKGROUND:** Allspring reached out to Advanced Micro Devices (AMD), a global semiconductor company, to engage on environmental and human rights issues. The stewardship team identified human rights within the technology sector's supply chain as a focus area for engagement. This marks the first engagement with the company.

**ISSUE:** The growth of AI has significantly increased demand for energy and environmental resources, including water and minerals. The adoption of sustainable and responsible practices within mineral development crucial to semiconductor production strengthens supply security. Furthermore, the implementation of responsible supply chain practices prevents human rights violations, mitigating the risk of regulatory barriers, reputational risks, and operation disruptions stemming from community opposition, among other risks. It is, therefore, in the best of interest of companies like AMD to understand the actual and potential human rights risks within their upstream and downstream supply chain and establish appropriate measures, such as articulating a corporate stance on human rights, to keep supply chain agents in check.

**OBJECTIVE:** To assess the company's management of its supply chain's human rights practices.

**ENGAGEMENT FINDINGS:** In 2023, AMD conducted its first Human Rights Saliency Assessment, which informed updates made to its global human rights policy and strategy. To support these efforts, the company is forming a cross-functional committee. AMD also expressed its interest in leveraging collaborations where it has influence, such as responsible mineral sourcing and supplier sustainability performance.

Regarding labour rights, AMD is focusing on identifying and working with manufacturers in countries that use labour agents involved in recruiting migrant labour. 95% of AMD's direct suppliers across the locations of Malaysia, Taiwan, and Japan that work with labour agents to recruit migrant workers have attended the RBA Forced Labour Prevention workshop (2021–2023).

In instances of labour agent malpractice, such as withholding fees from migrant worker pay, AMD has responded by requiring that suppliers have a remediation plan to pay labour agents directly. To gain insight into the recruitment practices of the agents, another new mechanism to uplift migrant worker 'voice' is worker surveys. In 2023, three AMD manufacturing suppliers in Malaysia and Taiwan offered migrant workers a voluntary survey in their native languages. Most of the migrant workers are women from the Philippines, Vietnam and Indonesia. The survey gleaned insight into facilities compared to requirements in the RBA Code of Conduct. AMD said nearly all workers reported compliance such as training in their native languages.

Additionally, AMD's set a goal for 100% of AMD manufacturing supplier factories to have a Responsible Business Alliance (RBA) audit or equivalent by 2025. Between 2020 and 2023, 84% of these supplier factories had an RBA audit.

**FUTURE FOCUS:** AMD's attentiveness to bolstering its human rights approach, particularly through its ongoing supply chain initiatives and corrective action plans, is remarkable. The company expressed the importance of industry collaboration in mitigating human rights issues. Given the heightened demand for resources with the rapid uptake of AI and associated human rights risks, Allspring will continue discussions with the company related to its supply chain initiatives, including potential industry collaborations. Lastly, from discussing the company's climate strategy, it is evident that AMD has robust near-term climate goals and, overall, a mature sustainability program. Progress made in both areas should be discussed at future engagements.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale. It is evident that AMD is attentive to mitigating human rights issues within its supply chain, reflected in the company's goal to conduct a Responsible Business Alliance audit with 100% of manufacturing supplier factories by 2025.

## Governance

Effective governance is critical to company performance and management. Governance reviews are performed before each Stewardship-led engagement. Issues are raised on a case-by-case bases depending on a company's assessed weaknesses or deficiencies against Allspring's Governance Principles. Universal governance topics continued to be a focus for 2024. These topics included executive compensation and incentive links to ESG/sustainability performance, Board diversity, sustainability disclosures, and Board oversight over sustainability.

## Case studies

### Charles River Laboratories

| | | | |
|---|---|---|---|
| COUNTRY | United States | SECTOR | Health Care |
| ASSET CLASSES | Fixed income and equity | ENGAGEMENT TEAM (#) | Stewardship (2), Special Global Equity (1) |
| DISCUSSED TOPICS | Governance, Climate Change, Human Capital Management | | |

**BACKGROUND:** Charles River provides essential products and services to help pharmaceutical and biotechnology companies, government agencies, and leading academic institutions globally accelerate their research and drug development efforts. The company has supported the research of over 80% of the drugs approved by the U.S. Food and Drug Administration in the last five years. Charles River reached out to Allspring to engage on governance, among other topics. The engagement marks the second consecutive year of the Stewardship team's engagement with the company.

**ISSUE:** Charles River received a shareholder proposal from People for the Ethical Treatment of Animals (PETA) in 2023 and 2024 calling for a report on imported non-human primates (NHPs), the proposals received 35.8% and 24.9% support, respectively. As outlined in the 2024 Proxy Statement, the proponent essentially repeated the request from the previous year and was very prescriptive in what disclosures it sought. In response, the Board indicated that on March 20, 2024, Charles River published its first annual report on non-human primates informed by input from the company's top 25 shareholders. This report includes details regarding such topics as: enhancements being made to safeguards, such as genetic testing, monitoring and audit processes, and adoption of an enhanced, further comprehensive and cross-functional NHP Supplier Risk Management Process; increased disclosure; diversification of supply chain; new approach methods—investments in alternatives; countries of origin data; zoonosis prevention; and internal governance structures. The company expressed that this report rendered the shareholder proposal redundant and unnecessary. Allspring voted against the proposal, as the additional information provided in the 2024 NHP report allowed for better assessment of risks, in addition to the implications of disclosing proprietary supply chain data.

**OBJECTIVE:** To further assess the company's responsiveness to concerns underlined in the shareholder proposal.

**ENGAGEMENT FINDINGS:** During the engagement, Charles River provided more colour on how it has responded to shareholder feedback regarding the NHP proposal.

In the March 2024 NHP report describes enhancements to ensure proper sourcing, including more frequent supplier audits and working with subject matter experts. The report addresses the issue of data transparency on NHP country of origin, committing to annually disclose when a country of origin exceeds 30% of our globally sourced NHP (e.g., in 2023, between 30-50% of its NHP imports were from Cambodia). Charles River also addresses its approach to managing risks of zoonotic diseases and discusses its investments in diversifying its supply chain to manage risks in the report. During the engagement, the company shared plans to publish a reporting highlighting its progress on NHPs in March 2025.

Also, the company formed a new Board-level committee in 2023—the Responsible Animal Use Committee—focused on giving management instruction and guidance when disclosing NHP information. The committee had met approximately three times from its inception to the date of this engagement.

**FUTURE FOCUS:** Charles River expects the proponent to file again. Allspring will continue to follow Charles River's progress updates on NHPs, including the forthcoming 2025 NHP report, management of Cambodian imports, and response to a potential third call for more granular NHP disclosures.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Considering Charles River's attentiveness to shareholder feedback, which was integrated in the creation of the first annual NHP report, and evident improvements to NHP strategy and disclosure, Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale.

## CMA CGM SA

| | | | |
|---|---|---|---|
| COUNTRY | France | SECTOR | Shipping |
| ASSET CLASSES | Fixed income | ENGAGEMENT TEAM (#) | Stewardship (1), Global Fixed Income (2) |
| DISCUSSED TOPICS | Climate Change, Governance, Social (crew welfare) | | |

**BACKGROUND:** Allspring reached out to CMA CGM, along with other companies involved in air and sea transportation, to engage on its plans for decarbonising the hard-to-abate sectors, and the governance in place to oversee these plans. CMA CGM provides shipping services. The Company offers vessel and container fleet management, freight delivery, logistics, cargo cruises, and other transportation services. CMA CGM serves customers worldwide.

**ISSUE:** CMA CGM are a privately held company with a majority shareholder who has control of both management and the Board. There are, however, minority shareholders in the structure along with other interested parties, and we wished to explore how their rights are being protected.

**OBJECTIVE:** To relay our concerns to CMA CGM around the structure of its current governance system, as the CEO Rodolphe Saadé is also the Chair of the Board (which is not uncommon) but he sits on a number of the Board sub-committees including the nomination committee and remuneration committee which brings into question the independence of those committees.

**ENGAGEMENT FINDINGS:** While CMA CGM accepted that the situation with CEO Rodolphe Saadé being so widely represented on various Board committees would not be considered normal at a listed entity, it was keen to emphasise that Rodolphe Saadé is the head of the Saade family who own 73% of CMA CGM. He therefore represents the views of the majority shareholder. While true, we pushed back and noted that there are also minority shareholders in the capital structure (23% a Turkish shipping family, 4% Bpifrance) whose rights also need protecting through proper oversight, along with other stakeholders such as lenders to the company. CMA CGM acknowledged this, but did not seem concerned, and was not prepared to discuss the possibility of the CEO removing himself from any of the sub-committees or relinquishing the Chair role. On this final point, CMA CGM also pointed to several French entities, be they listed or unlisted, which have a combined CEO and Chair. While true, the trend is generally moving away from combining the roles, even in countries where this has been traditionally the case, such as France and the USA.

**FUTURE FOCUS:** Along with revisiting the company's decarbonisation initiatives to see what progress has been made, at any future engagements, we should once again voice our concerns over the governance structure, especially with regards to the CEO continuing to sit on the nomination committee and remuneration committee.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a neutral rating in terms of our "positive, neutral and negative" outcome scale. CMA CGM sent a relatively senior member of management to the meeting in the form of their deputy CFO, and were willing to answer our questions, but as expected, they pushed back against our view of failings within their governance structure, especially when it comes to protecting the rights of minority shareholders and other stakeholders.

## Reactive Engagements

While we tend to focus mainly on our annual thematic themes we value the flexibility to respond to controversies or unexpected themes as they emerge. These types of engagements may be responses to notable events, severe controversies, or a contentious proposal on a proxy statement.

Proxy-related engagements, either initiated by Allspring's Stewardship or equity teams, or by the request of the investee company, are regularly performed. We may reach out to a company to seek more input when we are evaluating a proxy—for instance, on a matter of high importance. These commonly take place ahead of each company's Annual General Meeting, or, in the six-month period preceding the meeting before the company issues its proxy statement. Companies will also make requests to engage with us to discuss strategic sustainability topics.

We may accept or decline these requests based on our evaluation of the following considerations:

- At the last AGM, was there significant votes against management on any proposals that we would benefit from understanding the context better? Is that proposal likely to recur this year?
- Are any Allspring investment strategies significantly invested in the company at the company-wide or portfolio levels?

- If the request relates to the proxy, is there an opportunity for us to clarify any information related to a proposal that may further inform our proxy vote?

In situations where a material controversy has surfaced, the Stewardship team may assess the severity of the issue and decide if engagement is appropriate. In other instances, investment teams may reach out to Stewardship in order to collaborate on an engagement when a controversy has manifested at a portfolio company.

## Case study

### Tencent Holdings Ltd

| | | | |
|---|---|---|---|
| COUNTRY | China | SECTOR | Internet, Media and Services |
| ASSET CLASSES | Equity | ENGAGEMENT TEAM (#) | Stewardship (2), Total Emerging Markets (3), Intrinsic Emerging Markets (1) |
| DISCUSSED TOPICS | Executive Compensation, Governance (Board independence and regulatory fine), Artificial Intelligence oversight, Human Capital Management (DE&I), Data Privacy, Climate Change | | |

**BACKGROUND/ISSUE:** Tencent was flagged by one of our emerging markets teams due to the company paying a fine of CNY 2.9 billion (~USD 405.7 million) given by the People's Bank of China in 2023 for lapses in meeting regulatory requirements related to its payment services business. Also, Sustainalytics flags the company as violating the UN Global Compact Principle 2, which relates to human rights abuses, citing censorship and surveillance of users on behalf of the Chinese government. Allspring was also interested in the social topics of Artificial Intelligence (AI) and the company's oversight of it, as well as data privacy.

**OBJECTIVE:** To assess the company in terms of governance, AI evolution and management, as well as its policies on data privacy that are associated with the potential UNGC violation, as assigned by Sustainalytics.

**ENGAGEMENT FINDINGS:** In discussion related to the regulatory fine, Tencent stated that it believes the regulatory environment has normalised after the penalty was paid. Tencent, like other Fintech companies and banks, have now turned their the focus to tighten Know Your Client policies. MSCI has been slow to make any upward adjustment in Tencent's scores, but Sustainalytics has recently improved its risk rating by 20 points, taking it from medium risk to low. In response to the UNGC flag, Tencent took the initiative to join the United Nations Global Compact in August 2023, and is pledging to integrate the UNGC's Ten Principles into its business decisions and take proactive actions to support the United Nations Sustainable Development Goals. Tencent stated it will issue a one-year progress report soon.

Tencent takes a committee approach to AI oversight. The AI Tech Committee consists of AI product heads and the responsibility is to lay out overarching principles and approval mechanisms for the various lines of business. The company states: "Guided by the mission and vision of "Tech for Good", Tencent is committed to developing and deploying AI safely, ethically and in compliance with emerging AI regulations. They have formed the AI Technology Committee to centralise the coordination of AI-related initiatives. The AI Technology Committee has established multiple collaborative working groups dedicated to key areas, including, but not limited to, natural language processing (NLP), optical character recognition (OCR), image recognition, recommendation algorithms, deep learning training and inference, and large language models ("LLMs"). Allspring asked if Tencent's intention is to monetise AI. The company stated this is a low priority with the higher priority to ensure the foundation of AI is strong enough to make it sustainable for the long-term.

Allspring asked how the company ensures data privacy. The company stated a number of mechanisms including 1) It limits the number of people with access to personal data which helps traceability, 2) It worked with the Chinese government to strengthen personal data privacy regulations—this has improved public confidence in the social media platforms, 3) It engaged with the rating agencies on this.

**FUTURE FOCUS:** Allspring believes Tencent's governance scores should improve with the ESG rating agencies and encouraged Tencent to proactively reach out to them. A number of improvements have been made to independence, Board refreshment, and diversity. The performance on social issues of AI governance seems to be in line with industry peers. In terms of climate transition aspirations, the 2030 targets are SBTi-verified which puts the company in a global leadership position. Clearly its renewable energy strategy is critical to reducing Scope 2, while the work on Scope 3 will hinge on getting suppliers' emissions reduced and addressing the electricity utilised in leased data centres. We will be looking for the UNGC one-year update report and monitoring Tencent's progress on the climate goals towards 2030 in future sustainability reports.

**ALLSPRING ASSESSMENT OF ENGAGEMENT:** Allspring gave this engagement a positive rating in terms of our "positive, neutral and negative" outcome scale.

## 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 cap equity and high yield as will have smaller but important positions in the context of the strategies.

For example, our Investment Grade Climate Transition Credit strategy has a minimum proprietary Climate Transition Score (CTS) for universe eligibility. Companies on the cusp can be identified by our portfolio managers as engagement candidates. The Stewardship team, along with the credit analyst covering the company (and any equity analysts and portfolio managers), will conduct the meeting where the credit analyst will affirm or change the score as appropriate.

One example of how engagement findings contribute to revisions in our proprietary ESGiQ and CTS scores is Honeywell.

## Case study

Allspring has been engaging with Honeywell since the inception of our Stewardship team in 2019. Over the course of this effort, we have pushed the company on governance topics such as Board refreshment, gender diversity of the Board, and for a commitment to a science-based decarbonisation strategy. This is captured in the top part of the chart below. In September 2023, we engaged with the company again and the credit analyst covering the company was encouraged by their progress. As we have high confidence in the company's sustainability performance and the monetisation of its sustainable product lines, we decided to stretch out scheduling the next engagement to 2025 to allow more time to assess further progress.

## Honeywell: engagement influences proprietary scores

| BOND | SECTOR | ISSUER RATING | ISSUER RATING | CARBON INTENSITY | ANALYST REC. | ESGiQ SCORE | CLIMATE TRANSITION SCORE |
|---|---|---|---|---|---|---|---|
| Industrial | Capital goods | BB+ | A | 49 | Neutral | 5+ | 2.8 |

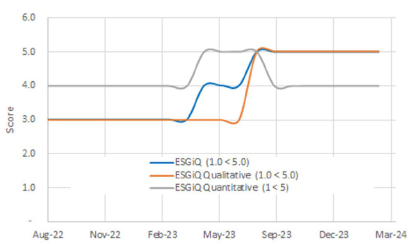
**2019 engagement: issues identified**
- Board refreshment needed (in age)
- Climate strategy undeveloped
- Workforce diversity lacking
- Nascent sustainability disclosure

**2020-21 engagements: improvement**
- Board: members at max age reduced 3 to 2; racial diversity still below peers
- Climate: emissions targets set; lobbying disclosure improved
- Began reporting per SASB standards
- Hired Chief Diversity Officer

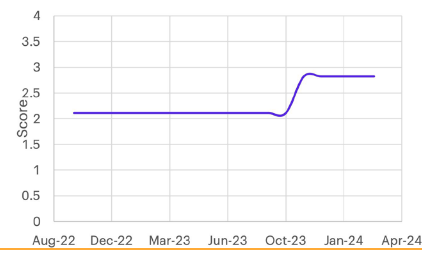
**2022 engagement: more improvement**
- Board: age, diversity and sustainability experience further enhanced
- Climate: submitted Scopes 1-3 targets to SBTi; transitioning division alignment to focus on products that reduce carbon
- Lobby alignment report published
- Began publishing firmwide diversity (EE-01 report)

**2023 engagement: industry leader**
- SBTi-verified Scopes 1-3 2037 targets and >=10 renewable energy projects by 2024
- Business aligned with climate/ESG strategy: >60% revenues linked to ESG products and ~60% R&D spend
- Strong financial profile even with debt funded share repurchases

**ESGiQ (qual) tracks company improvement actions**




**Climate Transition Score improves following Nov 2023 engagement**




Source: Allspring, Bloomberg, Trucost. As of 31-Dec-22. For illustrative purposes only. This information shall not be considered a recommendation to buy or sell any security. Information provided is created and is provided for illustrative purposes only, to demonstrate our investment management process and capabilities. Information is stale and should not be relied upon. Information shown is not investment research or constitute an investment recommendation. Any reference to a security or market, is for illustrative purposes only and is not a recommendation to trade.

Over the three years to 2023, Honeywell's climate strategy has become more thorough with hard targets. The company has explained its plan to meet various targets through annual reporting, as well as investor engagements. Furthermore, Honeywell has positioned its business to align with its climate strategy. While its asset position continues to evolve, the company has restructured its divisions with a focus on products and services that benefit from climate transition.

The company has quantified this as over 60% of their revenues and R&D spend relating to ESG products and innovation, respectively. This led to an upgrading of both the qualitative ESGiQ score and the Climate Transition Scores in the charts above. Allspring is scheduled to meet with Honeywell again in the first half of 2025.

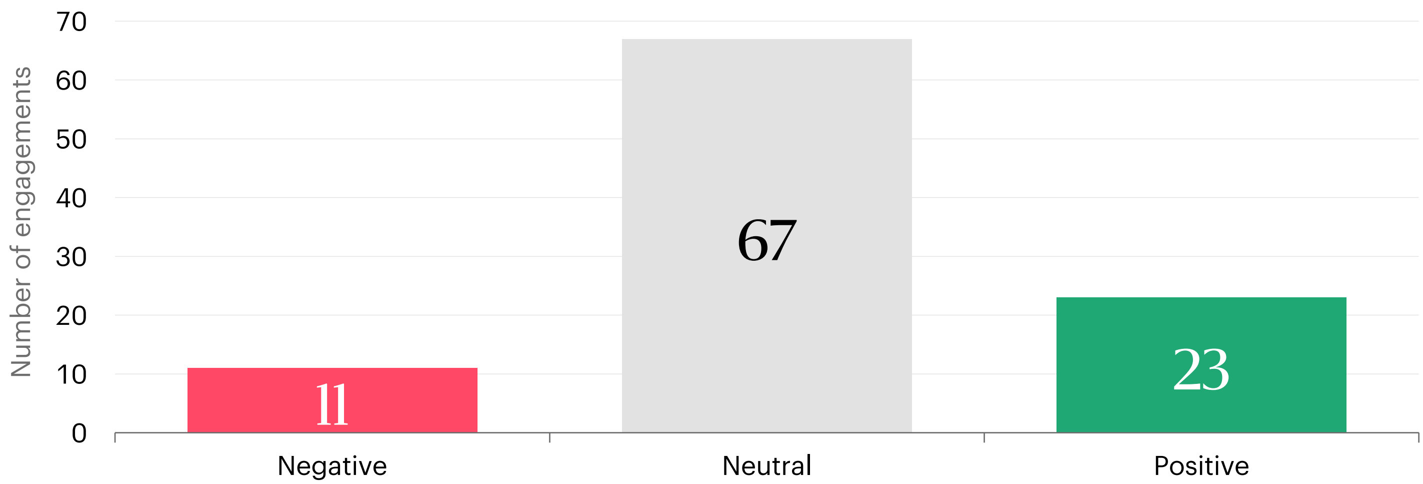
## Engagement outcomes

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. We have been evolving the way that we track engagements with greater focus on stages leading to conclusion as a reflection of outcomes.

In 2022, we introduced an overall assessment of the engagement, expressed in terms of "positive, neutral and negative". These rating are given relative to our expectations for the company before the meeting. Expectations are made based on our history of engagement with the company and the maturity of the sustainability program. 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.

## Assessment of 2024 engagements

Of the 101 company-wide engagements executed by the Allspring Stewardship team in 2024, 11 were deemed negative, 67 neutral, and 23 positive.




In 2023, we developed and implemented a system to track ESG issues in a more granular way and assign a stage to reflect where the issue is tracking towards completion. It was informed by a body of work that the (UK) Investment Consultants' Sustainability Working Group completed. This group brings together large UK-based investment consulting firms with the aim of seeking to improve sustainable investing practices across the industry. One of their workstreams focuses on stewardship and has developed a template for data collection. The goal is to create standardised, consistent data collection which also benefits asset managers in terms of efficiency.

Allspring adopted the taxonomy utilised in the template which comprises E, S, and G issues with sub-categories and stages that reflect a continuum towards completion. These stages are defined as:

01 The concern was raised to the company

02 The issue was acknowledged by the company

03 The company has developed a strategy

04 The company has implemented a strategy

There is also an additional category for material issues that were not covered during the engagement but flagged for future engagement:

05 Target for engagement

In September 2023, Allspring incorporated the taxonomy into our Bloomberg engagement note template, thereby beginning to build a database linking all activity together. Calendar year 2024 was our first full year of capturing the outcomes as stages. We are still testing how we can capture the progress of individual topics in engagements and reflect that advancement in sequential engagements. We hope to reflect our framework later in 2025.

01-Jan-24–31-Dec-24

| | | TOTAL | CONCERN RAISED TO COMPANY | ACKNOWLEDGED BY COMPANY | COMPANY HAS DEVELOPED A STRATEGY | COMPANY HAS IMPLEMENTED A STRATEGY | TARGET FOR ENGAGEMENT |
|---|---|---|---|---|---|---|---|
| Environment | Climate Change | **37** | 0 | 4 | 15 | 18 | 0 |
| | Natural resource use/impact (e.g., water, biodiversity) | **13** | 1 | 5 | 3 | 4 | 0 |
| | Pollution, Waste | **3** | 0 | 1 | 2 | 0 | 0 |
| | Other | **2** | 0 | 2 | 0 | 0 | 0 |

| | | TOTAL | CONCERN RAISED TO COMPANY | ACKNOWLEDGED BY COMPANY | COMPANY HAS DEVELOPED A STRATEGY | COMPANY HAS IMPLEMENTED A STRATEGY | TARGET FOR ENGAGEMENT |
|---|---|---|---|---|---|---|---|
| Social | Conduct, culture, and ethics (e.g., tax, anti-bribery, lobbying) | **1** | 0 | 0 | 1 | 0 | 0 |
| | Human and labour rights (e.g., supply chain rights, community relations) | **6** | 0 | 2 | 2 | 2 | 0 |
| | Human capital management (e.g., inclusion & diversity, employee terms, safety) | **23** | 0 | 9 | 5 | 9 | 0 |
| | Inequality | **1** | 1 | 0 | 0 | 0 | 0 |
| | Public health | **0** | 0 | 0 | 0 | 0 | 0 |
| | Other | **3** | 0 | 0 | 1 | 2 | 0 |
| Governance | Board effectiveness—Diversity | **2** | 0 | 1 | 0 | 1 | 0 |
| | Board effectiveness—Independence or Oversight | **3** | 0 | 2 | 0 | 1 | 0 |
| | Board effectiveness—Other | **2** | 1 | 0 | 0 | 1 | 0 |
| | Leadership—Chair/CEO | **3** | 1 | 0 | 0 | 2 | 0 |
| | Remuneration | **20** | 2 | 10 | 2 | 6 | 0 |
| | Shareholder rights | **3** | 2 | 1 | 0 | 0 | 0 |
| | Other | **6** | 0 | 3 | 2 | 1 | 0 |
| Strategy, Financial, & Reporting | Capital allocation | **13** | 1 | 12 | 0 | 0 | 0 |
| | Financial performance | **0** | 0 | 0 | 0 | 0 | 0 |
| | Reporting (e.g., audit, accounting, sustainability reporting) | **9** | 0 | 7 | 1 | 1 | 0 |
| | Strategy/purpose | **12** | 0 | 9 | 2 | 1 | 0 |
| | Risk management (e.g., operational risks, cyber/information security, product risks) | **4** | 0 | 1 | 1 | 2 | 0 |
| | Other | **1** | 0 | 1 | 0 | 0 | 0 |

This taxonomy has enhanced our engagement tracking and helps frame the focus for future engagements with companies as well as their progress on particular issues.

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

Our inclusive approach is a key differentiator of how we engage. The Stewardship team organises and leads firm-wide engagements that also include many of our specialised investment teams. By bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure, we leverage the deep fundamental research and perspectives of our investment teams and the ESG expertise of our Stewardship team. This structure also enhances our perspective on ESG engagements and brings to bear the full scale of our Assets Under Advisement. 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.

Allspring participates in organisations and initiatives whose purpose and advocacy goals are aligned with those of our investment teams and clients. Several factors can support or hinder their effectiveness, including broader market dynamics and legal and regulatory actions.

In May of 2024, Allspring withdrew as a signatory to CA100+. Our robust in-house stewardship has evolved such that CA100+ membership is no longer critical to our understanding of investee company climate transition strategies. In addition, the company that we were engaging with via CA100+ has transformed into a climate transition leader within its industry and we can continue to independently engage with the company, and with other relevant companies, on their climate transition strategies.

An organisation we continue to work on collaborative engagements with is Farm Animal Investment Risk and Return (FAIRR). FAIRR is a collaborative investor network that raises awareness of the material risks and opportunities in the global food sector. 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. Allspring joined FAIRR in 2022 and first collaborated with FAIRR on the issue of Antimicrobial Resistance in 2023, agreeing to engage with Zoetis on behalf of the collaborative engagement. Antimicrobial resistance is a systemic global risk to public health and the economy, cited by the World Health Organisation (WHO) as one of the top ten global public health threats facing humanity.

In 2024, we joined phase two of FAIRR's Protein Diversification Engagement. The food system is both a driver of climate change and biodiversity loss, and deeply vulnerable to the impacts. Dietary choices are key determinants of environmental sustainability and human health, with overconsumption of red and processed meat strongly associated with non-communicable diseases. Companies in the engagement attribute, on average, 26% of Scope 3 emissions to animal protein supply chains. Their combined market influence can improve sourcing practices and drive healthier and more sustainable consumption habits. Focusing on Western markets, this engagement will target 20 of the world's largest food manufacturers and retailers, who have a key role to play in shifting diets.

The Protein Diversification engagement asks companies to:

01 Support the transition to healthy, sustainable diets through the integration of protein diversification within their climate transition strategies

02 Allocate resources to diversify their protein portfolio and improve nutritional and sustainability attributes

03 Engage consumers to promote the uptake of nutritious and sustainable alternative protein sources

We look forward to contributing to FAIRR's Protein Diversification Engagement in 2025 and will be actively participating in their engagements with Nestlé and Unilever.

We believe this collaborative engagement integrates well into our focus themes of climate change and biodiversity loss due to deforestation.

# 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. We believe engagement activities are the responsibility of both our investment teams and our company-wide Stewardship team, 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:

- 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

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 studies

ESCALATION EXAMPLES FROM ALLSPRING'S EQUITY TEAMS

### Janus International (JBI)

One of our equity teams had storage company JBI on watch given the company's low ESGiQ quant score. The team scheduled an engagement with the global head of the company's ESG committee and concluded that the company was still in the early stages of defining and executing its sustainability strategy. The meeting also signalled that the management team did not yet have the skillset to be able to navigate a rapidly changing environment, both from a business and messaging standpoint. This was a downgrade in our assessment of governance. The team decided to sell JBI and the ESG engagement contributed to that decision.

## Doosan Bobcat

The company is a leading manufacturer of construction equipment in Korea. In July of 2024 it announced plans for a complex and unexpected organisational restructuring. When we met with the company, we were not convinced by the potential business synergies laid out and believed the restructuring would weaken minority shareholders' interests. Under the reorganisation plan, the company would become a 100% subsidiary of Doosan Robotics, a related-party issuer. We downgraded our assessment of the company's governance, and this influenced our decision to exit the position.

While engagement can contribute to our portfolio managers' decisions to reduce or exit a position in portfolios, there are also instances where engagement can lead to improved confidence which can lead to instances where we add or introduce a new position to portfolios.

EXAMPLE FROM ALLSPRING'S FIXED INCOME TEAM

## Hamburg Commercial Bank

Hamburg Commercial Bank (HCOB) is a German commercial bank that provides finance, wealth management and advisory services with a focus on shipping and commercial real estate. German banks have a history of providing finance to the real estate sector and many have significant exposure to US commercial real estate (CRE). As US commercial real estate continued to be a headwind and source of concern to the market, we engaged with HCOB management for further detailed commentary on its CRE exposure but also to focus the bank on its weak disclosure on financed emissions, especially in light of its exposure to shipping, a high carbon intensity sector.

During the engagement, we were informed that the bank had recently reported financed emissions for the first time and would be developing emission reduction strategies for high emitting sectors such as shipping later in 2024. We encouraged the bank to accelerate the improved disclosures and close the gap with its peers. We also pointed out that MSCI ESG has issued the bank with a weak score on climate and suggested it would benefit from engaging with MSCI to inform them of its progress and commitments.

The information we gained increased our confidence in the bank's sustainability commitments and this was one of the drivers behind our decision to boost our investment in HCOB by participating in a new 5-year EUR bond.

As mentioned in Principle 9, we assign engagement assessments in terms of positive, neutral and negative. Of the 101 company-wide engagements executed by the Allspring Stewardship team in 2023, 12 were deemed negative, 67 neutral, and 23 positive.

Regarding the 12 negatively rated engagements, our first course of action is to schedule revisits with the company within 12 to 18 months, depending on the issue. For instance, in one situation we were concerned that a refinery company's 'climate accounting' continued to be flawed. For the past two years in their sustainability report, we perceived the company to be misallocating carbon credits and offsets towards operational Scopes 1 and 2 when some are related to customer use of products (Scope 3 emissions). The Investor Relations professionals did not bring the climate reporting experts to the call to command the answers we were seeking. In this case, we requested another call soon after with experts from the Sustainability team which was much more fruitful, and the climate reporting team was receptive to providing more narrative around their approach going forward.

In 2024, we found many companies were not providing a sufficient description of their Board's range of skills, professional experience and personal characteristics (such as age, gender and/or race/ethnicity) necessary to evaluate the diversity of throught represented on the board. We encouraged those companies to make sure their proxy statements reflectall relevant informationso that the proxy advisors and investors can more readily assess this.

# 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 ownership. A comment on money-market funds should be made as this is a large component of our AUA. The money-market fund universe is significant, but a substantial number of holdings are invested in US government and agency securities due to fund requirements as well as regulatory liquidity requirements. 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. Our research, both credit and municipal, is foundational to our investment process, and incorporates an appropriate review of documentation, including primary-offering memorandums and credit agreements. We review and assess these documents 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 potential actions that could influence the structure, priority, and/or claim, and thus influence the 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, seeking to improve the structure and/or documentation.

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 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 not to participate in the transaction.

New issuance “roadshows” with company management are great opportunities for our credit analysts to engage with issuers to discuss the rationales and stringency of their GSSS-labelled bond frameworks and share our view on best practices.

**Case study**

### New issuance analysis of a Sustainable 10-year EUR bond

In February 2024, Severn Trent, a UK Water company, issued a 10-year senior unsecured Sustainable bond to raise EUR 500 million. An amount equal to the net proceeds from the issue will be allocated by Severn Trent to eligible sustainable investments as set out in its Sustainable Finance Framework, which for this issuance will fall within Green Eligible Categories. A second party opinion has been obtained from DNV.

Prior to issuing an investment recommendation, the research analyst assigned to Severn Trent conducted a full analysis of the company fundamentals, including ESG analysis and bond documentation analysis, which in this case included the Group's Sustainable Finance Framework. This found that ESG has been a significant issue for the water sector as a whole. The sector constantly seems to be in the focus of the national media, politicians and attracts the ire of the general public. In fact, Severn Trent scores well in several areas. The business is A-rated with MSCI and scores 14.8 with Sustainalytics. It is also on track to achieve a 4* EPA score, which is the Environment Agency's highest score, for the 5th consecutive year. But like many of its peers, Severn Trent is also impacted by storm overflows and pollution incidents. Storm overflows or combined sewer overflows (CSOs) have gathered a lot of attention, but these are essentially a built-in safety valve that discharges water from the sewer system when overwhelmed to prevent homes being flooded. Severn Trent is taking action to reduce such spills as quickly as possible. Notably, many of the uses of proceeds assigned to this bond proceeds aim to tackle this issue including sustainable water and wastewater management, environmentally sustainable management of living natural resources and land use, and terrestrial and aquatic biodiversity conservation.

One of the key items companies and investors are waiting to learn is where the Water Services Regulatory Authority (Ofwat) decides to set the weighted average cost of capital (WACC). Back in 2022, Ofwat's early view indicated a WACC of 3.01 to 3.58% which is above the 2.92% allowed in PR19. It's widely agreed that this early view level will increase. Severn Trent suggested that Ofwat's own methodology would indicate this comes in at least 40bps higher. One of Severn Trent's peers, Thames Water is arguing that this should be even higher at 4.25% and there are some arguments to suggest this isn't unreasonable. However, the water industry is under pressure (and Thames is particularly under scrutiny) over pollution incidents and excess leverage. While Severn Trent is less exposed here than peers, it remains dependent on Ofwat's final decision and there will be significant external pressure to not go easy on the water companies. Perhaps aware of this, Severn Trent has said the WACC fight is someone else's to take publicly to Ofwat and it remains confident in its plan.

## 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 to leverage their deep knowledge of investee companies. While 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.

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 (PGC) that will review and refer the item back up to the PGC if necessary. We have established a policy with our proxy advisor ISS with custom enhancements to ISS's Global Benchmark Policy. Our proxy guidelines are included in our Allspring Proxy Policy and Procedures (Proxy Voting Policies and Procedures | Allspring Global Investments). We also review matters of high importance (as defined by the top two categories of ISS's High Importance Ratings), including proxy contests and capitalization proposals where ISS and management recommendations disagree. Another 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.

**Practical limitations to proxy voting:** while 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. 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. Share blocking is an example of proxy voting limitations. 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 2024, we voted in 99% of all meetings, with at least one vote against management in 41% of all meetings. As most of our equity strategies are actively managed with deep fundamental research, we feel this proportion is 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 allows us to communicate those issues we'd like to see management improve upon.

The number of meetings voted at went down 33% from 5,250 to 3,500 and similarly the number of proposals went down by 28%. This is attributable to the liquidation of the Allspring Dynamic Target Date Funds and several other Funds that were managed in a quantitative investment approach with a large number of holdings.

In terms of regional breakdown, US company meetings comprise 49% of our global total with 22% in companies domiciled in emerging markets and about one-third of those are in China with India being the second largest emerging market in terms of company numbers with 20%.

## 2024 proxy voting statistics

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

| DESCRIPTION | 2022 | 2023 | 2024 |
|---|---|---|---|
| Total meetings | 5,800 | 5,250 | 3,500 |
| Total proposals | 56,000 | 54,000 | 39,000 |
| Meetings with at least one vote against management | 46% | 46% | 41% |
| Meetings with at least one vote against ISS | 11% | 9% | 7% |
| Against management on all proposals | 10% | 12% | 10% |
| Against management on management proposals | 11% | 11% | 9% |
| Against management on shareholder proposals | 26% | 25% | 27% |

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

| MEETING VOTED BY REGION | 2022 | 2023 | 2024 |
|---|---|---|---|
| North America | 2,900 | 2,800 | 1,900 |
| US | 2,600 | 2,450 | 1,750 |
| EMEA | 775 | 725 | 800 |
| UK | 200 | 175 | 222 |
| Asia Pacific | 1,900 | 1,600 | 800 |
| China | 800 | 675 | 250 |
| South America | 125 | 125 | 80 |
| Brazil | 100 | 125 | 70 |
| **Total** | **5,700** | **5,250** | **3,580** |

## Summary of management proposals by topic: 01-Jan-2024 to 31-Dec-2024.

| Management Proposals | WITH MANAGEMENT | AGAINST MANAGEMENT | % AGAINST |
|---|---|---|---|
| Total management proposals | **34,131** | **3,442** | **9%** |
| **Board-related** | **20,612** | **2,256** | **10%** |
| Elect directors | 18,343 | 2,026 | 10% |
| Elect chair/vice-chair | 30 | 34 | 53% |
| Declassify the board | 29 | - | 0% |
| **Capital Management** | **2,045** | **148** | **7%** |
| Authorise share repurchase | 526 | 13 | 2% |
| Approve issuance of equity with preemptive rights | 29 | 2 | 6% |
| Approve issuance of equity without preemptive rights | 451 | 66 | 13% |
| **Changes to company articles** | **784** | **92** | **11%** |
| Reduce supermajority vote | 49 | - | 0% |
| Amernd Articles/Bylaws/Charter—Non-Routine | 268 | 31 | 10% |
| Provide right to call a special meeting | 15 | - | 0% |
| **Executive compensation** | **4,038** | **657** | **14%** |
| Advisory Vote to Ratify Named Executive Officers' Compensation | 1,982 | 268 | 12% |
| Approve executive stock option plan | 21 | 15 | 42% |
| Approve omnibus stock plan | 102 | 30 | 23% |
| Director remuneration | 538 | 14 | 3% |
| **Strategic transactions** | **309** | **60** | **16%** |
| Merger/acquisition | 82 | 5 | |
| Divesture/spin-off | 32 | 1 | |
| **ESG related** | **74** | **2** | **3%** |
| Political donations | 91 | - | 0% |
| Say on Climate | 18 | 2 | 10% |
| Approve corporate social responsibility report | 56 | - | 0% |
| **Routine business** | **6,269** | **227** | **3%** |

Shareholder proposal statistics by sustainability consideration: 01-Jan-24 to 31-Dec-24

| Shareholder Proposals | FOR | AGAINST | % FOR | % AGAINST MANAGEMENT |
|---|---|---|---|---|
| Total shareholder proposals | **576** | **575** | **50%** | **27%** |
| Environmental Total | **40** | **108** | **27%** | **27%** |
| Report GHG Emissions | 19 | 15 | 56% | 56% |
| Report on climate change action | 2 | 15 | 12% | 12% |
| Restrict spending on climate change action* | - | 20 | 0% | 0% |
| Disclose fossil fuel financing | 6 | 2 | 75% | 75% |
| Restrict spending on fossil fuel financing | - | 8 | 0% | 0% |
| Phase out nuclear facilities | - | 12 | 0% | 0% |
| Report on climate change lobbying | 13 | - | 100% | 100% |
| Social Total | **112** | **108** | **51%** | **46%** |
| Human rights-related | 17 | 17 | 50% | 44% |
| Political lobbying/contributions/congruency | 37 | 18 | 67% | 64% |
| Gender pay gap | 15 | 3 | 83% | 83% |
| Racial equity/civil rights audit | 1 | 4 | 20% | 20% |
| Labor related | 2 | 7 | 22% | 22% |
| Governance Total | **396** | **274** | **59%** | **19%** |
| Require independent chair | 18 | 23 | 44% | 44% |
| Declassify the board | 12 | - | 100% | 83% |
| Elect dissident director | 28 | 14 | 67% | 17% |
| Reduce supermajority vote | 34 | 3 | 92% | 59% |
| Blended Environmental & Social | **28** | **71** | **28%** | **28%** |
| Establish Environmental/Social Issue Board Committee | - | 5 | 0% | 0% |
| Link executive pay to environmental/social issues | 2 | 3 | 40% | 40% |
| Report on "Just Transition" | 3 | 3 | 50% | 50% |

*Considered "anti-ESG" topic

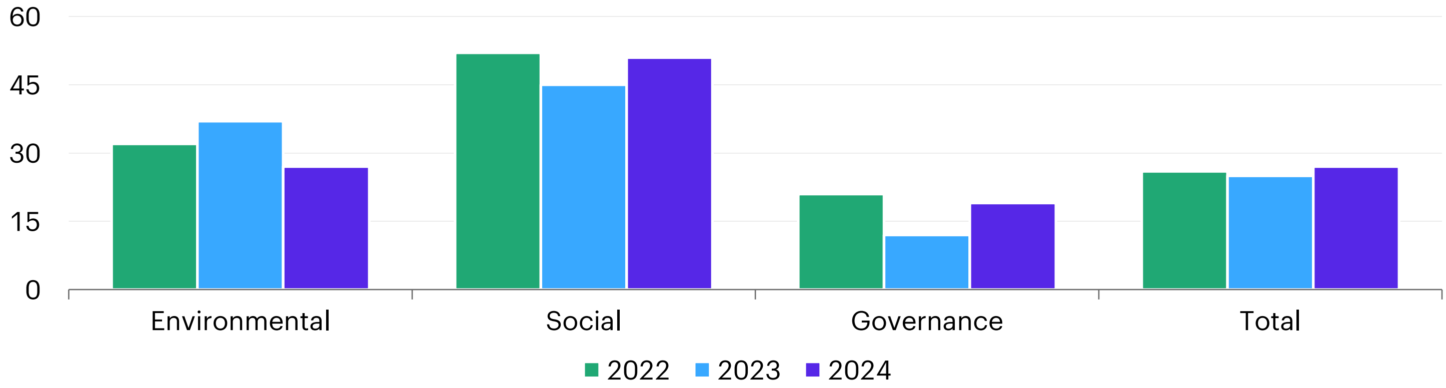
## General Guidelines on Shareholder Proposals

When evaluating shareholder proposals, we consider their materiality to the company and relationship to long-term value generation and/or risk management in light of the company's business model and specific operating context. For instance, certain social issues, such as employee safety, workforce engagement and human rights (including with respect to a company's supply chain), can affect companies' long-term prospects for success. Furthermore, certain environmental issues can present investment risks and opportunities that can impact a company's long-term financial success.

If the issue is deemed material to the company, we then consider salient factors to inform our votes, such as the overall value of any report or other disclosure requested by a proposal, best-in-class practices by peer group companies and best practices in the applicable sector. We will generally avoid supporting proposals that are overly prescriptive, taking into account the current policies, practices, disclosures and regulatory obligations of the company, among other considerations. We generally favour shareholder proposals that improve transparency, as it allows our investment professionals to better understand a company's risks and opportunities and its long-term value drivers.

Allspring votes against management on shareholder proposals.

## Allspring vote % for shareholder proposals




Source: Allspring voting results for calendar years 2022 to 2024.

## Allspring proxy voting results on shareholder proposals

There were fewer shareholder proposals in 2024 which is highly attributable to the 33% reduction in the number of companies that we were invested in due to the fund closures mentioned previously. The largest dip was in governance-related shareholder proposals, followed by social, with environmental holding steady. After the US presidential administration change, we expect the tone of the Securities and Exchange Commission (SEC) to lead to a decline in shareholder proposals for US companies, as we saw during President Trump's first term.

Shareholder proposals relating to climate made up 74% of all the environmental shareholder proposals that we voted. For the first time, we categorise a proposal type as 'anti-ESG' which is 'restrict spending on climate change action'. In these, we voted against all 20. We voted for 48% of the 'pro-ESG' climate proposals which similar to last year's 47% support. In 2024, social issues of note occurring on shareholder proposals included human rights-related (50% support), political lobbying and congruency reporting (67% support).

### Governance Shareholder Proposals

#### Proxy contests

Proxy contests are always reviewed by Allspring's fundamental portfolio managers that own the stock in question. They garner the highest category of importance in ISS's ratings. In 2024, there were 17 proxy contests that Allspring voted on, compared with 7 in 2023. In 13 of these, we supported at least one dissident nominee.

## Case study

PROXY CONTEST

### Crown Castle

Crown Castle is an infrastructure REIT. Founded in 1994, its portfolio was originally focused on wireless towers. In 2011, it began expanding its acquisitions into small cells and route miles of fibre. In 2020, activist investor Elliott Investment Management disclosed a $1 billion investment in the company and called for a strategic review of the fibre business and Board refreshment. Dissatisfied with the lack of progress over the ensuing three years, Elliott doubled its stake and renewed calls for an overhaul at the company. Shortly thereafter, CEO Jay Brown announced his retirement in January 2024 after seven years and a cooperation agreement was announced between the company and Elliott. The company agreed to undertake a comprehensive review of its fibre business and formed a committee of the Board to lead this. Two new Elliott-backed Board members were added and two long-standing Board members stepped down. The Board also formed a CEO search committee. There was no formal proxy contest with Elliott as a result of the agreement.

A second round of proxy contest began to brew in February 2024 when Crown Castle founder Ted Miller's investment firm Boots Capital took a $100 million stake and announced it planned to nominate a dissident slate of four nominees to the Board. It also called for the company's cooperation agreement with Elliott to be put to shareholder vote. Crown Castle announced its new CEO Steven Moskowitz, who was appointed in April 2024 ahead of the AGM.

Recognising that the company had implemented many of the changes called for—a new CEO, Board refreshment, and formation of the fibre review committee, there was little incremental value represented in the dissident's campaign. Allspring voted for all the management-backed directors. None of the dissidents received more than 10% of shareholder support.

## Separation of CEO and Chair

We believe the issue of separation of CEO and chair is company-dependent and should be assessed based on a company's own circumstances. If we deem a combined CEO/chair structure is beneficial for the company, we will seek a credible independent lead director with clearly defined responsibilities to ensure effective and constructive leadership.

Case study

### Salesforce—Require an independent Chair (Governance issue)

In 2024, for the third consecutive year, the same proponent filed a shareholder proposal requiring the separation of CEO and chair, implying that Board independence would be enhanced and by allowing CEO Marc Benioff to also serve as chair, he is 'exerting excessive influence' on the Board. Benioff founded the company, became CEO in 2001 and has held the combined role of CEO and chair since the company went public in 2004. Allspring voted against the shareholder proposal in all three years that the shareholder proposal was on the proxy.

In 2022, the Allspring portfolio manager disagreed with ISS's support of the shareholder proposal and changed the vote to against, citing Benioff is a technology visionary, who has been instrumental in building the company. A combined CEO/chair role is very common, and the manager believed that the leadership structure provides a 'check' on his power and influence.  The proposal received 37% support from shareholders.

In 2023, Allspring noted that the company responded to the 37% support at the last AGM and made several improvements to the Board leadership structure after the 2022 meeting. The governance guidelines were revised to provide that the lead independent director is elected solely by and from the independent directors and to provide enhanced lead independent director duties such that the role is now considered robust. The co-CEO and vice-chair Taylor also resigned these positions, which has reduced the complexity of the leadership structure, and the long-tenured lead independent director has been replaced. Given these positive changes to the Board leadership structure, and lack of concerns about the company's governance structure, we voted against this proposal.  The proposal received 23% support from shareholders.

In 2024, Allspring once again voted against, noting the positive changes in 2023 are still indicative of strong governance and there are no concerns.

## Social Shareholder Proposals

When evaluating social shareholder proposals, we consider their materiality to the company and relationship to long-term value generation and/or risk management in light of the company's business model and specific operating context.

Case study

### Kroger—Establish a company compensation policy of paying a living wage (Social Issue)

In 2024, a proponent filed a shareholder proposal requesting the company establish wage policies to provide workers with the minimum earnings necessary to meet basic needs. The proponent cites the living wage in 2022 for a family of four with two working adults was $25/hour. Kroger's national average hourly rate is $19/hour. They stated a policy of paying a living wage to prevent contributing to inequality and racial/gender disparity.

There is also a link with this topic to a shareholder proposal in 2023, "Report on Gender Pay Gap" which received majority shareholder support at 52%. In response, in February 2024, the company made a Statement on Pay Equity disclosing "a review of our associates' total compensation for calendar year 2023, including base pay, cash bonuses, and equity, adjusting for factors such as position, tenure, performance, geographic location and collective bargaining unit, confirms there are no meaningful differences in pay on an adjusted basis for associates who self-identify as male, female or people of colour. On an adjusted basis, for every dollar a male associate is paid, a female associate is paid approximately 101 cents, and a person of colour is paid approximately 99 cents." The company says that it will report unadjusted pay equity results starting in 2025.

Furthermore, in the Board's response to the 2024 shareholder proposal requesting a living wage policy, the board stated the company has raised wages more than 33 percent over the last five years. It says: "The Company has invested a total of $2.4 billion in incremental investments since 2018, which has increased our national average hourly rate of pay from $13.66 to nearly $19, or nearly $25 per hour with comprehensive benefits". Furthermore, the Board writes that the company provides programs including free financial coaching and education benefits, which extends up to $21,000 in tuition reimbursements for associates. The company stated their financial model for 2024 will continue to increase average hourly pay, enhance healthcare benefits, and provide opportunities for growth. It notes that most of Kroger's workforce benefits from collective bargaining agreements that ensure pay equity and consistent wage progression, covering wages, healthcare, and pensions for about 64 percent of associates, while non-union hourly roles follow similar wage structures.

Allspring agreed with the Board and management that the company is making commitments to find a balance between increasing wages and maintaining affordable prices. We will continue to monitor their disclosures and enhanced commitments going forward.

## Environmental Shareholder and Management Proposals

### 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.

Management proposals known as Say on Climate were roughly the same at 20 year-over-year. We voted with management on all but two (18 out of 20). Management teams' willingness to put proposals to shareholders outlining their climate transition strategies, commitments and progress is usually supported by most shareholders.

The two that we voted against were different share types of the same company (ADR and local shares), Woodside Energy Group, an Australian Oil and Gas company. This was the second time that shareholders had the opportunity to cast a non-binding vote on the company's climate report. At the 2022 AGM, the vote only garnered 51% support of shareholders. Compared to its plan proposed to shareholders in 2022, the company has not significantly amended its transition plan that was highly contested by its shareholders at its AGM held in May 2022. The sole new target is to "take on new energy products and lower carbon services by 2030, with total abatement capacity of 5 Mtpa $CO_2e$". The company still intends to invest US$5 billion in new energy products and lower carbon services by 2030 but at the end of 2023, the company had cumulatively spent only $335 million towards this target. The company does disclose some scenario analyses but does not report how its strategy compares with these scenarios. This proposal failed with 58% of shareholders against.

## Allspring Significant Vote Results

In Principle 8, 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. (In 2024, there were only 14 meeting results to analyse because one company listed with the weakest governance scores was a private company and there was no AGM). 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 on to improve a company's corporate governance. In 2024, we had at least one vote against management in 11 of the 14 company Annual General Meetings. Examples of proposals where we voted against management were:

- Votes against Say on Pay: Fair Isaac Corp, HEICO Corp,
- Vote against CEO share grant: Axon Enterprises
- Vote for One Year Say on Pay Frequency: Universal Health Services (management proposed three years)
- Voted against four directors nominated on the classified Board due to classified Board structure:

### Berkshire Hathaway

- Voted for shareholder proposal to Adopt a Simple Majority Vote: Jacobs Solutions, Teledyne Technologies
- Voted for the shareholder proposal to Report on Child Safety and Harm Reduction: Meta Platforms
- Voted for the shareholder proposal to Report on Risks Related to AI Generated Misinformation and Disinformation: Alphabet
- Voted for a shareholder proposal to Commission a Third-Party Audit on Working Conditions due to concerns regarding recent work-place related violations and resulting negative media attention: Amazon

# Appendix

## Appendix 1: Allspring proxy guidelines

The following guidelines are drawn from the Allspring Proxy Policy and Procedures.

We believe that Boards of Directors of investee companies should have strong, independent leadership and should adopt structures and practices that enhance their effectiveness. We recognise that the optimal board size and governance structure can vary by company size, industry, region of operations, and circumstances specific to the company.

- We generally vote for the election of directors in uncontested elections. We reserve the right to vote on a case-by-case basis when directors fail to meet their duties as a board member, such as failing to act in the best economic interest of shareholders; failing to maintain independent audit, compensation, nominating committees; and failing to attend at least 75% of meetings, etc.
- We generally vote for an independent board that has a majority of outside directors who are not affiliated with the top executives and have minimal or no business dealings with the company to avoid potential conflicts of interests.
- In general, we believe directors serving on an excessive number of boards could result in time constraints and an inability to fulfil their duties. For Chief Executive Officers, we allow for no more than one outside directorship and for directors at large operating companies, no more than four in total.
- We generally support adopting a declassified board structure for public operating and holding companies. We reserve the right to vote on a case-by-case basis when companies have certain long-term business commitments.
- We generally support annual election of directors of public operating and holding companies. We reserve the right to vote on a case-by-case basis when companies have certain long-term business commitments.
- We believe a well-composed board should seek members with a breadth of experiences, perspectives and skillsets in order to create the diversity of thought needed to ensure constructive debate in the boardroom. To this end, we support fulsome disclosure of a board's process for building, assessing and maintaining an effective board, which should include a description of the range of skills, professional experience and personal characteristics (such as age, gender and/or race/ethnicity) represented on the board. We believe a board's composition should comply with the requirements of any relevant market-specific governance frameworks and be consistent with market norms in the market in which the company is listed. To the extent that a board's composition is inconsistent with such requirements or differs from prevailing market norms, we expect the company to disclose the board's rationale for such differences and any anticipated actions to address them. On a case-by-case basis, our assessment of this disclosure may affect our willingness to support the chair of the nominations committee.
- We believe it is the responsibility of the Board of Directors to create, enhance, and protect shareholder value and that companies should strive to maximise shareholder rights and representation.
- We believe that companies should adopt a one-share, one-vote standard and avoid adopting share structures that create unequal voting rights among their shareholders. We will normally support proposals seeking to establish that shareholders are entitled to voting rights in proportion to their economic interests.
- We believe that directors of public operating and holding companies be elected by a majority of the shares voted. We reserve the right to vote on a case-by-case basis when companies have certain long-term business commitments. This ensures that directors of public operating and holding companies who are not broadly supported by shareholders are not elected to serve as their representatives. We will normally support proposals seeking to introduce bylaws requiring a majority vote standard for director elections.
- We believe a simple majority voting standard should be required to pass proposals. We will normally support proposals seeking to introduce bylaws requiring a simple majority vote.

- We believe that shareholders who own a meaningful stake in the company and have owned such a stake for a sufficient period of time should have, in the form of proxy access, the ability to nominate directors to appear on the management ballot at shareholder meetings. In general, we support market-standardised proxy access proposals, and we will analyse them based on various criteria such as threshold ownership levels, a minimum holding period, and the percentage and/or number of directors that are subject to nomination.
- We believe that shareholders should have the right to call a special meeting and not wait for company management to schedule a meeting if there is sufficiently high shareholder support for doing so on issues of substantial importance. In general, we support the right to call a special meeting with a threshold of 15%-25% of shareholder support, as we believe it is a reasonable threshold of shareholders and a hurdle high enough to also avoid the waste of corporate resources for narrowly supported interests.

## General Guidelines on Shareholder Proposals

When evaluating shareholder proposals, we consider their materiality to the company and relationship to long-term value generation and/or risk management in light of the company's business model and specific operating context. For instance, certain social issues, such as employee safety, workforce engagement and human rights (including with respect to a company's supply chain), can affect companies' long-term prospects for success. Furthermore, certain environmental issues can present investment risks and opportunities that can impact a company's long-term financial success.

If the issue is deemed material to the company, we then consider salient factors to inform our votes, such as the overall value of any report or other disclosure requested by a proposal, best-in-class practices by peer group companies and best practices in the applicable sector. We will generally avoid supporting proposals that are overly prescriptive, taking into account the current policies, practices, disclosures and regulatory obligations of the company, among other considerations. We generally favour shareholder proposals that improve transparency, as it allows our investment professionals to better understand a company's risks and opportunities and its long-term value drivers.

## Closed-End Funds

We recognise that many exchange-listed closed-end funds ("CEFs") have adopted particular corporate governance practices that deviate from certain policies set forth in the Allspring Proxy Policies and Procedures. We believe that the distinctive structure of CEFs can provide important benefits to investors but leaves CEFs uniquely vulnerable to short-term oriented activist investors. Thus, to protect the interests of their shareholders, many CEFs have adopted measures to defend against attacks from activist investors. As such, in light of the unique nature of CEFs and their differences in corporate governance practices from operating companies, we will consider on a case-by-case basis proposals involving the adoption of defensive measures by CEFs. This is consistent with our approach to proxy voting that recognises the importance of case-by-case analysis to ensure alignment with investment team views and voting in accordance with the best interests of shareholders.

# Appendix 2: ESG engagements led by Stewardship

## Stewardship-led engagements—by individual issuer

+ Positive
— Negative
↔ Neutral

| | | Environmental | | | | Social | | | | | | | Governance | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Issuer | Outcome | Climate change | Natural resources | Pollution/waste | Environment—other | Antimicrobial resistance (AMR) | Conduct, culture and ethics | Human and labor rights | Human capital management | Inequality | Public health | Social—other | Board diversity | Board independence | Board—other | Leadership chair/CEO | Remuneration | Shareholder rights | Governance—other | Capital allocation | Financial performance | Reporting | Risk management | Strategy/purpose | Other |
| Advanced Micro Devices Inc | + |•| | | | | |•| | | | | | | | | | | | | | | | | |
| Air Lease Corp | ↔ |•| | | | | | | | | | | | | |•|•| | | | | | | | |
| Airbus SE | ↔ |•| | | | | | | | | | | | | | |•| | | | | | | | |
| Akelius Residential Property AB | ↔ |•| | | | | | | | | | | | | | | | | | | | | | | |
| American Homes 4 Rent | ↔ |•|•| | | | | |•| | | | | | | |•| | |•| |•| |•| |
| American Water Works Co Inc | + |•| | | | | | |•| | | | | | | |•| | | | | | | |•|
| AP Moller - Maersk A/S | + |•| | | | | | |•| | | | | | | | | |•|•| |•|•|•| |
| Artemis Gold Inc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| ATI Inc | ↔ |•| | |•| | | |•| | | | | | |•|•| | | | | | | | |
| Aurizon Holdings Ltd | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| AZEK Co Inc/The | ↔ | | | | | | | | | | | | | | | |•| | | | | | | | |
| Bank of New York Mellon Corp/The | ↔ | | | | | | | | | | | | | | | | | | | | | | | | |
| Black Hills Corp | ↔ |•| | |•| | | | | | | | | | | |•| | | | | | | | |
| Camden Property Trust | + | |•| | | | | | | | | | | | |•| | | | | | | | | |
| Canadian Pacific Kansas City Ltd | ↔ | | | | | | |•| | | | | | | |•| | | | | | | |•| |
| CenterPoint Energy Inc | ↔ | | |•| | | | | | | | | | | | | |•| | | | | | | |
| Charles River Laboratories International Inc | + | | | | | | |•| | |•| | | | |•|•| | | | | | | | |
| Chemours Co/The | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Cheng Shin Rubber Industry Co Ltd | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Chipotle Mexican Grill Inc | ↔ |•| | |•|•| | |•| | | | | | | | | | | | | | | | |
| CMA CGM SA | ↔ | | | | | |•| | | | | | |•|•| |•| | | | | | |•| |
| Constellation Software Inc/Canada | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| CRH PLC | + |•| | | | | |•| | | | | | | | | | | | | |•|•|•| |
| Cummins Inc | ↔ | | | | | | | | | | | | | | | |•| | | | | | | | |
| Delta Air Lines Inc | ↔ |•| | | | | | | | | | | | | | |•| | | | | | | | |
| DHT Holdings Inc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Digital Realty Trust Inc | + |•|•| | | | | |•| | | | | | | | | | |•| | | |•| |
| Domino's Pizza Group PLC | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Dynatrace Inc | ↔ |•| | | | | | |•| | | | | | | |•|•| | | | | | | |
| elf Beauty Inc | ↔ |•| | | | | | | | |•| | | |•| | | | | | | | | | |
| Endava PLC | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Equinix Inc | + |•|•| | | | | |•| | | | | | | |•| | |•| |•| |•| |
| Euronet Worldwide Inc | — | | | | | | | | | | | | |•| | |•| | | | | | | | |
| evoke plc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Fair Isaac Corp | ↔ | | | | | | | | | | | | | | | |•| | | | | | | | |
| Fifth Third Bancorp | ↔ |•| | | | | | |•| | | | | | | |•| | | | | | | | |
| Finnair | ↔ |•| | | | | | |•| | | | | | | | | | | | | | | | |
| Franco-Nevada Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Freeport-McMoRan Inc | ↔ |•|•| | | | | |•| | | | | | | |•| | | | |•| | | |
| General Motors Co | ↔ |•| |•| | | |•| | | | | | | | | | | | | | | | | |
| Glencore PLC | + |•| | |•| | | | | | | | | | | | | | | | | | |•| |
| Global Blue Group Holding AG | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Globant SA | ↔ | | | | | | | | | | | | | | |•| | | |•| | | | | |
| Hamburg Commercial Bank AG | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Heidelberg Materials AG | + |•| | | | | | |•| | | | | | | | | |•|•| |•| |•| |
| Holcim AG | ↔ |•|•| | | | |•|•| | | | | | | | | | |•| | |•|•| |
| Intermediate Capital Group PLC | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Irish Residential Properties REIT PLC | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Jack in the Box Inc | ↔ |•| | | | | | | | | | | | | | | | | |•| |•| |•| |
| Jackson Financial Inc | ↔ |•| | | | | | |•| | | |•| | | |•| | | | | | | | |
| JBS S/A | ↔ |•|•| | |•| |•| | | | | |•| | | | | | | | | | | |
| Jet2 plc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| JPMorgan Chase & Co | + |•| | | | | |•|•| | | | | | |•|•| |•| | |•| | | |
| Keurig Dr Pepper Inc | ↔ |•| |•|•| | | | | | | | | | | |•|•| | | | | | | |
| Kia Corp | + |•| | | | | |•| | | |•| | | | |•| | | | | | |•| |
| Kingspan Group plc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Lockheed Martin Corp | ↔ |•| | | | | | | | | |•| | |•| | | | | | | | | | |
| M&T Bank Corp | ↔ |•| | | | |•| |•| | | | | | | |•| | | | | | | | |
| MAG Silver Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Matson Inc | + |•| |•| | | | |•| | | | | | | |•| | |•| |•| |•| |
| Maximus Inc | + | | | | | | | |•| | | | |•| | |•| |•| | | | | | |
| MDU Resources Group Inc | ↔ |•| | | | | | | | | | | |•| | |•| | | | | | | | |
| Meta Platforms Inc | ↔ | | | | | | | | | | | | |•| | | | | | | | | | | |
| Montana Aerospace AG | ↔ | | | | | |•| |•| | | |•| | | | | | | | | | | | |
| New Mountain Finance Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Nexon Co Ltd | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Nomad Foods Ltd | + | |•|•| | | | | | | | | | | | | | | | | | | | | |
| Nomad Foods Ltd | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Northern Oil & Gas Inc | + | | | | | | | | | | | | | | | |•| | | | | | | | |
| Orion Corp/Republic of Korea | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| PG&E Corp | + |•|•| | | | | | | | | | | | | |•| | | | | | | | |
| Phillips 66 | ↔ | |•| | | | | | | | | | |•| | | | | | | | | | | |
| Pilbara Minerals Ltd | ↔ |•|•| | | | | |•| | | | |•| | | | |•| | | | |•| |
| PNC Financial Services Group Inc/The | — |•| | | | | | |•| | | | | | | |•| | | | | | |•| |
| Quanex Building Products Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Rational AG | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Rio Tinto PLC | ↔ |•|•| | | | | | | | | | | | | |•| | | | | | | | |
| RPM International Inc | ↔ | | | | | | | | | | | | | | | |•| | | | | | | | |
| Serica Energy plc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Shenzhou International Group Holdings Ltd | ↔ |•|•|•| | | |•| | | | | |•| | | | | | | | | | | |
| Shoe Carnival Inc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| SI-BONE Inc | ↔ | | | | | | | | | | | | |•| | |•| | | | | | | | |
| Taikisha Ltd | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Tencent Holdings Ltd | + |•| | | | | | |•| | |•| | | | |•| | | | | |•| | |
| Teradyne Inc | ↔ |•| | | | | |•| | | | | |•| | |•|•| | | | | | | |
| TG Therapeutics Inc | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| TotalEnergies SE | + |•| | | | | | | | | | | | | | |•| | | | | | | | |
| Triple Flag Precious Metals Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Trivium Packaging Finance BV | ↔ |•|•|•| | | | | | | | |•| | | | | | | | | | | | |
| UnitedHealth Group Inc | ↔ |•| | | | | | | | |•| | | | | | | |•| | | | | | |
| VistaJet Malta Finance PLC | + |•| | | | | | | |•| | | | | | | | | | | | | | | |
| Vulcan Materials Co | ↔ |•|•| | | | | |•| | | | | | | |•| | |•| |•| | | |
| Walmart Inc | + |•|•| | | | | |•| | | | | | | | | | |•| | | | | |
| Wells Fargo & Co | + |•|•| | | | | |•| | | |•| |•| |•| | | | | | | | |
| Wendy's Co/The | + | | | | | | | | | | | | |•| | | | |•| | | | | | |
| Westpac Banking Corp | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |
| Xcel Energy Inc | ↔ |•|•| | | | | | | | | | | | | | | | | | | | | | |
| Yellow Cake PLC | ↔ | | | | | | | | | | | |•| | | | | | | | | | | | |

# Thank you

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