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EU Sustainable Finance Disclosure Regulation: Sustainability Risk Policy Statement

Introduction

This Sustainability Risk Policy statement covers Allspring Global Investments Luxembourg S.A.'s approach to incorporating sustainability risks in investment decision-making, per the requirements of the EU Sustainable Finance Disclosure Regulation ("SFDR"). Allspring Global Investments™ (hereafter in this document referred to as "Allspring") is the trade name for the asset management firms of Allspring Global Investments Holdings, LLC, a holding company indirectly owned by certain private funds of GTCR LLC and Reverence Capital Partners, L.P. It includes but is not limited to: Allspring Global Investments (UK) Limited ("Allspring UK"); Allspring Global Investments, LLC ("Allspring Investments") and Allspring Global Investments Luxembourg S.A. ("Allspring Luxembourg").

Allspring Global Investments Luxembourg S.A. (549300FKC2W4RW4DGP06) is authorized to:

- 01 act as a management company pursuant to chapter 15 of the Law of 17 December 2010 relating to UCITS, as may be amended from time to time ("Law of 2010") transposing the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as may be amended from time to time ("UCITS Directive");
- 02 act as an alternative investment fund manager pursuant to chapter 2 of the Law of 12 July 2013 on alternative investment fund managers (the "Law of 2013");
- 03 provide discretionary portfolio management and investment advice services pursuant to Article 101(3) of the Law of 2010, and discretionary portfolio management, investment advice and reception and transmission of order services pursuant to Article 5(4) of the Law of 2013.

This Sustainability Risk Policy statement describes the approach to sustainability risks adopted by the portfolio manager responsible for making the investment decisions.

The SFDR defines the terms "sustainability factors" as meaning "environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters", and "sustainability risks" as meaning "an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment".

Allspring Luxembourg's (hereafter referred to as "we" or "our") approach to integrating sustainability factors and sustainability risks in our investment processes and decision-making is consistent with these terms and definitions.

We use the terms "sustainability factors" and "ESG issues" (ESG means Environmental, Social, and Governance) interchangeably in this policy statement as well as in our comprehensive document, 'Our Approach to ESG and Sustainable Investing', available at allspringglobal.com.

We also use the terms "sustainability risks" and "ESG risks" interchangeably. "Paris Agreement" has the same meaning as in Recital 2 of the SFDR.

Overview on sustainability risks

Systemic sustainability risks like climate change and social inequities, along with evolving market specific regulation and policy dynamics, and industry- and company-specific sustainability risks and opportunities can affect capital markets and investment performance. Applying a sustainability lens to our investment analysis provides a window into these shifts and informs investment decision-making, where material.

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

Through our stewardship activities we seek to protect client capital by improving investee disclosure and information flow which, in turn, 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 factors and related sustainability risks into our investment and stewardship activities therefore contributes to our number one priority: generating positive investment outcomes for our clients.

Our investment approach

Our investment offering is broad, with capabilities spanning equity, fixed income, alternatives and multi-asset solutions; and deep, with fundamental and systematic strategies. A majority of our specialised investment teams integrate ESG risks into their investment processes, in ways that are consistent with their asset classes and investment portfolio strategies, where appropriate, and in line with our commitments to clients.

The relevance and investment effect of different sustainability factors may vary depending on aspects such as the asset class, sector, geography, and local laws and regulations. Our investment teams may leverage third-party data sources as well as internal tools and resources in integrating considerations of

sustainability factors and related risks into their investment analysis. For illustrative purposes, we outline examples of asset class-specific approaches below.

Corporate fixed income: The Allspring Global Fixed Income Research Platform (GFIR) 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 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, including climate risk, to embed these analyses into our overall research process. ESG and climate risk assessments inform, but do not drive, our analysts' fundamental opinion and relative-value assessments.

Fundamental equity: Our specialised fundamental equity investment teams incorporate ESG risk and sustainability factor analysis into their portfolios, where appropriate, by following their own approach to fundamental analysis. Teams may integrate material ESG information into different aspects of their investment analysis, including: industry analysis, assessing management quality, analysis of company strategy, or fair value analysis including adjustments to forecasted company financials such as sales or operating costs, or valuation model variables such as discount rates or terminal values. Additionally, direct contact with investee company management teams on a range of issues, including sustainability factors, is an important component of their extensive independent fundamental research.

Systematic equity: Our systematic equity teams capitalise on ESG and carbon-related information to derive 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 more "quantamental" styles where appropriate. We meet a range of objectives customised to clients' preferences in terms of sustainability characteristics, climate-alignment, tracking error, factor exposure and alpha. These efforts draw upon an array of internal resources and external data sets.

To support our investment teams' integration of sustainability risks and help our diverse client base to navigate what's ahead, Allspring (including Allspring Luxembourg) has four key functions providing essential sustainability resources:

01 Sustainability team: Our diverse and experienced sustainability professionals are anchored in the investment platform with touchpoints across the enterprise. The team develops and leverages a myriad of capabilities and tools, advances sustainable innovation, enables the integration of sustainability risks by our investment teams, and partners with our clients to deliver against their investment and sustainability objectives.

02 Independent risk management: To empower our investment teams, our Investment Analytics team incorporates ESG research and analysis into our independent risk management functions, thereby

providing proprietary tools and data services that help investment managers better understand the sustainability risk profiles of investments.

03 Climate Change Working Group ("CCWG"): The CCWG marshals cross-functional resources and serves as a platform for education, understanding and acting on climate and related risks. It produces research and commentary on the relationship of climate change to industries and issuer fundamentals and collaborates with investment teams to integrate climate risks into their research and investment decisions.

04 Stewardship: As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of our clients. We embrace responsible, active ownership by engaging with investee companies and through voting proxies and by doing both in a manner that we believe maximises the long-term value of our clients' investments, including a focus on important sustainability factors.

These functions are described in more detail in the similarly named sub-sections that follow.

Sustainability team

We have constructed a sustainability platform comprised of dedicated professionals and resources to support our specialised investment teams and to generate sustainability insights. In partnership with our investment teams and key functional areas across the firm, the team is structured into specialisms to aid the integration of sustainability risk across Allspring. For example:

- **Sustainability research and development** seeks to provide differentiated research to distill climate, water, biodiversity and other sustainability themes into actionable investment ideas.
- **Investment integration** supports investment teams with educational training and process consulting, investment tool deployment and ESG risk management.

In addition, members of the team support sustainability risk management by leading and supporting the sustainability resources described below.

Independent risk management

Allspring's Investment Analytics team provides a consistent framework for sustainability risk monitoring and reporting. The Investment Analytics team supplements each investment team's fundamental research with a number of ex-ante and ex-post tools and characteristics reports based on a proprietary flagging system that highlights the most significant ESG risks at both the investment and portfolio levels.

The sustainability resources provided by Investment Analytics are intended to act as a catalyst for additional research and/or portfolio company engagement. As such, the responsibility for sustainability risk management is a partnership between the Investment Analytics team and each of our investment teams. These characteristics are also leveraged to evaluate risks relative to strategy benchmarks and escalate concerns to senior leadership, as discussed further below in this document.

Climate Change Working Group

Allspring's CCWG collaborates with our investment teams to integrate climate risks into research and investment decisions. The primary goal of the CCWG is to assess the impact of climate change on investment value and portfolio risks, marrying top-down, systemic climate risk analysis with bottom-up sector expertise with the aim of improving investment performance and helping clients achieve their climate goals.

The CCWG assisted in the development of our proprietary Climate Transition Framework as a structured approach for analysts to assess how company fundamentals may be affected by climate change and how companies may contribute to decarbonization. The framework identifies a broad range of ways in which business model, technology, physical, regulatory, and other climate risks, and opportunities affect the competitiveness of a company, both positively and negatively. This disciplined research process helps us optimize risk decisions at the portfolio level and formulate industry-level insights.

Stewardship

As active owners of the companies in which we invest on behalf of our clients, stewardship is an integral component of our investment process. We built our Stewardship Platform to reflect our values of exercising care, prudence and fiduciary duty to our clients in two key ways—by engaging with our investee companies and voting proxies on behalf of our clients. In our engagement efforts, we focus on the risk and materiality of the sustainability factors brought forward by our own research, and by utilising the SASB Standards materiality framework and Taskforce on Climate-Related Financial Disclosures recommendations.

Our motivation for engagement results from a strong desire to deepen our knowledge of investee companies in which we allocate capital, or where appropriate, to take action to protect invested capital. Importantly, the engagement approach involves both our fundamental analysts across equities and fixed income alongside our Stewardship team to leverage the deep fundamental research and perspectives of our investment teams.

Read more about how we consider ESG issues and related risks within our proxy voting and engagement activities in our Adverse Sustainability Impacts statement and our Proxy Voting Policy and Procedures and Engagement Approach at allspringglobal.com.

Monitoring and oversight of sustainability risks

Sustainability risk oversight at Allspring involves a multilayered approach that extends from our investment teams through to the Allspring Risk Committee and, ultimately, to Allspring Group Holdings LLC Board ("Board of Directors"). The Board is supported by an 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 and our pursuit of achieving corporate sustainability objectives. The Board of Directors receive a report on and review of key sustainability and climate performance metrics once a year.

The Allspring Risk Committee is the key governance body that oversees risk for the firm. The Risk Committee decides risk remediation actions and escalates key risks to the Audit & Risk Committee of the Allspring Board of Directors. Sustainability related investment risks and opportunities are reported to the Allspring Risk Committee through the Investment Oversight Committee ("IOC"). Allspring's IOC oversees investment and investment-related topics, including investment risks in support of Allspring's obligations to clients, employees, regulators, and other key stakeholders. The Sustainability Council and Sustainability Risk Briefings inform the IOC review of sustainability risks. The Sustainability Council oversees risks and opportunities related to corporate sustainability and sustainable investing and brings together senior stakeholders from across the organization quarterly.

Sustainability risk oversight is a component of our risk review meetings. On a regular basis, significant product-specific benchmark-relative sustainability exposures as well as the firm's most significant exposures to securities with poor overall sustainability and climate metrics are reviewed with the Office of the Chief Investment Officer ("CIO"). Further, on a quarterly basis, a dedicated Sustainability Risk Briefing meeting is held with the Office of the CIO that focuses on certain investment products with sustainability objectives or promoted environmental or social characteristics. 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.

Furthermore, Allspring has implemented an internal use Sustainable Investing Policy. The purpose of the Sustainable Investing Policy is to describe Allspring's governance structure and mitigating controls for ESG-related and/or sustainable investing risks and disclosures, inclusive of SFDR obligations. The Sustainable Investing Policy is approved by the IOC. Suggested opening line:

For more information on our approach to sustainable investing, please see 'Our Approach to ESG and Sustainable Investing', available at allspringglobal.com.