Allspring

2024 Stewardship Annual Report

JULY 2025

Contents

Foreword

The world continues to grapple with change and challenges 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 preindustrial 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 $140 billion of insured losses globally in 2024, and one estimate predicts $200 billion 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. Our investment professionals met with companies in high-emitting sectors where we have larger investment exposure to evaluate the robustness of their climate transition strategies, how they leverage opportunities from climate transition, and how they address the associated risks.

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). This is essential because ecosystems with higher biodiversity are often more stable and better able to sustain their natural capital, including renewable resources (ecosystems, air, and water) and nonrenewable resources (minerals, metals, fossil fuels, and other commodities).

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 links 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 apparel and other industries with high human rights risks 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 enforceable features such as terminating contracts. As stewards of our clients' capital, we respect the diversity of our clients' investment objectives and goals, including their sustainability preferences. We believe in meeting clients where they're at in their investment journey to help them steer through what's ahead.

As long-term investors, our goal is to understand, evaluate, and navigate change to deliver positive outcomes for 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 organization, we trust this report helps highlight and emphasize our commitment and responsibility as stewards of our clients' capital.

KATE BURKE
Chief Executive Officer

HENRIETTA PACQUEMENT
Head of Sustainability

Corporate sustainability commitments

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. 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 our drive for continuous improvement guide our actions.

ENVIRONMENTAL

We recognize our primary impact is through our investments, but we believe 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 2024, describing our governance over climate risks and opportunities for transparency to our stakeholders.

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

Allspring has already taken meaningful measures to reduce our operational carbon and energy footprint. For new office locations, we prioritize 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 greenhouse gas use intensity to assess our buildings' greenhouse gas emission output based on square footage and average energy use intensity to measure a building's energy efficiency in design and operations.

We have a travel policy that encourages staff to consider numerous factors before booking any business travel. For example, to minimize 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 prioritized over air travel for trips under 300 miles. For car rentals, energy-efficient (hybrid, electric, compact) vehicles are prioritized. When booking hotels, staff are 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 important to our success as multiple perspectives help drive creativity, innovation, and better understanding of our clients, employees, and communities.

In 2022, we launched the first eight Allspring Connectivity Groups (ACGs). 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. Our governance framework is 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 organization—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.

Stewardship at Allspring

Stewardship is part of the Sustainability team at Allspring, and the Sustainability team is embedded in our investment organization. We believe this structure is optimal as it brings sustainability expertise to the Allspring investment platform and fosters collaboration with our investment professionals to advance sustainability initiatives on behalf of our clients. Our stewardship activities—engagement and proxy voting—are integral to our investment processes and assist in progressing toward client outcomes. This means governance over stewardship ultimately rests with our most senior investment leadership.

The Sustainability team develops and leverages a myriad of capabilities and tools across the investment platform to enable sustainable innovation for client investment and sustainability objectives. The team has 15 members with 17 years of average industry experience and 7 years of average environmental, social, and governance (ESG) experience. More information on the team is available at allspringglobal.com/capabilities/sustainable-investing/.

Allspring's sustainability organization

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.

Two main committees support the Stewardship team:

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 Policies and Procedures. Importantly, our proxy voting process emphasizes 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 issues.

The **Quarterly Stewardship and Engagement Forum (QSEF)** provides an important connection between the Stewardship team and our specialized 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 composed 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.

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.

Stewardship technology toolbox

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 portfolio managers, analysts, 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 helps facilitate communication across our equity investment platform. The Stewardship team shares our stewardship-led engagement notes with companies across the platform. AlphaSense has become an essential tool enhancing our ESG research with natural 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 tag notes detailing any engagements with companies on these topics, enabling an easily accessible history and a framework for coordinated engagement efforts across investment strategies.

Bloomberg: The Stewardship team shares company engagement notes with our global credit analyst and fixed income portfolio managers in the Allspring research notes database. Through a set of tags, our credit analysts can highlight meetings that included ESG discussion, providing a history of their engagements independent of the Stewardship-led engagements. Allspring worked with Bloomberg to create a custom engagement note template that 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 by mirroring a taxonomy that U.K. consultants established in a stewardship template. Allspring codified the ESG issues and stages (or outcomes) attached to those so that Allspring can provide the information U.K. consultants seek on a regular reporting basis.

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 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, nongovernmental organizations, and other publicly available databases. Complementary viewpoints of providers and the extensiveness of 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.

1. In previous reports, we referred to Sentieo. AlphaSense acquired Sentieo.

Engagement at Allspring

Systemic sustainability risks like climate change, declining biodiversity, and social inequities influence regulation and policy dynamics and can affect 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 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 flexibility to accommodate on a case-by-case basis issues and controversies as they arise. Companies are prioritized 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, multiyear programs of repeat meetings on material ESG topics with companies, these interactions will bring together perspectives from across our firm, including those from our equity and fixed income teams. The Stewardship team also engages companies in writing—for instance, encouraging them to improve certain disclosures.

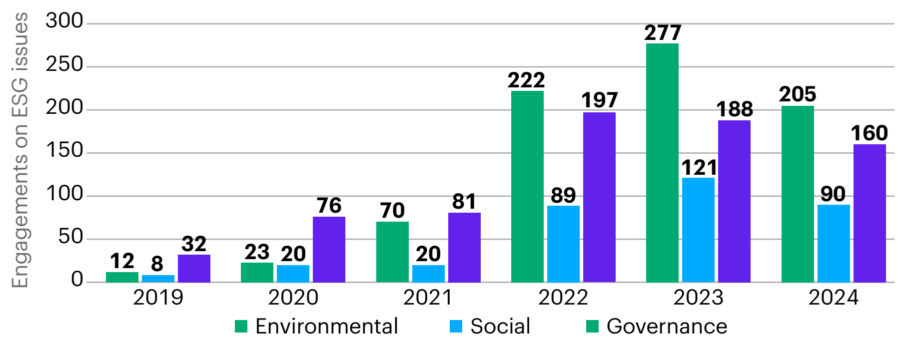
02 **ESG engagements led by an investment team:** Defined as meetings with companies where ESG topics are part of a broader agenda, these meetings typically do not involve the Stewardship team. Our investment teams conducted over 600 ESG engagements.

Allspring engagement activity

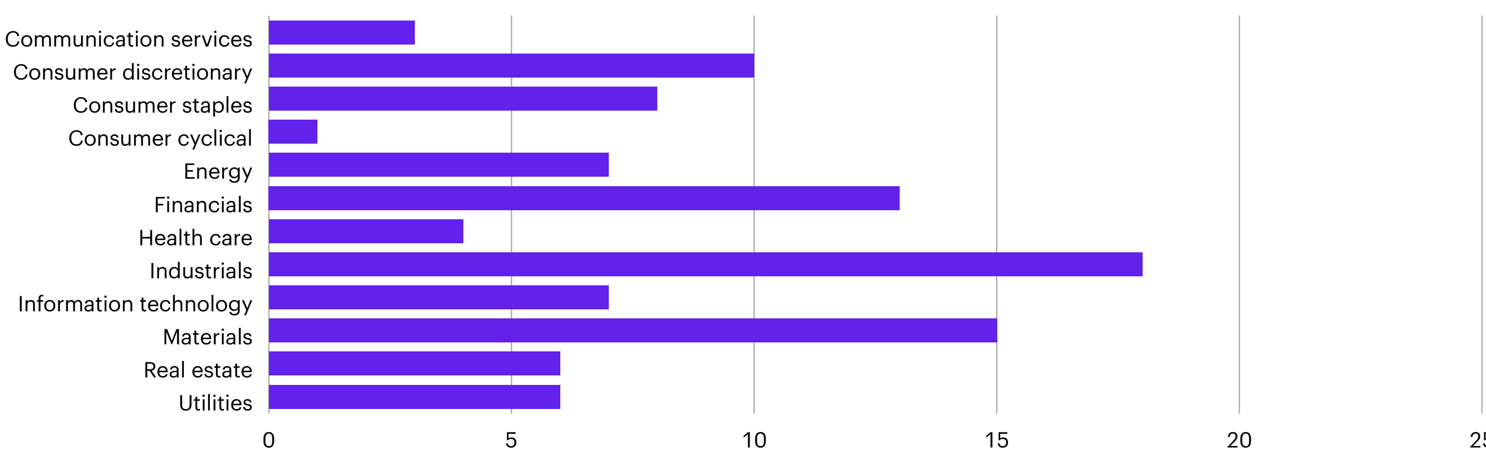
In 2024, the Stewardship team led 101 engagements and covered 455 key ESG topics during the meetings. This represented $41 billion of invested assets, which was approximately 19% of our assets invested in corporates. Our equity and credit teams participated in 90% of those engagements. We believe our ESG engagements are differentiated based on how focused we are and how efficiently we span a broad set of material ESG issues 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 demonstrate 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



Source: Allspring Global Investments, as of 31-Dec-24

As an active manager, we primarily practice direct private engagement with investee companies through meetings with management and board directors. We 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 engagements, our analysts incorporate their opinions into the mosaic of their fundamental analysis.

Our approach to engagement does not vary by geography. However, material topics take into consideration the company's domicile and geographic locations. 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.

Allspring's 2024 priority engagement themes

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. These are partly informed by leveraging proprietary research projects such as climate change and water management and the proprietary scores from our ESG Information Quotient (ESGiQ) and Climate Transition Frameworks. For thematic engagements, the Stewardship team reviews and sets a strategic plan annually. 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 map the materiality of ESG priority issues to industries and sectors of interest. Below are our 2024 priority themes and sectors.

ALLSPRING'S 2024 HIGH-PRIORITY ENGAGEMENT THEMES

	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

Source: Allspring Global Investments, 31-Dec-24

Our Stewardship team, with input from the investment teams, then leads the prioritization 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 prioritized 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 next.

Environmental

Climate

Climate change and investee company decarbonization 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)
- Real estate investment trusts (2023)
- Transport (2023)

In 2024, we circled back on two key sectors we engaged with for the first time three to four years ago with key milestones approaching:

- **Automobile OEMs:** Electric vehicle (EV) sales goals set in 2020 have 2025 milestones, and many headwinds and tailwinds have developed over the past four years.
- **Airlines:** All have committed to considerable sustainable aviation fuel (SAF) usage goals by 2030 but supply continues to be a meager 1% of all fuel used. 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.

In 2024, we also launched a thematic focus on financials as a sector in which Allspring has considerable investment, focusing on financed emissions and sustainable finance. Most large global banks have set emissions reduction 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 U.S. while the rest of the world continues to be pro-sustainability and pro-climate.

CASE STUDY

Bank comparison: Financed emissions and sustainable finance

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

OBJECTIVE: Assess progress on substantial sustainable finance goals and the evolution of approaches to financed emissions.

ENGAGEMENT FINDINGS: Both JPMorgan and Wells Fargo have set sustainable finance goals and financed emissions reduction targets in their loan books for high-emitting sectors. In 2021, JPMorgan set a 10-year $2.5 trillion sustainable development target by 2030 across retail and wholesale banking segments, which 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% toward wholesale banking segments. The table below shows the banks' categorization and progress for the first two years.

JPMORGAN

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

WELLS FARGO

CATEGORY	ACHIEVED 2021–2023 ($ MILLIONS)
Environmental finance	47
Aligned finance (e.g., green bonds)	102
Social finance (e.g., affordable housing)	28

Sources: JPMorgan and Wells Fargo, 31-Dec-24

In terms of financed emissions, when Allspring began engaging with JPMorgan in 2021, the company had only set intensity reduction targets for oil and gas, electric power, and automotive manufacturing. Since then, JPMorgan added iron and steel, cement, aviation, shipping, and aluminum.

Wells Fargo has financed emissions reduction targets by 2030 for five sectors: oil and gas, power, auto, steel, and aviation. Engagement included discussion of the bank's announcement that it's not setting additional targets for a variety of reasons, such as data reliability or lack of methodologies, and that it will continue to set targets for other high-emitting sectors.

The banks have different definitions and reporting approaches to oil and gas. In the sectors where definitions align, we can compare their emissions reduction targets to comparably defined sectors (see the table below).

		JPMORGAN		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.
Sources: JPMorgan and Wells Fargo, 31-Dec-24

JPMorgan has more sectors targeted in its financed emissions goal setting for high-emitting sectors; its sustainable finance goal of $2.5 trillion over 10 years is the largest commitment among the U.S. banks.

ALLSPRING ASSESSMENT OF ENGAGEMENT: Allspring gave both engagements a positive rating. 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 maturity of the sustainability program.

CASE STUDY

General Motors

ISSUE: While the transition to EVs is accelerating globally, that shift is manifesting asymmetrically—with most new battery electric vehicle (BEV) sales concentrated in a few major markets. In 2024, global EV sales increased to 17 million, up 25% 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 U.S. is due, in part, to increased input costs, dampened consumer interest, and insufficient charging infrastructure. This has caused U.S. car manufacturers to slow BEV production and adjust their rollout outlook.

OBJECTIVE: Assess evolution of the company's climate transition strategy and BEV 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 BEV sales outlook, partially due to internal combustion engine (ICE) demand.

Regardless, the company is committed to its long-term vision for a full transition to BEV. It will prioritize its BEV expansion by developing new vehicles across brands and increasing production capacity. Partnerships with other companies are also part of the strategy; the company recently announced agreements with Honda and Acura.

GM is also pursuing partnerships to fortify charging infrastructure and reliability. Reliability issues with chargers have been seen as a potential barrier to wider BEV adoption. Tesla opened up its North American Charging Standard (NACS) 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 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.

FUTURE FOCUS: GM is fully committed to a BEV future and has not backed down from its goal of 100% BEV sales (light duty) by 2035. Since 2020, GM announced investments of over $12 billion across various sites in North America; in 2022, it issued a $2.25 billion green bond with proceeds going to convert ICE factories to BEV. Investors will have to scrutinize the persistence of BEV demand and how GM can manage its production capacity and BEV rollouts.

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

Natural capital and biodiversity

Natural capital is the world's stock of natural resources, which includes geology, soil, air, water, and all living organisms. 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—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 nonrenewable resources (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 the risks and opportunities are most material—for example, the food and agriculture, metals and mining, waste management, integrated energy, and utility sectors. As long-term investors, we encourage 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 (recycled PET, or polyethylene terephthalate, a type of plastic widely used in packaging) 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 the end of 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 focus on the robustness of water management programs in high water-stress areas and company commitments to reduce and reuse.

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

BIODIVERSITY ENGAGEMENTS FOR LARGEST HOLDINGS IN KEY SECTORS IN 2024

	CLIMATE	WATER	DEFORESTATION	PLASTICS
REAL ESTATE				
Equinox	●	●		
Digital Realty Trust	●	●		
American Homes 4 Rent	●	●		
CONSTRUCTION MATERIALS				
Vulcan Materials	●	●		
CRH	●	●		
Heidelberg Materials	●	●		
METALS AND MINING				
Glencore	●			
Rio Tinto	●	●		
Pilbara Minerals	●	●		
CONSUMER STAPLES				
Keurig Dr Pepper	●	●		●
Nomad Foods	●	●	●	
JBS	●		●	●

Source: Allspring Global Investments, 31-Dec-24

CASE STUDY

Nomad Foods

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.

ISSUE: 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: Assess the company's biodiversity approach.

ENGAGEMENT FINDINGS: In terms of 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 these targets. It has plans to develop a longer-term waste and water strategy; for now, it has a bottom-up approach, focusing on site-specific water-reduction targets for its factories. The company is not disclosing what percentage of its operations are in areas of high-water stress; Allspring suggested this to be 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 uses the SAI Platform's Farm Sustainability Assessment (FSA) to measure its suppliers' and farmers' progress toward its sustainability targets. The FSA framework covers 10 fundamental components of sustainable agriculture, including soil management, water management, air quality and greenhouse gas emissions, biodiversity, and labor conditions. Farms are awarded bronze, silver, or gold depending on requirements met.

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

In terms of packaging, approximately 85% is paper or fiber based, 12.5% is plastic, and the remainder is glass or metal. The company has committed to 100% recyclable consumer packaging by 2030 (at 93% in 2023).

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 to 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 rigor of its goals and the transparency of its disclosures over time. Allspring rated this engagement as positive.

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. We also identify more targeted social issues for engagement for specific sectors/industries, such as content governance for social media companies.

CASE STUDY

Advanced Micro Devices

BACKGROUND: Allspring reached out to Advanced Micro Devices (AMD), a global semiconductor company, to engage on environmental and human rights issues. This marks the first engagement with the company.

ISSUE: The growth of artificial intelligence (AI) has significantly increased demand for energy and environmental resources, including water and minerals. Implementation of responsible supply chain practices mitigates regulatory risks and reputational risks related to human rights violations. Semiconductor companies such as AMD need to manage actual and potential human rights risks within their upstream and downstream supply chains and establish appropriate frameworks to verify that vendors are adhering to their supplier code of conduct.

OBJECTIVE: Assess the company's management of human rights in their supply chain.

ENGAGEMENT FINDINGS: In 2023, AMD conducted its first Human Rights Saliency Assessment, which informed recent updates to its global human rights policy and strategy. Regarding labor rights, AMD is focusing on identifying and working with manufacturers in countries that use labor agents involved in recruiting migrant labor. AMD's direct suppliers in Malaysia, Taiwan, and Japan work with labor agents to recruit migrant workers; 95% of these suppliers have attended the Responsible Business Alliance (RBA) Forced Labor Prevention workshop (2021–2023).

In instances of labor agent malpractice, such as withholding fees from migrant worker pay, AMD has responded by requiring that suppliers have a remediation plan. Worker surveys are one tool to gain insight into the recruitment practices of agents and give migrant workers a voice. 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. AMD said nearly all workers reported indicators of compliance training and a high response rate given the surveys were offered in their native languages.

AMD has 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 has bolstered its approach to managing human rights risk, particularly through its ongoing supply chain initiatives and corrective action plans. Given the heightened demand for resources exposed to human rights risk with the rapid uptake of AI, Allspring will continue discussions with technology companies related to supply chain initiatives and industry collaborations focused on the topic.

ALLSPRING ASSESSMENT OF ENGAGEMENT: Allspring rated this engagement as positive. It is evident that AMD is focused on mitigating human rights issues within its supply chain, reflected in the company's goal for 100% of manufacturing supplier factories to conduct an RBA audit 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 basis depending on a company's assessed weaknesses or deficiencies. 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 STUDY

Charles River Laboratories

BACKGROUND: Charles River provides products and services to help pharmaceutical and biotechnology companies 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 during the past five years. Charles River reached out to Allspring to engage mainly on a shareholder proposal related to the ethical treatment of nonhuman primates (NHPs) used in drug testing.

ISSUE: Charles River received shareholder proposals from People for the Ethical Treatment of Animals (PETA) in 2023 and 2024 calling for a report on imported NHPs. The proposals received 36% and 25% support, respectively. The proponent was very prescriptive in what disclosures it sought. In response, the board indicated that the company published its first annual report in 2024 on NHPs informed by input from the company's top 25 shareholders. The company expressed that this report rendered the shareholder proposal redundant and unnecessary.

OBJECTIVE: Further assess the company's responsiveness to concerns underlined in the shareholder proposal.

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

The company worked with external subject matter experts to curate the scope of the NHP report and plans to publish updates on an annual basis. The report describes enhancements to its management program to ensure proper sourcing and more frequent supplier audits. The report also provides transparency on NHP's country of origin, and the company commits to a goal of improving diversity in countries of origin (e.g., they disclosed that 30–50% of its 2023 NHP imports were from Cambodia). Charles River also addresses its approach to managing risks of zoonotic diseases and discusses its investments to improve NHP supply chain management, diversifying its supply chain to manage risks outlined in the report.

Furthermore, the company formed a new board-level committee in 2023—the Responsible Animal Use Committee—to heighten oversight and accountability.

FUTURE FOCUS: Allspring will continue to follow Charles River's progress updates on NHPs, including the forthcoming 2025 NHP report and the company's response to investors seeking more granular NHP disclosures.

ALLSPRING ASSESSMENT OF ENGAGEMENT: Considering Charles River's attentiveness to shareholder feedback leading to the first annual NHP report, which shows improvements to NHP's strategy and disclosure, Allspring gave this engagement a positive rating.

Reactive engagements

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

Proxy-related engagements are regularly conducted—either initiated by Allspring's Stewardship or equity teams or by request from the investee company. We may reach out to a company to seek more input when evaluating a proxy—for instance, on a matter of high importance. These commonly take place ahead of each company's annual general meeting (AGM) 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 these considerations:

- At the last AGM, were 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 to collaborate on an engagement when a controversy has risen at a portfolio company.

CASE STUDY

Tencent Holdings Ltd.

BACKGROUND: Tencent was flagged by one of our emerging market teams due to the company paying a fine of CNY2.9 billion (~US$406 million) to the People's Bank of China in 2023 for lapses in regulatory compliance related to its payment services business. Also, Sustainalytics flags the company as violating the United Nations Global Compact (UNGC) Principle 2, which relates to data privacy violations, citing censorship and surveillance of users on behalf of the Chinese government. Allspring was also interested in the social topics of AI and the company's oversight of it.

OBJECTIVE: Assess the company in terms of its policies on data privacy associated with the potential UNGC violation as well as its evolving AI strategy.

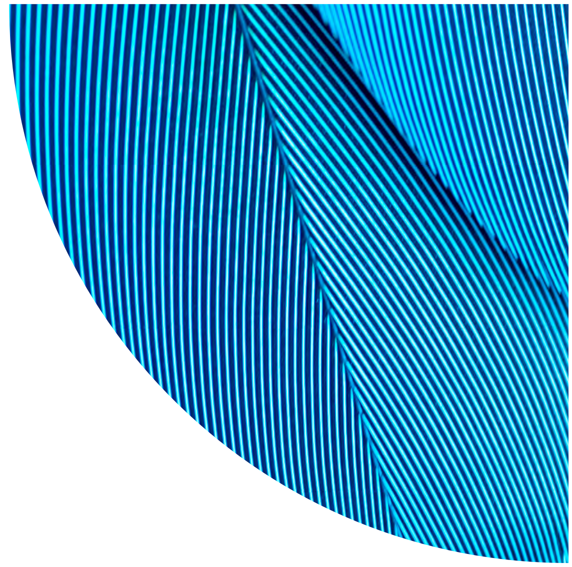
ENGAGEMENT FINDINGS: Tencent stated it believes the regulatory environment has normalized after the penalty was paid. Allspring asked how the company ensures data privacy. The company stated a number of mechanisms, including 1) it limits the number of people with access to personal data, which helps traceability, and 2) it has tightened know your client (KYC) policies. As a further demonstration of its commitment, Tencent worked with the Chinese government to strengthen personal data and privacy regulations for the fintech industry, which has improved public confidence. Tencent has engaged with the ESG rating agencies on this topic. 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 to low risk. In response to the UNGC flag, Tencent took the initiative to join the UNGC 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; its responsibility is to lay out overarching principles and approval mechanisms for the various lines of business. The committee centralizes coordination of AI-related initiatives; it has established multiple collaborative working groups dedicated to key areas, including optical character recognition, image recognition, deep learning training and inference, and large language models. Allspring asked if Tencent's intention is to monetize AI. The company stated this is a low priority, with the higher priority being to ensure the foundation of AI is strong enough to make it sustainable for the long term.

FUTURE FOCUS: Allspring believes Tencent's governance scores should improve with the ESG rating agencies and encouraged Tencent to continue to be proactive with them. Its AI governance seems to be in line with industry peers. We will review its forthcoming UNGC report.

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

Engagement priorities at the strategy level



Each year outside of proxy season, Stewardship holds strategic discussions with many investment teams, aiming to identify strategy-specific company engagements. For example, in 2024, we celebrated the three-year anniversary of our Climate Transition Credit strategies. These strategies leverage our proprietary Climate Transition Framework. We were delighted to be recognized with an industry award, the UK Pensions Awards 2024 "DB Investment Innovation of the Year," for our approach. We continue to help the many clients who are actively targeting net-zero emissions by 2050 and are therefore seeking solutions across investment approaches.

In 2024, we added the Climate Transition Global Equity strategy to our existing Climate Transition Fixed Income Suite. With all our climate transition solutions under one roof, clients can choose asset classes and approaches that fit their 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 degrees Celsius 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. The Appendix includes engagement reports at the strategy level for our Climate Transition Credit Suite.

Clients' stewardship reporting requirements

Some of Allspring's institutional clients have made their own commitments as asset-owner signatories to stewardship codes such as the UK Stewardship Code. Clients are increasingly seeking our partnership in fulfilling their stewardship-related commitments. This also requires close coordination with our investment teams who manage their assets.

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. The priority are companies with high carbon emissions and those that have not had their greenhouse gas emissions targets verified by the Science Based Targets initiative (SBTi). In 2024, this client asked its external asset managers to conduct one such engagement on its behalf (Allspring manages a U.S. growth equity strategy for the pension fund). The client was seeking our assessment of:

- Whether the portfolio company is in favor of an energy transition in line with the objectives of the Paris Agreement
- The portfolio company's carbon emissions disclosure; its short-, medium-, and long-term targets; and a determination of when SBTi verification would happen
- Our assessment of the company using the Net Zero Company Benchmark developed by the CA100+ initiative (because it was not being assessed by Climate Action 100+)

Engagement with the portfolio company was positive. Allspring rated the company as an industry leader among technology companies with respect to climate ambition and climate action. We completed the detailed assessment using the Net Zero Company Benchmark and contributed to the pension fund's commitments to their asset owner alliance.

Engagement outcomes

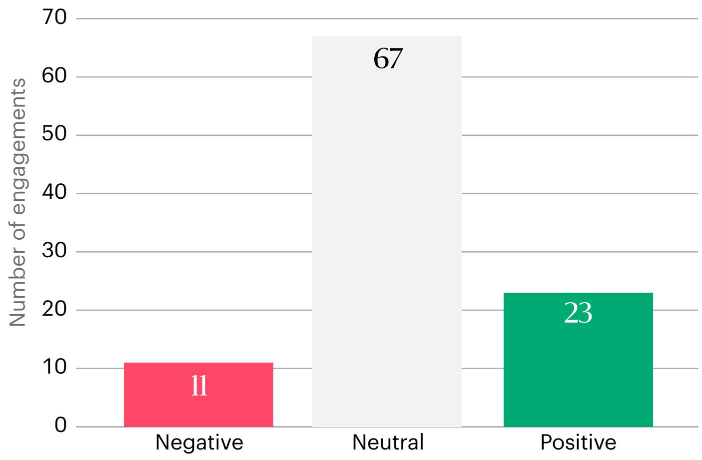
Engagement outcomes may require multiple interactions over time to materialize. Our milestone expectations are established with investee companies and include individual commitments. We have evolved the way we track engagements with greater focus on stages leading to conclusion as a reflection of outcomes.

Since 2022, we have provided an overall assessment of engagements, expressed as positive, neutral, or negative relative to our expectations for the company before the meeting. Expectations are 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.

ASSESSMENT OF 2024 ENGAGEMENTS



Source: Allspring Global Investments, 31-Dec-24

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 toward completion. It was informed by a body of work that the (U.K.) Investment Consultants' Sustainability Working Group completed. This group brings together large U.K.-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 standardized, consistent data collection that also benefits asset managers in terms of efficiency.

Allspring adopted the taxonomy used in the template that comprises E, S, and G issues with subcategories and stages that reflect a continuum toward 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.

05 The company has successfully addressed the issue and it is complete.

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

ESG ISSUES BY COMPLETION STATE (01-JAN-24 TO 31-DEC-24)

		TOTAL	CONCERN RAISED TO COMPANY	ACKNOWLEDGED BY COMPANY	COMPANY HAS DEVELOPED A STRATEGY	COMPANY HAS IMPLEMENTED A STRATEGY	COMPLETE AND SUCCESSFUL
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
SOCIAL	Conduct, culture, and ethics (e.g., tax, anti-bribery, lobbying)	**1**	0	0	1	0	0
	Human and labor 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, AND 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

Source: Allspring Global Investments, 12-Dec-24

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.

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 board chair 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.

Of the 101 company-wide engagements executed by the Allspring Stewardship team in 2023, 12 were deemed negative, 66 neutral, and 23 positive. Regarding the 12 negatively rated engagements, our first course of action was to schedule revisits with the company within 12 to 18 months, depending on the issue. In one situation, for instance, 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 toward operational Scopes 1 and 2 when some were related to customer use of products (Scope 3 emissions). The investor relations professionals did not bring the climate reporting experts to the call to provide 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 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 thought represented on the board. We encouraged those companies to make sure their proxy statements reflect all relevant information so that the proxy advisors and investors can more readily assess this.

CASE STUDY

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 the company was still in the early stages of defining and executing its sustainability strategy. The meeting also signaled that management 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 2024, it announced plans for a complex and unexpected organizational 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 reorganization 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 Allspring's 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 bank that provides finance, wealth management, and advisory services with a focus on shipping and commercial real estate. We concentrated on the bank's weak disclosure of financed emissions, especially in light of its heavy exposure to shipping, which is a high-emitting sector.

During the engagement, HCOB informed us that it had recently reported financed emissions for the first time and would be developing emissions reduction targets and strategies for high-emitting sectors such as shipping in late 2024. We encouraged the bank to close the gap with its peers. We also pointed out that MSCI ESG has issued the bank 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 five-year European bond issue.

Proxy voting

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 are informed by insights and experience gained from engagement with the investee company.

We have a centralized proxy voting framework, with a singular proxy policy and process for Allspring Funds and clients who delegate their proxy voting to Allspring. 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. We vote those clients' shares according to their instructions, regardless of Allspring's Proxy Voting Policies and Procedures.

Our proxy voting process emphasizes 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 issues.

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 (DDWG) 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 Voting Policies 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: 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 shows 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; similarly, the number of proposals went down by 28%. This is due to 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, U.S. company meetings comprise 49% of our global total; 22% were companies domiciled in emerging markets—31% of which were in China and 20% in India.

2024 proxy voting statistics

ALLSPRING'S VOTING SUMMARY FOR THE PAST THREE YEARS

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%

ALLSPRING'S VOTING BY REGION

MEETING VOTED BY REGION	2022	2023	2024
North America	2,900	2,800	1,900
U.S.	2,600	2,450	1,750
EMEA	775	725	800
U.K.	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**

MANAGEMENT PROPOSALS BY TOPIC (01-JAN-24 TO 31-DEC-24)

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%**
Authorize 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%
Amend 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	14%
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 greenhouse gas 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	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 AND 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 a "just transition"	3	3	50%	50%

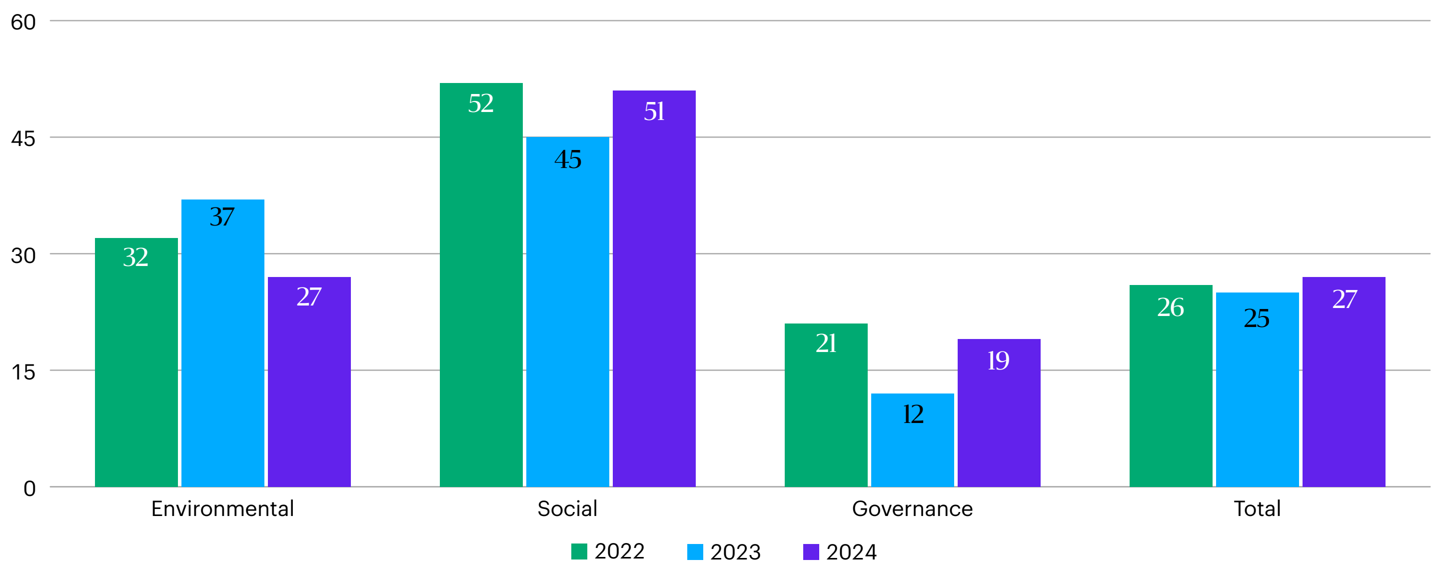
*Considered "anti-ESG" topic

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 affect a company's long-term financial success.

If the issue is deemed material to the company, we 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 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 favor 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'S VOTES AGAINST MANAGEMENT ON SHAREHOLDER PROPOSALS



Source: Allspring Global Investments, 01-Jan-22 to 31-Dec-24

Allspring proxy voting results on shareholder proposals

As mentioned, there were fewer shareholder proposals in 2024 due to fund closures. The largest dip was in governance-related shareholder proposals, followed by social, with environmental holding steady. After the U.S. presidential administration change, we expect the tone of the Securities and Exchange Commission (SEC) to lead to a decline in shareholder proposals for U.S. companies—as we saw during President Trump's first term.

Governance shareholder proposals

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 as beneficial for the company, we 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 to require the separation of CEO and chair, implying this would enhance board independence and stating CEO Marc Benioff was “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.

In 2022, an Allspring portfolio manager disagreed with ISS’s support of the shareholder proposal and changed the vote to against, citing Benioff as a technology visionary and instrumental in building the company. A combined CEO/chair role is very common. 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 structure after the 2022 meeting. Governance guidelines were revised to provide that the lead independent director is elected solely by and from the independent directors, and they enhanced lead independent director duties. Co-CEO and Vice Chair Taylor also resigned from these positions, and the long-tenured lead independent director has been replaced. Reinforced by these positive changes to the board leadership structure and by 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. It 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." The statement confirmed there are no meaningful differences in pay on an adjusted basis for associates who self-identify as male, female, or people of color. "On an adjusted basis, for every dollar a male associate is paid, a female associate is paid approximately 101 cents and a person of color 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% over the past five years. The company stated its financial model for 2024 will continue to increase average hourly pay, enhance health care benefits, and provide opportunities for growth. It notes that most of Kroger's workforce (64%) benefits from collective bargaining agreements that ensure pay equity, consistent wage progression, and benefits, while non-union hourly roles follow similar wage structures.

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

Environmental shareholder proposals

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 to achieve success. The urgency of time and drive for progress on key commitments make climate change a perennial issue on which we engage, but we acknowledge companies cannot change overnight. Thus, we evaluate these shareholder proposals in the context of where each company is in its climate transition strategy and on whether the proposal addresses the most pertinent issues at the right time in that journey. We recognize the importance of a company's 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.

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

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.

Monitoring our proxy advisor ISS

Allspring has retained a third-party proxy voting vendor, Institutional Shareholder Services (ISS), to assist in the implementation of certain proxy voting-related functions, including: 1) providing research and recommendations on proxy matters, 2) providing technology to facilitate the sharing of ISS research, 3) voting proxies in accordance with Allspring's instructions, and 4) handling various administrative and reporting items. The Stewardship team monitors our proxy services continuously and 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 (compared with more routine or housekeeping matters). This helps us evaluate the quality, rigor, 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 categorized in the two highest categories: proxy contests (level 6) and capitalization-related (level 5). This includes votes related to director elections (for both management and opposition slates) and capitalization items such as mergers, acquisitions, reorganizations, 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" that is subsequently decorated by screen printing companies with designs and logos. In December 2023, Gildan's board abruptly terminated 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 its position to activist as a response and requested 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 its slate of dissidents from two to five and joined the chorus of investors asking the board to reinstate 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 AGM approached, the company replaced five board members with directors loyal to the replacement CEO Tyra. On May 23, 2024, the majority of shareowners made it clear 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 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 assets under management, or AUM) that are flagged by ISS as having a low governance score (in the lowest 3 ratings bands out of 10). (In 2024, one of these companies was private and therefore did not have an AGM of shareholders.) Our DDWG reviews these companies' proxies in their entirety to determine if there were any proxy items for which the vote could make a positive impact on the company's corporate governance standing. In Appendix 2, we show 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 any key votes against management.

We review each of these proxies in their entirety alongside the fundamental equity teams invested in them, with an eye toward 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 AGMs. 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 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

Significant relationships review: On a monthly basis, ISS provides us 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 AGMs, 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

U.S.-based bank

A U.S. 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 vote for say on pay, but we believed there was a disconnect as the analysis and discussion projected a very critical tone. We engaged with the bank to discuss executive compensation; we confirmed that in the short-term incentive program the company does not disclose weights to the five metrics in the program—net interest income, diluted EPS, ROE, ROA, and risk-adjusted efficiency ratio. While it does disclose targets for each, it does not disclose pre-set minimums and maximums in addition to the targets and it does not disclose actual results achieved for the year. As a result, the proxy disclosure makes it difficult for us to assess the extent to which 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.

Final thoughts

As fiduciaries, we are committed to effective stewardship of the assets we manage on behalf of clients. Good stewardship reflects responsible, active ownership and includes both engaging with investee companies and voting proxies in a manner we believe will maximize the long-term value of our investments. Throughout this report, we have sought to demonstrate our responsibilities through active ownership. Thank you for taking the time to learn more about Stewardship at Allspring.

Appendix 1: Allspring proxy guidelines

The following guidelines are drawn from the Allspring Proxy Voting Policies 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 recognize 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, and 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 interest.
- In general, we believe directors serving on an excessive number of boards could result in time constraints and an inability to fulfill 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 experience, perspectives, and skillsets 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 maximize 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 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 should 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 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-standardized proxy access proposals, and we will analyze 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 affect 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 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 favor 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 recognize 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 Voting Policies and Procedures. We believe the distinctive structure of CEFs can provide important benefits to investors but leaves CEFs uniquely vulnerable to short-term-oriented activist investors. 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 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 recognizes 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: Most significant votes

“Significant votes” 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). (In 2024, one of these companies was private and therefore did not have an AGM of shareholders.) In the table below, we show 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 any key votes against management.

COMPANY	ESTIMATED POSITION VALUE (IN USD MILLIONS)*	ISS GOVERNANCE QUALITY SCORE**	ALLSPRING VOTED WITH MANAGEMENT	ALLSPRING VOTED AGAINST MANAGEMENT	SIGNIFICANT VOTES AGAINST MANAGEMENT
Alphabet Inc.	1,300	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.	1,200	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	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	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	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	9	14	0	There were no votes against management.

Reynolds Consumer Products Inc.	340.6	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 that 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	9	13	0	There were no votes against management.
Berkshire Hathaway Inc.	257.3	10	14	6	Allspring withheld votes for four directors up for election—Stephen B. Burke, Kenneth I. Chenault, Charlotte Guyman, and 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.
Fair Isaac Corporation	246.0	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. Although a majority of the long-term incentive program was in performance-conditioned equity, a majority of the performance equity used 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	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 named executive officers (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	8	14	0	There were no votes against management.
Axon Enterprise, Inc.	199.2	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 Inc.	191.8	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 on ISS' assessment of governance risk according to publicly available information. Scores indicate rank relative to index or region.

Appendix 3: ESG engagements led by Stewardship

STEWARDSHIP-LED ENGAGEMENTS—BY INDIVIDUAL ISSUER

– Negative
+ Positive
↔ Neutral

		ENVIRONMENTAL				SOCIAL							GOVERNANCE												
ISSUER	OUTCOME	CLIMATE CHANGE	NATURE RESOURCES	POLLUTION, WASTE	ENVIRONEMENT—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	↔	●																		●		●		●	

		ENVIRONMENTAL				SOCIAL							GOVERNANCE												
ISSUER	OUTCOME	CLIMATE CHANGE	NATURE RESOURCES	POLLUTION, WASTE	ENVIRONEMENT—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
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	+		•	•																					
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	↔												•												

Appendix 4: Climate Transition Credit—engagement summaries

CLIMATE TRANSITION GLOBAL INVESTMENT GRADE CREDIT

2024 ENGAGEMENT ACTIVITY IN STRATEGY

LED BY:	NO. ISSUERS	% MV
Stewardship team	15	5
Investment team	16	6
	31	**11**

Stewardship-led engagements

Throughout 2024, our firm-wide engagements led by the Stewardship team included 15 issuers held in the Climate Transition Global Investment Grade Credit strategy, covering a broad range of material sustainability topics. This equates to 2.5% of total issuers, making up 5% of the market value.

The table below summarizes our 2024 firm-wide engagements. Ratings reflect our expectations for the company before the meeting. Expectations are based on our due diligence ahead of engagement, our history of engagement with the company, and maturity of the sustainability program.

COMPANY	ENGAGEMENT OUTCOME
AP Moller - Maersk A/S	Positive
Bank of New York Mellon Corp/The	Neutral
Cummins Inc	Neutral
Equinix Inc	Positive
Glencore PLC	Neutral
Hamburg Commercial Bank AG	Neutral
Heidelberg Materials AG	Positive
Holcim AG	Positive
JPMorgan Chase & Co	Positive
Keurig Dr Pepper Inc	Neutral
Meta Platforms Inc	Neutral
PNC Financial Services Group Inc/The	Negative
TotalEnergies SE	Positive
UnitedHealth Group Inc	Neutral
Wells Fargo & Co	Positive

Overall, our company engagements in 2024 had a positive tilt, with progress made in advancing stronger climate commitments. We observed a growing number of corporates adopting science-based targets and outlining credible pathways to achieve them. A standout example was Maersk; we discussed the company's revised climate targets, now supported by a detailed road map. Its updated 2024 goal includes a 96% reduction in Scope 1 and 2 emissions, driven primarily by enhanced fuel efficiency and a transition to green fuels.

We also noted a broader shift across the market—from simply setting climate targets to demonstrating tangible progress. Equinix, for instance, continued advancing toward its 2030 goal of 100% renewable energy use and has begun engaging its top suppliers to address Scope 3 emissions. Similarly, TotalEnergies has committed to aligning its sales and refining volumes with its 2030 Scope 3 reduction targets.

Conversely, we observed some retrenchment among major energy players, including BP and Shell, which have walked back certain climate commitments. We plan to engage the companies on these changes during 2025. Encouragingly, TotalEnergies has remained steadfast in its goals, signaling consistency in its transition strategy.

Not all engagements were positive. Our engagement with PNC Financial Services Group was not compelling; we believe its financed emissions goals lag behind regional U.S. bank peers, and there is no ambition to set sustainable financing targets beyond 2025. The case study featuring PNC is included in this Appendix. This was Allspring's first engagement with PNC, and we intend to follow up in the near term to gain deeper insights into its financed emissions goal-setting and sustainable finance goals.

CLIMATE TRANSITION GLOBAL INVESTMENT GRADE CREDIT

Full case studies of engagements conducted during the year can be found in the main body of this report, including for some of the companies highlighted in the table above, such as JPMorgan and Wells Fargo.

In terms of topics covered (see the table below), most of these engagements centered on climate change, and the majority of companies engaged are deemed to be advancing their decarbonization strategies while others are still putting theirs in place.

Our framework is informed by a body of work from the (U.K.) Investment Consultants' Sustainability Working Group. Its goal was to create a taxonomy to enable standardized, consistent data collection from asset managers on their engagements on sustainability topics. Allspring incorporates the taxonomy in every engagement note. It includes E, S, and G issues and stages indicative of progress in terms of a continuum toward completion.

		TOTAL	CONCERN RAISED TO COMPANY	ACKNOWLEDGED BY COMPANY	COMPANY HAS DEVELOPED A STRATEGY	COMPANY HAS IMPLEMENTED A STRATEGY	COMPLETE AND SUCCESSFUL
ENVIRONMENT	Climate change	13	0	0	4	9	0
	Natural resource use	4	0	2	1	1	0
	Pollution, waste	1	0	0	0	1	0
	Other	2	1	1	0	0	0
SOCIAL	Antimicrobial resistance (AMR)	0	0	0	0	0	0
	Conduct, culture, and ethics	0	0	0	0	0	0
	Human and labor rights	2	0	0	2	0	0
	Human capital management	8	0	2	1	5	1
	Inequality	0	0	0	0	0	0
	Public health	1	0	0	0	1	0
	Other	2	0	1	0	1	0
GOVERNANCE	Board effectiveness—diversity	1	0	0	0	0	1
	Board effectiveness—independence or oversight	1	0	0	0	1	0
	Board effectiveness—other	1	0	0	0	0	1
	Leadership	1	0	0	0	1	0
	Remuneration	8	0	5	0	3	0
	Shareholder rights	2	0	2	0	0	0
	Other	5	0	3	1	1	1
STRATEGY, FINANCIAL, AND REPORTING	Financial performance	0	0	3	0	1	1
	Reporting	4	0	0	3	0	1
	Risk management	2	0	1	0	1	0
	Strategy	5	0	3	1	1	0
	Capital allocation	4	0	4	0	0	0
	Other	0	0	0	0	0	0

Investment team–led engagements

Along with our firm-wide engagements led by the Stewardship team, our independent investment teams conduct their own fundamental research, which includes engaging with company management. In addition to the firm-wide engagements above, our global credit analysts engaged on sustainability topics with an additional 16 issuers in the strategy, which represents 6% of market value of the portfolio on the topics on the right.

- Climate: 15
- Other environmental: 5
- Governance: 6
- Social: 2

CASE STUDY

Case study—PNC Financial Services Group

BACKGROUND: Many banks are recognizing the important role they play in decarbonization, setting targets to finance sustainable projects and also setting targets to reduce the emissions of their loan books. According to a study by BloombergNEF in April 2024, the world's largest banks have set sustainable finance targets to deploy $18 trillion by 2030 with an average target of $336 billion. Over the past three years, the collective sustainable finance commitments of these 100 banks tripled from $6.2 trillion in 2020.

ISSUE: As part of Allspring's thematic focus on banks and financed emissions, we target banks of all sizes to differentiate their commitments and targets. Many banks underestimate the growth in sustainable finance markets, hit their targets early, and readjust their objectives upward. For example, Bank of America increased its target from $300 billion to $1 trillion in the first year. PNC set a goal in 2020 of $30 billion in environmental financing over five years to 2025 and has not reset this goal. As of the end of 2023, it reached $23 billion.

OBJECTIVE: Assess evolution of the company's sustainable finance goals and its approach to financed emissions alongside a broader agenda of social and governance issues as well.

ENGAGEMENT FINDINGS: PNC did not convey strong ambition to Allspring for goal setting beyond 2025. Its Responsible Business Strategies team is just starting to have conversations about it. PNC joined the Partnership for Carbon Accounting Financials in 2021. In its Supplemental Financed Emissions Disclosure (June 2024), it disclosed a broad sum of Scopes 1 and 2 for its business loans but not the underlying sector detail with the exception of power (8.4% of all loans). When asked how it will evolve disclosures to be more granular and possibly consider setting reduction targets for more high-emitting sectors beyond power, the team said the priority was supporting clients with their own goals.

FUTURE FOCUS: This is the first engagement with PNC. PNC appears to be very late on setting its sustainability strategy, and governance over sustainability is also relatively new. To catch up, we would like to see advancements in several areas over the next 12 months:

- More granularity around financed emissions and expanding beyond power for more detailed emissions reduction plans
- A new sustainable finance goal beyond 2025
- More transparency around employee engagement (and inclusion)
- More consistent progress on diversity improvements across the different breakouts
- More formulaic approach to executive compensation with more transparency on how performance is really determined. ESG linkage is buried among other goals and also needs to be more clearly delineated.

ALLSPRING ASSESSMENT OF ENGAGEMENT: Allspring gave this engagement a negative rating. 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 maturity of the sustainability program. This was our first engagement with PNC, but we found its environmental finance goal is not as robust as peers that Allspring has recently engaged with, and it lacks ambition to set financed emissions targets for high-emitting sectors other than power generation.

CLIMATE TRANSITION SHORT DURATION CREDIT

2024 ENGAGEMENT ACTIVITY IN STRATEGY

LED BY:	NO. ISSUERS	% MV
Stewardship team	11	5
Investment team	7	4
	18	**9**

Stewardship-led engagements

Throughout 2024, our firm-wide engagements led by the Stewardship team included 11 issuers held in the Climate Transition Short Duration Credit strategy, covering a broad range of material sustainability topics. This equates to 6% of total issuers, making up 5% of the market value.

The table below summarizes our 2024 firm-wide engagements. Ratings are relative to our expectations for the company before the meeting. Expectations are based on our due diligence ahead of engagement, our history of engagement with the company, and maturity of the sustainability program.

COMPANY	ENGAGEMENT OUTCOME
Bank of New York Mellon Corp/The	Neutral
Equinix Inc	Positive
General Motors Co	Neutral
Glencore	Neutral
Hamburg Commercial Bank AG	Neutral
Jackson Financial Inc	Neutral
JPMorgan Chase & Co	Positive
PNC Financial Services Group Inc/The	Negative
UnitedHealth Group Inc	Neutral
Wells Fargo & Co	Positive
Westpac Banking Corp	Neutral

Overall, our company engagements in 2024 had a positive tilt, with progress made in advancing stronger climate commitments. We observed a growing number of corporates adopting science-based targets and outlining credible pathways to achieve them. Banks were a particular focus industry in 2024 and have remained so in 2025 given the crucial role they play in financing the transition. Allspring had a positive engagement with JPMorgan Chase, focused on the progress it's making after setting a large $2.5 trillion Sustainable Development Target by 2030 set in 2021.

We also noted a broader shift across the market—from simply setting climate targets to demonstrating tangible progress. Equinix, for instance, continued advancing toward its 2030 goal of 100% renewable energy use and has begun engaging its top suppliers to address Scope 3 emissions. Similarly, TotalEnergies has committed to aligning its sales and refining volumes with its 2030 Scope 3 reduction targets.

Others such as General Motors have maintained their course, but progress has been slower than initially expected due to market forces. It is encouraging to see management staying the course with their long-term EV strategy and goals.

Not all engagements were positive. Our engagement with PNC Financial Services Group was not compelling; we believe its financed emissions goals lag behind regional U.S. bank peers, and there is no ambition to set sustainable financing targets beyond 2025. This was Allspring's first engagement with PNC, and we intend to follow up in the near term to gain deeper insights into its financed emissions goal-setting and sustainable finance goals.

Full case studies of engagements conducted during the year can be found in the main body of this report, including for some of the companies highlighted in the table above such as General Motors and JPMorgan.

CLIMATE TRANSITION SHORT DURATION CREDIT

In terms of topics covered (see the table below), most of these engagements included climate change, and the majority of companies engaged are deemed to be advancing their decarbonization strategies while others are still putting theirs in place.

Our framework is informed by a body of work from the (U.K.) Investment Consultants' Sustainability Working Group. Their goal was to create a taxonomy to enable standardized, consistent data collection from asset managers on their engagements on sustainability topics. Allspring incorporates the taxonomy in every engagement note. It includes E, S, and G issues and stages indicative of progress in terms of a continuum toward completion.

		TOTAL	CONCERN RAISED TO COMPANY	ACKNOWLEDGED BY COMPANY	COMPANY HAS DEVELOPED A STRATEGY	COMPANY HAS IMPLEMENTED A STRATEGY	COMPLETE AND SUCCESSFUL
ENVIRONMENT	Climate change	10	0	1	4	5	0
	Natural resource use	3	0	2	1	0	0
	Pollution, waste	1	0	0	1	0	0
	Other	0	0	0	0	0	0
SOCIAL	Antimicrobial resistance (AMR)	0	0	0	0	0	0
	Conduct, culture, and ethics	0	0	0	0	0	0
	Human and labor rights	2	0	1	1	0	0
	Human capital management	7	0	1	2	3	1
	Inequality	0	0	0	0	0	0
	Public health	1	0	0	0	1	0
	Other	1	0	1	0	0	0
GOVERNANCE	Board effectiveness—diversity	3	1	0	0	1	1
	Board effectiveness—independence or oversight	0	0	0	0	0	0
	Board effectiveness—other	1	0	0	0	0	1
	Leadership	1	0	0	0	1	0
	Remuneration	6	0	4	0	2	0
	Shareholder rights	1	0	1	0	0	0
	Other	3	0	3	0	0	0
STRATEGY, FINANCIAL, AND REPORTING	Financial performance	0	0	0	0	0	0
	Reporting	3	0	2	0	0	1
	Risk management	0	0	0	0	0	0
	Strategy	2	0	1	1	0	0
	Capital allocation	1	0	1	0	0	0
	Other	0	0	0	0	0	0

Investment team–led engagements

Along with our firm-wide engagements led by the Stewardship team, our independent investment teams conduct their own fundamental research, which includes engaging with company management. In addition to the firm-wide engagements above, our global credit analysts engaged on sustainability topics with an additional 7 issuers held by the Buy & Maintain strategy, which represents 4% of market value of the portfolio on the topics highlighted on the right.

- Climate: 7
- Other environmental: 1
- Governance: 3
- Social: 1

CLIMATE TRANSITION BUY AND MAINTAIN CREDIT

2024 ENGAGEMENT ACTIVITY IN STRATEGY

LED BY:	NO. ISSUERS	% MV
Stewardship team	8	4
Investment team	4	2
	12	**6**

Stewardship-led engagements

Throughout 2024, our firm-wide engagements led by the Stewardship team included eight issuers held in the Climate Transition Buy and Maintain Credit strategy covering a broad range of material sustainability topics. This equates to 6% of total issuers, making up 4% of the market value.

The table below summarizes our 2024 firm-wide engagements. Ratings are relative to our expectations for the company before the meeting. Expectations are based on our due diligence ahead of engagement, our history of engagement with the company, and maturity of the sustainability program.

COMPANY	ENGAGEMENT OUTCOME
General Motors Co	Neutral
Heidelberg Materials AG	Positive
JPMorgan Chase & Co	Positive
Keurig Dr Pepper Inc	Neutral
TotalEnergies SE	Positive
UnitedHealth Group Inc	Neutral
Walmart Inc	Positive
Westpac Banking Corp	Neutral

Overall, our company engagements in 2024 had a positive tilt, with progress made in advancing stronger climate commitments. We observed a growing number of corporates adopting science-based targets and outlining credible pathways to achieve them. Banks were a particular focus industry in 2024 and have remained so in 2025 given the crucial role they play in financing the transition. Allspring had a positive engagement with JPMorgan Chase focused on its progress after setting a large $2.5 trillion sustainable development target by 2030 (set in 2021).

Conversely, we observed some retrenchment among major energy players, including BP and Shell, who have walked back certain climate commitments. We plan to engage the companies on these changes during 2025. Encouragingly, some energy names such as TotalEnergies remained steadfast in its goals, signaling consistency in its transition strategy.

Others, such as General Motors, have maintained their course, but progress has been slower than initially expected due to market forces. It is encouraging to see management staying the course with their long-term EV strategy and goals.

Full case studies of engagements conducted during the year can be found in the main body of this report, including for some of the companies highlighted in the table above such as General Motors and JPMorgan.

In terms of topics covered (see the table on the next page), most of these engagements included climate change, and the majority of companies engaged are deemed to be advancing their decarbonization strategies while others are still putting theirs in place.

Our framework is informed by a body of work from the (U.K.) Investment Consultants' Sustainability Working Group. Their goal was to create a taxonomy to enable standardized, consistent data collection from asset managers on their engagements on sustainability topics. Allspring incorporates the taxonomy in every engagement note. It includes E, S, and G issues and stages indicative of progress in terms of a continuum toward completion.

CLIMATE TRANSITION BUY AND MAINTAIN CREDIT

		TOTAL	CONCERN RAISED TO COMPANY	ACKNOWLEDGED BY COMPANY	COMPANY HAS DEVELOPED A STRATEGY	COMPANY HAS IMPLEMENTED A STRATEGY	COMPLETE AND SUCCESSFUL
ENVIRONMENT	Climate change	7	0	0	1	6	0
	Natural resource use	1	0	0	0	1	0
	Pollution, waste	2	0	0	2	0	0
	Other	1	1	0	0	0	0
SOCIAL	Antimicrobial resistance (AMR)	0	0	0	0	0	0
	Conduct, culture, and ethics	0	0	0	0	0	0
	Human and labor rights	2	0	1	1	0	0
	Human capital management	3	0	0	0	3	0
	Inequality	0	0	0	0	0	0
	Public health	1	0	0	0	1	0
	Other	0	0	0	0	0	0
GOVERNANCE	Board effectiveness—diversity	1	1	0	0	0	0
	Board effectiveness—independence or oversight	0	0	0	0	0	0
	Board effectiveness—other	0	0	0	0	0	0
	Leadership	1	0	0	0	1	0
	Remuneration	3	0	0	0	3	0
	Shareholder rights	1	0	1	0	0	0
	Other	3	0	2	1	0	0
STRATEGY, FINANCIAL, AND REPORTING	Financial performance	0	0	0	0	0	0
	Reporting	2	0	1	0	1	0
	Risk management	0	0	0	0	0	0
	Strategy	1	0	0	0	1	0
	Capital allocation	2	0	2	0	0	0
	Other	0	0	0	0	0	0

Investment team–led engagements

Along with our firm-wide engagements led by the Stewardship team, our independent investment teams conduct their own fundamental research, which includes engaging with company management. In addition to the firm-wide engagements above, our global credit analysts engaged on sustainability topics with an additional four issuers held by the Buy & Maintain strategy, which represents 2% of market value of the portfolio on the topics highlighted on the right.

- Climate: 3
- Other environmental: 1
- Governance: 2
- Social: 1

CLIMATE TRANSITION GLOBAL HIGH YIELD

2024 ENGAGEMENT ACTIVITY IN STRATEGY

LED BY:	NO. ISSUERS	% MV
Stewardship team	4	1
Investment team	3	1
	7	**2**

Stewardship-led engagements

Throughout 2024, our firm-wide engagements led by the Stewardship team included four issuers held in the Climate Transition Global High Yield strategy, covering a broad range of material sustainability topics. This equates to 1.4% of total issuers, making up 1.3% of the market value.

The table below summarizes our 2024 firm-wide engagements. Ratings are relative to our expectations for the company before the meeting. Expectations are based on our due diligence ahead of engagement, our history of engagement with the company, and maturity of the sustainability program.

COMPANY	ENGAGEMENT OUTCOME
The Chemours Co.	Neutral
PG&E Corp	Positive
Trivium Packaging Finance BV	Neutral
VistaJet Malta Finance PLC	Positive

Overall, our company engagements in 2024 had a positive tilt, with progress made in advancing stronger climate commitments. We observed a growing number of corporates adopting science-based targets and outlining credible pathways to achieve them. A positive example was private jet operator VistaJet, which shifted its focus from offset to sustainable aviation fuel (SAF). In 2023, it scaled up SAF purchased by 20 times the previous year to 4.2 million gallons of SAF. The aviation industry does face headwinds with SAF as the price can be 2–10 times that of jet fuel—the world needs 300 SAF refineries by 2030 compared with only 50 existing today.

In terms of nature capital and biodiversity, a positive example was California-based utility PG&E. We met with PG&E to discuss its wildfire mitigation plan and fire season outlook. The company has been very responsive to the high risk of wildfires brought on by climate change impacts. PG&E established its self-insurance fund to overcome prohibitive costs of third-party insurance; progress on its Wildlife Mitigation Plan includes a focus on the two most impactful projects to reduce ignitions in their opinion: sectionalizing the grid into smaller sections to narrow the scope of public safety power shutoffs and installing enhanced powerline safety settings to turn off power within 1/10th of a second if a threat is detected.

The table on the next page summarizes topics covered. Most of these engagements centered on climate change and biodiversity; the majority of companies engaged are deemed to be more developing their decarbonization and biodiversity strategies while, as noted above, VistaJet is advancing its strategy with a more mature tenure of five years since putting it in place.

Our framework is informed by a body of work from the (U.K.) Investment Consultants' Sustainability Working Group. Their goal was to create a taxonomy to enable standardized, consistent data collection from asset managers on their engagements on sustainability topics. Allspring incorporates the taxonomy in every engagement note. It includes E, S, and G issues and stages indicative of progress in terms of a continuum toward completion.

CLIMATE TRANSITION GLOBAL HIGH YIELD

		TOTAL	CONCERN RAISED TO COMPANY	ACKNOWLEDGED BY COMPANY	COMPANY HAS DEVELOPED A STRATEGY	COMPANY HAS IMPLEMENTED A STRATEGY	COMPLETE AND SUCCESSFUL
ENVIRONMENT	Climate change	3	0	0	2	1	0
	Natural resource use	2	0	0	2	0	0
	Pollution, waste	1	0	0	1	0	0
	Other	0	0	0	0	0	0
SOCIAL	Antimicrobial resistance (AMR)	0	0	0	0	0	0
	Conduct, culture, and ethics	0	0	0	0	0	1
	Human and labor rights	0	0	0	0	0	0
	Human capital management	0	0	0	0	0	1
	Inequality	1	1	0	5	0	3
	Public health	0	0	0	0	0	0
	Other	0	0	0	0	0	0
GOVERNANCE	Board effectiveness—diversity	2	1	1	0	0	0
	Board effectiveness—independence or oversight	0	0	0	0	0	0
	Board effectiveness—other	0	0	0	0	0	0
	Leadership	0	0	0	0	0	0
	Remuneration	0	0	0	0	0	0
	Shareholder rights	0	0	0	0	0	0
	Other	0	0	0	0	0	0
STRATEGY, FINANCIAL, AND REPORTING	Financial performance	0	0	0	0	0	0
	Reporting	0	0	0	0	0	0
	Risk management	0	0	0	0	0	0
	Strategy	0	0	0	0	0	0
	Capital allocation	0	0	0	0	0	0
	Other	0	0	0	0	0	0

Investment team–led engagements

Along with our firm-wide engagements led by the Stewardship team, our independent investment teams conduct their own fundamental research, which includes engaging with company management. In addition to the firm-wide engagements above, our global credit analysts engaged on sustainability topics with an additional three issuers in the strategy, which represents 1% of the market value of the portfolio on the topics to the right.

- Climate: 2
- Other environmental: 1
- Governance: 0
- Social: 0

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