Allspring

2022 Stewardship Annual Report

July 2023

FOR PROFESSIONAL INVESTOR USE ONLY OUTSIDE OF THE U.S.

Foreword

Unusual conditions over the past few years have highlighted the imperative of a thoughtful approach to responsible investing that encompasses both environmental and social considerations. Increased geopolitical instability along with rolling economic reopenings post-COVID-19 made 2022 a pivotal year as global inflation jumped and proved to be persistent. This challenging environment sparked a reassessment of energy security as well as concerns about the resilience and sustainability of global supply chains from the most basic of inputs, such as food and agricultural inputs, to the more sophisticated movement of modern goods and services. We met this opportunity with a solid uptick in engagement activity in terms of breadth of interactions and themes discussed.

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

Our stewardship activities seek to help protect client capital by improving investee disclosure and information flow that, in turn, informs and improves investment decision-making. Moreover, in partnering with investee companies, we aspire to constructively advance the financial, operational, and sustainability performance of those companies in years to come.

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

- **ENVIRONMENTAL:** Climate transition (incorporated in ~90% of our engagements), deforestation, food and agriculture, plastics, and the circular economy, as well as water management
- **SOCIAL:** Workforce diversity and gender pay gaps as well as human rights considerations in supply-chain management
- **GOVERNANCE:** Executive compensation and board diversity as well as sustainability disclosures and board oversight

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

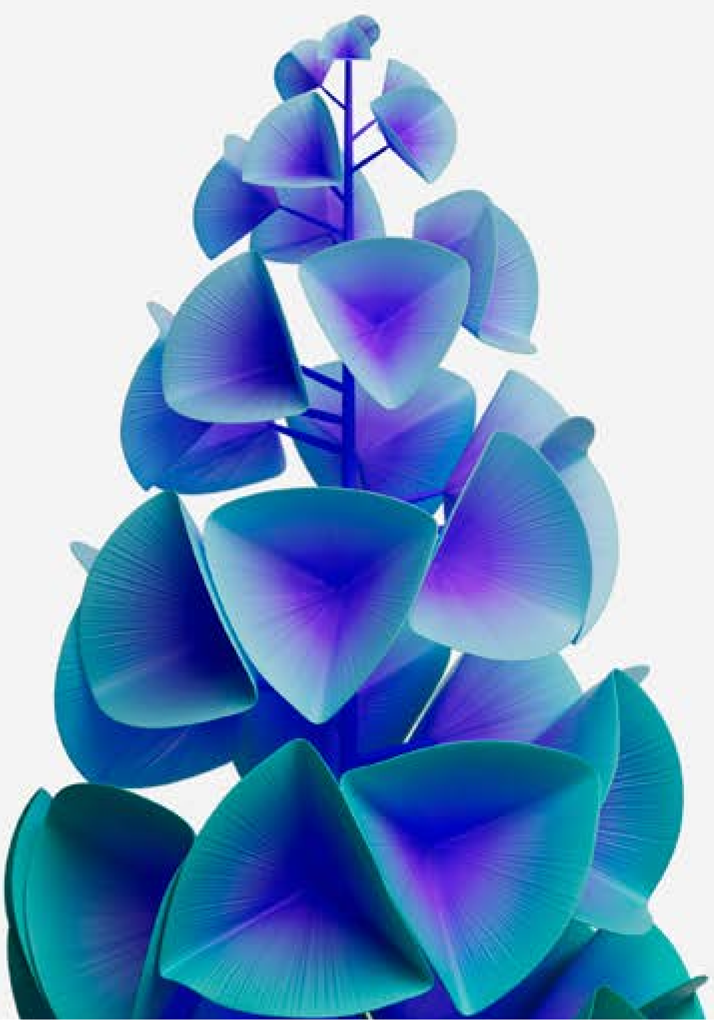
This also means that, at a corporate level, embedding sustainability considerations is an important component of our corporate decision-making, operating model, and culture. Transparency and a goal of continuous improvement guide our actions.

On behalf of the entire Allspring organization, we hope this report helps highlight our commitment and responsibility as stewards of our clients' capital. We value conversations with our clients and industry partners as we continuously work to refine and improve our approach to responsible sustainability investing.

JOE SULLIVAN
Chief Executive Officer, U.S.

HENRIETTA PACQUEMENT
Head of Sustainability, U.K.

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



ALLSPRING 2022 STEWARDSHIP ANNUAL REPORT

Contents

Stewardship at Allspring

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

Importantly, our fundamental analysts across equities and fixed income collaborate alongside our Stewardship team to create strong alignment and to share perspectives and thereby create a strong alignment of views on investee companies. We recognize that there are many influences on the value of equity and fixed income instruments, and we attempt to identify and monitor issues that have the most material impact.

With our role of allocating capital and stewarding assets on behalf of our clients, we are committed to continuous investment in and review of our ESG (environment, social, and governance) capabilities, including stewardship. The image below shows the evolution of our sustainability efforts, including Stewardship with milestone dates.

OUR ESG EVOLUTION

2014–2016	2017–2019	2020–2022
Allspring key ESG milestones		
2014: • Introduction of formal ESG training for equity investment teams ESG RISK REPORTING: **2014:** • Post-trade ESG risk reports developed for equity portfolios **2016:** • Risk report enhancements with added pre-trade ESG screening tools	**2017:** • Dedicated ESG team formed with sustainable investing a strategic firm-wide initiative **2018:** • Formally established the Stewardship Platform to drive impact **2019:** • Initiated the Climate Change Working Group • Launched ESGiQ, our proprietary ESG scoring framework focused on risk and materiality: analysts on the Global Credit Research platform incorporate this into analysis	**2020:** • Carbon and climate data integrated into ESG reporting scorecards • Quarterly Stewardship & Engagement Forum initiated company-wide **2021:** • Internal Climate Transition score launched and integrated into analysis **2022:** • Began construction of SDG framework • Adoption of UK Stewardship Code PRODUCT LAUNCHES: **2020:** • Municipal Sustainability strategy launched **2021:** • Climate Transition Credit strategy launched and seeded by U.K. pension plan • 2 Degree Global Equity launched **2022:** • Climate Focused Equity launched
Allspring sustainability initiatives		
2015: • PRI signatory status obtained **2016:** • Joined the SASB Alliance and were represented on the Investor Advisory Group and Standards Advisory Group	**2018:** • Joined Ceres Investor Network Member • Participated in the Green Bond Principles and Social Bond Principles Advisory Council **2019:** • Joined Climate Action 100+, an investor initiative with the aim to impel the highest GHG-emitting companies to commit to climate action	**2020:** • Represented on the Taskforce on Nature-related Financial Disclosures (TNFD) forum **2021:** • Allspring is a signatory to Terra Carta from HRH The Prince of Wales' Sustainable Markets Initiative • Joined the Advisory Group for the Assessing Sovereign Climate-related Opportunities and Risk Project (ASCOR) **2022:** • Signed up for the Farm Animal Investment Risk & Return (FAIRR) initiative

Source: Allspring Global Investments as of April 12, 2022

Corporate sustainability commitments

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

Environmental

As a newly independent company, we support embedding sustainability at the core of our business and ensuring environmental sustainability is a priority. We believe responding to these critical issues throughout our operations helps raise greater awareness among employees globally, influencing our day-to-day practices and, ultimately, our culture.

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

Social

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

On the following page, we present diversity statistics across our firm overall, senior leadership, and Board of Directors.

Governance

Our governance framework is rooted in accountability, transparency, and strategic oversight. The Board of Directors is diverse, which enhances viewpoints and perspectives. Also, 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.

Allspring Diversity Statistics

ALLSPRING TOTAL FIRM

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian	6%	6%	12%
Black or African American	2%	1%	3%
Hispanic or Latino	1%	2%	3%
Not specified	4%	9%	13%
Two or more races	1%	2%	3%
White	26%	40%	66%
TOTAL	**40%**	**60%**	**100%**

ALLSPRING SENIOR LEADERSHIP

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian	5%	0%	5%
Black or African American	5%	0%	5%
Hispanic or Latino	0%	5%	5%
Not specified	0%	0%	0%
Two or more races	5%	0%	5%
White	35%	45%	80%
TOTAL	**50%**	**50%**	**100%**

ALLSPRING BOARD OF DIRECTORS

ETHNICITY & GENDER	FEMALE	MALE	GRAND TOTAL
Asian	0%	0%	0%
Black or African American	0%	9%	9%
Hispanic or Latino	0%	18%	18%
Not specified	0%	0%	0%
Two or more races	0%	0%	0%
White	28%	45%	73%
TOTAL	**28%**	**72%**	**100%**

Out of the 11 Allspring Board of Directors:

3 are women

3 are racially/ ethnically diverse

Source: Allspring Global Investments, 31-Dec-22. Firm data is for U.S. and U.K. employees only. U.S. is Equal Employment Opportunity data and U.K. is self-identified. Numbers are rounded to ensure totals sum to 100.

Connect

Allspring Connectivity Groups

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

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

Stewardship and sustainable investing

Stewardship is part of the Sustainability team at Allspring. In 2022, we brought together all of our ESG expertise, including stewardship, to embed our sustainable knowledge and expertise into our investment platform. Governance over stewardship ultimately rests with our most senior investment leadership. This structure ensures that stewardship efforts are additive to the investment processes and can have a meaningful impact on our clients' portfolios. Our Sustainability team is composed of 15 investment professionals with an average of 19 years of investment experience, 7 years of ESG experience, and an average tenure of 10 years with Allspring. We are committed to investing further in our platform, adding positions and capacity to support our sustainable investment infrastructure.

Stewardship has direct resources that support process, communication, and governance include the following groups and committees:

The Sustainability Council 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 Stewardship, and other Sustainability team leaders. In 2022, the Sustainability Council convened quarterly, serving as a forum for communication and debate on the various topics and issues encompassed by sustainability and stewardship. As of 2023, the Sustainability Council evolved into a formal governance body within our enhanced governance structure.

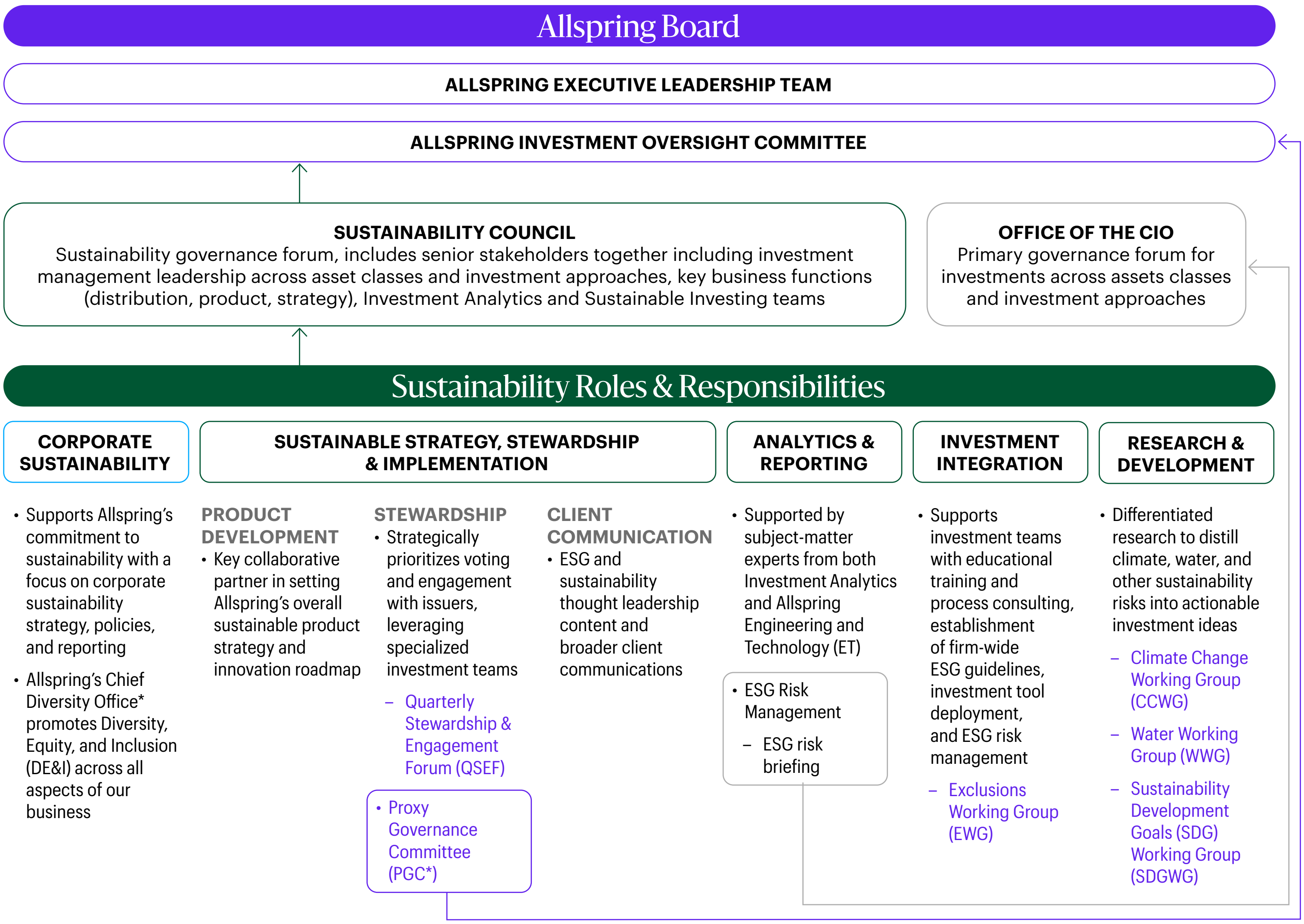
The Proxy Governance Committee (PGC) is chaired by the head of Active Equities, with the head of Stewardship also providing strategic leadership. The PGC is responsible for our proxy voting policy and oversees our proxy voting process to ensure its implementation conforms to Allspring's Proxy Voting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

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

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

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

WORKING GROUPS AND GOVERNANCE COUNCILS SUPPORTING STEWARDSHIP



Reporting/escalation Forums, Committees, and Working Groups highlighted in violet

* Led by Ann Miletti, Head of Active Equity & Chief Diversity Officer

Source: Allspring Global Investments, 31-Mar-23

HIGHLIGHT

Quarterly Stewardship and Engagement Forum

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

In 2022, 16 investment teams participated in the 89 ESG engagements led by the Stewardship team, with an average of 2.5 teams per engagement.

Industry initiatives

We believe that, by aligning efforts on various initiatives, asset managers can significantly advance developments on a wide range of ESG and sustainability topics; highlight the importance of sustainable investing; and drive action by companies and other market participants on behalf of clients. We believe it is important for Allspring to both contribute to and draw from industry initiatives focused on the advancement of sustainable approaches and capabilities. Therefore, supporting and contributing to industry initiatives is an important part of our sustainable investing approach.

" We believe it is important for Allspring to both contribute to and draw from industry initiatives focused on the advancement of sustainable approaches and capabilities.

HIGHLIGHT

Allspring industry initiatives

Broad-based initiatives

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

Climate

- **CA100+:** Allspring is a signatory to Climate Action 100+, a coalition of institutional investors that seeks greater company disclosure around climate-change risk and company strategy alignment with the Paris Agreement. As a signatory, Allspring leads an engagement with one of the focus companies.
- **ASCOR:** Allspring is part of the Advisory Group for Assessing Sovereign Climate-related Opportunities and Risks (ASCOR), established to provide investors with a common lens to understand sovereign exposure to climate risk and how governments plan to transition to a low-carbon economy.
- **FAIRR:** Allspring is a member of the FAIRR Initiative, a collaborative investor network that raises awareness of ESG risks and opportunities brought about by the global food sector.

Nature and biodiversity

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

Market-wide and systemic risk identification

We see that the world is changing rapidly and that this is partly due to systemic risks, such as climate change, the transition to a low-carbon economy, biodiversity declines, social inequities, and changing demographics, as well as regulatory shifts and rapid technological change. We have identified market-wide and systemic risks as catalysts for engagement with companies for both fundamental and systematic teams and equity and fixed income exposures. For example, climate change is an identified systemic risk; and while the relative salience of climate risks will vary widely according to various scenarios, we understand that both physical risks and transition risks arising from climate change can affect investment performance today.

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

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

Climate Change Working Group: The cross-functional Climate Change Working Group (CCWG) collaborates with investment teams to integrate climate risks into research processes and investment decisions. Through our Climate Transition Framework developed by the CCWG, we identity a range of ways in which business model, technology, physical, regulatory, and other climate risks and opportunities affect a company's competitiveness. This disciplined research process helps us optimize risk decisions at the portfolio level and formulate industry-level insights. Our differentiated approach allows us to:

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

The CCWG enhances our engagement with companies and discussion of opportunities and implications of climate change. The research outputs help us identify climate transition preparedness leaders and laggards within industry groups and relative to decarbonization pathways, such as net zero by 2050. For example, the case study on the following page highlights Air Liquide as a climate transition leader in the chemicals sector; Linde is just a few steps behind, as its transition strategy does not have as much specificity around an associated timeline and anticipated production breakdowns of blue and green hydrogen.

During 2022, the Water Working Group and the Climate Change Working Group partnered to produce three thought leadership pieces:

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

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

2023 Sustainability Outlook: The Future Is Now

CASE STUDY

Air Liquide and Linde climate transition strategies

SECTOR: basic materials—industrial gases

ASSET CLASSES: equity, fixed Income

Issue: The consensus view is that, over the next few decades, the global energy mix will need to diversify toward a variety of renewables and greener solutions to meet a temperature trajectory congruent with the Paris Agreement. A key component in this transition will be the hard-to-abate chemicals sector, whose business model is based on the production and processing of hydrocarbons. Hydrogen can be produced from a range of resources, including fossil fuels, nuclear energy, and renewable energy sources. The source of the energy used in electrolysis then becomes the reference color on the spectrum, with black being fossil fuels–based, gray being natural gas–based, and green being produced from renewables such as wind or solar. If carbon capture, usage, and sequestration (CCUS) is introduced to capture the steam from electrolysis, blue hydrogen is formed. As such, monitoring commitments to investment in renewable energy sources and establishing which chemical companies will be early leaders in either or both green and blue hydrogen will have increased importance as this green energy transition plays out.

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

Engagement: Our individual engagements with both Air Liquide and Linde give us the opportunity to assess and compare their decarbonization targets, their climate transition strategies, and investments, such as in the table below:

	BY 2025	BY 2028	BY 2035	BY 2050
Air Liquide Targets validated by the Science Based Targets initiative (SBTi) for the below 2°C scenario.	• 30% reduction in carbon intensity in kg CO2/ EBITDA* vs. 2015 by 2025		• 33% reduction in CO2 eq. absolute emissions (scope 1 and 2)	• Achieve carbon neutrality
Linde Targets validated by SBTi for the below 2°C scenario.		• Achieve a 35% intensity reduction in GHG vs. EBITDA* • Intensity targets – 4% for HyCO GHG – 7% for ASU energy – 10% for distribution fleet GHG – 10% absolute reduction in GHG from other GHG emissions	• 35% absolute reduction in GHG emissions (scope 1 and 2)	• Achieve carbon neutrality

Both companies seek to be early players in the shift to low-carbon sources of hydrogen and are making significant investments to increase hydrogen production. However, Linde has much less of a road map, a specific breakdown, or an associated timeline for its production of blue and green hydrogen. Both companies were very responsive to Allspring's feedback given during the engagements and promised to bring suggestions and concerns back to their respective boards for further discussion. These suggestions notably include providing more detail on their investments to increase different types of low-carbon hydrogen, communicating how green financing will be used in the future, and expanding into more detail on the company's water management goals.

Allspring will continue to engage with both companies in 2023 to discuss further developments to the hydrogen production plan as well as more details on their water management strategy and goals.

Current ESG data providers

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

While ESG information we procure from ESG vendors is becoming more readily available, there are limitations to comparability, primarily:

- ESG ratings are constructed independently and are not designed to measure the same things.
- The quality of company disclosure is inconsistent.
- The information can be stale and backward looking.

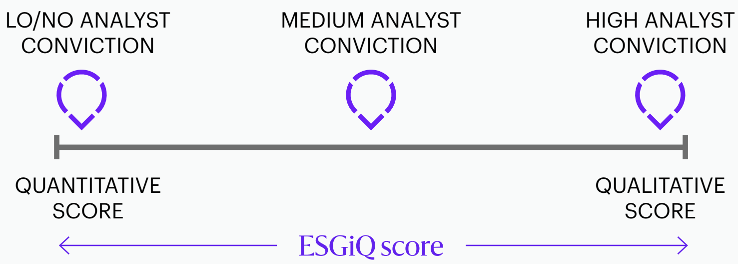
We have designed a proprietary solution aimed at enhancing the value of any one vended data set. Our rating framework leverages high-quality ESG data and analyses from leading external data providers, enabling broader coverage than what is available from a single provider. The score is based on a proprietary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

Allspring's Stewardship uses ESGiQ to identify industry leaders and laggards for engagement on material ESG issues in focus.

HIGHLIGHT

ESGiQ Corporate

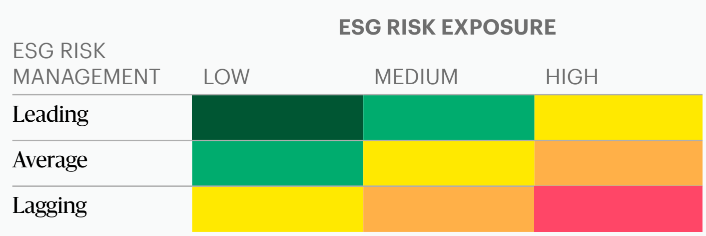
To assess ESG risk across the spectrum of corporate fixed income (and where appropriate elsewhere), we developed a proprietary ESG scoring system called ESG information Quotient, or ESGiQ. Our methodology combines and enhances data from third-party providers to add breadth while our analysts' in-depth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



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

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

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



Engagement at Allspring

Engagement selection and prioritization

Our approach to engagement with investee companies balances proactive, strategic themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise. We strive to establish our engagements with companies by:

- Uncovering financially material ESG issues and leverage our proprietary ESG tools to identify leaders and laggards
- Balancing engagements on strategic ESG themes with the flexibility to accommodate companies on a case-by-case basis as issues or controversies arise
- Leveraging proprietary research projects such as climate change and water management

As an active manager, we primarily practice direct private engagement with investee companies through meetings with management. We may also engage through letters to communicate positions broadly across a variety of investment holdings on a particular issue such as board gender diversity. We also engage through our voting policies and practices to improve alignment of investee companies. We escalate our engagements through formal letters and requests to hold further meetings with C-suite or board members.

We approach all company-wide engagements as collaborative efforts, bringing together our fundamental equity and fixed income investment professionals in a cross-asset-class and cross-regional structure. We believe the inclusive approach of our Stewardship Platform is a key differentiator of how we engage and that the perspectives shared across our investment professionals are beneficial to our efforts. It also brings to bear the scale of our assets under advisement. As a result, we believe we have influence, given our size and the breadth of asset classes we manage.

Materiality of ESG issues

With our engagement prioritization in hand, we then map the materiality of ESG priority issues to industries and sectors of interest, as in the following table:

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

● Most material ● Somewhat material ● Least material

Allspring's 2022 high-priority engagement themes

Annually, we survey our investment professionals for their perspectives and opinions on topical, material ESG issues and current market events. Survey results that informed our 2022 key engagement themes are summarized below.

Environmental

Climate

Climate change and investee company transition strategies will continue to be a perennial imperative, given the consensus view as defined by the Paris Agreement that temperature trajectories to limit global warming need to be met by 2050. 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, launched 2020)
- Utilities (2020)
- Integrated energy (2021)
- Airlines and airline OEMs (2021)
- Metals and mining (2021)
- Food and agriculture (2022)
- Insurance (2022)
- Chemicals (2022)

Biodiversity and natural capital

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

In recognition of this, over the past few years, we have advanced several thematic engagement initiatives directly related to natural capital and biodiversity. This is featured in our highlight below.

HIGHLIGHT

Biodiversity

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

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

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

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

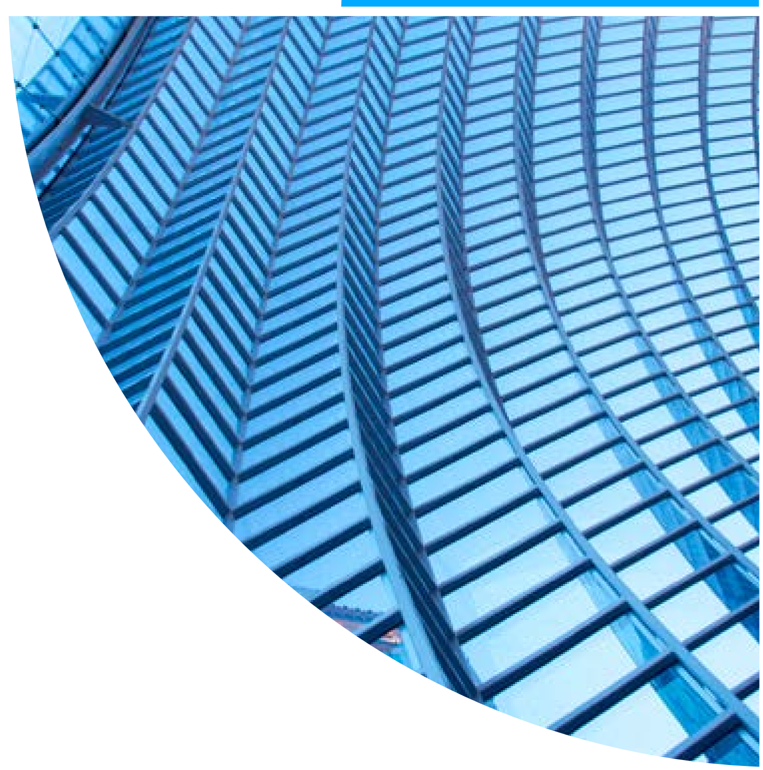
Social

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

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

Governance

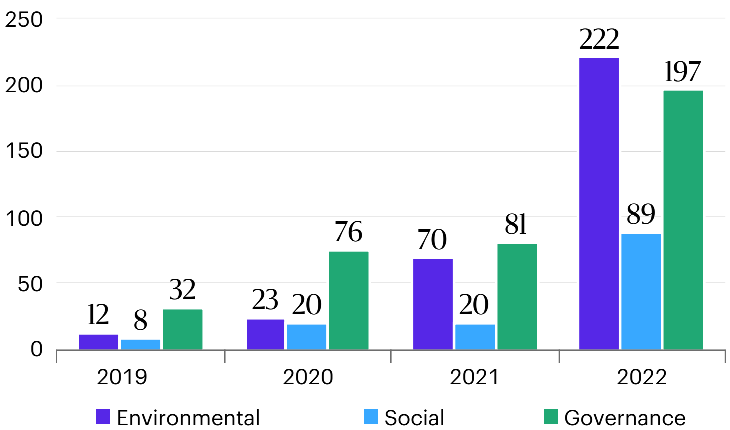
Topics of focus in corporate governance tend to be on a case-by-case basis, depending on where the company has weaknesses or deficiencies relative to our Governance Principles (see Appendix 1). Topics that tend to be more universal in nature were a focus for 2022, including executive compensation and incentive links to ESG/sustainability performance, board diversity (including gender, racial, and ethnic mix), and sustainability disclosures and board oversight over sustainability.



Allspring engagement activity for 2022

We believe our ESG engagements are differentiated based on our focus, our efficiency in spanning a broad set of material ESG issues, and depth of our analysis. This is reflected in the ratio of ESG issues of focus to company meetings, which was up 5.7 in 2022 compared with 2.4 in 2020. Case studies below reflect the breadth and depth of our engagements.

ALLSPRING ENGAGEMENT ACTIVITY 2019-2022



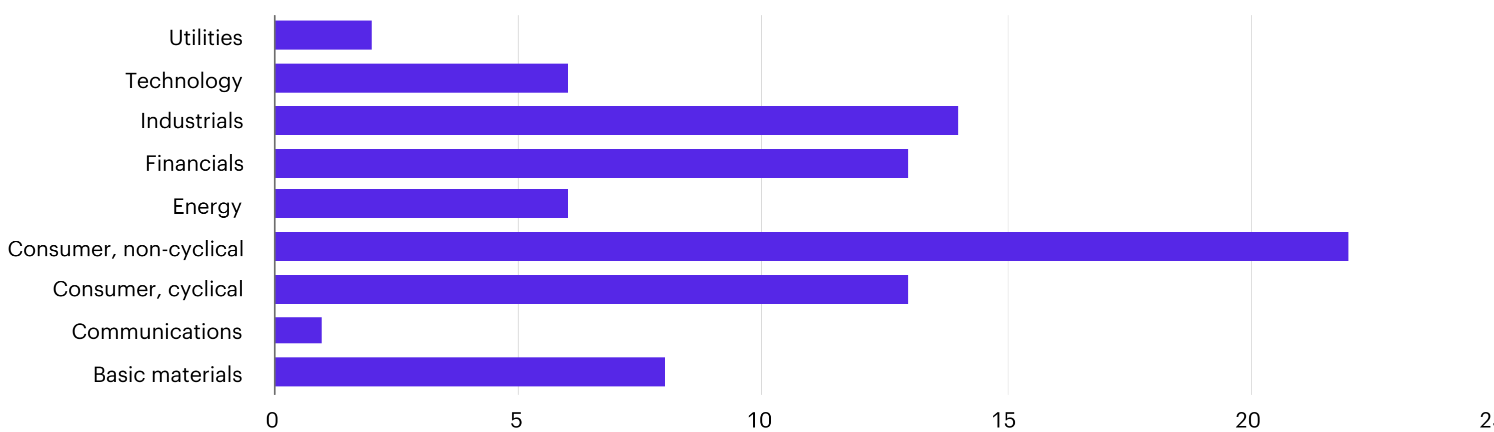
Total invested assets in companies engaged: ~$35B (~15% of total corporate AUA)

Source: Allspring Global Investments, Jan-19 to Dec-22

COMPANY-WIDE ENGAGEMENT ACTIVITY

	2019	2020	2021	2022
Engagements	27	50	42	89
ESG Issues	52	119	171	508

COMPANY-WIDE ENGAGEMENT ACTIVITY FOR 2022 BY SECTOR



Source: Allspring Global Investments, 31-Dec-22

Investment team-led engagements

Along with our company-wide Stewardship team, Allspring is structured with independent investment teams that conduct their own fundamental research, which includes engaging with company management. As our structure demonstrates, we believe engagement activities are the responsibility of both our investment teams and our company-wide Stewardship team with robust collaboration between the two. In addition to the in-depth engagements led by the Stewardship team, there are two types of ESG engagements that investment teams may conduct.

01. **In-depth engagement led by an investment team** is defined as multi-quarter to multi-year programs of repeat interactions on broader topics such as reporting and disclosure, climate transition, and/or sustainability strategy. These will typically occur with small to medium organizations.
02. **Light touch engagement led by an investment-focused team** is defined as point-in-time interactions with investee companies or issuers where an ESG issue or two may be part of a meeting with a broader agenda than ESG. Examples would be a question related to the Key Performance Indicators of a sustainability-linked bond or a proxy proposal.

Systematic teams will typically only take part in in-depth engagement via the Stewardship and Engagement team.

In 2022, we began tracking the investment team–led ESG engagements. Over the last four and a half months of 2022, there were over 180 engagements that our investment teams conducted (independent of the Stewardship team). Allspring will be in a position to report on this activity annually going forward.

Engagement results

As long-term investors, we take a pragmatic and patient approach to our engagement framework to build mutual understanding, which we believe can drive effective results with the issuers in which we invest. Engagement outcomes may require multiple interactions over time, and we develop milestone expectations that we establish with individual commitments that our investee companies pledge to us. Because engagements tend to transpire over time (three years on average), the conclusion of engagements—given the longevity of our company-wide platform—puts our activity mainly still "in flight."

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

HONEYWELL INTERNATIONAL, INC.

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

Source: Allspring Global Investments, 31-Mar-23

The table below lists our 2022 engagements on biodiversity topics with companies in sectors where these risks and opportunities are most material. On behalf of our clients, we encourage these companies to disclose how they adopt or plan to incorporate business practices consistent with the sustainable use and management of natural capital and the respect for the biodiverse contexts in which they operate. To enhance our engagement practices further, beginning in 2023, we plan to also incorporate the final recommendations of the TNFD into our research and disclosure guidance.

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

Source: Allspring Global Investments, 31-Dec-22

CASE STUDY

JBS SA and deforestation concerns

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

ASSET CLASS: equity

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

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

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

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

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

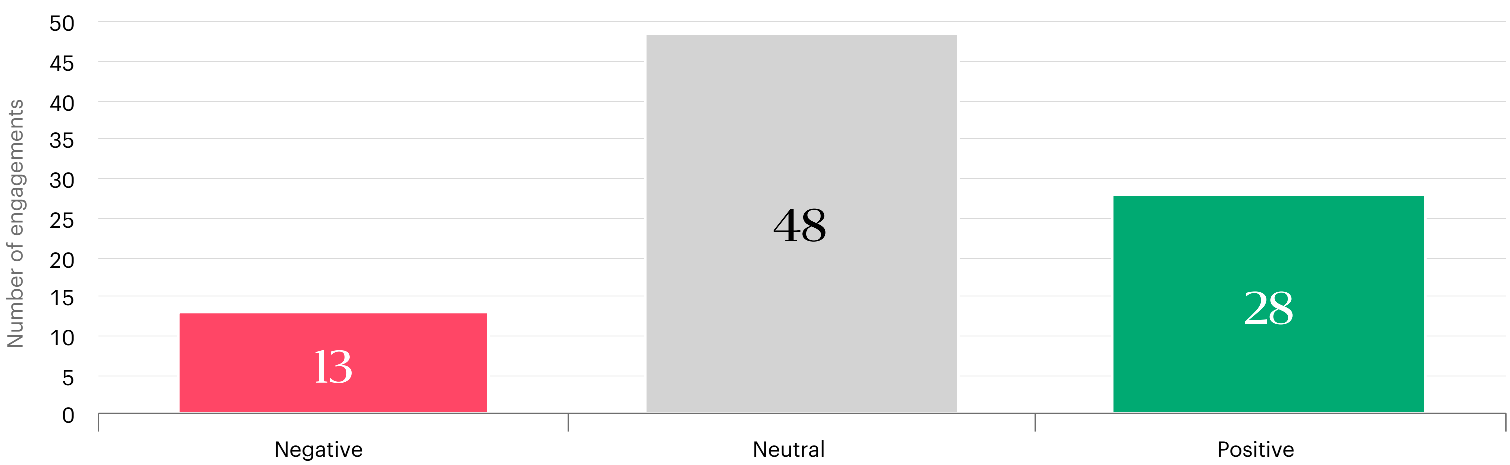
Going forward, we will continue to monitor the progress and effectiveness of the platform and how Brazilian meat producers, more broadly, can successfully eradicate illegal deforestation with very little government assistance. Given the pervasive nature of the issue and the company's historical lack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

Continuous improvement

As part of our engagement protocol in 2022, we implemented a new rating component into our assessment of issuer companies. These ratings are relative to our expectations for a company given our history of engagement or our assessment on its position in its individual sustainability journey. These ratings provide a signal of momentum for our analysts and help give a broad framing to the specifics and nuances further explained in the extensive multi-page engagement research notes available to our investment teams. Of the 89 company-wide engagements set up by the Allspring Stewardship team in 2022, 13 were rated negative, 48 were rated neutral, and 28 were rated positive. In Appendix 3, we detail our engagements by company name, ESG issues in focus, and the assessment of the engagement.

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

ASSESSMENT OF 2022 ENGAGEMENTS



Source: Allspring Global Investments, 31-Dec-22

Escalation process

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

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

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

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

The following are potential outcomes:

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

CASE STUDY

Escalation examples from Allspring's equity teams

Magnite (MGNI)

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

Trade Desk

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

Take-Two Interactive Software (TTWO)

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

ZoomInfo (ZI)

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

Collaborative engagement

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

01

Climate Action 100+ (CA100+): In 2019, we joined the CA100+, an investor initiative focused on the world's largest corporate GHG emitters and their actions and commitments on climate change. We joined the CA100+ because we believe it is critical that companies in which our clients are invested take action on climate change. We want to stand as committed partners with our clients who are also participating in the initiative. As part of our commitment to CA100+, we are leading an engagement with CEMEX S.A.B. de C.V.—a large global construction materials company based in Mexico.

02

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

03

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

04

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

CASE STUDY

Zoetis: The FAIRR Initiative and antimicrobial resistance

SECTOR: consumer, non-cyclical—medical drugs

ASSET CLASS: equity

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

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

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

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

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

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

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

Proxy voting

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

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

Our proxy voting process 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 that issue. As a result, cases with "split votes" are rare.

Proxy voting policy

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

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

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

Proxy service monitoring

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

01. **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 significant transactions (level 5). This includes votes pertaining to contests related to director elections (for both management and oppositions slates), mergers, acquisitions, reorganizations, restructurings, spin-offs, issuances of shares in connection with an acquisition and the sale or purchase of company assets—as well as adjourning meetings to solicit more votes. For these votes, the DDWG proactively seeks out the opinion of our fundamental portfolio managers for their insight into each company.

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

CASE STUDY

McDonald's high-importance proxy contest

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

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

CASE STUDY

Sysco and supply chain risks

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

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

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

03. **Significant votes review:** One of our due-diligence procedures focuses on identifying and elevating our attention to "significant votes." These are votes on our top 15 investee companies (based on AUA) that are flagged by ISS as having a low governance score (in the lowest 3 ratings bands out of 10). Our DDWG reviews these companies' proxies in their entirety to determine if there were any proxy item(s) for which the vote could make a positive impact on the company's corporate governance standing. Appendix 2 shows our top 15 largest positions in those companies deemed high risk as indicated by an ISS Governance Quality Score of between 8 and 10.

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

CASE STUDY

FedEx in significant relationship review

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

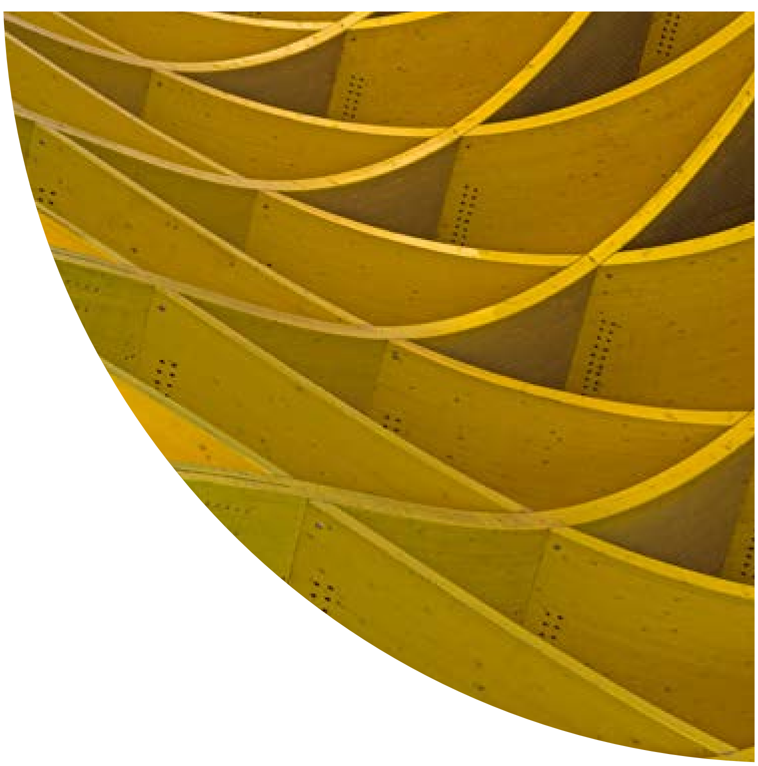
The proponent referenced the company's publicly reported EE0-1 disclosures with only 18% of diversity in executive/senior management roles. The company contended it was 40%, but the public disclosures clearly stated less than half of that. Furthermore, the company is subject to controversies related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

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

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

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

" Our engagement, which serves as the constructive, dynamic communication mechanism to proxy voting, allows us to communicate those issues we'd like to see management improve upon.



2022 proxy voting statistics

ALLSPRING'S VOTING SUMMARY FOR THE PAST THREE YEARS

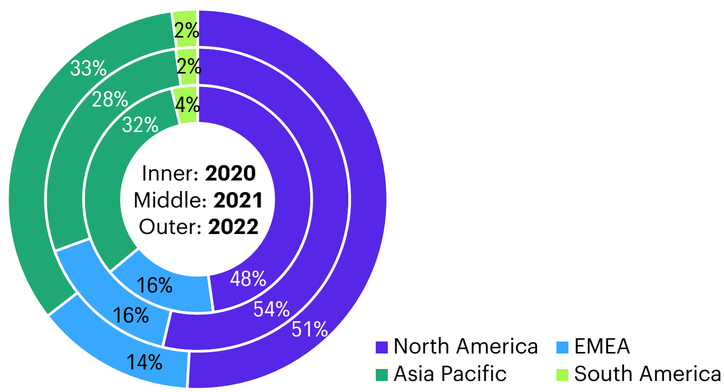
DESCRIPTION	2020	2021	2022
Total meetings	6,800	5,400	5,800
Total proposals	67,000	54,000	56,000
Meetings with at least one vote against management	44%	44%	46%
Meetings with at least one vote against ISS	10%	10%	11%
Against management on all proposals	11%	10%	10%
Against management on management proposals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

Note: All voting results for the Allspring Funds and Allspring (Lux) Worldwide Fund covering the fiscal year that ended June 30, 2021, can be found here.

REGIONAL IMPACT

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

COMPARING VOTES BY GLOBAL REGIONS



SUMMARY OF MANAGEMENT PROPOSALS BY TOPIC FOR 2022

MANAGEMENT PROPOSALS	WITH MANAGEMENT	AGAINST MANAGEMENT	% AGAINST
Total management proposals	49,049	5,879	11%
Board-related	28,615	3,622	11%
Elect directors	24,565	3,002	10%
Elect chair/vice-chair	41	16	39%
Declassify the board	52	-	0%
Director remuneration	832	41	5%
Capital management	3,079	391	13%
Authorize share repurchase	687	19	3%
Approve issuance of equity	803	186	23%
Changes to company articles	1,690	256	13%
Reduce supermajority vote	74	0	0%
Other anti-takeover related	273	22	7%
Executive compensation	5,473	1,101	17%
Advisory vote on executive compensation	2,481	414	14%
Approve executive stock option plan	40	35	47%
Strategic transactions	776	190	20%
Divestiture/spinoff	125	3	2%
Merger/acquisition	205	49	24%
ESG related	153	4	3%
Political donations	70	0	0%
Say on climate	34	1	3%
Routine business	9,263	315	3%

SHAREHOLDER PROPOSAL STATISTICS BY SUSTAINABILITY CONSIDERATION FOR 2022

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

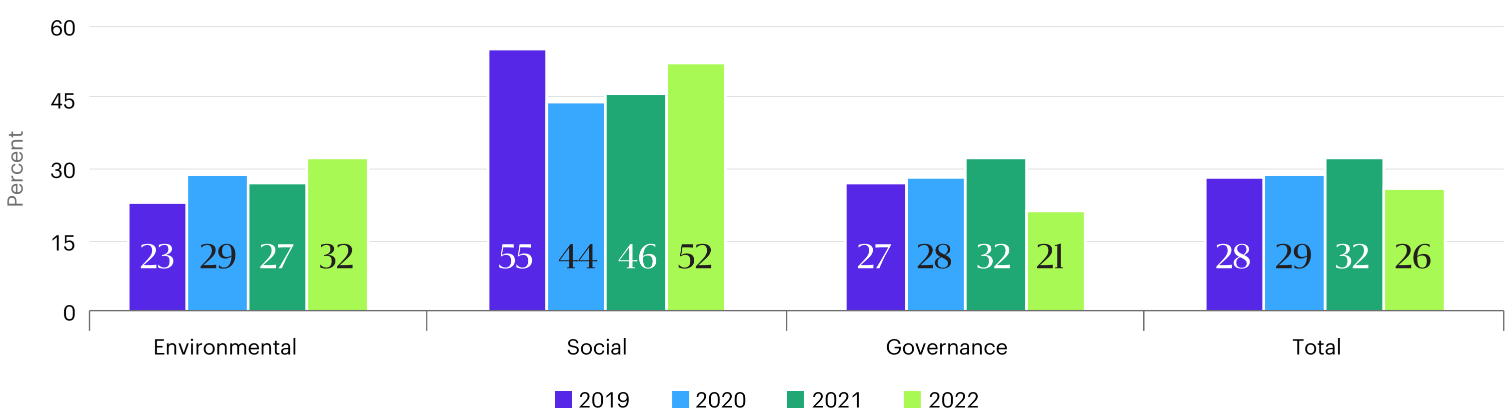
Source: Allspring Global Investments

The year 2022 was conducive for shareholder proposals. Shareholder proposals for companies in which we invest that focused on environmental issues increased 57% from 2021 levels; social proposals increased over 200% from 2021 levels. Much of this was due to tailwinds in the U.S., as the Securities and Exchange Commission's tone on ESG issues changed with the presidential administration change from Donald Trump to Joe Biden. In late 2021, SEC staff signaled it would take a more expansive view on whether proposals raised significant policy issues that transcended ordinary business in determining no-action guidance for companies to omit shareholder proposals.

This set the stage for an unprecedented year in 2022 for U.S. shareholder proposals—the number of proposals submitted surged, the percentage of proposals that shareholders were willing to withdraw as a result of negotiations with companies dropped, and the number of proposals excluded through the SEC no-action process plummeted.

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

ALLSPRING VOTE FOR PERCENT OF SHAREHOLDER PROPOSALS



Source: Allspring voting results for calendar years 2019 to 2022

Allspring proxy results

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

Say-on-Pay

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

CASE STUDY

Meta and Alphabet on unequal voting rights

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

CASE STUDY

Say-on-pay proposal at JPMorgan Chase

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

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

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

Climate change

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

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

In 2022, ISS introduced a new climate accountability policy to hold the boards of the largest GHG-emitting companies accountable for progressing the agenda of the Climate Action 100+ coalition. Allspring scrutinized ISS's recommendations when they determined these high emitting companies had not taken the minimum steps needed to understand, assess, and mitigate risks related to climate change to the company and the larger economy. The recommendation was to hold the incumbent chair of the responsible committee for climate action (or other directors on a case-by-case basis) accountable with a possible vote against in these situations. Minimum steps to understand and mitigate those risks are considered to be:

01. Detailed disclosure of climate-related risks, such as according to the framework established by the TCFD, including:
- Board governance measures
- Corporate strategy
- Risk management analyses
- Metrics and targets

02. Appropriate GHG emissions-reduction targets: For 2022, "appropriate GHG emissions reductions targets" will be medium-term GHG-reduction targets or net-zero-by-2050 GHG-reduction targets for a company's operations (scope 1) and electricity use (scope 2).

CASE STUDY

Berkshire Hathaway's climate accountability

In 2022, we voted against the lead independent director of Berkshire Hathaway on the basis of climate accountability. Berkshire Hathaway is a focus of CA100+ as it is an investment holding company active in high-emitting sectors, including utilities and energy. The company has not disclosed a holding company–level climate strategy, deferring to its subsidiaries to manage climate risk, and some have disclosed strategies to reduce GHG emissions and manage climate-related risks. The company is known to be unresponsive to investors seeking more transparency and has not produced or seemingly considered TCFD reporting, including scenario analysis and GHG emissions-reduction targets for scope 1, 2 and 3 emissions, and near-, medium-, and long-term horizons. There also is no board committee focused on sustainability, including climate strategy. The lead director had 13% votes against at the 2022 annual general meeting.

Allspring significant vote results

In Appendix 2, we provide more detail on our significant votes, which are our 15 largest company investments where the company is deemed to have weak corporate governance. We review each of these proxies in their entirety alongside the fundamental equity teams invested in them, with an eye toward any proposals we think can be voted in a manner to improve a company's corporate governance. In 2022, examples of proposals where we voted against management were:

- **Tradeweb Markets:** We voted against all three directors nominated on the classified board due to two issues: as an operating company, the classified board structure with no sunset provision committing to declassify and the lack of a majority independent board.
- **First Energy:** We voted against the election of director-at-large Steven J. Demetriou on the basis of CEO overboarding.

Appendix

Appendix 1: Allspring's governance principles

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

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

Appendix 2: Allspring's significant votes

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

COMPANY	ESTIMATED POSITION VALUE	ISS GOVERNANCE QUALITY SCORE**	ALLSPRING VOTED WITH MANAGEMENT	ALLSPRING VOTED AGAINST MANAGEMENT	SIGNIFICANT VOTES AGAINST MANAGEMENT
Tencent Holdings Ltd.	410.1mm	10	8	2	We voted against the approval of an Issuance of Equity or Equity-Linked Securities without Pre-emptive Rights because the aggregate share issuance limit is greater than 10% and the company did not specify the discount limit.
Tradeweb Markets Inc.	357.7mm	10	6	4	We voted against all three directors up for election—Lee Olesky, Billy Hult, and Steven Berns—for several weaknesses: 1) the board is classified and has not set a sunset provision, 2) the board is only 40% independent vs. majority independent, and 3) executive compensation is problematic and the company does not have a Say-on-Pay vote this year nor is any member of the compensation committee up for election.
Keurig Dr Pepper Inc.	348.7mm	10	13	0	There was no significant vote against management.
Valero Energy Corp.	325.4mm	9	14	0	There was no significant vote against management.
Reynolds Consumer Products Inc.	321.7mm	8	2	2	We voted against the election of both director nominees, as the board is only 43% independent and their election would continue to maintain a board without an independent majority. Also, the board has a classified structure, and no sunset provision to declassify has been set.
Berkshire Hathaway Inc.	281.7mm	10	10	9	We voted for (against management) the shareholder proposal to Report on Climate-Related Risks and Opportunities. We believe the company is not addressing or disclosing its management of climate-related risks and opportunities that would allow shareholders to better understand how the company is managing systemic risks posed by climate change and the transition to a low-carbon economy.
FirstEnergy Corp.	261.0mm	8	15	1	We voted against the election of Director Steven J. Demetriou on the basis of CEO overboarding. Demetriou is CEO and chair of Jacobs Engineering and has sat on the board of C4 Acquisition Corp. longer than FirstEnergy. We support the one outside board with the longest tenure.

Universal Health Services, Inc.	244.9mm	10	1	3	Allspring voted for (against management) the shareholder proposal to Require a Majority Vote for the Election of Directors. We believe a majority vote standard for uncontested director elections would provide shareholders with a more meaningful voice in the election of directors.
Meta Platforms, Inc.	244.9mm	10	14	9	We voted for (against management) the shareholder proposal to Report on Community Standards Enforcement. We believe shareholders would benefit from increased transparency and disclosure on how the company is managing material risks related to misinformation and harmful content, especially since it is still involved in controversies surrounding hate speech, disinformation or content that incites violence and/or harm to public health or personal safety.
Monolithic Power Systems, Inc.	241.3mm	9	5	0	There was no significant vote against management.
AbbVie Inc.	226.7mm	8	8	3	We voted for (against management) the shareholder proposal to Report on Congruency of Political Spending with Company Values and Priorities. We believe more comprehensive information comparing the company's public policy statements with its political contributions and lobbying efforts would benefit shareholders in assessing the company's management of related risks.
Teledyne Technologies Inc.	223.0mm	8	6	0	There was no significant vote against management.
Fifth Third Bancorp	219.0mm	8	18	0	There was no significant vote against management.
ServiceNow, Inc.	212.2mm	9	10	1	We voted against the election of Director Jonathan C. Chadwick on the basis of CEO overboarding. Chadwick is not a CEO and sits on five boards: ServiceNow Inc., Elastic NV, Confluent Inc., Zoom Video Communications Inc., and Samsara Inc. We support up to four public company boards if the nominee is not a CEO.
Zimmer Biomet Holdings, Inc.	201.2mm	10	11	1	We voted against the Say-on-Pay proposal, as the compensation committee made a problematic one-time pay decision after the fiscal year-end. In connection with a spinoff, performance equity granted in 2020 and 2021 was converted into time-vested equity, without disclosure of sufficient rationale. Also, despite the 2020 performance equity tracking to not earn a payout due to underperformance (50% of target), that grant vested, which undermines a pay-for-performance philosophy.

Appendix 3: ESG engagements led by Stewardship

STEWARDSHIP-LED ENGAGEMENTS—BY INDIVIDUAL ISSUER

		ENVIRONMENTAL			SOCIAL					GOVERNANCE									
ISSUER	OUTCOME	CLIMATE CHANGE	NATURE CAPITAL	POLLUTION, WASTE	CONDUCT, CULTURE AND ETHICS	HUMAN AND LABOUR RIGHTS	HUMAN CAPITAL MANAGEMENT	INEQUALITY	PUBLIC HEALTH	BOARD DIVERSITY	BOARD INDEPENDENCE OR OVERSIGHT	GOVERNANCE—OTHER	GOVERNANCE—LEADERSHIP	REMUNERATION	SHAREHOLDER RIGHTS	STRATEGY— CAPITAL ALLOCATION	STRATEGY/ PURPOSE	SUSTAINABILITY DISCLOSURES	CYBER/INFO SECURITY
Accenture Plc	+	1				1	1			1		1		1				1	
Air Liquide SA	+	1	1	1								1		1		1	1	1	
Airbus SE	+	1		1							1			1		1		1	
Alcon Inc	↔	1	1			1	1		1	1	1	1		1		1		1	
Allstate Corp	↔	1									1	1		1			1	1	
Amazon.com Inc	↔	1		1	1	1	1	1			1			1	1			1	
American Homes 4 Rent	+	1					1				1		1	1		1	1	1	1
American Water Works Co Inc	↔	1	1									1				1	1	1	
Apple Inc	↔	1		1	1	1	1	1		1	1	1	1	1				1	
Arch Capital Group Ltd	↔	1										1	1	1	1				
Archer Daniels Midland Co	↔	1	1	1		1						1				1	1	1	
Becton Dickinson and Co	↔	1					1				1	1		1				1	
Best Buy Co Inc	↔	1				1	1				1					1	1	1	
BlackRock Inc	+	1									1	1	1	1				1	
Bunge Ltd	+	1	1	1		1						1				1		1	
Casella Waste Systems Inc	↔	1		1								1		1		1		1	
Castle Biosciences Inc	+	1	1		1	1	1					1		1				1	
Caterpillar Inc	↔	1					1									1		1	
CBRE Group Inc	↔									1	1	1						1	
Cemex SAB de CV	↔	1	1	1			1									1	1	1	
Chevron Corp	–	1		1	1	1	1	1	1					1	1			1	
Devon Energy Corp	↔	1	1											1		1	1	1	
Dominion Energy Inc	↔	1										1		1	1	1	1	1	
DuPont de Nemours Inc	+	1	1			1						1		1		1	1	1	
ELF Beauty Inc	↔													1	1			1	
Eli Lilly & Co	–	1		1		1	1		1	1	1			1	1	1	1	1	
Enstar Group Ltd	–	1								1	1	1	1	1				1	
ExxonMobil Corp	↔	1		1										1	1	1		1	
FedEx Corp	–	1		1		1	1					1				1	1	1	
First Hawaiian Inc	–	1					1					1		1		1	1	1	
FMC Corp	–	1	1	1		1	1				1		1	1	1	1	1	1	1
Ford Motor Co	+	1	1	1	1						1			1	1	1	1	1	
General Motors Co	+	1	1				1				1			1		1	1	1	1
Genuine Parts Co	–	1		1		1	1					1		1		1	1	1	
Gill Apparel Group Ltd	↔									1	1	1						1	
HealthEquity Inc	↔									1	1	1	1	1	1		1	1	1
Honeywell International Inc	↔			1								1	1	1	1	1	1	1	
Horizon Theraputics Plc	–	1					1				1	1						1	
Humana Inc	↔	1				1	1		1	1		1		1				1	1

Continued next page

Appendix 3: ESG engagements led by Stewardship

STEWARDSHIP-LED ENGAGEMENTS—BY INDIVIDUAL ISSUER (CONTINUED)

		ENVIRONMENTAL			SOCIAL					GOVERNANCE									
ISSUER	OUTCOME	CLIMATE CHANGE	NATURE CAPITAL	POLLUTION, WASTE	CONDUCT, CULTURE AND ETHICS	HUMAN AND LABOUR RIGHTS	HUMAN CAPITAL MANAGEMENT	INEQUALITY	PUBLIC HEALTH	BOARD DIVERSITY	BOARD INDEPENDENCE OR OVERSIGHT	GOVERNANCE—OTHER	GOVERNANCE—LEADERSHIP	REMUNERATION	SHAREHOLDER RIGHTS	STRATEGY— CAPITAL ALLOCATION	STRATEGY/ PURPOSE	SUSTAINABILITY DISCLOSURES	CYBER/INFO SECURITY
Jack in the Box Inc	–	1	1				1			1	1	1	1	1		1	1	1	
Jackson Financial Inc	↔	1									1			1	1			1	1
JBS SA	+	1	1	1		1	1					1				1	1	1	
JPMorgan Chase & Co	+	1					1			1	1	1	1	1	1			1	
Keurig Dr Pepper Inc	+	1		1		1	1					1		1				1	
Kroger Co	↔	1	1										1	1		1		1	
Lear Corp	+	1		1		1	1					1		1		1	1	1	
LG Chem Ltd	+	1		1		1	1					1				1		1	
Lightspeed Commerce Inc	↔													1	1			1	
Linde Plc	+	1	1									1		1		1	1	1	
McDonald's Corp	–	1	1									1				1	1	1	
Mercedes-Benz Group AG	↔	1		1		1					1	1				1	1	1	
Molson Coors Beverage Co	↔	1	1	1								1		1				1	
MongoDB	–	1					1			1	1							1	
Myers Industries Inc	–	1	1			1						1		1		1		1	
NatWest Group PLC	↔	1	1	1								1						1	
Nestle SA	↔	1	1	1						1				1		1	1	1	
Nomad Foods Ltd	+	1				1	1								1	1	1	1	
Phillips 66	–	1										1		1		1	1	1	
Pioneer Natural Resources Co	↔	1	1											1	1	1		1	
PPG Industries Inc	↔	1	1	1							1			1		1	1	1	
Republic Services Inc	↔	1		1			1					1		1	1	1		1	
Stanley Black & Decker Inc	+	1		1		1						1		1		1	1	1	
Starbucks Corp	–	1				1	1					1		1				1	
Sysco Corp	+	1	1				1					1		1		1		1	
The RMR Group Inc	↔									1	1	1						1	
Toyota Motor Corp	↔	1		1		1						1		1		1	1	1	
Truist Financial Corp	↔	1								1		1	1	1	1			1	
United Parcel Service Inc	↔	1										1			1	1	1	1	
VALE SA	↔	1	1	1	1	1				1		1		1		1	1	1	
Valero Energy Co	–	1	1				1			1	1	1		1	1	1	1	1	1
Walmart Inc	+	1	1			1				1			1	1	1	1		1	
Wendy's Co	+	1	1	1		1	1				1	1		1		1	1	1	
Westlake Corp	↔	1	1	1			1				1	1		1		1		1	
WH Group Ltd	↔	1	1				1					1	1	1		1	1	1	
Zimmer Biomet Holdings Inc	↔	1	1	1		1	1					1						1	
Zoetis Inc	–	1	1						1			1		1		1		1	
ZoomInfo Technologies Inc	–	1									1	1		1			1	1	1

Source: Allspring Global Investments, 2022

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

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

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- To reach our U.S.-based investment professionals, contact your existing client relations director, or contact us at **AllspringInstitutional@allspringglobal.com**.
- To reach our U.S.-based retirement professionals, contact **Nathaniel Miles**, head of Global Client Strategy at Allspring Global Investments, at **nathaniel.s.miles@allspringglobal.com**.

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- To reach our non-U.S.-based investment professionals, contact us at **AllspringInternational@allspringglobal.com**.

FOR SUSTAINABLE INVESTING

- To discuss sustainable investing solutions, contact **Henrietta Pacquement**, head of Sustainability, and **Jamie Newton**, deputy head of Sustainability, at **henrietta.pacquement@allspringglobal.com** and **jamie.newton@allspringglobal.com**.

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