

The Double-edged Sword of Feeding the Energy Transition



LGC INVESTMENT & PENSIONS SUMMIT | MARKETING COMMUNICATION

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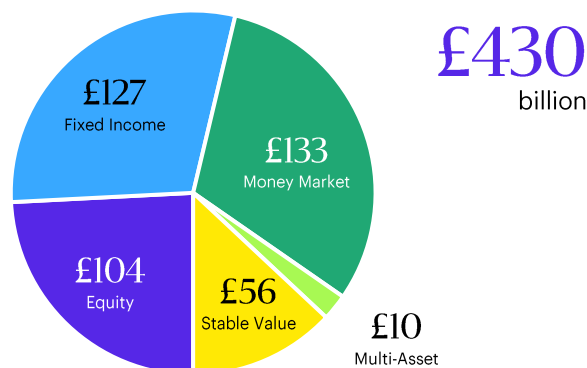
September 2023



A platform that goes beyond for clients

Providing a broad range of investment solutions to help our global client base meet their investment objectives

Assets under advisement¹



Our people

1,420+ dedicated employees

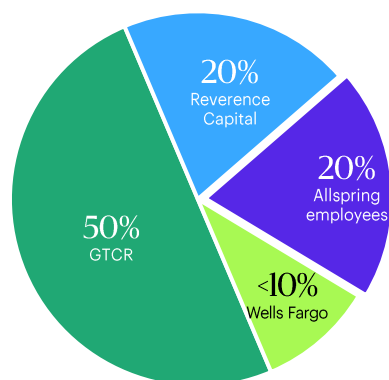
450+ global investment professionals⁴

23 years portfolio managers' average years of investment experience

Our clients

- Consultants
- Corporations
- Endowments & Foundations
- Financial Advisors
- Financial Institutions
- Government/Official Institutions
- Insurance Companies
- Pensions & Retirement Plans

Corporate ownership structure^{2,3}



Our statistics



23 offices globally



Headquartered in Charlotte, North Carolina



Leading SMA provider⁵

Sources: 1. Allspring and affiliates. Figures are as of 30 June 2023, unless otherwise noted. Please note that the assets under advisement (AUA) figures provided include discretionary and non-discretionary assets and have been adjusted to eliminate any duplication of reporting among assets directed by multiple investment teams and includes £69B from Galliard Capital Management (£56B Stable Value; £14B Fixed Income). AUA includes non-discretionary assets that are not captured in Allspring's assets under management (AUM) figure. Numbers may not add up to the totals presented due to rounding. 2. Percentages are approximate and can fluctuate over time. 3. Percentage is based on number of total employees participating in equity ownership. 4. Global investment talent includes directors and associate level professionals. 5. Cerulli's league table.



What is net zero?

Net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere.





Actions to net zero

2025

No new sales of fossil fuel boilers

2030

Universal energy access

All new buildings are zero-carbon-ready

60% of global car sales are electric

Most new clean technologies in heavy industry demonstrated at scale

1 020 GW annual solar and wind additions

Phase-out of unabated coal in advanced economies

2035

Most appliances and cooling systems sold are best in class

50% of heavy truck sales are electric

No new ICE car sales

All industrial electric motor sales are best in class

Overall net-zero emissions electricity in advanced economies

2040

50% of existing buildings retrofitted to zero-carbon-ready levels

50% of fuels used in aviation are low-emissions

Around 90% of existing capacity in heavy industries reaches end of investment cycle

Net-zero emissions electricity globally

Phase-out of all unabated coal and oil power plants

2050

More than 85% of buildings are zero-carbon-ready

More than 90% of heavy industrial production is low-emissions

Almost 70% of electricity generation globally from solar PV and wind

Key milestones in the pathway to net zero

Buildings

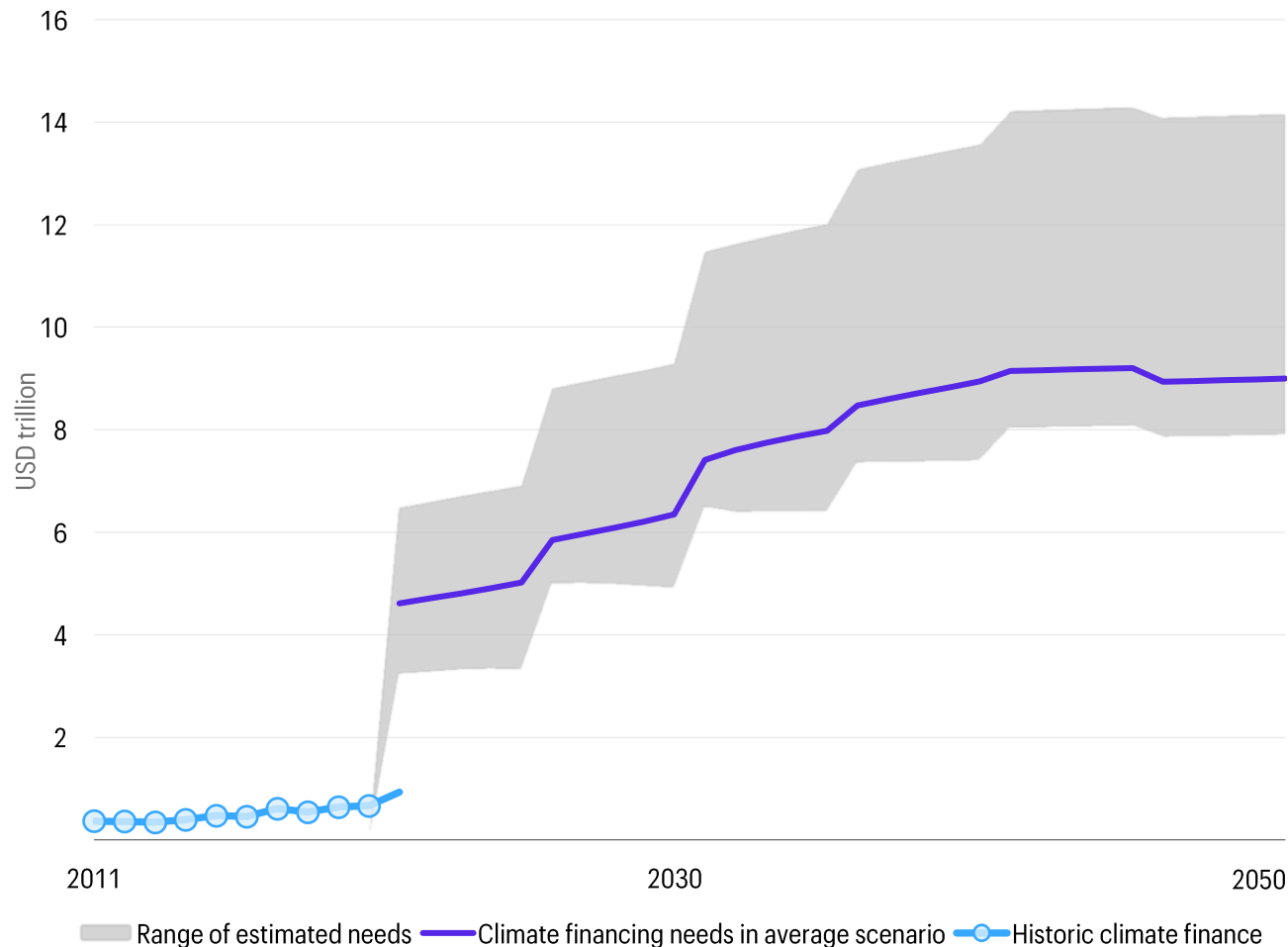
Transport

Industry

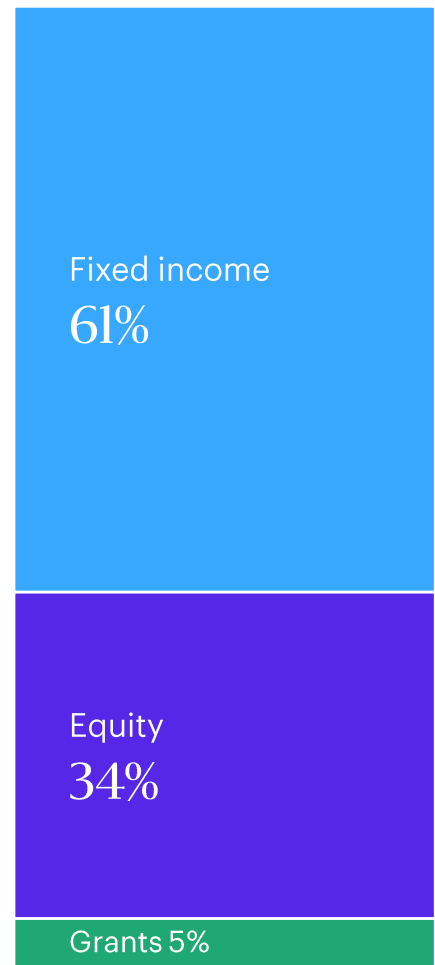
Electricity and Heat

Fixed income: key to funding the transition

Global tracked climate finance flows and the average estimated annual climate investment need through 2050



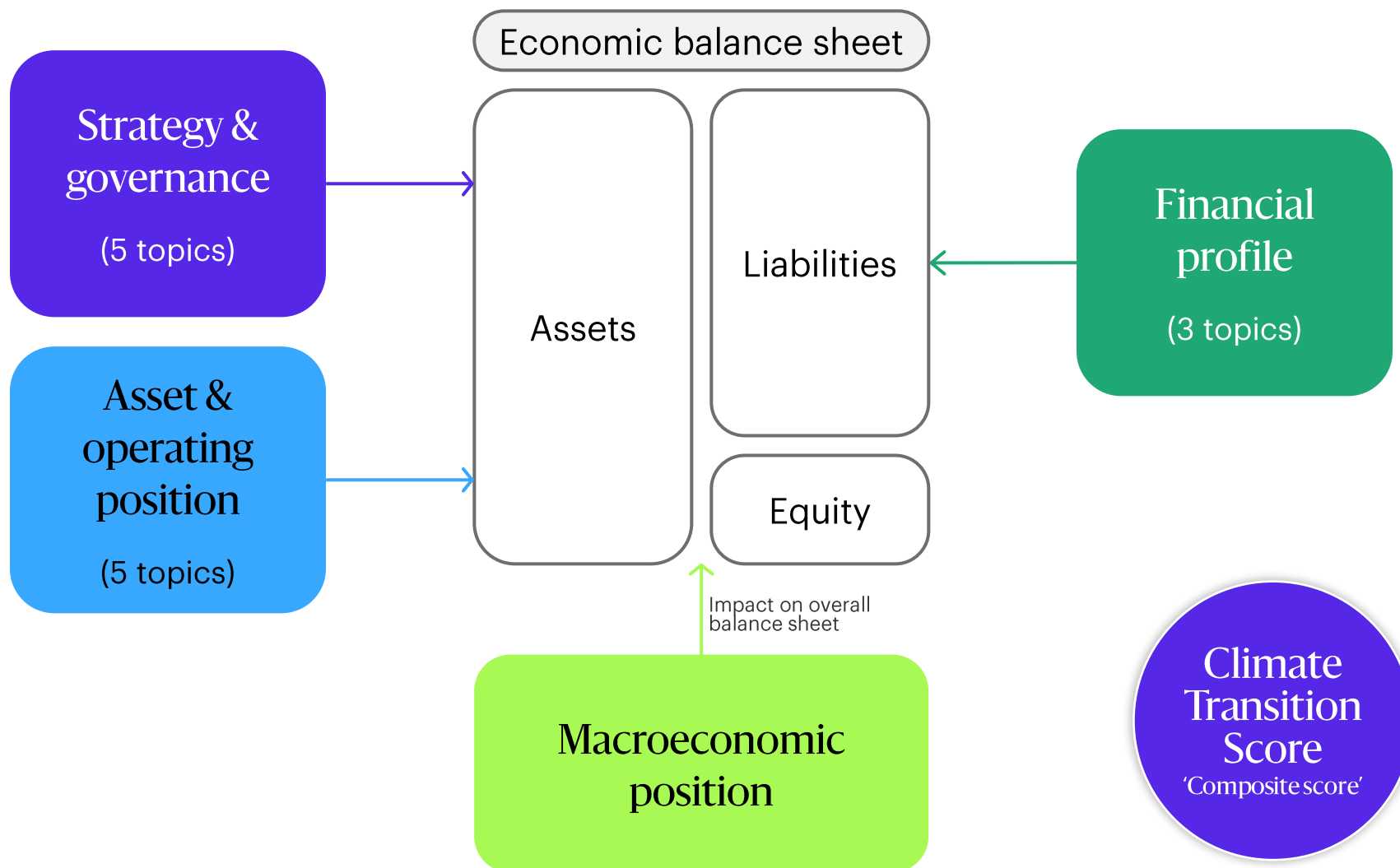
Climate finance by instrument between 2011–2020



How to assess companies with climate transition mindset?



Allspring's Climate Transition Framework



The energy supply chain

From an investment perspective, the energy supply chain broadly includes all of the processes from the extraction of vital materials to final consumption.



Extraction



Generation



Transmission
& distribution



Storage



Consumption



Extraction: Notable decarbonisation progress

Climate change impact



Positively impacted by



Positively impacting on

Industry/segment

Independent American gas producer



Issuer summary

Sector	Oil and gas
Fundamental opinion	Improving
Relative value recommendation	Strong overweight

Sustainability

Sustainalytics ESG Risk Score	35
MSCI Overall Score	AA

Climate

Climate transition score	2.5
Carbon intensity	223

Contribution to SDGs

7

AFFORDABLE AND CLEAN ENERGY

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Source: Allspring Global Investments, MSCI, Sustainalytics, S&P Trucost and Bloomberg as at 30 June 2023. This information shall not be considered a recommendation to buy or sell any security. Information provided is created and is provided for illustrative purposes only, to demonstrate our investment management process and capabilities. Information is stale and should not be relied upon. Information shown is not investment research or constitute an investment recommendation. Any reference to a security or market, is for illustrative purposes only and is not a recommendation to trade.



Generation: Energy transition leader

Climate change impact



Positively
impacted by



Positively
impacting on

Industry/segment

Electricity generation
and SDGs



Issuer summary

Sector	Utilities
Fundamental opinion	Deteriorating
Relative value recommendation	Neutral

Sustainability

Sustainalytics ESG Risk Score	19
MSCI Overall Score	AAA

Climate

Climate transition score	3+
Carbon intensity	13

Contribution to SDGs

5

GENDER
EQUALITY

7

AFFORDABLE AND
CLEAN ENERGY

8

DECENT WORK AND
ECONOMIC GROWTH

9

INDUSTRY, INNOVATION
AND INFRASTRUCTURE

11

SUSTAINABLE CITIES
AND COMMUNITIES

12

RESPONSIBLE CONSUMPTION
AND PRODUCTION

13

CLIMATE
ACTION

15

LIFE
ON LAND

17

PARTNERSHIP
FOR THE GOALS

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Storage: Batteries for a cleaner future

Climate change impact



Positively
impacted by



Positively
impacting on

Industry/segment

Basic chemicals with
growing batteries and
energy storage systems



Issuer summary

Sector	Basic materials
Fundamental opinion	Stable
Relative value recommendation	Overweight

Sustainability

Sustainalytics ESG Risk Score	26.6
MSCI Overall Score	BB

Climate

Climate transition score	2.5+
Carbon intensity	412

Contribution
to SDGs

7

AFFORDABLE AND
CLEAN ENERGY

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RESPONSIBLE CONSUMPTION
AND PRODUCTION

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Consumption: Consumer energy usage

Climate change impact

Neutrally
impacted by



Positively
impacting on

Industry/segment

Brazilian iron ore company



Issuer summary

Sector	Metal and mining
Fundamental opinion	Stable
Relative value recommendation	Neutral

Sustainability

Sustainalytics ESG Risk Score	33.4
MSCI Overall Score	B

Climate

Climate transition score	2.33+
Carbon intensity	211

Contribution
to SDGs

7

AFFORDABLE AND
CLEAN ENERGY

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RESPONSIBLE CONSUMPTION
AND PRODUCTION

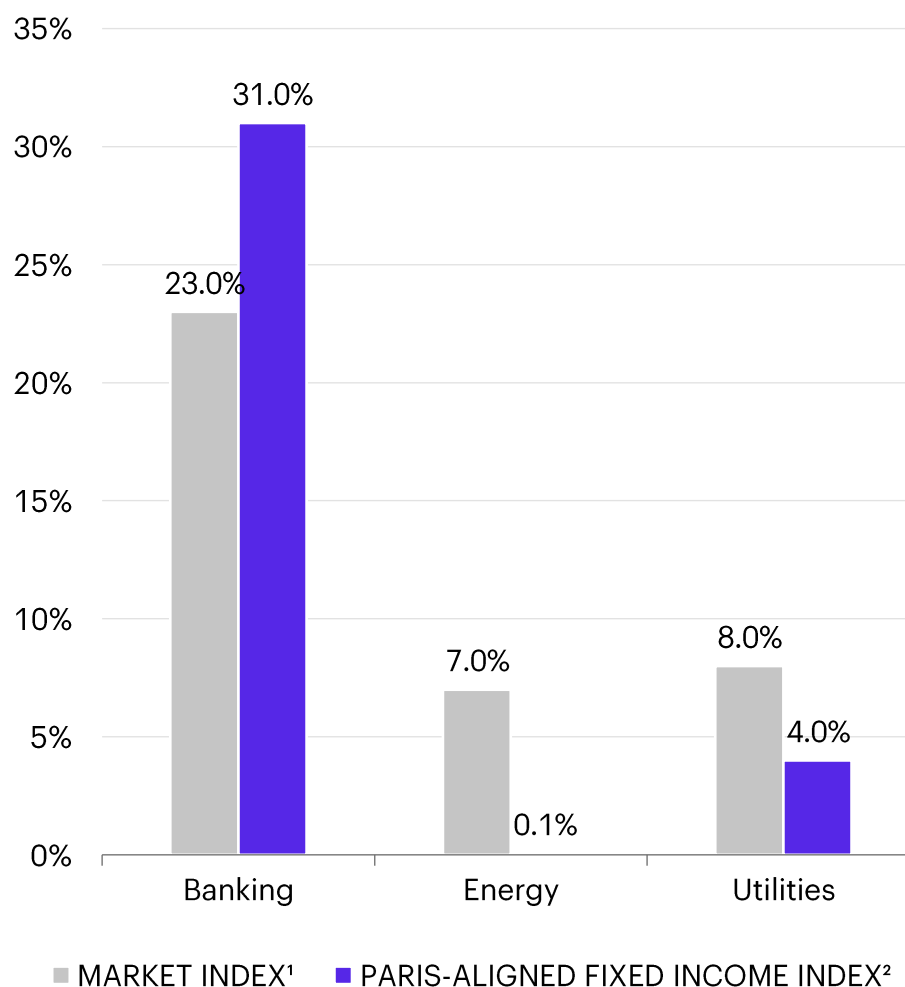
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Watch out!

	Market Index ¹	Paris-aligned Fixed Income Index ²
DESCRIPTION	Standard market index	Index to pursue Paris-aligned emissions by excluding the worst emitters
NUMBER OF CONSTITUENTS	15,687	10,154 (65%)
INCEPTION DATE OF INDEX	09-Jan-2000	01-Jan-2020
WEIGHTED AVERAGE CARBON INTENSITY ³	271	98

Weight in key sectors



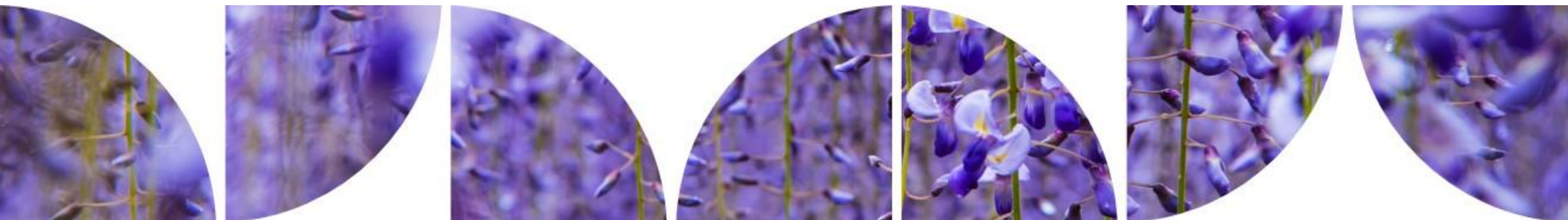
Sources: Allspring, Truscot and Bloomberg. Data presented as of June 30, 2023. 1) Bloomberg US Corporate Investment Grade Index. 2) Bloomberg US Aggregate Corporate Paris-Aligned Index
 3) Weighted average carbon intensity is measured in metric tons of CO₂e/\$1m revenue. Tracking error is shown as ex post using annualized tracking error of 35 monthly returns.

Summary

It is important that investors contribute to the energy transition...

- Net zero investing is about decarbonising the real economy
- Fixed income has a significant role to play
- Investment is needed across the energy supply chain

... be thoughtful of your mandate's investment objectives and potential unintended consequences.



Thank you





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