WELLS FARGO Asset Management

Wells Fargo (Lux) Worldwide Fund

ESG Methodology – Effective as of 23 August 2021

The following sub-funds consider Environmental, Social, Governance (“ESG”) philosophy, policies, and processes as a component of their investment strategy. This ESG Methodology document provides additional information on these ESG considerations.

Sub-Funds	Sustainable Finance Disclosure Regulation (“SFDR”) Classification	
2 Degree Global Equity Fund		Article 8
Climate Focused Global Equity Fund		Article 8
Climate Focused US Equity Fund		Article 8
Climate Focused Emerging Markets Equity Fund		Article 8
Climate Transition Global Investment Grade Credit Fund		Article 8
EUR Investment Grade Credit Fund		Article 8
Global Small Cap Equity Fund	Article 6*	
Small Cap Innovation Fund	Article 6*	
USD Investment Grade Credit Fund		Article 8
U.S. All Cap Growth Fund		Article 8

* These sub-funds have access to both internal and external ESG research and integrate financially material sustainability risks into their investment decision-making processes, ESG-related factors are considered but not determinative, permitting the relevant sub-advisers to invest in issuers that do not embrace ESG.

Negative screening approach:

All of the above sub-funds apply negative screening to adhere to a minimum set of “core” exclusions criteria. These criteria have been defined to ensure alignment with market expectations around business activities fundamentally incompatible with investment products that have an ESG focus.

A Wells Fargo Asset Mangement (“WFAM”) Exclusions Working Group includes stakeholders across investment teams, sustainability experts, product and operations, which meet on a regular basis to ensure the established criteria remain fit for purpose and aligned with evolving expectations. The group reviews the ESG exclusions criteria, at a minimum, on an annual basis. As a result, this document may be updated without notice.

In an effort to carry out the negative screen, WFAM has engaged with third-party data provider Sustainalytics to provide ESG research on a company’s involvement in products and services and revenue analysis related to ESG sectors. The costs associated with Sustainalytics data are borne by WFAM or an affiliate thereof and not by any sub-fund. Please note, third-party data providers are subject to change.

Following is a list of the WFAM ESG core exclusions and respective thresholds to be applied to the sub-fund excluding derivatives and underlying investment funds. Thresholds are based on percentage of revenue as reported by Sustainalytics. Companies that exceed these thresholds are excluded.

Category	Exclusions Threshold (Percentage of revenue)
❖ Controversial weapons	0
- Cluster	0
- Chemical	0
- Biological	0
- Anti-personnel mines	0
- Nuclear weapons and companies involved in nuclear weapons even though they are domiciled in countries like the US that fall under the non-proliferation treaty	0
❖ Civilian small arms	
- Civilian customers (assault weapons)	0
- Retail/distribution (assault weapons)	5
- Civilian customers (non-assault weapons)	0
- Retail/distribution (non-assault weapons)	5
❖ Tobacco	
- Production	0
- Retail (for example, sales of tobacco)	5
- Related products/services	25
❖ Thermal coal	
- Extraction	0
- Power generation	50
❖ Oil sands	
- Extraction	5
❖ UN Global Compact violators	Non-compliant

In principle, all issuers that comply with the above criteria can be invested into the sub-funds. In the situation that an issuer is reclassified and no longer meets the threshold of the negative screen, the sub-adviser will seek to sell the instrument in the best interest of the shareholders as soon as reasonably possible.

The negative screen will be implemented by the sub-adviser with further oversight performed by the compliance function of Wells Fargo Asset Management Luxembourg S.A. (the management company). The sub-adviser conducts daily reviews and monthly reporting is provided to the management company.

Sub-fund specific considerations:
Some sub-funds may have additional exclusions, different thresholds and other ESG related considerations. Please refer to the sub-fund summaries below for further details.

2 Degree Global Equity Fund
The Sub-Adviser will construct a portfolio of global companies that the Sub-Adviser believes are well positioned for a transition to a de-carbonized economy by investing only in companies that the Sub-Adviser has identified as being aligned with an average global temperature increase of 2 degrees Celsius or less. Using a combination of data from providers that specialize in climate data and internal analysis, the Sub-Adviser identifies those companies within the

MSCI All Country World Index that are aligned with an average global temperature increase of 2 degrees Celsius or less. WFAM has engaged with Trucost, an independent third-party data provider to identify companies aligned with an average global temperature increase of 2 degrees Celsius or less. The cost associated with Trucost are borne by Wells Fargo Asset Management or an affiliate thereof and not the sub-fund. Please note, third-party data providers are subject to change.

In addition to adhering to the core exclusions, the Sub-Adviser applies a more stringent zero revenue threshold for Oil Sands Extraction and further limits Thermal Coal Power Generation to 50% of capacity in addition to 50% of revenue.

The 2 Degree Global Equity Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Climate Focused Global Equity Fund
The Sub-Adviser employs a risk-controlled investment approach to construct a portfolio of companies with strong fundamental characteristics and growth prospects, while also targeting an overall carbon footprint and carbon intensity for the portfolio that is at least 30% lower than the MSCI World Index, and an improved energy mix (i.e., a higher proportion of energy generation from renewables) and reduced reserve emissions as compared to the Index. WFAM has engaged with Trucost, an independent third-party data provider to provide carbon related data such as carbon footprint and carbon intensity. The cost associated with Trucost are borne by Wells Fargo Asset Management or an affiliate thereof and not the sub-fund. Please note, third-party data providers are subject to change. Carbon footprint is a measure of greenhouse gases emitted by the underlying companies, and is expressed as an amount of 'carbon dioxide equivalent' (in tonnes). Carbon intensity is a measure of total emissions divided by revenue, expressed as metric tonnes of CO2 equivalent per $1 million of company revenue. Energy mix is the split between the types of energy a company uses and reserve emissions is where a company has reserves but has not yet used or emitted them.

In addition to adhering to the core exclusions, the Sub-Adviser applies a more stringent zero revenue threshold for Oil Sands Extraction and further limits Thermal Coal Power Generation to 50% of capacity in addition to 50% of revenue.

The Climate Focused Global Equity Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Climate Focused US Equity Fund
The Sub-Adviser employs a risk-controlled investment approach to construct a portfolio of companies with strong fundamental characteristics and growth prospects, while also targeting an overall carbon footprint and carbon intensity for the portfolio that is at least 30% lower than the Russell 1000 Index, and an improved energy mix (i.e., a higher proportion of energy generation from renewables) and reduced reserve emissions as compared to the Index. WFAM has engaged with Trucost, an independent third-party data provider to provide carbon related data such as carbon footprint and carbon intensity. The cost associated with Trucost are borne by Wells Fargo Asset Management or an affiliate thereof and not the sub-fund. Please note, third-party data providers are subject to change. Carbon footprint is a measure of greenhouse gases emitted by the underlying companies, and is expressed as an amount of 'carbon dioxide equivalent' (in tonnes). Carbon intensity is a measure of total emissions divided by revenue, expressed as metric tonnes of CO2 equivalent per $1 million of company revenue. Energy mix is the split between the types of energy a company uses and reserve emissions is where a company has reserves but has not yet used or emitted them.

In addition to adhering to the core exclusions, the Sub-Adviser applies a more stringent zero revenue threshold for Oil Sands Extraction and further limits Thermal Coal Power Generation to 50% of capacity in addition to 50% of revenue.

The Climate Focused US Equity Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Climate Focused Emerging Markets Equity Fund
The Sub-Adviser employs a risk-controlled investment approach to construct a portfolio of companies with strong fundamental characteristics and growth prospects, while also targeting an overall carbon footprint and carbon intensity for the portfolio that is at least 30% lower than the MSCI Emerging Markets Index, and an improved energy mix (i.e., a higher proportion of energy generation from renewables) and reduced reserve emissions as compared to the Index. WFAM has engaged with Trucost, an independent third-party data provider to provide carbon related data such as carbon footprint and carbon intensity. The cost associated with Trucost are borne by Wells Fargo Asset Management or an affiliate thereof and not the sub-fund. Please note, third-party data providers are subject to change. Carbon footprint is a measure of greenhouse gases emitted by the underlying companies, and is expressed as an amount of 'carbon

dioxide equivalent' (in tonnes). Carbon intensity is a measure of total emissions divided by revenue, expressed as metric tonnes of CO_2 equivalent per $1 million of company revenue. Energy mix is the split between the types of energy a company uses and reserve emissions is where a company has reserves but has not yet used or emitted them.

In addition to adhering to the core exclusions, the Sub-Adviser applies a more stringent zero revenue threshold for Oil Sands Extraction and further limits Thermal Coal Power Generation to 50% of capacity in addition to 50% of revenue.

The Climate Focused Emerging Markets Equity Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

EUR Investment Grade Credit Fund
The Sub-Adviser adheres to the core exclusions and applies a more stringent 10% revenue threshold for thermal coal power generation. The Sub-Adviser also applies a negative screen linked to the lowest rating from another independent third party (MSCI) that assesses companies' exposures to ESG risk. Companies are rated between best (AAA) and worst (CCC) relative to the standards and performance of their industry peers. Companies that are rated CCC are excluded. Further the Sub-Adviser holds at least 5% of total net assets in green, sustainable, sustainable-linked and social bonds.

The EUR Investment Grade Credit Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Climate Transition Global Investment Grade Credit Fund
The Sub-Advisers adhere to the core exclusions. The sub-advisers promote environmental characteristics by investing in the debt of companies that are deemed to be aligned with the climate transition with the goal to achieve portfolio decarbonisation over time. The Sub-Advisers also work closely with credit research analysts who provide a relative-value recommendation that takes ESG risks into consideration. Analyses leverage both external ESG ratings and information as well as internal ratings.

Portfolio decarbonisation is intended to be achieved by setting a decarbonisation profile for the portfolio starting at 30% below the carbon intensity of the portfolio's performance benchmark the Bloomberg Barclays Global Aggregate Corporate Index (USD Hedged), and aiming for carbon neutrality by 2050. The assets within the portfolio are then managed such that the decarbonisation profile will decline annually along a predefined decarbonisation profile. Carbon intensity is a measure of total emissions divided by revenue, expressed as metric tonnes of CO_2 equivalent per $1 million of company revenue. WFAM has engaged with Trucost, an independent third-party data provider to provide carbon related data. The cost associated with Trucost are borne by Wells Fargo Asset Management or an affiliate thereof and not the sub-fund. Please note, third-party data providers are subject to change.

The Fund adheres to the core exclusions.

The Climate Transition Global Investment Grade Credit Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Global Small Cap Equity Fund
The Fund only applies the negative screening approach described above. ESG-related factors are considered but not determinative.

Small Cap Innovation Fund
The Fund only applies the negative screening approach described above. ESG-related factors are considered but not determinative.

USD Investment Grade Credit Fund
The Fund adheres to the core exclusions and applies a more stringent 10% revenue threshold for thermal coal power generation. The Sub-Adviser also applies a negative screen to the lowest rating from another independent third party (MSCI) that assesses companies' exposures to ESG risk. Companies are rated between best (AAA) and worst (CCC) relative to the standards and performance of their industry peers. Companies that are rated CCC are excluded. Further the Sub-Adviser holds at least 5% of total net assets in green, sustainable, sustainable-linked and social bonds.

The USD Investment Grade Credit Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

U.S. All Cap Growth Fund
The Fund adheres to the core exclusions.

The Sub-Adviser takes an intensive research-based approach to ESG assessment. The Sub-Adviser analyzes a company's ESG strategy and initiatives, performance trajectory, and ESG-related revenue streams that can help the company create a sustainable growth profile. In particular, we favor companies with products or services that promote a sustainable future, which in turn, helps drive their competitive advantage in a world in which issues such as climate change, diversity and inclusion, and health and safety are becoming increasingly more urgent every day.
We believe strong ESG policies and practices contribute to a company's long-term sustainability of growth, a core tenet of our investment process that focuses on companies with robust, sustainable (in revenue, earnings and cash flow), and underappreciated growth. Our investment process is predicated on identifying what is underappreciated in a stock and ESG may be one of those elements. Rather than favoring only companies that are perceived as strong ESG performers, we also look for companies with underappreciated ESG characteristics that can drive future growth consistent with our forward looking expectations.

Companies in the portfolio have either:
a) Strong current performance on environmental or social issues tied to robust and sustainable growth; or
b) Improvement catalysts in place and demonstrating that they are on track to meet improvement expectations around environment or social issues tied to robust and sustainable growth.

The Sub-Adviser's overall ESG assessment is based on both quantitative data and qualitative research. It begins with evaluating a company's performance on specific environmental or social issues that we consider material to the sustainability and robustness of the company's growth. The Sub-Adviser look at measureable metrics that are most relevant to a company's industry, selected from among those defined by the Sustainability Accounting Standards Board (SASB) for that industry. They assess (i) whether the company is disclosing the metrics and (ii) whether the company is demonstrating strong performance or improvements on those metrics over time. For example, the Sub-Adviser may track disclosures and improvements in diversity metrics such as the percentage of gender and racial/ethnic group representation in the workforce. The specific issues tracked vary by industry and sub-industry and are defined by our team.

The next step is a quantitative review of a company's overall ESG performance using a proprietary framework that draws ESG scores from three separate third-party sources. The advantage of a proprietary multi source approach is that the rating is more comprehensive than any single source alone.

Lastly, the assessment includes a qualitative, bottom-up research assessment of material ESG issues not accurately or fully reflected in the quantitative data. The value add of a research-based approach is that we are not solely reliant on high-level ESG scores to make investment decisions.

The Sub-Adviser believes that as an active manager, they can promote and shape a companies' ESG trajectory through engagement. Engagement is a key tool for the Sub-Adviser, where they often work directly with company management on specific ESG issues that the Sub-Adviser feel the company needs to address based on the above analysis and where improvement in ESG performance can contribute to its stock performance over time.

This overall framework allows the Sub-Adviser to identify issues specific to a company's industry, measure them, review how third party databases evaluate the company, and then add their own research in order to make a determination on the suitability of the stock for the sub-fund.

If a company measures poorly on environmental or social metrics the Sub-Adviser tracks, shows no improvement in the proprietary quantitative ESG scores, and through team engagement has shown no willingness to take action or outline a path toward improvement, then the stock will be deemed ineligible for the portfolio and will be disposed of in the best interest of the shareholders as soon as reasonably possible.

The U.S. All Cap Growth Fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Internal oversight and review process:
WFAM has developed a framework for the oversight of the overall sustainability assessment to ensure the stated environmental and social characteristics of the sub-funds are being met. WFAM has an independent internal team that reviews a sub-fund on both a quantitative and qualitative basis. The quantitative review will utilise data provided by

independent third party ESG providers and a proprietary quantitative framework score that uses advanced statistical learning techniques and specialised sampling methodologies to distill insights from multiple ESG data sources. On a periodic basis a deep-dive analysis will provide a judgemental control if they identify characteristics in the portfolio that may deviate from the qualitative sustainable investment criteria deemed applicable as a part of the SFDR product classification.. The WFAM procedures will apply to Article 8 products.

Please refer to the Sustainable Investing page under the Capabilities section of wellsfargoassetmanagement.com for more information on WFAM's approach to sustainable investing.