nuveen
A TIAA Company

Driving an inclusive climate transition

2021-2022
Nuveen Private Equity Impact Annual Report

What's inside

2021-2022 were landmark years for the Nuveen private equity impact platform. In December 2021, we closed our inaugural third-party impact fund—extending the pool of assets available to drive growth in transformative businesses around the world. We're already well on our way to investing the fund's capital, having closed six transactions as of December 31, 2022.

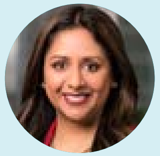
A decade ago, when we launched our private equity impact investing platform, we identified two key themes: **inclusive growth and resource efficiency.** These themes are rooted in market inefficiencies—capital markets have failed to account for climate change-related externalities, and the unequal allocation of resources has led to rising inequality and systemic barriers to prevent its reversal. Since then, we've invested in transformative companies that are focused on addressing these market inefficiencies—from microfinance institutions focused on female smallholder farmers, to agritech platforms, and circular economy clothing companies.

As the challenges have been brought even further to the fore in the last several years, and the urgency to address them grows, we've come to realize that each of these—climate change and inequality—cannot be viewed in a vacuum. In fact, these challenges are inextricably linked.

A holistic impact investing approach is necessary—one that recognizes that every investment we make can and should mitigate climate change and build resilience while also addressing inequality.

> **"We can't generate inclusive economic growth and shrink inequality without addressing climate change; nor can we address climate change without ensuring that all individuals, especially the most vulnerable, are resilient to its physical and transition impacts."**

While we're evolving our investment strategy to align with this realization, we're already at work supporting our existing portfolio companies to integrate climate and inequality-related considerations into their day-to-day operations. What follows is a summary of our efforts to date within the Nuveen Global Impact Fund I[1] (NGIF) portfolio companies, and while it includes our summary impact results, we focus mostly on a deep dive into each of our NGIF I portfolio companies, and an update to our impact management process.



Rekha Unnithan, CFA
Managing Director, Global Head of Private Equity Impact

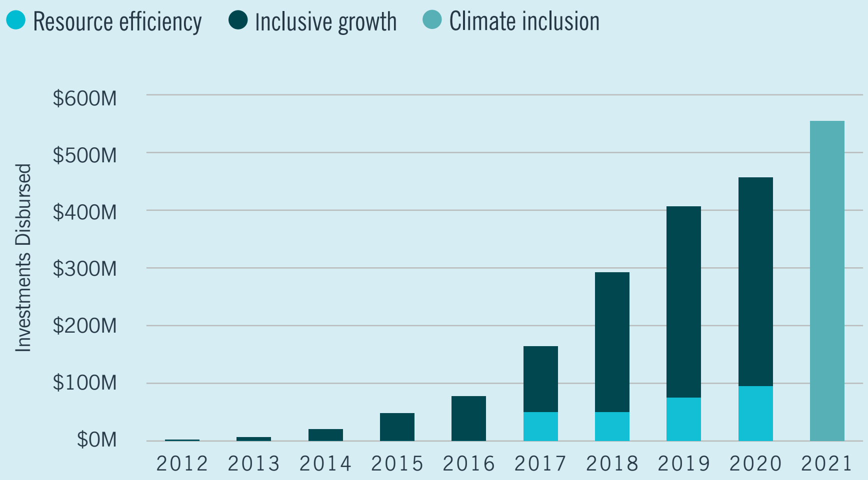
1 Nuveen Global Impact Fund I is closed for investments.

Portfolio snapshot

Since 2012, Nuveen has managed a globally diversified impact investing portfolio focused on private equity.

Our investment thesis is rooted in addressing two critical and inextricably linked problems—inequality and climate change. We believe that by targeting the emerging low-income consumer segment, and by providing goods and services that mitigate carbon emissions and waste, we will select companies that are best positioned to grow and lead in the decades to come. We also believe that by addressing these issues together—bringing a climate lens to our inclusive growth investments and an inclusive growth lens to our resource efficiency investments—we are positioning our portfolio companies to provide meaningful outcomes to the populations most vulnerable to these challenges.

PORTFOLIO BY IMPACT VERTICAL



Over the last decade, our exposure to private equity impact investing has grown significantly.[2] We continue to see a compelling investment opportunity in commercially addressing climate change and inequality and driving an inclusive climate transition.

Nuveen also manages a portfolio of affordable housing investments, which until 2021 were included in the annual private equity impact report. As of 2021, impact results will be released separately, as part of the Nuveen Real Estate environmental, social and governance report.

2 This includes investments made by the Private Equity Impact Team, including the Nuveen Global Impact Fund I, as well as investments made on behalf of Nuveen's parent company, TIAA.

Driving an inclusive climate transition with a globally diversified set of investments

Portfolio-level impact

THE TROUBLE WITH BIG IMPACT NUMBERS

As impact investors, our goal is to ensure that the companies in which we invest (both directly and via GPs) are building products and services that concretely address climate change and inequality, and that that they aren't harming the environment or worsening inequality in the process. Understanding how concretely those problems are addressed requires a closer look than the big numbers you see to the right and in many other impact reports. Aggregate impact performance data can be a good indicator of how big the breadth of impact is: how many people have been helped, in some way, through the work of our investments and portfolio companies. But to understand the quality of that help, or the depth of that impact, we have to take a deeper look.

THIS YEAR, WE'RE FOCUSED ON TWO THINGS:

Contextualizing and comparing our high-level performance data, where possible, to other impact investors ***(see page 7).***

Providing more granular reporting on our portfolio companies in the Nuveen Global Impact Fund I ***(see page 9).***

In 2021, portfolio companies in the Nuveen private equity impact portfolio…

— Built high-quality, affordable basic products and services that reached **more than 194 million clients, 80%+ of which are underserved.***

— Avoided or prevented **more than 1,724,000** metric tons of emissions through various climate mitigating technologies and interventions.*

* Data includes aggregate performance of companies in the Nuveen PE Impact portfolio with high-quality data collection processes. This includes investments made on behalf of TIAA, Nuveen's parent company, in funds and direct investments. Underserved typically indicates low-income or below: https://iris.thegiin.org/metric/5.3/pi7098/.

The Global Impact Investing Network's (GIIN) methodology for assessing aggregate impact

To analyze and compare the collective impact of hundreds of independent companies and impact investments, the GIIN created a methodology focused on company impact, investment impact, and year-on-year change. Learn more about the COMPASS methodology to compare and assess impact here.

COMPANY IMPACT

Investees, or the financial service providers receiving investment capital, create significant real-world impacts.

INVESTMENT IMPACT

To understand the impact of investments, these figures are investment-weighted, adjusting to account for the ratio of investment amount outstanding to enterprise value.

YEAR-ON-YEAR CHANGE

To truly understand impact, it is imperative to consider the year-on-year change across key performance indicators (as applicable).

The Holy Grail of impact measurement

In 2022, the GIIN released the first-ever impact performance benchmark (the IRIS+ Impact Performance Benchmark) to help investors understand their impact performance relative to peers. For a number of methodological reasons, this is an enormously challenging endeavor—but through the collective effort of more than 65 funds and 500 impact investments, the GIIN built the first representative sample of the market, and developed a methodology (see left) to compare performance. **Nuveen was proud to participate on the design team, and was also excited to learn that our results are top quartile among impact fund managers (see next page).**

GIIN
GLOBAL IMPACT INVESTING NETWORK

How we stack up to the GIIN's IRIS+ Impact Performance Benchmark

Portfolio company clients actively using ***responsible*** financial services (on average each year)

	IRIS+ BENCHMARK AVERAGE	NUVEEN AVERAGE
CLIENTS	850,641	▲ 1,538,017
INVESTMENT-WEIGHTED CLIENTS	105,248	▲ 209,150
ADDITIONAL CLIENTS EACH YEAR	21,878	▲ 49,081

Quantifying access to financial inclusion

Understanding the relative number of new individuals who are provided access to responsible financial services helps us to understand how much our investments are contributing to solving real-world problems.

In this case, roughly **1.7 billion individuals lack access to financial services.** Each year, our investments ensure that close to another 50,000, and growing, are able to obtain access, build their incomes, and reduce inequality.

For more information, visit GIIN's IRIS+ Impact Performance Benchmark.

GIIN
GLOBAL IMPACT INVESTING NETWORK

Nuveen Global Impact Fund I

Overview and methodology ▸

Portfolio-level data: ESG ▸

Portfolio-level data: Climate risk assessment ▸

Portfolio-level data: Gender and racial equity ▸

Nuveen Global Impact Fund I: How we measure impact

In 2021, we launched our inaugural third-party fund, the Nuveen Global Impact Fund I, extending the strategy we built over the last decade in partnership with TIAA, and our capacity to drive an inclusive climate transition. We track two types of environmental and social performance data across our fund:

1. Cross-portfolio ESG and climate risk information

We collect similar information across all of the companies in our portfolio, leveraging industry standard frameworks like the ESG Data Convergence Project, the EU Taxonomy/Sustainable Finance Disclosure Regulation, and the Sustainability Accounting Standards Board (SASB; now part of ISSB). Where necessary, we go deeper, collecting further information on companies' social and environmental risks and opportunities.

2. Company-specific impact data, tied to the UN Sustainable Development Goals (SDGs), and the concrete problem each company is seeking to solve

When we invest, we seek to understand the concrete social or environmental problem each company is trying to solve. In this way, we can relate global goals like the SDGs, to company-level performance within our portfolio.

SUSTAINABLE DEVELOPMENT GOAL (SDG) TARGET

We start by selecting a primary SDG target—in addition to any other SDGs to which the company is aligned or contributing.

COUNTRY-LEVEL IMPACT GAP

Then we identify the scale of that problem—at a country, regional, or global level depending on the reach of the company's products and services.

COMPANY- LEVEL KEY PERFORMANCE INDICATORS

Finally, we identify key performance indicators (KPIs) that help us track our progress toward that problem.

Portfolio-level data: ESG

We assess all companies based on a proprietary ESG risk assessment tool, which utilizes industry-standard materiality frameworks and provides a view of :

a) how exposed our potential investments are to ESG risks, and

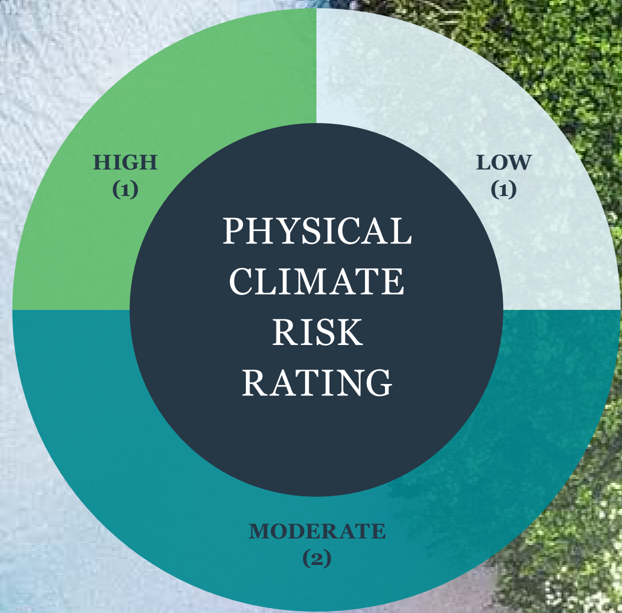
b) how effective the companies' systems are to manage those ESG risks.

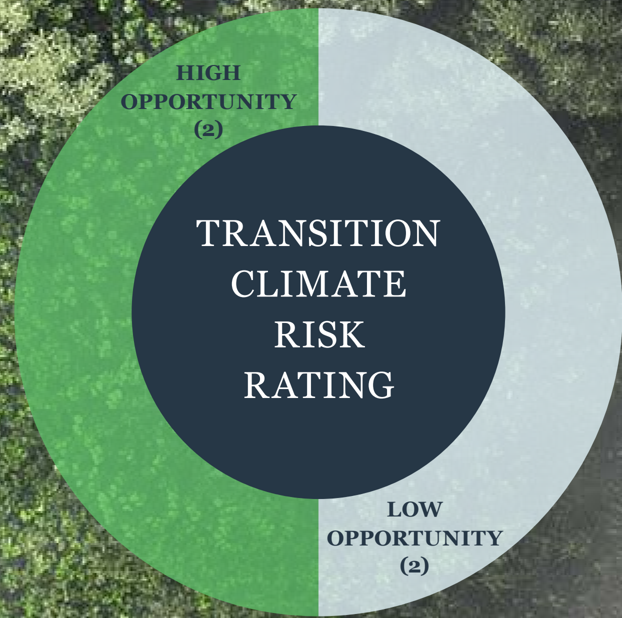
We use these ratings to guide our diligence prior to investments, and to guide engagements with our portfolio companies after we invest. Our rating system buckets companies into 'Leader, neutral, and laggard'. These buckets are calibrated to our specific investment universe, which is generally quite advanced on ESG issues. ***Based on year-end 2021 risk exposures and management practices, two of our companies have been rated 'leaders' and two have been rated 'neutral'.*** We endeavor to improve performance in all companies over the lifetime of our hold.

Portfolio-level data: Climate risk assessment

Nuveen's climate risk assessments seek to understand how exposed a company is to transition and physical risks and opportunities. For these ratings, we rely on the definition of physical and transition risks provided by the Intergovernmental Panel on Climate Change (IPCC).[1]

For physical risk, our rating system buckets companies into risk exposure ratings, 'High, moderate, low, or not relevant,' based on our assessment of the company's vulnerability to the physical impacts of climate change. Our transition risk rating framework identifies companies with high or low transition risk, as well as companies with high or low transition opportunities — indicating their preparedness to participate and support the transition. Because of our interest in climate-mitigating companies, we primarily see companies exposed to transition opportunities rather than risks.





Portfolio-level data: Gender and racial equity

Where appropriate and possible, we collect gender and racial equity data from our companies. We believe that understanding the makeup of our companies, from management to hourly workers is essential. Companies that hire, include, and advance a workforce that matches the clients they are seeking to serve are often better performers, financially. We also capture this data to support our commitment to addressing inequality throughout our portfolio.

Because of regulatory and cultural differences between the markets in which we invest, it is not possible to collect data on racial inclusion at every company. We do so in the U.S. and other developed markets in Europe. In certain contexts, we also collect information about inclusion of LGBTQ+ individuals, but are unable to share that data based on the current sample size.

	% Full-time employees who identify as women	% Management employees who identify as women	% Board members who identify as women	% Promotions awarded to women	Voluntary turnover rate for women	% Top 10 compensated employees women	Mean gender pay gap for FTEs
Metric alignment	IRIS+ OI6213	IRIS+ OI1571	IRIS+ OI8118	Proprietary	IRIS+ OI1638	Proprietary	IRIS+ OI1855
Company 1	14% ▶	0% ▶	0% ▶	0% ▶	Not reported	Not reported	81% ▲
Company 2	9% ▼	11% ▼	19% ▲	45% ▼	19% (vs 21% baseline) ▼	0%	1% ▶
Company 3	62%	20%	20%	55%	Not reported	Not reported	96%
Company 4	15%	44%	22%	21%	5% (vs a 33% baseline)	24%	120%

	% Full-time employees from minority/previously excluded groups	% Management employees from minority/ previously excluded groups	% Board members from minority/previously excluded groups	% Promotions awarded to minority/previously excluded groups	Voluntary turnover rate for minority/previously excluded groups	% Top 10 compensated employees from minority/ previously excluded groups	Mean minority/ previously excluded pay gap for FTEs
Metric alignment	IRIS+ OI8147	IRIS+ OI3140	IRIS+ OI6696	Proprietary	Proprietary	Proprietary	Proprietary
Company 1	6%	0%	0%	0%	Not reported	Not reported	84% ▼
Company 3	48%	0%	20%	25%	Not Reported	Not reported	103%

Performance relative to prior reporting period | ▲ Performance increase ▼ Performance decrease ▶ Performance flat First reporting period

2

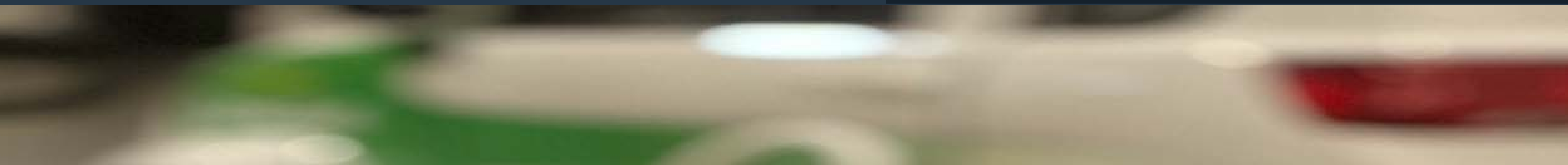
Portfolio companies

Advanced Battery Concepts ▸

Annapurna Microfinance ▸

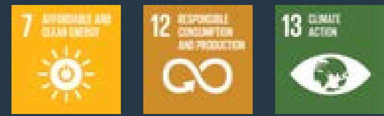
Kinara Capital ▸

America's Thrift Stores ▸



Advanced Battery Concepts

ALIGNMENT WITH SDGS:



Advanced Battery Concepts (ABC), based in Clare, MI, develops and licenses intellectual property for manufacturing lead acid batteries with a 'bipolar' architecture. ABC's GreenSeal™ technology ***improves battery performance*** (which materially reduces raw material inputs) and satisfies market need for a more ***affordable and less material intensive alternative*** to lithium-ion technology.

Impact considerations—what we especially like about ABC:

We know that affordable and reliable electricity storage will have to play a key role in achieving a clean energy transition in alignment with the Paris Agreement.

Within providers of energy storage technology, ABC is especially attractive for a couple reasons:

1. Cost efficiency, material efficiency, and recyclability of batteries

In recent years, much attention in the energy storage space has been paid to lithium-ion batteries because of their attractive weight-to-energy ratio and consequent fit for electric vehicle application. However, lithium-ion batteries are costly to create, rarely recyclable, and can require controversially sourced minerals as inputs. ABC's technology can deliver a similar performance profile yet is often cheaper, safer, and simpler to produce—lowering the environmental impact and creating benefits for participants throughout the value chain.

2. An inclusive growth lens on a resource efficiency deal

As the emerging world is steadily electrified using off-grid and minigrid renewable technology, there's a large dearth of energy storage capacity. Transport via slow-speed electric vehicles (ultra-compact cars, motorbikes, tuk-tuks, etc.) is also more prevalent in certain developing markets. ABC's battery technology can be applied to either of these end uses, and their licensing agreements can allow for manufacturing in-market.

Deal dynamics

Investment	$10m
Date of investment	October 2020
Round	Series B
Geography	Clare, MI (U.S.)

Advanced Battery Concepts—*Contextualizing its potential impact*

Understanding the problems

One of the critical barriers to the global scale-up of renewable energy is the lack of storage capacity. Renewable sources like wind and solar power provide 'intermittent' electricity, meaning that their energy production changes based on the weather.

The International Energy Agency projects that in order to achieve the net zero by 2050 scenario set out by the Paris Agreement, total installed battery storage capacity will need to grow to 148GW by 2025 and 680GW by 2030—an increase from 16GW as of year end 2020.[2]

In addition to the massive investment required, there are significant environmental implications to producing lithium-ion batteries at this scale. While Li-ion are among the most commonly employed in electric vehicles and home energy storage, they are not recyclable, and the material inputs required for each battery are significant and carbon intensive.[3]

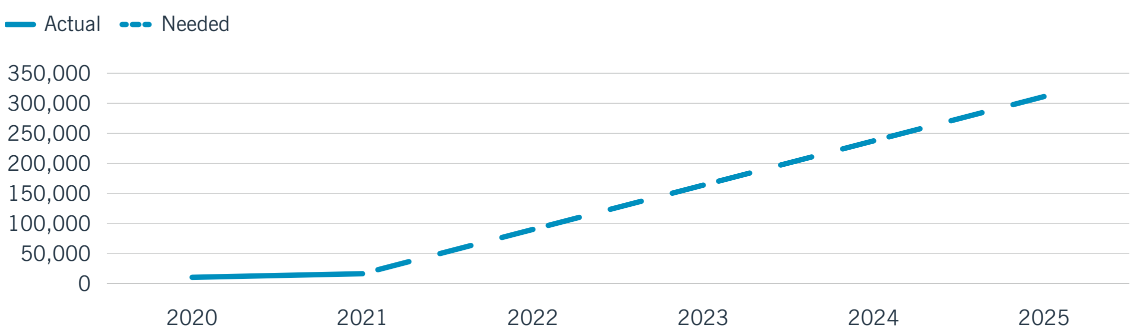
ABC's potential contribution

ABC's GreenSeal technology is appropriate for similar applications to lithium-ion batteries, is 100% recyclable, and is significantly less resource intensive and waste producing than existing lead-acid batteries.

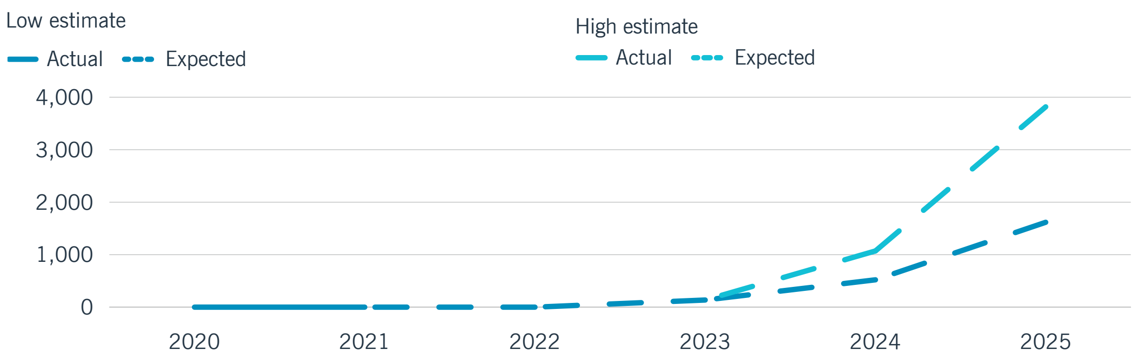
While at present, ABC is not directly manufacturing or licensing any battery manufacturing, they have a planned rollout of direct manufacturing and licensing over the next several years.

We expect that by 2025, ABC and licensees may be producing between ~1,600 and ~3,800 MW of batteries annually.

Total MW of energy storage needed



Total MWh of equipment manufactured/licensed at ABC



Advanced Battery Concepts—*2021 impact performance*

ABC's technology directly contributes to SDG target 7.2, which seeks to substantially increase the share of renewable energy in the global energy mix. We measure progress toward meeting that goal by first identifying a more concrete problem, which is the more than 80 GW of energy storage installation per year that will be needed to achieve the targets set forth in the Paris Agreement.

ABC seeks to contribute to that over time, and as you will see on the previous page, we believe their technology will help us bridge that gap.

When we measure performance, we look at two main things—(1) how much energy storage ABC's technology is contributing—via licensing, direct production, and production in emerging markets (KPIs 1 and 2); and (2) how efficiently they are doing that (KPI 3). See detailed results on the next page.

Notes on ABC's 2021 performance

ABC's focus on licensing technology means that direct control of manufacturing is limited. During the reporting period, no licensed facilities were operational, and therefore the total manufacturing output (the key indicator for ABC's impact performance) is zero. As ABC continues to finalize these partnerships, we expect this number to grow rapidly, and as these facilities come online around the world, we will update our reporting.

Similarly, accessing perfect information on the relative efficiency of a given technology can be a challenge. While ABC has strong estimates of the relative material efficiency of their batteries for their primary input, lead, they do not yet have strong estimates for graphite or other carbon intensive components. We will continue to work with ABC to develop these estimates in a credible way.

SUSTAINABLE DEVELOPMENT GOAL TARGET

SDG 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

COUNTRY-LEVEL IMPACT GAP

More than 80 GW of energy storage is needed, per year, in order to drive the transition to a low carbon economy and meet the targets in the Paris Agreement.

Advanced Battery Concepts—*Translating its current impact*

KPI 1: Energy storage capacity of batteries produced in reporting year			
Metric 1.a	Proprietary	Total MW of batteries produced during reporting year at all ATS and licensed facilities	0 MW ▶
Metric 1.b	Proprietary	Total MW of batteries produced in emerging countries/markets during reporting at licensed facilities	0 MW ▶
KPI 2: Energy technology exported to emerging markets			
Metric 2.a	Proprietary	Value of R&D and technology transferred to developing countries/emerging markets each year	Reporting in development
KPI 3: Material efficiency in production and use			
Metric 3.a	Proprietary	Percentage reduction in lead content per battery unit (relative to standard lead acid battery)	44% ▶
Metric 3.b	Proprietary	Percentage reduction in graphite (anode) content per battery unit	Reporting in development
Metric 3.c	Proprietary	Recycling rate of ABC batteries (presumed)	99% ▶

Performance relative to prior reporting period | ▲ Performance increase ▼ Performance decrease ▶ Performance flat ▭ First reporting period

Annapurna Microfinance

ALIGNMENT WITH SDGS:

Annapurna is one of the largest microfinance institutions (MFI) operating in India with a loan portfolio of over $500 million, serving 1.8 million+ ***mostly female entrepreneurs*** with working capital loans in rural areas. The company is focused on providing a wide range of financial services to its customer base, and driving scale through innovation and digital transformation to better meet their financial needs and help them build income.

Impact considerations—what we especially like about Annapurna:

Providing access to basic financial services like credit can have transformative impacts on low-income consumers, particularly in emerging markets.

Microfinance institutions like Annapurna have demonstrated a capacity to improve the quality of life, and client income of their borrowers. We particularly like Annapurna's impact strategy for a couple of reasons:

1. A scaled institution with broad reach to low-income women

Last mile distribution of responsible financial services is a challenge – especially in rural areas, and especially for women. Annapurna's client base mostly identifies as women, and are largely in rural areas. Annapurna also provides access primarily to individuals who are at or below the low-income threshold, demonstrating their focus on clients who are least likely to have access. Because Annapurna is a scaled institution with considerable market share, we also know them to be strong impact performers, as evidenced by their ranking in the first-ever global microfinance index, which ranks them as 18th out of more than 60, and the second highest performer in India.[4]

2. A focus on mitigating climate change and managing climate risk

In 2021, Annapurna launched a dedicated financing product for rooftop solar products. The need for last-mile financing of climate mitigating technologies in emerging markets is significant. Given that Annapurna already has access to some of the most vulnerable individuals in the world from a climate risk perspective, we are keen to partner with them to continue to develop these sorts of financing products, and to build resilience for their clients to the physical impacts of climate change.

Deal dynamics

Investment	$31.6m
Date of investment	March 2021
Round	Later-stage equity
Geography	India

Annapurna Microfinance—*Contextualizing its potential impact*

Understanding the problems

Globally, more than ***1.7 billion*** individuals lack access to basic, responsible financial services. Without basic access to credit, savings, and payments, individuals are left out of the formal economy, and are prevented from safely and affordably managing their money, building their incomes, and managing financial shocks. This challenge is particularly acute among women, who are more likely to lack access to basic financial services, particularly in emerging markets.[5]

In India, where Annapurna operates, ***more than 100 million individuals*** lack access to basic financial services.[6] Relative to other emerging markets, this is actually a small share of the population, at less than 10%, due to a strong focus on this issue by the Indian government in the last decade. Still, India will need to increase access to financial services by at least 1% each year over the next decade in order to achieve the universal access outlined in the SDGs.

Annapurna's potential contribution

Annapurna is a scaled microfinance institution, and consequently has the potential to significantly contribute to closing the access gap for individuals seeking to access responsible financial services. Over the course of the last year, ***Annapurna added over 90,000 active clients to their loan products, a growth rate of more than 5% in a turbulent year for India*** from a public health perspective. If we presume that roughly three out of four of these individuals are accessing financial services for the first time, in line with the best available survey data for Annapurna's clients, that means that Annapurna has provided new access to financial services for more than 60,000 individuals.

We expect that by 2025, if Annapurna continues to grow at a consistent rate, they could reach ***more than 600,000 individuals*** who previously lacked access to responsible financial services.

Additionally, lack of end user financing has been identified as a critical barrier to the scale up of rooftop solar in the small and medium-size enterprise (SME) segment in India. We believe that the market opportunity for financing rooftop solar for the MSME segment is roughly $9 billion over the next decade.

Annapurna began offering a dedicated solar financing product in 2021. While it is too early to assess the potential scale the program can reach, it has been met with considerable interest and demand. As Annapurna continues to develop this climate mitigation financing, we will update our impact reporting framework accordingly.

Annapurna Microfinance—*2021 impact performance*

Annapurna's financial products directly contribute to addressing SDG target 1.4. We measure progress toward meeting that goal by first identifying a country-level problem statement: in this case, that more than 100 million individuals in India lack access to basic financial services.

Annapurna's core product will reduce that gap over time, as they continue to add new clients who have not previously had access to responsible loans.

When we measure performance, we look at three main things: (1) The number and types of clients that Annapurna is serving with their financing products (KPIs 1 and 2); (2) how satisfied those clients are with those financing products (KPI 3); and (3) how responsibly the business is growing (KPI 4). See detailed results on the next page.

Notes on Annapurna's 2021 performance

Despite headwinds from continuing COVID-19 surges in India, Annapurna continued to grow their loan book in 2021, and increase the number of individuals served by their products. We view this number as more important than the headline number of active clients, and seek to interpret it by comparing to other, similar, financial service companies. Looking at the full sample of the GIIN benchmark, we see that on average, institutions ***add roughly 22,000 new clients per year*** (see page 8).[3] ***Annapurna added closer to 90,000 in 2021***. For the first time, we also collected client satisfaction data from Annapurna, which demonstrates the value that Annapurna's clients get from financing.

What do we mean when we say 'Responsible'?

Assessing the relative responsibility of a company's financial product and services is essential to any impact investor. We rely on the IRIS+ definition of 'responsible' that includes those financial service providers 'which conduct repayment capacity analysis, embed client protection principles, or provide non-financial support to clients." [7]

SUSTAINABLE DEVELOPMENT GOAL TARGET

1 NO POVERTY

SDG 1.4
By 2030, ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance.

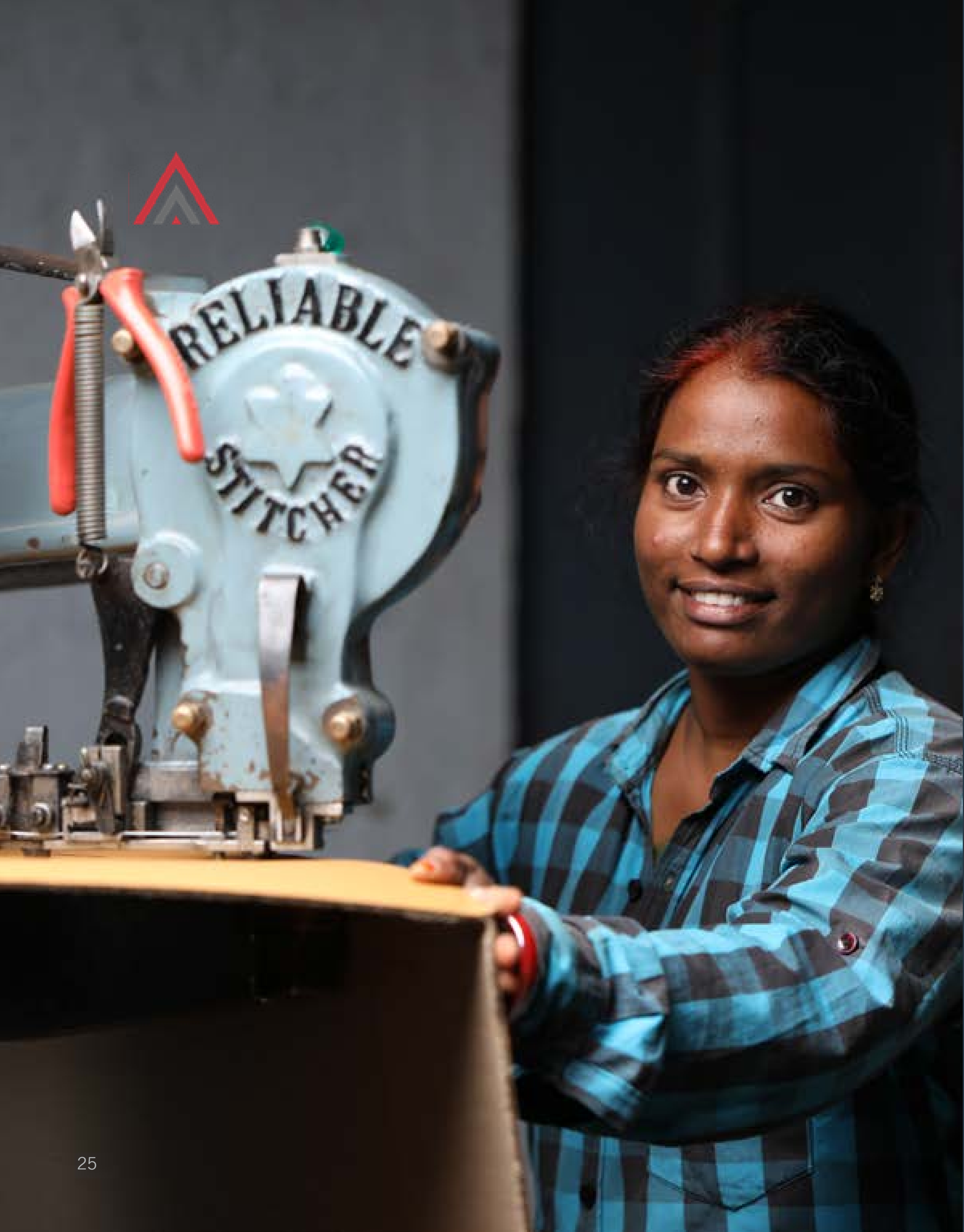
COUNTRY-LEVEL IMPACT GAP

More than 100 million individuals in India lack access to basic financial services.

Annapurna Microfinance—*Translating its current impact*

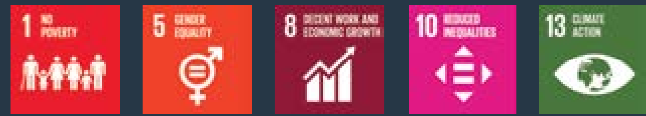
KPI 1: Number of clients actively using responsible credit/loan products				
Metric 1.a	IRIS+ PI9327	Total number of clients actively using loan products	**1,847,766**	▲
Metric 1.b	IRIS+ PI7098	Total number of low-income clients actively using loan products	**1,547,504**	▲
Metric 1.c	IRIS+ PI8330	Total number of clients actively using loan products who identify as a woman	**1,821,911**	▲
KPI 2: Number of micro, small, and medium enterprises (MSMEs) financed responsibly				
Metric 2.a	IRIS+ PI4940	Number of MSME clients served during reporting year	**22,829**	▲
KPI 3: Client satisfaction				
Metric 3.a	IRIS+ PI7163	Client satisfaction ratio	**38**	
KPI 4: Responsible business growth				
Metric 4.a	IRIS+ PI8381	Total loans disbursed during the reporting period	**858,863**	▼
Metric 4.b	IRIS+ PI7467	Average interest rate charged on loans	**22%**	▶
Metric 4.c	IRIS+ PI5160	Average loan size	**$491**	▲
Metric 4.d	IRIS+ PI5476	Total loan volume	**$654,803,895**	▲
Metric 4.e	Proprietary	Number of branches	**870**	▲

Performance relative to prior reporting period | ▲ Performance increase ▼ Performance decrease ▶ Performance flat ▭ First reporting period



Kinara Capital

ALIGNMENT WITH SDGS:



Kinara Capital is an Indian financial technology company focused on providing unsecured loans in the range of ***$1,000—$30,000 to the fast-growing MSME segment in India.*** The company currently serves more than 9,000 customers across the country, and has tailored programs for women entrepreneurs, providing access to affordable and responsible financial services for entrepreneurs who would otherwise struggle to get access.

Impact considerations—what we especially like about Kinara Capital:

We know that fintech will play a large role in filling the roughly $440 billion addressable gap in debt financing for Indian MSMEs. Within this market, we were impressed by Kinara's excellent leadership team, high- quality product, and strong track record of growth.

Kinara was compelling from an impact perspective for several reasons:

1. A women-led business with a focus on providing capital to underserved entrepreneurs, including women

In addition to a woman founder, Kinara has a gender-balanced leadership team and a focus on serving women clients with their core products and services. Kinara recognizes that systemic hurdles and cultural biases also prevent women from accessing financial services in India to grow their businesses.

As a result, via a program called HerVikas, Kinara provides collateral free loans at discounted rates. The loans are designed specifically with flexible features to support women entrepreneurs, and can be disbursed in as little as 24 hours with an upfront 1% discount. The program is designed to help them expand their market share of female entrepreneurs, and to provide critical capital to fill the gender gap in MSME ownership.

2. A business focused on managing ESG risks and using data to better serve customers

Kinara has been focused on building a product that solves a concrete social problem since inception. As a result, the leadership team has invested in ESG controls and built an impressive and investor-ready platform.

In particular, Kinara has a strong code of ethics, aligned to a range of external standards, and has been externally accredited by a range of organizations, including the Smart Campaign, a customer protection initiative; B Lab; and Cerise SPI4, a social performance management tool. While we would typically encourage companies to adopt these standards as part of our investment, Kinara is the first company we have encountered with so much focus on ESG practice and performance at an early stage.

Deal dynamics

Investment	$28.7m
Date of investment	April 2022
Stage	Series E
Geography	India

Kinara Capital—*Contextualizing its potential impact*

Understanding the problem

Micro-, small-, and medium-enterprises are significant contributors to the global economy, comprising more than 90% of businesses and providing more than 50% of global employment.[5] In India, there are more than 55.8 million MSMEs employing close to 124 million people, accounting for roughly 30% of the country's GDP.[8]

Lack of access to financing continues to constrain the growth of MSMEs, preventing further opportunities for employment and increased income among owners and workers. Available financing is often too expensive or structured inappropriately for the MSME segment—and so at present, 84% of financing comes from informal sources.

In total, the addressable market for debt financing to MSMEs in India is over $397 billion.[8]

Kinara's potential contribution

Kinara provides unsecured loans at affordable rates, via a digital platform that is accessible to MSMEs. As of this reporting period, Kinara has disbursed more than $500 million in loans to MSMEs, representing a significant portion of the overall gap.

By 2025, Kinara has plans to significantly ramp up their disbursements, achieving an incremental $1 billion in loans and contributing to addressing this massive financing gap.

Kinara Capital—*2021 impact performance*

Kinara's unsecured loans directly contribute to addressing SDG target 8.3. We measure progress toward meeting that goal by first identifying a country-level problem statement: in this case, related to the overall addressable debt capital—estimated at more than $397 billion—needed to fuel job creation and income growth for individuals in India. Kinara's differentiated, unsecured product will reduce that gap over time, as they continue to add new clients who have not previously had access to responsible credit.

When we measure performance, we look at four main things: (1) The number and types of clients that Kinara is serving with their financing products (KPI 1); (2) how satisfied those clients are with those financing products (KPI 2); (3) how responsibly the business is growing (KPI 4); and (4) the outcomes that clients experience in terms of income and jobs created (KPIs 2 and 5). See detailed results on the next page.

Notes on Kinara's 2021 performance

Our investment in Kinara closed in 2022, but we have collected baseline impact performance data from Kinara dating to the end of 2021. This will help us to assess performance over time, and to get a better sense of how the capital we and other investors provided will influence the growth of Kinara's impact.

Why do we track average interest rates?

When we invest in companies that provide financial services to populations with limited access to financial services, we seek to ensure that they are providing interest rates that are at or below industry benchmark, and are not predatory to end consumers. In Kinara's case, 27% is in line with both secured and unsecured lenders serving similar types of MSMEs.

What are directly supported jobs and why are they important?

In India, MSMEs contribute to nearly 30% of GDP and provide more than 124 million jobs. As Kinara grows its loan book, we want to make sure that is translating to an increase in employees at directly supported enterprises. While this data is far more challenging to access, it is a better indicator of the impact of Kinara's loans on the individuals we are seeking to benefit.

SUSTAINABLE DEVELOPMENT GOAL TARGET

SDG 8.3
Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of MSMEs, including through access to financial services indicators.

COUNTRY-LEVEL IMPACT GAP

The overall addressable debt demand for MSMEs in India is estimated at more than $397 billion.

Kinara Capital—*Translating its current impact*

KPI 1: Number and size of micro, small, and medium enterprises (MSMEs) financed responsibly			
Metric 1.a	IRIS+ PI4940	Number of MSME clients served during reporting year	9,842
Metric 1.b	Proprietary	Number of MSME clients served during the reporting period which are owned by women	1,144
Metric 1.c	Proprietary	Number of MSME clients served during the reporting period which are owned by low-income individuals	Reporting in progress
Metric 1.d	Proprietary	Number of loans provided to MSME clients during the reporting period	9,883
Metric 1.e	Proprietary	Number of loans provided to MSMEs owned by women during the reporting period	1,152
Metric 1.f	Proprietary	Number of loans provided to MSMEs that have not previously had access to formal credit / unsecured loans	697
KPI 2: Client satisfaction			
Metric 2.a	IRIS+ PI7163	Stakeholder satisfaction ratio	96%
KPI 3: Jobs directly supported			
Metric 3.a	IRIS+ PI4874	Number of full time equivalent employees working for directly supported enterprises	35,347
Metric 3.b	Proprietary	Number of full time equivalent employees working for directly supported enterprises who are women	956
KPI 4: Responsible business growth			
Metric 4.a	IRIS+ PI7467	Average interest rate charged on loans	27.10%
Metric 4.b	IRIS+ PI5160	Average loan size during reporting period	INR 8,00,000
Metric 4.c	Proprietary	Total disbursements to date	$390,462,961
KPI 5: Increase in client income			
Metric 5.a	Proprietary	Revenue growth at directly supported enterprises	13%

Performance relative to prior reporting period | ▲ Performance increase ▼ Performance decrease ▶ Performance flat First reporting period

America's Thrift Stores

ALIGNMENT WITH SDGS:

America's Thrift Stores (ATS) is a circular economy retailer operating in the Southeastern United States, diverting ***close to 50 million pounds of textile and home goods waste from landfills every year.*** The company is also a large employer of hourly workers and provides access to quality secondhand clothing at affordable prices to low-income consumers.

Impact Considerations—what we especially like about ATS:

We know that material waste from the fashion industry results in roughly 4% of global emissions[9] throughout the value chain, and that clothing resale and reuse is essential to reducing that number.

We were particularly compelled by ATS for a couple reasons:

1. A data-driven company with financial incentives to find productive end markets for textile and household waste

ATS's business model is driven by partnering with local charities that do not have a clothing or household-good donation operation and accepting and processing donated items on behalf of those charities. Once the goods are accepted, ATS seeks to sell the items to their highest value channel through ATS's retail or wholesale network in order to recoup its donation procurement costs as well as make payments to charity partners, supporting the charities' programming. This means that ATS's profitability is directly tied to its ability to send its donated goods to end markets where they are valued, a great example of the types of 'lock-step impact' companies that we like to invest in.

2. A customer base that is increasingly demanding transparency on social and environmental performance

Millennials and Gen Z customers are more likely than any other generation to make purchasing decisions based on sustainability considerations.[10] Prior to our investment, ATS had not focused on providing high-quality estimates of the sustainability of their operations and waste diversion to their customers. Through a concerted focus on sustainability and impact measurement, we felt we could bolster ATS's already strong growth by helping them to better target this segment.

Deal dynamics

Investment	$20m
Date of investment	January 2022
Stage	Later-stage equity
Geography	Southeastern United States

America's Thrift Stores—*Contextualizing its potential impact*

Understanding the problem

Less than 15% of textile waste is reused or recycled each year in the United States.[10] The remaining 85% is either combusted or ends up in landfills, out of the 17 million+ tons of textiles produced each year. Globally, this accounts for more than 4% of overall carbon emissions, the equivalent of the combined emissions of Germany, France, and the United Kingdom.[11]

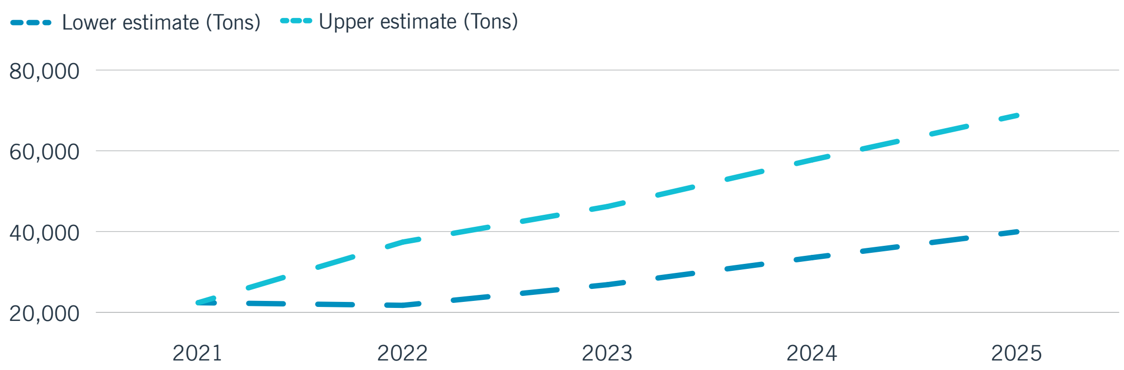
This high percentage of textile material waste is driven by challenges in recycling post-consumer textile waste, the low quality of materials often provided in 'fast-fashion' clothing, and limited infrastructure for collection.

In total, the amount of textile waste that could be diverted for reuse and recycling is at least 14.5 million tons.

ATS's potential contribution

Currently, ATS collects more than 61 million pounds of textile and home good waste per year. While not all of this can be successfully diverted, based on quality and product type, roughly 50 million pounds, or roughly 25,000 tons is diverted annually. As ATS continues to grow their business, the scale of their contribution to addressing this problem will also grow.

Tons of waste collected/diverted by ATS



We believe that by 2025, ATS could be diverting between roughly 40,000 and 70,000 tons of waste annually.

America's Thrift Stores—*2021 impact performance*

ATS's role in circularizing textile supply chains directly contributes to addressing SDG 12.5. We measure progress toward meeting that goal by first identifying a country-level problem statement: in this case, the more than 14.5 million tons of waste that could be diverted for reuse and recycling.

When we measure performance, we look at three main things: (1) the amount of waste diverted (KPI 1); (2) the quality of employment provided by ATS (KPI 2); and (3) the satisfaction of clients (KPI 3). See detailed results on the next page.

Notes on ATS's 2021 performance

Our investment in ATS closed in 2022, but we have collected baseline impact performance data from ATS dating to the end of 2021. This will help us to assess performance over time, and to get a better sense of how the capital we and other investors provided will influence the growth of ATS's impact. Unlike with our financial services investments, we don't have access to a large database of information on impact performance from which to compare and contrast ATS's performance. As such, we have to rely on longitudinal performance, and focus on increasing collections, improving processing inefficiency, and improving the quality of employment provided over time.

What do we mean when we say a 'living wage'?

In many countries, minimum wages set by regulatory authorities are below the amount of income required to sustain a healthy life. That is especially true in the United States, where the federal minimum wage is only $7.25/hour. A 'living wage' is a standard set by social scientists, and we rely on a definition from the Massachusetts Institute of Technology. They define a living wage as "an alternative measure of basic needs. It is a market-based approach that draws upon geographically specific expenditure data related to the costs of a family's likely minimum food, childcare, health insurance, housing, transportation, and other basic necessities (e.g., clothing, personal care items, etc.). The living wage draws on these cost elements and the rough effects of income and payroll taxes to determine the minimum employment earnings necessary to meet a family's basic needs while also maintaining self sufficiency."

SUSTAINABLE DEVELOPMENT GOAL TARGET

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12.5
By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

COUNTRY-LEVEL IMPACT GAP

In the U.S., less than 15% of textiles produced are reused or recycled in a given year. More than 14 million tons of waste per year could be diverted.

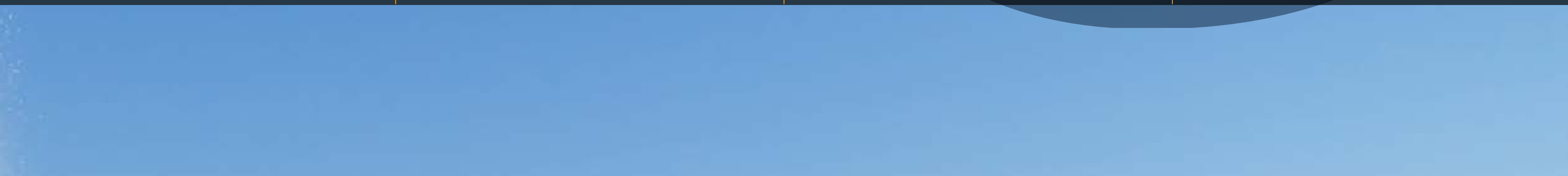
America's Thrift Stores—*Translating its current impact*

KPI 1: Divert an increasing volume of textile and household waste from landfills			
Metric 1.a	Proprietary	Beginning donations inventory (pounds)	7,069,967 lbs
Metric 1.b	Proprietary	Total pounds of donations collected	61,011,609 lbs
Metric 1.c	Proprietary	Total pounds of donations sold and recycled	44,748,202 lbs
Metric 1.d	Proprietary	Ending donations inventory (pounds)	4,552,973 lbs
Metric 1.e	Proprietary	Total pounds sent to landfill (e.g. could not be resold or recycled)	18,780,402 lbs
Metric 1.f	Proprietary	Recycling/reuse efficiency	70.44%
KPI 2: Provide quality employment and a safe, equitable workplace to all employees			
Metric 2.a	Proprietary	Overall mean hourly wage, weighted by position	$10.61
Metric 2.b	Proprietary	Percentage of employees paid a living wage	Reporting in development
Metric 2.c	IRIS+ OI1855	Gender wage equity ratio, hourly employees	98%
Metric 2.d	IRIS+ OI1855	Racial wage equity ratio, hourly employees	103%
Metric 2.e	Proprietary	Employee net promoter score	4
Metric 2.f	IRIS + OI1638	Hourly worker voluntary turnover rate	97.7%
Metric 2.g	Proprietary	Total reportable incident rate (TRIR)	4.5
Metric 2.h	Proprietary	Days away from work, restricted, transfers (DART)	3.8
KPI 3: Client satisfaction			
Metric 3.a	IRIS+ PI7467	Client satisfaction ratio	Reporting in development

Performance relative to prior reporting period | ▲ Performance increase ▼ Performance decrease ▶ Performance flat First reporting period

3

Impact management



Each year, we update our impact management framework to reflect what we have learned about how to be most effective

Over the last decade of impact experience, we have developed this six-part process for driving social and environmental outcomes.

1. IMPACT STRATEGY & FRAMEWORK

A strategy-level framework governs our impact approach, sectoral and thematic scope, and fund-level theory of change. The framework also sets minimum ESG thresholds to be met by all investments, and details the tactical ways we document and implement impact management.

2. DEAL SCREENING & APPROVAL

During sourcing and diligence, alignment to our impact framework, ESG thresholds, and the SDGs is evaluated; and an ex-ante assessment of expected impacts is also completed. Reporting requirements are documented in relevant closing documents, and targets are agreed upon with investees where possible.

3. PORTFOLIO ENGAGEMENT

We've developed sophisticated engagement frameworks to drive outcomes related to climate change mitigation and adaptation, and inequality. We meet monthly to discuss our portfolio companies impact performance and brainstorm ways to improve our process and performance.

4. IMPACT AT EXIT

At exit, ensuring the continued generation of social and environmental outcomes is a key consideration. We believe that exits should be considered from the outset of the investment process, and therefore document exit considerations related to impact in the IC memo, and as an addendum to the sale memo.

5. MEASUREMENT & REPORTING

Impact data is collected annually (more frequently where possible and appropriate), assessed relative to the targets set internally, and reported to LPs as part of standard quarterly LP reporting. Performance is compared to peers via industry benchmarks, like the GIIN's IRIS+ Impact Performance studies and benchmarks.

6. DISCLOSURE, VERIFICATION, IMPROVEMENT

We release an annual impact report disclosing updates to our policies and practices, as well as data on the social and environmental performance of our investees. Biannually, we undergo a verification in line with the Operating Principles for Impact Management, details of which can be found on page 42.

We engage with our companies to drive an equitable transition to a low-carbon economy

Our *climate engagement framework* is the qualitative tool used to help our portfolio companies better manage climate change risks and opportunities, and to drive an equitable transition to a low-carbon economy.

BASELINE ← → **ADVANCED**

Carbon footprinting

We require all portfolio companies to assess and report their carbon footprints.

Climate risk assessment

We complete climate risk assessments for all investments, identifying any necessary mitigants during diligence.

Physical impacts of climate change

Integration of physical climate risks into company operations

For example, supporting Fund I financial inclusion companies to access physical climate risk information about their borrowers.

Developing strategies for resilience and adaptation

For example, helping Annapurna share information with their clients about the physical climate risks they face, including around extreme weather events.

Transition impacts of climate change

Integration of transition risks into company operations

For example, supporting Advanced Battery Concepts to create a system for measuring material efficiency and wastewater treatment, in advance of climate disclosure regulations.

Developing carbon mitigation strategies and net-zero targets

For example, supporting Annapurna's development of a dedicated rooftop solar financing product for their MSME clients.

We ensure every company is focused on mitigating inequality

Our ***inequality engagement framework*** is the qualitative tool used to help portfolio companies build better solutions and manage risks from systemic inequality.

BASELINE ⟷ **ADVANCED**

Gender and racial inequality

Gender and racial wage equity audits

For all Fund I companies, we perform gender and (where appropriate) racial wage equity audits after closing, and report on that data annually during the holding period.

Assessment of quality jobs provided by the company

For example, with America's Thrift Stores, we assess the quality of jobs offered, and require regular reporting on the percentage of employees paid a living wage. We use this analysis to support ATS to improve the quality of the jobs provided and drive down employee turnover.

Income and wealth inequality

Income and impact studies

For example, Annapurna's participation in the microfinance index allowed us to understand the long term income and well-being impact on clients of their loan products.

Structure employee incentives to allow for profit sharing

In certain instances, it may be possible to engage with portfolio companies to encourage profit-sharing with a broad subset of the employee base.

We have partnered with a leading nonprofit impact investor to build the EM climate solutions market

Further accelerating our focus on climate solutions for the low-income consumer segment, we partnered with the Shell Foundation, an independent U.K. charity that creates and scales clean energy business solutions to support people living in low-income communities to escape poverty and ease hardships.

Shell Foundation

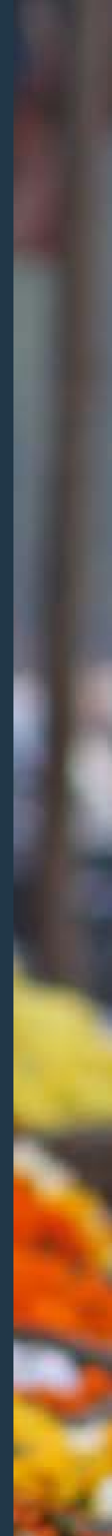
Shell Foundation has de-risked and built a ***robust set of commercial climate solution ventures and blended finance fund vehicles*** in Sub-Saharan Africa and Southeast Asia...

nuveen
A TIAA Company

...which are in need of growth equity capital to continue growth. ***Nuveen is committed to providing $100M in investment by 2025 to grow this sector.***

"Delivering an ***inclusive energy transition*** requires understanding the needs of entrepreneurs who will drive the transition and delivering finance solutions that are tailored to their markets and stage of growth. Nuveen has a track record of investment in inclusive, ***sustainable growth worldwide***. We are excited to share insights and opportunities with Nuveen's Global Impact team to bring ***smart growth capital*** to the sectors in which we work."

Jonathan Berman
CEO, Shell Foundation



Nuveen actively implements industry standards and pushes for their adoption

Impact management is an evolving discipline, and as investors, we leverage industry best practice.
We ***actively engage*** with market builders, and generate annual impact investing reports detailing our ***process and performance.***

COMMITMENTS, NORMS, DISCLOSURE FRAMEWORKS

Principles for Responsible Investment

We are a signatory to the UNPRI, and integrate standard ESG templates and questionnaires throughout the investment process.

Operating Principles for Impact Management

Nuveen is a founding signatory and advisory board member, and has completed two verifications of our alignment.

Impact Management Project

Nuveen uses IMP in diligence and assessment; supported development as pilot testers of the framework in 2017.

TaskForce on Climate-Related Financial Disclosure

Supporter via TIAA since 2017, released our first stand-alone climate risk disclosure statement in 2021.

METRIC STANDARDS

IRIS+ Metrics Catalog and Standard

Nuveen adheres to IRIS+ metric sets, reports data to impact performance studies, and contributes to IRIS+ initiatives.

International Sustainability Standards Board (ISSB) / SASB

Nuveen uses the SASB standards, part of the ISSB, to assess material ESG factors in our investments during diligence.

INTERNATIONAL GOALS

UN Sustainable Development Goals

Nuveen aligns our approach to the SDGs at the investment level.

INDUSTRY LEADERSHIP GROUPS

Global Impact Investing Network

Nuveen is a founding member of the Investors' Council, an industry-leading, invitation-only group of impact investors.

Impact Capital Managers

Nuveen is a member of Impact Capital Managers, a network of U.S.-based, market-rate private fund managers

We are founding signatories of the Operating Principles for Impact Management, with verified 'top-decile' practices

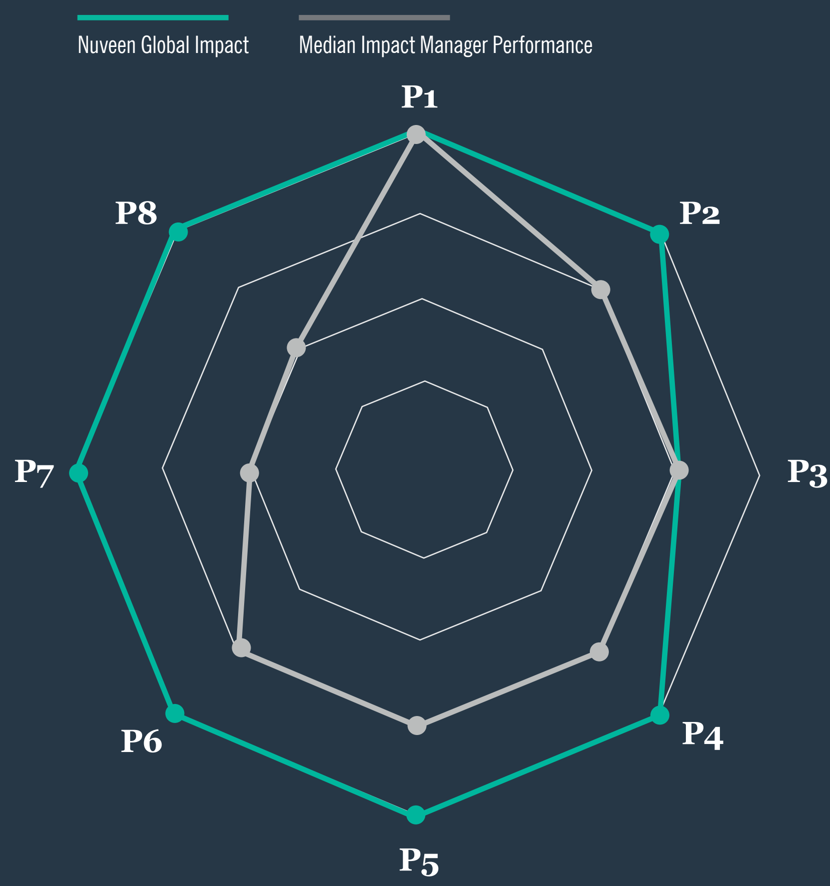
In 2020 and 2022, we engaged BlueMark, an independent provider of impact verification services, and in 2022, we received top scores for seven of eight operating principles, ***earning us the designation of 'practice leaders' in the top 10% of verified managers.***

NUVEEN'S 2022 PERFORMANCE RATING

Advanced ●●●● High ●●● Moderate ●● Low ●

Operating Principle		Nuveen's Score
Setting and managing a strategic impact intent in line with investment objectives.	P1	●●●●
	P2	●●●●
Assess the expected impacts of each investment, monitor those impacts, and contribute to growing those impacts over time.	P3	●●●
	P4	●●●●
	P5	●●●●
Monitor the performance of each investment, adjust appropriately.	P6	●●●●
Ensure impact post-exit; review, document, and improve impact processes.	P7	●●●●
	P8	●●●●

NUVEEN'S PERFORMANCE COMPARED TO BLUEMARK DATASET



Endnotes

1. 'Physical risks' are those 'related to risks arising from climate change impacts and climate-related hazards, while 'transition risks' typically refer to risks associated with transition to a low-carbon economy.
2. Source: https://www.iea.org/reports/grid-scale-storage
3. Source: https://www.nature.com/articles/d41586-021-01735-z
4. Source: https://60image.s3.eu-west-1.amazonaws.com/files/60-Decibels-Microfinance-Index-Report.pdf
5. Source: https://www.cgap.org/sites/default/files/publications/2020_12_Focus_Note_Impact_Research_and_ Learning_Agenda.pdf
6. Source: https://www.worldbank.org/en/publication/globalfindex/Report
7. Source:https://iris.thegiin.org/glossary/
8. Source: https://www.ifc.org/wps/wcm/connect/dcf9d09d-68ad-4e54-b9b7-614c143735fb/Financing+India%E2%80%99s+MSMEs+-+Estimation+of+Debt+Requirement+of+MSMEs+in+Indiapdf?MOD=AJPERES&CVID=my3Cmzl
9. https://www.mckinsey.com/~/media/McKinsey/Industries/Retail/Our%20Insights/Fashion%20on%20climate/Fashion-on-climate-Full-report.pdf
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11. https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/textiles-material-specific-data
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