

## Stewardship best practices in private markets:

### How engagement supports risk mitigation and sustainable value creation

Private markets' structural advantages of concentrated ownership, direct access to management and long holding periods should make engagement more effective than in public markets, even if it is less uniformly formalised. This paper sets out how investors can build asset-class-specific stewardship practices across private equity, private credit, real estate, infrastructure and natural capital. We present real-world engagement case studies and offer a transparency, accountability and impact (TAI) framework to guide effective engagement.

#### Key takeaways

- **Private markets' structural features should make engagement successful.** Concentrated ownership, direct access to management and long holding periods should give investors influence.
- **Engagement is a value-creation and risk-mitigation tool.** Effective engagement should help strengthen operations, improve stakeholder relations and de-risk refinancing and exits across the investment lifecycle.
- **Different asset classes require different engagement tools.** With no single playbook for private market engagement, five case studies highlight how practices need to adapt to specific asset classes and outcomes.
- **A framework to organise and track engagement across asset classes.** We share Nuveen's proprietary TAI framework to help investors gauge the transparency (disclosure), accountability (policy, strategy and oversight) and impact (real-world outcomes) of their actions.
- **A call to action for working together to develop the practice.** Common standards, frameworks and policies can support scaling the engagement activities already under way, helping to unlock positive outcomes.



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## Successful stewardship in private markets

Over the last decade, a significant share of institutional investor capital has moved into private markets,<sup>1</sup> and the direction of travel continues: in Nuveen's 2026 EQuilibrium survey, 81% of institutional investors reported plans to increase their allocations to private markets/alternatives over the next five years.<sup>2</sup>

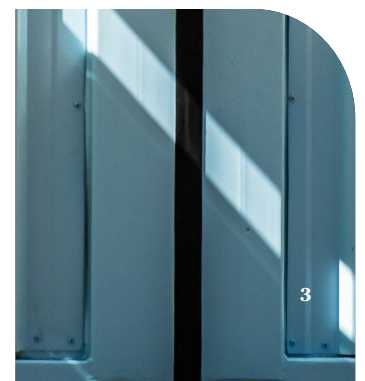
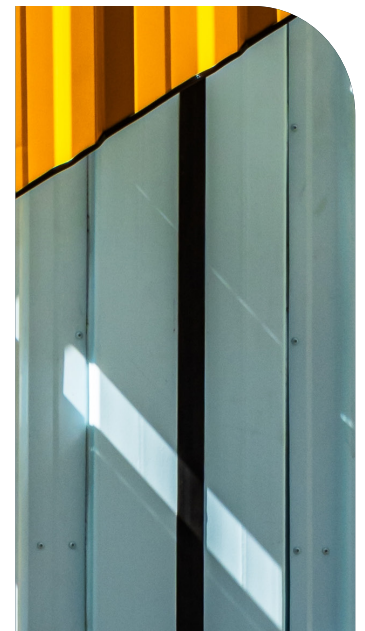
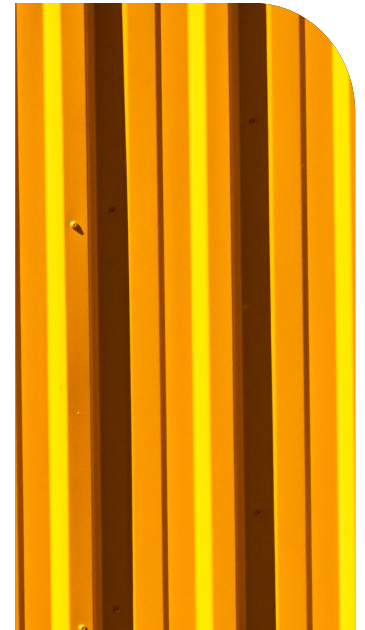
Given this trend, now is an opportune time to bring more structure to stewardship and engagement programmes in private markets. In public markets, engagement is a well-codified discipline. In private markets, specifically for private equity, private credit, real estate, infrastructure and natural capital, the stewardship practice remains comparatively informal. Moreover, stewardship objectives and tools differ by asset class.

This is an interesting dynamic, as engagement activities are often key components of the investment process in private markets. The features that make engagement effective — for example, concentrated ownership, direct access to management and long holding periods — are often more pronounced and lead to clearer and more quantifiable outcomes.

This also represents a significant opportunity. For investors overseeing complex multi-asset portfolios, formalising stewardship in private markets is not simply about meeting rising expectations from clients and stakeholders. It is also about capturing value and mitigating risk that structured, purposeful engagement can unlock across the investment lifecycle, from origination to exit.

As private markets continue to mature, we expect continued uptake in structured stewardship and engagement activities that support value creation and risk mitigation. This paper offers a contribution by:

- Providing perspective on the multi-faceted stakeholder ecosystems of private markets
- Outlining practical examples and outcome-focused insights for designing engagement activities
- Proposing a guiding framework — Transparency, Accountability and Impact — for driving and tracking a coherent engagement programme across the main private market asset classes.



# Stewardship, engagement and sustainability in private markets

In this paper, we refer to engagement as a core stewardship activity through which investors conduct a purposeful, two-way dialogue on material risks and opportunities with issuers, investees and other stakeholders to protect and enhance long-term value. The focus is on engagement in the context of responsible investing (RI) considerations, meaning targeted interactions aimed at improving disclosures and practices on governance and sustainability.

## Gaining perspective on engagement on private markets

Stewardship promotes a range of activities on topics that can affect long-term risks and opportunities, driving risk mitigation and value creation through the investment lifecycle, from origination to exit (Figure 1). It is part of a broader toolkit that managers, owners and lenders can use to strengthen quality of operations, reduce tail risk, unlock value-creation opportunities, improve stakeholder relations and de-risk refinancing/exits.

Engagement activities in private markets are often well integrated into asset management processes. They are also usually a key part of the roles and responsibilities of deal teams, responsible investing and sustainability teams (if they exist at the firm) and investment committees. The investment value chain and ecosystems can be complex, with multiple parties involved such as sponsors, lenders, operators, contractors and communities. And yet ownership and capital structures are usually more consolidated than in public markets. This often enables more direct access to management teams and other stakeholders, and more influence on company strategy and operations. Combined with medium- to long-term investment horizons, these features facilitate the potential to achieve tangible outcomes that support risk mitigation and sustainable value creation.

**Figure 1: Examples of stewardship activities and engagement drivers through the investment lifecycle<sup>3</sup>**

| Investment stage        | Engagement activity                                                                                                                                                                                                                                                             | Engagement drivers                                                                                                                                                                                                       |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Deal origination</b> | <ul style="list-style-type: none"><li>Materiality assessment and screening for ESG (environmental, social, governance) risks and opportunities</li></ul>                                                                                                                        | <ul style="list-style-type: none"><li>Assessment of key risks and opportunities for value creation</li></ul>                                                                                                             |
| <b>Due diligence</b>    | <ul style="list-style-type: none"><li>Detailed evaluation of the asset's sustainability practices or gaps</li><li>Identifying key stakeholders</li><li>Negotiate terms/clauses in contractual documents and agreements</li></ul>                                                | <ul style="list-style-type: none"><li>In-depth profiling of the fundamentals and key ESG risks and opportunities to be considered/priced in</li></ul>                                                                    |
| <b>Holding period</b>   | <ul style="list-style-type: none"><li>Monitor progress and maintain fresh views on emerging risks and opportunities</li><li>Gather data and track performance</li><li>Provide training and feedback</li><li>Introductions to and partnerships with other stakeholders</li></ul> | <ul style="list-style-type: none"><li>Facilitate improvement in business practices and processes</li><li>Grow management team's capabilities</li><li>Align with stakeholders on strategic objectives and plans</li></ul> |
| <b>Exit</b>             | <ul style="list-style-type: none"><li>Revisit objectives, share learnings and lessons</li><li>Consider/deny refinancing</li></ul>                                                                                                                                               | <ul style="list-style-type: none"><li>Upside to valuation multiples</li><li>Business derisking</li></ul>                                                                                                                 |

Source: Nuveen



## Successful engagement across asset classes

This section discusses the major private markets asset classes, highlighting factors that may help drive successful engagement.

### *Private credit*

Private credit investors generally have less direct influence over portfolio companies than equity owners do. This is primarily due to their position in the capital structure: equity holders typically benefit from governance rights such as board representation and voting power, whereas credit providers typically do not. However, private credit lenders can drive meaningful engagement. While stewardship effectiveness varies by sponsor status, lender position, timing, borrower size/resources and market competitiveness, among the most relevant tools private credit investors can use for influence are:

- **Collaboration with private equity sponsors.** As a private debt asset manager, engaging with portfolio companies through the private equity sponsors can be very effective. Sponsors typically have deep sector-specific knowledge, strong relationships with company management and more influence over operational practices. Moreover, private equity and debt investors' interests are often aligned on core objectives such as avoiding default and preserving exit value, and sustainable value creation by portfolio companies can support this alignment as they improve prospects for favourable exits while also strengthening a company's credit profile and reducing lender credit risk. That said, interests can diverge on matters such as leverage, distributions and risk appetite. The engagement activity often serves to navigate potential tensions and seeks to establish constructive dialogues, build meaningful partnerships that strengthen alignment of interests, and promote and advance change that can support risk mitigation and value creation.
- **Use of sustainability-linked margin ratchets.** A sustainability-linked margin ratchet is a contractual mechanism that adjusts the interest rate a borrower pays based on whether they meet pre-agreed sustainability performance targets. These provisions have emerged in parts of the European private credit market as they create alignment between borrower and lender priorities, although uptake remains uneven and they are not suitable in all cases. For borrowers, achieving pre-agreed sustainability performance targets lowers interest costs. For lenders, these provisions serve as a risk management tool, incentivising measurable improvements on material ESG risks that

can impact business performance over time, thereby contributing to a stronger overall credit risk profile. The effectiveness of a ratchet depends on the materiality of the selected KPIs, the credibility and ambition of the targets, the strength of reporting and verification, and the size and structure of the margin adjustment.

- **Sharing resources and providing training.** Lenders can support borrowers through webinars, workshops, structured training programmes and other resources on material sustainability topics. These activities can be done in collaboration with the sponsor to help ensure consistent messaging and efficient use of resources, and can be supplemented by third-party experts where specialist knowledge is required.
- **Advocacy and market engagement.** Raising standards and expectations at the market level is an important complement to company-level engagement. This can be achieved through participation in industry initiatives and working groups, which help build a more aligned, consistent approach among market participants on areas such as standardisation and usability of due diligence and monitoring data, as well as common frameworks and metrics.

### *Real assets: real estate, natural capital, infrastructure*

Often for real assets, the physical location contributes disproportionately to the asset's sustainability profile. Other factors are also important for engagement outcomes, including the long investment holding period, any regulated and/or contracted revenue streams and the large fixed-asset cost base. Owing to these factors, sustainability issues tend to impact directly on the assets' cash flows, refinancing terms and terminal values and the business' social license to operate.

Investors can drive positive outcomes by engaging stakeholders throughout the tendering, appointment and selection processes of third-party service providers and contractors. They can use their rights and responsibilities to promote the integration of sustainability criteria, guidelines and requirements in business agreements and asset plans. Post-investment, the engagement with operators, tenants, customers and communities may include trainings, surveys, partnerships and certification schemes.

**Building engagement into a portfolio company's value creation plan often increases the chances of success.**

### *Private equity*

Private equity GPs have a privileged role in working closely with portfolio companies, facilitated by their position in the capital stack. Often, their influence extends to the other financing providers, and across the value chain (e.g., suppliers, clients), and can significantly accelerate engagement outcomes when there is alignment on objectives and the value-creation potential.

Building engagement into a portfolio company's value creation plan often increases the chances of success. These activities focus on company-specific issues and ensure alignment with the priorities of other relevant stakeholders (e.g., other investors, LPs). While value creation plans need to be tailored to the specific business, and therefore vary significantly, best practice advocates for including sustainable performance targets and incentives to ensure commitment to the relevant sustainable activities. The intention is to deliver a more resilient business and contribute to the bottom line through additional revenues and/or reduced costs. Sponsor PE firms that can identify strong operational management teams capable of executing on business opportunities and can clearly articulate a plan that incentivizes implementation tend to have the most success.

**Figure 2: Key ESG engagement topics for investors**

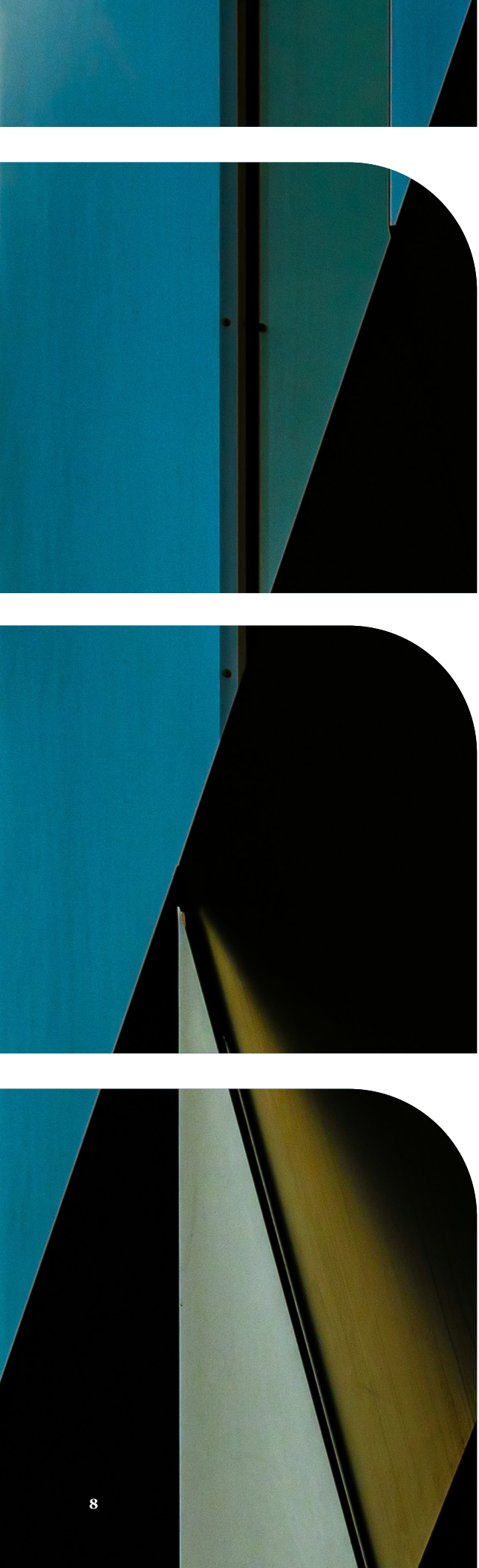
*The table brings together these considerations across major private asset classes illustrating examples of key stakeholders and engagement topics relevant for investors:*

| Asset class     | Key stakeholders                                                                                                                                                                                                                                                                             | Examples of engagement topics                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| INFRASTRUCTURE  | <ul style="list-style-type: none"> <li>• Asset managers and operators</li> <li>• JV partners</li> <li>• Third-party consultants, advisers</li> <li>• Specialised contractors and suppliers</li> <li>• Local authorities</li> <li>• Regulators</li> <li>• Local communities</li> </ul>        | <b>The E:</b> <ul style="list-style-type: none"> <li>• Asset-level hazard exposure (flood, heat, wildfire, storm)</li> <li>• Preventive maintenance, critical inventory and supplies</li> <li>• Emissions monitoring, water/waste discharge, waste handling</li> <li>• Renewable energy certificates, emissions targets in PPAs</li> <li>• Climate adaptation investments (elevation, cooling)</li> <li>• Ecological surveys, habitat corridors, land use management</li> </ul> |
|                 |                                                                                                                                                                                                                                                                                              | <b>The S:</b> <ul style="list-style-type: none"> <li>• Contractor safety, high-risk work permits, incident protocols and regulation</li> <li>• Managing complaints (noise, visual)</li> <li>• Community investments/engagement/consultations</li> </ul>                                                                                                                                                                                                                         |
|                 |                                                                                                                                                                                                                                                                                              | <b>The G:</b> <ul style="list-style-type: none"> <li>• Cybersecurity, incident response</li> <li>• Business continuity</li> <li>• Insurance market engagement, coverage availability, premium escalation (key for climate-exposed geographies)</li> <li>• Sustainability KPIs reporting, third-party verification</li> </ul>                                                                                                                                                    |
| NATURAL CAPITAL | <ul style="list-style-type: none"> <li>• Tenants</li> <li>• Crop managers and property operators</li> <li>• Local authorities, regulators</li> <li>• Third-party experts (e.g., NGOs, universities, consultants, data vendors, certification bodies)</li> <li>• Local communities</li> </ul> | <b>The E:</b> <ul style="list-style-type: none"> <li>• Encourage implementation of responsible practices that promote soil health, water use efficiency and biodiversity</li> <li>• Estimate climate footprint (emissions, stock, sequestration) and identify opportunities for improvement</li> <li>• Conduct biodiversity surveys, implement wildlife, biodiversity plans (timberland)</li> <li>• Test and scale technologies that support resource efficiency</li> </ul>     |
|                 |                                                                                                                                                                                                                                                                                              | <b>The S:</b> <ul style="list-style-type: none"> <li>• Support local community initiatives</li> <li>• Share knowledge on operational best practices</li> <li>• Respect for local and indigenous rights and cultural contexts</li> </ul>                                                                                                                                                                                                                                         |
|                 |                                                                                                                                                                                                                                                                                              | <b>The G:</b> <ul style="list-style-type: none"> <li>• Support evolution of industry-relevant methodologies (e.g., natural capital accounting)</li> <li>• Ensure compliance with internal policies and external regulations</li> <li>• Use third-party verification and recognised frameworks, where relevant</li> </ul>                                                                                                                                                        |

*(continued)*

Figure 2: Key ESG engagement topics for investors (*continued*)

| Asset class    | Key stakeholders                                                                                                                                                                                                                          | Examples of engagement topics                                                                                                                                                                                                                                                                                                                                                             |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRIVATE CREDIT | <ul style="list-style-type: none"> <li>Private equity sponsors/ GPs<sup>4</sup></li> <li>Company owners &amp; founders</li> <li>Company management</li> <li>Other lenders</li> <li>Industry groups (e.g., ESG IDP<sup>5</sup>)</li> </ul> | <b>The E:</b> <ul style="list-style-type: none"> <li>Metrics disclosure (e.g., emissions, water, waste)</li> <li>GHG emissions reductions and targets</li> <li>Increase renewable energy ratio, fleet electrification, sustainable material inputs</li> </ul>                                                                                                                             |
|                |                                                                                                                                                                                                                                           | <b>The S:</b> <ul style="list-style-type: none"> <li>Employee training programmes (data privacy and security, health and safety, diversity)</li> <li>Supplier ESG assessments</li> <li>Improve employee satisfaction and well-being, reduce voluntary turnover rate</li> </ul>                                                                                                            |
|                |                                                                                                                                                                                                                                           | <b>The G:</b> <ul style="list-style-type: none"> <li>Achieve and maintain ISO 27001 certification for cyber and data security</li> <li>Sustainability KPIs reporting and target setting</li> <li>Responsible use of AI</li> </ul>                                                                                                                                                         |
| PRIVATE EQUITY | <ul style="list-style-type: none"> <li>Other PE sponsors</li> <li>Company owners, board of directors</li> <li>Company management</li> </ul>                                                                                               | <b>The E:</b> <ul style="list-style-type: none"> <li>Energy management</li> <li>Waste reduction</li> <li>Sustainable packaging</li> </ul>                                                                                                                                                                                                                                                 |
|                |                                                                                                                                                                                                                                           | <b>The S:</b> <ul style="list-style-type: none"> <li>Health and safety risk controls</li> <li>People productivity, retention, workforce planning, training</li> <li>Supplier concentration, labour standards, traceability</li> <li>Product safety/quality, responsible marketing</li> </ul>                                                                                              |
|                |                                                                                                                                                                                                                                           | <b>The G:</b> <ul style="list-style-type: none"> <li>Management incentives, accountability</li> <li>Cybersecurity, data governance, cyber insurance</li> <li>Ethics, compliance, anti-corruption</li> </ul>                                                                                                                                                                               |
| REAL ESTATE    | <ul style="list-style-type: none"> <li>Property managers</li> <li>Asset managers</li> <li>Tenants</li> <li>Borrowers</li> <li>Regulators</li> <li>Local authorities</li> <li>Industry groups</li> <li>JV partners</li> </ul>              | <b>The E:</b> <ul style="list-style-type: none"> <li>Energy, water and waste management</li> <li>Site-specific environmental due diligence</li> </ul>                                                                                                                                                                                                                                     |
|                |                                                                                                                                                                                                                                           | <b>The S:</b> <ul style="list-style-type: none"> <li>Tenant satisfaction</li> <li>Community relations</li> </ul>                                                                                                                                                                                                                                                                          |
|                |                                                                                                                                                                                                                                           | <b>The G:</b> <ul style="list-style-type: none"> <li>Improve internal processes by engaging specialist consultants on technical advice and alignment with leading environmental ratings and certifications<sup>6</sup></li> <li>Oversight and collaboration with property managers and building developers</li> <li>Sponsorship, development team and contractor due diligence</li> </ul> |



## Industry advocacy and public policy engagement for further progress

Participation in industry initiatives and membership groups is another meaningful way for investors to help improve sustainability standards and process improvements. Sharing knowledge with aligned organisations can advance best practices more broadly in the market beyond individual assets and drive more efficient outcomes at scale. Additionally, engagement with regulators and policymakers is equally important. Investors can play a constructive role in promoting RI best practices in ways that support long-term sustainable growth, for example by supporting policies that mitigate risks or enable opportunities for investee assets.

### *Driving decarbonisation solutions at scale*

Investors have an important role to play in translating public policy priorities and responsible investment principles into actionable climate solutions that deliver measurable business, financial and environmental outcomes.

In the U.K., for example, there is a need for decarbonisation solutions which leverage public-private partnerships to offer competitive financing that can mobilise capital into energy efficiency, renewable energy and physical climate resilience for buildings. Investors' advocacy for supportive policy frameworks can be a path to unlock private capital for building decarbonisation, in support of the country's net zero ambitions. Nuveen's Green Capital team has engaged with U.K. policymakers to advance climate finance mechanisms for sustainable real estate projects. As an example, the team has explored the launch of a Property Linked Finance (PLF) product in England and Wales, similar to the established Commercial Property Assessed Clean Energy (C-PACE) offering in the U.S. These efforts have also included close collaborations with a range of industry stakeholders, banks and sustainability advocacy groups.

Another example comes from Portugal, which in June 2026 enacted a new energy law allowing developers of renewable electricity projects to optimise and reconfigure their allocated grid capacity rights. Nuveen government relations and clean energy infrastructure teams engaged extensively with the Portuguese government to advocate for provisions such as the ability to hybridise with batteries and split or pool grid capacity. The law represented a critical step forward given the permitting and grid congestion challenges that have long hindered renewable energy projects in the country. Nuveen's Portuguese portfolio spans approximately 820MW in solar

PV and BESS, representing an estimated €700 million of investment. Several of the provisions ultimately adopted in the law, including the ability to transfer or relinquish blocked grid capacity and recover the associated bond, reflected priorities the team had raised.

### *Efforts to improve transparency in private credit*

As part of the efforts to address the issue of limited ESG data and disclosures in private markets, the ESG Integrated Disclosure Project (ESG IDP) was formed by a group of leading alternative asset managers and several industry associations, with support from a broader set of stakeholders.<sup>7</sup>

Delivered through this collaboration, the ESG IDP Template is a reporting tool that represents a proportionate set of questions designed to obtain a baseline of information from private companies. Promoting and advocating for broader use of this template supports the goal of greater harmonisation and consistency of disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions.

ESG IDP counts on the support of over 50 market participants (asset managers, credit investors, service providers and industry bodies), including Nuveen's affiliate Churchill who actively contributed to the development of the template and encourages its use through engagement with private equity sponsors.

Investors can  
play a constructive  
role in promoting  
RI best practices  
in ways that  
support long-term  
sustainable growth.

# How engagement can drive value creation and risk mitigation

The following case studies demonstrate that constructive stewardship and engagement activities have the potential to create value and mitigate risk.



## Natural capital

### CASE STUDY:

**Delivering water and energy savings with a new irrigation canal lining in Idaho, U.S.**

### Risk/opportunity addressed

Irrigation is a key driver of agricultural productivity, but it can also represent a significant operating cost. Accordingly, Nuveen Natural Capital strives to identify ways to enhance water use efficiency across its portfolio. The team in Idaho saw an opportunity at a 12,000-acre farm within the portfolio. The aging on-farm open canal system had been prone to leakage and seepage, eroding soil and requiring excessive pumping and electricity use. As a result, irrigation costs had historically been about US\$300 per acre, per year.

### Activity

Nuveen Natural Capital undertook a canal relining and renovation project with the goal of reducing water and energy consumption and associated costs. The team engaged local service providers familiar with the farm's topography alongside a specialist liner company executing the works. The team also collaborated with a range of stakeholders, including the U.S. Bureau of Land Management and Idaho Power.

### Outcome

The project was successfully completed during 2024–25, with 11 miles of the canal being repaired and relined. The project's \$5m investment was partially covered by an Idaho Water Resource Board Aging Infrastructure Grant and a contribution from Idaho Power. The engagement and the finalised project led to environmental and financial upsides:

- One-third reduction in required pumping for irrigation, saving c.6m kWh/year, leading to c.18% of the investment cost being recouped every year
- 10%–15% reduction in water usage, or c.4bn gallons, depending on crop rotation
- Material reduction in soil erosion risk in and around the canal

### Status and next steps

The project is complete. The team continues to monitor asset performance while identifying further opportunities to enhance both environmental and financial outcomes.



## European private credit

### CASE STUDY:

### Encouraging the use of recycled materials at a packaging company in the U.K. and Europe

#### Risk/opportunity addressed

The borrower was a manufacturer of polyethylene flexible packaging for the food and hygiene industries, formed through the combination of two businesses. Arcmont provided 100% of the acquisition financing in March 2021.

At underwriting, diligence flagged the environmental profile of plastic packaging as a material ESG risk in the credit: negative news flow and potential consumer backlash against single-use plastics threatening demand; regulatory pressure from the EU's €800/tonne charge on non-recycled plastic packaging waste and the U.K.'s £200/tonne Plastic Packaging Tax on packaging with below 30% recycled content; and margin risk, given polymer resin represented a significant share of sales for each business.

The diligence team saw the shift to recycled materials as an opportunity as much as a risk. Green credentials were already a commercial differentiator. However, at the start of Arcmont's investment,<sup>8</sup> only the acquired business used and tracked recycled raw materials to any meaningful degree, with a share of c.20% in 2020. As recycled content could not practically be used in the group's food packaging, Arcmont sought to use a sustainability-linked margin ratchet to encourage the formalisation of group-wide measurement and accelerate the transition to recycled inputs across the group's non-food packaging.

#### Activity

Arcmont engaged with executives and ESG leads at the company to incorporate a sustainability-linked margin ratchet into the facilities agreement. It offered a progressive 2.5 basis point discount for each of three group-wide targets on the share of recycled raw material in non-food packaging: (1) to roll out measurement across the group and reach 23% for the 12 months to 31 Mar 2022, (2) reach 30% and (3) reach 37.5%, for a maximum 7.5 basis points discount.

#### Outcome

The company met the first target in 2022, earning a 2.5 basis point reduction, and subsequently achieved the second and third targets, increasing the discount to the full 7.5 basis points.

#### Status and next steps

Arcmont's debt was repaid in 2025.



## U.S. private credit

### CASE STUDY:

#### Working with a U.S. healthcare portfolio company and its private equity sponsor to improve carbon emissions data and supply chain standards

### Risk/opportunity addressed

Arcadia Consumer Healthcare is manufacturer and distributor of medicines, vitamins and supplements, backed by Bansk Group, a \$30bn consumer-focused PE firm, and one of the borrowers. Improving emissions data and strengthening supply chain standards support the company's climate risk and sustainable sourcing policies, and align with the expectations of Bansk Group, its sponsor.

### Activity

Churchill's<sup>9</sup> ESG team and Bansk have had prior engagements establishing and aligning on Arcadia's sustainability priorities, in a way that is consistent with Bansk's broader sustainability initiatives. The Churchill team had introduced Bansk to consultants specialised in carbon footprinting and sustainable sourcing of ingredients. In addition, Churchill had also encouraged the development

of a supplier code of conduct setting clear expectations for environmental and labour practices.

### Outcome

Bansk onboarded a carbon accounting firm and now tracks Scope 1 and 2 emissions across its portfolio companies. Bansk also conducted due diligence on supply chain consultants able to advice on sustainable sourcing requirements. A supplier code of conduct was implemented, which Arcadia plans to use for new contracts with suppliers.

### Status and next steps

Emissions tracking and reporting is now in place across Bansk's portfolio companies, and a supplier code of conduct is implemented at Arcadia. Bansk and Arcadia continue to evaluate external consultants supporting sustainable sourcing, acknowledging full traceability and supplier auditing remain a challenge.



## Real estate

### CASE STUDY:

#### Delivering net zero carbon performance through a sustainable warehouse refurbishment in Watford, U.K.

### Risk/opportunity addressed

The warehouse asset had average energy performance and ageing building services.

### Activity

Nuveen Real Estate's industrial and logistics team identified the potential to significantly enhance energy efficiency and strengthen the long-term tenant appeal of the asset by conducting a comprehensive refurbishment. The team engaged with specialist contractors and property managers to replace fossil-fuel heating systems with air-heat pumps, install PV roof panels and EV charging points, and upgrade water-efficient fixtures. As part of the programme, a full embodied carbon assessment was undertaken, as well as several actions to improve the on-site biodiversity.

### Outcome

The upgrade resulted in a number of important benefits: a) a significant EPC uplift from C to A+ (from reasonably efficient to highly efficient), b) the delivery of carbon-neutral refurbishment aligned with LETI and RIBA industry benchmarks, c) major reductions in operational energy demand vs. previous state, d) future tenant benefits from on-site renewable energy generation with PV costs incorporated into rent, e) reduced water use, f) biodiversity improvements.

### Status and next steps

The team is monitoring the asset to ensure the environmental performance and tenant satisfaction are aligned with expectations.



## Clean energy infrastructure

### CASE STUDY:

### Embedding community benefit and land stewardship into a 95MW Irish solar asset

#### Risk/opportunity addressed

Gaskinstown is a 95MW operational solar farm near Dublin, acquired under Ireland's Renewable Electricity Support Scheme (RESS-2) with a 16-year government-backed tariff. Large-scale solar development requires active stakeholder engagement to preserve social licence and manage operational costs over the asset life. Both are best addressed through early, structured engagement rather than retrofitted mitigation.

#### Activity

Engagement occurred across three stakeholder groups: (i) local residents and the surrounding farming community, (ii) the RESS-2 programme administrators on Community Benefit Fund design, and (iii) local landowners on post-construction land use. The project went beyond the regulatory minimum on two fronts. First, four adjacent residential properties were offered rooftop solar installations, which was a voluntary commitment not required under RESS-2. Second, grazing rights agreements were structured with local landowners, enabling sheep grazing across the site to manage vegetation instead of mechanical mowing.

#### Outcome

The engagement translated into measurable financial, community and environmental outcomes:

- €2.5M total community investment committed through to December 2040, with c.€150,000 allocated annually to a dedicated Community Benefit Fund directed to local infrastructure, sustainability and community projects
- Four rooftop solar installations delivered to neighbouring households, which was a direct, tangible energy benefit beyond the regulatory framework
- Integrated land use in practice: grazing rights agreements reduce operational vegetation-management cost, providing local farmers access to productive grazing land and supporting biodiversity through lower-intensity land management
- Full EU Taxonomy alignment and consistency with Article 9 commitments, supporting investor-facing sustainability claims with asset-level evidence
- Commercial operation achieved August 2025, with contracted revenues under a 16-year RESS-2 tariff providing long-duration revenue visibility

#### Status and next steps

The asset is fully operational and the Community Benefit Fund, which was established prior to acquisition and managed by the project developer, is actively deploying capital. The SPV continues to monitor community engagement outcomes, grazing arrangements and biodiversity indicators across the site, with lessons from Gaskinstown informing Nuveen Infrastructure's engagement approach on subsequent Irish and European solar acquisitions.

## An outcome-oriented guide to private markets engagement

For investors who are seeking to further develop their own private markets stewardship programmes, we propose an engagement framework comprised of three pillars: transparency, accountability and impact.

Amid increasing expectations from clients and stakeholders to evidence outcomes from engagement activities, this TAI framework can have a meaningful application across diversified portfolios. Nuveen uses this framework to guide our public equity engagements as it helps track and demonstrate the value of our public equity stewardship programme.

We believe this TAI approach can be helpful across asset classes and we are seeking to expand its use in private markets.

In this framework, the intended outcomes of the engagement activities generally consist of:

- **Transparency:** Disclose new or improved consistent and material information that can support investment analysis.
- **Accountability:** Adopt, implement, improve sustainability-related policies, initiatives, strategies and oversight mechanisms that contribute to risk mitigation and value creation.
- **Impact:** Measure the results of actions, policies, practices and their effectiveness in leading to positive real-world outcomes.

Figure 3 shows examples of the activities conducted by Nuveen teams in private markets, mapped to the TAI engagement objectives and outcomes they support. These examples are a guide for investors to align the engagement conversations with specific outcomes that often support both risk mitigation and sustainable value creation.

**Figure 3: Examples of stewardship activities and drivers through the investment lifecycle**

| Asset class            | T: Transparency                                                                                                                                                                                                                                                             | A: Accountability                                                                                                                                                                                                                                                               | I: Impact                                                                                                                                                                                                                          |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Real estate</b>     | <ul style="list-style-type: none"> <li>• Building-level environmental KPIs<sup>10</sup></li> <li>• Utility data access: green lease clauses, metering, tenant data sharing</li> <li>• Physical climate risk assessment</li> </ul>                                           | <ul style="list-style-type: none"> <li>• Asset-level targets (e.g., energy reduction, regulatory compliance)</li> <li>• Ownership/oversight of sustainability plans</li> </ul>                                                                                                  | <ul style="list-style-type: none"> <li>• Building upgrades<sup>11</sup></li> <li>• Physical climate resilience<sup>12</sup></li> <li>• Social outcomes: tenant satisfaction, better affordability, community engagement</li> </ul> |
| <b>Natural capital</b> | <ul style="list-style-type: none"> <li>• Asset footprint data, land cover classification, ghg and tnfd metrics</li> <li>• Responsible practices that promote soil health, water use efficiency and biodiversity</li> <li>• Natural capital accounts<sup>13</sup></li> </ul> | <ul style="list-style-type: none"> <li>• On-the-ground project implementation</li> <li>• Third-party standards and certifications</li> <li>• Local community</li> </ul>                                                                                                         | <ul style="list-style-type: none"> <li>• Increased resilience through reduced costs, better productivity, mitigated risks</li> </ul>                                                                                               |
| <b>Private credit</b>  | <ul style="list-style-type: none"> <li>• Disclosure of carbon metrics, workforce demographics</li> <li>• Severe incident disclosures<sup>14</sup></li> </ul>                                                                                                                | <ul style="list-style-type: none"> <li>• Measurable improvements on material ESG risks<sup>15</sup> that may impact business performance</li> </ul>                                                                                                                             | <ul style="list-style-type: none"> <li>• Energy cost efficiencies</li> <li>• Product/process and regulation readiness</li> <li>• Liability mitigation</li> <li>• Lower employee turnover</li> </ul>                                |
| <b>Private equity</b>  | <ul style="list-style-type: none"> <li>• Asset-level ESG data tied to financially material risks</li> <li>• Reporting of past violations, remediations, insurance claims, cyber incidents</li> <li>• Supply chain transparency<sup>16</sup></li> </ul>                      | <ul style="list-style-type: none"> <li>• 100-Day plans, ESG agenda ownership, management alignment with select KPIs<sup>17</sup></li> <li>• Product quality</li> <li>• Health &amp; safety performance</li> </ul>                                                               | <ul style="list-style-type: none"> <li>• Operational cost savings</li> <li>• Innovative product development</li> </ul>                                                                                                             |
| <b>Infrastructure</b>  | <ul style="list-style-type: none"> <li>• Collect and map asset-level ESG data</li> <li>• Analyse physical &amp; transition climate risks</li> </ul>                                                                                                                         | <ul style="list-style-type: none"> <li>• Incident response<sup>18</sup></li> <li>• Business continuity plan, and engineering integrity</li> <li>• Safety and environmental standards for contractors and suppliers</li> <li>• Community engagement and consultations</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental performance<sup>19</sup></li> <li>• Implementation of physical climate adaptation measures<sup>20</sup></li> <li>• Local job creation</li> </ul>                            |

Source: Nuveen



## Developing the practice together

The depth and breadth of private markets mean there is no single playbook for stewardship. But as this paper outlines, the features that distinguish private markets — concentrated ownership and capital structures, direct access to management and assets and long holding periods — increase the effectiveness of engagement. The variety of stakeholders, themes and activities involved, illustrated through the case studies, show how dialogue can translate into tangible, measurable outcomes that support value creation through the investment lifecycle.

Public markets have refined stewardship into an established discipline, and the opportunity in private markets is to develop programmes that are equally rigorous while remaining suited to the different asset classes. Doing so can help investors meet rising market expectations, capture value and mitigate risk that structured, purposeful engagement can surface across the investment lifecycle.

Realising this potential at scale, however, is not something investors can achieve in isolation. It depends on shared frameworks, common standards and a willingness across the industry to learn from one another. The work ahead is to build this practice together.

The examples and perspectives shared in this paper reflect the experience of Nuveen's teams over many years, and inform how we think about engagement in support of sustainable value creation, while recognising the tools and expectations will continue to evolve. This is what makes this moment interesting, and creates space for conversations and co-creation.

We are always interested in hearing how others are navigating these issues, and in sharing more of what we are learning along the way. We welcome dialogue with clients and partners on how these ideas translate into practice across different portfolio contexts, and we look forward to continuing to develop our thinking together. If you'd like to continue the conversation, we'd be glad to hear from you.

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### Endnotes

#### Sources

- 1 Historical growth trends and projections according to several research reports including by Preqin, McKinsey & Company, S&P Global, EY and others.
- 2 <https://www.nuveen.com/global/insights/equilibrium?type=uk>
- 3 Value creation and risk mitigation activities vary across asset classes and specific investments.
- 4 By far the most influential stakeholders.
- 5 ESG Integrated Disclosure Project: an industry initiative bringing together leading lenders in the private credit and syndicated loan markets to improve transparency and accountability.
- 6 For example: EPC A+, BREEAM Excellent, DGNB Platinum, etc.
- 7 Alternative Credit Council (ACC), the private credit affiliate of the Alternative Investment Management Association (AIMA), the Loan Syndications and Trading Association (LSTA), and the United Nations Principles for Responsible Investment (PRI).
- 8 Arcmont Asset Management is an affiliate within Nuveen Private Capital, providing credit capital to European middle-market companies incorporating sustainability-linked margin ratchet provisions.
- 9 Churchill is an affiliate within Nuveen Private Capital, providing customized financing solutions to US middle market companies and their private equity sponsors, who they engage with.
- 10 E.g. energy, water, waste GHG, energy ratings.
- 11 E.g. Building Management Systems (BMS), on-site solar panel, heat pump, boiler replacement, LED upgrades, leak detection, etc.
- 12 E.g. flood barriers, drainage, shading.
- 13 Where relevant.
- 14 E.g. fatalities, env disasters, cyber breaches, product recalls, litigation.
- 15 E.g. energy efficiency, cyber, third party/supply chains, permits, licenses, insurance.
- 16 E.g. concentration, at-risk suppliers/commodities, traceability.
- 17 E.g. GHG, waste, water, safety controls, audits, cyber, safety, vendors, suppliers.
- 18 E.g. fatalities, outage, cyber, regulator notification, remediation.
- 19 E.g. wastewater treatment, habitat/biodiversity management, nature-positive design.
- 20 E.g. flood defences, wildfire hardening, heat mitigation, storm resilience.

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