

# Verifier Statement

## *Independent Verification Report*

*Prepared for Nuveen: June 06, 2022*

### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>1</sup>, Nuveen engaged BlueMark to undertake an independent verification of the alignment of Nuveen’s impact management (IM) system with the Impact Principles. Nuveen’s assets under management covered by the Impact Principles (Covered Assets) totals \$9.6bn<sup>2</sup>, for the period ending 09/30/2021.

### Summary assessment conclusions

BlueMark has independently verified Nuveen Fixed Income’s extent of alignment with the Impact Principles. Key takeaways from BlueMark’s assessment are as follows:

*Principle 1:* Nuveen Fixed Income’s impact objectives are clearly defined, and its four impact themes are aligned to 14 of the SDGs. Nuveen Fixed Income elaborates on social and environmental challenges in its investment strategy and works with third-party providers to collect opinions on strategy alignment with established standards.

*Principle 2:* Nuveen Fixed Income has a clear process to manage impact achieved on a portfolio basis across its four investment themes. Each theme has direct and measurable portfolio-level KPIs and post-investment, impact data is monitored annually. To further align, Nuveen Fixed Income should link staff incentives to impact achievement.

*Principle 3:* Nuveen Fixed Income’s engagement process includes value-add activities, such as bringing innovative deal types to market. To further align, Nuveen Fixed Income should integrate a more detailed set of engagement activities into the ex-ante impact assessment process and evaluate the success or failure of contribution efforts.

*Principle 4:* Nuveen Fixed Income uses a standardized Impact Framework to assess the expected impact of investments. Potential negative impacts are identified and the team seeks to mitigate these.

*Principle 5:* Nuveen Fixed Income’s process for assessing and managing social and environmental impact is comprehensive and includes an evaluation of pre-qualification scenarios and guidance to mitigate potential negative impacts.

*Principle 6:* Nuveen Fixed Income consistently monitors the impact performance of its investments by annually collecting impact KPIs. To further align, Nuveen Fixed Income should outline a clear process for engagement should monitoring indicate underperformance.

*Principle 7:* Nuveen Fixed Income selects investments that are inherently impactful and captures potential sustained impact as part of its ongoing monitoring. Second-party opinions are leveraged to understand alignment with the Social Bond Principles and environmental credentials.

*Principle 8:* Nuveen Fixed Income has a process for reviewing the expected and actual performance of investments and systematically reports process and holdings-based recommendations for improvement on an annual basis.

<sup>1</sup> Principle 9 states that signatories “shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

<sup>2</sup> Assets under management figure as reflected in Nuveen’s Operating Principles Disclosure Statement as of 09/30/2021. BlueMark’s assessment did not include verification of the AUM figure.

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### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>3</sup>, Nuveen engaged BlueMark to undertake an independent verification of the alignment of Nuveen’s impact management (IM) system with the Impact Principles. Nuveen’s assets under management covered by the Impact Principles (Covered Assets) totals \$9.6bn<sup>4</sup>, for the period ending 09/30/2021.

### Summary assessment conclusions

BlueMark has independently verified Nuveen Real Estate’s extent of alignment with the Impact Principles. Key takeaways from BlueMark’s assessment are as follows:

*Principle 1:* Nuveen Real Estate’s fund level Theory of Change articulates its impact strategy and links its objectives to five of the SDGs. The IMP’s five dimensions of impact inform thematic priorities and due-diligence.

*Principle 2:* Nuveen Real Estate’s Impact Management Framework facilitates the assessment of impact throughout the transaction lifecycle and across investments, which are monitored annually. To further align, Nuveen Real Estate should more explicitly link staff incentives to the impact performance of investments.

*Principle 3:* Nuveen Real Estate is actively engaged with investees and contributes to impact in multiple ways, including via the development of local stakeholder partnerships. To further align, Nuveen Real Estate should more systematically track its contribution to impact and adopt practices including assessing ex-post contribution and soliciting external studies.

*Principle 4:* Nuveen Real Estate consistently assesses the expected impact of its investments by incorporating impact considerations into its sourcing and due diligence stages. A structured approach to integrating impact considerations into IC memos is taken, and the ex-ante process is aligned with market best-practice.

*Principle 5:* Nuveen Real Estate’s risk identification and management process ensures that investment sustainability is monitored throughout the holding period, including via weekly meetings to discuss ongoing ESG issues and initiatives.

*Principle 6:* Nuveen Real Estate tracks the impact performance of investments annually and monitors their positive and negative externalities. To further align, Nuveen Real Estate could adopt a more systematic approach to monitoring and develop a structured policy around investee engagement in the event of impact underperformance.

*Principle 7:* Nuveen Real Estate has a structured process to consider the sustainability of impact at and beyond exit. Upcoming exit plans are tracked and assessed annually using a standard tool. To further align, Nuveen Real Estate should develop a process to capture levers available throughout the holding period to ensure impact endures.

*Principle 8:* Nuveen Real Estate regularly reviews the impact performance of investments and outlines a strategy for revising its processes based on learnings. To further align, Nuveen Real Estate should design a formal protocol for using the findings of its review process to improve operational processes and strategic investment decisions.

<sup>3</sup> Principle 9 states that signatories “shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

<sup>4</sup> Assets under management figure as reflected in Nuveen’s Operating Principles Disclosure Statement as of 09/30/2021. BlueMark’s assessment did not include verification of the AUM figure.

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### Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)<sup>5</sup>, Nuveen engaged BlueMark to undertake an independent verification of the alignment of Nuveen’s impact management (IM) system with the Impact Principles. Nuveen’s assets under management covered by the Impact Principles (Covered Assets) totals \$9.6bn<sup>6</sup>, for the period ending 09/30/2021.

### Summary assessment conclusions

BlueMark has independently verified Nuveen Private Equity’s extent of alignment with the Impact Principles. Key takeaways from BlueMark’s assessment are as follows:

*Principle 1:* Nuveen Private Equity has clear fund-level logic models for its two SDG-aligned impact themes, Resource Efficiency and Inclusive Growth. Each transaction has a related impact thesis, including expected outcomes.

*Principle 2:* Nuveen Private Equity has a standardized process for managing impact performance and agrees KPIs at the deal level before tracking at the portfolio level. Variable staff compensation is linked to investment impact performance.

*Principle 3:* Nuveen Private Equity articulates its expected contribution to impact and tracks this post-investment. Multiples levers for contribution are employed, including dialogue with boards. To further align, expected contribution should be validated by compiling evidence of the success and failure of value-add activities.

*Principle 4:* Nuveen Private Equity has a consistent approach to the ex-ante assessment of expected impact, including deal-level impact theses and a due diligence process that leverages the IMP framework. Impact metrics are tied to industry standards, and instances where investments were not made due to insufficient impact are consistently tracked.

*Principle 5:* Nuveen Private Equity has a comprehensive approach to integrating ESG considerations throughout the investment lifecycle, viewing ESG through a materiality frame. An ESG risk exposure score is employed to identify material ESG risks and opportunities. ESG updates for portfolio companies are discussed in monthly meets.

*Principle 6:* Nuveen Private Equity monitors impact performance against expectations by setting target KPIs and developing ESG and impact plans at the deal level. Portfolio level impact data is collected and reported regularly. Impact outcomes are tracked, and investee company management are engaged in instances of underperformance.

*Principle 7:* Nuveen Private Equity has a process to assess the sustainable generation of social and environmental outcomes during due diligence and at exit. As part of this process, levers to ensure sustainability at exit are employed, including leadership, process, delivery model, and governance.

*Principle 8:* Nuveen Private Equity has a clear strategy for reviewing and documenting the impact performance of its investments, including an in-depth ESG and impact performance assessment of portfolio companies. Operational processes and impact performance are reviewed regularly, with findings used to inform subsequent changes made.

<sup>5</sup> Principle 9 states that signatories “shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.”

<sup>6</sup> Assets under management figure as reflected in Nuveen’s Operating Principles Disclosure Statement as of 09/30/2021. BlueMark’s assessment did not include verification of the AUM figure.

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### Assessment methodology and scope

Nuveen provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of April 2022. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.<sup>7</sup>

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
  - *Compliance* of the IM system with a threshold level of practice;
  - *Quality* of the IM system’s design in terms of its consistency and robustness; and
  - *Depth* of sub-components of the system, focused on completeness
2. Interviews with Nuveen staff responsible for defining and implementing the IM system;
3. Testing of selected Nuveen transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Nuveen, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

### Permissions

This statement, including our conclusions, has been prepared solely for Nuveen in accordance with the agreement between our firms, to assist Nuveen in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Nuveen to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Nuveen’s alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Nuveen for our work or this statement except where terms are expressly agreed between us in writing.

### About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit [www.bluemarktideline.com](http://www.bluemarktideline.com).

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<sup>7</sup> The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Nuveen. BlueMark has relied on the accuracy and completeness of any such information provided by Nuveen. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from Nuveen.