

Nuveen Survey: Investors Want More Information From Companies About ESG Issues

Three-Quarters Say that Considering ESG Factors Should Always be Part of the Investing Process

New York, February 2, 2023 – More than 80% of U.S. investors say that companies need to more openly communicate the risks and opportunities that shape their standing as “responsible investments” – and 73% also say they are more likely to invest in a company that shares with investors its plans for effectively managing those factors.

Those are among the key findings of Nuveen’s 7th Responsible Investing Survey. Released today, the survey tracks investors’ attitudes and behaviors regarding responsible investing.

Recent Market Volatility Drives Interest In RI Disclosure for Portfolio Risk Management

Investors are interested in the risk management attributes of responsible investing (RI). Nearly three quarters (73%) of investors say that, because of market volatility, they have been more focused on risk mitigation in the past year. Most (80%) agree they are more likely to invest in RI if they see information on how it can help mitigate risk in their portfolio.

“Management of risk is a demonstrated RI portfolio benefit, one that asset managers as well as financial advisors need to help interested investors discern even more clearly,” said Amy O’Brien, Global Head of Responsible Investing, Nuveen. “Although many investors are interested in RI’s positive impact on society, in their minds, the process of managing key ESG factors should also focus squarely on mitigating critical impediments to company performance.”

RI Options Encourage Employee Loyalty

With growing investor appreciation of RI as a mainstream, value-generating portfolio approach, the survey clearly demonstrates that employers who offer RI options through corporate retirement plans can generate considerable good will among employees, especially those who are relatively younger.

About seven in 10 (69%) investors agree that having RI options in their retirement plan makes them (or would make them) feel good about working for their employer. The sentiment is even stronger among Gen Z and Millennial investors: 95% would feel good, compared with just 56% of Gen X’ers and Baby Boomers.

Three in five investors (60%) agree that having RI options in their retirement plans makes them (or would make them) more loyal to their employer; a similar number (64%) agree that the availability of RI options makes them feel better about contributing to the plan.

Yet, there is room for even greater introduction of RI into retirement plans: About one in four investors (27%) who have access to an employer-sponsored retirement plan say their employer does not offer RI options and 16% are not sure.

“Responsible investing options are becoming a ‘must-have’ for corporate retirement plans, driven by strong participant interest in aligning investments with their values while tracking towards long-term financial goals,” said Ms. O’Brien. “Retirement plan sponsors who introduce RI options and offer education about the portfolio advantages clearly have an opportunity to build even greater appreciation and loyalty especially among employees who are early on in their careers.”

Climate Change a Key Risk Focus

Climate change looms large among the risks and opportunities on the minds of investors.

Two-thirds of investors (67%) agree that recent climate-related natural disasters have made them more interested in RI. The same percentage (67%) agree that responsible investing can lessen the impact of business risks associated with climate change.

As a result of their concern about climate risk, 61% of investors have taken some action, including 31% who have talked to their advisor or another financial professional about low carbon investments and the green energy transition.

“When it comes to climate risk, investors clearly see a connection between the problem and practical investment solutions, with most indicating they find it appealing to have the opportunity to invest in companies that aren’t heavily responsible for climate-altering carbon emissions,” said Ms. O’Brien.

A majority of investors (57%) would be interested in shifting to an investment strategy that owns only companies with net-zero carbon emissions; 62% agree that knowing the total carbon emissions generated by their investments would help them make more RI choices.

Nuveen is addressing investor interest in net-zero carbon approaches with, among other products, its recently launched [Global Net Zero Transition ETF \(NASDAQ: NTZG\)](#). The fund offers investors a way to invest in companies that have committed to carbon-reduction plans or provide technology that significantly supports climate mitigation, as well as high-carbon emitters where reduction will contribute meaningfully to real-world emissions decline. Nuveen is also working to strengthen transparency regarding ESG factors among its portfolio companies and to improve the level and consistency of ESG disclosure industrywide through regulation.

Environmental risks aren’t the only ESG factor drawing concerted investor focus: About six in 10 (62%) agree that the social unrest of the past two years has made them more interested in the “S” in ESG investments and 69% agree that companies should put even greater focus on addressing the “S.”

Investors View ESG Investing as Core Portfolio Approach

Investors’ demand for more ESG-related information from companies is paired with strong agreement that ESG investing now represents a core portfolio approach.

Nearly eight out of 10 (79%) respondents see RI as a framework that incorporates material factors not typically accounted for in traditional financial analysis. Four in five (80%) agree that investors should view RI as a long-term strategy – and 76% say that factoring in RI risks and opportunities should always be part of the investment process.

Younger investors are particularly in tune with the fundamental value of responsible investing: 92% of Gen Z and Millennial investors agree that related risks and opportunities always belong in the investment process, compared with just 68% of Gen X'ers and Baby Boomers.

“Investors recognize that a company’s management of its key ESG factors doesn’t only determine whether it qualifies as a ‘responsible investment’ – but also plays a consequential role in driving the company’s performance and prospects,” said Ms. O’Brien. “It’s clear that investors have come to view RI as a sound strategy for generating portfolio value.”

Illustrating the increasing focus on ESG management as a performance driver, nearly half of investors cite “better performance/proof of performance” (48%) as reasons they currently own or would own funds managed according to RI principles.

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Survey Methodology

The 7th Nuveen Responsible Investing survey was conducted by The Harris Poll on behalf of Nuveen among 1003 adults aged 21 and over with at least \$100K in investable assets (not including retirement or home), and who have a financial advisor and full or shared responsibility for financial decision-making for their household. The survey was conducted online in the U.S. between July 18 and August 1, 2022. The survey universe included 573 investors who said they currently own funds managed according to principles of responsible investing (RI) -- also known as ESG investing, referring to key environmental, social and governance (ESG) factors¹ that influence company results.

Data are weighted where necessary by age, gender, race/ethnicity, region, education, marital status, household size, investable assets, household income, and propensity to be online to bring them in line with their actual proportions in the population.

Respondents for this survey were selected from among those who have agreed to participate in Harris surveys. For this study, the sample data are accurate to within ±4.0 percentage points using a 95% confidence level. This credible interval will be wider among subsets of the surveyed population of interest. All sample surveys and polls, whether or not they use probability sampling, are subject to other multiple sources of error which are most often not possible to quantify or estimate, including but not limited to coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.

About Nuveen

Nuveen, the investment manager of TIAA, offers a comprehensive range of outcome-focused investment solutions designed to pursue the long-term financial goals of institutional and individual investors. Nuveen has \$1.1 trillion in assets under management as of 31 Dec 2022 and operations in 27 countries. Its

investment specialists offer deep expertise across a comprehensive range of traditional and alternative investments through a wide array of vehicles and customized strategies. For more information, please visit www.nuveen.com.

¹ The survey defined “ESG factors” as 1) environmental: dealing with climate impact, energy consumption, biodiversity, waste management and natural resource use; 2) social: dealing with employee engagement and development, labor relations, human rights practice, product safety and consumer protection; 3) governance: dealing with management structure, board accountability and independence, executive compensation, audits and internal controls and shareholder rights.

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Before investing, carefully consider fund investment objectives, risks, charges and expenses. For this and other information that should be read carefully, please request a prospectus or summary prospectus from your financial professional or Nuveen at 800.257.8787.

ETF Investing involves risk; loss of principal is possible.

Responsible investing incorporates Environmental Social Governance (ESG) factors that may affect exposure to issuers, sectors, industries, limiting the type and number of investment opportunities available, which could result in excluding investments that perform well.

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