

**nuveen**

A TIAA Company

**Nuveen Investment  
Management  
International Limited**

**2023 TCFD Entity Report**

# Contents

1. Introduction and context.....	3
2. Governance.....	5
3. Strategy.....	7
4. Risk management .....	13
5. Metrics and targets.....	15

# 1. Introduction and context

## 1.1 Purpose

Nuveen Investment Management International Limited (NIMIL) is a MiFID Investment Firm authorised and regulated by the Financial Conduct Authority (FCA).

This NIMIL TCFD Entity Report (the Report) is produced pursuant to the requirements of the FCA's Environmental, Social and Governance (ESG) Sourcebook (the ESG Sourcebook). The ESG Sourcebook sets out rules and guidance concerning a firm's approach to ESG matters. Chapter 2 of the Sourcebook (ESG 2) contains rules and guidance regarding the disclosure of climate-related financial information consistent with the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures.

The TCFD-related disclosures contained in the Report are intended to help meet the information needs of clients in relation to the climate-related impact and risks of a firm's TCFD in-scope business.

The Report contains disclosures relating to NIMIL at an entity-level. The Report should not be used for the purposes of TCFD product reporting.

## 1.2 NIMIL structure and business activities

Nuveen is a global investment leader, managing an array of public and private assets for clients around the world and on behalf of our parent company TIAA, one of the world's largest institutional investors,<sup>1</sup> a highly-rated<sup>2</sup> insurance company and a retirement provider. With diverse expertise across income and alternatives, we invest in the growth of businesses, real estate, infrastructure, farmland and forests to help make an enduring impact on our world.

The Nuveen Real Estate business (NRE) is one of the largest property investment managers in the world with \$147 billion of assets under management.<sup>3</sup> Managing a suite of funds and mandates, across both public and private investments, and spanning both debt and equity across diverse geographies and investment styles, NRE provides access to a wide range of real estate investment options. With over 85 years of real estate investing experience and more than 785 employees<sup>4</sup> located across over 30 cities throughout the United States, Europe and Asia Pacific (APAC), the platform offers unparalleled geographic reach, which is married with deep sector expertise.

NIMIL was incorporated on 4 June 1987 and is a wholly owned U.K. subsidiary of Nuveen FCACO Limited which in turn is a subsidiary of Nuveen Investment Management Holdings Limited ("NIMHL"). NIMHL is ultimately controlled by Nuveen International Holdings 2 Limited (the Group) for U.K. accounting consolidation purposes, which is itself indirectly wholly owned by TIAA in the United States. The Group is run on an integrated basis rather than the legal construct of its subsidiaries. NIMIL's strategy and business model is governed by that of the Group.

NIMIL provides discretionary portfolio management and investment advisory services, along with asset management services to other Nuveen affiliates and a number of external clients. NIMIL's regulated activities primarily relate to investment management of real estate assets (through NRE) on behalf of its professional clients.

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<sup>1</sup> Pensions & Investments, 12 Jun 2023. Rankings based on total worldwide institutional assets as of 31 Dec 2022 reported by each responding asset manager, with 434 firms responding; updated annually. TIAA is the parent company of Nuveen.

<sup>2</sup> For its stability, claims-paying ability and overall financial strength, Teachers Insurance and Annuity Association of America (TIAA) is a member of one of only three insurance groups in the United States to currently hold the highest rating available to U.S. insurers from three of the four leading insurance company rating agencies: A.M. Best (A++ as of 7/23), Fitch (AAA as of 8/23) and Standard & Poor's (AA+ as of 9/22), and the second highest possible rating from Moody's Investors Service (Aa1 as of 9/23). There is no guarantee that current ratings will be maintained.

<sup>3</sup> As of 31 Dec 2023

<sup>4</sup> Includes 385 real estate investment professionals, supported by a further 395 Nuveen employees

### 1.3 Basis of preparation

NIMIL carries out portfolio management activities in the U.K. (the TCFD in-scope business) and has assets under management of greater than £5 billion calculated as a three-year rolling average on an annual assessment.

The Report covers a reporting period of 12 months starting 1 January 2023 and is produced in compliance with the TCFD Recommendations and Recommended Disclosures. Further, NIMIL has taken reasonable steps to ensure that the relevant disclosures reflect Section C and D of the TCFD Annex (Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures).

The disclosures contained in the Report relate to NIMIL's TCFD in-scope business (portfolio management activities) and do not reflect NIMIL's entire operation. This Report considers assets belonging to clients with whom NIMIL has a contractual relationship for the provision of portfolio management services. Further, disclosures are representative of activities undertaken by NRE (as the investment manager which carries out the TCFD in-scope business of NIMIL). As such, the disclosures are not necessarily applicable across all affiliates of Nuveen, are not exhaustive nor are they intended to represent practices that are applicable to or encompass the entire diversified portfolio of Nuveen.

Clients should refer to their on-demand TCFD product reporting for more detailed and product specific information related to governance, strategy, risk management, targets and metrics. It is anticipated that NIMIL's approach to TCFD entity reporting will continue to evolve, particularly as climate-related data and quantification methodologies develop further. The quantitative methodologies adopted for the current report, together with the known limitations of those methodologies, are referenced in section 5 of the report.

### 1.4 Compliance statement

Pursuant to ESG 2.2.7, NIMIL confirms that the disclosures contained in this report comply with the requirements under Chapter 2 of the ESG Sourcebook.

NIMIL confirms that the disclosures contained within this report comply with the requirements under Chapter 2 of the ESG Sourcebook. The compliance statement is supported by NIMIL's internal controls, governance, policies and procedures as detailed in the relevant sections below and confirms compliance with the ESG sourcebook and TCFD reporting requirements.



Mike Sales

Nuveen Investment Management International Limited, Chief Executive Officer

## 2. Governance

(a) Our Regulated Boards and Investment Committee have oversight of climate-related risk management within the portfolio.

Nuveen has governance structures which support the effective oversight of climate-related issues . The NIMIL Board has ultimate responsibility for overseeing such issues, supported by oversight responsibilities at the levels of the Real Estate Investment Committees (ICs) and Real Estate Global Executive Leadership Team (GELT). The membership of the ICs and GELT includes individuals who are specialists on climate-related issues, including the regional head of sustainability and the global head of strategic insights.

Roles and responsibilities on climate-related issues are outlined in the NRE Sustainability Risk Management Framework and Procedure (SRMF). Here, 'sustainability risk' encompasses climate-related risk.

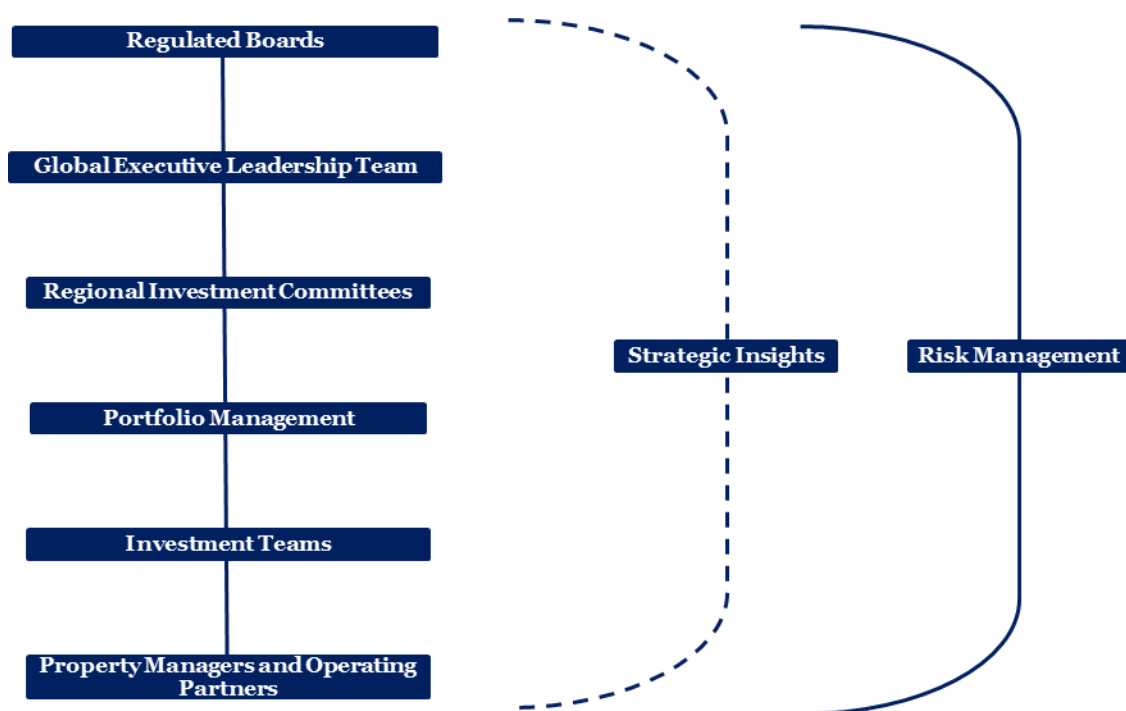


Figure 1 NRE Climate Governance Framework

<b>Regulated Boards (NIMIL Board)</b>	Responsible for the integration and approval of sustainability risk into policies and procedures and for ensuring management has adequate expertise and resources concerning the implementation of such policies and procedures.
<b>Global Executive Leadership Team</b>	Responsible for the oversight of sustainability strategy and for ensuring effective resources are in place for delivery.
<b>Regional investment committees</b>	Responsible for the ongoing review of sustainability policies and procedures and review integration of sustainability risk in investment decision making.
<b>Portfolio management</b>	Responsible for integration sustainability risk into investment decision-making, noting client tolerances, fund objectives, liquidity, time-horizon and pricing. Responsible for providing transparency to investors on Sustainability risks.
<b>Investment teams</b>	Develops and executes asset business plan items that are considered as part of the underwriting and cashflow assumptions and reviewing these plans regularly to ensure sustainability risks are addressed and implemented by property managers.
<b>Property managers and operating partners</b>	Facilitate the implementation of sustainability items within business plans, and ongoing compliance against property level sustainability risks.

<b>Strategic insights</b>	Develops toolkits and training materials for the identification of material sustainability risk during the investment decision making.
<b>Risk management</b>	Provides independent oversight on the integration of sustainability risk across the investment and report to internal senior management and Regulated Boards as required.

Members of these governance committees are kept up to date on climate-related issues via periodic updates and reporting. This includes material information on portfolio-level climate-related issues such as portfolio performance against net zero carbon standards and wider market and regulatory expectations for carbon efficiency (for example, green building standards and minimum energy performance standards). Material information also comprises portfolio-level exposure to physical climate risk hazards over the long term.

**(b) The Board delegates responsibility for assessing and managing our response to material climate-related risks and opportunities**

Investment teams are kept up to date with key climate-related market and regulatory issues and developments through the provision of training and tools. The dedicated Strategic Insights team works alongside investment teams as part of operational day-to-day activity by providing guidance and expertise on climate-related issues.

NRE actively monitors the advancement of fund strategies and mitigation plans, ensuring transparent reporting to its governance and advisory committees. This includes the IC, GELT, and Regulated Boards, fostering an environment of accountability and continuous improvement.

Furthermore, our investment risk framework outlines a comprehensive expectation for sustainability risk integration across NRE's investment activities. The Strategic Insights team plays a crucial role in informing boards about climate-related risks and opportunities, presenting formally to the GELT. This includes participating in weekly IC meetings and strategy reviews, encompassing an overview of asset performance and benchmark comparisons.

**(c) Remuneration**

Nuveen's remuneration policies take into consideration sound and effective risk management including with respect to sustainability risks and its remuneration policies do not encourage excessive risk-taking including with respect to sustainability risks. Sustainability risk is an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

### 3. Strategy

As stewards of our clients' capital, our fundamental goal is to build an investment portfolio that delivers strong risk-adjusted returns. This requires assessing risks holistically, weighing the positive and negative implications of our investments and how they could affect long-term investment value. By intentionally considering the impact of our investment strategies, we can measure the full set of results and more readily pursue the stability, diversification, financial performance and positive real-world benefits that underpin long-term value growth. This section describes how climate risks and opportunities are managed by NRE.

#### (a) We have identified the following climate related risks and opportunities over our short, medium and long term time horizons

NRE actively assesses the evolving landscape of climate-related risks and opportunities, recognising their importance in informing investment performance. NRE's transaction teams consider climate-related physical and transition risks as part of acquisition decision-making process, to evaluate potential impact on projected financial returns. The acquisition evaluation process aims to evaluate the extent to which climate-related risk can be managed through cashflow considerations and time investment horizon. As part of the IC, the committee members will review the sustainability evaluation paper prepared by the transaction team.

The NRE investment teams use climate risk toolkits to inform their transaction underwriting. From a physical climate risk perspective, the investment teams use the Munich RE Location Risk Intelligence Platform to evaluate the long-term impact of climate hazards on potential transactions for both debt and equity. For those investments identified as being at 'high' risk to climate hazards, additional technical due diligence is completed and downside scenario considered.

From a climate-related transition-risk perspective, both equity and debt investment teams at NRE are actively engaged in promoting sustainability. The equity investment teams use a net zero carbon desktop tool to evaluate investment opportunities against the Carbon Risk Real Estate Monitor (CRREM) performance benchmarks. Where possible, they also conduct technical audits to assess net zero carbon performance. The evaluation results inform investment business planning, ensuring alignment with sustainability goals.

For debt investments, an assessment of transition risk is undertaken by considering energy performance certificates and building certifications. Additionally, NRE has implemented a green loan framework across its international business to encourage borrowers to enhance the sustainability of their real estate assets. This framework positions structural loan incentives to promote measurable improvements in the sustainability impact of the buildings NRE finances or to recognise assets that outperform standard benchmarks.

Overall, NRE reviews climate-related issues periodically and updates its business plans as necessary. This includes implementing capital investment projects, adjusting pricing assumptions and making decisions regarding finance and refinancing, demonstrating NRE's commitment to sustainability and responsible investment.

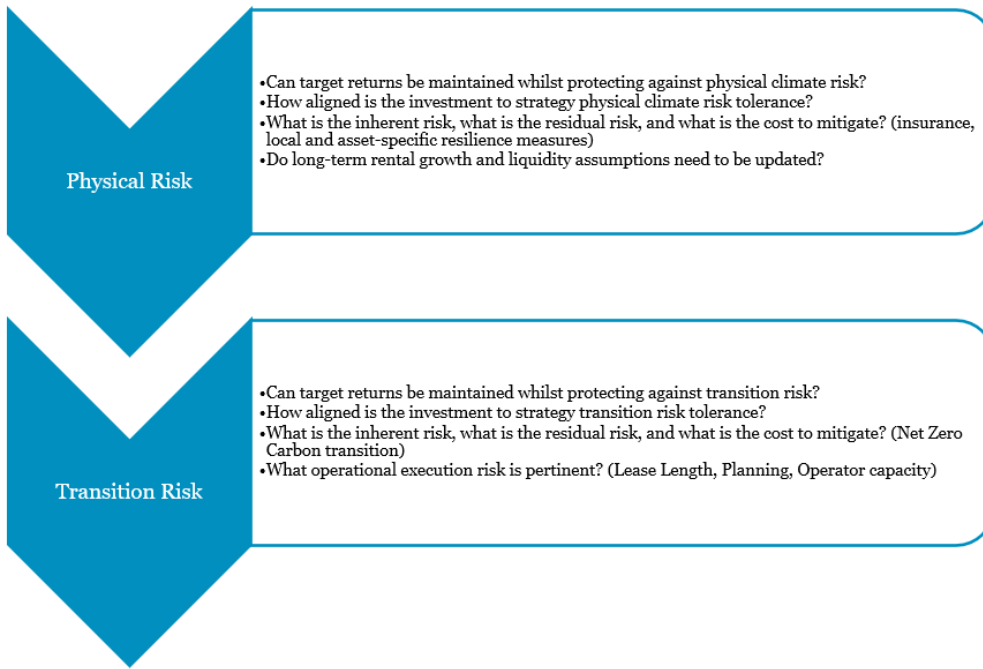


Figure 2: NRE Investment Evaluation

(b) We have assessed the impact of climate-related risks and opportunities on business strategy and financial planning.

NRE’s investment approach for integrating climate risk in the investment process is split into five key phases as shown in the diagram below.

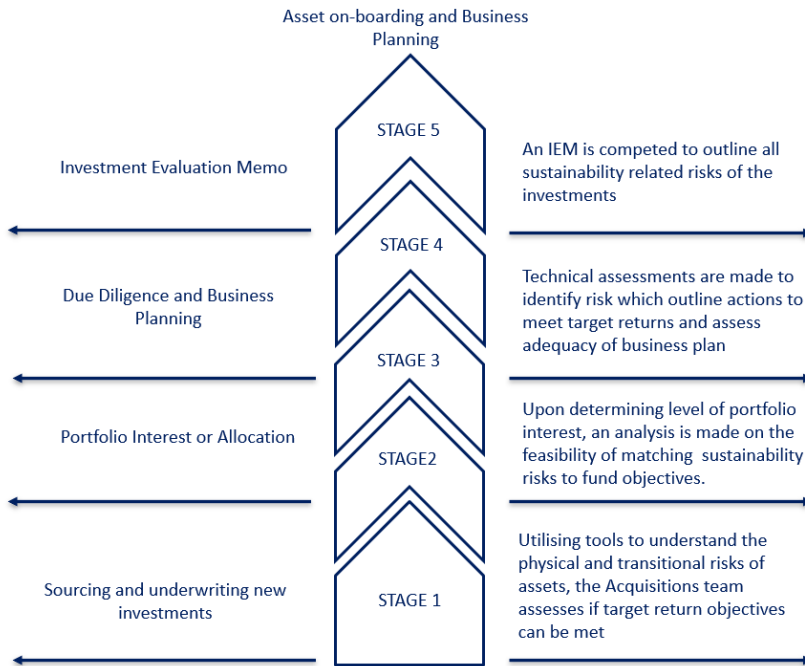


Figure 3: NRE Investment Approach

The investment approach begins with teams using climate toolkits during the initial underwriting process to identify investments with a higher climate risk. This early assessment facilitates the evaluation of investments and the formulation of pricing strategies, including assessments against various climate scenarios and benchmarks.

As the transaction moves forward, a thorough consideration of material climate risk information underpins more detailed technical due diligence efforts, such as net zero carbon audits, thereby



refining the underwriting process for progressing investment opportunities. By using tools to understand both physical and transition risks of assets, the acquisition team determines whether the investments are likely to meet the targeted return objectives. At the final stage, the IC memo evaluates the investment’s ability to mitigate climate change risks and achieve desired returns through comprehensive underwriting analysis.

**Integration of climate risk factors into equity investments**

Following an investment, the sustainability performance of equity investments is continuously monitored and managed across its lifecycle to safeguard investment returns. The key stages of this process are outlined below.



Figure 4: Asset lifecycle strategy (Real Estate equity investments)

NRE conducts climate risk assessments at both the asset and market levels to ensure a comprehensive understanding and management of climate-related risks. This approach includes evaluating energy regulations within target markets, assessing the demand for and attractiveness of net zero carbon buildings and exploring the risk and opportunity profiles specific to net zero carbon initiatives across various sectors. Additionally, Nuveen uses the Munich RE climate risk dataset to assess physical risk exposures. Based on these detailed analyses, recommendations are made to fund teams on integrating mitigation strategies into their business plans to address identified risks.

In assessing the impact of climate change on investment portfolios, NRE has explored scenarios outlined by the Network for Greening the Financial System (NGFS), including ‘orderly transition’, ‘disorderly transition’, and ‘hothouse world’. These scenarios anticipate different outcomes based on the global response to climate change:

- **Orderly transition** aims to limit global warming to 1.5°C through stringent climate policies and innovation, targeting global net zero CO<sub>2</sub> emissions by 2050. This scenario predicts a gradual increase in the stringency of climate policies, giving a 67% chance of keeping global warming below 2°C compared to pre-industrial averages. It assumes significant behavioural changes, reducing energy demand, alongside the implementation of a (shadow) carbon price and technology-induced efforts to alleviate economic system pressures to achieve the 2050 net zero target.
- **Disorderly transition** implies a delayed response, with annual emissions not beginning to decrease until 2030. This scenario necessitates the implementation of strong policies to limit global warming to below 2°C and to achieve net zero CO<sub>2</sub> emissions by 2050. This scenario foresees limited negative emissions and requires sharper emissions reductions, achieved at a higher cost and with increased physical risks, to prevent temperature rise beyond 2°C compared to pre-industrial levels.
- **Hot House World** considers a scenario where only currently implemented policies are maintained, current commitments are unmet, and emissions continue to rise, leading to high physical risks and severe social and economic disruption. This scenario fails to limit

temperature rise, reflecting a world where nationally determined contributions (NDCs) include all pledged targets even if not yet supported by effective policies.

Using the Munich RE database, which integrates Representative Concentration Pathways (RCPs) and SSPs, NRE has matched NGFS climate scenarios with the RCPs outlined in the NGFS Scenarios Technical Documentation Phase IV <sup>5</sup>.

This alignment maps the Orderly and Disorderly transition scenarios to the moderate temperature forecast of RCP2.6, projecting temperature anomalies between 1.5°C and 2°C by 2100. In contrast, the critical Hot House World scenario aligns with the high-temperature forecast of RCP4.5 by 2100, suggesting a possible exceedance of a 2°C global surface temperature rise by the century’s end. Furthermore, Nuveen has conducted an analysis of the RCP8.5 scenario projected for 2050, recognising it as a critical element in its strategic planning to identify impact to near-term direct real estate valuations.

The table below depicts the indices and scenarios used to evaluate the portfolio’s exposure to acute and chronic physical risks, underscoring that data availability for sea level rise varies from that of other hazards, as provided by Munich RE data.

Physical risk	Index	Scenarios and Timeframes
Acute	River Flood	RCP 2.6-2100, RCP4.5-2100, RCP8.5-2050
	Wildfire	RCP 2.6-2100, RCP4.5-2100, RCP8.5-2050
	Tropical Cyclone / Wind	RCP 2.6-2100, RCP4.5-2100, RCP8.5-2050
Chronic	Heat Stress	RCP 2.6-2100, RCP4.5-2100, RCP8.5-2050
	Drought Stress	RCP 2.6-2100, RCP4.5-2100, RCP8.5-2050
	Sea Level Rise	RCP 2.6-2100, RCP8.5-2100

It is critical to develop an understanding of how, where and when physical climate impacts will become financially material to an individual investment’s financial performance. We are also conscious that the transition to the low carbon economy presents both financial opportunities and risks. Effectively managing these risks and capitalising on opportunities is a key factor in creating and protecting value across the portfolio of investments. NRE is dedicated to identifying the growing opportunities that arise from a heightened climate-aware society and economy that contribute to long-term financial returns.

Risk Type		Potential Financial Impact	Opportunity	Timeframe
Physical Risk	Acute events	River Flood	Implement adaptation measures to enhance resilience to high-risk hazards. Many measures offer the opportunity to not only protect against physical damage to the asset, but also improve health and wellbeing of asset users,	Medium Term (5-10 years)
		Wildfire		
		Tropical Cyclone / Wind		

<sup>5</sup> NGFS Scenarios Technical Documentation Phase IV (2023) [https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs\\_scenarios\\_technical\\_documentation\\_phase\\_iv\\_2023.pdf](https://www.ngfs.net/sites/default/files/media/2024/01/16/ngfs_scenarios_technical_documentation_phase_iv_2023.pdf)

	Chronic events	Heat Stress Drought Stress Sea Level Rise	Increased water costs, water restrictions, business interruption, building foundation damage, reduced technology lifespan	enhance biodiversity, enhance productivity, enhance efficiency and reduce operational costs.	Long term (10+ years)
Transition Risk	Policy and Legal	Increasing Price of GHG emissions	Increased operating costs	Taking a pre-emptive approach to decarbonise assets could place the Fund as a pioneer in the industry and prevent exposure to abrupt and disruptive policy changes	Medium Term (5-10 years)
		Enhancing emissions-reporting obligations	Increased operating costs		Short term (1-5 years)
		Mandates on and regulation of existing products and services	Increased compliance costs, write-offs, asset impairment, and early retirement of existing assets due to policy changes		Medium Term (5-10 years)
		Exposure to litigation	Reduced economic activity in vulnerable markets		Long term (10+ years)
	Technology	Substitution of existing products and services with lower emissions options	Investment costs into new low-carbon infrastructure and systems, asset property and business downtime	There is an increased preference from occupiers and investors for sustainable and low-carbon buildings. Advances in smart systems and monitoring mean it is easier to only use required energy and save on utility costs.	Short term (1-5 years)
		Unsuccessful investment in new technologies	Lost capex in investments and business time that is not realised with energy savings		Short term (1-5 years)
		Costs to transition to lower emissions technologies	Increased investment costs		Short term (1-5 years)
	Market	Changing customer behaviour	Reduced revenue from decreased demand for goods/services. Reduction in capital availability	Low-carbon buildings could have the potential to command lower void rates, higher rents and improved operating profit. Capital values and liquidity would be enhanced.	Short term (1-5 years)
		Uncertainty in market signals	Reduced economic activity in vulnerable markets		Short term (1-5 years)
		Increased cost of raw materials	Increased costs of resources such as energy, water and construction materials		Medium Term (5-10 years)
	Reputation	Shifts in consumer	Reduced revenue from decreased	Achieving sustainability	Short term (1-5 years)

		preferences	demand for goods/services. Reduction in capital availability. Reduced occupier demand for properties.	certification improves the standing of the asset to a more environmentally aware consumer population.	
		Stigmatisation of sector	Lower liquidity and reduced attractiveness of assets without climate mitigation measures.		Long term (10+ years)
		Increased stakeholder concern or negative stakeholder feedback	Reduction in capital availability		Short term (1-5 years)

From a transition risk perspective, NRE conducts thorough market evaluations where it holds investments, examining indicators such as governmental commitments to low carbon pledges or the presence of building performance regulations. This evaluation is instrumental in forecasting the anticipated net zero carbon performance standards necessitated by evolving market demands and regulatory frameworks.

Furthermore, NRE has developed a ‘Green Brown’ framework for its equity investments to help it identify and manage transition risk. This framework refines the criteria to eliminate subjectivity in evaluating an investments’ capability to meet a target level of performance. It emphasizes performance metrics that indicate the likelihood of fulfilling Green Brown criteria and the thresholds necessary for classification based on measurable data. As a result, assets are systematically classified into one of six distinct tiers below, facilitating a clear and objective evaluation. This categorisation is currently only applied to the assets within the equity portfolios. NRE is currently in the process of developing a methodology that will enable its application to the investments with the debt portfolios.

- **Dark Green – Net Zero Carbon Ready:** Buildings that either currently meet or have a cost-effective business plan to reach net zero carbon within the investment period.
- **Light Green – Transition Ready:** Buildings that demonstrate high energy performance and a commitment to phasing out fossil fuels.
- **Light Grey – Pending Categorization:** data is available but does not provide sufficient evidence to confirm risk level or readiness for transition.
- **Dark Grey – Insufficient Information:** There is lack of data to assess risk level or readiness for transition.
- **Light Brown – Potential Transition Risk:** Buildings with poor energy performance or those unlikely to meet market efficiency expectations.
- **Brown – Transition Risk:** Buildings that lack a cost-effective pathway to achieve net zero carbon or to satisfy market efficiency expectations.

[c\) ESG strategy contributes towards improving climate resilience.](#)

Where appropriate, the Real Estate investment products in scope for TCFD have specific ESG strategies which contribute towards improving climate resilience. For real estate equity portfolios this incorporates a strategic focus on net zero carbon, driving performance in Global Real Estate Sustainability Benchmark (where relevant), and applying NRE’s Smart Sustainable Building Blueprint (SSBB) to identify and implement best practices which will support defensive value preservation over the long term. The SSBB framework identifies competitive features for assets in a given sector informed by market research, consumer sentiment and technological development. The SSBB is factored into

investment decisions at the time of acquisition, as well as part of annual business planning.

For real estate debt portfolios, this ESG strategy centres around the implementation of NRE's Green Loan Framework, designed to encourage significant enhancements in the sustainability and environmental impact of the properties it finances. Specifically, it supports loans on properties that exceed standard sustainability benchmarks.

Green loans feature financial incentives tied to performance indicators, such as margin ratchets that reduce borrowing costs as specific thresholds are met. Additionally, the structure of these loans may offer initial advantages, reflecting the sustainability attributes of a building from the onset of financing. This could manifest as lower initial rates or more favourable covenant terms compared to those typically available for similar assets lacking these green qualities.

## 4. Risk management

Nuveen employs a three-lines of defence approach to managing risks, including climate-related risks, in client portfolios.

Nuveen's investment teams and business management are the primary risk owners, or first line of defence.

Nuveen's investment risk management team (IRM), together with TIAA's risk management functions, is responsible for Nuveen's investment and enterprise risk management frameworks and serves as a key part of the second line of defence along with Nuveen's legal and compliance teams. IRM evaluates investment risks, including financially material climate-related risks, during regular reviews with portfolio managers. This helps to ensure that such risks are understood, deliberate and consistent with client objectives, complementing the first-line monitoring. IRM also has a dedicated climate risk oversight specialist that partners with portfolio managers, sustainability teams, risk managers and businesses to oversee climate-risks across the enterprise.

The third line of defence, Nuveen's internal audit services, operates as an assurance function. The mandate of internal audit is to objectively assess the adequacy and effectiveness of Nuveen's internal control environment to improve risk management, control, and governance processes, including those relevant to climate-related matters.

### (a) Process for identifying and assessing climate-related risks.

The identification of material transition and physical climate-related risks is a foundational step in NRE's risk management process. This step is crucial in the initial stages of sourcing and underwriting new investments. Investment teams, supported by the strategic insights team, use specific toolkits to determine if an investment is in a region susceptible to elevated climate risk.

After identifying potential risks, a detailed assessment is conducted to understand their implications on investment viability. This assessment occurs at the deal sourcing and underwriting stage, using the tools outlined in Figure 5. Discussions between the strategic insights teams, investment and portfolio management teams, under the supervision of the IC, plays a critical role in deciding whether to move forward with an investment. This stage involves evaluating the impact of risks on returns, the alignment of risk levels with property prices and considerations for the investment's maximum hold period in light of increasing risks. Further assessments are carried out through due diligence and business planning activities, which include collecting sustainability-related technical assessments to evaluate the business plan's adequacy in meeting target returns.



Figure 5: NRE physical and transition risk tools

**(b) Process for managing climate-related risks.**

Managing the identified and assessed risks involves integrating climate-related risks into the debt and equity portfolio's risk management approach and developing sustainability risk management framework at the asset-level. These frameworks are designed to effectively monitor and manage material sustainability risks, ensuring that sustainability factors are embedded into the core investment process. This collaborative effort involves the strategic insights team alongside the investment and risk management teams. Asset onboarding and business plan strategies are periodically reviewed against sustainability risks, ensuring that sustainability-related data is integrated into NRE databases and business plans are aligned with fund sustainability objectives.

**(c) Our processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**

We consider climate change within our investment risk framework and procedure. This was developed as a standalone risk framework last year to outline the procedures for the consideration of sustainability risk throughout the investment decision making in respect of the financial products which NRE manages and advises across its European and APAC business. Our integrated approach combines a top-down strategic view with a complementary bottom-up operational process.

Furthermore:

- The SSBB framework for the different real estate sectors considers the markers of a prime investment today and in the future from an ESG and technology perspective and is used to inform business planning as part of annual reviews for the real estate equity portfolios.
- NRE collaborates with industry bodies including the Better Buildings Partnership (BBP), GRESB, and INREV ESG committee to identify and contribute to the development of best practices.
- NRE's portfolio-level green lease policy includes a requirement for tenants to agree targets and strategies to improve the energy performance of the premises and for tenants to comply with regulations notified to enhance the environmental performance of the premises (only applicable to equity portfolios).
- NRE's green loan framework includes a requirement for borrowers to agree targets and strategies to improve the energy performance of the assets and comply with regulations notified to enhance the environmental performance of the assets (only applicable to debt portfolios).
- NIMIL has an internal regulatory development forum that monitors emerging regulation across U.K., EU and APAC. The purpose of this forum is for compliance advisors to alert the business to any upcoming regulation that impacts NIMIL and registered affiliates.

## 5. Metrics and targets

In this section, NIMIL outlines entity- level climate targets and metrics for its in-scope products' assets under management which are entirely real estate. The following sets out the methodology, results and limitations of an analysis performed on assets held throughout the 2023 calendar year. These assets are entirely comprised of direct real estate investments and real estate loans. Additional detail relating to product specific sustainability objectives and performance is included in the product specific investor reports

### a) Targets

NRE has a target to be net zero carbon by 2040. We believe that aiming to achieve net zero carbon by 2040 is a central tenet of enhancing and protecting the value of the investments that we manage and a key focus for our clients. Incorporating this goal into fund strategy and asset business planning enables us to take account of the evolving market demand and regulatory requirements related to net zero carbon buildings.

We manage a wide range of different strategies; some where we have full discretion and others where we act purely in an advisory capacity where final decision-making rests with the investors. In some instances, the strategies that we manage own buildings outright, in other instances they enter joint ventures or provide loans. The lifespan of investment strategies also varies. We manage a series of open-ended investment vehicles with a long-term horizon but we also manage a range of closed-ended vehicles which are due to sell all buildings well in advance of 2040. In light of these limiting factors, it has not been appropriate for all Real Estate strategies to fully adopt the 2040 target by developing detailed strategy specific pathways. Where this has not been the case, the incorporation of climate risk into investment decision making that is set out in sections 3 and 4 has still been applied.

At the asset level, there are varying degrees of control and influence over energy consumption between NRE and building occupants. For example, we have a greater ability to impact the energy efficiency of a multi tenanted building with landlord control of heating and cooling equipment than we do for an industrial warehouse building where the tenant owns and operates the central plant and machinery and procures the energy directly. In recognition of these wide-ranging circumstances, we have developed three net zero carbon personas that can be applied to our different investment strategies and asset business planning activities, and which can aid portfolio managers in managing the transition to a low carbon economy.

More information on the net zero carbon personas and interim targets is publicly available Net Zero Carbon update. <https://www.nuveen.com/global/insights/real-estate/an-updated-journey-of-the-road-to-net-zero-carbon>

More information on progress towards the target, metrics and KIPs can be found in the publicly available Nuveen Real Estate Sustainability Report:

### b) Metrics

- Third-party consultancy Verco was contracted to measure absolute and intensity Scope 1, 2 and 3 emissions across NIMIL. Where data was not available, benchmarks were used to estimate the consumption based on property type and geographic location with relevant geographic carbon factors then applied to calculate the carbon footprint.
- The emissions calculations for the calendar year 2023 adhere to the GHG Protocol, encompassing Scope 1, 2 and 3 emissions. NIMIL's emissions for Scope 1 and Scope 2 are 31,201 tCO<sub>2</sub> equivalent, and for Scope 3 are 152,676 tCO<sub>2</sub> equivalent, leading to a combined total of 183,877 tCO<sub>2</sub> equivalent in carbon emissions.
- Scope 1 emissions relate to gas or other fuels acquired by or on behalf of the building owner and typically used in central plant or common areas. Scope 2 emissions relate to electricity acquired

by or on behalf of the building owner and typically used in central plant or common areas. Scope 3 emissions relate to all energy acquired by building occupiers.

- Carbon footprint analysis has additionally been conducted by scope, investment type, country, and asset type.
- In line with the U.K. FCA disclosure requirements, the Weighted Average Carbon Intensity (WACI) of the portfolio is 58 tons of CO<sub>2</sub> equivalent per million USD of revenue, based on the annual rental income as of December 31, 2023. The limitations of WACI as an appropriate measure of carbon risk for real estate investment should be noted. Well established real estate metrics that refer to carbon risk in relation to investment floor area, are available within the wider disclosure. WACI may not be the most appropriate for gauging carbon exposure in real estate.

Table X: Overview of key climate-related metrics & incorporation into Nuveen reporting

Indicator	Unit of Measurement	2023
a) Scope 1 greenhouse gas emissions	tCO <sub>2</sub> e	1,917
b) Scope 2 greenhouse gas emissions	tCO <sub>2</sub> e	29,284
c) Scope 3 greenhouse gas emissions	tCO <sub>2</sub> e	152,676
(d) Total carbon emissions (Scope 1 + 2) adjusted by equity share of portfolio AUM (apportioned emissions)	tCO <sub>2</sub> e	27,010
e) Weighted average carbon intensity (WACI) – normalized by revenue (rental income) <sup>7</sup>	tCO <sub>2</sub> e/ \$m Revenue (rental income)	58
(f) Carbon footprint – normalized by market value <sup>8</sup>	tCO <sub>2</sub> e/ \$m AUM	2.5

### c) Methodology alignment

- Scope 1, 2 and 3 emissions have been calculated in line with the guidance from the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) and the Global Reporting Initiative (GRI).
- Energy data is collected from a number of sources. These include: automatic meters, utility bills and meter readings from property managers. Where data is missing, data has been estimated based on data already received for a property. Where no data has been received, a benchmark-based estimation has been applied. Building Energy Efficiency Survey (BEES, DEFRA and Verco) benchmark intensity values have been used.
- Benchmark-based gap-filled energy data is assigned to emission scopes as follows: If investment does not have landlord procured contracts, estimated consumption is counted in Scope 3 emissions as being controlled by the tenant. If a landlord procured contract is in place at an investment, estimated consumption is counted in Scope 1 & 2 emissions, as it cannot be assumed that the landlord does not have any operational control without explicit confirmation. All emissions arising from the debt portfolio, are classified as Scope 3, as these are applicable to the Borrower/ Sponsor.
- The WACI covers Scope 1 and Scope 2 emissions and includes no apportioning of emissions to take account of equity share. The WACI expresses NIMIL's exposure to carbon intensive investments (regardless of its equity share).
- The carbon footprint normalised by market value covers all Scope 1 and 2 emissions, adjusted by equity share of portfolio AUM.

<sup>7</sup> The WACI covers Scope 1 and Scope 2 emissions and includes no apportioning of emissions to take account of equity share. The WACI expresses NIMIL's exposure to carbon intensive investments (regardless of its equity share).

<sup>8</sup> The carbon footprint normalised by market value covers all Scope 1 and 2 emissions, adjusted by equity share of portfolio AUM



- Investment values as of Dec 2023.
- Carbon emission factors from DEFRA and IEA have been used.

**Figure 5.1: Overview of key climate-related metrics & incorporation into Nuveen reporting**

		Exposure to emissions		
		Absolute emissions	Carbon footprint	Weighted average carbon intensity
Unit		tCO <sub>2</sub> e	tCO <sub>2</sub> e/\$m AUM	tCO <sub>2</sub> e/\$m Revenue
<b>What it measures</b>	Exposure to the GHG emissions from assets		Scope 1 and 2 emissions intensity per unit of investment (apportioned to take account of equity share)	Scope 1 and 2 emissions normalised by revenue (rental income, in USD).
<b>Pros</b>	<ul style="list-style-type: none"> <li>• Standard data inputs</li> <li>• Direct connection to transition to lower carbon economy</li> <li>• Industry standard</li> </ul>		<ul style="list-style-type: none"> <li>• Standard data inputs</li> <li>• Normalises for size, allowing for comparability</li> </ul>	
<b>Cons</b>	<ul style="list-style-type: none"> <li>• Doesn't account for size</li> <li>• Incomplete data – gaps filled with estimation</li> </ul>		<ul style="list-style-type: none"> <li>• Market movements can create noise</li> <li>• Incomplete data</li> </ul>	
<b>Current NIMIL use of metric</b>	<b>Entity-level</b> absolute emissions of AUM (buildings)		<b>Entity-level</b> carbon footprint of AUM, Scopes 1 and 2	<b>Entity-level</b> weighted average carbon intensity, Scopes 1 and 2

**Figure 5.2: GHG emissions from AUM – methodological highlights**

Emissions included	Scope 1 & 2 and some scope 3
Emissions excluded	Some scope 3 (embodied carbon in developments and refurbishments, emissions from travel to and from buildings, and other Scope 3 emission that are not related to tenant energy consumption)
Asset classes included	<ul style="list-style-type: none"> <li>• Real Estate</li> </ul>
Asset classes excluded	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Data sources	Energy data is collected from a number of sources. These include: automatic meters, utility bills and meter readings from property managers. Where data is missing, data has been estimated based on data already received for a property. Where no data has been received, a benchmark-based

	<p>estimation has been applied. Building Energy Efficiency Survey (BEES, DEFRA and Verco) benchmark intensity values have been used.</p>
<p>Standards referenced</p>	<p>Scope 1, 2 and 3 emissions have been calculated in line with the guidance from the European Association for INREV and the GRI.</p>

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