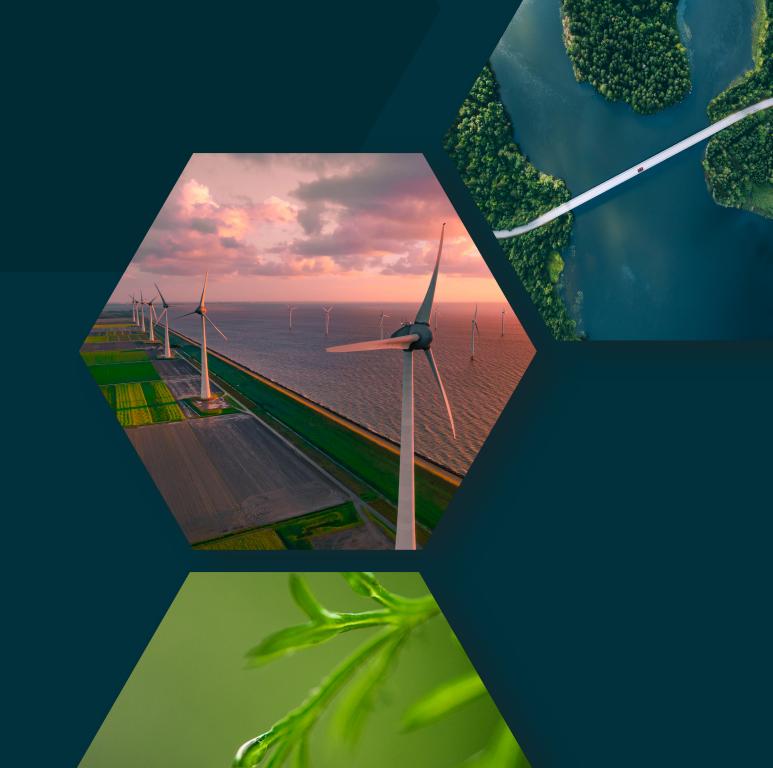
# nuveen A TIAA Company

U.K. Stewardship Code 2023 – 2024



# The U.K. Stewardship Code and Responsible Investing at Nuveen

The U.K. Stewardship Code 2020 establishes 12 ambitious Principles that set high standards for responsible investing practices on behalf of clients. In this context, stewardship is defined as the "responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society".

At Nuveen, we believe this concept to be consistent with our approach to responsible investing (RI). We implement our RI commitment through firm-level capabilities as well as through asset class specific activities based on a set of core principles: stewardship, ESG integration and, when consistent with client mandates, driving positive impact across our portfolios. As described in the rest of this report, RI is a strategic priority executed by a dedicated centralised team in collaboration with business partners across our global, diversified firm.

The updated Principles of the U.K. Stewardship Code 2026, released in June 2025 and effective from January 2026, will be applied to our next reporting.





# What's inside

#### 4 INTRODUCTION

Foreword

#### 6 PURPOSE AND GOVERNANCE

- 1. Purpose, strategy and culture
- 2. Governance, resources and incentives
- 3. Conflicts of interest
- 4. Promoting well-functioning markets
- 5. Review and assurance

#### 39 INVESTMENT APPROACH

- 6. Client and beneficiary needs
- 7. Stewardship, investment and ESG integration
- 8. Monitoring managers and service providers

#### 59 ENGAGEMENT

- 9. Engagement
- 10. Collaboration
- 11. Escalation

#### 87 EXERCISING RIGHTS AND RESPONSIBILITIES

12. Exercising rights and responsibilities

#### 101 APPENDIX

#### ABOUT THIS REPORT

This report covers activities for Nuveen, LLC during the period 1 July 2023 – 31 December 2024. References to activities before and after the reporting period are included where relevant to provide further context.

This submission covers 18 months due to a change in reporting period. Our previous report covered 1 July 2022 – 30 June 2023. Going forward, we intend to report on a calendar year basis.

Nuveen, LLC provides investment solutions through its investment specialists, including: Arcmont Asset Management, Churchill Asset Management, Gresham Investment Management, Nuveen, Nuveen Green Capital, Nuveen Infrastructure, Nuveen Natural Capital, Nuveen Real Estate and Winslow Capital.

Within this report, references to 'We' allude to Nuveen as a firm, or to the specific teams/affiliates mentioned within the relevant section.

Arcmont Asset Management is excluded from the reporting scope of this submission. Arcmont maintains its own signatory status to the U.K. Stewardship Code.

Information and case studies provided are intended to illustrate the application of the Principles of the U.K. Stewardship Code, in adherence to the requirements of demonstrating activities across asset classes. Disclosures are representative of activities undertaken by Nuveen and its affiliates, however they are not necessarily applicable across all affiliates, are not exhaustive nor are they intended to represent practices that are applicable to or encompass the entire diversified portfolio.

# Introduction

# **Foreword**

Earlier this year we launched our new brand platform, 'Invest like the future is watching', which is a reflection of both our 125+ years of experience in adapting to the constantly changing needs of investors, and our focus on long-term, generational investing.

Responsible Investing (RI) continues to play a key role in that legacy, and the principles of effective stewardship — namely that it reflects the belief that effective governance is critical to managing material risks and opportunities to achieve sustainable growth — remain a fundamental aspect of our RI programme.

#### STEWARDSHIP AT NUVEEN

Our approach to stewardship is rooted in the fiduciary duty we have to our clients. It is designed to support long-term sustainable value creation in the assets we manage on their behalf, and as experienced investors, we believe that stewardship can advance good governance, transparency, accountability and, where appropriate and consistent with client mandates, real-world impact among issuers across our portfolios. Stewardship promotes dialogue with issuers we invest in on important topics that help us understand the long-term risks and opportunities to their business, while at the same time enabling a thoughtful exercise of rights and responsibilities. It also provides us with an opportunity to have constructive engagement with other relevant stakeholders, market participants and members of the investment community. We believe that stewardship can help prioritise the best interests of our clients and support long-term value creation, making it a cornerstone of our principles on responsible investing.

# OUR COMMITMENT TO RESPONSIBLE INVESTING

We have an established record of investment activities that serve our clients' financial goals alongside enhancing the health and safety of communities, promoting affordable housing, supporting healthcare and education, and facilitating the global energy transition.

Standing in the way of predictable long-term performance is a highly dynamic environment filled with challenges to overcome and opportunities to seize for companies, investors and societies.

Through these dynamics, our role as stewards of our clients' assets remains a priority. We recognise that external events play an important role in how companies and other stakeholders react and adapt, but at the same time, we focus on what we can control and prioritise our clients' best interest in support of long-term sustainable value creation.

#### REPORTING ON OUR COMMITMENT

This updated UK Stewardship Code report is a reaffirmation of our commitment to responsible investing and aims to retain our signatory status to the Code. We will continue to set high standards for responsible investing practices and demonstrate our track record of providing clients and other stakeholders with high-quality information on our activities.

By describing our beliefs, activities and outcomes with examples and case studies,

this report outlines how Nuveen's approach to Responsible Investing and stewardship remains aligned with the Principles of the Code across our diversified global business.

We thank the Financial Reporting Council for its leadership in advancing the highest standards of stewardship practices and reporting, and we appreciate the feedback provided on our inaugural report. Incorporating that feedback and enhancing our previous disclosures, we strive to maintain high standards of responsible investing practices and continuously improve our reporting to demonstrate progress and results.

We hope you enjoy reading the insights in this report. We look forward to receiving feedback to ensure that we can continue to meet evolving expectations and continue to serve the best interests of our clients.



**William Huffman** Chief Executive Officer



**Amy O'Brien** Global Head of Responsible Investing



# Purpose and governance

Principle 1 ▶ Principle 2 ▶ Principle 3 ▶ Principle 4 ▶ Principle 5 ▶

**PURPOSE AND GOVERNANCE** 

# Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.





# **Our vision**

# Invest like the future is watching

#### **OUR STORY, PURPOSE AND VALUES**

Nuveen has been more than 100 years in the making, bringing together two of America's earliest financial institutions.

In 1898, John Nuveen founded the John Nuveen Company to create the municipal bonds that helped underwrite the building of roads, waterworks and other infrastructure that proved critical to America's rapid growth in the 20th century.

Two decades later, Andrew Carnegie's foundation created TIAA to help professors retire in dignity with lifetime income. John Nuveen and Andrew Carnegie shaped finance and investing at a time when the world was swiftly evolving — as it is today. The companies they founded had the kind of specialist knowledge and human spirit that earns and keeps clients' trust.

Our shared history culminated with the 2014 acquisition, when Nuveen became the investment manager of TIAA, one of the world's largest institutional investors,<sup>1</sup>

With diverse expertise across income and alternatives, we invest in the growth of businesses, real estate, infrastructure, farmland and forests. We believe our investments can meet our clients' needs and can help make an enduring impact on our world.

The ratings also do not apply to the safety or the performance of the variable

accounts, which will fluctuate in value.

Nuveen and TIAA's shared values represent who we are and what we stand for:

- **Be client obsessed:** make evidencebased decisions, solve problems and innovate with a relentless focus on making a difference to those we serve
- Champion our people: seek differing perspectives, provide candid feedback, operate with a curious mindset and pursue development to achieve and thrive like never before
- Lead with integrity: speak up, act intentionally and do the right thing to serve our great purpose
- Own it: take responsibility and act urgently and flexibly to deliver the best possible outcomes
- Win as one: work as one team, with an enterprise mindset, across organisational boundaries to achieve differentiated results

a highly-rated<sup>2</sup> insurance company and a retirement provider. Nuveen is now a global investment leader, managing an array of public and private assets for clients around the world and on behalf of our parent company.

<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 all four leading insurance company rating agencies: A.M. Best (A++ rating affirmed as of July 23, 2025), Fitch (AAA rating affirmed as of August 26, 2024), Standard & Poor's (AA+ rating affirmed as of May 29, 2024), and Moody's Investors Service (Aa1 rating affirmed as of May 21, 2025). There is no guarantee that current ratings will be maintained. The financial strength ratings represent a company's ability to meet policyholders' obligations and do not apply to variable annuities or any other product or service not fully backed by TIAA's claims-paying ability.

<sup>1</sup> Pensions & Investments, 16 Jun 2025. Rankings based on total worldwide institutional assets as of 31 Dec 2024reported by each responding asset manager, with 369 firms responding; updated annually. TIAA is the parent company of Nuveen.

#### OUR STRATEGIC INVESTMENT APPROACH

At Nuveen, we invest like the future is watching.

With a responsibility to thousands of institutions and financial advisors representing the interests of millions of people around the world, we work hard every day to generate reliable returns that build financial security for them. But we do it with a focus on the future that drives our ambition to innovate and adapt to the constantly changing needs of investors — all in pursuit of delivering long-term performance for the clients and communities we serve.

We succeed when our clients do, and that success comes from three key tenants about who we are as a firm, and how we operate:

We're reliable, with more than 125 years of experience navigating markets, backed by the stability of our parent company, TIAA. Working together with clients, we provide outcome-focused investment solutions built on our differentiated capabilities from public-to-private that continue to meet the needs of our clients and generate long-term value.

We're accessible, offering a breadth of solutions and connection with the professionals behind our strategies. Our investment specialists offer deep expertise across traditional and alternative investments through a wide range of vehicles and customised strategies that are designed

to help investors manage the risks posed by uncertainty and market volatility.

We're forward-looking, anticipating the needs of future generations while building solutions to support them for the long term. From anchoring impact bonds to producing natural capital balance sheets, we continue to stand at the forefront of sustainable finance innovation, investing responsibly on behalf of clients who demand it, and prudent investment management that requires it.

At Nuveen, we believe we are well-positioned to manage risks and opportunities in our investments while creating long-term, sustainable value. As they have for more than a century, our practices will continue to advance and take on new forms to ensure that we're always able to meet evolving client expectations and market developments.

## OUR HISTORY IN RESPONSIBLE INVESTING

Our parent TIAA's history of responsible investing (RI) spans across half a century.<sup>3</sup> It provides us with a strong foundation on which we continue to build out our environmental, social and governance (ESG) integration principles, stewardship practices and impact frameworks across our U.S. \$1.3 trillion in assets under management.<sup>4</sup>

At Nuveen, responsible investing seeks to drive better outcomes for investors and, when consistent with client mandates, our communities and the planet. When embedding ESG factors into investment research, due diligence, portfolio construction and ongoing monitoring across asset classes, we seek to improve clients' long-term performance, identify potential risks and uncover opportunities for investors.

Nuveen's commitment to responsible investing transcends near- and long-term goals and has been effectively imbedded across our firm's growth and brand strategy as evidenced by our unique mix of global investment capabilities and strong market position across global markets. Over the last decade, much of Nuveen's growth activity has centred on adding investment capabilities that rely on responsible investment practices and/or an underlying investment thesis to drive stakeholder value. Some of these investments include timberland, farmland, affordable housing, green financing and clean energy.

#### ENABLING EFFECTIVE RESPONSIBLE INVESTMENT

As described in the rest of this report, Nuveen has enacted a strategic and deliberate plan over the years to enable, enhance and evolve an effective RI strategy. For example, during the reporting period, Nuveen continued to invest in our RI business, focused on accelerating foundational initiatives to scale our impact across the firm and the broader market, such as: updating our Policy statement on responsible investing; enhancing our RI data and technology infrastructure; optimizing our integrated RI operating model; accelerating innovation across our sustainable investment capabilities.

In addition, training, learning and skill building activities are key enablers of our focus on clients, our RI strategy and our overall culture. New employees in the U.S., Europe and India, for example, attend an in-person orientation programme called Nuveen 101. During this three-day programme, employees across departments and experience levels undertake training on different areas of the organisation.

New joiners attend sessions to learn about Nuveen's clients and business model, the relationship between Nuveen and the parent company TIAA, and the strong history and practice of RI at both firms — many of which are facilitated by our most senior leaders.

New sales professionals and advisor consultants also undergo an in-depth onboarding programme. Conducted over multiple weeks, these sessions cover a variety of topics and include a dedicated module on our RI beliefs and capabilities.

<sup>3</sup> We consider the shareholder proxy voting activity that TIAA conducted in the 1970s as the start of this history.

<sup>4</sup> As of December 2024. Nuveen assets under management are inclusive of underlying investment specialists.

# PUTTING THE CLIENT FIRST AND INVESTING ALONGSIDE OUR CLIENTS

We believe the best business decisions prioritize what is best for our clients. By maintaining this client-first focus, we help investors achieve both their immediate and long-term investment objectives.

When we invest alongside our clients, we create natural alignment of interests. This partnership approach enables portfolios to perform more effectively because managers and clients share the same goals and incentives.

Our ability to deliver outcome-based solutions for institutional clients stems from three key strengths: our shared legacy of service with our parent company TIAA, our collaborative partner approach, and our distinctive investment platform. Together, these elements form the foundation of how we serve our clients' needs.

Nuveen has established an investment specialist model to create value for clients by combining the scale and infrastructure of a large asset manager with the expertise of investment specialists across asset classes. Within fixed income, equity, real

estate, real assets and multi-asset solutions, dedicated investment specialist teams focus on achieving successful portfolio outcomes. The platform also provides the opportunity to enhance the client experience by creating dedicated points of contact and lasting partnerships with clients.

As of June 2025, Nuveen maintains leading performance with 76% of our actively managed fund assets performing in the top third of their peer group (i.e., receiving Morningstar's 4 or 5 star rating). 86% of Nuveen's AUM rated 4 or 5 star also have an average or above sustainability rating from Morningstar.<sup>5</sup> We believe these ratings demonstrate the strength of our investment practices and our focus on seeking to deliver outcomes that meet our clients' needs.

In addition, Voice of Client<sup>6</sup> survey shows that we score well on important client expectations such as 'good reputation for reliability and performance', 'are extremely responsive and get back promptly' and 'offer low reputational and operational risk'.

**Principle 4 on page 23** provides further information on our responsible investing strategies to meet client needs.

**Principle 6 on page 42** outlines our investment capabilities across asset classes.



<sup>5</sup> Internal Nuveen analysis. Please refer to Morningstar methodology for star ratings. Awards and ratings should not be considered a recommendation.

<sup>6</sup> Nuveen's Voice of Client survey is an annual anonymised survey covering both wealth and institutional client channels executed by a third party firm.



# Principle 2

Signatories' governance, resources and incentives support stewardship.



## ENTERPRISE GOVERNANCE STRUCTURE

The TIAA Board of Governors are responsible for defining the mission of TIAA, overseeing TIAA's business strategies and performance in consultation with the CEO and management, reviewing policy issues affecting TIAA, overseeing matters that could threaten the general reputation of TIAA, electing the members of the TIAA Board of Trustees, filling vacancies by appointment and approving amendments to TIAA's charter and bylaws.

The TIAA Board of Trustees is currently made up of 13 independent trustees, plus TIAA's CEO and president, who oversee the management of TIAA. The TIAA Board of Trustees reviews and discusses reports on the performance of the company, its lines of business, plans and prospects, and addresses long-term strategic issues facing TIAA's businesses.

It safeguards the financial condition of the company by providing strategic guidance, approving risk appetite, determining investment policies and approving certain investment decisions, monitoring performance and providing oversight regarding the design and implementation of the enterprise risk management, compliance and internal control frameworks. This includes:

- 1. Reviewing, monitoring and approving business strategies and major corporate actions, including acquisitions and the launch of major lines of business and products, within the context of the company's risk appetite.
- 2. Reviewing management's assessment of major risks facing the company and associated mitigation plans.
- 3. Selecting, evaluating, and compensating the CEO and engaging in succession planning for the CEO role.

- 4. Providing counsel on the selection, evaluation and development of, and approving the compensation of members of executive management and principal officers.
- 5. Preserving the reputation of the company, the integrity of its employees and the assets entrusted to the company.

The TIAA Board of Trustees has seven standing committees: Audit; Corporate Governance and Social Responsibility; Executive; Human Resources; Investment; Nominating and Governance; Risk and Compliance. These committees meet frequently and shape TIAA policies. They oversee operations and propose actions to the full board.

As a subsidiary of TIAA, Nuveen's governance is embedded in the enterprise governance structures, including with specific oversight and accountability for responsible investing.

#### OUR GOVERNANCE FOR RESPONSIBLE INVESTING

Our clients expect us to be intentional stewards of their investments. As a result, we take a thoughtful approach to RI governance, including periodically reviewing our structure against client, market and business expectations.

We have established a governance matrix that extends across our programme to oversee, develop and implement strategic RI activities. We have sought to integrate RI oversight into existing governance bodies, reflecting the role RI plays alongside business considerations. We periodically review our governance structures against client, market, regulatory and business expectations.

Nuveen's RI governance structure is organized around three pillars:

- 1. Board oversight
- 2. Management accountability
- 3. Cross-functional implementation

#### 1. Board oversight

In recognition of the cross-functional nature of RI activities, the TIAA corporate board and, with respect to certain activities, various fund boards have oversight of Nuveen's RI strategy and execution. As part of their oversight responsibilities, different boards and/or committees thereof may, with respect to the assets that they oversee, generally:

- Review overall investment management philosophy and approach with respect to RI
- Oversee management and/or provide instruction to management regarding their execution of RI strategies and programs, including any applicable ESG integration efforts, engagement and proxy voting activities, and impact investing





 Monitor, receive periodic reporting, consult with management and advise or provide instructions, as deemed appropriate, on RI developments, issues, trends and regulatory matters that may affect the business, operations and/or interests of the entity.

#### 2. Management accountability

TIAA's leadership team as well as
Nuveen's Executive Management Team
(EMT) provide accountability for our RI
programme. Nuveen's CEO is a member of
the TIAA leadership team. The Executive
Vice President and Global Head of
Responsible Investing is a member of
Nuveen's Executive Management Team and
reports directly to Nuveen's CEO.

Nuveen's EMT is ultimately responsible and accountable for setting and executing the RI strategy. Management meets regularly, with quarterly meetings dedicated to reviewing business unit performance, coordinating on risks and issues and providing crossfunctional updates.

As with other functions, we have sought to design RI programmes that:

- Credibly integrate RI oversight into existing bodies, reflecting the role RI plays alongside business considerations
- Enable us to identify and address gaps as needed with RI-led governance bodies, in concert with other key stakeholders

The Nuveen RI team administers the firm's RI programme under the leadership of the Global Head of Responsible Investing, who is a member of Nuveen's Global Investment Committee (GIC). The GIC brings together the most senior investment leaders from across the firm and draws from Nuveen's specialised investment affiliates as well as the firm's experts in asset allocation and RI.

# 3. Cross-functional implementation

Multiple working groups and committees are responsible for implementing strategic initiatives related to RI. These crossfunctional bodies are comprised of senior management from relevant business units, including leadership and/or representation of Nuveen's RI team.

Areas of execution include corporate sustainability programmes, climate risk management, commercial positioning, products and services, operational considerations, reporting and communications, commitments and regulatory requirements.

# Figure 2.2: Our RI programme has a robust and intentional governance matrix that extends across RI's entire strategic value chain

MANAGEMENT	COMMITTEES

#### FIRM-LEVEL ESG STRATEGY TIAA Executive Committee

- Quarterly RI updates integrated within Nuveen's TIAA business review presentation
- Ad hoc RI updates
- Ongoing oversight on RI's TIAA strategic initiatives

#### BUSINESS UNIT ESG STRATEGY & EXECUTION

#### **Nuveen Executive Management Team**

- Quarterly RI business updates in Nuveen's Quarterly Business Reviews (including accountability for strategic spend)
- Ad hoc RI deep-dives

#### BOARD COMMITTEES

#### TIAA Corporate Governance and Social Responsibility

- TIAA Corporate Governance and Social Responsibility
- Direct oversight for the enterprise ESG strategy and the Responsible Investing programme
- Committee administered and owned by the RI team
- Quarterly RI updates with a biennial TIAA Board retreat focused on RI strategy and education
- Additional mandates for RI to present to the TIAA IC and other committees (compliance, nom & gov, etc.)

#### **CROSS-FUNCTIONAL OVERSIGHT BODIES**

#### ESG Council

- Oversight on firm-level RI strategy, commitments and brand/marketing
- Direct BAU engagement with all departments touching ESG-related functions through the Deputies Group
- Co-chaired by RI and TIAA COO and administered by RI team

#### **International Operating Group**

- Oversee Nuveen's international business strategy focused on business planning and go-to-market strategies
- RI representation in quarterly/monthly steering groups

# RI PRODUCTS, SERVICES & BUSINESS AS USUAL DELIVERY/EXECUTION

#### Internal Committees

• Various committees created as needed across product, services, etc.

#### **Nuveen and TIAA-CREF Fund Boards**

- Annual RI strategy deep-dives/quarterly product suite updates
- · Ratification of RI policies
- Additional mandates for RI to present regular strategy updates to the UCITS board

#### **Nuveen Product Committee**

- Formal charters/policies available
- Integrated RI oversight embedded in policies/procedures/documentation
- RI representation across public, private and executive committees



#### RESPONSIBLE INVESTING TEAM

Nuveen aims to have a globally consistent RI approach, tailored based on the needs and maturity of each asset class. The centralised RI team, comprised of more than 30 roles, is a key driver of our approach. Collaborating across Nuveen and TIAA, the RI team is responsible for regular RI education of investment teams, facilitating knowledge sharing across asset classes, driving active ownership, enabling ESG data/technology/investment tools and ensuring consistency in the deployment of our RI activities.

Due to the ever-evolving nature of responsible investing, Nuveen's RI leadership team and various oversight bodies, including the Nuveen Executive Management team, regularly evaluate the resourcing model supporting Nuveen's RI activities across business functions.

During the period, we continued to evolve our central RI team resources across four functions. We established the Nuveen Climate Center of Excellence to better align our brand, investment processes and products with rising climate expectations in the financial sector. Our leading Stewardship and Integration programmes were combined into one team, while our growing data and technology resources moved under the central Business Strategy & Management function. Within our Global Client Strategy area, we continued to enhance our global footprint with new positions in

London focused on enhancing our market leadership, brand and client services around sustainability.

These enhancements allow us to continue to develop innovative solutions for the dynamic challenges investors face. In addition to the four functions, the RI team forms working groups that consist of subject matter experts as needed.

## APPROPRIATELY RESOURCING RESPONSIBLE INVESTING

Given nuances of RI practices across asset classes, Nuveen's teams have opted for an embedded RI specialist model across real assets and private markets.

Nuveen's RI structure allows the firm to implement a unified policy and processes via a "central strategy, local ownership" model which strengthens accountability, ownership, effectiveness, ability to scale and credibility. Across Nuveen and its affiliates, over 70 full-time employees are dedicated to executing Nuveen's RI efforts, including over 30 in the centralised RI team. Including investment professionals (e.g., portfolio managers, researchers, client portfolio managers) and distribution partners focusing on RI strategies, over 110 employees across the firm are responsible for delivering Nuveen's RI capabilities to clients. In addition to the central RI team, implementation and execution are supported by embedded subject matter experts across investment teams, marketing, product and distribution, and business enablement functions such as legal, risk, compliance and technology.

RI team members and embedded experts come with a range of diverse personal and career backgrounds and different levels of experience, as well as a variety of academic degrees and professional qualifications relevant for their roles. Relevant skills and experiences include finance, business management, investment management, product strategy, public policy, law, ESG research, data and technology, science, sustainability and communications,

among others. We believe that all of these are important components of a robust RI programme, contributing different perspectives that, taken together, enable strong execution of RI strategy across a global, diversified organisation.

RI team members and business partners are dedicated to levelling up throughout the year, growing alongside each other as practitioners, engaging with industry leaders and attending events focused on key areas relevant for their roles.

Leaders on the RI team had an average of 15 years' industry experience as of August 2025, and over 60% are women.

Figure 2.3: Responsible investing focus areas

RESPONSIBLE INVESTING FUNCTION	FOCUS AREAS
Climate centre of excellence	<ul> <li>Centralised hub for Nuveen's climate vision, focused on accelerating the alignment of our research and investment process with risks and opportunities around climate themes</li> </ul>
Stewardship and integration	Asset class/sector specialists advancing integration and stewardship efforts with investment teams via ESG frameworks, ratings, research, data and proxy voting activity*
Global client strategy	<ul> <li>Product and client strategists and marketing/thought leadership experts dedicated to advancing Nuveen's RI global capabilities and driving Nuveen's go-to-market strategy for our global client base</li> </ul>
Business strategy and management	<ul> <li>Dedicated functional leads (data, technology, business governance) responsible for ensuring a cohesive enterprise ESG strategy and execution/coordination across TIAA and Nuveen business engines</li> </ul>

<sup>\*</sup> Nuveen considers ESG integration to be the consideration of financially material ESG factors within the investment decision making process. Financial materiality and applicability of ESG factors varies by asset class and investment strategy. ESG factors may be among many factors considered in evaluating an investment decision, and unless otherwise stated in the relevant offering memorandum or prospectus, do not alter the investment guidelines, strategy or objectives. Select investment strategies do not integrate such ESG factors in the investment decision-making process.



#### **NUVEEN'S CULTURE**

Nuveen aspires to have a workplace culture where everyone feels valued and respected, and has a sense of belonging. Our nearly 3,800 employees bring individual voices, perspectives and experiences to work every day. Creating this kind of environment puts the firm in a position to attract and retain the industry's best talent, which is essential to delivering exceptional results for our clients.

Nuveen pursues a range of initiatives that foster our values and culture across our global workforce.

- Comprehensive recruitment strategies that attract top talent from a wide range of backgrounds, providing equal opportunity for all qualified candidates, including engagement in youth education programmes and organisations that promote social mobility and careers in investment management.
- Investments in our people at every stage
  of their careers with learning, mentorship,
  professional and leadership development
  programmes that build capability,
  confidence and connections across the
  business, addressing areas including
  skills development, career progression
  and mobility.

- Business Resource Groups (BRGs) Nine U.S. and five international BRGs, which are catalysts for building an environment in which everyone can belong, provide professional development, mentorship and networking opportunities, community outreach and philanthropic activities, as well as programmes that promote multicultural awareness.
- Global partnerships with organisations that are developing future business leaders, expanding educational and career opportunities for all and driving industry thought leadership, such as Black Women in Asset Management (BWAM), Bright Network, Girls Who Invest, the Diversity Project and Inclusive Employers.
- Community impact programming and worldwide employee volunteer initiatives augment the broader focus on our culture and values, a key focus of which is helping first-generation students with access to college, college persistence and career entry.
- Industry benchmarking, which provides us with insights on where we fall short of market leading practices, allowing us to make improvements.
- A long history of offering competitive benefits to prioritise the well-being of employees and their families along four well-being pillars: mental, physical, social and financial.

## PERFORMANCE MANAGEMENT AND INCENTIVES

At a firm level, talent and performance management includes an annual variable compensation programme for eligible employees. The organisation is committed to a pay-for-performance philosophy, and variable compensation is based on multiple firm- and individual-level factors.

Variable compensation is determined by certain criteria and performance targets, which could include RI/ESG-related goals and/or references to role-specific scorecards (inclusive of RI/ESG-related goals). If applicable and relevant for the role, RI/ESG-related goals are incorporated into performance reviews and compensation.

Measurement against goals typically takes the form of key performance indicators (KPIs) or outcomes-based objectives. Within key business areas like investments, research and responsible investing, RI/ESG-related goals are cascaded and customised to reflect individual contributions toward the goal.

For the RI team, performance and variable compensation programmes are tied to executing and delivering on the firm's RI strategy, which is an integral part of Nuveen's overall business strategy and a key dependency to firm-wide results. Overall goals are measured with specific objectives and KPIs, which are cascaded to each team member for role-specific customisation.

To ensure a cohesive firm-wide approach, the RI team also coordinates across other Nuveen business lines on embedded RI- and ESG- related goals. This often takes the form of joint project and resources planning, leading to cross-functional execution against a centralised RI strategy.

An ESG performance goal is included in the Nuveen Real Estate talent and performance platform and cascaded down to employees. The goal is tailored to each job function and refreshed annually. Each employee is responsible for tailoring their ESG goal and metrics accordingly and these are reviewed by their manager. For example, portfolio managers are asked to consider the ESG strategy for the funds/portfolios they are responsible for, with regard to industry standards, market expectations and client requirements. This may, for instance, translate into a net zero carbon-focused objective. Performance against objectives is reviewed as part of the annual talent performance cycle.

Performance and variable compensation programmes across Nuveen equities and fixed income teams may include goals related to RI and ESG which are cascaded as relevant and applicable. While expressions of these goals may vary by individual teams, goals are broadly related to delivering on continuous improvements on various ESG integration practices and initiatives, enhancing client-led ESG capabilities, and supporting clients and investment teams with advanced ESG data, analytics and reporting.



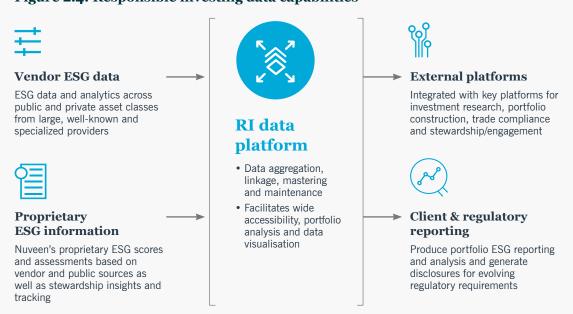
#### SUPPORTING SYSTEMS, PROCESSES, RESEARCH AND ANALYSIS

Nuveen's ESG integration activities are supported by both proprietary data and technology solutions as well as external service providers. Third-party ESG data is used as an input to investment research, product development, engagement and proxy voting activities, and client and regulatory reporting. We leverage service providers' and data vendors' expertise to complement our in-house responsible investing capabilities, ensure our activities are well-resourced and provide extensive

coverage of ESG data types across diverse asset classes for investment teams to make well-informed decisions.

The RI team uses a diverse array of data sets and technology solutions such as third-party data ratings, raw ESG metrics, geospatial and AI-based assessments to create meaningful insights from a dynamic and expanding world of data. The team uses a number of platforms, including our inhouse Responsible Investing Data Platform (RIDP) which was launched in 2018 to aggregate data from a wide range of internal and external sources.

Figure 2.4: Responsible investing data capabilities



In addition to RIDP, we use investment research terminals such as Bloomberg and FactSet to make ESG information broadly accessible and to support holdings and portfolio-level analysis and decision-making. The availability of third-party data and our proprietary scoring models provide investment analysts with the tools to assess ESG risks and opportunities for an issuer or asset when relevant for the specific strategy.

The team continues to build out enhancements to our capabilities as well as introduce new technology to support our ESG and stewardship practices. Examples include expanding and further automating portfolio-level ESG analytics to better facilitate investment research and client reporting, integrating new data sets with investment research platforms and taking advantage of latest available solutions to improve RI processes, ease of access and data integrity.

As described in the case study under Principle 8, during 2024 the RI team worked with a third-party vendor to implement an enhanced issuer engagement tracking platform, enabling more accessible and systematic reporting of engagement activities and outcomes.

Please refer to Principle 7 on page 48, Principle 8 on page 56 and Principle 12 on page 88 for further information on our systems, processes, research and analysis as well as on how we work with service providers.

#### REFLECTING ON EFFECTIVENESS

We believe that the overall governance, team organisational model and available resources performed appropriately during the period to deliver on our goals. As needs arise, we consider which changes may be required to ensure design and resourcing remain fit for purpose.

For example, as mentioned in the previous sections, during the period we evolved and reorganised our central RI team resources across four functions, and added roles in London. We also continued to augment our data and technology capabilities, including onboarding a new engagement tracking platform.

We believe these enhancements allow us to continue to develop innovative solutions for the dynamic challenges investors face and better respond to client needs and priorities.

Internal review and assurance activities, and external assessments and benchmarking provide useful insights and independent views on the effectiveness of policies, processes and procedures, with opportunities to implement improvements. We also seek to remain in tune with market dynamics and appropriately respond to evolving market conditions and client needs.





# Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.



#### CONFLICTS OF INTEREST POLICY

Nuveen is committed to honesty and fair dealing and is mindful of avoiding potential conflicts of interest regarding business ethics and integrity. It is our policy to protect the interests of each of our clients and to place the client's interest first in every situation.

These commitments are articulated in the firm's Code of Business Conduct, which every employee acknowledges annually. This is also supported by mandatory frequent training of all employees.

Nuveen maintains robust controls related to all trading, transactions, operational processes, proxy voting and various activities related to ethics, including personal securities transactions, material non-public information, gifts and entertainment and outside business activities. These areas are supported by written policies and a substantive governance framework.

The firm's responsibilities include, but are not limited to, providing full and fair disclosure of all relevant facts and any potential or actual conflicts of interest, a duty of loyalty and good faith, safeguards for the privacy protection of client records and information, and seeking best execution of all client transactions.

Nuveen's employees are obligated to avoid actual or potential conflicts of interest wherever possible and to fully disclose all facts concerning any conflict that may arise. When there are questions regarding a potential conflict, employees are advised to seek guidance from their supervisor, the Nuveen Ethics Office and/or their Compliance or Legal Officer(s) before any action is taken. Nuveen has adopted policies and procedures to address and mitigate such conflicts should they occur.

By way of representing Nuveen's policy framework for management of actual or potential conflicts of interest, we have set out descriptions of certain conflicts that may arise in the context of Nuveen's public markets business (at present U.S.-based) and private markets business (with a focus on the management of conflicts in relation to real estate) and provided selected examples of the policies and controls which Nuveen maintains to ensure that clients' interests are always put first.

Similar policies and controls are in place across Nuveen's other business lines and affiliates. The details of those policies and controls will vary between Nuveen affiliates and business lines as necessary to reflect the regulatory and legal framework and business context.

#### **DESCRIPTION**

#### Aggregation and allocation of investment opportunities

The adviser may determine that investment opportunities, strategies, or particular purchases or sales are appropriate for one or more client accounts, but not for others, or are appropriate but in different amounts, terms or timing than is appropriate for other client accounts. The amount, terms or timing of an investment by a client account may differ from, and performance may be lower than, investments and performance of other client accounts.

#### Allocation of real estate investment opportunities

The adviser manages pooled investment vehicles, joint ventures, funds and separate accounts investing in real estate and real estate related assets. These accounts may have overlapping investment strategies that could create conflicts of interest. It is a regulatory requirement for a fair and equitable solution. It is the policy of the adviser to allocate investment opportunities that fit the investment strategies of more than one account on an impartial basis and treat all clients fairly.

### EXAMPLE OF POTENTIAL CONFLICT OF INTEREST

The adviser could favour certain types of client accounts over others (e.g., performance-based fee accounts, proprietary accounts or accounts with higher asset-based fees).

Real estate products could have competing mandates for limited investment opportunities. Real estate opportunities are allocated on a strict rotational basis unless the Investment Allocation Committee (IAC) determines a deviation from the rotation that will result in a more fair and equitable outcome, taking into account the totality of the circumstances. Assets are allocated according to the account at the topmost position of the rotation as it relates to competing mandates.

#### **KEY MITIGATING CONTROLS**

Allocation methodologies built into order management systems; rigorous oversight process regarding non pro rata allocations of bunched orders; policy exceptions approval process; order size limitations for tax-exempt municipal new issues; performance dispersion analysis of client accounts in similar mandates; compliance surveillance; employee training.

#### POLICIES

- · Equity trading policies and procedures
- IPO and secondary offering allocation policy
- Multi-asset class/portfolio strategy and solutions policy
- Municipal bond trade allocation policy for secondary offerings
- New issue municipal bond allocation policy
- Taxable fixed income securities and derivatives trading policies and procedures
- Side-by-side management of accounts policy

0

DESCRIPTION	EXAMPLE OF POTENTIAL CONFLICT OF INTEREST	KEY MITIGATING CONTROLS	POLICIES
Best execution  The adviser has an obligation (also under the regulatory system) to seek to obtain "best execution" of clients' transactions, under the circumstances of the particular transaction.	The adviser could place trades with executing brokers based on factors advantageous to the adviser, such as to compensate a broker-dealer for promoting or selling mutual fund shares of proprietary funds managed by the adviser.	Quarterly third-party transaction cost analysis reviews; rigorous committee oversight, including by the adviser's best execution committees; compliance surveillance; employee training.	<ul> <li>Equity best execution policy</li> <li>Best execution transaction monitoring and testing</li> </ul>
Transaction errors  The adviser shall at all times seek to resolve transaction errors in the best interest of client accounts so that the impacted client account is restored to its original position.	Requesting a broker-dealer to absorb the cost of a trade error in return for increased trading and commissions.  Unreported and/or unresolved transaction errors resulting in detriment to a client's account which is advantageous to the adviser.	Rigorous committee oversight and transaction error correction process; compliance surveillance; employee training.	Transaction error correction policy and procedures
Multi-hatted personnel  Certain investment personnel of the adviser perform investment- related activities, specifically making, participating in, or executing investment decisions on behalf of the adviser and one or more of its affiliates.	When providing services to various clients of multiple affiliates, multi-hatted personnel face trading sequencing and allocation opportunity conflicts. These conflicts are similar to the conflicts they face in providing services to various clients of a single investment adviser.	Robust approval process for proposed multi-hatting arrangements; electronic communications monitoring; employee training. Compliance surveillance of investment teams' personal trading; restricted list oversight.	<ul> <li>Sharing employees among U.S., Registered Investment Advisers</li> <li>Nuveen investment and proxy information barriers policy</li> </ul>



DESCRIPTION	EXAMPLE OF POTENTIAL CONFLICT OF INTEREST	KEY MITIGATING CONTROLS	POLICIES
Transactions with affiliates  The adviser is affiliated with other registered investment advisers and may enter into transactions and other agreements between or among advisers and any affiliate.	Investing client assets in securities of affiliated issuers to increase the security prices and the affiliate's profits.  Charging clients duplicative investment management fees.  Directing client assets into funds advised or subadvised by the firm or its affiliates in order to increase the size of such funds which can lead to a variety of advantageous situations for the adviser.  As it relates to real estate, the adviser could engage certain affiliates such as the Nuveen Real Estate Project Management Services LLC for the purpose of providing professional services in connection with certain of the company's real estate investments.	The adviser and its affiliates require written approval prior to a contemplated affiliated transaction for any advisory services and/or products (both existing and new products); employee training. As it relates to real estate, affiliate relationships are governed by a board which contains key personnel from the investment team for oversight. The board is comprised of senior personnel of Nuveen Real Estate as well as senior personnel from the affiliates. An annual attestation by the affiliates is given to Nuveen Real Estate to show compliance with certain policies. Affiliate relationships are disclosed in the notes to the financial statements.	Affiliated transactions policy and procedures     Transactions monitoring
Funds of funds  The adviser serves as the adviser for both funds of funds and the underlying funds in which the funds of funds invest.	Decisions by the adviser could lead to more beneficial outcomes for the adviser or its affiliates, such as greater compensation, increased assets under management and support for particular affiliated underlying funds that may benefit from increased assets or flows from the funds of funds.	The adviser has created an effective process for (i) the ongoing monitoring of the strategic and tactical asset allocations of the funds of funds, (ii) the selection and ongoing due diligence of the underlying funds utilized by the funds of funds, and (iii) determining and implementing changes to the funds of funds' glidepaths (as applicable) and rigorous committee oversight; (iv) applicable employee training.	Fund of Funds oversight policy



## CONFLICTS OF INTEREST IN PROXY VOTING

Given the importance of proxy voting in the stewardship context, this section focuses specifically on our approach to conflict management in the case of proxy voting. As mentioned previously, however, Nuveen also maintains written policies to support its management of potential conflicts of interest that may arise in its business more generally.

*Nuveen's Proxy Voting Conflicts Policy* has been designed to reasonably identify and manage material conflicts of interest arising out of business and personal relationships that could affect the stewardship of its proxy voting decisions. The policy uses a Conflicts Watch List to identify five categories of positions and relationships deemed to present a higher stewardship risk in relation to certain portfolio companies. The categories include TIAA's CEO, Nuveen's Executive Management Team, the Stewardship team, Advisory Personnel (which includes portfolio managers and research analysts), and the Stewardship team and Advisory Personnel household members. These categories are required to report certain associations with portfolio companies. In addition, the policy has identified certain additional circumstances which constitute a potential material conflict, including, portfolio companies related to Nuveen's distribution and consulting partners.

Furthermore, Nuveen has identified certain conflicts may arise with respect to its proxy advisor and the proxy advisor is required to disclose those conflicts to Nuveen. The Stewardship team reviews and evaluates the disclosed conflicts and associated controls annually and reports its assessment to the Proxy Voting Committee (PVC).

In addition, Nuveen has a fiduciary duty to vote proxies in the best interests of its clients and must not subrogate the interests of its clients to its own. The Stewardship team and Advisory Personnel are prohibited from being influenced in their proxy voting decisions by any individual outside the established proxy voting process. The Stewardship team and Advisory Personnel are required to report to Nuveen Compliance any individuals or parties seeking to influence proxy votes outside the established proxy voting process. Furthermore, Advisory personnel are prohibited from providing proxy voting recommendations for any company for which they or a household member have a conflict and must recuse themselves from providing proxy voting recommendations on Nuveen's behalf.

For further information on our proxy voting activities, please refer to **Principle 12 on page 81.** 

## IDENTIFYING, MANAGING AND MONITORING CONFLICTS

As noted, Nuveen's process to identify and manage any instances of actual or potential conflicts related to stewardship incorporates a multipronged, risk-based approach.

The process begins with the Watch List of portfolio companies, as previously described, that reasonably have the potential to influence a vote recommendation. The Watch List is regularly updated, as necessary, as new potential material conflicts are identified.

Institutional Shareholder Services (ISS) is Nuveen's primary proxy service provider. Proxy Exchange application is programmed to automatically alert the Stewardship team when a portfolio company has been added to the Watch List and

- the Stewardship team has a recommendation that is in support of management, and
- 2. the Stewardship team recommendation is either contrary to the guidelines or the guidelines require a case-by-case review.

Once alerted, the Stewardship team uses an objective two-tiered process to determine if a potential material conflict exists and how to mitigate the conflict.

#### **Mitigation process**

TIER ONE - COMPANY LEVEL

A quantitative scoring system is used based on the Stewardship team's votes of the meeting under review as well as the past two years of vote precedent. Points are assigned with those proposals deemed most likely to provide management an incentive to influence the vote receiving the highest value. When the quantitative scoring system indicates that the recommended votes by the Stewardship team are not favouring management, a material conflict does not exist and the Stewardship team's recommended votes are processed.

#### TIER TWO - PROPOSAL LEVEL

If the quantitative scoring system determines a potential material conflict exists, the policy requires voting in accordance with the proxy advisor's benchmark recommendation. If the Stewardship team believes there is justification to vote contrary to the proxy advisor's benchmark recommendation, the Stewardship team member will submit an escalation form to the PVC for review. The PVC reviews the form to determine the reasonableness of the recommendation. A majority vote is required.



#### CONFLICT RESOLUTION EXAMPLE

During the reporting period, there were 206 score card reviews which resulted in 19 material conflicts escalated to the PVC.

One example that required escalation to the PVC related to a shareholder proposal at an industrial company requiring establishment of an independent board chair. The quantitative scoring indicated a potential conflict, as ISS recommendation was in support of the proposal while the stewardship team intended to vote against.

ISS believed that a vote for this resolution was warranted due to the financial and reputation costs arising from a settlement of alleged regulatory breaches, suggesting that more robust independent board oversight was needed.

The Stewardship team disagreed, noting that the company maintained a lead independent role director with robust, clearly delineated duties, as well as overall appropriate board/committee independence and governance practices. The PVC reviewed the escalation form and determined the Stewardship team's rationale was reasonable.



PURPOSE AND GOVERNANCE

# Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

#### RISK MANAGEMENT

Nuveen seeks to maximise risk-adjusted returns for our clients and beneficiaries and places the utmost importance on effective risk management, including market-wide and systemic risks that have the potential to impact this objective.

In general, Nuveen's risk management framework integrates three core components:

- Governance risk principles, organisational structure and oversight.
   Focus on independent controls, policies and procedures and senior management involvement.
- Investment risk controls at the portfolio level. Focus on key investment risks, stress testing and monitoring investment performance.
- Operational risks in the ordinary course of business. Focus on systems to identify, assess and monitor risk, reviewing and strengthening internal control environment.

The Risk Management Committee (RMC) is comprised of senior leadership, including Nuveen's CEO and a number of the firm's executives. It oversees investment, operational, and compliance risk profiles. The committee is ultimately responsible for instilling an appropriate risk culture within the firm, aligning risk with business strategy, defining risk appetite, and

approving risk policies and frameworks. The committee also assists the TIAA Enterprise Risk Management Committee (ERMC) in fulfilling its risk and compliance oversight responsibilities.

#### THREE LINES OF DEFENCE

Nuveen uses a range of tools and processes to measure, monitor and manage risk, and employs the industry-standard three lines of defence model to identify, assess and manage risks. Within the three lines of defence framework, the first line (the investment teams) are expected to identify and manage risks to the portfolio and investments they manage. This includes market-wide and systemic risks such as interest rate, currency, geopolitical and climate risks. Each portfolio manager manages these risks subject to the investment objectives of the fund and to any risk management policies and procedures appropriate for the individual strategies they manage.

While each portfolio manager exercises agency in how they manage risks, there are areas where risks and opportunities are addressed at a centralised level within Nuveen. The Global Investment Committee (GIC) is a forum that includes the Chief Investment Officer of equities and fixed income and other business unit leaders.

Both the GIC and CIO produce research and commentary that may be referenced by portfolio managers to align their portfolios. For other risks, such as geopolitical risks and climate risks, there are centralised frameworks and processes that generate risk assessments and insights for investment teams to leverage.

Figure 4.1: The three lines of defence

# First line First line Second line Third line

## Investment teams, portfolio managers and business unit leaders

- Identifying and mitigating business risks, both current and emerging, to levels within the firm's or fund's risk appetite
- Overseeing risk management for assets under management within strategies and asset classes
- Making risk-based decisions to achieve business objectives while operating within risk standards, limits and guidelines

#### Independent risk management group

- Driving risk management strategy and the implementation of the risk framework across risk categories
- Performing oversight role through control activities, including risk models, techniques, analytics and data sources
- Evaluating adherence to established processes and procedures to ensure risks remain within intended parameters

#### Internal audit

- Reviewing management of key risks and reporting to/ from the appropriate internal governance bodies
- Providing independent and objective assurance that controls are operating effectively to adequately mitigate risks
- Assessing effectiveness of internal controls and compliance with statutory, legal and regulatory requirements

#### **GEOPOLITICAL RISKS**

The Macro and Country Risk (M&CR) team within TIAA's Financial Risk organisation supports Nuveen's management of geopolitical risks. The team embeds geopolitical risk as a key factor in its core function of country analysis and reporting on sovereign risk for TIAA General Account's (GA) international portfolio. With investments in over 100 countries, the team analyses each country's fundamentals and supplements that knowledge by conducting due diligence trips to key countries and regions on a regular basis. M&CR provides post-visit briefings and trip reports to the GA and Nuveen Investment Risk and relevant sovereign/ credit analysts and portfolio managers for awareness and insight.

As part of its core function, the team's country risk framework requires monitoring and oversight of the sovereign ratings process through a geopolitical lens. It also developed a reporting process that measures each country it invests in across risk categories including geopolitical factors within security, political stability and foreign trade. This is particularly useful to gauge risk for the firm's more illiquid private investments.

M&CR fuses data from a wide range of respected news sources and institutions with expert opinion obtained through participation in various geopolitical policy forums to provide leadership with the latest thinking on actual and potential risks. The team's manager is a member of the Council on Foreign Relations in the U.S. and uses his connections with this forum as well as his relationship with some of the U.S.'s foremost experts in foreign policy, national security and regional stability to keep the team plugged into current policy trends and analysis. The team also regularly participates in high-level government and industry panels that discuss some of the most significant geopolitical risks on the horizon.

TIAA's Geopolitical Risk Group (GRG), chaired by the Head of Macro & Country Risk, is composed of the TIAA General Account CIO, the Head of TIAA Financial Risk, the Treasurer, the Head of International Government Relations, Nuveen portfolio managers and analysts, and TIAA financial risk managers. The group meets biweekly to address significant macro and geopolitical developments and, where needed, to consider investment concerns and restrictions that may result in roll-offs occurring as bond positions mature or in drawdowns as Nuveen portfolio

managers selectively sell assets. The GRG also considers management actions that may be needed should the geopolitical risks ramp up quickly.

M&CR also manages the enterprise's Emerging Risk Working Group (ERWG) to identify and track risks to the enterprise or the broader economy that could impact the firm in the future but that have not yet matured to the point that they can be included in TIAA's Risk Control Self-Assessment (RCSA) operational control process.

#### **CASE STUDY**

#### Responding to geopolitical risk events

**GRG** actions The GRG prompted analysis and served as a forum for reviewing the potential impact to the global auto sector and related TIAA investments from China's overproduction in electric vehicles. Also, the group instigated research into potential risks to the portfolio stemming from the policy prescriptions of a second Trump administration, including the implementation of significant tariffs and immigration restrictions. This latter effort involved scenario analysis and resulted in a cross-sector portfolio review.

**ERWG** actions The Nuveen Responsible Investment team identified Nature and Biodiversity Loss as an emerging risk to the firm's corporate investment valuations that may only be partly mitigated by existing ESG and climate risk mitigation strategies. The ERWG provided a forum for cross-enterprise review and assignment of an overall risk score. This risk was eventually elevated to become a Top Five Emerging Risk and reported to Board and Management risk committees.

#### PUBLIC POLICY ENGAGEMENT

We engage with regulators and policymakers at different levels and jurisdictions through formal policy consultations and other channels. We seek to help promote responsible investment best practices globally, which we believe can support long-term sustainable growth.

For example, we advocate for relevant, consistent and comparable disclosure from the market entities we invest in to support informed investment decisions, we seek to advance clear and practical reporting standards to enhance investor confidence around RI information, and we support policies that mitigate risks or enable opportunities for investee assets or our business.

#### **CASE STUDY**

#### Consultation on the implementation of the European Union Sustainable Finance Disclosures Regulation (SFDR)

In December 2023, Nuveen submitted a response to the targeted consultation by the European Commission on the implementation of SFDR.

In our response, we acknowledged that SFDR was designed to help investors make more informed investment decisions by mandating disclosures around the offering of sustainable investment products. We noted that ensuring that investors have access to reliable, consistent, detailed information about these products is a crucial part of increasing the flow of capital toward products that can help build a more sustainable and carbon-neutral economy. We also appreciated that, since going into effect in March 2021, SFDR had undoubtedly enhanced investor insight into sustainable investing.

At the same time, we conveyed our experience that the regulation has also proven to be overly complex, confusing, costly and potentially subject to misuse. We provided detailed feedback about challenges we have confronted when working to comply with SFDR, for example around discerning whether and how certain provisions should apply across various asset classes, especially real estate; producing entity-level disclosures that we found considerably less helpful than the product-level disclosures; and working with a framework that in practice operates more as a labelling regime than a disclosure regime, giving rise to confusion and/or misinterpretation and in some cases contributing to potentially misleading disclosure or "greenwashing".

These challenges led us to conclude that SFDR as currently designed is problematic, and we welcomed the Commission's efforts to enhance and improve the framework. We communicated our view that a significant overhaul of SFDR and institution of a new framework for disclosure based on distinct categories of product labels was preferable. We urged the Commission to model new regulation as closely as possible on other regimes, such as the UK Sustainability Disclosure Requirements. We also recommended introducing voluntary, not mandatory, entity-level disclosures, given our belief that product-level disclosures are significantly more valuable to investors than entity-level disclosures, and that asset managers are better served by focusing their time and effort on producing well-constructed, complete disclosures at the product level.

We believed that by implementing these and other changes, the Commission could more effectively achieve its goals around sustainability disclosures for financial products.

We look forward to seeing the Commission's proposals to simplify and improve the effectiveness of the framework, expected in Q4 2025.



#### **CASE STUDY**

# Comment to the UK Government consultation on a new industrial strategy

In November 2024, TIAA/Nuveen were pleased to submit a comment to the open consultation on "Invest 2035: The UK's Modern Industrial Strategy". The paper is part of the government efforts to stimulate investment and activity in sectors with the highest growth potential.

The input to the consultation was provided from Nuveen Green Capital (NGC), a pioneer of Commercial Property Assessed Clean Energy (C-PACE) in the U.S. C-PACE is a policy-enabled mechanism that supports the provision of low-cost, long-term financing to fund improvements in the energy performance of buildings. While facilitating sustainability efforts, the programme reduces property owners' annual costs and provides better-than-market financing for green new construction. We seek to use our voice to lead the industry and advocate for best practices with key policymakers and market players, including to promote the expansion of instruments like C-PACE.

Leveraging our expertise, NGC provided feedback on select topics in the government paper most closely relevant to our business leadership and capabilities in sustainable commercial real estate financing solutions.

We articulated the opportunities that C-PACE instruments can provide to incentivise sustainable and high-performance new building design and retrofits for existing building stock, such as by accelerating electrification of buildings; support effective public private partnership to encourage capital investments in energy efficiency, renewables, water efficiency and climate resiliency across the UK's commercial building sector; provide competitively priced capital that maximises public/municipal positive financial, environmental and social impact through private investment in building retrofits, retroactive projects and new developments.

We welcomed the government efforts to drive reforms to address planning barriers to growth, channel finance toward growth priorities, and accelerate the transition to net zero.

#### CASE STUDY

# Convening public-private dialogues to advance progress on UN Sustainable Development Goals

In September 2023, in partnership with the Business Council for International Understanding, Nuveen organised the event "Financing the Global Energy Transition: SDG 7".

The high-level meeting took place around the week of the UN General Assembly, and brought together over 100 senior-level policymakers, business leaders and representatives of multilateral organisations and civil society.

The sessions focused on new energy technologies and systems, explored the impact of policies and discussed the investment opportunities and challenges in financing the clean energy transition.

Following the success and impact of the event, Nuveen hosted a similar event in September 2024, this time around "Affordable Housing and Sustainable Communities: Achieving SDG 11 Together".

The high-level discussions provided an opportunity for over 100 thought leaders, senior-level government officials and investors to exchange views on tackling the global affordable housing crisis. They discussed the importance of advancing public-private partnerships and collaborative opportunities to achieve greater equity and access to affordable housing.

#### INDUSTRY INITIATIVES

INDUCTOV INITIATIVE

We participate in and are an active member of several industry initiatives and membership groups to play a role in improving sustainability standards and promoting RI best practices.

We believe that sharing knowledge and perspectives through industry engagement

can advance responsible investing and drive more efficient client outcomes.

Joining these groups is both thoughtful and intentional to produce purposeful partnerships with organisations whose goals align with ours.

This process is governed by an enterprisewide policy which requires voting approval of or notification to the ESG Council (see *Principle 2 on page 11*). The table provides some examples of the groups in which Nuveen and its representatives have played a significant role during the period.

A more comprehensive list of memberships in industry associations is provided in **Appendix on page 102.** 

#### Figure 4.2: Summary of participation in industry initiatives

DECCRIPTION AND ACTIVITIES

Between 2023 and 2024, Nuveen's Head of Stewardship chairs the Corporate Governance Advisory Council, which provides input to the board and staff about CII activities that promote effective corporate governance and ways to enhance the value of membership.
Nuveen is a member of the OPSWF and is an active participant of a working group focused on delivering a sustainability playbook for asset owners investing in real estate, having drafted a section of the playbook focused on engagement techniques to strengthen alignment on sustainability strategy across their asset managers.
Nuveen Real Assets Global Head of Strategic Insights chaired the INREV ESG committee in 2022 – 23. The organisation is Europe's leading platform for sharing knowledge on the non-listed real estate industry, with the goal to improve transparency, professionalism and best practices. During the period, the organisation delivered several ESG courses, including one facilitated by the Nuveen representative.
Nuveen Real Assets Global Head of Strategic Insights is a member of the GRESB Real Estate Standards Committee. GRESB issues standards for sustainability and ESG performance disclosure for commercial real estate.  The Committee's responsibilities include establishing and maintaining a programme for the development of the GRESB Standards; reviewing stakeholder feedback, market research and gap analysis; driving working groups research and assessing their recommendations; prioritising and recommending improvements of the Standards to the GRESB Foundation Board.
Nuveen Real Estate's U.S. Head of Sustainability is an active member of the ULI Greenprint group. ULI's decarbonisation programme is focused on climate mitigation and makes the business case for green buildings by tying carbon reductions to increased asset value.  Nuveen Real Estate is a member of the ULI Greenprint NZC commitment and is also a sponsor and participant of the CRREM Pathways for North America working group — an effort led by CRREM, ULI, and Berkeley Lab.
Churchill (part of Nuveen's private capital business) joined the executive committee in 2022 and remains an active participant in the initiative to address the challenges of ESG data availability in private markets (see further information in the case study under <a href="Principle 10">Principle 10</a> on page 69). Churchill previously partnered with UN PRI signatories to develop the Private Credit-Private Equity ESG Factor Map, on which ESG IDP builds. ESG Factor Map aimed at streamlining ESG information shared during the investment process, facilitating collaboration between sponsors, co-investors and lenders and integrating existing ESG standards and frameworks.

## REFLECTING ON OUR PARTICIPATION

We recognise that addressing market-wide and systemic risks is a complex endeavour that requires sustained collaboration among various stakeholders.

We seek to play our role by participating in several industry initiatives and policy consultations geared toward improving standards, promoting best practices and driving action on key risks.

We believe that by being active members of industry initiatives, we are contributing to achieving improvements in the functioning of financial markets, although it is challenging to precisely assess the extent of Nuveen's contributions. Several factors can support or hinder improvements, including broader market dynamics and regulatory actions, particularly in times of higher volatility. We expect effectiveness of industry-wide efforts to fluctuate over time. We remain committed to engage and work with stakeholders through different forums to drive continuous improvement.

Please refer to **Principle 10 on page 73** for discussion on participation in industry initiatives.



#### **CLIMATE RISKS**

We recognise that the effects from climate change may include significant risks to global financial assets and economic growth. Mitigating downside risk for our clients requires a holistic understanding of the implications of climate risk.

As an investor on behalf of many clients with long time horizons, it is our responsibility to consider investment risks that may emerge over time. Climate change is a prime example of an investment risk with potential impacts on financial performance over the short, medium and long term. The scientific findings from the Intergovernmental Panel on Climate Change (IPCC) suggest that physical impact of unmitigated climate change will result in global economic damage over time, with damage increasing as warming increases. Furthermore, an orderly transition within the 2050 timeframe set out in the Paris Agreement is likely to deliver better economic and investment outcomes than a disorderly or delayed transition. As a result, we seek to invest in a way that mitigates climate-related risks and takes advantage of climate-related opportunities on behalf of our clients.

Nuveen considers both physical and transition risks and opportunities in our investment process, as appropriate for each unique asset class and strategy, and consistent with client mandates. For asset classes such as real estate and real assets where physical risks and impacts may be especially financially material, we are operationalising climate risk management frameworks to ensure these factors are considered in the investment process. In many cases this analysis is underpinned by specialised training or education and access to asset-class specific climate data/models.

At the enterprise level, climate risks are multifaceted and must be identified and monitored through different lenses across the organisation. Nuveen's parent company TIAA began a phased buildout of a climate risk management framework in 2022, a map of processes that ensures a consistent approach to how we invest, adhere to existing and evolving regulations, and operate our business efficiently. Our enterprise climate risk management framework enables us to take appropriate actions and develop strategies for mitigating and managing the effects of climate change on behalf of our clients.

TIAA's climate risk management framework is overseen by a centralized TIAA/Nuveen Climate Risk Oversight team embedded within Risk & Compliance. The Climate Risk Oversight team is responsible for the monitoring and reporting aspects of climate-related risks, establishing the climate change risk management framework, setting the standards for assessment and management, and designing and establishing the climate

risk assessment process to be used as part of investment risk oversight. The Climate Risk Oversight team also provides subject matter expertise to investment and risk teams across Nuveen/TIAA. This support enables teams to make informed decisions regarding the significance of climate risks to their business operations and to develop appropriate mitigation strategies when necessary.

Figure 4.3: TIAA's climate risk management framework



Source: TIAA Climate Report 2024

Figure 4.	4: Summary of climate data a	and uses	
TYPES OF DATA	SOURCES	HOW IT IS USED	
Carbon emissions	<b>Public markets:</b> MSCI and internal estimates	Enterprise: Both public and private data is housed in TIAA's enterprise	
	Private markets: Persefoni, Watershed, investee disclosures, modeled estimates and	risk data platform for enterprise disclosure reporting.  Nuveen Equities and Fixed Income:  Data is housed in Nuveen's RI data platform for client reporting	
	internally gathered data	Nuveen Real Assets: Data is housed in databases managed by the investment teams and used for client reporting and regulatory disclosures	
Physical risk	<b>Public markets:</b> RisQ for municipal bonds, Moody's for public corporates	Enterprise: Physical risk exposures are used to screen to identify areas that require climate risk controls. Scenario analysis is per-	
	<b>Private markets:</b> VeRisk Maplecroft, MunichRE, First-Street Risk Factor, ClimateAi and The Climate Service	formed to assess potential financial impacts to TIAA. <b>Nuveen:</b> Physical risk exposures and/or scenario analysis are incorporated into investment processes. Integration is actively being explored for other asset classes.	
Transition risk	Public markets: MSCI Implied Temperature Rise and Climate Value at Risk, SBTI-verified company targets, government climate targets	Data is being evaluated for risk assessments and net zero implementation for the TIAA General Account and other clients.	
	Private markets: Investee disclosures, industry/sector net zero pathways and qualitative risk assessments		

Source: TIAA Climate Report 2024

#### ADDRESSING RISK THROUGH THEMATIC STEWARDSHIP

The past years have brought a significant number of new issues to the forefront of the ESG space, as well as a growing sophistication on evergreen topics.

Environmental issues are expanding beyond transition and physical climate to the interconnectedness of climate and nature, including land use, water use, biodiversity and more. We recognise that risks and issues such as climate change, resource scarcity and ecosystem degradation can pose systemic risks to the economy, as natural capital is an inherent dependency in many business models. Social issues have expanded beyond a company's direct workforce to customers and communities, as well as into companies' supply chains in terms of an increased emphasis on human rights. Governance issues ranging from executive compensation to capital allocation are under new spotlight due to cost pressures and interest rate increases.

While companies cannot foresee or positively influence all systemic issues, we believe that over the long-term companies

cannot generate sustainable value through exploitation of market or regulatory factors that have a direct, negative external impact on macroeconomic or systemic issues. We generally expect companies to acknowledge operational or growth effects associated with material systemic issues. While the disclosure expectations will vary based on the probability, duration and company- or industry-specific exposure, companies should be able to explain the risk oversight processes to monitor relevant risks.

We believe the world's climate and energy infrastructure are in a multidecade transition, where the precise timing is unpredictable and the most efficient means of decarbonisation may not always be the most practical.

Through our stewardship activities, we aim to support portfolio risk-adjusted returns and seek to address potential risks to the overall portfolio performance caused by individual investees' contributions to systemic sustainability issues.

Our targeted stewardship initiatives address thematic risks across our enterprise portfolio. Further information is provided under **Principle 9 on page 61**.



#### CASE STUDY: Introduction of Nuveen's Nature Risk stewardship initiative

At the end of 2023, Nuveen launched a new thematic stewardship initiative focused on nature risk.

Economic activity has a direct, and often unpriced effect on global biodiversity. Given the interconnected nature of biodiversity, Nuveen's nature risk initiative intentionally takes a market cross-section, emphasizing the sectors with the largest negative impacts on nature and the highest potential impact to the value of assets under management.

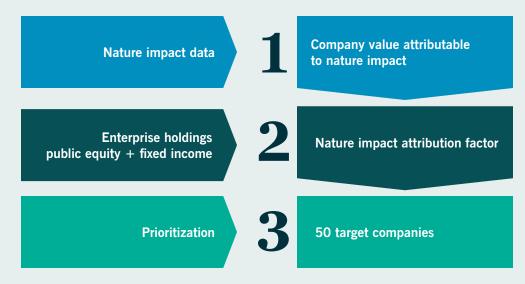
The initiative focuses on a selection of companies operating in sectors with high environmental impacts and aims to advance nature-related financial disclosures aligned with global frameworks.

Nuveen followed a three-step process to establish the appropriate set of target companies:

- 1. Quantification: assessment of the proportional amount of company revenue derived from business activities that have a material impact on land use, water use and pollution to create a single and comparable value for nature impact
- **2. Attribution:** attribution analysis based on the proportional nature impact attributable to our ownership in the company
- **3. Prioritization:** selection of the 50 companies with the largest nature impact attribution across 16 different industries.

In October 2024, Nuveen was proud to be shortlisted for the UN PRI Awards 2024: Recognition for Action – Nature for launching this initiative.

More information and context on the analysis and methodology followed to establish this initiative are available here.



Source: Nuveen, FactSet and MSCI. Company target universe determined using Nuveen AUM and company EVIC data as of 30 Sep 2023. Target universe determined from all Nuveen public holdings excluding companies where Nuveen is solely a debt holder; there is no publicly traded corporate parent entity; company revenues are zero or negative. Utilizes MSCI estimations for the percent of business activities that are involved in high or medium-risk activities with impacts on land, water, and waste generation. Other considerations for inclusion: removal of companies within energy and utilities sectors given overlap with in-progress engagement activity focused on the climate transition; sector- and industry-level caps to ensure cross-sectional representation; removal of companies where value attributable to nature impact did not reach a risk profile within the top quintile notwithstanding the revenue-based multiple. Overall, 16 companies were removed for industry-based considerations and 9 were removed for risk-profile considerations from the initial list of companies with the highest nature impact attribution to Nuveen. When a company was removed, the next highest assessed company was screened based on the same criteria and the process continued until there were 50 companies meeting all eligibility criteria.



## ADDRESSING INEQUALITY THROUGH AFFORDABLE HOUSING

We recognise that a shortage of affordable housing options is an issue in the communities where we invest around the world, and this is directly tied to rising economic inequality which is a constraint on economic growth. Vulnerable populations worldwide have suffered disproportionate health and economic setbacks from the

pandemic. Persistent social injustices — which are systemic in many cases — create the environment in which these disparities thrive.

We have been intentional about finding ways to bridge our core competency in real estate with community impact. Our housing impact portfolio is dedicated to creating change by placing environmental and social impact at the heart of our investment

strategy, which ultimately seeks to drive better outcomes for residents and inclusive communities while delivering a riskadjusted financial return.

Commercial real estate investors' ability to impact housing affordability goes beyond supporting those most in need. We know the low-to-moderate income earners are vital to keeping economies going and communities need a strong, diverse workforce. This demographic often receives a mix of government subsidies and in some cases earns too much to be eligible for public housing programmes. We believe that by supporting diverse rental housing opportunities across income levels, we are creating thriving communities that support strong real estate value creation across sectors.

#### **CASE STUDY**

#### Developing affordable housing in the UK

NRE has been actively developing a portfolio of housing schemes aimed at reducing inequality among the elderly population in the UK. These schemes, located in Leeds, Telford Nottingham, Bicester, and Shrewsbury, have been designed to deliver affordable extra care housing while improving the quality of life for underserved seniors.

Across the five sites, a total of 354 affordable extra care units have been delivered or are planned. Each site has contributed between 63 and 82 units, with affordability benchmarks set below market rates. Specifically, Leeds, Telford, and Nottingham have been priced at less than 80% of market value, while Bicester and Shrewsbury have achieved affordability levels between 55% and 64%. This pricing strategy has been instrumental in improving access to housing for low-income seniors. In addition, the developments have been strategically located, with most sites situated within 500 meters of essential services such as health care, retail and public transport. This proximity has been essential in supporting independent living and reducing barriers to daily needs.

The quality of life for elderly residents has also been a central focus of these schemes. Sustainability and energy efficiency have been prioritized, with Leeds, Telford and

Nottingham targeting BREEAM "Very Good" ratings, and Bicester and Shrewsbury aiming for "Excellent". Leeds has achieved an EPC rating of B, while Nottingham has exceeded its target by achieving an EPC rating of A. The design of these homes has been guided by the Housing our Ageing Population Panel for Innovation (HAPPI) principles, which promote age-friendly living environments. Leeds has fully met these principles, while Telford and Nottingham have achieved 90% and 80% compliance, respectively.

Community integration has been another key component of the developments. All sites have included shared community spaces to foster social interaction and reduce isolation. Social programs have been planned for implementation once occupancy rates exceed 50%, and resident satisfaction surveys have been scheduled to assess the effectiveness of these initiatives. During the construction phase, the schemes have demonstrated strong community engagement. Both Telford and Leeds have exceeded expectations under the Considerate Constructors Scheme, reflecting a commitment to minimizing disruption and maintaining positive relationships with local communities.

By combining affordability, sustainability, and community engagement, these developments have not only met immediate housing needs but have also promoted long-term social equity and public value.



#### ALIGNING OUR INVESTMENTS WITH CLIENT OBJECTIVES

For most risk factors including market-wide and systemic risks, such as interest rate, currency, geopolitical and climate risks, Nuveen generally does not employ a top-down framework to align the investment strategies across all of our clients' capital. Each portfolio manager has the agency to manage the risks as deemed appropriate for the strategies in line with their goal to maximise risk-adjusted returns.

In addition to managing climate and other sustainability risks to investment performance, Nuveen has proudly offered its clients a variety of socially responsible and low-carbon products for over three decades. Against the backdrop of our \$1.3 trillion assets under management, Nuveen's RI platform included over \$100 billion in AUM as of December 2024.

As our clients' perspectives, investment appetites and preferences shift in response to changes in market dynamics, we continue to expand our suite of offerings.





<sup>\*</sup> AUM as of 31 December 2024. Assets under management is inclusive of underlying investment specialists and any sleeves managed on behalf of TIAA's General Account with specific responsible investing criteria or characteristics inherent to the investment thesis/asset class. Capabilities can be reflected in strategies/vehicles across fund families, including affiliates and sub-advised agreements.

#### **CASE STUDY**

#### Update on key climate commitments

In 2019, Nuveen Real Estate signed the Better Building Partnership (BBP) Climate Change Commitment and published a pathway to achieve net zero carbon by 2040. To support clients' mandates on climate risk management, Nuveen Real Estate aims to align portfolio management strategies with a 1.5°C climate scenario through a series of activities focused on energy efficiency and market and operational best practices.

NRE has achieved the target of 30% reduction in energy intensity ahead of the original 2025 date, with significant energy reductions across the UK Office and UK Retail Park portfolio. This is in part due to the result of accelerated energy efficiency improvement measures, and brown to green retrofit of investments. Further details on specific activities are available in <a href="Nuveen Real Estate Sustainability Report.">Nuveen Real Estate Sustainability Report.</a>

In 2021, our parent company TIAA announced its net zero commitment for its General Account. It is one of the largest general accounts to commit to achieving net zero carbon emissions by 2050, driven by the belief that climate risk is investment risk.

TIAA is on track or ahead of schedule against all of its 2025 interim Net Zero targets to date, with reductions in carbon intensity ranging from 21% to 31% versus 2019 for public corporate debt and direct real estate investments. Nuveen is the investment manager of the TIAA General Account. Further information is available through TIAA's Climate Report.

G

As a subset of this platform, we offer the following strategies across asset classes that allow clients to meet climate-related objectives of avoiding exposure to carbonintensive assets, reduce carbon emissions of assets, and/or scale climate solutions.

Each strategy detailed below considers climate in distinct ways. Some screen out high-emitting companies and industries, some align with planned decarbonisation over time at a rate aligned with the Paris Agreement, and others actively invest in the technology and tools necessary to help mitigate climate change.

-	•		$\sim$	1	• .•	strategies
Hill	mira	1 h.	/ hir	climate	invocting	CTPOTOGIAC
т.	izui C	<b>4.</b> U.	Oui	umatt	mvesume	Suattetts

rigure 4.0. Our chinate investing strategies					
CLIENT OBJECTIVES	FEATURES	STRATEGIES AND INVESTMENT SPECIALISTS	ASSET CLASS		
Avoid exposure to	Lower carbon footprint than	TIAA-CREF Social Choice Low Carbon	Public equity		
carbon-intensive assets in portfolio	<ul><li>the benchmark</li><li>Limited exposure to fossil fuel</li></ul>	Nuveen ESG ETF Suite	Public equity		
•	reserves	Low Carbon Value ESG	Public equity		
Reduce carbon	<ul> <li>Decarbonize over time at a Paris-aligned rate</li> <li>Targeted company engagement program to reduce emissions (Scope 1, 2 and 3)</li> </ul>	Nuveen Real Estate <sup>†</sup>	Real estate		
emissions of assets		Nuveen Global Net Zero Transition	Public equity		
		Nuveen Global Clean Infrastructure Impact	Public equity		
		Nuveen Global Real Estate Carbon Reduction	Public equity		
Scale climate	Support projects that support	TIAA-CREF Green Bond	Fixed income		
solutions	climate change mitigation and adaption	TIAA-CREF Core Impact Bond*	Fixed income		
	Capitalize on opportunities in	TIAA-CREF Short Duration Impact Bond*	Fixed income		
	the low carbon transition	Nuveen Global Core Impact Bond*	Fixed income		
	Balance emissions exposures with lower or net negative carbon offerings	Nuveen Emerging Markets Impact Bond*	Fixed income		
		Nuveen Global Impact	Private capital		
	Low carbon intensity, with potential to generate verified carbon credits	Nuveen Green Capital <sup>†</sup>	Private capital		
		Nuveen Natural Capital <sup>†</sup>	Real assets		
	carbon creates	Nuveen European Core Renewable Infrastructure	Real assets		
		Glennmont Clean Energy	Real assets		
		Nuveen Energy Transition Enhanced Credit	Real assets		

Source: TIAA Climate Report 2024

#### **REFLECTING ON EFFECTIVENESS**

Market-wide and systemic risks and their potential impacts to the financials of Nuveen and its parent TIAA are managed through a rigorous risk management process and ensure alignment with Nuveen and TIAA's risk appetite and its business strategy.

We believe the various systems, policies, processes and initiatives outlined previously provide us with effective insights into material risks relevant for our business, investments and clients. We undertake periodic reviews and make changes as appropriate to ensure they remain fit for purpose.

Internal Audit Services (IAS) within TIAA is an independent function established to examine and evaluate controls, activities

and records through objective, independent audit and advisory services. IAS operates as the "Third Line of Defence" providing independent assurance on management's process for managing risks and the effectiveness of the control environment. IAS is a centralised corporate function that reports to the TIAA Audit Committee, regulated boards in Europe, the Middle East, and Asia-Pacific, and provides audit coverage across business and legal entities of the TIAA organisation.

IAS works closely with the organisation's risk management and compliance functions to assess business risks across the organisation and collaborate on control and compliance reviews and related activities that impact the business and support areas.

<sup>\*</sup> Please note that climate-related investments make up less than 50% of the AUM in the Core Impact Bond, Short Duration Impact Bond, Global Core Impact Bond, and Emerging Markets Impact Bond strategies. These funds all employ Nuveen's Global Fixed Income impact framework and ESG Leaders investment criteria, of which climate objectives are part of a broader responsible investing mandate.

<sup>†</sup> Denotes Nuveen investment specialists with overarching sustainability programs that align with the corresponding client climate objectives. Each specialist offers multiple investment strategies; for details, please see https://www.nuveen.com/global/investment-capabilities.

PURPOSE AND GOVERNANCE

# Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.



#### POLICY REVIEW PROCESS

Nuveen reviews its suite of proxy policies annually, or more frequently if an update is required based on business processes, regulatory requirements or industry developments. During the period, Nuveen reviewed and amended its suite of proxy policies effective July 29, 2024.

Notable updates included adding language to the Proxy Policy to define the roles of the Stewardship team and portfolio managers with respect to the ultimate decision-making authority when voting proxies and expanding the Proxy Conflicts Policy to include additional senior executive employees.

Nuveen's suite of proxy policies undergoes an extensive review process with key internal stakeholders, including the Stewardship team, Legal, Compliance, the Proxy Voting Committee and various governance forums. When appropriate, Nuveen Legal engages outside counsel to ensure our policies meet regulatory obligations.

In the second half of 2024, Nuveen began the process to update and expand its Policy statement on responsible investing, which was approved in March 2025. The Policy statement provides an overview of key principles, roles and responsibilities, and governance structures designed to support the implementation of our RI program. The policy is reviewed at least annually, more frequently if required. The review process is led by the RI team in consultation with

subject matter experts across relevant internal teams, and fund and corporate boards, with ultimate approval by Nuveen's Executive Management Team.

## INTERNAL REVIEW AND ASSURANCE

Nuveen employs a Three Lines of Defence model as the basis for its compliance programme and governance framework. This model represents a wellestablished, enterprise-wide approach to internal assurances and ensures consistency applied to RI with our risk management framework, described under *Principle 4 on page 24.* 

The first line of defence is the business functional manager. Nuveen's Global Head of RI is the functional manager and accountable to ensure efficacy and effectiveness in the execution of the firm's responsible investing in accordance with the guidelines and conflicts policy. The Proxy Operations team supports the business by conducting continuous monitoring of the proxy advisor.

The second line of defence includes Nuveen Compliance and TIAA Compliance. Nuveen Compliance (i) monitors adherence to policies, (ii) conducts periodic reviews of votes where material conflicts have been identified to determine whether the votes were cast in accordance with the policy, (iii) assesses whether the Stewardship team is updating the Conflicts Watch List in a timely manner, (iv) monitors for ballots not voted, and (v) conducts annual due diligence assessment of the effectiveness of their activities and reports its findings to the Proxy Voting Committee.

The second line is also charged with assessing the firm's residual risk through compliance risk assessments. TIAA Compliance conducts periodic testing based on residual risk. Furthermore, TIAA's Quality Assurance Team performs reviews of Nuveen Compliance's monitoring results.

The third line of defence is TIAA Internal Audit Services (IAS). IAS provides an independent review of the framework and control structure of the function under audit, encompassing policies, processes, and controls across the responsible investing and conflicts landscape. IAS takes a comprehensive top-down and bottomup approach to responsible investing oversight, with coverage spanning first-line audits of responsible investing governance and framework as well as the investment management functions, in addition to secondline audits of the Compliance function itself, ensuring conflicts management receives thorough independent scrutiny.

IAS follows a risk-based approach to planning audits, with the frequency of reviews determined by the level of risk in each business area. The audit plan remains flexible and responsive, with additional audits scheduled when there are material changes to business operations, organisational structure,

or the risk environment that could impact the organisation's risk profile.

Unlike the second line, where Compliance annually tests the adequacy and effectiveness of policies, IAS may take a more targeted approach, narrowing the breadth whilst expanding the depth of its reviews.

This focused methodology allows for comprehensive examination of specific risk areas whilst maintaining efficiency across the audit programme. All IAS activities are conducted in accordance with internationally recognised professional standards set by the Institute of Internal Auditors, maintaining the highest quality and integrity in the audit processes.

IAS findings and results are regularly reported to senior management and various oversight bodies, including the TIAA Audit Committee and regulated boards in Europe, the Middle East, and Asia-Pacific. This ensures transparency and accountability throughout the organisation.

When audit findings identify areas for improvement, IAS independently verifies that management has effectively implemented corrective actions to address identified risks, providing additional assurance that issues have been properly resolved.

These review and assurance activities are all regularly applied to Nuveen's stewardship and other RI activities, contributing to a strong control environment and continuous improvement.



#### **EXTERNAL GUIDANCE**

Nuveen RI activities are informed by relevant market principles and frameworks, regulatory requirements, and industry standards, which may vary by geography and asset class. Individual teams and business units may seek additional external guidance from third parties and work with consultants, technical partners, assurance providers or other independent organizations. These assignments are generally intended to obtain certification, validation and/or verification as relevant and applicable to comply with regulatory requirements, meet expectations, and/or demonstrate adherence to best practices.

#### **EXTERNAL ASSESSMENTS**

Nuveen is committed to continuous improvement and advancement of our RI capabilities such as enhanced transparency; new client reporting; frameworks, data and tools for both private and public market investment professionals and clients.

Our commitment and progress have been recognised globally and received external validation, including the following:

 UN PRI: 12/13 modules scored at or above peer median – Nuveen, 2024¹

- Responsible Investment Leaders Group, Responsible Investment Association Australasia – Nuveen, 2024<sup>2</sup>
- BlueMark Practice Leaderboard, BlueMark
   Nuveen, 2024<sup>3</sup>
- GRESB Real Estate Assessment: Ten 5-stars, with ten strategies ranking in the top 25% of their peer group, and seven strategies ranking #1 in their peer groups – Nuveen Real Estate, 2024<sup>4</sup>
- 2 RIAA
- 3 BlueMark provides third-party verification of adherence to the International Finance Corporation Operating Principles for Impact Management, which the fixed income impact team adopted in 2019.
- 4 NEINVER. Global Real Estate Sustainability Benchmark 2024 results, October 2024. The GRESB Real Estate Assessment is the global standard for ESG benchmarking and reporting for listed property companies, private property funds, developers and investors that invest directly in real estate. The Assessment evaluates performance against three ESG Components Management, Performance, and Development. The methodology is consistent across different regions, investment vehicles and property types and aligns with international reporting frameworks. The designation is based on reviews of 2023 performance completed in 2024.

- Energy Star Partner of the Year, Sustained Excellence, Energy Star – Nuveen Real Estate, 2024<sup>5</sup>
- World's Most Ethical Company, Ethisphere
   TIAA/Nuveen, 2025<sup>6</sup>
- Environmental Finance Bond Awards,
   Impact report of the year (for investors)
   Nuveen, 2025<sup>7</sup>
- Certifications and third-party standards covering 95% of timberland and 63% of farmland portfolios – Nuveen Natural Capital, 2025<sup>8</sup>
- 5 Energy Star.
- 6 Ethisphere.
- 7 Environmental Finance.
- 8 Note that such certifications or standards are primarily a function of supplychain demand, and that crops going directly into the food value chain (as opposed to feed) tend to have higher supply-chain requirements for certification.

Figure 5.1: Key accolades and industry involvement



<sup>\*</sup> Principles for Responsible Investment (PRI), 2024 Assessment Report for Nuveen, November 2024. UN PRI signatories report on their responsible investment activities annually by using the PRI's Reporting Framework, which is comprised of 13 modules. A five-star grade is the highest possible score, awarded to those signatories that demonstrate leading practices within the responsible investment industry. The one-star grade is allocated to those whose responsible investment practices are at the lower end of the scale, including those that do not incorporate ESG factors in their investment decisions. Publicly disclosing module raw scores or star scores is at the manager's discretion. According to the PRI, disclosing scores is a public demonstration of a firm's commitment to including environmental, social, and governance (ESG) factors in investment decision making and ownership. The full methodology is publicly available on https://www.unpri.org/reporting-andassessment/how-investors-are-assessed-on-their-reporting/3066.article. ¶ Morningstar, 2022. The ESG Commitment Level is a qualitative measure from Morningstar that provides investors with an updated understanding of asset managers' ESG ambitions. The ESG Commitment Level is represented on a four-point scale: Leader, Advanced, Basic, and Low. More information is publicly available on https://www.morningstar.com/lp/ecl-landscape. †† BlueMark, 2025. § TIAA commitment which encompasses Nuveen/Nuveen affiliates. I Nuveen is signatory. ‡ Environmental Finance. December 2024. https://www.environmental-finance.com/content/awards.

<sup>1</sup> Nuveen has been a signatory of the UN Principles for Responsible Investment since 2009. The 2024 Nuveen assessment scores are based on 2023 reporting data.

#### CONTINUOUS IMPROVEMENT

We have embraced a culture of continuous improvement, leveraging insights from comprehensive evaluations to enhance our stewardship policies and operational frameworks. Through this proactive approach, we have strengthened several key internal controls and processes.

Prior enhancements have focused on elevating our marketing communications standards through improved procedures that capture essential data, validate material statements, and ensure accuracy in organisational memberships and recognition references. We have also advanced our conflict monitoring capabilities whilst streamlining operations through strategic automation and centralisation of critical processes.

We have also strengthened our ESG integration frameworks relating to non-RI branded products, ensuring consistent application across investment activities. This reflects our dedication to staying ahead of evolving market standards and regulatory expectations.

Understanding that reliable information forms the backbone of sound responsible investing decisions, we have maintained our focus on enhancing data quality and governance across ESG data sources and analytics. These collective initiatives underscore our ongoing commitment to strengthening responsible investing capabilities whilst upholding the highest standards of operational integrity and stakeholder accountability.

### FAIR, BALANCED AND UNDERSTANDABLE REPORTING

Nuveen is committed to providing fair, balanced and understandable stewardship reporting. To ensure this standard has been met for this report, several stakeholders reviewed and validated the accuracy and relevance of content from their areas, and ensured data and information used is not misleading or overstated. We have prepared this report taking into account the Financial Reporting Council's reporting guidelines as well as feedback received on our prior submission.

Nuveen's marketing and communications content goes through a robust review process, spearheaded by the Nuveen Marketing Communications Compliance (NMCC) team. NMCC serves as a centre of excellence with a global support model. It provides expert advice and guidance for new and ongoing initiatives, and partnering in a consultative manner regarding the applicability of rules, regulatory and jurisdictional requirements, internal review standards and disclosure guidelines, and other compliance risk-related issues in the review and approval of advertising, marketing and financial promotions.

NMCC provides compliance oversight regarding applicable laws, rules and regulatory requirements, interpretative guidance, adopted industry standards and jurisdictional regulations set forth by federal, local, regional and state regulators, and self-regulatory organisations pertaining to marketing and communications content. Integral to this responsibility are policies to mitigate risk, procedures designed to help ensure consistency of operating processes, and monitoring activities that enable risk identification and improved controls. In addition, the team provides training and other support to business areas throughout the enterprise that are responsible for marketing and communications efforts.



## Investment approach

Principle 6 ►

Principle 7 ▶

Principle 8 ▶

39

#### **INVESTMENT APPROACH**

# Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

### NUVEEN'S PORTFOLIO AND CLIENT BASE

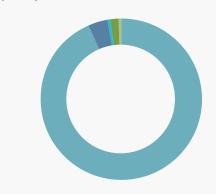
Nuveen's investment teams give clients direct access to a full spectrum of institutional-calibre investment strategies.

Figure 6.1: AUM by asset class (USD)



As of December 2024

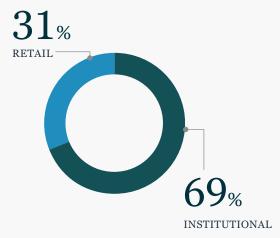
Figure 6.2: AUM by client domicile (USD)



<ul><li>United States</li></ul>	93.3%
● EMEA	3.9%
APAC ex. Japan	0.7%
<ul><li>Japan</li></ul>	1.5%
Americas ex. USA	0.5%

As of December 2024

Figure 6.3: AUM by client type (USD)



As of December 2024

#### Figure 6.4: Institutional client reach

47 COUNTRIES WHERE INSTITUTIONAL CLIENTS ARE BASED

As of December 2024

780 INSTITUTIONAL CLIENTS



### INVESTMENT TIME HORIZON ALIGNED TO CLIENT NEEDS

At Nuveen, we believe that it is critical that we invest in a manner that is consistent with our clients' investment time horizon, understanding the key risks that must be considered and managed appropriately to accomplish our clients' investment goals.

Nuveen offers a variety of different product strategies across asset classes, and therefore there is no single investment time horizon applicable, as this is typically client driven. We offer some examples to contextualise:

- Fixed income clients with specific cash flow needs, for example, will require a different investment strategy than those expected to make large withdrawals.
- Certain equity products closely track market benchmarks and can therefore have an indefinite holding period, as long as the security remains part of the relevant index.
- For other public equity funds, there is no standard holding period as securities may be held until they reach the target price and realise expected value, or until a better relative value opportunity is found.
- Private capital strategies may look at factors such as business phases, market cycles and capital markets environment when determining the appropriate investment time horizon for each strategy and the underlying clients.

 For multiasset solutions such as target date funds, tactical allocation and related investment time horizon vary depending on market volatility, beneficiary career stage and overall fund investment goals.

#### CLIENT ENGAGEMENT, INTERACTIONS AND FEEDBACK

Communicating with our clients to understand their views and feedback is paramount to Nuveen as we seek to deliver strong investment performance and meet client objectives across our products and solutions. Our specialist Distribution, Consultant Relations, Relationship Management and Client Servicing professionals work closely and collaboratively to maintain our established platform with presence in the Americas, Europe and Asia Pacific.

Working as a key interface between our investment teams and our clients, our Global Client Group is responsible for building and maintaining relationships, delivering market insights and offering support tailored to our clients' specific needs and objectives.

In addition to our relationship management teams, the Global Client Experience Group comprises Centre of Excellence (CoE) teams consisting of specialists focused on the operational support of our clients across the investment lifecycle. These teams include but are not limited to: RFP and DDQ,

Data Delivery and Stewardship, Portal Management, Client Reporting, Business Transformation, Transfer Agent & Financial Intermediary Oversight.

In close collaboration with our CoE teams, our Client Services team employs a multichannel approach to communication to ensure that our clients have access to timely information that suits their needs. This includes holding regular in-person and virtual investment update meetings,

providing easy, secure access to quarterly and annual reporting via online platforms, such as the Nuveen Client Portal, and dedicated Client Services contacts across every product and client. Our Client Services professionals regularly interact with our clients to address queries and gather feedback on their experiences to identify trends and opportunities for enhancement and collaborate across our business to address areas for improvement.

Figure 6.5: Summary of client engagement methods

CLIENT COMMUNICATION	KEY FOCUS	FREQUENCY
Fund update and advisory board meetings	Fund investment strategy, performance, outlook, asset tours	Annual, quarterly
Annual and quarterly reporting	Fund investment strategy, performance, outlook, ESG, sustainability, local regulation, investor specific requirements, e.g., SFDR EET template, PAI data	Annual, quarterly
Individual client update meetings	Client-specific investment strategy, performance, outlook	Up to monthly and/or ad hoc
Day-to-day support for queries	General information, reporting, data requests	Ad hoc



#### **CASE STUDY**

#### Acting on business growth to improve client servicing

In 2024, as part of our ongoing commitment to improving the client experience, Nuveen's client services team undertook a review of their client servicing model in response to feedback gathered as part of our annual Equilibrium client survey. Clients highlighted a desire for more streamlined communication, specifically expressing a preference for having a single and consistent point of contact across their interactions with our firm.

As a result, Client Services engaged with business partners across the firm to begin planning a re-alignment of the coverage model which would provide a more personalised experience. Historically, the model was fund-aligned, meaning our clients had a dedicated contact across each of their investments with Nuveen. While this structure offered deep product expertise, it sometimes led to fragmented communication.

Working together with business partners in Distribution, we established a new model enabling a more holistic, relationship-led approach that supports clients across their full range of investments via a single entry point to the business. Importantly, this change did not come at the expense of product expertise. Our associates continue to coordinate closely with our dedicated product and investment experts to provide the depth of insight our clients expect from us across strategies.

Our clients in the U.K. now benefit from a dedicated local client servicing contact with the appropriate specialism in Pensions, Foundations & Endowments, Insurance or Wealth. The transition to the new servicing model across our global business began in Q1 2025 and is on target to be fully complete by the end of the year.

### UNDERSTANDING CLIENTS' PERSPECTIVE

EQuilibrium is an annual survey that is part of our ongoing commitment to understanding institutional investors' needs and to empower our people to forge deeper relationships with clients and consultants. It surveys 800 global institutional investors representing \$19 trillion in assets, who are not explicitly Nuveen clients but fit our client profile, to uncover new insights about the challenges and opportunities they face.

Based on Nuveen's input, our data partner, CoreData conducted the 'blind' survey objectively and independently during October-November 2024 to ensure that respondents remained unbiased. Topics and questions were selected based on insights from across Nuveen and our clients, as well as incorporating market and wider geopolitical events to gauge client opinion. Some questions are retained year over year to gauge change over time; others change to explore new market dynamics and areas of interest or concern.

The 2024 annual survey was conducted in October-November of 2023, and the 2025 survey in October-November 2024. The latest results and findings are published on our website.



Figure 6.6: EQuilibrium survey 2025 overview\*

GEOPOLITCAL UNCERTAINTY

80%

Of investors see increased geopolitical risk as likely or highly likely

**REALLOCATING PORTFOLIOS** 

66%

Planning to increase allocations to private investments

**RESPONSIBLY INVESTING** 

73%

Prioritizing infrastructure for climate risk mitigation strategy

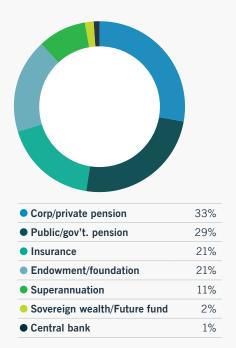
**800** global institutional investors

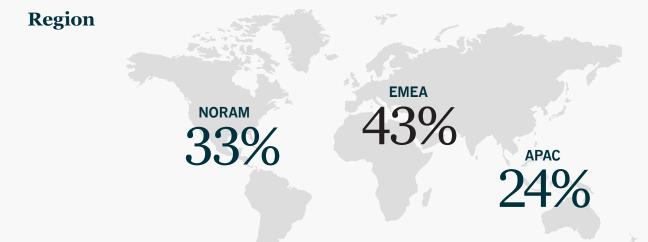
Asset levels **\$500 million+** 

**Decision-maker** roles only

Fielded by CoreData Oct-Nov 2024







**AUM** 

58%

Above \$10 billion

42%

\$10 billion and below



<sup>\*</sup> Total may not add up to 100% due to rounding Source: Nuveen EQuilibrium survey 2025

#### INFORMING STEWARDSHIP THROUGH CLIENT ENGAGEMENT

Engagement with clients and other market stakeholders helps inform our stewardship priorities and engagement activities. We gather feedback through several channels, such as one-to-one interactions (for example, individual client update meetings), industry events and our institutional investor-specific annual EQuilibrium survey.

We regularly run events, workshops and training activities with clients to share views and perspectives on market trends and investment capabilities. We consider this feedback in framing and developing our responsible investing priorities.

#### **CASE STUDY**

#### Client and market engagement on nature risk

As stated in our 2022-2023 report, we had recognised the increasing importance of biodiversity and nature-related topics for clients and the broader market. This understanding reinforced the case for launching our targeted engagement initiative at the end of 2023 as described under Principle 4.

In the course of 2024, following the publication of our thought leadership piece outlining analysis and methodology underpinning the initiative, nature risk was an area of particular focus for client engagement with asset owners who were working on this topic and looking to exchange insights with asset managers about stewardship approaches and investment solutions.

Nuveen RI team members held meetings with stewardship professionals to share knowledge and gather feedback. The positive views on our initiative, as well as some of the questions and broader conversations, led us to develop another piece of research exploring approaches to incorporate nature positive investing in the context of net zero goals.

The findings of the paper were presented at a conference in Q4 2024, leading to further engagement with institutional investors.

#### MANAGING ASSETS IN ALIGNMENT WITH CLIENTS' STEWARDSHIP AND INVESTMENT POLICIES

We are committed to taking steps which seek to ensure assets are managed in accordance with client stewardship and investment policies.

With respect to separately managed client account mandates, information regarding a client's stewardship and investment priorities is gathered through dialogues as part of establishing the mandate and, where relevant, captured in the investment guidelines agreed with the client.

Generally, we closely monitor funds and client accounts. The manner of monitoring differs depending on the nature of the mandate. For example, we offer funds and client accounts that use one or more ESG factors as a significant or main consideration in selecting investments. For these vehicles, ESG considerations are factored into our analysis. We also manage impact funds and client accounts which seek to achieve a direct and measurable positive social or environmental impact alongside competitive risk-adjusted returns.

One way in which we seek to ensure that assets are managed in line with client priorities and applicable fund documentation is through the work of our portfolio compliance function which undertakes regular and systematic controls aimed at ensuring portfolio composition and transactions remain in compliance with fund offering documents and client account guidelines, agreements and other relevant documentation.

Portfolio compliance provides daily pre- and post-trade monitoring for funds and client accounts which hold securities that trade on public markets to detect and prevent potential transactions that would violate the investment policies, including ESG.

Funds and client accounts with an impact mandate are monitored both by portfolio compliance and the RI Team. On a quarterly basis, portfolio compliance determines if there were deviations that required further review and the RI Team follows up with the relevant investment team(s) for resolution.



#### COMMUNICATIONS WITH CLIENTS ON INVESTMENT ACTIVITIES AND STEWARDSHIP

We strive to meet a high standard of transparency on our RI activities for our clients, stakeholders and the market more broadly.

We are committed to providing RI-related reporting and disclosures that meet client needs, industry standards and best practices, and regulatory requirements. These include stewardship, sustainability and impact reports, generally published on an annual basis and covering firm-level activities and/ or specific asset classes.

Upon request and discussion with clients, we can also provide ESG reporting for specific funds.

In addition to the various reports, we have created various maps that are a tool for clients to access further information on sustainability and ESG metrics for our farmland, real estate and fixed income impact portfolios.

#### Figure 6.7: Summary of Nuveen's reports

#### **INTERACTIVE WEB MAPS**

- Farmland map
- Real estate map
- Impact Investing Fixed income map

#### ASSET CLASS LEVEL REPORTS

- Nuveen private equity impact report
- · Churchill sustainability report
- Fixed Income Impact Report
- Nuveen Clean Energy sustainability report
- Nuveen Natural Capital sustainability report
- Nuveen Real Estate Sustainability report

#### FIRM-LEVEL REPORTS

- Annual stewardship report
- · Annual climate report

#### **FUND-LEVEL REPORTING EXAMPLES**

- Core impact bond
- Green bond
- · Short duration impact bond

### REFLECTING ON EFFECTIVENESS AND IMPROVEMENTS

We believe the various methods outlined in the previous sections to communicate and engage with clients provide us with useful and actionable insights to understand their needs. Some challenges remain in terms of being able to stay abreast of the evolving needs of clients, considering Nuveen's diverse client base across segments and geographies.

One way in which we seek to address this is through the Nuveen client experience working group, which brings together key decision makers from across the business to steer the design of the overall client experience and measure and monitor success toward enhancing it.

We also launched the CX Hub, a shared resource providing all associates with access to our annual client research and competitive intelligence, ensuring that all teams and functions across the business are on top of what our clients expect from us, as well as broader industry trends.



#### **INVESTMENT APPROACH**

## Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfill their responsibilities.

As outlined under *Principle 1 on page* 7, Nuveen's responsible investing approach seeks to drive better outcomes for investors and, when consistent with client mandates, our communities and the planet. When embedding environmental, social and governance (ESG) factors into investment research, due diligence, portfolio construction and ongoing monitoring across asset classes, we seek to improve clients' long-term performance, identify potential risks and uncover opportunities for investors.

#### **ESG INTEGRATION AT NUVEEN**

Nuveen defines ESG integration as considering potentially financially material ESG factors in the investment decision-making process. ESG factors may present potential risk or opportunity that in turn can have a positive or negative impact on issuer fundamentals. Assessing and understanding ESG considerations, among other fundamental factors, helps to frame a holistic view of credit risk and informs relative value determination in service of client agendas.

As ESG integration seeks to identify potential ESG-related risks and opportunities to better assess the full range of fundamental considerations that could affect the relative value of our investments over the investment horizon, the consideration of potentially financially

material ESG factors, as part of the traditional financial analysis, provides a more comprehensive view when making investment decisions. Nuveen believes that driving transparency and adoption of ESG integration best practices across asset classes can benefit our clients by enhancing or protecting long-term value.

Financial materiality and applicability of ESG factors varies by asset class and investment strategy. ESG factors are among many factors considered in evaluating an investment decision, and unless otherwise stated in the relevant offering memorandum or prospectus, do not supersede investment guidelines, strategy or objectives. Select investment strategies — such as index replication — do not integrate ESG factors in the investment decision-making process.

ESG integration, implemented in collaboration among the central RI team, subject matter experts and investment teams, focuses on identifying financially material ESG themes and factors and facilitating access to ESG information that can help in assessing related risks and opportunities. Members of the central RI team and embedded sustainability asset class experts work closely with key firm stakeholders to ensure that quality ESG data and resources are available to our investment teams.

To support this work, Nuveen has dedicated members of the RI team who oversee the development of ESG data, analytics and reporting. Nuveen's RI insights draw on a mix

Figure 7.1: ESG integration across asset classes **Proprietary** Frameworks are developed collaboratively by investment teams and responsible investing experts. Integrated into Financially material investment platforms Focused on financially ESG data & insights material ESG risks and accessible to investment opportunities specific teams through their to each sector and respective portfolio asset class. **ESG** integration and risk management principles systems. A robust foundation designed to embed ESG considerations across public and private markets in support of holistic investment-decision making Flexible and iterative Systematic Flexibility for analysts Incorporates to overlay quantitative standardized insights assessments with forward from both third-party += ×÷ ESG data providers, looking and idiosyncratic insights. Iterative to and our own proprietary incorporate evolving ESG sources, including data sets, practices, and through Engagement regulatory reviews. on ESG issues.

of proprietary analysis, company reported data and third-party data. Leveraging service providers and data vendors' expertise to complement our in-house technology capabilities enables us to extend our data coverage across diverse asset classes. ESG insights are housed across a number of platforms that are accessible by investment teams, enabling portfolio-level analysis on financially material factors and thus the ability to influence investment decisions.

Investment professionals are generally responsible for considering financially material ESG factors alongside traditional financial analysis in their investment process, when appropriate for each asset class and strategy, and consistent with client mandates. Where relevant and consistent with the client mandate, this includes ESG analysis prior to investment, continued monitoring of ESG factors during the hold period, and through exit.

Many investment teams across equity, fixed income and private markets, in collaboration with the RI team, assign proprietary internal ESG ratings to capture their unique views around ESG factors. The extent to which externally produced data is available and relied upon versus internally produced data varies by asset class and investment strategy.

To facilitate ESG analysis and support client reporting, Nuveen continues to invest in both proprietary platforms and data, technology infrastructure, and integration and partnerships with industry-leading investment service and solutions providers.

For more information on how we work with data vendors and service providers, please refer to Principle 2 on page 11, Principle 8 on page 55 and Principle 12 on page 88.

Please refer to **Principle 4 on page 23** for discussion on climate change risk.

#### APPROACHES ACROSS ASSET CLASSES

Nuveen offers diverse capabilities spanning both public and private markets. Since financial materiality may differ by asset class and investment strategy, there is no standardised classification of ESG factors. Instead, Nuveen can create custom frameworks, guidelines, ratings, models and/or tools to support the investment teams' implementation of ESG integration.

Similarly, material ESG factors may vary by geography and client mandate. For example, our investment teams focused on emerging markets may place greater emphasis on ESG factors associated with governance and the country risk of a particular investment, relative to developed markets where regulatory environments are more developed. Further, certain strategies and funds consider specific ESG topics as binding criteria and part of their investment objective.

In addition, time horizon of an investment may also influence the materiality of ESG factors. For example, potential physical risks associated with climate change may be less material for shorter duration investments or client mandates that have shorter time horizons. Alternatively, physical risks may be more material for investments that generally have longer hold periods or less liquidity, such as private infrastructure and real estate.

Varying approaches to ESG integration are described by asset class in the following sections.

#### **Fixed income**

Within fixed income strategies, our approach to ESG integration and consideration of financially material ESG factors varies by team and sub-asset class.

For example, where material, our U.S. municipal bond research analysts may consider factors such as an issuer's governance structure, the political and regulatory environment, and climaterelated risks, in developing internal credit assessments to the extent these factors impact credit quality. Research analysts have the discretion to adjust their internal credit ratings if they deem relevant ESG factors to have a material impact on the ability and willingness of borrowers to repay debt.

Additionally, analysts have access to physical risk data which assesses issuers, exposure to physical climate risks, likelihood of event occurrence and the potential economic impact on property value and GDP. Municipal research analysts include information about the physical climate risk scores in their credit research reports, as well as relevant material climate risk mitigation efforts noted in issuers' offering documents.

Our emerging market debt research analysts assign a proprietary ESG assessment to their credits that sit alongside their proprietary internal credit ratings. We believe that understanding ESG dynamics, particularly with respect to corporate governance within the corporate sector and social equality within sovereign entities, is an important component of the overall fundamental due diligence process in the emerging market debt space.

In corporate credit, including investment grade and leveraged finance, the ESG integration approaches incorporate quantitative assessments where data is available and qualitative assessments of private issuers, supported by company due diligence questionnaires. Frameworks are informed by sector specific financial materiality and include the ability for research analysts to supplement quantitative assessments with forward projections and with additional insights gleaned during issuer engagements.

The questionnaire is credit risk focused and designed to be industry specific, covering financially material ESG factors that may impact an issuer's credit risk, such as climate risk, product safety and ethics policies and practices. The questionnaire also serves as a tool for the team to proactively engage with issuers to influence companies to increase ESG disclosure and information to integrate into the underwriting process. The ESG questionnaire and resulting score are accompanied by a transparency rating, evaluating the sufficiency and quality of available and disclosed data.



#### CASE STUDY

#### Financing transition housing for people experiencing homelessness

Nuveen has a long and innovative history of investing in private credit across multiple asset classes including corporate, credit tenant loan (CTLs), private ABS and infrastructure debt.

Nuveen's private placements origination team conducts underwriting due diligence on each pipeline transaction and incorporates the explicit consideration of ESG factors into fundamental investment analysis and portfolio construction. As part of the analysis, each investment is additionally evaluated at a high level to determine if it aligns with any of the UN SDGs. Transactions are presented for approval by the Credit Review Committee which consists of portfolio managers, legal, Investment Officers and risk management. The committee discussion includes a proprietary ESG rating, where available, and SDG alignment, as a factor among others, to determine whether a bid can be made.

In August 2024, Nuveen's CTL team provided financing for The Doe Fund's (TDF's) acquisition of a 64-unit residential building. TDF was founded in 1985, with the mission to provide a range of educational services, homeless prevention and assistance, and to own and operate low-income housing and shelters. The organisation was recognized as a top-50 Affordable Housing Developer in 2019 by Housing Finance Magazine. In addition to housing development, TDF has operated transitional supportive housing since 1990 and now serves over 600 individuals experiencing homelessness daily.

The property, owned and operated by TDF through a contract negotiated with the City of New York Human Resources Administration, provides affordable housing for those experiencing homelessness, in close proximity to public transportation, parks, cultural institutions, schools and community amenities. In addition, the property has 1,857 square feet of on-site community facility space for social services, such as job training. In participating in this deal, Nuveen considered relevant ESG factors alongside the financial performance of TDF and the city's credit quality. This review included an environmental site assessment to ensure compliance with industry standards and review from a construction monitor to ensure that the building was up to code. Additionally, based on the property's alignment with TDF's mission in providing affordable housing and job training creation for low-income individuals, the investment qualified for SDG alignment with goals 8 (decent work and economic growth) and 10 (reduced inequalities).

#### CASE STUDY

#### Proprietary ESG analysis and engagement in leveraged finance

Nuveen's leveraged finance platform is one of the industry's largest, and robust providers of high yield credit, broadly syndicated loans, CLOs and alternative credit strategies. As part of its proprietary ESG Diligence Report ("EDR") framework, which focuses on industry relevant financially material ESG metrics, climate change and emissions is a critical component of assessing energy issuers. Where an issuer may significantly deviate from its peer group, or where third-party ESG data coverage is more limited, as is the case for privately held companies, we often take the opportunity to engage to express our concerns, to learn more and to promote additional disclosure.

**Example A:** During our due diligence process, we identified a holding in an independent oil and gas exploration and production company with higher-than-average levels of associated gas flaring compared to peers. Gas flaring, the burning of natural gas that accumulates during oil extraction, releases significant amounts of carbon dioxide, methane and air pollutants and in many cases can be minimised by transporting the gas or capturing the gas for use. In our meetings with senior management teams, we underscored that fulfilment of the company's ESG commitments is a non-negotiable pillar of our investment thesis and pressed for quantifiable progress on GHG emission intensity, flaring reduction and targets. Management acknowledged the need and agreed to provide annual disclosures. In 2023, the company achieved zero routine flaring. They have also improved disclosures, decreased their methane intensity and remain on track to meet their goal of 50% reduction in GHG intensity by 2030.

**Example B:** In another engagement, our due diligence process revealed that a private oil and gas producer ranked among the highest GHG emitters in the U.S. oil-and-gas industry. Despite more limited private company disclosures, our targeted engagement resulted in the company agreeing to provide emissions reporting and improving disclosures in subsequent deals. Most recently, they achieved 25% methane emissions reductions for 2023 and 2024.

Our proprietary ESG analysis directly informed our decision to engage with these companies and their respective improvement on key issues supports our continued exposure.



#### **Equities**

As with other asset classes, Nuveen's equities teams may consider financially material ESG information throughout the investment process. This includes an analysis of material factors, such as emissions, workplace safety and board composition, though specific factors considered may vary by sector, geography and strategy. Research analysts generally have access to information from third-party ESG data providers alongside their own fundamental and proprietary research.

#### CASE STUDY

#### Nuveen global real estate carbon reduction strategy

The strategy aims to provide long-term capital appreciation and current income by investing in real estate companies that have either achieved carbon neutrality or have a target to or track record of reducing greenhouse gas emissions in a manner that is aligned with the Paris Agreement. Listed real estate is a capital-intensive sector with an influential sector-specialist shareholder base. Our targeted engagement program seeks to influence expectations for ownership. We engage both with companies we own and those we don't own where we often see greater scope for improvement.

Going beyond stated targets and commitments, we engage with companies to better understand their pathway to decarbonisation and encourage them to adopt best practices. Broadly, we have encouraged companies to:

- enhance climate-related disclosure, including their emissions data and physical/transition climate risk analysis. Consistent, material disclosure informs our investment analysis and helps us understand company oversight and management of climate risk.
- enhance accountability by setting robust, science-based emissions targets and developing a data-informed We seek to guide companies and issuers along a journey from transparency and accountability toward credible, real world impact that we believe can support risk management and long-term value creation. Acknowledging that decarbonisation is a multi-year, complex endeavour, we expect our engagement priorities and expectations to develop over time to consistently align with the objectives of the strategy.

Our engagement with companies, such as AvalonBay in the case study under Principle 9, continues to prioritise enhanced climate risk management by encouraging more robust analysis and disclosure of material climate-related physical and transition risks.

During the period, we analysed and engaged with several REITs on their processes to proactively and continuously assess these risks and integrate findings into long-term business planning. As a result, we have seen positive progress demonstrated through enhanced scenario/data analysis and improved disclosure on integration into company strategy, capital planning and investment decisions.

Areas for future engagement were noted in terms of ongoing dialogue with the company to improve senior management gender balance, include non-operational Scope 3 emissions in carbon reduction targets and increase the capital allocated to rooftop solar projects.

<sup>1</sup> The SSBB provides a list of measures that can be implemented at a property (i.e., LED lighting) and classifies them as either 'essential' (i.e., widespread implementation), 'value add' (i.e., tailored implementation based on investment return profile), or 'pilot' (i.e., limited implementation to 'test' measure's value proposition).

#### Real estate

At NRE, we integrate ESG considerations into our end-to-end investment process. We achieve this through both our top-down investment strategy and bottom-up asset-level implementation. The checks and balances at the different stages of our process support our teams in executing our ESG integration strategy.

Our 'tomorrow's world' philosophy sits at the core of our investment process. Focused on long-term structural trends such as digitalisation, aging population and the transition to the low carbon economy, it aims to deliver enduring benefits to both our clients and society. This philosophy combined with our sector approach creates real estate portfolios that serve our partners' investment, climate and social objectives.

To bring our tomorrow's world vision to life, NRE has developed a smart sustainable building blueprint (SSBB) for the different real estate sectors it invests in. Each sectorspecific SSBB takes into account the three key drivers of change in tomorrow's world: sustainability, technology and people. Each blueprint categorises building features or operational best practices based on the area of building performance being addressed, the expertise required to implement cost-effective solutions and the relevant stakeholder set. Each sector's SSBB framework also classifies features as essential, value add or pilot, which reflects market maturity and NRE's operating standards. All assets strive to incorporate programmatic approaches to essential features in asset business plans and

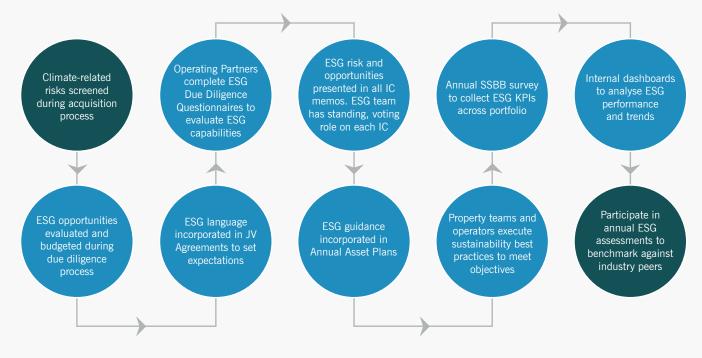
operating practices, while value add and pilot features are assessed on an asset-by-asset basis.¹ By nature, the classification of features will evolve over time based on consumer sentiment, technological development, capital market demand and local market dynamics. The SSBB is a tool that helps investment teams identify and prioritise implementation strategies for assets in a given sector. It is also a framework within which we set and measure progress toward operational goals. The key areas of focus are:

- Energy
- Water
- Waste
- Resilience
- · Tenants and community
- Leasing
- Data and digitalisation
- · Health and wellness

Further information on the approach, progress and outcomes is available through *Nuveen Real Estate*Sustainability Report.

It is clear that the physical impacts of climate change will affect real estate values. The NRE team continues to advance its understanding of how, where and when such impacts will become financially material to our investments' financial performance.

Figure 7.2: ESG integration in the real estate investment process



### Adopting good governance practices to execute on our ESG strategy

Articulate strategic ESG objectives that support the firm's tomorrow's world vision

Prepare policies and procedures that govern ESG activities across the business

Advise fund ESG strategies to align investments with client expectations

Provide sustainability training for leadership and investment teams

We have developed and implemented our own sustainability risk management framework to better identify factors that could be material to real estate investment performance. Acquisition and portfolio management teams already factor physical and transition risks into investment decision-making by running downside scenarios and evaluating potential future costs. Relatedly, asset management teams employ a separate environmental management framework that encourages and supports continued responsible management practices.

#### **Private capital**

Churchill considers material ESG factors in our pre- and post-investment processes to enhance long-term value across the portfolio and investment strategies. This materiality-based approach allows us to capitalise on global trends while contributing to sustainability outcomes, while not sacrificing competitive commercial returns for our stakeholders.

Once a potential deal passes the initial negative screening based on Churchill's exclusion list, we conduct deal-specific ESG due diligence to gather as much data from the private equity sponsor as possible.

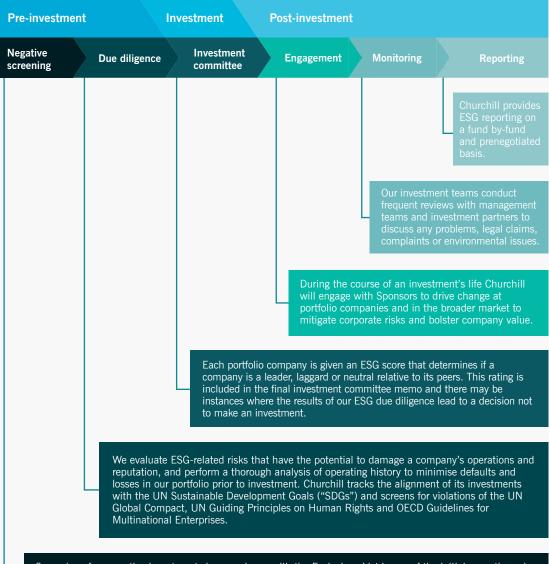
#### **CASE STUDY**

#### Green building features for a brown-to-green office conversion

The NRE investment management teams oversee the implementation of a variety of decarbonisation measures across portfolios to manage climate-related transition risk and by doing so support NRE's house-level net zero carbon commitment. Investment teams also evaluate the presence of material physical climate risks and oversee the implementation of asset management strategies.

NRE's commitment to sustainability is reflected in the redevelopment of Devonshire Square Building 7 in London — a comprehensive refurbishment of a 1980s office building completed in 2024. The repositioned 91,598 sq ft space includes terracing on every floor, two new office levels, and top-tier end-of-trip facilities to support sustainable commuting. Rooftop terraces and upgraded courtyards with enhanced greenery promote dwell time and curated events. Sustainability drove strong tenant interest, contributing to leasing success ahead of underwriting. A refreshed net zero carbon roadmap was completed in 2024. The building achieved NABERS 5 Stars, BREEAM Outstanding, EPC B, and Wired Score Platinum, aligning with DSQ's goal to create a leading sustainable campus.

Figure 7.3: ESG in Churchill's investment process



Screening of prospective investments in accordance with the Exclusions List is one of the initial ways through which we have integrated ESG into our investment cycle.

We use a proprietary ESG rating tool, developed in collaboration with third-party data provider ESG Book, that helps us assess the key ESG risks and opportunities for a given deal.

This process starts with Churchill's RI team completing a materiality assessment for the business, along with a Global Compact and Climate Risk assessment that helps define the analyst assessment and overall ESG score for a portfolio company.

Churchill's RI team is a part of every investment team meeting, from origination to early screening to investment committee. The team provides commentary on the investment and sponsor ESG practices or raises key ESG risks and opportunities.

These discussions often happen on an adhoc basis and are flagged to the deal teams upon discovery. The deal teams take this information and use it to seek to mitigate risks and present the completed risk profile during investment committee.

#### Infrastructure

Nuveen Infrastructure take a long-term, active approach to managing ESG risks and opportunities across our clean energy investments, as outlined in the ESG policy.

During the pre-investment stage, material environmental and social risks are assessed, drawing on third-party Environmental Impact Assessments, and other environmental regulatory compliance reviews. Following investment, ESG factors continue to be actively managed throughout construction and operations, including establishing and monitoring health and safety standards, managing environmental impacts and tracking renewable energy generation and avoided emissions to assess positive outcomes. In addition, we have created a fund level Environmental and Social Management System (ESMS) for our SFDR Article 9 funds. A fund level ESMS is a set of policies, procedures and tools to identify and manage an organisation's exposure to environmental and social risks and opportunities through a set of clearly defined and replicable processes.

Nuveen Infrastructure also recognise the role of our clean energy assets in the communities in which they operate: engaging with local stakeholders, supporting educational initiatives, considering job creation and promoting awareness of the benefits of renewable energy projects.

#### **CASE STUDY**

### Solar photovoltaic projects in Spain and Portugal: a long-term biodiversity initiative at BNZ

Nuveen Infrastructure's portfolio company BNZ takes a science-based and proactive approach to biodiversity, integrating habitat restoration, species protection and ecological enhancement.

In 2024, BNZ launched a long-term initiative to further strengthen its biodiversity strategy, enabling it to assess, monitor and improve biodiversity indicators across its sites, using scientific methodologies and data-driven insights. As part of its Environmental Monitoring and Verification Plan (EMVP) at the Moratalla Solar Project in Murcia, Spain, BNZ has implemented a comprehensive set of actions to restore habitats, protect wildlife, reforest with native species and diversify agriculture.

In addition, the planned Armamar photovoltaic project in northern Portugal is currently in the development phase, with a strong focus on Iberian wolf conservation. During 2024, BNZ's partnership with the Association for the Conservation of the Iberian Wolf Habitat continued to ensure effective habitat monitoring and protection. These efforts led to confirmed multiple Iberian wolves living in and around the site.



#### **INVESTMENT APPROACH**

# Principle 8

Signatories monitor and hold to account managers and/or service providers.

#### USE OF SERVICE PROVIDERS

As described under **Principle 2 on** page 11 and Principle 7 on page 47. Nuveen uses the services of several data providers and vendors as part of our research and investment processes. The primary source of Environmental, Social, and Governance data for Nuveen's RI products and screens for public market assets is MSCI, MSCI, Sustainalytics, ISS and Verisk Maplecroft are primary datasets used for ESG integration, available either through RIDP, FactSet, Bloomberg and/or directly from the vendor platforms. We use research and data from ISS and Glass Lewis in our proxy voting and portfolio company engagement processes.

Nuveen supplements primary datasets with those from a range of innovative, specialist providers that service specific asset classes or data niches. For example, ICE is our physical and transition climate risk data provider specifically geared toward municipal bonds. In addition to vendor data, Nuveen uses a range of public datasets, such as those from the World Bank, Freedom House, Environmental Protection Agency, National Center for Education Statistics and others, to drive proprietary ESG scores for municipal and sovereign bonds.

We also use a number of vendors to facilitate geospatial risk analysis related to climate and biodiversity, streamline ESG data gathering directly from investees, and guide carbon footprinting for our private markets and real assets portfolios. We seek a collaborative approach when working with service providers to ensure services are delivered to meet our needs and the needs of our underlying clients.

#### MONITORING SERVICE PROVIDERS

Nuveen undertakes multiple layers of due diligence and ongoing monitoring for service providers across business needs. Centralised teams and functions facilitate due diligence, risk assessment and monitoring of third-party suppliers throughout the relationship. This ensures service providers, proxy advisors and real estate service providers meet policies, business needs, quality and service standards and operational and technical considerations.

The RI team usually begins by researching and conducting demonstrations with various potential vendors to ensure alignment with the team business needs (e.g., robustness of product methodology, transparency and credibility), quality and service standards and operational and technical considerations of integrating the new product. Following the due diligence process in appropriately selecting a vendor, the team completes the Vendor Inherent Risk Assessment

which evaluates the risks of sourcing a product or service from a vendor. This assessment includes evaluations of topics which could potentially cause negative impacts, such as facilities locations, data access levels, potential offshore operations and reputational considerations. These

assessments are then shared with internal teams such as Finance, Legal and the Enterprise Vendor Program Office (EVPO) for necessary review and ultimate approvals to complete onboarding contracts with the vendor.

#### **CASE STUDY**

#### Partnering with vendor for enhanced engagement reporting

At the end of 2023, Nuveen initiated the search for new capabilities that could enhance Nuveen's issuer engagement tracking processes and provide more accessible and systematic reporting of engagement activities and outcomes. We had identified the need to improve engagement tracking and reporting to better respond to client requests and align to the market expectations and best practices we were observing.

After initial reviews and trials with different potential vendors, in Q1 2024 we selected the preferred provider and began the due diligence and onboarding processes. Throughout the year, members of Nuveen engagement, data and technology teams held regular meetings with the dedicated personnel at the firm to guide the structured implementation process of the new capabilities.

In particular, through frequent interactions and feedback, we worked together on customising the platform setup to ensure that it would appropriately reflect the specific workflows of Nuveen engagement processes and activities, while increasing efficiencies and reducing complexities compared to the previous provider. The new platform configuration also enables us to enhance client reporting and extract insights to better inform engagement priorities.

We believe establishing this type of collaborative relationship with our vendors allows us to achieve mutually beneficial outcomes. Through discussions, we continue to receive ideas on how the software capabilities can match or augment our engagement tracking needs and we share suggestions for new software features that can overcome challenges, enhance user experience and address investor requirements. We believe these ongoing efforts support greater insights and transparency around our engagement activities.

Once the new vendor is onboarded, the scope, frequency and intensity of the monitoring activities are guided by the inherent risk rating of the products and services provided by the vendor.

Meetings are held on a regular monthly, quarterly, annually or as-needed basis to discuss service-level performance and potential improvement areas.

Any issues or complaints that arise are communicated to the vendors, both on an asneeded basis as well as during annual review meetings that are conducted with each primary vendor. During the annual review meetings, we review business usage over the past year, discuss any outstanding issues and feedback on the vendor's services and review the future roadmap to ensure it aligns with our needs and expectations. Additionally, before every vendor contract renewal, there is an internal review of vendor performance against the initial terms established during the signing of the contract, as well as internal review with the business owner(s) and Nuveen's Technology team to ensure continued business need and satisfaction with vendor services.

During the reporting period, Nuveen was generally satisfied with the quality and level of accuracy provided by third-party vendors, with no major issues of expectations not being met. In the event that significant issues do arise, there are enterprise-level guidelines to document and report them, ensuring that they are tracked and monitored to resolution. Exit strategies will be enacted if the vendor can no longer provide the product or service to the company. This exit strategy was not enacted during this reporting period.

#### MONITORING PROXY ADVISORS

Annually, Nuveen Compliance conducts a service provider due diligence to determine whether ISS has the ability to identify and manage potential conflicts of interest and to determine whether ISS has the capacity and competency to adequately analyse proxy issues. This includes the ability to make voting recommendations based on materially accurate information. The notable findings from the due diligence are presented to Nuveen's Proxy Voting Committee members, who then vote to retain or replace ISS as our proxy advisor.

Additionally, our Proxy Operations team conducts continuous monitoring of ISS. The group holds weekly meetings with ISS to monitor outstanding items, provide feedback and implement enhancements to align with our growing stewardship programme.

Please refer to **Principle 12 on page 88** for further information on how we work with proxy advisors.

#### DIVERSE SERVICE NEEDS ACROSS THE PORTFOLIO

#### Real estate

Certain sustainability factors are included in the appointment and contracting of select service providers. Most notably, operating partners and property managers are expected to adhere to Nuveen Real Estate's sustainability guidelines which include a range of expectations focused on environmental and social issues.

#### **CASE STUDY**

#### Embedding sustainability into property management

In 2024, Nuveen Real Estate launched updated sustainability requirements for property managers, now embedded in all new management agreements. The framework focuses on measurable progress through annual Asset Sustainability Plans aligned with net zero carbon goals and industry benchmarks like GRESB.

Managers must track and report energy, water and waste data using platforms such as Deepki, ensuring transparency and identifying areas for improvement. Properties meeting specific criteria must maintain ISO 14001-accredited Environmental Management Systems and support green building certifications.

The requirements also promote tenant engagement through dashboards, surveys and green lease clauses. Service providers are expected to follow sustainable practices, and managers must implement social impact initiatives and ensure fair wages.

This approach supports better-performing buildings, lower operating costs and positive environmental and social outcomes — embedding sustainability into key aspects of property management.

#### Infrastructure

Nuveen Infrastructure invests in assets across project lifecycle phases (development, construction and operation), and relies on contractors for the provision of construction, maintenance and operational services.

We recognise that health and safety are fundamental to sustainable investment and responsible asset management. In 2024, we formalised and embedded a health and safety management system (HSMS) into our investment and asset management practices. This system seeks to ensure that our approach to risk management is not only compliant with regulatory standards, but also aims to actively boost the long-term resilience, performance and sustainability of our global investments.

Over the past year, we've created health and safety performance standards, which define clear expectations for leadership commitment, risk management, compliance assurance, training and competence, contractor management and continuous improvement. These standards ensure that health and safety (H&S) remain central to decision-making throughout the investment lifecycle.

Recognising our reliance on third-party contractors, we improved contractor management protocols, including structured performance monitoring, safety reporting expectations and legal compliance attestation mechanisms.

These measures strengthen oversight and ensure accountability for maintaining high safety standards across our projects.

#### **CASE STUDY**

### Building a safe and sustainable future – Ainola, Battery Energy Storage Systems, Finland

The Ainola project in Finland serves as a prime example of how our HSMS is applied in practice. This 30MW, 42MWh battery energy storage system (BESS) is designed to support the stability of the electricity grid.

In 2024, we worked closely with third-party contractors to oversee the safe and responsible delivery of Ainola. During construction, no lost time incidents were reported, reflecting strong safety performance across the contractor workforce. H&S measures were embedded through clear expectations set at the contracting stage, alongside regular monitoring and engagement. Contractors were responsible for implementing training on risks specific to battery storage, emergency response procedures, hazardous materials handling and environmental impact mitigation to ensure that all workers on-site operated to the highest safety standards.

Robust health and safety practices are key to protecting Nuveen's employees, supply chain and investments. By embedding health and safety into our decision-making, Nuveen aims to manage risks effectively and deliver long term value. We are committed to fostering a proactive safety culture — one that empowers our teams and partners to prioritise safety, drive accountability and create safer working environments that protect lives, the environment and our investments.



# Engagement

Principle 9 ▶ Principle 10 ▶ Principle 11 ▶

**ENGAGEMENT** 

# Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

#### **OUR CONSTRUCTIVE APPROACH** TO ENGAGEMENT

We are dedicated and focused on advancing responsible investing practices, with preserving and enhancing long-term shareholder value at the centre of our approach. We remain diligent in our ability to produce meaningful outcomes for our clients.

Our approach to stewardship is rooted in our fiduciary duty to our clients and is designed to gain investment-relevant information and meaningfully advance transparency, accountability and, where appropriate, real-world impact among issuers across our portfolios.

We believe that constructive engagement is a fundamental part of our role as effective stewards of our client assets and critical to preserve and increase value. Moreover, we consider this constructive method to be more conducive to securing buy in from investee company management, leading to better outcomes for the engagement and for our clients. By contrast, excluding companies from our portfolio without attempting to first engage constructively to address challenges and promote change is a blunt instrument which, in our view, risks having unintended consequences and is unlikely to lead to shared benefits for companies and investors.

Our size and scale as diversified investors, and our in-depth knowledge as active managers of the entities we invest in,

enable us to have direct and constructive dialogue with companies and other relevant stakeholders.

The approach to engagement, including how engagements are selected, prioritised and conducted, varies across geographies. Considerations include cultural norms, regional customs, local regulations and market standards.

#### ENGAGEMENT METHODS AND **PARTICIPANTS**

The engagement programme is carried out primarily by the RI team in coordination with the analysts and portfolio managers that are involved with coverage of certain companies and funds. We believe this joined up approach allows us to develop well-informed and targeted engagement priorities.

Direct dialogue enables us to address ESG issues that are most financially material on a company-by-company basis. Engagements can take the form of in-person meetings, (video) calls or written communication.

We typically use letters to company boards when we launch new thematic initiatives. Written communications help us convey to companies a holistic view of our general expectations with regards to the topic, and are useful to start a long-term dialogue and iterative engagement process. We then

Board quality

Figure 9.1: Engagement by the numbers					
	693	872			
	COMPANIES ENGAGED	ENGAGEMENTS			
Environmental					
Climate change	61%	510			
Natural resources	21%	152			
Social					
Diversity, equity and inclusion	37%	270			
Communities	6%	47			
Product responsibility	7%	52			
Talent management	14%	104			
Customers	9%	69			
Employee health & safety	4%	27			
Governance					
Shareholder rights	10%	74			
Business ethics, transparency and accountability	45%	339			
Board structure and operation	14%	103			
Executive compensation	40%	313			

Source: Nuveen, July 2023 – December 2024. Percentages will not add to 100 as more than one issue category may be discussed. Nuveen equity AUM as of December 31, 2024. Excludes AUM in entities such as funds where exposure is not directly to a corporate issuer that can be engaged.

21%



149

conduct face-to-face meetings, either in person or virtual, which include members of the RI team as well as relevant investment team members. We also use letters to follow up on certain proxy votes, as described under *Principle 12 on page 88*.

During the period, written engagements accounted for approximately one third of total engagements, with the rest being face- to-face engagements. As mentioned under *Principle 2 on page 11* and *Principle 8 on page 55*, we have been working on the implementation of a new engagement tracking platform which will enable more detailed reporting on our engagement activities.

Nuveen's engagement programme was historically focused on public equities, reflecting general market practice and the connection with proxy voting. Over time, our understanding of the materiality of RI issues across a company's capital structure has increased and we have learned more about how they may affect valuations. As a result, we have been increasingly collaborating with our fixed income investment teams to conduct selected engagements (see following case study).

Nuveen has exposure to certain national oil companies (NOCs) primarily through fixed income investments. Nuveen's RI team partnered with Nuveen's Emerging Markets Debt (EMD) team to engage NOCs where we have fixed income holdings and where we identified opportunities to strengthen the adoption of industry best practices.



Company name: Multiple

Sector: Energy

Region/country: Global; Emerging markets

Period: 3Q 2024

**Issue: Climate change** 

### Working together on methane reductions

#### Risk/opportunity addressed:

Encourage NOCs to align with industry best practices on reduction and mitigation of methane emissions.



#### **ACTIVITY**

We conducted research in-house as well as in collaboration with EDF to better understand the unique methane emission exposures, abatement challenges and regulatory environments of the companies in scope. Our research-informed engagement meetings with the prioritised NOCs generally focused on understanding the alignment between the NOC strategy and decarbonisation goals with country-level climate policies and commitments, and on encouraging the implementation of best practices particularly on methane mitigation, including joining the UN Oil and Gas Methane Partnership 2.0 (OGMP). Nuveen's stewardship and EMD investment teams engaged directly as well as collectively through the Emerging Markets Investors Alliance (EMIA), with NOCs in Asia, Latin America and emerging Europe.

We engaged with a major Latin American NOC on issues related to its sustainability strategy, particularly related to methane mitigation. We discussed the company's efforts particularly given the company's plans to expand into global LNG markets with the development of a significant shale gas field. We encouraged the company to consider adoption of the industry best practices such as more frequent (ideally continuous) monitoring of production and processing facilities, use of novel data sources (including satellites) and membership in OGMP. We noted the business and commercial relevance of OGMP,

given that a 2023 Memorandum of Understanding between the company's home country and the European Union on clean energy cooperation specifically highlighted OGMP as the best standard to "measure, report and verify methane emissions along the supply chain to the European Union."

With a major Asian NOC, we discussed the implications for the company's business strategy and decarbonisation roadmap from its home country's commitment to reach net zero emissions by 2060. We recognised the company's role in pursuing operational excellence, such as by joining OGMP, establishing a goal for zero routine flaring by 2030, and signing the historic Oil and Gas Decarbonisation Charter at COP 28. At the same time, the home country's ambitious plan for net zero by 2060 also includes a near-term goal for peak emissions during the 2030s. This will need to be facilitated by rapid, high-impact and low-cost emissions reductions, many of which can be found within the oil and gas sector. As a result, the company's approach will be crucial to support the country's goal, while the company's target of net zero by 2060 falls behind the industry standard of 2050. Given these considerations, we engaged the company on the opportunity to accelerate the company's operational targets to better align with sector norms and to support the country's overall decarbonisation.



#### **OUTCOME**

The engagements helped Nuveen better understand the companies' decarbonisation strategies and their alignment with relevant national and international goals. We also gained a better understanding of potential challenges on execution of these strategies, and the meetings allowed an opportunity for ongoing dialogue to understand progress.

The engagement with the Asian NOC helped guide the company on areas for improvement and further alignment of current disclosures and targets with industry standards and best practices. The company committed to revising its disclosures and strategies ahead of its next sustainability report.

Following our direct engagement, we plan to continue to encourage the Latin American NOC on adopting best practices for methane measurement and disclosure, including joining OGMP 2.0.



#### STATUS AND NEXT STEPS

Ongoing engagement with the companies, both individually and collectively as part of EMIA. We look to provide feedback on best practices while also considering country-level and regional context.

NOCs represent the majority of current production and global reserves of fossil fuels, making them critical players in efforts to reduce methane emissions. The scientific and business communities have increasingly coalesced around the imperative to reduce methane emissions from the oil and gas sector, given both the potency of methane emissions and the feasibility of reducing them. In the near-term, methane is 80 times more potent than CO2 as a greenhouse gas, and has contributed to nearly one third of all anthropogenic warming. Meanwhile, most methane emissions from oil and gas production can be avoided with today's technology, and most of these cuts can come at no net cost, according to analysis by the International Energy Agency. To this end, membership in the UN Oil and Gas Methane Partnership 2.0 (OGMP) is particularly important. This is the only "comprehensive, measurement-based international reporting framework" for the sector, has emerged as a strong indicator of best practice, and OGMP membership is used as a criterion in the global LNG trade. Our analysis has shown that NOCs engaged in oil and gas exploration, production, transportation, refining, and marketing, have been slower to implement certain best practices relative to publicly-listed oil companies.



### SELECTING, PRIORITISING AND PREPARING ENGAGEMENTS

We generally select and categorise engagements as either tactical or targeted, depending on the discussion topics.

Tactical engagements tend to be timely discussions and strategic conversations on important shareholder and stakeholder issues. These meetings may be initiated by both Nuveen's teams and issuers. Examples of these situations include investment team engaging with certain issuers in the context of fund-specific objectives and eligibility criteria; specific corporate events (e.g., IPOs, M&As); controversies; proxy voting related matters both before and after the vote; and other material issues that are contextually specific to a particular company.

Targeted engagements are typically connected to thematic initiatives that address prioritised issues with crossindustry relevance. These are usually conversations initiated by Nuveen. We define our expectations on the themes and the expected outcomes and we establish target lists of issuers based on holdings and proprietary financial materiality research. Targeted engagements will often be broken down into a series of tactical engagements but connected back to the overall thematic strategy.

In both cases, prioritisation may be based on factors such as investment horizon, size of holding, materiality of the issue, date of general meetings, frequency of interactions, headline events and market context.

Our monitoring and research procedures include various methods to identify relevant engagement topics. Depending on company-specific circumstances, these methods may include reviewing publicly available information and company disclosures (e.g., annual reports, proxy statements, meeting materials, investor presentations); attending company events/presentations; monitoring of news and events that may impact company performance; leveraging third-party data services and research; conducting proprietary research; and identifying opportunities across a value chain to improve coordination and outcomes.

These processes enable us to develop well-informed engagement objectives and KPIs to guide the engagement, aligned to our transparency, accountability and impact framework described in the following section.

#### Figure 9.2: Examples of outcomes we recorded include:



#### **Transparency**

- Enhanced disclosure of annual scorecard weightings, targets and metrics
- Expanded narratives surrounding business strategy and risk management processes
- Further visibility into implementation of guidelines
- Improved or clarified reporting on analysis, activities and programs
- Updates to board skills matrix to account for new needs



#### **Accountability**

- · Addition of independent directors to the board
- Adoption of relevant policies, operating standards and principles
- Amendments/adjustments to compensation plans and pay structures
- Appointment of new executives or board members who bring relevant skills and experiences
- Enhancements to products, protocols and procedures
- Identification of an emerging risk/opportunity following materiality analysis
- Improved board oversight on a material risk/opportunity
- Setting, strengthening and/or external verification of targets
- Training activities to improve awareness and understanding of certain topics
- Voluntary commitment to aligning with industry best practices



#### **Impact**

- Creation of a new position of Lead Independent Director on the board
- Achievement of, or reasonable progress toward, stated goals/targets

#### TRACKING OUTCOMES

Tracking outcomes is an important aspect of our investment stewardship activities and demonstrates the benefits of RI and engagement to our clients, guided by our proprietary transparency, accountability and impact framework (currently applicable mostly to our public equities engagements).

Our framework buckets KPIs based on the objectives they serve, for example:

- Transparency: a company provided new or improved reporting
- Accountability: a company made a commitment or launched an initiative
- Impact: a company demonstrated a real-world achievement in alignment with a target

We set clear expectations for companies and for ourselves on what we seek to achieve through engagement. We may have multiple requests of each company, recognising that transparency is the foundation for accountability, and both are important aspects of achieving real-world impact. The framework enables us to understand where companies are on their journey, and engage with them constructively to drive meaningful change.

During engagement and through ongoing research, we seek to determine whether companies have instituted change relative

to the expectations that we have outlined. When a company meets a certain KPI, we consider that to be an engagement success, which translates into an outcome once the company publicly discloses a certain action. Our reported outcomes require actual change by the company, rather than acknowledgements or commitments that have not yet resulted in further action.

Engagement outcomes and success rates vary among the different categories. Many of our engagements did not deliver specific and quantifiable outcomes, which we believe reflects both the rigour of our assessment process and the fact that not all engagements deliver immediate results. Implementing change and achieving real-world impacts are complex endeavours which take time and perseverance. This is why our engagements are typically multiyear initiatives.

Our Climate Risk 2.0 initiative has continued to pursue regular engagement during the period with the portfolio companies representing the majority of our financed emissions, bringing the total cumulative engagements to 319 since the inception of the initiative in 2022. These relationships have continued to produce meaningful results, including 75 specific outcomes (see examples in the table).

Figure 9.3: Climate Risk 2.0 summary

	•		
	Number of improvements	Details	
Transparence	<b>y</b>		
Climate risk disclosure	3		s improved physical/transition risk disclosure; mproved scenario analysis disclosure
GHG emissions disclosure	6	One company improved Scope 1+2 disclosure; four companies improved Scope 3 disclosure; one company added Scope 3 disclosure	
Policy disclosure	4	One company improved disclosure of indirect lobbying; one company added disclosure of direct lobbying; two companies added disclosure of indirect lobbying	
Accountabili	ty		
Risk management	5	Five companies added or enhanced the quality of scenario analysis	
Governance	16	12 companies added or enhanced the quality of the climate metrics included in executive compensation; four companies added board directors with climate expertise	
Target setting	26	Scope 1+2:	Three companies added near-term targets
		Scope 3:	Six companies added or enhanced near-term targets; one added a long-term target
		SBTi:	Six companies added or enhanced near-term SBTi commitments;



10 companies added or enhanced long-term

SBTi commitments

#### **CONTEXTUALISING OUTCOMES**

We have found that distinguishing metrics and results based on where they fall in the transparency, accountability and impact framework adds value to our conversations with investee companies, gives us a strong foundation for regular evaluation of progress, and resonates with clients who want to understand the value of stewardship and seek credibility from asset managers.

The framework allows us to communicate positive outcomes without overstating what they achieve, and while recognising that our efforts are one of many factors driving change in the market and contributing to outcomes for clients and stakeholders.

Successful engagement outcomes are reported where Nuveen believes that our discussions with a particular company helped to improve or change the company's ESG management. While we undertake thorough company-by-company research to determine outcomes and seek to only represent those that followed Nuveen engagement, it is important to note that data gaps, inconsistency and the timing of company ESG disclosure can distort the outcome chronology in ways that we may not be aware of. Further, the company's engagements with other investors, the broader market and/or regulatory pressure may also play a role in any company decisions regarding ESG. In fact, when there is greater market and regulatory coalescence around ESG issues, successful outcomes are more likely. As such, we always encourage company engagement with a wide range of stakeholders and also actively engage policy makers and regulators on ESG best practices.



Company name: JPMorgan Chase & Co.

**Sector: Financials** 

Region/country: Americas; U.S.

Period: Q1 2023 - Q4 2024

Issue: Climate change

# Energy financing with JPMorgan

#### Risk/opportunity addressed:

Opportunity for JPM to provide disclosure that enhances existing programs and demonstrates a prudent approach to energy financing.



Given the above considerations, we joined NYC Comptroller in advocating for enhanced disclosures. At banks where the proposal was filed, we supported the request. At JPM, the proposal was withdrawn ahead of the annual meeting, as a result of an agreement between the company and the proponent, demonstrating goodwill from both parties. We met with JPM's investor relations and corporate advisory teams to discuss their considered approach. We continued to meet with these teams throughout the year, endeavoring to be a resource as they made important methodological decisions to inform reporting.



#### **OUTCOME**

In November 2024, we welcomed the release of the disclosure by JPM. The company disclosed not only the resulting financing ratio, but also the methodology underpinning its calculation. Moreover, JPM cited the partnership with shareholders, particularly the NYC Comptroller's Office, as a valuable input to their work.

In March 2025, Nuveen joined JPM and NYC Comptroller at a panel discussion at the Spring CII Conference, to further discuss energy financing and how companies and investors can work together to achieve positive outcomes. JPM praised the collaborative approach and constructive partnership demonstrated by Nuveen throughout the engagement process.



#### STATUS AND NEXT STEPS

Ongoing engagement with JPM and the industry on this topic.

Banks, investors and other stakeholders have proposed many ways that banks should approach energy financing over the years. One frequently discussed approach is the establishment of policies to "phase out" services for new fossil fuel development. This has been perceived by many banks and investors as an overly blunt instrument that could even come with unintended consequences. Leading banks like JPM have established strong relationships with energy companies and continue to advise them on thoughtful production and emission reduction

strategies. JPM notably demonstrated this leadership when it released its Methane Emissions Opportunity report in 2023.

Phase out approaches would also be unlikely to yield the results envisaged by advocates. The direction of global hydrocarbon consumption is affected less by financing restrictions (under which producers can simply seek other financiers) and much more by demand signals, which primarily stem from consumer choices, energy policies and technological advancements.

As such, Nuveen has not traditionally supported proposals that seek to unduly limit banks' financing decisions. On the contrary, we have aligned to the approach of looking at a bank's relative flow of capital to low-carbon versus fossil fuel energy sources. This approach was introduced through analysis by Bloomberg New Energy Finance (BNEF), which in 2023 began to produce energy supply banking "ratios" using publicly available data. In January 2024, the New York City Comptroller's Office indicated that it would be engaging banks to produce the ratio themselves, using more accurate internal data.

We believe this to be a more reasonable "middle ground" — rapidly transitioning to lower carbon energy is only feasible and prudent when low-carbon energy is abundantly available and affordable. Moreover, we consider the financing ratio provides a more objective view on existing disclosures and commitments, particularly related to "sustainable finance" targets. Such targets can be valuable signals, but comparability between banks is somewhat limited as metrics may utilize widely different definitions and boundaries. These metrics also do not contextualize "sustainable finance" activities relative to fossil fuel energy, providing limited insight into the relative exposure of the firm to different energy resources. The ratio makes progress toward overcoming both of these shortcomings.



Company name: Samsung C&T

**Sector: Industrials** 

Region/country: APAC; S. Korea

Period: Mar. - Nov. 2024

Issue: Business ethics, transparency and accountability; Shareholder rights

# Value-Up program in South Korea

#### Risk/opportunity addressed:

Aligned with the Value-Up initiative priority surrounding investor engagement, Samsung C&T reached out to Nuveen for a first-time engagement to discuss corporate governance practices, prompting a discussion focused on the company's shareholder return policies.



#### **ACTIVITY**

Prior to our meeting, Nuveen supported a shareholder proposal filed at the company's 2024 annual meeting, which called for an increased dividend payout and establishment of a share repurchase program.

During our engagement, we encouraged Samsung C&T to enhance transparency surrounding capital allocation to clearly communicate how shareholder value is being prioritized in decision making. In particular, we requested they disclose the systematic consideration of returns on different uses of capital, for example growth investments and share repurchases, through a clearly defined capital allocation framework with enhanced board oversight.

Samsung C&T has demonstrated initial progress, taking steps to address shareholder concerns and enhance governance practices. These include a commitment to cancel treasury shares in efforts to improve shareholder value, and the creation of a fully independent board-level ESG committee to enhance governance structures and oversight of matters impacting shareholder value.



#### **OUTCOME**

As this was the first year of Nuveen meeting with the company, we did not record a specific engagement outcome yet and we will monitor progress.



#### STATUS AND NEXT STEPS

Continue to engage and advocate for enhanced corporate governance practices and transparency at the company and in the South Korean market.

Inspired by similar efforts in Japan, in February 2024 the South Korean government launched the Value-Up program, aiming to boost the value of listed companies through enhanced corporate governance and market practices. The initiative encourages companies to improve transparency and better align with shareholder interests, including through voluntary disclosures and better communication with minority shareholders. These market-friendly measures aim to improve the valuation of Korean companies which have been historically discounted by the market partly due to poor corporate governance practices.



Company name: AvalonBay Communities, Inc.

**Sector: Real estate** 

Region/country: Americas; U.S.

Period: Mar. 2024

Issue: Climate change

### Climate risk assessment and capital allocation at AvalonBay

#### Risk/opportunity addressed:

Proactive monitoring of portfolio exposure to transition risks and opportunities and integration of findings into business decision-making processes to maintain and enhance property value and competitiveness.



#### **ACTIVITY**

AvalonBay Communities, an owner of apartment buildings in the U.S., has recognized the climate-related risks and opportunities their portfolio faces and begun to integrate them into long-term business strategy.

Nuveen engaged with AvalonBay in 2024 to encourage the company to further assess, monitor and disclose its portfolio's exposure to transition risks. We expressed interest in seeing market-level risk exposure and additional disclosure surrounding how these assessments inform capital allocation decisions.



#### **OUTCOME**

Improved transparency in AvalonBay's disclosures. The most recent reporting includes an enhanced transition risk assessment, considering their portfolio's exposure to asset stranding risk and regulatory risk. These analyses inform the company's mitigation strategy, including consideration in capital planning and investment decisions. These improvements have been recorded as "transparency" outcomes under our framework.



#### STATUS AND NEXT STEPS

Ongoing engagement to monitor integration of enhanced climate risk assessments into business decisions and investment process.

Building owners are exposed to material climate-related transition risks, or the financial and operational challenges stemming from a shift toward a low-carbon economy. These can include increased costs for upgrading properties to meet increasingly stringent energy standards, potential regulatory penalties for non-compliance, and market risks as properties that fail to meet new standards may lose value or attractiveness to tenants.

On the other hand, the energy transition also presents opportunities that offer financial and competitive advantages to property owners, in addition to risk mitigation. Green building projects may provide access to financial incentives, which can offset initial investment costs and lead to long-term savings for property owners. Furthermore, energy efficiency improvements can decrease utility bills, reducing operating costs for tenants. Additionally, these enhancements can improve owners' market positioning and reputation, and future-proof against regulatory changes to improve a portfolio's long-term viability and resilience.



### ENGAGING ACROSS A DIVERSIFIED PORTFOLIO

Engagement across Nuveen's diversified portfolio takes a multifaceted approach in terms of topics, stakeholder targets and participants, objectives and outcomes.

This variety reflects the specific factors and considerations most relevant in each case, such as asset class, economic and business profile, value generation potential, project stage, investment phase/cycle, risks and opportunities set, and stakeholder impacts.

In addition to issuers and portfolio companies, engagement targets and participants may include underwriters, capital markets participants, sovereign and municipal debt issuers, tenants, operators, contractors, communities and investors.

For example, Churchill provides customized financing solutions to middle market private equity firms and their portfolio companies across the capital structure. As a private debt asset manager, one of the most effective ways to engage with portfolio companies is through the private equity sponsors, who typically have deep sector-specific knowledge, strong relationships with company management and more influence over operational practices.

We believe that private equity and debt investors' interests are aligned when sustainable value creation by portfolio companies improves the prospects of favorable exit by equity investors while supporting a company's credit profile and reducing credit risk for the lender. Through engagement, Churchill seeks to establish constructive dialogues and build meaningful partnerships that strengthen this alignment of interests, with the aim to achieve mutually beneficial outcomes. The goal is to promote and advance change that can support value creation and business performance while achieving real-world positive impacts.

In the following case study, Churchill ESG team engaged with the ESG Director at Bansk Group, a consumer-focused private investment firm with over USD 30 billion of equity capital invested. Bansk Group is the private equity sponsor of Arcadia, a manufacturer and distributor of over-the-counter medicines, vitamins and nutritional supplements. Arcadia is one of the borrowers in Churchill's Middle Market Senior Loan Fund.



Company name: Arcadia Consumer Healthcare, Inc.

Sector: Healthcare

Region/country: Americas, U.S.

Period: 4Q 2024

Issue: Climate change; Natural resources; Product responsibility

# Engagement with private equity sponsor of borrower in senior loan fund

#### Risk/opportunity addressed:

Obtaining accurate carbon emissions data to support climate risk assessment. Discussion of supply chain sustainability goals and improvements.



Building on existing working relationships between Churchill and Bansk, the respective ESG teams engaged on several sustainability-related topics.

Churchill asked to obtain carbon emission data from Arcadia. Bansk agreed to send this data, and also provided context on the company's operations and value chain. Arcadia's operational emissions are limited given that activities are outsourced to contract manufacturing organizations (CMOs). The company purchases renewable energy certificates to offset all operational emissions.

The conversation offered an opportunity to better understand Bansk's own sustainability strategy. Bansk has developed an ESG framework to work with its portfolio companies to identify key responsible business priorities that support long-term value creation.

Bansk explained they created a baseline for Arcadia against these areas, and noted opportunities to improve performance and competitive advantage in two key aspects of the product lifecycle: packaging and ingredients. Arcadia's goal is to have 100% recyclable packaging materials and plastic-free packaging for certain products. The company is also working toward attaining the National Sanitation Foundation (NSF) certification. Given Arcadia is not regulated by the US Food and Drug Administration, this voluntary certification would confirm that the company's products conform with public health and safety standards.

Bansk highlighted the introduction of a new supplier code of conduct in 2025 that would help address these requirements. Challenges remain on both topics, due to the supply chain complexities of outsourced operations through CMOs and the difficulties in getting data. The Churchill team was pleased to hear these developments, and offered to support Bansk and Arcadia on these efforts.

We learned about Bansk's broader engagement with its portfolio companies, for example, through quarterly forums with ESG teams to discuss topics such as carbon footprints, product ingredients, packaging and supply chain considerations. These initiatives align stewardship practices with client requirements and expectations around climate risk management and transition.



#### **OUTCOME**

Following the engagement, Churchill received Scope 1 and 2 emission data for Arcadia calculated using the tool referred by Churchill. ESG data availability remains a challenge, and estimates are often used. Actual data supports transparency and accountability, enabling accurate understanding of the company's carbon risk and energy management practices. It also helps Churchill calculate financed emissions, a crucial datapoint for portfolio climate risk management and a key topic of interest for our clients. In addition, Churchill contacted Nuveen's Responsible Investing team for recommendations on supply chain ESG consultants, leveraging the expertise of the stewardship and engagement team. We provided Bansk with suggestions of specialized consultants to advise on sustainable practices and ingredients, and facilitated an introduction to one firm with sector experience.



#### STATUS AND NEXT STEPS

Engagement is ongoing following the constructive first meeting and follow-up activities.

Churchill will continue to encourage progress, providing support when possible and monitoring related progress through annual updates.



Company name: Verdian Power - Nuveen Infrastructure

Sector: Energy

Region/country: EMEA; Italy

Period: 2024

**Issue: Communities; Natural resources** 

# Engagement with community on an agrivoltaics project

#### Risk/opportunity addressed:

Engaging with local community to preserve cultural heritage. Implementing biodiversity action plan to restore soil fertility.



The Gessolungo project near Caltanissetta in Sicily is being developed by Verdian Power, Nuveen Infrastructure's independent power producer. It combines renewable energy generation with land revitalisation, while also taking care to preserve the history of the Gessolungo sulphur mine that once operated on this site. The proposal includes the development of an agrivoltaic plant with a capacity of 72 MW and a proposed storage system of 36MW/72MWh, using state-of-the-art technologies.

Agrivoltaics is a complex system combining agricultural activity with the production of electricity from a photovoltaic plant, enhancing economic and social benefits of preserving farmland and providing local jobs, while increasing renewable energy generation.

Since the project is still in the early permitting phase, our current efforts are focused on connecting with the local community. We are working closely with the local development partner — Amato Consulting — whose knowledge and presence are instrumental in engaging with local institutions and people, through public events and communications.

Through engaging with the local community, we learned about the project's connection to the Gessolungo sulphur mine, with a difficult history dating back 150 years. This is a place of historical significance for the local community. We also understood that mining and intensive farming have contributed to soil degradation and a loss of biodiversity in this area.



#### **OUTCOME**

In collaboration with the universities of Catania and Palermo, a programme of adaptable crops will be developed and monitored over time, with the aim of restoring soil fertility during the life cycle of the plant. Additional aims are retaining land in agricultural use, reclaiming topsoil and enriching socio-cultural resources.

In the specific case of the vast plant of Gessolungo, the articulated agrivoltaic system will be able to generate new agricultural activities, and/or increase present ones. The project will enable preservation of local cultural heritage and community partnership.



#### STATUS AND NEXT STEPS

Ongoing engagement with local communities and the development partner as as the project continues.





# Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

### INDUSTRY ENGAGEMENT AND COLLABORATION

We believe that sharing knowledge and perspectives through industry engagement can advance responsible investing and drive more efficient client outcomes.

In addition to direct engagement with portfolio companies, we participate in several industry initiatives and events that offer opportunities to exchange views on important current topics and foster collaboration that we believe is beneficial to investors and portfolio companies. For example, it can be more efficient for companies and investors to work together, rather than separately, on improving standards and developing frameworks that can enhance understanding among practitioners and market participants.

Our participation in these initiatives seeks to benefit from the value of working with others while retaining our ability to make our own, independent decisions.

The following examples are representative of activities conducted during the period:

 Collaboration with the Environmental Defense Fund (EDF), the leading research-oriented nonprofit advocacy group working with companies, investors and policymakers on reducing methane emissions. EDF had previously provided research notes, briefings and training to some of Nuveen's equity and fixed income investment teams on the risks and opportunities of methane emission mitigation. Building on previous successful collaboration, we worked together on an investor due diligence guide on hydrogen projects, and spoke about the topic at two industry events. We also participated in a roundtable discussion on methane emissions monitoring and measurement on the occasion of the launch of the EDF Methane SAT, the world's most advanced methane-detecting satellite that will be important for identifying large leak events and verifying company reported data.

- Sponsoring the Global Impact Investing Network (GIIN) Climate Solutions Investing Initiative with aims to develop a framework to:
  - Allow investors to assess investment strategies against the objective of reducing global GHG emissions
- Direct more capital into the most effective climate solutions portfolio(s)
- Compare the relative sufficiency in, or impact on, accelerating a transition to a net zero economy

Nuveen served on the initiative's Advisory Council and played an active role in the development of the framework. The GIIN and Nuveen co-hosted two workshops in New York and London, inviting asset owners, investment managers and industry organizations to provide earlystage feedback on the GIIN's Climate Solutions Framework. Nuveen also

- participated in the annual GIIN Impact Forum, joining over 1,600 delegates from 80 countries, and contributed our experience, capabilities and support to the increasing momentum behind impact investing.
- Active participation in several industry
  events and group engagements during
  New York Climate Week, the biggest
  annual climate event globally, with leaders
  from business, tech, politics, academia and
  civil society. Members of Nuveen's team
  engaged on a variety of topics related to
  investing in climate solutions, managing
  transition and physical risks, ensuring
  equitable access to climate finance and
  affordable housing and embedding climate
  action in public policy.
- Participation in the UN Global
   Investors for Sustainable Development
   (UN GISD) Alliance workstreams
   and initiatives focused on long-term
   sustainable development, blended
   finance and credit ratings in an effort
   to strengthen opportunities for, and
   engagement from, the private sector in
   sustainable development.
- Participation in the World Economic Forum working groups including the Sustainable Finance Steering Committee, Financing the Food Systems Transformation and Financing Nature Positive Transition.

- Speaking at a seminar organised by IR
   Japan in Tokyo to convey our expectations
   on governance and sustainability to non executive board members.
- Participation in several roundtable
  discussions and speaking on panels on
  topics such as: corporate governance
  practices and regulatory developments
  in Asia; the integration of financially
  material ESG topics in investment
  strategies and products offered to clients;
  the assessment of climate transition plans;
  emission reduction targets and low carbon
  transition risk for utility companies;
  benefits and challenges with the emerging
  concept and practice of carbon insets;
  policy debates, legal constraints and best
  practices in the dialogue between boards
  and institutional investors.
- Joint meetings with companies and other investors at two industry conferences in Paris and London, engaging on topics such as climate and energy transition, nature and biodiversity, technology and responsible AI.
- Joining a call with other investors, facilitated by Assogestioni, with executives and board members of Italian-listed infrastructure company ENAV, a holding in Nuveen's listed real assets funds.
   The meeting was organised to better understand the company's business strategy and capital allocation in the context of reports about potential noncore acquisitions.



 Joining engagements with national oil companies through the Emerging Markets Investors Alliance (EMIA), to discuss the companies' decarbonisation strategies and alignment with countries' goals, as well as to encourage adoption of operational best practices, particularly on methane emissions reductions.

Please refer to the case study under **Principle 9 on page 60** for further information on these engagements with national oil companies.

### **CASE STUDY**

### Collective efforts to improve transparency and accountability in private markets

ESG disclosures in the U.S. middle market private direct lending space remain limited. To address this issue, Churchill joined the executive committee of the ESG Integrated Disclosure Project (ESG IDP) in 2022. Since then, Churchill's ESG team members have been active participants in the initiative to address the challenges of ESG data availability in private markets.

Churchill previously partnered with UN PRI signatories to develop the Private Credit-Private Equity ESG Factor Map, on which ESG IDP builds. ESG Factor Map aimed at streamlining ESG information shared during the investment process, facilitating collaboration between sponsors, co-investors and lenders and integrating existing ESG standards and frameworks.

ESG IDP is a collaborative initiative formed by several industry associations and a group of leading alternative asset managers and credit investors, and it is also supported by a coalition of market stakeholders.<sup>1</sup>

The goal is to promote greater harmonisation and consistency of disclosure of key ESG indicators by borrowers in private credit and syndicated loan transactions. This objective is primarily achieved through advocating for broad adoption of the ESG IDP Template, a reporting tool that represents a proportionate set of

questions designed to obtain a baseline of information from private companies. In collaboration with this collective effort, Churchill's thematic engagement with private equity sponsors has focused on encouraging increased uptake of the template. The ESG IDP template was released in November 2022 and updated in June 2024 and January 2025 to include new data metrics from other frameworks, such as the ESG Data Convergence Initiative, and ensure consistency of requested data points.

Receiving the IDP template in pre-investment due diligence supports Churchill's ESG integration practices. The dataset, even if only partially complete, provides more information to assess the ESG practices of a potential investment as well as better understand its risks and opportunities profile. This information enables a more fulsome analysis including through Churchill's proprietary ESG rating tool. We requested the IDP template for all new deals and we have successfully received this or similar material disclosures in nearly all cases during the reporting period.

Churchill's leadership role in this collaborative industry initiative supports the adoption of RI best practices to address a key challenge in private markets. We believe that our ongoing participation in this collective initiative continues to help harmonize ESG data collection and reporting to support investment processes.

<sup>1</sup> These are the 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).



# Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

### HOLDING MANAGEMENT ACCOUNTABLE FOR OVERSIGHT AND EXECUTION

Boards are responsible for providing strategic direction, setting corporate culture and 'tone from the top', assuring the company's financial integrity, developing compensation and succession planning policies, and ensuring management accountability. In addition, we believe the board should ensure that the company has a clearly articulated strategy and can substantiate its plans to manage the risks and opportunities for longterm performance. We do not expect the board to micromanage business operations, but we do expect the board to proactively identify and address forward-looking strategic risks and opportunities that may affect longterm value. We also believe the board should ensure that adequate transparency on risks and opportunities is available to investors.

While it is the board's responsibility to ensure that investors and stakeholders understand the strategy for addressing risks and opportunities, it is management's role to execute the business strategy in a manner that mitigates risks and capitalises on opportunities. As discussed in the next section, management accountability is generally viewed through the lens of compensation and aligning pay with performance.

We generally rely on boards' judgment and management teams' decisions on specific business strategies and operational measures to generate long-term sustainable value and address particular risks and opportunities. This implied trust is most evident in the fact that we support most director elections on an annual basis.

At the same time, we continue to thoughtfully exercise voting rights available to shareholders to hold companies accountable for oversight and execution. Exercising voting rights against management may include support for a shareholder proposal and opposing management proposals including the election of director(s) responsible for oversight of material risks stakeholder issues. As explained in the following sections, these measures are considered and pursued on a case-by-case basis and taking into account specific situational elements.

Our multi-year strategy includes ongoing engagement, but also incorporates votes against management recommendations

including support for shareholder proposals and votes against board members at companies that are not responsive to our engagement and lag our expectations. The connectivity between engagement and proxy voting enables us to more directly tackle financially material issues and drive desired outcomes. We use proprietary evaluation templates, company reporting and third-party research to inform escalation decisions.

### OUR VIEWS ON EXECUTIVE COMPENSATION

Compensation practices are one of the primary tools to address the principalagent problem and align interests among management teams and investors.

Appropriate incentives and reward mechanisms are needed to drive long-term sustainable value creation while helping to attract and retain top talent.

We expect boards, who are in the best position to take relevant factors into consideration, to establish reward programmes that appropriately incentivise executives and the broader workforce to pursue long-term value opportunities and mitigate material risks.

Management accountability is generally viewed through the lens of compensation and aligning pay with performance. We believe a pay-for-performance philosophy should provide the right incentives for management to focus on long-term value opportunities, deliver on strategic goals and create accountability for how those goals are achieved.

Given the long timeframes in which many risks and opportunities can affect performance and shareholder value, current directors and management teams will not be in their respective positions to be affected by the realisation (or lack thereof) of such risk or opportunity. Therefore, some level of external pressure may be appropriate to develop and execute business strategies beyond the terms of the current leadership terms and mandates.

We encourage the adoption of compensation plans, reward programmes and performance management systems that incentivise long-term focus and align business strategies, financial targets and material sustainability-related risks and opportunities.



Company name: Warner Bros. Discovery, Inc. (WBD)

**Sector: Communication services** 

Region/country: Americas; U.S.

Period: Apr. 2023 - Jun. 2024

**Issue: Executive compensation** 

# Compensation practices and board responsiveness at Warner Bros.

### Risk/opportunity addressed:

Pay-for-performance alignment and shareholder understanding of board's view on management incentives and accountability.



### **ACTIVITY**

At the 2023 annual meeting, Nuveen voted against the sayon-pay proposal and supported a proposal to hold say-on-pay votes with annual frequency, which resulted in another voting opportunity in 2024.

Nuveen engaged with WBD ahead of the 2024 annual meeting specifically to discuss compensation issues. While the company appeared to follow a standard of engaging with shareholders and disclosing feedback, in our view WBD did not demonstrate actual consideration of shareholder feedback in terms of changes to the compensation programme design or enhanced justification for maintaining its current approach. Nuveen acknowledges the media industry is undergoing

significant disruption. We believe this fact increases the need for companies to implement a compensation plan that appropriately focuses management on long-term strategic and competitive issues such as profitable content development and distribution, and which incentivises foundational investments in creative talent and AI capabilities where appropriate.

While WBD's compensation committee lists various financial metrics and strategic factors considered as part of the long-term incentive plan, the award is ultimately a discretionary assessment by the committee for performance during the year, with limited connectivity to a long-term value framework.

During engagement, Nuveen agreed with the company that it was appropriate to have an expanded pool of employees eligible for equity-based compensation awards, given the evolution of industry dynamics. We also acknowledged that companies making strategic technology investments, such as in direct-to-consumer product enhancements and AI applications, require a more nuanced analysis of burn rate and dilution than a standard industry comparison.



### **OUTCOME**

Nuveen concluded that the situation warranted a vote against the say-on-pay proposal as well as a vote escalation against members of the compensation committee. This was due to the board's lack of responsiveness to material shareholder concerns regarding the compensation plan design and their inability to set a long-term strategic direction for the company, including in the event of a management succession event.

Despite the concerns specific to executive-level compensation, Nuveen did support the grant of additional shares for the omnibus equity plan expansion.



### STATUS AND NEXT STEPS

Engagement thus far has not proven successful. Nuveen will continue to engage WBD, and seek engagement specifically with the compensation committee members, to reiterate our concerns, and we aim to work with the company to develop a compensation framework that demonstrates responsiveness to shareholder perspectives.

Pay-for-performance is a foundational element of investor analysis on executive compensation, which in turn offers shareholders a meaningful voice on the strategic direction and performance execution by management.

Metrics, targets and other disclosures in compensation reports provide some of the most direct insights into the board's review and decision-making process in terms of the incentives mechanisms and management accountability for creating long-term, sustainable value.



### ESCALATION APPROACH AND PROCESS

Rather than take a directive or prescriptive stance to enforce change, we have seen the benefits of our constructive engagement approach to work with issuers through our size, scale and position as investors and capital providers.

However, when constructive dialogue does not achieve desired outcomes, or in situations where the board and management lack transparency or accountability or appear to not be adequately considering material risks and opportunities, we may consider employing other activities to augment our engagement and reinforce our perspective. We believe that escalation measures are most effective when used thoughtfully, which is why we take a targeted and deliberate approach in the way we deploy and execute escalation. When considering escalation measures, we take

an investment-first approach and reach our decisions independently.

We generally use targeted engagement initiatives to develop subject matter expertise on a particular theme, which enables us to appropriately calibrate our expectations and parse out leading and lagging practices on the focus issues. Through the in-depth research and engagement of our targeted initiatives, we ultimately seek to develop an understanding of risks and opportunities at the market, industry and company level. This learning process enables us to extrapolate our escalation strategy from the targeted universe of companies and apply a more systematic approach to escalation over time.

In this regard, we may support shareholder proposals that advocate for increasing disclosure of an emerging issue beyond standard disclosure practices in the market. However, we do not necessarily or immediately carry over that view into votes against directors at companies that appear to be lagging peers or facing ad hoc controversies.

Our approach to applying escalations generally focuses on companies considered as facing the greatest absolute risk, usually determined by company size and market, and the most opportunity, often determined by resources available to assess risk and invest in solutions. We then work across value chains, market caps and geographical markets to progressively cover a higher proportion of the market and of our portfolio.

Consistent with our overall stewardship approach on engagement and proxy voting, our selection and prioritisation process for escalations considers various factors such as company circumstances, materiality, local regulation, market norms and cultural differences.

Working in close collaboration with our research and service providers, we have put in place a series of processes to flag proxy voting meetings for certain issues and proposals that require more in-depth analysis and case-by-case review. Where necessary, this can include socialization, consultation and approval within the stewardship team, the relevant portfolio managers and investment analysts and, when required, the Nuveen Proxy Voting Committee.

For example, these processes have enabled us to support the execution of our climate risk initiatives and related vote escalations, as illustrated in the following sections and case study. We regularly revise and refine the issue-specific implementation criteria to improve the clarity and accuracy of their application.





Nuveen universe of public equity holdings

Is the issue material for the company and in scope for voting?

No votes against management or escalation

Is this an established or emerging issue?

If emerging
Continue to engage, limited escalation

### If established

What is the risk and opportunity profile?

• Does the company meet minimum T-A-I expectations (see box) on material risks and opportunities?



No votes against management or escalation

No

What is lacking?

- · T-A-I assessment
- Is it reasonable to expect this from company given its specific circumstances?



No votes against management or escalation

Case-by-case decision on votes against management or escalation

### APPLYING TRANSPARENCY, ACCOUNTABILITY AND IMPACT IN PRACTICE

Objectives and indicators	<ul> <li>Transparency         Consistent, material disclosure that can inform analysis     </li> <li>Accountability         Policies, business strategies, oversight structures and incentives aimed at appropriately managing financially material ESG issues     </li> </ul>	
	• Impact Measurable result of policies, practices, products and services on the environment and/or affected individuals and communities	
Assessment of	<ul> <li>Materiality of the issue risks and opportunities</li> <li>Marginal benefits of changes/improvements relative to marginal cost of achieving them</li> </ul>	
Considerations	<ul> <li>Materiality, practicality and feasibility</li> <li>Company-specific factors</li> <li>Local regulation, market standards, best practices, cultural norms, etc.</li> </ul>	

### VOTING AGAINST DIRECTORS

Our votes against directors are generally due to misalignment with governance best practices that in our view can support long-term performance, and where no company-specific factors have been identified to justify a case-by-case vote in line with management recommendations.

Votes against management are based on a holistic evaluation of company disclosures, proprietary indicators and third-party sources which are contextualised for company-specific circumstances including engagement progress and financial materiality.

## ESCALATIONS OF ESG RISKS TO DIRECTOR ELECTIONS

Our escalations of votes against directors for ESG issues are based on lack of appropriate strategy or oversight on a material risk for the company. The votes are tied to the directors on the committee responsible for oversight on the specific issue. These votes are meant to signal that the committee should reevaluate its current approach and bring new ideas and/or persons into the strategy review and oversight process.

Escalations related to environmental issues are primarily based on our analysis of a company's strategy and oversight of climate risk. We assess the materiality of climate risk based on industry, size and/or carbon intensity of company operations relative to industry peers.

Escalations related to social issues are due to lack of a baseline level of transparency regarding oversight of human capital management in the organizational workforce. In particular, we focus on

disclosure of basic employee demographic information that is required by regulation.

Escalations related to governance issues are driven by insufficient company response to concerns related to compensation practices and material controversies.

We typically begin applying escalation strategies to the prioritised companies within the scope of a targeted initiative. We may support shareholder proposals consistent with the objectives of the targeted initiative, but we generally do not escalate votes against directors in the first year of engagement with companies. This is to allow us to have more constructive conversations and calibrate respective expectations. As we implement escalation measures and learn about their effectiveness, we expand the scope of application to a broader set of companies. Vote escalation decisions are also generally contextualised with relevant company specific factors and case-by-case extenuating circumstances.

Further information is provided in our *annual stewardship report*.



Company: Jack in the Box Inc. (JACK)

**Sector: Consumer discretionary** 

Region/country: Americas; U.S.

Period: Feb. 2021 - Feb. 2024

Issue: Business ethics, transparency, accountability

# Audit committee disclosures at Jack in the Box

### Risk/opportunity addressed:

Annual election of the members of the audit committee and lack of appropriate disclosure of their financial expertise.



### **ACTIVITY**

Over the past years, we have assessed JACK's corporate governance practices against Nuveen's proxy voting guidelines as well as market norms and regulatory standards.

Our analysis noted that, although JACK's 2024 proxy statement disclosed that "The Board of Directors has determined that a majority of members of the Audit Committee qualify as an 'audit committee financial expert' as defined by SEC rules", the company had not explicitly identified the individual directors on the audit committee that fulfilled this role.

We viewed this omission as a lack of basic transparency and accountability by the audit committee and board, given the clear regulatory guidance issued by the SEC on the matter. It is seemingly straightforward to provide this information to shareholders, and we did not identify any extenuating circumstances that would prevent the company from doing so.



### **OUTCOME**

As a result, as in prior years, at the 2024 annual general meeting we voted against all incumbent members of the audit committee.

Ahead of the 2025 annual meeting, we noted that JACK's proxy statement clearly identified all members of the audit committee as financial experts.

Nuveen expects that public company boards should establish at least three primary standing committees with independent members: an audit committee, a compensation committee, and a nominating and governance committee.

Specific to the audit committee, key responsibilities include risk oversight, overseeing the company's financial processes and audits of the company's financial statements. We support the U.S. Securities and Exchange Commission (SEC) comply or explain ruling that an audit committee should consist of at least one financial expert who should be identified, or that it should disclose the rationale for not having or identifying one.



Company name: Packaging Corp of America (PCA)

Sector: Materials

Region/country: Americas; U.S.

Period: Dec. 2023 - Jun. 2024

Issue: Board quality; Natural resources

# Board refreshment and nature-risk reporting at PCA

### Risk/opportunity addressed:

Annual election of members of the board of directors and committees overseeing the company's governance and sustainability practices, on which our analysis noted concerns and misalignment with our expectations.



Leading up to the annual meeting in May 2024, Nuveen analysed the company's corporate governance practices to inform our vote. The company's guidelines noted that the board had determined not to establish a mandatory retirement age, but that directors' board tenure is reviewed as part of the annual assessment on the composition.

Our analysis of the company's board noted that over half of the directors had tenure exceeding 13 years, and median tenure was 14 years. In addition, two directors — including the lead independent director — had been on the board for over 25 years, and two for over 15 years. Only two directors out of 12 had joined

the board in the last five years, and only one was newly appointed at the 2024 AGM. The Board Nominating and Governance Committee itself was composed of long-tenured directors.

Recognizing the concerns with overall board tenure and limited recent refreshment, we opted to vote against the re-election of the committee chair.

Separately, in December 2023, Nuveen wrote a letter to the company's board as part of the launch of our nature risk thematic engagement initiative, outlining our perspective and expectations on the topic. We assessed PCA's strategy and disclosures against Nuveen's key performance indicators on nature and biodiversity risk and compared with market and industry practices. Considering the significant nature risk exposure of PCA's business model, we noted opportunities for the company to reasonably enhance its strategy and reporting on nature-related risks.

Our assessment of insufficient consideration and reporting of nature risks, combined with the aforementioned board refreshment concerns, resulted in the decision to also withhold support for the re-election of the Sustainability Committee chair. We believe that boards that are not regularly refreshed are less likely to consider emerging issues such as nature risk and adopt related best practices.

After the vote, Nuveen wrote another letter to provide further context and views on the drivers for the vote and reiterate our expectations.



### **OUTCOME**

To date, we have not recorded specific changes or improvements that would qualify as an outcome in our framework.



### STATUS AND NEXT STEPS

We believe it is important to continue a dialogue on these issues so we can calibrate our expectations within our stewardship strategy and align accordingly with our investment decisionmaking processes.

Boards that have not added new members for several years may become complacent and can pose risks to long-term performance and effective oversight of management. Additionally, many international corporate governance codes view excessive director tenure as a factor that could compromise independence. Although Nuveen does not support arbitrary or prescriptive limits on the length of director service, we believe boards should establish a formal director retirement policy that can contribute to board stability, vitality and renewal.

We believe that biodiversity is an emerging issue that poses material, and largely unpriced, risks to companies' long-term value. To understand and mitigate current and future nature-related physical, transition, regulatory and reputational risks, it is important that companies assess, manage and disclose their impacts and dependencies on nature.



Company name: Woodside Energy Group Ltd.

Sector: Energy

Region/country: APAC; Australia

Period: April 2024

Issue: Climate change

# Say on Climate at Woodside

### Risk/opportunity addressed:

At the 2024 annual meeting, Woodside management put a Say on Climate vote requesting shareholders approve the company's Climate Transition Action Plan.



### **ACTIVITY**

The report had numerous strengths, including a new commitment to invest in lower carbon services, a review of trade association memberships, the inclusion of Scope 1 and 2 emission targets in executive remuneration, and a detailed timeline of achievements and forward-looking plans.

However, there were also items that elicited concern, primarily a strategy on operational emissions that lagged industry and local peers. Woodside set an aspiration to achieve net zero operational emissions by 2050, whereas a key local peer had a 2040 net zero goal and some leading U.S. operators maintained net zero by 2030 targets. Moreover, Woodside remained reliant on offsets to achieve its goals — in fact, without the use of offsets, Woodside's operational emissions would have increased in recent years.

While we remain open to the thoughtful incorporation of carbon offsets for residual emissions, we believe that it is not appropriate to offset the operational footprint of oil and gas production, as this approach does not address the actual risk exposure. We considered that in a commodity market increasingly differentiated by operational emission intensity, particularly for liquefied natural gas, the proposed strategy did not warrant an affirmative shareholder vote.



### **OUTCOME**

Following assessment of the report and engagement with the chair of the board, Nuveen voted against the approval of Woodside's Climate Transition Action Plan.



### STATUS AND NEXT STEPS

Ongoing engagement and monitoring of risks and opportunities related to this issue.

Say on Climate shareholders proposals typically request companies to disclose climate risk transition plans in line with industry standards and frameworks, and to offer an advisory vote to shareholders on such a plan. In some instances, votes may include sustainability policies and reports more broadly. Nuveen is generally supportive of these votes, as we believe they can represent effective tools for companies to foster engagement with shareholders on material climate-related risks and opportunities, gather important feedback from the market, and enhance board and management accountability for oversight, strategy execution and long-term value creation.

Say on Climate votes can provide a dedicated opportunity for investors to review and opine on important elements of corporate strategy, and ensure that climate strategy is thoughtfully developed by top management and elevated to the board.

Consistent with our voting guidelines, we evaluate Say on Climate votes carefully on an industry-specific case-bycase basis. We consider how climate reporting promotes transparency, accountability, and impact measures and outcomes at the company.

We generally support management if we believe the plan reflects prudent planning for material risks and opportunities. We consider a vote against management if we believe that the proposed plan is not sufficiently robust to merit shareholder support and requires revision to address weaknesses.

To inform vote decisions, our assessment of climate strategies is based on a holistic evaluation of company disclosures, proprietary indicators and third-party sources. We expect climate plans to be broadly aligned with the goals of the Paris Agreement, other applicable international treaties, and regional or country-level policies, targets and commitments. We look for companies to make progress in response to shareholder feedback and expectations expressed through votes and engagement.



Company name: Westinghouse Air Brake Technologies Corporation (Wabtec)

**Sector: Industrials** 

Region/country: Americas; U.S.

Period: Q4 2023 - Q4 2024

Issue: Climate change

# Climate risk reporting at Wabtec

### Risk/opportunity addressed:

Wabtec was identified through our climate voting module as moderately lagging in disclosure quality relative to other companies in the universe, particularly those within Wabtec's industry.



### **ACTIVITY**

In Q4 2023, Nuveen shared with Wabtec our view of best practices in emissions disclosure, climate risk analysis, governance mechanisms and emission reduction strategies. In particular, we expressed an interest in expanded disclosure of Scope 3 emissions and scenario analysis, as these were items that were not included in the 2023 Sustainability Report and would help to improve disclosure quality. We explained how our expectations of disclosure from companies inform voting decisions.

We considered these items would provide useful insight into the company's strategy to manage emerging risks and opportunities, as rail transport is positioned to be impacted by global

policies which increase rail-based transport while promoting decarbonization of powertrains. The company indicated interest in pursuing these disclosure best practices and was generally receptive to the interests of investors.

That said, our analysis of the sector's disclosure quality demonstrated that Wabtec's insufficient transparency warranted escalation. Therefore, following an engagement in Q4 2023, we cast a vote against a director at the 2024 annual meeting and sent a letter to the Board after proxy season to explain our vote and invite continued dialogue.



### OUTCOME

In its 2024 Climate Report, published in Q2 2024, Wabtec disclosed its first-ever scenario analysis based on physical and transition risks outlined in scenarios by the IPCC, IEA and NGFS. This has been recorded as a transparency outcome under our framework.



### STATUS AND NEXT STEPS

Ongoing engagement to discuss continued progress and improvements.

During 2024, we enhanced and expanded the tool we use to assess company disclosure quality on climate risk in line with the TCFD framework. Based on the methodology of our main proxy advisor research provider, over the past years Nuveen developed and implemented a customised overlay to define the risk category for a company. The risk category informs the related threshold disclosure expectations Nuveen applies to companies based on differences in risk materiality or disclosure norms across markets, industries and market caps.

The climate voting module provides recommendations for vote escalation against board directors when Nuveen considers it warranted due to insufficient board-level oversight and climate risk strategy. This process allows Nuveen to scale the universe of companies which are assessed against our climate disclosure expectations for basic transparency and accountability. At the same time, the customised analysis based on our own views enables us to maintain the appropriate financial materiality and case-by-case considerations developed through insights gained through our climate risk initiatives.

*In previous years, the module covered large-cap companies* in the main public equity indices. The coverage expansion increased the number of companies in scope of the assessment from approximately 1,500 during the 2024 proxy voting season to over 7,000 for the 2025 season.



## ESCALATION IN OTHER ASSET CLASSES

As with public equities, there are a range of mechanisms to escalate potential issues across other asset classes. Given Nuveen's size and scale, our investment teams generally have access to management teams at issuers and may have direct dialogue with issuer management to address potential issues. Should these efforts not yield adequate results, we may opt to pursue other activities.

Escalation measures may consist of exercising rights that may be available; collaborative engagement alongside other investors and/or through industry bodies and other stakeholders; enforcement of agreed provisions such as through binding

agreements; public statements; and/or reduction or exit of our investment. For example, in the context of private debt, we may be able to engage with the private equity sponsors who have influence/control over the business. In real estate, direct ownership of assets allows us direct control. In other situations, there may be binding contractual agreements that guide relationships and expectations with counterparties, with instances requiring escalation that can be addressed through agreed provisions.

These measures are considered and pursued on a case-by-case basis and take into account specific situational elements. When considering escalation measures, we take an investment-first approach and reach our decisions independently.



# Exercising rights and responsibilities

Principle 12 ▶





# Principle 12

Signatories actively exercise their rights and responsibilities.



### OUR PROXY VOTING POLICIES AND APPROACH

Proxy voting is the primary means by which shareholders influence the governance practices of publicly traded companies. We view proxy voting as a fundamental shareholder right and responsibility, and we vote in accordance with what we believe is in the best interest of shareholders. Through proxy voting, investors can support and challenge investee companies' boards and management teams, promoting the adoption of governance and oversight best practices with the potential to support value creation and positive long-term performance.

Nuveen's suite of proxy voting policies consists of the Nuveen Proxy Voting Policy and Procedures, the Nuveen Proxy Voting Conflicts of Interest Policy and Procedures and the Nuveen Proxy Voting Guidelines (together, the Policies). The Policies are publicly available on our website:

**Nuveen Proxy Voting Policy** 

Nuveen Proxy Voting Conflicts of Interest Policy and Procedures

### **Nuveen Proxy Voting Guidelines**

The stewardship team executes proxy voting for the securities managed by Nuveen, unless otherwise stipulated by clients who wish to retain this activity.

The Policies apply to all funds and Nuveen does not currently maintain different proxy voting policies for different funds.

Nuveen's Proxy Voting Committee (PVC) provides oversight of the proxy voting policies and procedures, including providing a governance framework to facilitate and monitor the exercise of such proxy voting, and to fulfil reporting and recordkeeping obligations under applicable laws and regulations.

## OUR APPROACH TO DIRECT CLIENT VOTING

Nuveen's suite of proxy voting policies serve as a foundational framework for our proxy voting activities. They were established to ensure consistency, compliance and alignment with our fiduciary responsibilities, and they reflect our commitment to delivering recommendations that prioritise our clients' best interest.

In instances and special circumstances where clients in a separately managed account wish to override Nuveen's policy, we would seek to accommodate the client's request and endeavour to vote a proxy based on instructions of the client or its authorised representative. We have a dedicated business in the separately-managed account space that has always provided clients the opportunity to set specific proxy voting strategies.

In the traditional fund space, we believe that the proxy vote plays a key role in our stewardship strategy and links our voting to our overall investment process. We are unable to accommodate client requests for direct voting in pooled accounts as we do not offer pass-through voting options. We continue to monitor client demand for pass-through voting and are prepared for any regulatory updates in this area, but generally we believe the benefits of our case-by-case approach to voting in line with our investment views outweigh the benefits of offering clients the opportunity to influence proxy voting outside of a separately managed account with client-specific investment objectives.

# INDEPENDENT APPROACH IN WORKING WITH PROXY ADVISORS

Nuveen uses the voting services provided by proxy advisors to execute its voting activity in line with its established voting policies and voting procedures. Institutional Shareholder Services (ISS) is Nuveen's primary proxy service provider. We use their proxy voting research as an input into our custom research policy, as described in the following paragraphs. While ISS benchmark research recommendations may inform our custom policy recommendations, we do not follow the default recommendations of proxy advisors.

ISS also provides our voting platform and other services including vote execution, investment professional communication and public vote disclosure.

Through collaborative efforts with ISS, we have developed clear guidelines and a framework that outlines specific criteria to support our stewardship efforts and implementation of our custom policy. At least annually, the Stewardship team reviews a summary of ISS' upcoming proxy season policy changes and collaborates with ISS to ensure seamless integration into our custom policy.

Through our proxy advisor, every proposal on the ballot is tagged with a code. Codes are then categorised to different themes and workflow actions that inform the priority and type of analysis given to the proposal.

Nuveen's Proxy Voting Guidelines are broken down into categories that can be mapped to the relevant proposal codes developed by the proxy advisor. Nuveen also works with its dedicated team within the proxy advisor to establish the rules-based approaches from its guidelines that can be implemented with the data that is available in the company proxy statement. These rules-based instructions vary across markets to account for the market-specific norms that must be taken into account in relation to a set of global proxy guidelines.

In addition, we establish a more holistic assessment of the transparency, accountability and impact a company may be having in relation to the stakeholder risks and opportunities being addressed in proxy proposals. In some instances, we rely on a combination of data from the proxy



statement, other company ESG disclosures, third-party ESG vendors and traditional financial information to assess company transparency and strategy on material issues such as climate risk. We then feed the holistic assessment into the proxy advisor implementation tool to flag companies that fall below our benchmark expectations and combine the flags with the information of which directors have committee-level responsibility for climate to identify the directors charged with this responsibility for constructive dialogue.

There are also rules-based approaches within the instructions provided to ISS to leave proposal recommendations undefined or flagged for additional case-by-case overlay to ensure there is clarity in the voting recommendation and consistent action taken internally to complete the relevant assessments. This may occur when there is a requirement to take into account a specific investment thesis or balancing of factors that cannot be quantified or benchmarked for rules-based application.

# APPROACH TO SECURITIES LENDING AND PROXY VOTING

Nuveen's Securities Lending Committee administers and oversees the stock lending programme. It has the discretion to approve and/or remove all borrowers under the lending programme. The lending funds have the ability to recall loaned securities from borrowers at any time and for any reason.

Nuveen has identified two instances whereby securities are recalled for proxy voting purposes, in each case where proxy voting is deemed material to maximising long-term shareholder value: at a portfolio manager's and/or research analyst's discretion, or when an aggregated, enterprise-wide, common stock holding equals or exceeds a 5% beneficial ownership threshold.

### MONITORING VOTING RIGHTS

Nuveen seeks to exercise all of the voting rights that are available in accordance with its Proxy Voting Guidelines. Our ability to vote is subject to timely receipt of the proxy. Proxies relating to certain non-U.S. securities are subject to establishment by applicable parties of any necessary local documentation. During the period, we voted approximately 99% of voteable proposals, with unvoted ballots driven by broader proxy voting mechanics and market constraints.

Nuveen has several processes in place to monitor our holdings and respective voting rights and we engage with several market participants involved in the proxy voting process, such as custodians and other intermediaries, to ensure accurate and upto-date information. Additionally, our proxy advisor performs holdings reconciliations on our behalf.

### **CASE STUDY**

### Developing actionable frameworks to guide proxy voting activity

Working in close collaboration with ISS over the years, we have put in place a series of processes to flag proxy voting meetings for certain issues that we have deemed high-priority, including climate risk and executive compensation.

These flags take the form of company-specific lists, issue-specific lists and rules embedded in the proxy advisor implementation tool for issues that will require more in-depth, case-by-case review. These processes require different levels of manual review, and socialisation within the RI team and with the relevant portfolio managers and investment analysts and, when required, the Nuveen PVC.

For example, these processes have enabled us to support the execution of our climate risk initiatives and related vote escalations.

During the period, we enhanced and expanded the tool we use to assess company disclosure quality on climate risk in line with the TCFD framework. Based on the methodology of our main proxy advisor research provider, over the past years Nuveen developed and implemented a customised overlay to define the risk category for a company. The risk category informs the related threshold disclosure expectations Nuveen applies to companies based on differences in risk materiality or disclosure norms across markets, industries and market caps.

The climate voting module provides recommendations for vote escalation against board directors when Nuveen considers it warranted due to insufficient board-level oversight and strategy on climate risk. This process allows Nuveen to scale the universe of companies which are assessed against our climate disclosure expectations for basic transparency and accountability. At the same time, the customized analysis based on our own views enables us to maintain the appropriate financial materiality and case-by-case considerations developed through insights gained through our climate risk initiatives.

In previous years, the module covered large cap companies in blue chip indices. The coverage expansion increased the number of companies in scope of the assessment from approximately 1,500 during the 2024 proxy voting season to over 7,000 for the 2025 season.

#### PROXY VOTING DISCLOSURE

We strive to meet a high standard of transparency for our clients in our proxy voting decisions.

Our <u>annual stewardship report</u> provides detailed disclosure of our proxy voting activities across several dimensions.

Disclosure on our proxy voting records is publicly available at <u>VDS Dashboard</u> (issgovernance.com).

In order to meet a high standard of transparency for our clients, rather than providing rationales for select votes, we continue to disclose all vote rationales for every shareholder proposal as well as votes against directors at S&P 500 companies. This disclosure is also publicly available through our website.

## VOTING ON SHAREHOLDER PROPOSALS

Our voting on shareholder proposals requires that a proposal meet the foundational criteria of materiality and investor relevance, and that it is appropriate for company responsiveness and intended to improve company operations, products or services. If the foundational criteria are satisfied, then a case-by-case review looks at the extent to which the company has substantially implemented the proposal's explicit request or whether the company has

reporting, strategy or explicit performance that substantially addresses the stakeholder issue that is the focus of the proposal.

Substantial implementation is a point-intime assessment of the company's strategy against the identified or projected risks and opportunities. The company's strategy may prove to be more or less successful than anticipated and the timing and severity of risks and opportunities may require a recalibration in the future.

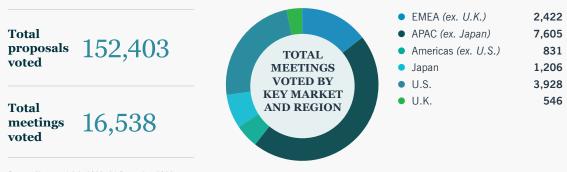
## FOLLOW-UP LETTERS FOR FURTHER ENGAGEMENT

To provide companies with additional guidance on our views, in 2023 we began sending post-vote follow-up letters on certain topics. We continued this practice in 2024.

The intent of these letters is to articulate our perspective on current implementation, or to raise unaddressed or potential future circumstances that may require recalibration, or to convey that progress to date is sufficient but achievement of goals or targets beyond current performance is necessary.

These letters align with our overall stewardship strategy of collaborating with companies to make meaningful and practical progress by keeping our voting record aligned with our investment conviction on the current state of risks and opportunities.

Figure 12.1: Proxy voting numbers

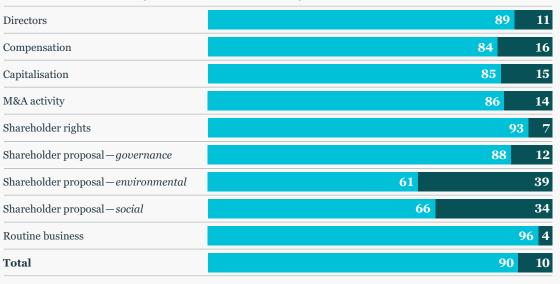


Source: Nuveen, 1 July 2023-31 December 2024.

Figure 12.2: Proxy voting summary



### PROPOSAL CATEGORY (ALL GLOBAL PROPOSALS)



Source: Nuveen, 1 July 2023-31 December 2024.



Company name: The Wendy's Company (WEN)

**Sector: Consumer Discretionary** 

Region/country: Americas; U.S.

**Period: May 2023 – May 2024** 

Issue: Board quality

# Board leadership and independence at Wendy's

### Risk/opportunity addressed:

Shareholder proposals at the 2023 and 2024 annual meetings requiring an independent board chair.



### **ACTIVITY**

Nuveen supported this shareholder proposal at 2023 annual meeting in part because the board lacked a lead independent director. The resolution failed to pass but still received 30% support, which was notable considering the presence of one significant shareholder holding a 15.5% stake and voting rights.

Following the 2023 vote, we wrote a letter to Wendy's board to express our concerns with the perceived lack of meaningful independent leadership within the boardroom and seemingly limited independent influence into the company's strategy and oversight. We suggested that the company consider appointing a lead independent director or independent chair to the board, to bring its governance practices more in line with market expectations.

In October 2023, acting on shareholder feedback, WEN announced it created the role of lead independent director (LID), which we positively noted. Our governance assessment ahead of the 2024 AGM also noted the alignment to good governance practices in terms of independence levels of the board and its committees. Recognising the positive development and governance features, we opted to support the re-election of all board directors.

Nonetheless, Nuveen also voted against management recommendations and at 2024 meeting supported the shareholder proposal asking to appoint an independent board chair, due to the board's significant affiliation with the largest shareholder. These considerations led us to believe that there might still be a lack of sufficient independent leadership and oversight, and that further governance improvements would be appropriate.



### **OUTCOME**

Nuveen positively noted the appointment of the LID role, leading us to record an impact outcome under our framework due to the materialized improvement to formal governance structures.



### STATUS AND NEXT STEPS

Continuing to monitor due to some remaining governance concerns given the considerable influence of directors affiliated with the significant shareholder. We believe that an independent board chair or the appointment of a lead independent director can provide the structural foundation for independent oversight.

Our proxy voting guidelines consider both the structure and operation of independent leadership as well as sufficient evidence that independent directors are availing themselves of opportunities to contribute to the development of strategy and hold management accountable for business execution in a transparent, accountable and ethical manner.

We consider supporting shareholder resolutions on a case-bycase basis where we believe the company's board structure and operation have insufficient features of independent board leadership, such as a combined CEO and chair, a nonindependent board chair or lack of a lead independent director. We also consider whether there is a bona fide lead independent director acting with robust responsibilities, and whether company's practices or business performance suggests a material deficiency in independent influence in the company's strategy and oversight.



Company name: AbbVie Inc. (ABBV)

Sector: Health care

Region/country: Americas; U.S.

Period: 2023 - 2024

Issue: Product responsibility

# Patent extensions and product access in the pharmaceutical industry

### Risk/opportunity addressed:

In 2023, a new type of shareholder proposal was filed at several pharmaceutical companies, including AbbVie, requesting a report on the impact of the patent process and extended patent exclusivities on product access. The proposal was presented again in 2024, albeit only at two companies — AbbVie Inc. and Eli Lilly & Co.



During our engagement with AbbVie ahead of the 2023 annual meeting, we discussed the request of the shareholder proposal, among other topics, and we shared the public reporting available from one industry peer as an example of more robust disclosures on this topic.

Nuveen decided to support this proposal at all companies where it was filed in 2023, based on our assessment of the need for more transparency in each company's approach to the patent process.

We believed this information would help shareholders better understand the risks and impacts of extended patent exclusivities. Our support for this proposal expressed to boards our expectation for better transparency on the sufficient consideration of long-term risks and opportunities associated with the issue.

In 2024, we acknowledged the increased information available in the proxy statements and companies' websites. However, we considered that their disclosures could be further enhanced to provide more transparency, and we supported the proposal at both companies.



### **OUTCOME**

While all proposals failed to obtain majority support in 2023, some received approximately 30% support, signaling some market recognition of the issue and investors' interest in additional disclosures. The proposals in 2024 received low support — approximately 20% at AbbVie and 8% at Eli Lilly.

Pharmaceutical companies may seek to extend the patent exclusivity periods for drugs they research and produce by filing numerous patent applications and by creating an overlapping set of patent rights. This can delay the entry to market of generic brands, which would increase competition and reduce prices. Escalating drug pricing is controversial, has been subject to public debate and has received scrutiny by regulators and other stakeholders. Pharmaceutical companies can face reputational risks and scrutiny of their business practices if they are perceived to be overextending patent exclusivities, impacting product accessibility and pricing.

Nuveen recognises that this industry practice can be a contributor to the significant price increases observed in recent years for certain drugs, resulting in reputational and regulatory risks for companies. We understand that intellectual property protections on branded drugs can play a key role in maintaining high prices and limiting accessibility.

Nuveen believes that the large number of patents that pharmaceutical companies apply for indicates a strategy of extending patent life beyond the typical 15 years generally granted for a new chemical entity. It is reasonable that some of these patents do capture unique insights and may warrant further intellectual property rights beyond the initial 15 years. However, we have noted general trends in many patents being sought that seemed part of settlement strategies to extend the life of their respective drugs well beyond that granted for the new chemical entity status. We also noted increasing regulatory scrutiny coming from legislative initiatives aiming to address the issue, with patent extensions and exclusivities being one of the factors assessed.



Company name: Texas Instruments Incorporated (TXN)

**Sector: Information Technology** 

Region/country: Americas; U.S.

Period: Apr. 2024

Issue: Product responsibility

# Product use due diligence at Texas Instruments

### Risk/opportunity addressed:

Shareholder proposal related to customer misuse of products.



### **ACTIVITY/ANALYSIS**

Nuveen first assessed the issue in relation to the shareholder proposal at the 2023 annual meeting requesting an independent audit on potential international law violations.

Nuveen acknowledged the controversy but concluded that management had taken appropriate actions to address the issue, including halting sales to countries involved in armed conflict. We also considered that the controversy did not account for the products' 30-year lifecycle, where back-dated traceability would not be cost-effective or mitigate the product use and integration in weapons that had already occurred. We supported management and voted against the particular proposal.

This instance prompted us to reflect that emphasis to-date had been mostly on upstream supply chain risks in terms of human rights, labor and other community impacts. We noted the expanded scope of stakeholders' concerns and enhanced our focus on social risks from a downstream value chain perspective.

At the 2024 annual meeting, Nuveen supported a shareholder proposal at TXN on a similar topic. We applied a case-by-case analysis that took into account the following factors:

- A broader proposal focus on product misuse and downstream customer due diligence
- A change in risk materiality from evolving geopolitical dynamics and expanded security risks
- An enhanced assessment of the supply chain of technologyenabled weapons and the indirect supply chains
- The linkage between countries that account for a material portion of revenues and are sources of product misuse risk
- TXN's disclosures around risks from product diversion and misuse, and its efforts to mitigate related risks

The change in our conclusion was based on the increased understanding of the limitations of industry-standard due diligence policies and 'know-your-customer' processes, and the resulting financial materiality. In light of rapidly changing regulatory policies, we considered there could be heightened risks to company revenues in the event of broad bans on sales of technologies such as dual-use semiconductors to countries deemed high risk as a matter of human rights or national security policy.



### **OUTCOME**

The shareholder proposal received approximately 17% support in 2024. Nuveen met with TXN to further convey our perspective and better understand the company's views.

The engagement included a deeper dive on the company due diligence processes, the recent enhancements made, the cost-benefit considerations in making further investments in its due diligence and enforcement efforts, and opportunities to enhance disclosures to address reputational and regulatory considerations.



### STATUS AND NEXT STEPS

Nuveen continues to engage companies including TXN on opportunities to enhance downstream value chain risk assessments and reporting to match the robustness of upstream supplier due diligence assessments and performance reporting.

Industry-wide controversy has occurred connected to human rights concerns from general use semiconductors discovered as components to weapons used in armed conflict. Our assessment of these concerns noted potential financially material risks meriting further consideration, such as:

- Regulatory: potential bans from selling to certain regions (e.g., China) due to potential risk of product misuse
- Reputational: brand may be diminished in markets such as EU that feel affected by armed conflict (e.g., Russia/Ukraine)
- Operational: While companies are likely protected from legal liability by terms of use in contracts, inability to identify and trace product end-use presents a general know-your-customer risk that should be balanced against the costs of enhancing due diligence and product traceability

We also noted potential opportunities for companies to acknowledge high risk product use cases and customers and apply pricing power to:

- Capture higher margins by reducing distributors in the value chain, increasing visibility into the end customers;
- Use price discrimination to increase total cost of product misuse or receive some compensation for known risks taken on through transactions with certain customers.



Company name: International Business Machines (IBM)

**Sector: Information Technology** 

Region/country: Americas; U.S.

Period: Apr. 2024

Issue: Climate change

# Data centres, AI energy usage and Scope 3 emissions at IBM

### Risk/opportunity addressed:

Assessment of Scope 3 emissions and balancing of climate risk and energy considerations for data centres to power new technology applications.



### ACTIVITY

Nuveen analysed the request of the shareholder proposal related to Scope 3 targets in the context of company-specific circumstances and industry materiality.

IBM has set a 2025 near term target and 2030 net zero target for Scope 1 and 2 emissions, as well as a partial Scope 3 target. These are not externally verified but are aligned to Intergovernmental Panel on Climate Change (IPCC) pathways according to IBM own reporting. The company included energy usage at data centers in their operational goal, which is considered market leading. IBM also required key suppliers in emissions-intensive sectors to set reduction targets, and 98% had done so by 2023.

However, IBM's disclosure on Scope 3 emissions has limitations on use of sold products and end of life emissions. The company states that they "do not extrapolate this data to estimate emissions around a hypothetical lifetime of our products because that would require gross assumptions based on lifetime and specific client applications."

Based on IBM's carbon accounting, Scope 3 emissions constitute around half of total emissions. The proportion would likely be higher if IBM accounted for a greater amount of Scope 3 emissions from use of sold products. Regardless, best practice sector guidance recommends Scope 3 targets if these represent more than 40% of total emissions.



### **OUTCOME**

Nuveen supported the shareholder proposal related to Scope 3 targets reflecting materiality of the value chain issues in the context of real-world impacts from AI.

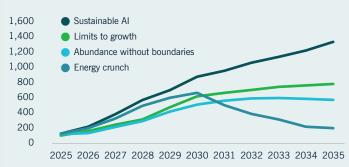
In the near term, AI applications are projected to increase electricity consumption at a time when generation is not yet sufficiently decarbonised to accommodate demand growth without an increase in fossil-based power, which would increase Scope 3 emissions and related risks for companies like IBM.

### STATUS AND NEXT STEPS

Continue to assess and engage on the AI-energy demand.

Electricity consumption has surged from unprecedented technology development and demand for AI applications. This has strained global energy grids and semiconductor manufacturing capabilities, raising concerns about energy security and environmental impacts. The mismatched energy demand and supply infrastructure can lead to localized energy shortages with potential global ripple effects.

### AI ELECTRICITY SCENARIOS-ELECTRICITY USE TWh



Source: Schneider Electric Sustainability Research Institute

As shown in the visual, unrestricted AI development could alter existing energy systems and constrain decarbonisation efforts.

These effects could limit the potential role of AI applications as environmental solutions and could also reduce the real-world impact of corporate climate targets that insufficiently account for Scope 3 emissions.

Nuveen believes that sustainable AI should incentivize: software companies to create more focused models; business deployments of AI to be more targeted to the specific use-case requirements; and the technology value chain to support resource and infrastructure optimization such as energy-efficient algorithms, hardware, and data centre designs.

As AI development advances rapidly, we believe it is critical to identify risks and opportunities that increase the probability of a sustainable AI scenario — which is inherently growthoriented — and mitigate growth limitations caused by potential regulatory intervention or insufficient energy and resource availability.



Company name: Dow, Inc.

**Sector: Materials** 

Region/country: Americas; U.S.

Period: Apr. 2023 - Mar. 2024

Issue: Natural resources

# Plastic pollution at Dow

### Risk/opportunity addressed:

Dow was identified as a target company within our Nature Risk initiative, due to its exposure to material nature-related risks. As a chemicals manufacturer, Dow is acutely exposed to risks associated with plastic pollution, a key driver of biodiversity loss, and the risks to business resilience from the shift in demand for plastic materials.



### **ACTIVITY**

We assessed the company's strategy and disclosures against Nuveen's key performance indicators relating to waste/pollution risk and compared to market- and industry-practices. Since the initiative launched in late 2023, we have communicated our expectations to the company through written letters and live engagements.

At the 2023 and 2024 annual meetings, shareholder proposals were put to a vote requesting Dow commission an audited report on the risks related to reduced plastics demand. We believe there is an inextricable connection between the long-term risks and opportunities associated with biodiversity and the continued or evolving use of plastics in society. As it is one of the largest plastic producers, we believe that shifts in demand, including driven by regulation, pose a material financial risk to Dow and should be proactively assessed and integrated into business planning.

Nuveen supported the proposal when first filed in 2023. Following productive engagement with the company, we did not support it again in 2024. Our rationale for this decision was twofold:

- Dow's strong performance against waste-related KPIs assessed through Nuveen's Nature Risk initiative
- The company's forward-looking commitment to continuously improve transparency and develop their strategy to assess and mitigate the associated risks.

During engagement, we requested the company disclose additional metrics to better allow investors to assess year-overyear progress against Dow's circularity targets.



### **OUTCOME**

Our vote on the 2024 proposal acknowledged the company's commitments and initiatives targeting plastic waste reduction and recycling, while recognising further opportunities to more closely align with best practices which we conveyed through engagement.



### STATUS AND NEXT STEPS

Nuveen will continue to engage with Dow on pollution-related topics as their strategy and our expectations evolve. If the company does not fulfill the commitment to continuously enhance strategy and risk management on this topic, we will consider supporting similar proposals in the future.

We believe that biodiversity is an emerging issue that poses material, and largely unpriced, risks to companies' long-term value. In order to understand and mitigate current and future nature-related physical, transition, regulatory and reputational risks, it is important that companies assess, manage and disclose their impacts and dependencies on nature.



#### FIXED INCOME

As fixed income investors and active managers, we have various mechanisms available to exercise our stewardship responsibilities.

Communication can be direct with the issuer, through the underwriter and/or may involve engagement with industry organisations on ESG best practices and reporting standards. Furthermore, there are opportunities to engage with sovereign and municipal debt issuers, which requires an understanding of the unique ways that ESG issues might intersect with complex country and local government functions, and related risks.

In our actively managed fixed income strategies, for example, there are various mechanisms available to exercise our stewardship responsibilities. We seek to work with issuers, capital market participants and other stakeholders through different credit events, such as issuances of new impact bonds or in the context of changes to capital structures through restructurings and defaults. These situations can provide an opportunity to strengthen practices and provisions on material ESG topics, including through collaboration.

### **CASE STUDY**

### Impact reporting for Amazon reforestation bond

In August 2024, Nuveen acted as a lead order in a unique outcome bond, focused on reforestation of the Amazon Rainforest, leading to highly desired carbon dioxide reduction and sequestration from the atmosphere. Nuveen invested \$75 million in the innovative \$225 million bond issued by the World Bank (AAA issuer), which finances replanting of degraded and deforested farmland with native tree species. Relative value is benchmarked against conventional IBRD/World Bank 10-year debt: ~6 basis points (bps) of downside versus ~40 bps of upside.

The bond offered a below market coupon at issue, which provided the source of funding for Mombak, a Brazilian-based company, to acquire or partner with landowners in the state of Pará, which is traversed by the lower Amazon River. Yet a successful outcome improves the bondholder return meaningfully over a conventional World Bank bullet bond. Throughout the nine years of tenure, a portion of the coupon will depend on the amount of CO2 removed from the atmosphere by the reforested land until the bond matures.

It is anticipated that the proceeds from the bond issuance will help reforest up to 3,300 hectares of degraded and deforested farmland with native tree species, targeting an area the size of 7,400 U.S. football fields.

The bond is the first to link investors' financial returns to the amount of carbon removed from the atmosphere via generation of carbon removal credits. Carbon removal (and reduction) credits are viewed to be more desirable and less controversial than carbon avoidance credits.

Before the deal was announced, Nuveen engaged with Mombak to ensure impact reporting would include not just carbon sequestration but also key performance indicators focused on forest health, biodiversity and community impact, which illustrate societal benefits within the local economy.



# EXERCISING RIGHTS AND RESPONSIBILITIES IN REAL ASSETS

Similarly to the considerations outlined for escalations under *Principle 11 on page 76*, exercising rights and responsibilities across asset classes may take various forms depending on several factors such as ownership structures, level of control, contractual agreements and other specific circumstances depending on asset lifecycle and project stage. We seek to exercise our rights and responsibilities consistent with and proportionate to economic exposures and available influence levers.

In our real assets portfolio, as managers of real estate, infrastructure, timberland and farmland properties, there are opportunities to implement or to influence the adoption of RI and sustainable practices in various ways. For example, the tendering,

appointment and selection processes for select service providers and contractors may include sustainability considerations, adherence to sustainability guidelines and expectations and incorporation of requirements in legally binding contractual agreements. Operators, tenants, customers and communities may be engaged and involved through surveys, training activities, partnerships, certification schemes and other relevant mechanisms. In many cases, Nuveen's funds and clients acquiring full ownership or majority stakes in certain assets allows greater influence and operational control, and the achievement of sustainability standards can be a key feature of asset business plans.

Across the commercial real estate industry, we work with different stakeholders, such as

### **CASE STUDY**

### Driving collaboration through green leases

Nuveen Real Estate has adopted the Better Buildings Partnership's Green Lease Toolkit to strengthen sustainability across its U.K. portfolio. Recognising that most building emissions come from occupier activity, Nuveen's approach focuses on collaboration between landlords and tenants to improve environmental performance.

Green lease clauses cover key areas such as energy efficiency, data sharing, waste reduction and renewable energy procurement.

The toolkit sets a clear baseline for sustainable operations and encourages behavioural change without imposing unnecessary burdens. By embedding these clauses, Nuveen enables occupiers to meet their own sustainability goals while improving building performance and reducing costs.

This practical, partnership-based approach is helping Nuveen deliver on its net zero ambitions and support long-term value creation.



occupiers and customers, as described in the following case study.

Nuveen Infrastructure often has the position of majority to full ownership of renewable energy assets, allowing us to exercise operating control. Where there is joint ownership, Nuveen Infrastructure would expect to hold board seats providing influence over the joint venture, and the arrangements would be reinforced through the shareholder agreements. This places Nuveen Infrastructure in a position to exercise active ownership and use our influence to maximise overall long-term value. In our investments, including where Nuveen Infrastructure holds minority stakes, we look to ensure compliance and adhere to regulatory requirements and to apply our ESG policies.

Across assets and projects, we also exercise our rights and responsibilities as applicable to the circumstances. One example is the inclusion of certain conditions in contractual agreements for procurement to mitigate ESG risks and impacts of renewable energy projects and meet expectations of offtakers

in Power Purchase Agreements (PPAs), as described in the case study that follows.

In 2024, Nuveen Infrastructure, along with BNZ, developed a framework for addressing supply chain risks.

The renewable energy industry, particularly the solar sector, has faced scrutiny over reports of forced labour, especially concerning allegations of human rights abuses in the production of certain components in solar panels in regions such as Xinjiang, China.

To mitigate these risks and align with ESG principles, companies are implementing several measures, including:

- · Supply chain audits and traceability
- Supplier codes of conduct
- Diversifying suppliers and reducing dependence on regions with reported human rights issues
- Collaborating with industry initiatives to develop industry-wide standards

This approach not only mitigates risks associated with forced labour but also

### **CASE STUDY**

# From panel to power: navigating solar stewardship in the supply chain

In response to the European Commission's proposed directive on Corporate Sustainability Due Diligence, Nuveen Infrastructure's portfolio company BNZ researched and compared practices with similar companies to improve its supply chain management.

Key actions from this review included:

- Mandating clauses in contracts with suppliers and contractors to reject modern slavery, bribery, corruption and fraud
- Preparing self-certification documents and a Modern Slavery Statement for all signed agreements.

In 2024, BNZ updated its module supply chain procedure and self-certification, which now includes an ESG due diligence questionnaire for PV manufacturers and EPC contractors.

BNZ developed a specific procedure for module suppliers to follow, ensuring compliance with its ethical sourcing standards and sustainability guidelines, including:

- Required documents and certifications to demonstrate adherence to social accountability standards, including labour practices and ensure the traceability of products served to BNZ;
- Compliance with laws and ethical standards, including anti-corruption, anti-bribery, human rights and environmental responsibility, among others;
- Audits and traceability throughout its own supply chain;
- Risk management and mitigation;
- Reporting of noncompliance issues.



positions companies as leaders in the responsible transition to renewable energy.

Another example comes from Nuveen Natural Capital, which works closely with operators, tenants and communities of its timberland and farmland properties to influence the adoption of sustainable practices. The team uses different approaches, as appropriate and material for different operating models, geographies and climatic conditions. Examples of such approaches include certification schemes, knowledge exchange, training activities and contractual agreements.

### **CASE STUDY**

### Engagement at different levels

At the asset level, Nuveen Natural Capital hosts gatherings for crop managers and tenants to exchange information about sustainable practices and techniques, and supports the trialling of new practices and technologies through pilot projects. Projects have included deploying soil sensors to test approaches to boosting soil organic matter at a California vineyard and testing in-field monitoring devices aimed at improving water conservation in Mississippi. We also fund local projects for the broader agriculture and forestry community such as sponsoring the National Black Growers Council in the U.S.

At the firm-level, Nuveen Natural Capital collaborates with external partners and technical experts to continuously enhance our sustainability strategy and implementation. In 2024, we continued to work together with The Nature Conservancy to support the implementation of the nature-positive approach that we co-developed in 2023. This included delivering online trainings for all staff aimed at discussing emerging initiatives and operational best practices.

Specific examples of activities and their outcomes are available in NNC Sustainability Report.



# Appendix

### **APPENDIX**

### Industry associations and memberships as of December 2024

ORGANISATION	SIGNATORY ENTITY	ROLE
Asian Corporate Governance Association	Nuveen	Member
Association of Real Estate Funds (AREF)	Nuveen Real Estate Central London Office Fund Nuveen Real Estate UK Property Fund Nuveen Real Estate UK Retail Warehouse Fund Nuveen Real Estate UK Shopping Centre Fund	Member
Assogestioni	Nuveen	Member
Better Buildings Initiative (Alliance and Challenge)	Nuveen Real Estate	
Better Buildings Partnership	Nuveen Real Estate	Member. Board Member.BBP Climate Commitment.
Carbon Disclosure Project (CDP)	Nuveen	Investor Member
Ceres	Nuveen	Member
Council of Institutional Investors (CII)	Nuveen	Associate Member. Advisory Council Member.
CRREM Pathways North American Working Group	Nuveen Real Estate	Sponsor. Member.
ESG Integrated Disclosure Project	Churchill	Supporter. Executive Committee Member.
FCLT Global	Nuveen	Member
Forest Landowners Association	Nuveen Natural Capital	Member
Global Impact Investing Network (GIIN) & IRIS+	Nuveen	Member. Founding Member of Investor Council. Working Group Member.
Global Investors Governance Network (GIGN)	Nuveen	Participant
Global Real Estate Sustainability Benchmark (GRESB)	Nuveen / Nuveen Real Estate	Reporting member. Real Estate Standards Committee. Real Estate Expert Resource Group.
Green Bond Principles	Nuveen	Member Investor. Initial Executive Committee Member.
Greenprint Center at Urban Land Institute	Nuveen	Member
Harvard Law School Institutional Investor Forum (HIIF)	Nuveen	Member
Impact Capital Managers	Nuveen	Member
International Corporate Governance Network (ICGN)	Nuveen	Founding Member. Member of ICGN Policy Committee.
International Finance Corporation - Operating Principles for Impact Management (OPIM)	Nuveen	Founding Signatory and contributor to shaping the Principles

### Industry associations and memberships (continued)

ORGANISATION	SIGNATORY ENTITY	ROLE
International Financial Reporting Standards (IFRS) Sustainable Accounting Standards Board (SASB) and Sustainability Alliance	Nuveen	Member
Investment Company Institute	Nuveen	Member. Board of Governors.
Institutional Investors Group on Climate Change (IIGCC)	Nuveen Infrastructure (Glennmont Partners)	Member
Investor Stewardship Group (ISG)	Nuveen	Signatory. Founding Member. Board Member. Chair of ESG Working Group.
Japane U.K. Stewardship Code	Nuveen	Signatory
National Alliance of Forest Owners	Nuveen Natural Capital	Member
National Black Growers Council	Nuveen Natural Capital	Member
One Planet Sovereign Wealth Funds Network (OPSWF)	Nuveen	Member
Orange Bond Initiative Steering Committee	Nuveen	Member & Founding Signatory
Oregon Forest Industries Council	Nuveen Natural Capital	Member
Responsible Investment Association Australasia	Nuveen	Member. Leaders Group 2024.
Sustainable Markets Initiative (SMI)	Nuveen	Member
Taskforce on Climate-Related Financial Disclosures (TCFD)	TIAA / Nuveen	Signatory
The Conference Board	Nuveen	Member
The Real Estate Roundtable	Nuveen / Nuveen Real Estate	Member. Member of the Sustainability Policy Advisory Committee.
U.K. Stewardship Code	Nuveen	Signatory
UN Global Investors for Sustainable Development Alliance (UN GISD)	Nuveen	Founding Member. Member of Strategy Group.
UN Principles for Responsible Investment (PRI)	Nuveen	Founding and Drafting Signatory. Stewardship Advisory Committee; Nature Reference Group.
UN Principles for Responsible Investment (PRI) Farmland Guidelines	Nuveen	Founding member and signatory. Contributing Developer of Principles that were incorporated into the PRI.
U.S. Forum for Sustainable and Responsible Investment (USSIF)	Nuveen	Institutional Member
Washington Forest Protection Association	Nuveen Natural Capital	Member
World Economic Forum (WEF)	TIAA / Nuveen	Member



### For more information, visit our website at nuveen.com

### Contextual information on Principles 9 and 12

Throughout this report, successful engagement outcomes are reported where Nuveen believes that our discussions with a particular company helped to improve or change the company's ESG management. While we undertake thorough company-by-company research to determine outcomes and seek to only represent those that followed Nuveen engagement, it is important to note that data gaps, inconsistency and the timing of company ESG disclosure can distort the outcome chronology in ways that we may not be aware of. Further, the company's engagements with other investors, the broader market and/or regulatory pressure may also play a role in any company decisions regarding ESG. In fact, when there is greater market and regulatory coalescence around ESG issues, successful outcomes are more likely. As such, we always encourage company engagement with a wide range of stakeholders and also actively engage policy makers and regulators on ESG best practices. Votes included for reporting period July 1, 2023 – December 31, 2024. This report reflects proxy voting for the College Retirement Equities Fund (CREF), TIAACREF Funds, TIAA-CREF Life Funds and TIAA Separate Account VA-1 (collectively TIAA-CREF Fund Complex), the General Account of Teachers Insurance and Annuity Association of America (TIAA) and Nuveen Asset Management (NAM), which comprises approximately 94% of Nuveen, LLC equity assets under management as of 31 December 2024.

#### Important information on risk

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. Nuveen considers ESG integration to be the consideration of financially material ESG factors within the investment decision making process. Financial materiality and applicability of ESG factors varies by asset class and investment strategy. ESG factors may be among many factors considered in evaluating an investment decision, and unless otherwise stated in the relevant offering memorandum or prospectus, do not alter the investment guidelines, strategy or objectives. Select investment strategies do not integrate such ESG factors in the investment decision making process. Nuveen, LLC provides investment solutions through its investment specialists.

For professional investors only. This communication is for information purposes only. The views expressed are accurate at the time of writing and are subject to change without notice. The contents of this communication do not amount to a recommendation to buy or sell any security. Past performance is not an indication of future results and an investment can lose value and the value of the investment and the income from it will vary and the initial investment amount cannot be guaranteed. Certain statements contained herein may reflect future anticipations and

other forward looking statements that are based on the author's current views and assumptions at the time of writing. These assumptions may change at any time without notice and may involve known and unknown performance or events that differ materially from those expressed or implied in such statements. This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor or suggest any specific course of action. Financial professionals should independently evaluate the risks associated with products or services and exercise independent judgment with respect

Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors. The views and opinions expressed are for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as market or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition. Any changes to assumptions that may have been made in preparing this material could have a material impact on the information presented herein by way of example.

### Past performance is no guarantee of future results. Investing involves risk; principal loss is possible.

All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE



