

The background features a dark green grid with various icons in hexagonal frames. These icons include a classical building, a bar chart with an upward arrow, a leaf, a gear with a checkmark, a handshake, and a family of three. The letters 'ESG' are prominently displayed in the center in a large, bold, light green font.

ESG

**ESG Developments
Outside the
United States**

AGENDA

- Global Distribution Trends: ESG
- The Asset Manager Perspective
- The Investor Perspective
- The Regulatory Landscape
- Questions

Global Distribution Trends: ESG

Global Distribution Trends: ESG

- ESG has become an increasingly critical component to attracting capital
- Intense focus on ESG from European, Nordic and Dutch investors
- Canadian and Australian investors are ahead of the curve – far more than Asia
- U.S. coastal markets leading the way as the US plays catch-up
- Marketing in Europe requires regulatory ESG awareness and there are collateral consequences for other product wrappers

The Asset Manager Perspective

Responsible investing at Nuveen

Our commitment and market leadership



KEY ACCOLADES AND INDUSTRY INVOLVEMENT



A+/A ASSESSMENT⁹



1st US Manager TO VERIFY AGAINST IFC'S OPERATING PRINCIPLES FOR IMPACT MANAGEMENT¹⁰



ADVANCED **ESG Manager** RATING¹¹



1 Nuveen, 31 Dec 2021. 2 Nuveen, cumulative outcomes from inception of tracking in 2019 to September 30, 2021. 3 Nuveen, 31 Dec 2021. 4 Nuveen, May 2022. 5 Nuveen, 31 Dec 2021. 6 UN PRI, 2020. 7 ShareAction, [Voting Matters Report, 2020](#). 8 Morningstar, [How Did Fund Companies Use Their Proxy Votes to Tackle Racial Inequality in 2020?](#) 9 UN PRI, 2020. 10 The Impact Principles, 2020. 11 Morningstar, 2020. 12 Environmental Finance, 2022.

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Putting responsible investing into action

Our foundation



ESG integration

We aim to incorporate material ESG factors into our investment process, across funds and asset classes.



Stewardship

We connect using our influence with companies and issuers to help them innovate and operate more effectively, and partner with stakeholders to drive and advance ESG best practices.



Impact

Through our investing practices, we seek to drive positive environmental and social outcomes.

Many names, one basic goal



Our objectives



Manage risk



Uncover opportunity

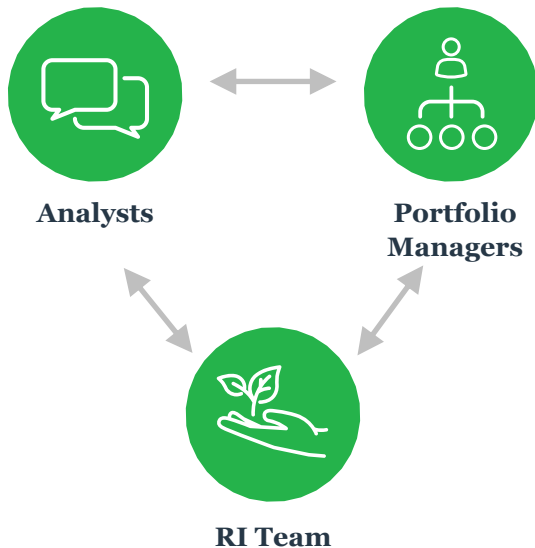


Improve long-term returns

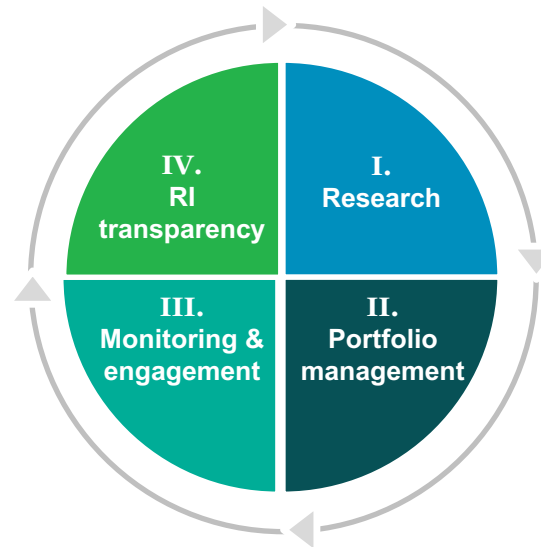
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Nuveen's approach to ESG integration

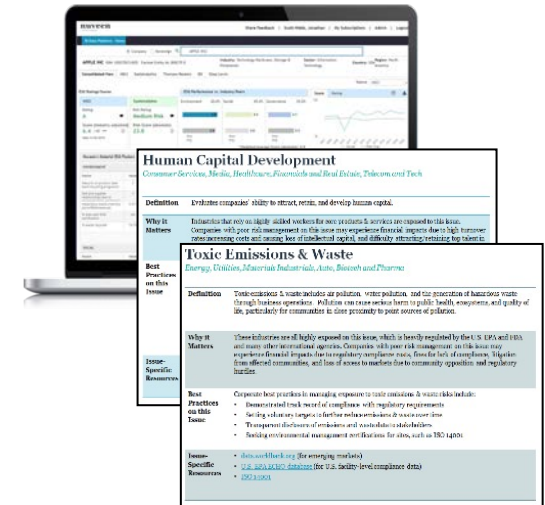
Collaborative approach



Investment Process



Proprietary data and ratings



- Enhance investment outcomes by deepening ESG fluency and conviction among investment teams
- Develop and deploy ESG integration frameworks that are leveraged by portfolio managers and research analysts
- Provide investment teams with ESG training, tools, data, and reporting to strengthen investment decisions

For illustrative purposes only.

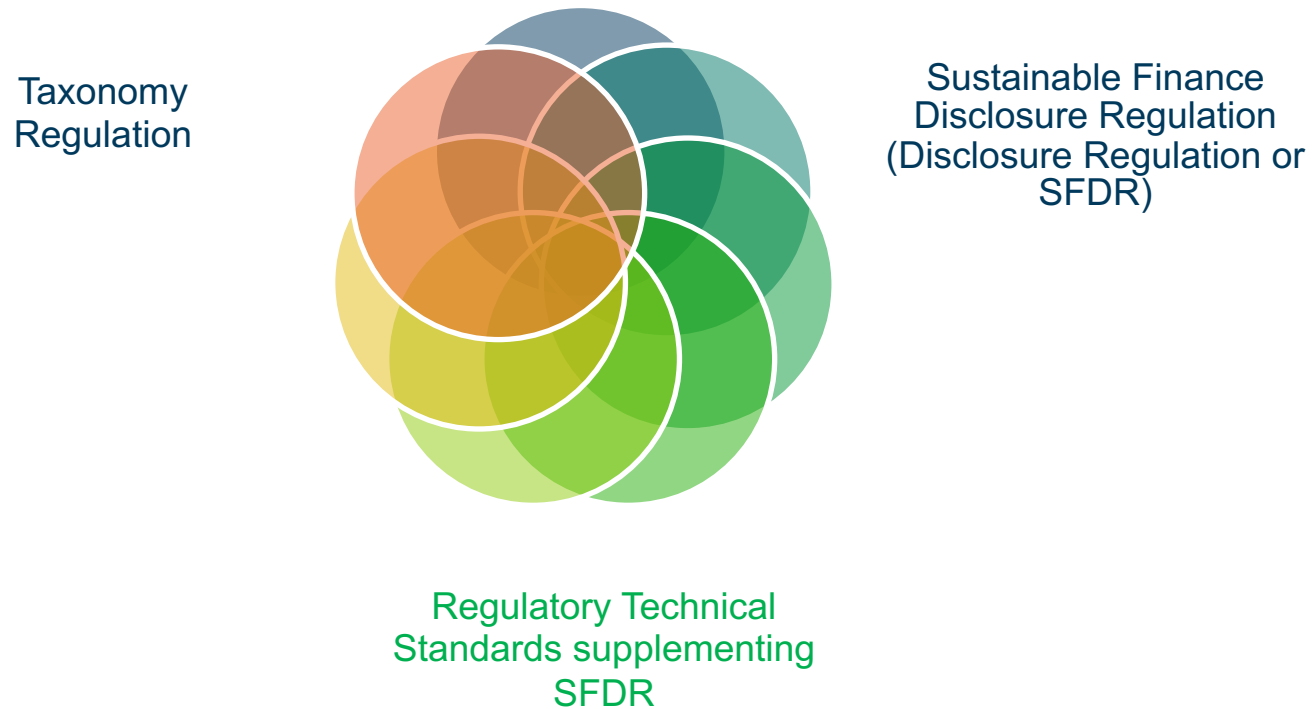
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The Investor Perspective

The Regulatory Landscape

EU ESG Regulatory Framework

Significant ESG related legislative activity in the EU in the past two years, the key being:



EU Disclosure Regulation

- **Applies to “Financial Market Participants” (FMPs), including:**

- AIFMs (fund manager)
- UCITS ManCos
- Portfolio Managers/Advisors
- Credit institution which provides portfolio management
- Pension Providers

- **Disclosure required at two levels:**

- Firm
- Product

- **Applies in relation to “Financial Products” (FPs), including:**

- AIFs (any non-UCITS fund, e.g. a private fund)
- UCITS
- Segregated Mandates
- Pension Products

- **Three types of mandated disclosure:**

- Website disclosure
- Pre-contractual disclosure
- Periodic reporting

EU Disclosure Regulation

- **Firm (all website disclosures), including:**

- Policies on integration of sustainability risks into investment activities (*mandatory*)
- Due diligence policies on adverse impact of sustainability risks on investment decisions (*comply or explain, unless 500 employees in which case mandatory*)
- Remuneration policies – consistency with integration of sustainability risks (*mandatory*)

- **Product, including:**

- Pre-contractual disclosure on integration of sustainability risk in management of product (*mandatory*)
- Pre-contractual (and periodic) reporting on adverse impact of sustainability risks on investment decisions (*comply or explain, unless 500 employees in which case mandatory*)
- Additional pre-contractual, website and periodic reporting for Article 8 “light green” and Article 9 “dark green” products (*mandatory*)

EU Disclosure Regulation: Sustainability Risks

Article 3 – Transparency of sustainability risk policies – entity level

FMPs shall publish on their websites information about their ***policies on the integration of sustainability risks*** in their ***investment decision-making process***.

Article 6 - Transparency of the integration of sustainability risks – product level

FMPs shall include ***descriptions*** of the following in pre-contractual disclosures:

- a) the ***manner in which sustainability risks are integrated into their investment decisions***; and
- b) the ***results of the assessment*** of the likely ***impacts of sustainability risks*** on the ***returns of the FPs*** they make available.

Where FMPs ***deem sustainability risks not to be relevant***, the ***descriptions*** referred to in the first subparagraph ***shall include a clear and concise explanation of the reasons therefor***.

EU Disclosure Regulation: Sustainability Risks

Article 7 - Transparency of adverse sustainability impacts - product level

Where the FMPs **consider principal adverse impacts** of investment decisions on sustainability factors, the pre-contractual disclosures (required per Article 6 SFDR) should include:

- a) a **clear and reasoned explanation of whether, and, if so, how a FP considers principal adverse impacts on sustainability factors**;
- b) a **statement** that information **on principal adverse impacts** on sustainability factors is available in the information to be **disclosed in periodic reports**.

Where a FMP **does not consider adverse impacts of investment** decisions on sustainability factors, the **pre-contractual disclosures** (required per Article 6 SFDR) **shall include** for **each FP** a **statement** that the FMP **does not consider the adverse impacts of investment decisions** on sustainability factors **and** the **reasons therefor**.

EU Disclosure Regulation: Light Green Products

Article 8 - Transparency of the promotion of environmental or social characteristics in pre-contractual disclosures (light green products)

Where a FP **promotes**, among other characteristics, **environmental or social characteristics**, or a combination of those characteristics, **provided** that the **companies in which the investments are made follow good governance practices**, the pre-contractual information to be disclosed (per Article 6 SFDR) shall include the following:

- a) information on **how those characteristics are met**;
- b) if an index has been designated as a reference benchmark, **information on whether and how this index is consistent with those characteristics**.

Article 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites (light green products)

FMPs shall publish and maintain on their websites the following information for each **light green product**:

- a) a **description of the environmental or social characteristics** or the **sustainable investment objective**;
- b) **information on the methodologies** used to **assess, measure and monitor the environmental or social characteristics** or the **impact of the sustainable investments selected for the FP**, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the FP;
- c) the **pre-contractual information** referred to in Article 8;
- d) the **information in periodic reports** referred to in Article 11.

EU Disclosure Regulation: Light Green Products

Article 11 SFDR- Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports (as it applies to **light green products**)

Where FMPs make available a **light green product** they shall include a description of the **extent** to which **environmental or social characteristics are met** in **periodic reports**.

The pre-contractual information and periodic report shall also include the following information pursuant to **Article 6 of the Taxonomy Regulation**:

Where a **light green product promotes environmental characteristics** (per Article 6 of the Taxonomy Regulation), the information to be disclosed as part of the SFDR pre-contractual disclosure and periodic reports includes:

- a) information on the **environmental objective(s) to which the product contributes**,
- b) a description of **how and to what extent** the investments underlying the FP **are in economic activities that qualify as environmentally sustainable** and
- c) the following statement:

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities’

EU Disclosure Regulation: Dark Green Products

Article 9 - Transparency of sustainable investments in pre-contractual disclosures (dark green products)

Where a FP has *sustainable investment as its objective* and *an index has been designated as a reference benchmark*, the *pre-contractual information to be disclosed* (per Article 6 SFDR) shall be *accompanied by* the following:

- a) information on *how* the *designated index is aligned* with that objective;
- b) an *explanation* as to *why* and *how* the *designated index* aligned with that objective *differs from a broad market index*.

Article 10 - Transparency of the promotion of environmental or social characteristics and of sustainable investments on websites (as it relates to dark green products)

FMPs shall publish and maintain on their websites the following information for each **dark green product**:

- a) a *description of the environmental or social characteristics* or the *sustainable investment objective*;
- b) *information on the methodologies* used to *assess, measure and monitor* the *environmental or social characteristics* or the *impact of the sustainable investments selected for the FP*, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the FP;
- c) the *pre-contractual information* referred to in Article 9;
- d) the *information in periodic reports* referred to in Article 11.

EU Disclosure Regulation: Dark Green Products

Article 11 SFDR- Transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports (as it applies to **dark green products**)

Where FMPs make available a **dark green product**, a they shall include a description of the following in periodic reports:

- i. the **overall sustainability-related impact of the FP by means of relevant sustainability indicators**; or
- ii. where an index has been designated as a reference benchmark, **a comparison between the overall sustainability-related impact of the FP with the impacts of the designated index and of a broad market index through sustainability indicators**.

The pre-contractual information and periodic report shall also include the following information pursuant to **Article 5 of the Taxonomy Regulation**:

Where a **dark green product invests in an economic activity** that **contributes to an environmental objective**, the information to be disclosed as part of the SFDR pre-contractual disclosure and periodic reports includes:

- a) the information on the **environmental objective(s)** (per Article 9 of the Taxonomy Regulation) **to which the investment underlying the FP contributes**; and
- b) **a description of how and to what extent the investments underlying the FP are in economic activities that qualify as environmentally sustainable** (per Article 3 of the Taxonomy Regulation).

ESG Market Trends

- How do the regulators view product classifications on a cross-border basis?
- Distribution channels view of product classifications?
- Investor sentiment – what information are investors seeking prior to committing capital?
- Practical Implications
- What's happening in the United States?

QUESTIONS
