OPENING STATEMENT

• In our clients’ best interests: a focus on active ownership

ADVANCING ESG BEST PRACTICE THROUGH ENGAGEMENT

• A holistic approach
• Comprehensive perspective, specialist expertise
• Highly efficient market coverage
• Targeted thematic initiatives
• Industry-level advocacy

HOW WE ENGAGED: 2019–2020

• In depth: Proxy voting
• In depth: Dialogue
• In depth: Targeted initiatives
• In depth: Shaping global standards

LEADERSHIP:
SETTING THE RESPONSIBLE INVESTING AGENDA

• Focus: The risks of climate change
• Focus: Coronavirus and the essential worker in the U.S.
• Focus: Supporting diversity & inclusion
• Focus: Expanding ESG engagement in fixed income

CASE STUDIES

• An environmental issue: United Parcel Service (UPS)
• A social issue: General Motors (GM)
• A governance issue: International Business Machines (IBM)

LOOKING AHEAD: CHANGING DIMENSIONS OF RISK

• Climate: Transition risks loom
• Diversity: Fresh expertise needed
• The pandemic: A lasting legacy
• Our conviction

APPENDIX

• Key vote rationales
• Organizations and roles
In our clients’ best interests: a focus on active ownership

Welcome to our inaugural 2019-2020 Responsible Investing Engagement Report, which chronicles our active-ownership initiatives and the outcomes we achieved over the past year.
The year 2020 reminded the world once again how profoundly sudden shocks can upset economies and markets — and just how critical it is for companies to plan for both short- and long-term disruptions.

As the coronavirus pandemic took hold, we were also reminded of how a company’s interests and future depend on multiple, critical stakeholders, including employees, clients, suppliers, communities and the world at large.

As the asset manager of TIAA, Nuveen helps safeguard the retirements of millions of people, including educators, medical professionals and institutional and individual investors of all types, and we saw firsthand the sacrifices of those whose jobs are literally about anticipating and trying to prevent crises. This has reinforced our sense of responsibility for both the financial security of our clients and the wellbeing of the world we live in and furthers our belief that the two are inextricably linked.

As both an asset owner and an asset manager, we have long recognized that companies that attend to the issues and needs of their many stakeholders will simply perform better than their peers over the long term, supporting enduring shareholder value and lasting societal change. However, as ESG-related risks become even more imminent and better understood, we find that the performance implications of strong or weak management can become even more immediate.

We invest to create an enduring impact on our world.

This conviction underpins our commitment to Responsible Investing (RI) across all of our assets. In collaboration, dedicated RI specialists and investment teams bring key environmental, social and governance (ESG) factors into the evaluation and management of our investments, encompassing crucial factors such as climate change, inclusion and diversity, workforce equity, board quality, business ethics and many more. In effect, such factors provide management teams with a road map for driving attractive long-term investor returns while creating a more sustainable economic system. As “active owners,” we also engage consistently with companies and other issuers to encourage broader adoption of practices and policies for better management of ESG factors.

In this report, you will find numerous highlights of our RI engagement activities, describing:

- How we use our influence, relationships and proxy voting to encourage issuers to effectively measure and manage their ESG risks and opportunities
- How we use constructive dialogue with regulators, public policy makers and industry bodies to help promote RI best practice globally
- How the outcomes of our engagement efforts demonstrate that “active ownership” truly can generate change by:
  - Illuminating the relationship between a broader stakeholder lens and long-term value creation and risk mitigation
  - Driving the disclosure of more standardized, actionable ESG information
  - Proactively addressing the potential impact of change and disruption and the implications for business operations and corporate strategy

A straightforward conviction

RI is deeply embedded in Nuveen and TIAA’s DNA. We are one of the asset management industry’s pioneers in this area, with five decades of RI leadership. Our engagement work is a potent expression of that leadership.

From the beginning, we have held that responsible investing is sound investing and delivers powerful, demonstrable financial advantages for clients alongside societal benefits. We state this conviction clearly in our policy statement on responsible investing (7th edition):

“...In our view, issuers that exercise diligence in their consideration of ESG issues are more competitive and can take better advantage of operational efficiencies, advance product innovation and reduce reputational risk. Failure to proactively address these issues can negatively affect individual businesses, investor returns and the market as a whole.”

Adapting to a rapidly changing world

Responsible investing is fast evolving, driven by the emergence of new risks, challenges and opportunities across the worldwide economy. The challenges include globalization and technological innovation as well as climate change and the coronavirus, which has threatened both the global economy as well as public health. But we also see the emergence of new approaches for managing the negative impacts of such forces and encouraging beneficial outcomes.

We have the tools and insights necessary to navigate this complex landscape, and we are proud of our achievements for our clients. But we realize too that we must constantly strengthen our commitment to investing responsibly. We hope you consider this report a meaningful illustration of this pledge.

We deeply appreciate the trust that you have placed in Nuveen and encourage you to let us know if you have questions.

Sincerely,

Jose Minaya
Chief Executive Officer, Nuveen

Amy O’Brien
Global Head of Responsible Investing, Nuveen
Advancing ESG best practice through engagement

We have been engaging with companies on social issues for over 50 years, and today, we have more than two dozen professionals specifically dedicated to responsible investing (RI). We manage more than $33 billion in ESG-focused strategies, and as a signatory to the UN Principles for Responsible Investment (PRI) we are committed to managing 100% of our firm’s $1 trillion assets under management in accordance with its principles.

Nuveen’s firm-wide scores:

- A+ on Strategy & Governance
- A+ on Active Ownership
Our engagement function is differentiated by:

A holistic approach
A spectrum of complementary, mutually reinforcing activities designed to improve and advance ESG best practices at both the issuer and the market level, ensuring that salient ESG insights remain core to our investing.

Comprehensive perspective, specialist expertise
Encompassing both public and private markets, equities as well as fixed income, and drawing on our broad market/industry knowledge of key ESG issues plus our professionals’ specialist expertise regarding sectors and industries.

Industry-level advocacy
Influencing relevant public policy and responsible investing’s future through involvement with prominent industry groups and trade associations, and interaction with key regulatory and legislative bodies, both in the U.S. and globally.

Targeted thematic initiatives
Based on cross-cutting, market-wide issues and informed by financial materiality analysis and other market indicators; designed to focus outreach on issuers where strong potential exists to drive change and generate significant, tangible outcomes.

Highly efficient market coverage
Teams are organized by subject matter and industry expertise, with team members’ focus areas carefully selected to efficiently leverage their knowledge of financially material ESG factors shared by multiple market sectors.
ESG INTEGRATION: PUTTING ENGAGEMENT INSIGHTS TO WORK

Our engagement professionals cooperate closely with the firm's investment teams to help ensure that financially material ESG factors and broader trends are always considered throughout the portfolio management process to enhance long-term investment value and help mitigate risk.

We seek to use a proprietary technology-enabled platform to share ESG data, research and tools with our investment professionals, augmenting traditional investment analysis and providing ongoing visibility into ESG's financial risks and opportunities.

We seek to identify the most financially material ESG factors for each issuer by sector (e.g., water use in agriculture, supplier health and safety in tech manufacturing) and aggregate Nuveen insights with the best available third-party ESG data sources.

The market-related insights we gain through engagement provide additional information for decision-making at the security, sector and portfolio management levels.

Engagement work also serves to drive better, more standardized ESG reporting among issuers. This puts more comparable and actionable ESG data into the hands of our investment teams.

Teams are organized by subject matter and industry expertise, with team members' focus areas carefully selected to efficiently leverage their knowledge of financially material ESG factors shared by multiple market sectors.

“Engagement is an effective strategy to source more complete, investment-relevant information and to drive stronger management of ESG issues. In working with our investment team members, we drive constructive dialogue with companies and gain a deeper understanding of management strategies to address business risks and opportunities.”

Peter Reali
Global Head of Engagement
Responsible Investment
How we engaged: 2019–2020

Our engagement activities are guided by the TIAA policy statement on responsible investing, which clearly identifies ESG factors as financially material to our investments and states our commitment to providing enduring benefits for our clients and our communities. We believe that the results reflect our strong guidelines and approach, which relies on deep RI and industry-specific expertise, case-by-case consideration of shareholder and management proposals and thoughtful execution of initiatives that we believe can generate positive tangible outcomes.

We conduct our engagement activities in a variety of ways, including:

Proxy voting >>
Assessing and voting on proposals presented by both management and shareholders at every portfolio company

Dialogue >>
Maintaining contact and conversation with tenants, companies, partners and issuers regarding the ESG-related risks and opportunities distinct to their business

Targeted initiatives >>
Seeking positive outcomes on discrete, cross-cutting ESG issues

Shaping global standards >>
Taking action to shape policies and regulations, both in the U.S. and abroad, that will directly shape the future of responsible investing
In depth: Proxy voting

All companies hold annual shareholder meetings that give investors the opportunity to provide input and oversight. Investors are asked to vote on a ballot of resolutions or proposals put forth by both company management and shareholders. For each ballot item, management may issue a voting recommendation as part of a proxy statement, typically seeking votes for any resolutions it has put forward.

We do not take a blanket approach to proxy voting. Rather, we evaluate both management and shareholder proposals on a case-by-case basis, according to what we believe is in the best interest of our clients. In making those decisions, we take into account many factors, including input from our investment teams and comprehensive proprietary and third-party research.

Voting for a shareholder proposal signals that an investor believes existing management solutions or actions are inadequate and that the proposal is in the company’s best interest.

Voting against management is an important tool for shareholders to express their dissatisfaction with how a company is executing on its responsibilities to its shareholders and other key stakeholders. If a significant portion of shareholders vote against management, it is a signal that a company needs to take action or it may face growing negative investor sentiment.
“Boards exist to represent the best interests of shareholders. Engaging with boards allows us to hold them accountable, and to ensure that they are performing the appropriate due diligence in examining management objectives and that their execution incentivizes strong, long-term corporate performance. A board that is responsive to shareholders and demonstrates a strong fiduciary responsibility enhances the attractiveness of the investment.”

<table>
<thead>
<tr>
<th>Scope</th>
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<tbody>
<tr>
<td>TOTAL PROPOSALS VOTED</td>
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<tr>
<td>U.S.</td>
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</tbody>
</table>

| TOTAL DIRECTOR VOTES | 37,147 |
| U.S.                | 20,398 |

**TOTAL DIRECTOR VOTES AGAINST MANAGEMENT (U.S.)**

- **41%** Board Quality
- **29%** Diversity
- **18%** Board Structure & Operation
- **12%** Business Ethics, Transparency, and Accountability

Specific considerations that shape our thinking in how we vote on resolutions or proposals involving boards of directors, executive compensation and, in particular, compensation in the form of equity:

**BOARDS**
Investors rely primarily on a corporation’s board of directors to fulfill its fiduciary duty to protect their assets and ensure they receive an appropriate return on investment. Boards are responsible for setting the ethical tone and culture for the company, assuring the corporation’s financial integrity, developing compensation and succession planning policies and ensuring management accountability.

**EXECUTIVE COMPENSATION**
Companies should use executive compensation as a tool to drive and reward long-term sustainable value creation while also attracting and retaining top talent. Because boards of directors are best positioned to consider all the relevant factors, we expect boards to establish executive compensation programs that appropriately incentivize strong executive management. Company disclosure regarding compensation should clearly articulate the rationale for incentives created by the compensation program and how it aligns with long-term strategy in order to mitigate compensation-related risks.

**EQUITY PLANS**
Such plans are compensation offered to executives, management and other employees in the form of stock options, restricted stock and performance shares. Equity plans can be a way to align employee objectives with company performance. However, because such plans can also have a direct impact on the value of existing shares, we carefully consider their nuances.

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### Accountability

**TOTAL MEETINGS VOTED (GLOBAL)**
- 33% Meetings with at least one vote against management
- 67% Meetings with no votes against management

12,041

**TOTAL EXECUTIVE COMPENSATION VOTES (GLOBAL)**
- 10% Executive compensation votes against management
- 90% Executive compensation votes with management

3,335

**TOTAL EQUITY PLAN VOTES (GLOBAL)**
- 9% Equity plan votes against management
- 91% Equity plan votes with management

2,242

# Shareholder proposal voting (U.S. only)

## Environmental
- **Climate Change**
  - Total Votes: 18
  - For: 83%
  - Against: 11%
  - Abstain: 6%

- **Natural Resources**
  - Total Votes: 8
  - For: 50%
  - Against: 50%
  - Abstain: 0%

## Social
- **Diversity and Inclusion**
  - Total Votes: 25
  - For: 100%
  - Against: 0%
  - Abstain: 0%

- **Communities**
  - Total Votes: 16
  - For: 75%
  - Against: 25%
  - Abstain: 0%

- **Product Responsibility**
  - Total Votes: 2
  - For: 0%
  - Against: 100%
  - Abstain: 0%

- **Talent Management**
  - Total Votes: 2
  - For: 0%
  - Against: 100%
  - Abstain: 0%

## Governance
- **Shareholder Rights**
  - Total Votes: 181
  - For: 20%
  - Against: 79%
  - Abstain: 1%

- **Business Ethics, Transparency and Accountability**
  - Total Votes: 88
  - For: 45%
  - Against: 55%
  - Abstain: 0%

- **Board Structure & Operation**
  - Total Votes: 82
  - For: 33%
  - Against: 67%
  - Abstain: 0%

- **Executive Compensation**
  - Total Votes: 31
  - For: 16%
  - Against: 81%
  - Abstain: 3%

- **Board Quality**
  - Total Votes: 5
  - For: 0%
  - Against: 100%
  - Abstain: 0%

In depth: Dialogue

Throughout the year, we engage in direct and constructive dialogue with CEOs, other members of senior management and boards of directors. Through this dialogue — which can take the form of in-person meetings, calls or written communication — we seek to encourage disclosure of relevant ESG issues and considerations and the adoption of ESG best practices, all with the goal of promoting outcomes that enhance financial performance and value.

In 2019-2020, we had 800 engagements across 598 companies.

The chart on the right reflects the range of issues that we explored with companies through various forms of dialogue in 2020.1

<table>
<thead>
<tr>
<th>Environment</th>
<th>% of engagements that addressed RI category</th>
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</thead>
<tbody>
<tr>
<td>Climate Change</td>
<td>23%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>1%</td>
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<tr>
<td>Total</td>
<td>59%</td>
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<table>
<thead>
<tr>
<th>Social</th>
<th>% of engagements that addressed RI category</th>
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</thead>
<tbody>
<tr>
<td>Diversity and Inclusion</td>
<td>75%</td>
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<tr>
<td>Communities</td>
<td>2%</td>
</tr>
<tr>
<td>Product Responsibility</td>
<td>2%</td>
</tr>
<tr>
<td>Talent Management</td>
<td>3%</td>
</tr>
<tr>
<td>Customers</td>
<td>3%</td>
</tr>
<tr>
<td>Employee Health &amp; Safety</td>
<td>3%</td>
</tr>
<tr>
<td>Total</td>
<td>31%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governance</th>
<th>% of engagements that addressed RI category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder Rights</td>
<td>5%</td>
</tr>
<tr>
<td>Business Ethics, Transparency and Accountability</td>
<td>10%</td>
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<tr>
<td>Board Structure &amp; Operation</td>
<td>4%</td>
</tr>
<tr>
<td>Executive Compensation</td>
<td>13%</td>
</tr>
<tr>
<td>Board Quality</td>
<td>14%</td>
</tr>
<tr>
<td>Total</td>
<td>64%</td>
</tr>
</tbody>
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1 Because many such dialogues centered on more than one issue, the percentages do not total 100%.
In depth: Targeted initiatives

All of our engagement efforts share the same goal: to enhance corporate sustainability and value for all key stakeholders. We seek to achieve this by measurably advancing broader understanding and appreciation of ESG factors; advocating for better reporting by issuers regarding their specific ESG issues and more widespread adoption of ESG best practice.

At the same time, we also conduct targeted outreach initiatives with a discrete, carefully defined issue focus. The issues that drive these initiatives reflect specific ESG considerations that are broadly relevant across the market and offer the opportunity to significantly move the needle when it comes to improved ESG practice.

Several of these theme-driven initiatives are explored in detail in our report section entitled “Leadership: Setting the Responsible Investing Agenda.” The chart at right presents data illustrating progress in 2020 on three such projects: Climate Risk, Women on Boards and Inclusive Talent Management (D&I).

| TARGETED INITIATIVES | DESCRIPTION                                                                 | NUMBER OF ENGAGEMENTS | NUMBER OF COMPANIES | POSITIVE RESPONSES | SUCCESSFUL OUTCOMES | SUCCESS RATE
|----------------------|-----------------------------------------------------------------------------|-----------------------|---------------------|---------------------|----------------------|----------------
| Women on Boards      | Targets small- to mid-cap companies in the U.S. and our largest holdings in Japan that do not have any women on their boards. | 1070                  | 876                 | 45                  | 363                  | 41%            |
| U.S.                 | 2018                                                                         | 595                   | 480                 | 309                 | 64%                  |                |
| Japan                | 2019                                                                         | 475                   | 396                 | 45                  | 54                   | 14%            |
| Climate Risk Management | Targets companies that have material exposure to climate risk, yet have not provided shareholders enough information on how the company assesses, manages and mitigates risk. Charges them with preparing disclosures that align with the Task Force on Climate Related Financial Disclosures (TCFD). | 80                    | 80                  |                     |                      |                |
| Inclusive Talent Management | Targets large-cap U.S. companies to improve transparency and accountability on human capital metrics in order to drive D&I in talent management and promote equal opportunity. | 75                    | 75                  |                     |                      |                |

In depth: Shaping global standards

Investor demand has strongly driven RI’s rapid growth. But a crucial role is played too by policies and regulations globally that improve transparency and reporting around ESG issues — and, as a result, support consistent consideration of these factors in company operations and investment management.

Lack of standardization and transparency in company disclosures regarding ESG factors remains a major hurdle to “mainstreaming” RI. But we believe regulators and policy makers have significant opportunities to help advance the industry via greater clarity and consistency in regulation and policy, clear frameworks for use of common language and improved standards and benchmark setting.

Toward more meaningful, informative regulation

Around the world, we are actively encouraging stronger, more meaningful and informative regulation to help build both issuer application as well as investor incorporation of ESG factors. We also caution against regulation that either discourages ESG considerations or stifles the evolution and innovation that will allow us to reach RI’s full potential.

We promote government and industry awareness and action on global RI standards by engaging with regulatory bodies and policy makers, signing on to stewardship codes and respected international frameworks and taking leadership roles in organizations advancing ESG best practices marketwide.

Policy drivers are expanding
Cumulative number of responsible investment policy actions across time

Source: PRI, 2019.
As a global asset manager, we have prioritized RI across our entire investment platform and navigate divergent regulations and policies in the U.S. and across Europe and Asia. While the EU is strengthening its commitment to sustainability and is working closely with the private sector to drive investment, strengthen ESG standards and deliver consistent taxonomy, in recent years the U.S. has pursued policies that directly conflict with ESG objectives, including rules that would deter ESG-focused investment and deregulation around environmental protection and climate risk. Going forward, the direction of such efforts will have significant implications for the U.S.’s role in shaping the future of RI.

With governments globally taking unprecedented action to respond to the coronavirus, new conversations are developing around government’s role in ensuring better economic, social and environmental sustainability. We believe that ESG issues will be key to implementing the most sustainable solutions.

Advocacy across borders

In 2020, we supported significant efforts to strengthen RI globally while opposing those that would discourage adoption and undermine its value to investors:

**Japanese Stewardship Code:** For more than three decades we have been engaging in Japan with regulators, governmental agencies and public companies. After signing on to the Japanese Stewardship code in 2019, we supported a refreshed version in 2020 that encourages greater incorporation of sustainability in investment management.

**EU Consultation on Sustainable Finance:** We provided input for the EU Renewed Sustainable Finance Strategy, which is focused, among other goals, on ensuring transparency and best practice on ESG in industry and investment management. We advocated for clear, consistent and globally applicable policies and frameworks that aid common language and standards.

**EU Consultant on the Green Bond Standard:** We provided input on the EU’s effort to define green investment and set reporting and verification standards around green bonds. We expressed support for standardization but also advised flexibility in the adoption of standards that would, if too stringent, limit investment in emerging green technologies and partial green activities that can be important in furthering the transition to a sustainable economy.

**DOL Comment Letter—ESG Investing in ERISA Plans:** We expressed opposition to a proposal by the U.S. Department of Labor (DOL) that would isolate ESG factors from other financially material information and raise the burden on retirement plan fiduciaries to justify the use of ESG investment options. The final rule was revised following industry backlash, removing any references to ESG factors, and instead focused on the use of monetary and non-monetary factors in investment selection.

**DOL Comment Letter—Proxy Voting on ESG Issues in ERISA Plans:** We expressed opposition to a proposal by the U.S. Department of Labor that would discourage plan fiduciaries from expressing their shareholder rights in voting on ESG proposals.

**SEC Comment Letter—Proxy Process:** We expressed opposition to a proposal by the U.S. Securities and Exchange Commission for amendments to rules governing shareholder proposals and proxy advisors that would limit investors’ ability to engage on material ESG issues.

**SEC Comment Letter—Fund Names:** We expressed opposition to a proposal by the U.S. Securities and Exchange Commission that would regulate the use by fund companies of ESG-related terms in fund names. We suggested instead that the SEC could help investors by providing guidance on how fund companies should disclose the underlying strategies of funds with ESG-related names.
Leadership: Setting the responsible investing agenda

Helping to set a proactive and focused agenda that furthers the primary objectives of responsible investing and addresses the most timely challenges and opportunities is core to our engagement effort. We do this by initiating and maintaining dialogue cross-market and cross-industry around key “themes.” Proxy voting and direct dialogue with issuers can cover a wide array of important ESG issues. But when we align our outreach with highly relevant themes, we can drive more meaningful conversations and achieve more substantive outcomes. We conduct research to identify themes with significant financial implications for a broad swath of issuers and the potential to help significantly advance ESG best practices. We then direct our theme-based outreach toward a target universe of companies, carefully chosen according to our holding size or other key metrics, as well as policymakers.

Our perspectives:

Climate change and risk >>
Coronavirus and the essential worker >>
Diversity and inclusion (D&I) >>
ESG engagement in fixed income >>
Focus: The risks of climate change

Climate change poses profound social, environmental and economic risks around the world — some already being felt and beginning to impact asset values. We are working to create greater transparency around such risks — and also to illuminate the upside for issuers that manage them effectively.

Climate change affects all countries to some degree, but those with low-income populations are especially vulnerable. While current impacts vary by geography, climate risk could result in abrupt, system-wide market shocks. Such shocks could result from extreme weather events and negative health effects but also from mitigation efforts such as large-scale policy changes, innovation and technological disruption.

Overcoming climate change’s greatest challenges calls for global action and cooperation at an unprecedented scale, with acceleration and urgency increasingly vital. The good news is that the transition to a low-carbon economy is already underway, across many industries and regions.

PROACTIVE PLANNING FOR CLIMATE RISK

We believe companies that proactively and strategically plan for climate risk will be better equipped to manage and support this transition, both avoiding its harmful effects as well as more effectively taking advantage of its opportunities, such as renewable energy, green technologies and other innovative solutions.

We seek to mitigate associated financial risks across our portfolios and to advance policies and practices essential to a low-carbon future. To that end, we are actively engaging with companies on climate-risk management and supporting shareholder climate proposals that drive meaningful and measurable improvements.

In our discussions with companies, we advocate:
- Board oversight of climate risk and overall climate strategy
- Stronger emissions reduction targets and goals
- Analysis of the effects of various climate change scenarios.

Consistent with that advocacy, we generally support shareholder proposals to:
- Align company strategy with the Paris Agreement on climate change
- Adopt companywide emissions reduction goals
- Assess climate mitigation strategies
- Disclose climate change risks.

WORKING TOWARD DECARBONIZATION

Proper disclosure and science-based reduction targets promote stronger management of risks at the issuer level, and allow us as an investor to effectively integrate climate risk information from issuers into our investment processes. Yet, though many companies now acknowledge that climate change is material, few highly exposed companies produce quality climate disclosures indicating how they are measuring and managing these risks.

To help address the disclosure gap and drive movement on decarbonization, we have launched an engagement initiative targeting 80 companies in which we have large holdings that exhibit inadequate climate risk reporting and oversight. We have asked these companies to produce reporting that aligns with the Task Force on Climate-related Financial Disclosures (TCFD), the industry-recognized standard, and to strengthen board and management oversight and accountability for climate risk. In addition, we are encouraging target setting that aligns with the Paris Agreement objective to limit global warming to 2 degrees above preindustrial levels.

Our efforts to strengthen practices and processes in climate risk management and reporting have earned industrywide, global recognition:

In October 2020, Nuveen was cited for excellence in climate reporting by the PRI, the world’s leading proponent of responsible investment. We were in the 1% of over 1,600 investment manager signatories globally — and 1 of just 4 U.S.-based investment firms named to the 2020 PRI Leaders’ Group, which each year recognizes firms working at the cutting edge of responsible investing.

Focus: Coronavirus and the essential worker in the U.S.

The coronavirus pandemic has underscored the vulnerabilities — but also the opportunity to enhance sustainability — at many levels of corporate America, embedded in such functions as crisis management, employee health and safety, pay, benefits, business continuity planning, supply chains and customer relationships. In fact, companies performing well on such factors showed greater resilience at the pandemic’s height and continue to exhibit favorable investment traits in a transformed market.

Through our engagement efforts, we want to raise awareness of another opportunity too little recognized within the essential worker cohort.

Essential workers have been celebrated for their presence during the pandemic at the front lines of many key industries. Yet, far less attention has been paid to just how material these workers are, both financially and operationally, within organizations — and the advantages that an organization could realize with more focus on their realities.

Going forward, we expect essential workers to coalesce as a newly unified stakeholder group whose characteristics — and treatment — will be critical in shaping organizational performance as well as investor perception of corporate “winners and losers.”

WOMEN, PEOPLE OF COLOR HEAVILY REPRESENTED AMONG THE ESSENTIAL

Also known as hourly employees or laborers, essential workers are those required to be physically present at workplaces. Essential job functions employ some 55 million individuals. Women account for 49% of all essential workers, but comprise more than 70% of those essential in health care, government and community-based services. People of color account for the majority of essential workers in food and agriculture and commercial, residential facilities and services as well as more than 40% of transportation/warehouse/delivery jobs.

Despite the label, essential employees have historically been viewed as readily replaceable. On average, they earn 18.2% less than workers in non-essential occupations and are typically less likely to have employer-provided health care, paid time off, paid sick leave or other types of employee benefits.

But with many such workers bearing an outsized risk in the face of the ongoing pandemic, the coronavirus has created a reckoning for many of the industries that heavily rely on them, exposing the true cost of undervaluing this foundation of the corporate pyramid.

SHAREHOLDER VALUE AND CORPORATE RESPONSIBILITY

We believe that protecting income, ensuring health and safety and driving greater economic inclusion for essential workers can help shape shareholder value — while also representing a powerful expression of corporate responsibility to all stakeholders.

The issues surrounding essential workers that we will continue to explore in our dialogue with portfolio companies include:

- Potential inequities at the intersection of race/gender and essential work: Male- and white-dominated industries have wages ranging from $18 to $29 per hour; in contrast, industries that are majority female or people of color have median wages ranging from just $13 to $21 per hour
- The “true” cost — and benefit — of investing in essential workers: Because essential workers are harder to replace than assumed, the costs of turnover, loss of productivity, training and recruitment could easily outweigh the incremental cost of improved health and safety practices, pay and benefits
- Brand/reputational damage: With customers carefully scrutinizing corporate coronavirus response, companies that treat their essential workers poorly risk lost business and damage to brand equity — with the opposite likely true for companies perceived as supporting them.

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Women in essential job functions

<table>
<thead>
<tr>
<th>Women in essential job functions</th>
<th>Health care, government and community-based services</th>
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<tbody>
<tr>
<td>49%</td>
<td>70%</td>
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Focus: Supporting diversity & inclusion

With 2020 marked by highly visible incidents of racially driven injustice and resultant protests, many companies have expressed a fresh commitment to overcoming racism and systemic inequality. Yet, the reality is that inequities, often subtle, have long endured in corporate culture and operations.

Our engagement efforts strongly emphasize the opportunity at hand for many companies to redress such inequities in their own ranks.

As The Wall Street Journal reported, just 1% of the CEOs running America’s top 500 companies are Black. And among all U.S. companies with 100 or more employees, just 3% of executive and senior-level roles are held by Black people. Women have faced a similar hurdle in gaining access to the C-suite: Among Russell 3000 companies, the percentage of women CEOs has doubled since 2010, but only from 2.3% to 5.2%.5

DIVERSITY’S TANGIBLE VALUE

We believe that diverse boards, management teams and workforces fuel heightened innovation and problem solving, producing better long-term financial performance. At the same time, company policies, practices and culture that ignore unconscious bias and enable discrimination and harassment can stifle productivity, drive higher turnover, and increase reputational, legal and regulatory risks.

Research provides ample support for diversity’s tangible value. A study by McKinsey & Co. has shown that companies in the top quartile of gender diversity are 25% more likely to outperform industry peers than companies in the bottom quartile.6 Similarly, companies in the top quartile for ethnic and cultural diversity are 36% more likely to outperform industry peers than companies in the bottom quartile.7

Our policy statement on responsible investing concisely articulates the significance we assign to inclusion and diversity, framing these attributes as “fundamental elements of corporate culture that can be enhanced through talent recruitment and development programs, and policies and procedures that embed diversity and promote inclusion in corporate culture.”

PROMOTING BOARD DIVERSITY, ACTION-ORIENTED METRICS

We focus our engagement efforts on driving company disclosure on pay gaps and employee demographics across different job levels, addressing controversies over human capital management and promoting diversity on boards and in executive leadership.

• Women on Boards: Since 2018, board diversity has been a cornerstone of our engagement efforts. That year, we began targeting 500 small- to mid-cap companies in the U.S. and Japan that did not have any women on their boards. As of 2019, more than 30% of these companies had added a female director.

• Inclusive Talent Management: Complementing our work at the board level, in 2020 we launched a bottom-up engagement initiative targeting 75 large-cap U.S. companies aimed at addressing demographic disparity across pay and career levels. More in-depth analysis and reporting of a company’s demographic make-up can illuminate where underrepresentation and bias exist across the organization and drive more meaningful change. We are asking companies to think critically about how they assess D&I and to produce customized, actionable human capital reporting. Ultimately, we want companies to generate metrics tailored to their own operations, so that they can uncover gaps and opportunities for improvement, identify “root causes” of D&I challenges, drive diverse talent pipelines and address pay equity issues.

7 Ibid.

Companies in the top quartile of gender diversity are 25% more likely to outperform industry peers than companies in the bottom quartile.6
Focus: Expanding ESG engagement in fixed income

We believe it is critical to understand the relevance of ESG factors to risk and return across the capital structure. As a result, we are increasingly engaging with issuers whether we are a shareholder, debt holder or both. In 2019, we started including fixed income analysts along with equity analysts in our meetings with public companies, reflecting our belief that engagement can be an effective tool for holding issuers accountable on ESG issues that are salient for both asset classes.

Since the effort launched, analysts have participated in more than 35 engagement meetings led by the Responsible Investing team.

Broadening the scope of engagement with fixed income has reinforced the financial materiality of many priority ESG issues, including climate risk disclosure, data privacy and security, and human capital management.

But these joint dialogues have also highlighted points of divergence on ESG issues across the asset classes as well. For example, executive compensation is almost always material on the equity side. However, on the debt side, it is not as financially relevant unless there is a pattern of compensation incentivizing risky behavior that would then affect a company’s creditworthiness.

Fixed income is also unique in that issuers can dedicate use of proceeds toward impactful projects by issuing green, social, and sustainability bonds. Our fixed income analysts are increasingly interested in these impact opportunities and actively engage with issuers on their plans to enter this market.

THE VALUE OF BOTTOM-UP ANALYSIS

Engagement also can help strengthen or fill gaps in ESG disclosure and management in parts of the fixed income market that have typically been lagging in these areas.

In 2020, we launched an ESG questionnaire that we sent directly to private issuers and underwriters to assess ESG performance for companies in the leveraged loan market. The questionnaire helps us better understand ESG risk and opportunities. But just as important, it also provides guidance to companies on our expectations for best practice and disclosure.

DRIVING GLOBAL STANDARDS

We also engage with emerging market debt issuers to encourage best practice aligned with global peers. We may even exit the investment to protect investors in cases where best practice is not being followed.

As one example, we engaged with a South African company experiencing significant health and safety issues, leading to a spike in fatalities. The engagement pointed to management’s lack of attention on the labor issues and drove our decision to divest from the bond holdings, months before the issues negatively impacted the company’s credit worthiness.

Collectively, these interactions are generating additional value, providing us with new insights and also helping to set even clearer standards for issuers seeking to meet ESG best practice.

Including the fixed income perspective in our engagements allows us to fully represent Nuveen’s interests and uncover new ways to encourage ESG best practices among issuers.
“In our engagement with the U.S. utilities sector we have encouraged the transition to cleaner energy to preempt risks that will intensify as the world moves towards a low-carbon future. We find it important not only to engage at the issuer level, but also to drive sector-wide awareness and transparency. That’s why we’ve spent years consulting with the leading industry association for investor-owned electric utilities to develop a strong sustainability-reporting standard.”
Case studies

As active owners, our engagement is a key element of responsible investing; further, transparency is a fundamental part of meaningful dialogue and initiating change. To that end, what follows are three case studies that demonstrate specifically how we have engaged with our portfolio companies on topics that affect long-term value and risk.
Reflecting our strong belief that the material risks associated with climate change are among the most profound that companies face today, in 2020 we supported a shareholder proposal that UPS report its plans to reduce its carbon emissions.

Climate change creates two kinds of significant risk: physical and transition. Transitioning to a low-carbon economy may entail extensive policy, legal, regulatory, technology and market changes, with financial and reputational impact on organizations as well as investment implications. As part of a carbon-heavy industry, UPS, in our view, could be particularly vulnerable to such impacts.

UPS informed us that it aimed to reduce emissions by 12% in 2025 compared with its 2015 baseline — but also noted that emissions had increased in recent years and were expected to continue increasing in the short term given the company’s growth. The company does not conduct standard “best practices” for evaluating risk through climate-scenario analysis, nor does it set science-based targets inline with the Paris Climate Agreement goals. UPS positioned investments in alternative fuel sources and technology for energy efficiency as positives, but it seems unlikely the company will meet its short-term 2025 goal.

Failure to achieve climate-related goals and our doubts about the scope of those goals made us uncertain regarding UPS’ ability and willingness to adequately address its climate risk.

With transportation one of the highest carbon-emitting sectors in the U.S., relevant regulation is likely inevitable, perhaps bringing significant operational disruption — and highly material, financial risk — for companies such as UPS that lack a strong low-carbon transition plan. We believe affected companies should pre-empt these policy changes — and create a strategic advantage by adjusting their business models now.

Ultimately, the shareholder proposal received 30% support, which is considered high for such a resolution. We will continue engaging with the company to encourage sustainability best practices and push them to take more concrete action. We expect companies to be responsive to shareholder votes and will consider holding directors responsible for a lack of response.

CASE STUDY

An environmental issue: United Parcel Service (UPS)
A social issue: General Motors (GM)

The treatment of workers is a fundamental driver of both performance and reputation — as well as a key social value. We generally support shareholder resolutions seeking review of a company’s human rights standards and the establishment of related global policies. Such standards can be particularly vital to company operations in conflict zones or geographies with weak governance or human rights records. To that end, we supported a shareholder proposal asking GM to report on how it ensures implementation of its Human Rights Policy.

Global labor relations clearly represent a material issue for GM. As one of the world’s largest automakers, GM maintains a complex global supply chain, with many suppliers worldwide. Companies with such supplier networks need to assess and monitor labor-related health and safety risks embedded in these relationships, direct and indirect. In the process, they can assure investors and stakeholders that they stress supplier compliance with conduct standards and respect for human rights — and also blunt potential financial and reputational risks.

GM has adopted strong policies including a Supplier Code of Conduct highlighting human rights related to forced labor, child labor, human trafficking, and other areas. But we were concerned that GM was not transparent enough in reporting actions against non-compliant suppliers and disclosing where its supply chain is most vulnerable to work stoppages due to human rights concerns.

With the coronavirus pandemic shedding so much light on workforce conditions and needs, we maintained that GM and its stakeholders would benefit from greater responsiveness to labor concerns and enhanced compliance with its human rights policies.

Though the shareholder proposal did not earn majority support, the support it did draw — 30% — is considered high. We expect GM will take note of the large minority for the proposal and provide greater transparency on how it manages issues with suppliers that do not adhere to its terms and conditions.
A governance issue: International Business Machines (IBM)

Adding our voice to a call for enhanced independent oversight that would help IBM better execute a strategic plan, for the last three years we have supported shareholder proposals to separate IBM’s combined CEO/Chair position and to appoint an Independent Board Chair.

From 2016 to 2020 IBM’s total shareholder return, 0.37%, considerably lagged that of both its industry peers (15.15%) and the market overall (11.70%). Every year during that period, IBM has received a shareholder proposal to require an Independent Board Chair.

Among shareholders’ governance concerns: IBM had invested more in share buybacks than in R&D spending despite significant market demand for cloud, digital, AI, and cybersecurity products. Although IBM had designated a Lead Director to serve as an independent counterbalance, we were concerned with the Lead Director’s ability to serve this autonomous function, particularly given how IBM had laid out its Board’s annual evaluation process. In addition, we felt that appointing a Lead Director and Chair of the Governance Committee that were long-tenured Directors, with 14 years of board service each, raised concerns about the ability to challenge the status quo and bring new ideas to the board.

After some initial, successful engagement with IBM on evolving the Lead Director role, we saw insufficient changes to Board quality and company strategy — and, as a result, we regularly supported the proposal for an Independent Chair.

Ultimately, in 2020, IBM changed CEOs and further refreshed its Board, including the Chair of the Governance Committee. And in October 2020, IBM announced a spin-off of its legacy-managed infrastructure services business unit, to better focus on driving a digital transformation strategy. On the announcement day, IBM’s stock price increased 6%, signaling positive investor reaction to the new strategic direction.

Our engagement with IBM continues — with events to date illustrating the material benefit that ongoing dialogue regarding governance and strategy can help generate.
Looking ahead: Changing dimensions of risk

As we move through 2021, our engagement efforts will be geared toward ESG themes both established and emerging — in line with the highly dynamic nature of the RI landscape.

We will heighten our focus on the core themes of climate change risk and corporate D&I. But we also will work to generate fresh awareness and insight regarding other issues poised to soon assume their own, prominent role in shaping financial performance, corporate sustainability and the value that shareholders and other stakeholders can realize when companies effectively attend to the risks and opportunities of a world in rapid transition.

Indeed, the fundamental issues of changing climate and lagging diversity are themselves taking on new dimensions, making it more critical than ever for issuers to address both exposures and strategies.
Climate: Transition risks loom

Climate change's major risks — the physical impacts of an altered climate and the transition realities embedded in global mitigation efforts — will only escalate, with enhanced climate risk disclosure becoming more and more urgent.

Transition risks will demand special attention over the next 5 to 10 years. Policy discussions throughout the 2020 U.S. election season only underscored that the U.S. currently lacks national consensus on how best to mitigate climate risk. With a new Presidential administration, one that lists addressing climate change as a top priority, we foresee a significant shift ahead. If this materializes, the U.S. would realign with many other advanced economies that have already accelerated their regulatory agenda on climate risk. This is just one of many global signals that the low carbon transition is coming, perhaps faster than many may think. We see the need for all companies to redouble their efforts on climate risk disclosure, scenario analysis, and target-setting to help future-proof their businesses. Additionally, with investors increasingly demanding a measurable carbon risk premium both in the energy sector and across the economy, capital will likely have the last word.

Across industries, clear winners will emerge from the “greening” of the economy — green infrastructure, real estate, mobility, renewable energy and innovative technologies — while the risks for carbon-intensive industries will continue to intensify.

The path to a more climate-ready future — a future fast approaching — is not fully clear. Nor is it likely to be smooth. For most issuers, the best course will be to proactively prepare for higher regulatory, investor and even consumer standards with regard to environmental sustainability — and to recognize that delay will only result in heightened risks and lost opportunities.
Many companies have made strides in increasing the gender and racial diversity of their boards and senior management teams. But much more needs to happen. To that end, we plan to actively extend our effort to not only target gender diversity but also greater racial and ethnic diversity on boards.

Board diversity is a vital mechanism for companies to sustain board quality. And we believe that the quality imperative will, more and more, compel companies to follow new and nontraditional paths in recruiting directors.

What kinds of directors are best attuned to bringing new ideas into the boardroom? Who will be most adept at challenging management and holding it accountable? Indeed, what kinds of directors will be most inclined to hold each other accountable regarding their responsibilities for strategy and oversight?

Companies also will need to find directors skilled at assessing new, highly specific yet critical forms of risks — cyber risk, for example. More broadly, companies must ensure that they can marshal board expertise on the myriad environmental and social issues against which companies will be increasingly benchmarked, as responsible investing builds its universe of adherents.

Diversity in many forms — reflecting both the kinds of people tapped for board service as well as the experiences, skills and perspectives they bring to the boardroom — will remain among the most vital strategic considerations.
The pandemic: A lasting legacy

Eventually, the world will move beyond the public health crisis of the coronavirus. But companies must continue examining and overcoming the underlying risks to operations and sustainability that the pandemic laid bare.

In their immediate coronavirus response, some companies invested to ensure the well-being of their workers who needed to remain on the job. The pandemic has revealed to what degree companies so heavily depend on such workforces. Even after the crisis has faded, they will need to assess what steps are needed to ensure the interests of the essential worker are being met. Ignoring their needs will have a material effect.

Similarly — companies with global supply chains disrupted by the pandemic will need to determine what links might need to be repaired, reinforced, replaced or re-thought. With globalization proceeding apace, such systems’ reliability will only become more critical — particularly given the potential for future coronavirus-like events.

Companies that maintain the most robust supply chain oversight or prove the most nimble at addressing supply chain risk will be the ones most likely to survive future, exogenous shocks — and avoid the financial impact that will inevitably accompany failure.
Our conviction will remain constant

Responsible investing requires steady attention to the changing dimensions of risk and opportunity along with a commitment to advancing ESG best practices across the marketplace. At Nuveen, it is a holistic practice by which we generate real and enduring benefits for our clients, portfolio companies and even society at large.

Focusing on the ESG factors that ultimately make the most consequential difference, we will continue our dedicated engagement with all of these constituencies to continuously drive progress and tangible outcomes.
## Appendix — Key vote rationales

<table>
<thead>
<tr>
<th>Sector</th>
<th>Company</th>
<th>Proponent</th>
<th>Issue</th>
<th>Proposal</th>
<th>Vote</th>
<th>Vote against Management</th>
<th>Vote rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>Abbot Labs</td>
<td>Shareholder</td>
<td>Executive Compensation</td>
<td>Shareholder Proposal Regarding Disclosure of Adjustments to Non-GAAP Metrics in Executive Compensation</td>
<td>Against</td>
<td>No</td>
<td>In our view, Abbot Labs is sufficiently transparent regarding the non-GAAP calculations used in its executive compensation plans. In addition, we believe the adjustments are warranted given the company's business model and growth strategy.</td>
</tr>
<tr>
<td>Technology and Communications</td>
<td>Amazon</td>
<td>Shareholder</td>
<td>Business ethics, transparency, and accountability</td>
<td>Shareholder Proposal Regarding Report on Hate Speech and Sale of Offensive Products</td>
<td>For</td>
<td>Yes</td>
<td>While Amazon maintains robust policies on human rights and offensive/controversial content, we believe their overall disclosure lacks sufficient evidence of systematic enforcement and accountability.</td>
</tr>
<tr>
<td>Financials</td>
<td>Berkshire Hathaway</td>
<td>Shareholder</td>
<td>Diversity &amp; Inclusion</td>
<td>Shareholder Proposal Regarding Policy on Board and CEO Diversity</td>
<td>For</td>
<td>Yes</td>
<td>Board diversity is an inherent part of board quality and a formal policy demonstrates a commitment to and accountability for diversity.</td>
</tr>
<tr>
<td>Resource Transformation</td>
<td>Boeing</td>
<td>Management</td>
<td>Executive Compensation</td>
<td>Advisory Vote on Executive Compensation (&quot;Say-on-pay&quot;)</td>
<td>Against</td>
<td>Yes</td>
<td>The executive compensation package at Boeing does not address our concerns regarding management accountability or pay-for-performance alignment that were brought to light by the 737 MAX Crisis.</td>
</tr>
<tr>
<td>Technology and Communications</td>
<td>Dell Technologies</td>
<td>Management</td>
<td>Board Structure &amp; Operation</td>
<td>Election of Directors</td>
<td>Against</td>
<td>Yes</td>
<td>In our view, Dell's multi-class capital structure and limited board independence may lessen accountability to shareholders and negatively impact firm performance.</td>
</tr>
<tr>
<td>Services</td>
<td>Discovery Inc.</td>
<td>Management</td>
<td>Business ethics, transparency, and accountability</td>
<td>Election of Directors</td>
<td>Against</td>
<td>Yes</td>
<td>We believe that Discovery's governance practices and lack of responsiveness to shareholder concerns compromise accountability to shareholders.</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Dominion Energy</td>
<td>Shareholder</td>
<td>Board Structure &amp; Operation</td>
<td>Shareholder Proposal Regarding Independent Chair</td>
<td>Against</td>
<td>No</td>
<td>In our view, Dominion Energy's board structure that includes a Lead Director with robust responsibilities is a sufficient counterbalance to the combined CEO/Chair.</td>
</tr>
<tr>
<td>Health Care</td>
<td>Eli Lilly</td>
<td>Shareholder</td>
<td>Business ethics, transparency, and accountability</td>
<td>Shareholder Proposal Regarding Disclosure of Board Qualifications</td>
<td>Against</td>
<td>No</td>
<td>While we believe diversity of perspectives enhances board performance, we expect Directors acting within their fiduciary duties will separate personal political views from oversight and strategic decision making. Thus, we do not believe political ideology disclosure would address a material ESG issue.</td>
</tr>
<tr>
<td>Sector</td>
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<tr>
<td>Extractives &amp; Minerals Processing</td>
<td>Exxon Mobil</td>
<td>Shareholder</td>
<td>Board Structure &amp; Operation</td>
<td>Shareholder Proposal Regarding Independent Chair</td>
<td>For</td>
<td>Yes</td>
<td>We believe that Exxon’s lack of responsiveness to shareholder concerns and inadequate management of climate risk demonstrates insufficient board oversight. Therefore, we believe shareholders would benefit from an independent Chair.</td>
</tr>
<tr>
<td>Resource Transformation</td>
<td>Fastenal</td>
<td>Shareholder</td>
<td>Talent Management</td>
<td>Shareholder Proposal Regarding Diversity Reporting</td>
<td>For</td>
<td>Yes</td>
<td>We believe firms that foster diversity have an increased likelihood of financial outperformance over time. Fastenal’s insufficient disclosure may impact its ability to attract and retain a talented and diverse workforce and compete more effectively.</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>Home Depot, Inc.</td>
<td>Shareholder</td>
<td>Diversity &amp; Inclusion</td>
<td>Shareholder Proposal Regarding Employment Diversity Report</td>
<td>For</td>
<td>Yes</td>
<td>While Home Depot has begun reporting on gender- and race-based metrics for its workforce, we believe insufficient transparency into methodology and lack of disclosure on pay equity inhibit accountability for human capital.</td>
</tr>
<tr>
<td>Technology and Communications</td>
<td>Keyence Corporation</td>
<td>Management</td>
<td>Board Quality</td>
<td>Election of Directors</td>
<td>Against</td>
<td>Yes</td>
<td>In our view, the board suffers from issues related to board quality, diversity and refreshment, and has also exhibited an unwillingness to engage on shareholder concerns.</td>
</tr>
<tr>
<td>Services</td>
<td>Las Vegas Sands</td>
<td>Management</td>
<td>Executive Compensation</td>
<td>Advisory Vote on Executive Compensation (“Say-on-pay”)</td>
<td>Against</td>
<td>Yes</td>
<td>In our view, Las Vegas Sands’ executive compensation plan lacks adequate performance metrics and fails to align pay with performance. Additionally, the board of directors has not been responsive to external shareholder concerns on pay.</td>
</tr>
<tr>
<td>Financials</td>
<td>Mizuho Financial Group, Inc.</td>
<td>Shareholder</td>
<td>Climate Change</td>
<td>Shareholder Proposal Regarding Aligning Investments with The Paris Agreement</td>
<td>For</td>
<td>Yes</td>
<td>While the company has robust sustainability-related reporting, we believe the disclosure lacks explanation on how the company is mitigating the risks from climate change to its business strategy and key drivers of performance.</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>Mondelez</td>
<td>Shareholder</td>
<td>Executive Compensation</td>
<td>Shareholder Proposal Regarding Employee Salary Considerations When Setting Executive Compensation</td>
<td>Against</td>
<td>No</td>
<td>Setting executive pay based on employee pay oversimplifies the issue of workforce pay equity, and we don’t believe it would appropriately or effectively achieve the intended outcome.</td>
</tr>
<tr>
<td>Services</td>
<td>Netflix</td>
<td>Shareholder</td>
<td>Shareholder Rights</td>
<td>Adopt Simple Majority Vote</td>
<td>For</td>
<td>Yes</td>
<td>In our view, changing the vote standard to a majority of votes cast in order to amend the charter and bylaws will allow shareholders to use the proxy vote to create change in shareholder rights and company accountability to proxy vote outcomes.</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>Nike</td>
<td>Management</td>
<td>Executive Compensation</td>
<td>Advisory Vote on Executive Compensation (“Say-on-pay”)</td>
<td>For</td>
<td>No</td>
<td>We often see elevated compensation levels in connection with a CEO transition, and in this case, we believe the executive succession process was strategic and targeted.</td>
</tr>
<tr>
<td>Sector</td>
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<tr>
<td>Technology and Communications</td>
<td>PayPal</td>
<td>Shareholder</td>
<td>Communities</td>
<td>Shareholder Proposal Regarding Integration of Human and Indigenous Peoples’ Rights Policy in Corporate Documents</td>
<td>Against</td>
<td>No</td>
<td>In our view, PayPal already has a sufficient, formal policy for oversight of ESG that is carried out in a robust manner to address any material human rights concerns, which shows a proactive, positive approach to addressing the stakeholder concerns.</td>
</tr>
<tr>
<td>Extractives &amp; Minerals Processing</td>
<td>Phillips 66</td>
<td>Shareholder</td>
<td>Natural Resources</td>
<td>Shareholder Proposal Regarding Report on Risks of Gulf Coast Petrochemical Investments</td>
<td>For</td>
<td>Yes</td>
<td>We believe Phillips 66's disclosure around resiliency planning for climate-related severe weather events, including community safety measures, is insufficient given its past controversies. This risk could affect the company's social license to operate in the region.</td>
</tr>
<tr>
<td>Technology and Communications</td>
<td>Rohm Semiconductor</td>
<td>Management</td>
<td>Board Quality</td>
<td>Election of Directors</td>
<td>For</td>
<td>No</td>
<td>While the company’s five-year return on equity does not meet our 5% threshold for companies in this market, we believe headwinds from the Covid-19 crisis have dampened otherwise strong performance and we are supportive of company strategy.</td>
</tr>
<tr>
<td>Extractives &amp; Minerals Processing</td>
<td>Royal Dutch Shell</td>
<td>Shareholder</td>
<td>Climate Change</td>
<td>Shareholder Proposal Regarding GHG Reduction Targets</td>
<td>Abstain</td>
<td>n/a</td>
<td>In our view, Royal Dutch Shell has taken positive steps to manage its risk from climate change, and has engaged meaningfully with shareholders on this topic. We will continue to monitor the company’s progress towards climate targets.</td>
</tr>
<tr>
<td>Resource Transformation</td>
<td>Transdigm</td>
<td>Shareholder</td>
<td>Climate Change</td>
<td>Shareholder Proposal Regarding Reporting and Managing Greenhouse Gas Emissions</td>
<td>For</td>
<td>Yes</td>
<td>While Transdigm's disclosure has assessed the impact of climate-risk on the business, in our view it has not taken adequate steps to manage and mitigate this risk despite finding risks from climate change to be &quot;significant.&quot;</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>Tyson Foods</td>
<td>Shareholder</td>
<td>Communities</td>
<td>Shareholder Proposal Regarding Human Rights Due Diligence Process Report</td>
<td>For</td>
<td>Yes</td>
<td>In our view, Tyson Foods' disclosure is insufficient in explaining efforts and outcomes related to supply chain oversight, monitoring and risk mitigation.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Union Pacific</td>
<td>Shareholder</td>
<td>Climate Change</td>
<td>Shareholder Proposal Regarding Report on Plans to Reduce Total Contribution to Climate Change</td>
<td>Against</td>
<td>No</td>
<td>We believe the commitments Union Pacific made to set &quot;science-based targets&quot; in line with the Paris Agreement goals this year substantially address the request of the proposal.</td>
</tr>
<tr>
<td>Financials</td>
<td>Wells Fargo</td>
<td>Shareholder</td>
<td>Diversity &amp; Inclusion</td>
<td>Shareholder Proposal Regarding Median Gender and Racial Pay Equity Report</td>
<td>For</td>
<td>Yes</td>
<td>In our view, Wells Fargo's diversity and inclusion disclosure does not demonstrate effective management of diverse talent pipelines and an inclusive corporate culture, nor a &quot;root cause&quot; analysis to address these issues.</td>
</tr>
</tbody>
</table>
## Appendix — Organizations and roles

<table>
<thead>
<tr>
<th>Organization</th>
<th>Role</th>
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<tbody>
<tr>
<td>Asian Corporate Governance Association (ACGA)</td>
<td>Member</td>
</tr>
<tr>
<td>Association of Real Estate Funds (AREF)</td>
<td>Member</td>
</tr>
<tr>
<td>Better Buildings Partnership (BBP)</td>
<td>Board Member</td>
</tr>
<tr>
<td>Climate Action 100+</td>
<td>Signatory</td>
</tr>
<tr>
<td>Climate Disclosure Project (CDP)</td>
<td>Investor member</td>
</tr>
<tr>
<td>Coalition for Inclusive Capitalism</td>
<td>Active member of the “The Embankment Project for Inclusive Capitalism”</td>
</tr>
<tr>
<td>Council of Institutional Investors (CII)</td>
<td>Associate member. CII Advisory Council member</td>
</tr>
<tr>
<td>Efficient Impact Frontier Collaboration</td>
<td>Participant</td>
</tr>
<tr>
<td>EPA ENERGY STAR</td>
<td>Earned 13th consecutive EPA ENERGY STAR Partner of the Year Sustained Excellence Award</td>
</tr>
<tr>
<td>Global Impact Investing Network (GIIN)</td>
<td>Member. Founding Member of Investor Council, Board member. Listed Equities Working Group</td>
</tr>
<tr>
<td>Global Initiative for Sustainability Ratings (GISR)</td>
<td>Founding Member</td>
</tr>
<tr>
<td>Global Investors Governance Network (GIGN)</td>
<td>Signatory</td>
</tr>
<tr>
<td>Global Real Estate Sustainability Benchmark (GRESB)</td>
<td>Reporting member. 16 Green Stars.</td>
</tr>
<tr>
<td>Green Bond Principles</td>
<td>Signatory, and initial Executive Committee Member</td>
</tr>
<tr>
<td>Greenprint Center at Urban Land Institute</td>
<td>Member</td>
</tr>
<tr>
<td>Harvard Law School Institutional Investor Forum (HIIF)</td>
<td>Advisory Council Member</td>
</tr>
<tr>
<td>The Impact Management Project</td>
<td>Collaborator</td>
</tr>
<tr>
<td>International Corporate Governance Network (ICGN)</td>
<td>Founding Member</td>
</tr>
<tr>
<td>International Council for Shopping Centers (ICSC)</td>
<td>Member</td>
</tr>
<tr>
<td>International Finance Corporation (IFC) Operating Principles for Impact Management</td>
<td>Founding signatory, advisory board member, contributor to shaping the Principles</td>
</tr>
<tr>
<td>Investment Company Institute (ICI)</td>
<td>ESG working group member</td>
</tr>
<tr>
<td>Investment Leaders Group (ILG)</td>
<td>Founding Institutional member * We are a founding member but no longer active</td>
</tr>
<tr>
<td>Investor Network on Climate Risk (INCR)/CERES</td>
<td>Member</td>
</tr>
<tr>
<td>Organization</td>
<td>Role</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Investor Stewardship Group (ISG)</td>
<td>Signatory, Founding Member, Board Member, Chair of ESG Working Group</td>
</tr>
<tr>
<td>Japanese Stewardship Code</td>
<td>Signatory</td>
</tr>
<tr>
<td>Leading Harvest</td>
<td>Founding Signatory</td>
</tr>
<tr>
<td>Principles for Investors in Inclusive Finance (PIIF)</td>
<td>Signatory / former steering committee member</td>
</tr>
<tr>
<td>Principles for Responsible Investment Farmland Guidelines</td>
<td>Signatory Member. Contributing Developer.</td>
</tr>
<tr>
<td>Sustainability Accounting Standards Board (SASB)</td>
<td>Member. Founding member of the Investor Advisory Group (IAG)</td>
</tr>
<tr>
<td>Sustainability Policy Advisory Committee</td>
<td>Member</td>
</tr>
<tr>
<td>Task Force on Climate-related Financial Disclosures (TCFD)</td>
<td>Supporter</td>
</tr>
<tr>
<td>The Conference Board</td>
<td>Voting Member</td>
</tr>
<tr>
<td>The US Forum for Sustainable and Responsible Investment (USSIF)</td>
<td>Institutional Member</td>
</tr>
<tr>
<td>ULI Greenprint Center for Building Performance</td>
<td>Member</td>
</tr>
<tr>
<td>UN Global Investors for Sustainable Development (GISD)</td>
<td>Member. Co-working group member. CEO Alliance.</td>
</tr>
<tr>
<td>United Nations Principles for Responsible Investment (PRI)</td>
<td>Signatory, Stewardship Advisory Committee Member. Sub-Sovereign ESG Integration working group</td>
</tr>
<tr>
<td>• Nuveen (firmwide)</td>
<td>— Signatory, 2018, Rated A+</td>
</tr>
<tr>
<td>• Delisted affiliate-level signatories:</td>
<td>— TIAA Investments</td>
</tr>
<tr>
<td></td>
<td>• Drafting signatory, 2009</td>
</tr>
<tr>
<td></td>
<td>• Nuveen Real Estate</td>
</tr>
<tr>
<td>U.S. Green Building Council</td>
<td>Member</td>
</tr>
</tbody>
</table>
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