nuveen
A TIAA Company

Amy M. O'Brien
Senior Managing Director |
Head of Responsible Investment

730 3rd Avenue
New York, NY 10017
T: (212) 916-5178
E: amy.obrien@nuveen.com

Yves P. Denizé
Senior Managing Director |
Division General Counsel

730 3rd Avenue
New York, NY 10017
T: (212) 916-6261
E: yves.denize@nuveen.com

December 15, 2023

DG FISMA
European Commission
2, Rue de Spa 1000
Brussels, Belgium

Re: Consultation Document, Implementation of the Sustainable Finance Disclosures Regulation

Dear Sir or Madam:

Nuveen, LLC ("Nuveen"), together with its parent company Teachers Insurance and Annuity Association of America ("TIAA"), is pleased to submit this letter and the accompanying questionnaire in response to the European Commission's ("EC" or the "Commission") request for comment on its Consultation Document, Implementation of the Sustainable Finance Disclosures Regulation ("SFDR") (the "Consultation").[1] We welcome the opportunity to provide our thoughts on how the SFDR framework has worked in practice since it came into effect in 2021, and how the Commission might consider amending the regulation to better advance its goal of directing more capital toward investments that promote sustainable growth. We applaud the Commission for taking steps to gather information from a broad group of stakeholders about their experiences with implementing SFDR, the challenges they have identified, and their views on how the regulation could be improved. We hope the perspective we offer in this letter and in our attached questionnaire will be helpful as the Commission works to strengthen the European regulatory framework that governs sustainable investment products.

TIAA is the leading provider of US retirement services for those in academic, research, medical, and cultural fields. Our investment model and long-term approach aim to benefit the approximately five million individual customers we serve across more than 15,000 institutions. To carry out this mission, we have evolved since our founding in 1918 to include a range of financial services, including retail services and the asset management services offered by Nuveen and its subsidiaries. Nuveen is comprised of investment advisers that collectively manage over $1 trillion in assets, including in the Nuveen and TIAA-CREF registered fund complexes as well as in private funds and structured vehicles.

TIAA and Nuveen collectively have decades of experience as a leader in responsible investing ("RI"). We have leveraged our knowledge in this space to create and implement RI principles that support well-functioning markets to preserve and grow financial, social, and environmental capital. We believe responsible environmental, social, and governance ("ESG") business practices help to reduce risk, improve financial performance, and promote positive social and environmental

[1] *Consultation Document, Implementation of the Sustainable Finance Disclosures Regulation* (September 14, 2023), *available at*: https://finance.ec.europa.eu/system/files/2023-09/2023-sfdr-implementation-targeted-consultation-document_en.pdf.

outcomes. Our long history in the RI space, as well as our direct experience applying the SFDR regime to a range of products that we offer in Europe across multiple asset classes, informs our perspective on how the EC can most effectively regulate the sustainable products our organization invests in, as well as those we offer to the broader market.

We appreciate that SFDR was designed to help investors make more informed investment decisions by mandating disclosures around the offering of sustainable investment products. 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 will help build a more sustainable and carbon-neutral economy. Over the almost three years since it went into effect, SFDR has undoubtedly enhanced investor insight into sustainable investing – but in our experience, it has also proven to be overly complex, confusing, costly, and potentially subject to misuse. We understand that many investors who are eager for helpful, straightforward information about their sustainable investments have found that SFDR-mandated disclosures can be unclear and difficult to understand: too detailed in some cases and lacking sufficient guidance in others. For issuers of sustainable investment products, it can be very challenging to discern whether and how certain provisions of SFDR should apply across various asset classes. For example, as discussed in more detail in our questionnaire, it has been especially difficult for our organization to determine how provisions of SFDR apply to our real estate products. Additionally, we have found the entity level disclosure requirements under SFDR to be considerably less helpful than the product level disclosures. We would also note that to the extent SFDR has proven to operate as more of a labeling regime than a disclosure regime in practice, the distinctions between Article 8 and Article 9 products can be unclear and have given rise to confusion, misinterpretation, and in some cases may contribute to potentially misleading disclosure or "greenwashing."

In the attached questionnaire, we give more detailed feedback about the many challenges we have confronted when working to comply with SFDR. These challenges, taken in their totality, lead us to conclude that SFDR as currently designed is problematic and we welcome the EC's efforts to enhance and improve the framework. We have already devoted significant amounts of time, effort, and resources to comply with SFDR's requirements, and we would be discouraged to have to engage significantly again to comply with a new framework. But we ultimately believe it would be in the best interest of investors, issuers, the market, and the environment for the EC to undertake a significant overhaul of SFDR and institute a new framework for disclosure based on distinct categories of product labels. We would strongly urge the Commission to model its new regulation as closely as possible on other labeling regimes that supplement disclosure regimes – preferably the UK FCA's newly finalized SDR framework, which is based on four distinct product categories. Ideally that framework would include voluntary, not mandatory, entity level disclosures. As stated above, we believe product level disclosures are significantly more valuable to investors than are entity level disclosures, and managers are better served to focus their time and effort on producing well-constructed, complete disclosures at the product level. The fact that entity level disclosure requirements have been bundled with product level requirements is a significantly problematic aspect of SFDR, and we recommend the EC consider other regulatory regimes that do not so completely conflate these two types of disclosures. In doing so, we believe the EC can more effectively achieve its goal of giving investors greater access to helpful, reliable information about the sustainable products they invest in while providing much-needed clarity and guidance for issuers working in good faith to disclose all mandated information as clearly and consistently as possible. We further discuss the possible design of a new labeling framework in the attached questionnaire.

We once again wish to commend the EC on its willingness to gather industry feedback on this vital topic, and we thank the Commission for considering the views we have expressed in this letter and in our questionnaire. Building on the input of a broad array of stakeholders, we are hopeful that the Commission can design a new regulatory framework that more effectively advances the worthy goal of directing capital toward investments that will contribute to a more sustainable economy.

Sincerely,

Yves Denizé

Amy O'Brien

Amy O'Brien