

6/1/2021

TIAA's Commitment Regarding Responsible Investing

TIAA: retirement system. TIAA is the leader in serving the financial needs of people in academic, government, medical, cultural and other nonprofit fields.

Nuveen: TIAA's investment manager.

Westchester: affiliate asset manager of Nuveen fully dedicated to investments in Farmland.

1) What has TIAA done to develop guidelines for transparency around deforestation?

The interdependency of biodiversity and agriculture is paramount to Westchester. One of the strategic pillars of Westchester's ESG Framework involves the protection of biodiversity through our Zero Deforestation Policy, dedicated to investments in Brazil, where deforestation is a concern.

The policy prohibits Westchester from acquiring land that has been cleared of native vegetation in five distinct biomes in the country after certain dates. The policy intends to ensure that our future investments in Brazil discourage speculative land development practices that result in the depletion of forested areas and native vegetation.

Find the document [here](#).

2) What is TIAA doing for responsible investing with farmland in the U.S.?

Westchester, TIAA's farmland manager, has been an industry innovator in measuring sustainability performance. Since 2013, we have applied Key Performance Metrics (KPIs) tied to the UN-backed Principles for Responsible Investment (PRI) Farmland Guidelines. In 2019, we created a Logic Model that linked our efforts globally to select UN Sustainable Development Goals (SDGs).

In 2021 Westchester is releasing a new ESG Framework, a comprehensive monitoring and benchmarking tool that aims to enhance how we track and evaluate sustainability performance across our global portfolio. The framework measures the application and performance of sustainable farming practices in 11 categories. These categories encompass the impacts of agriculture as they align with sustainability issues that are most relevant to stakeholders. The framework uses three components to incorporate information relating to farms and their agricultural practices:

1. A Code of Practice – Implemented as a self-assessment tool, this component enables farm contractors and tenants to identify which sustainable farming practices they implement and indicate the progress in this respect.
2. A Farm Profile – This component collects quantitative data on inputs and outputs related to the geographical, environmental, infrastructure and socioeconomic aspects of the farm.

3. Key Performance Indicators – This component translates data into meaningful KPIs to measure operators’ and portfolio progress from year to year. These KPIs will be linked to the UN SDGs.

3) How can I monitor my investments with TIAA to determine they exclude companies that I don’t agree with? How committed is TIAA in recognizing human rights and deforestation concerns?

Responsible investing drives better outcomes for investors, our communities and the planet and is an integral part of our process. By embedding environmental, social, and governance (ESG) factors into investment research, due diligence, portfolio construction and ongoing monitoring, we seek to improve clients’ long-term performance and reduce risk.

More on How Nuveen uses Environmental, Social and Governance criteria to select investments is available [here](#).

If you would like to view the investments available in your University of Iowa Retirement Program, you can visit [this site](#) and select “Investment Options”.

4) How can I see what TIAA’s farmland holdings are in Iowa? Can I see the entire US holdings?

Yes. Nuveen has a Farmland online mapping tool, a bird’s-eye view of the locations and types of crops being grown on each of our properties. In the spirit of continuous improvement, the transparency around the property information is being upgraded and will be available in Q3 2021.

Map available [here](#).

Westchester also publishes an annual sustainability report every July, which chronicles our progress in achieving a range of sustainability goals across our farmland portfolio.

Farmland Report available [here](#).

5) What is the relationship between institutional investment in farmland and agricultural consolidation?

Institutional investment in farmland is popularly perceived as one of the contributing factors to the consolidation occurring within the agricultural industry, a misconception which deserves scrutiny. While consolidation has continually increased in recent years, the evidence suggests that consolidation trends in agriculture are primarily driven by long-term themes that have been present in the agricultural industry since the 1980s, far predating the advent of institutional investment in farmland.

Agricultural consolidation can be largely attributed to a variety of economic factors, including technological advances, shifts in consumer preferences, retail and supply chain consolidation and more volatile commodity markets affecting the profitability of farm operators. That is to say that, institutional

investors are not increasing consolidation, but are rather filling a void caused by the industry's structural changes.

6) What are the best practices that TIAA follows?

In 2011 TIAA was one of the inaugural participants in a group of UN Principles for Responsible Investment ("PRI") signatories who developed the Principles for Responsible Investment in Farmland. These principles have since evolved into the PRI Farmland Guidelines ("Guidelines"), which are designed to guide institutional investors who wish to invest responsibly in farmland.

With investments that often last 20 years or more, we are committed to preserving farmland for the long term – conserving water, minimizing chemical use and nutrient runoff and respecting the rights of our tenants, partners and local communities. These commitments, which are essential for corporate responsibility and investment success, define our approach to managing farmland assets:

- Acquire farmland assets generally with long-term investment horizons.
- Uphold strong no deforestation/conversion commitment policy in Brazil, with biome-specific cut-off dates applied.
- Respect local laws and best practices for protecting sensitive environmental or cultural areas.
- Diversify land holdings by geography, climate factors, crop types and agricultural markets.
- Apply capital and technology to increase productivity and minimize environmental impact.

7) What is considered during the pre-acquisition due diligence?

We follow a strict due diligence process before acquiring property. This examination covers legal ownership rights, the suitability of third-party managers, joint-venture partners, tenants or operators, and financial risk and return. We strive to continuously improve our process for determining land rights, particularly in regions with maturing legal structures. We also assess a range of environmental impacts and risks, including pesticide storage, harvesting practices, water rights and water use efficiency, and presence of endangered species.

8) After acquisition, which mechanisms are in place to monitor the portfolio?

Following acquisition, our team actively monitors each farm with annual site evaluations to assess property-level performance against the PRI Farmland Guidelines (see pages 10-11 at link below). Each year, Westchester is required to report on a variety of property standards, ranging from infrastructure maintenance and harvesting practices, to compliance with legal, employment and other local regulations. Westchester makes regular site visits to verify that farm management practices and working conditions meet our high standards. Westchester regularly evaluates its site visit process to adapt to changes in our KPIs and pursue continuous improvement in sustainable farm operations. More information about how we invest in farmland is available [here](#).

9) Which sustainability standards are valid in the farms managed by Westchester?

Westchester continuously looks to verify the responsible practices employed on our properties. The adoption of a third party certification is a decision made by our tenants and crop managers based on the benefits they get (premium price in the market, for instance). We have mapped 18 separate certifications that have been awarded across the properties that Westchester manages.

Most recently, Westchester helped to develop [Leading Harvest](#), a newly formed nonprofit organization at the vanguard of advancing sustainable agriculture. It offers a standard able to accredit Westchester and its work as an asset manager. Westchester is committed to certify 100% of its U.S. farmland by 2023. The table below shows the certifications in place in the farmland portfolio.

Crop	Country	Certification Standard	Percent Certified ¹
Viticulture	U.S. + NZ	California Rules California Sustainable Vineyards and Wineries SIP - Sustainability In Practice LIVE	100% ²
Horticulture	U.S. + CL	USDA G.A.P. Global G.A.P. Primus Californian Almond Sustainability Program	100% ³
	BR	Rainforest Alliance	100%
Sugarcane	AUS	Smartcane	80%
	BR	Bonsucro	76%
Row Crops	AUS	BMP	72%
		BCI Cotton (AUS)	
	BR	BCI Cotton (BR)	83%
		RTRS Soybeans	50%
		Soja Plus	11%
	PL	Global G.A.P.	40%
	RO	Organic Certificate	6%
Timber	BR	FSC	100%

¹ Percent certified as of December 2020

² Every single viticulture property had at least one 3rd party certification or a combination of 2 or 3

³ Every single horticulture property had at least one 3rd party certification or a combination of 2 or 3

Appendix:

- [Zero deforestation practices in Brazil document](#)
- [Nuveen ESG practices](#)
- [University of Iowa microsite](#)
- [Farmland map](#)
- [Farmland report](#)
- [How Nuveen invests in farmland](#)
- [Leading Harvest](#)