

TIAA Farmland Investment – Staff **Council Questions**

Councilor Carlton Petty Question: How can we overcome any suggestions from TIAA that the suggested divestment of these land would not demonstrate any violation of the United Nations policies?

Sustainability Charter Committee (SCC) Answer: To be clear, this resolution does not ask for divestment. It asks for transparency and accountability. TIAA has not made an actual commitment to the UN when they say that their land investments support UN Sustainable Development Goal 2 of Zero Hunger. TIAA is merely claiming that by owning agricultural land they contribute to ending hunger. Anti-hunger experts inside and outside the UN know this isn't true. In fact TIAA is apparently increasing hunger in Brazilian communities where livelihoods have been affected by land grabs and water pollution. The world already produces enough food, ending hunger requires that hungry people have more access to food and the ability to produce it. Additionally, were TIAA to change its statements about helping to meet UN SDG 2, it would not concern anyone in the UN at the least. It's widely recognized that this type of agriculture does not help meet the goal and this is purely a statement volunteered by TIAA, not a commitment they have signed. Finally, we (SCC) are not asking the University or any individual to take money out of TIAA, we are hoping that TIAA will change its practices with regard to farmland and other socially and environmentally problematic investments. We especially want them to enable outside (third party) verification of their claims which is very difficult given that TIAA does not disclose the location of its farmlands.

TIAA Answer: TIAA follows best practices in responsible investing by showing commitment to preserving farmland for the long term. TIAA was one of the inaugural participants in a group of UN Principles for Responsible Investing.

Councilor Jackie Curnick Question: Does TIAA have a package of all environmentally sustainable investments? I (Jackie) met with someone once about this and it seems like they don't have one. I wanted to divest from fossil fuels and invest in clean energy. I think they said you have to choose those investments directly. It would be nice if they could create a package that we could easily select that is all clean energy/sustainable ag related.

SCC Answer: TIAA does offer Social Choice funds with an ESG (Environmental, Social, and Governance) screen, including at least one fund that is made up of "sustainable" investments, the TIAA-CREF Social Choice Low Carbon Equity Fund. However, that fund includes tech companies like Google and Microsoft; agri-foods companies like Coca-Cola, Pepsi, Starbucks, and General Mills; apparel companies like Nike; chemical companies like 3M; machinery maker Caterpillar; and numerous energy companies that specialize in natural gas. Many of these companies have bad environmental and social records, and neither we nor outside parties (e.g., see slide 26 of D. Hertzler presentation: Fossil Free Funds snapshot) wouldn't say that these investments are in "clean" energy. Moreover, there are very few investments, if at all, in sustainable agriculture. The resolution asks for TIAA to consider making all of its investments sustainable; this would, in fact, align with TIAA's public presentation.

TIAA Answer: On the current menu there are three Responsible Investments available to participants – CREF Social Choice, TIAA-CREF Core Impact Bond Fund, and TIAA-CREF Social Choice Equity. Each of these

investments delivers a different investment mix and risk profile. The only investment that would be considered a package is CREF Social Choice given it has an allocation of 60% stocks and 40% bonds. If a participant wants to view the holdings they are available on the TIAA participant website.

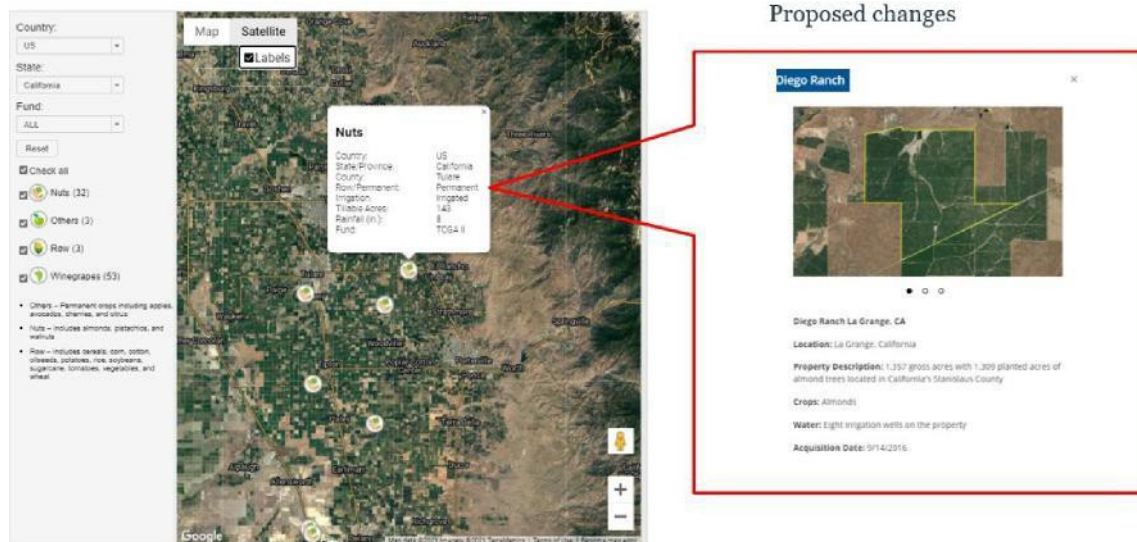
Councilor Darrelle Wilkinson Question: Why has TIAA been vague about the locations of their owned farmland? Have they given an answer before?

SCC Answer: The response TIAA gives, as to why they do not publicize the locations of their farms, is that they are under no legal obligation to do so (even though they used to publicize the locations of their numerous real estate holdings) and because this information was proprietary and could affect their business. Due to client pressure in 2017, TIAA did create this map: nuveen.com/en-us/institutional/investment-capabilities/alternatives/farmland-map. However, it still does not provide enough information for any kind of independent monitoring because the zoom is deliberately restricted. Also, the date of purchase and amount of money involved in the purchase is unavailable (though this information used to be available for their other real estate holdings).

TIAA Answer: Westchester's interactive farmland map available [here](#) allows people to see the assets and cross check the exposure in every region where we operate.

Subject to limitations, upgrading the public disclosure of property locations from providing a geographical center pin from the farm to actually showing the print of the farm shape with more farm level information in 2021. The updated version must balance the right for privacy of the lease holder as well as orient stakeholders around the most pressing themes when considering investments in farmland.

See below the current model (left) and the potential changes (right) we would like to implement. This is subject to IT constraints:



Councilor Kevin Zihlman Question: Of the farmland that TIAA invests in, how many acres of this farmland in the United States is currently farming using organic or regenerative practices?

SCC Answer: To our knowledge, none of TIAA's farmland is currently using organic practices, and, while the definition of 'regenerative agriculture' is up for debate, we are not aware of TIAA farmland being considered to be regenerative. In fact, in a 2019 report on regenerative agriculture and farmland investment, "Soil Wealth" from the Croatan Institute, TIAA's investment strategy and sustainability criteria were not considered to be supportive of regenerative agriculture. In fact, the report suggests that TIAA's claims to be "sustainable" and "responsible" are misleading and that the company is "in a parallel universe" compared to other investors who are committed to smaller-scale and regenerative agriculture (croataninstitute.org/wp-content/uploads/2021/03/soil-wealth-2019.pdf).

TIAA Answer: Regenerative agriculture has recently attracted significant attention for its potential contribution to mitigate climate change. We have recently published a research paper on the topic. Please find it [here](#). The paper outlines the four overarching principles that define regenerative agriculture in the context of Westchester's farmland asset management business. It also illustrates how these concepts are carried out at a farm level, with practical examples across Westchester's farmland portfolio.

Moving forward, in order to measure the adoptions of practices by our tenants and farm contractors, Westchester launched Key Performance Indicators that we will report against together with the full rollout of our revised ESG Framework. The KPI will be introduced on our annual report in 2021 and the first results will be displayed in the 2022 report.

Councilor Jackie Curnick Question: If it (TIAA Farmland Investments) is such a small percentage of the fund, then what is the harm about making those funds the most sustainable and most transparent they can be?

SCC Answer: Good question. If anything, sustainable and ethical farmland acquisition and farming practices would likely lead to sounder long-term returns (e.g., preserving healthy soil/water, as well as beneficial biodiversity) as well as reducing fiduciary risk (e.g., land-grabbing).

TIAA Answer: Westchester 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).

Regarding transparency, Westchester's farmland online mapping tool provides 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, we are upgrading the level of transparency of property information, with an anticipated launch in the third quarter of 2021.

Councilor Rubia Ruiz Question: If a UI Staff Member is choosing "Traditional", are they informed of what the farmland portion actually entails in the investments?

SCC Answer: Not really. TIAA Traditional is designed to guarantee a set return no matter how well the fund does, which means clients should have no particular interest in understanding in what the fund invests. That said, the TIAA General Account backs the TIAA Traditional fund. You can learn a bit more about the TIAA General Account here:
tiaa.org/public/pdf/performance/retirement/profiles/TIAA_Gen_Act_Fin_Strength.pdf.

TIAA Answer: There's transparency in all investment options offered within the retirement plan. The TIAA General Account backs up the claims paying ability of TIAA Traditional. In simpler terms the returns of the TIAA General Account support the crediting rate and payout of TIAA Traditional. An investment in TIAA Traditional is not a direct investment in the TIAA General Account. The TIAA General Account can be reviewed using the [General Account Strength](#) sheet which comes out quarterly.

Councilor Matsalyn Brown Question: Would it be possible to have leadership from TIAA address the concerns brought up by our Faculty Senate regarding deforestation and land grabbing? There is concern that the TIAA message is lining up with the findings of our UI faculty research.

SCC Answer: TIAA leadership has continually dismissed and refused to acknowledge these concerns. We would very much like to see TIAA leadership take these issues seriously.

TIAA Answer: Westchester adopted an industry-leading No Deforestation in Brazil in 2018, specifically to preserve forest and native vegetation with high biodiversity. The policy goes significantly beyond the Brazilian legal requirements through the Forest Code, and is the strictest of commitments made by the sector's supply chain. The policy specifies cut off dates for biomes in Brazil in line with the major protocols and leading certification schemes.

A third party AGROTOOLS conducts the analysis and provides results to Westchester.

Regarding concerns around land grabbing, we follow the requirements of all laws and rigorously adhere to strong ethical guidelines in our investments, while we balance the challenges associated with acquiring land in regions with legal and civil infrastructures that are still maturing. None of our land

acquisitions are linked to “land appropriation” and assertions to the contrary are inaccurate. We have a stringent due diligence process in place including a thorough title chain analysis and social and environmental assessment. We screen sellers based on their involvement in litigation (including jurisdictions far from the property being considered for purchase) and based on a reputational background check. If we find any reason for concern, we will engage a qualified third party to conduct additional background checks. Only in cases where we are satisfied with these assessments will we move forward with a specific land purchase.

TIAA and U of Iowa are working to bring out TIAA Leadership to address this in the fall of 2021

Councilor Matsalyn Brown Question: Is there a way for University HR/TIAA, who work with UI employees, to at least bring this to the attention of new and current employees going forward? Discuss alternatives in selecting funds?

SCC Answer: This would be great. All employees should understand the financial system that their savings is going into, and all employers should support employees to have greater say and control over their investments. We believe that TIAA should make its investments transparent to its clients and others wishing to verify its claims. This is what our resolution asks for.

TIAA Answer: Financial Representatives from TIAA are available to answer to any of your questions using multiple channels. U of Iowa employees are given 2 hours annually to meet with a TIAA representative.

Councilor Carlton Petty Question: How can employees avoid these items or find information about the company makeup of investment portfolios outside the standard university projected retirement timeline options? For example, would these items mostly be found in moderate, moderately aggressive, aggressive portfolio offers? Or only exist where real estate is in the makeup, or are they describe in other ways?

SCC Answer: We believe that the farmland portfolio is part of the pool of funds and investments that make up the TIAA Traditional annuity, which is somewhat of a unique investment option, and as a result, is opaque to individual clients. See the answer above for more information on the TIAA Traditional annuity. We believe that TIAA should make this information available to all its clients, create more ways for clients to determine where and how they want their retirement savings invested, and drastically increase its commitments to fairness, equity, sustainability, and transparency.

TIAA Answer: The [TIAA General Account](https://www.tiaa.org/public/tcm/uiowa/home) publishes its asset allocation quarterly and participants are able to see where the various buckets of money sit. The mutual funds and other annuities on the menu make available all their holdings on a quarterly basis. Farmland is only found in the TIAA General Account. More information can be found on the U of Iowa micro site <https://www.tiaa.org/public/tcm/uiowa/home>