



# Be It Resolved that TIAA Should Invest Responsibly:

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A Toolkit for Academic Faculty to Take  
Action on Deforestation and Human Rights



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# Introduction

## To be or not to be truly responsible?

TIAA/Nuveen is a Fortune 500 company that manages almost \$1 trillion in assets for both public and private institutions including universities, museums, and hospitals. The firm promotes itself as a leader in responsible investing. However, years of research and engagement with the company show that it continues to invest in the industries driving the multiple intersecting crises of climate catastrophe, biodiversity loss, deforestation and land grabbing, while failing to engage with these industries towards transformational change.

TIAA is considered a “leader” in regards to investments in farmland, agribusiness, and natural resources – but it is investing the retirement money of university professors, non-profit workers, and other public service employees in companies and projects responsible for displacing local communities, disregarding community rights, and driving widespread deforestation through the conversion of rainforest and savannah lands to industrial monoculture plantations. TIAA also continues to invest heavily in fossil fuel companies<sup>1</sup> – the main contributor to greenhouse gas emissions responsible for climate change.

- Largely through its passive funds, TIAA is one of the largest U.S. investors in “deforestation-risk commodities” – the set of agro-commodities linked to widespread deforestation and human rights abuses around the world.<sup>2</sup> Deforestation is the second largest contributor to climate change, responsible for nearly a quarter of all emissions; while industrial agriculture for the production of palm oil, soy, cattle, and pulp and paper accounts for 80 percent of deforestation globally.<sup>3</sup> Industrial-scale agriculture is also a leading cause of biodiversity loss and violent land conflict as these activities tend to destroy habitat and dispossess and displace local communities.<sup>4</sup> The vast erosion of terrestrial biodiversity that accompanies forest loss, in turn, is directly linked to a rise in epidemic diseases, as natural disease reservoirs are eliminated, encouraging viruses to become “zoonotic,” leaping from animal hosts to human hosts who have no evolved immunity to these emergent viruses.<sup>5</sup>
- TIAA is also the world’s largest investor in and manager of farmland, and its farmland deals have been linked to ‘land grabbing,’ deforestation, and fraud. In particular, TIAA bought farmland from a known land grabber in the Brazilian Cerrado – one of the most biodiverse savannah regions in the world – where land grabbing, deforestation, and the setting of intentional forest fires are rampant. TIAA bought farms from Euclides de Carli, a known land grabber who government officials in Brazil have also accused of fraud and even murder, as reported in The New York Times<sup>6</sup> and on NPR.<sup>7</sup> TIAA did business with de Carli despite the existence of their “principles for responsible investment in farmland,” the third of which is to respect land and resource rights. This case (which is explained in more detail below) highlights how TIAA’s farmland deals incentivize land grabbing and how they violate their own principles for responsible and sustainable investing.

<sup>1</sup> As You Sow and Friends of the Earth US. “Deforestation Free Funds.” <https://fossilfreefunds.org/funds?pg=5&q=tiaa&srt=ussif>.

<sup>2</sup> Lustgarten, Abrahm. “Palm Oil Was Supposed to Help Save the Planet. Instead It Unleashed a Catastrophe.” The New York Times. Nov. 20, 2018. <https://www.nytimes.com/2018/11/20/magazine/palm-oil-borneo-climate-catastrophe.html>.

<sup>3</sup> FAO. The State of the World’s Forests 2018 - Forest pathways to sustainable development. Rome. 2018. <http://www.fao.org/3/I9535EN/i9535en.pdf>.

<sup>4</sup> Global Witness. Enemies of the State? How governments and business silence land and environmental defenders. July 2019. <https://www.globalwitness.org/en/campaigns/environmental-activists/enemies-state/>.

<sup>5</sup> Vidal, John. “Destruction of Habitat and Loss of Biodiversity are Creating the Perfect Conditions for Diseases like COVID-19 to Emerge.” Ensia. March 17, 2020. <https://ensia.com/features/covid-19-coronavirus-biodiversity-planetary-health-zoonoses/>.

<sup>6</sup> Romero, Simon. “TIAA-CREF, U.S. Investment Giant, Accused of Land Grabs in Brazil.” The New York Times. Nov. 16, 2015. <https://www.nytimes.com/2015/11/17/world/americas/tiaa-cref-us-investment-giant-accused-of-land-grabs-in-brazil.html>.

<sup>7</sup> Zarroli, Jim. “TIAA-CREF Bought Brazilian Farmland From Notorious Land Grabber, Report Says.” NPR. Nov. 17, 2015. <https://www.npr.org/sections/thetwo-way/2015/11/17/456351339/tiaa-cref-bought-brazilian-farmland-from-notorious-land-grabber-report-says>.



- Finally, TIAA is one of the 10 largest investors in timber in the world, with over 760,000 acres of tree plantations on multiple continents worth over \$1.8 billion.<sup>8</sup> These plantations displace native forests, adversely impacting the planet's ability to sequester carbon, while also driving false solutions to the climate crisis like biomass energy from wood pellets,<sup>9</sup> which are quickly becoming recognized as “the new coal.”<sup>10</sup>

TIAA's investments in farmland and timber are concerning because their deals are hurting communities and the environment; they violate their own standards for sustainability and responsibility, undermining these standards across the industry; and they are attempting to expand the financial industry's control of farmland and normalize a destructive model of agriculture. Financial firms are still only beginning to view farmland and timber as financial assets, and as the largest investor in farmland and one of the largest investors in timber, TIAA is one of the main players encouraging other investors to buy up farmland and forests.

And while TIAA claims to buy farmland responsibly and manage it sustainably, when independent organizations have investigated their actual operations and practices, they have found that TIAA engages in or benefits from unsustainable agriculture,<sup>11</sup> environmental destruction,<sup>12</sup> and human rights violations.<sup>13</sup> Moreover, the idea of the financial industry controlling our farmland should worry everyone, as their overarching interest is to benefit their shareholders, not provide food to people.

Aside from its particular focus on farmland and timber, TIAA is not unique in holding significant investments in most of these sectors. Indeed, as a “universal owner,” TIAA is similar to most large investment firms in that it invests in the entire market – an approach in line with the status quo. But the underlying point of addressing these issues through this campaign is that in an era of climate emergency, massive species extinction, and increasing inequity, the status quo needs to change. In this sense, TIAA is passively complicit in an approach to investment that should no longer be viewed as responsible.

Due its stature, influencing TIAA's investment model can have an outsized impact in shifting the financial industry. Given TIAA's role as fund manager for most academic institutions and university faculty across the U.S., faculty members have a unique opportunity to use their leverage to drive change. Faculty can use their faculty senates to call on their college and university administrators to leverage their power and influence to ensure that TIAA cleans up its destructive and problematic investments.

<sup>8</sup> Nuveen. “About Greenwood Resources.” Nuveen, a TIAA Company. Accessed on June 12, 2020: <https://www.nuveen.com/en-us/institutional/people/our-people/investment-specialists/greenwood-resources>.

<sup>9</sup> Greenwood Resources. “Renewable Biomass/Biofuel Energy.” Greenwood Resources, a Nuveen Company. Accessed on June 12, 2020: <https://greenwoodresources.com/science/renewable-biomassbiofuel-energy/>.

<sup>10</sup> Elbein, Saul. “Europe's renewable energy policy is built on burning American trees.” March 4, 2019. <https://www.vox.com/science-and-health/2019/3/4/18216045/renewable-energy-wood-pellets-biomass>.

<sup>11</sup> Hertzler, Doug. “Part 1: TIAA's ‘sustainability reports’ can't paper over the impacts of land grabbing.” ActionAid USA. July 8, 2019: <https://www.actionaidusa.org/blog/tiaas-sustainability-reports-cant-paper-over-the-impacts-of-land-grabbing/>.

<sup>12</sup> Steinweg, T., Kuepper B., Piotrowski, M. “Foreign Farmland Investors in Brazil Linked to 423,000 Hectares of Deforestation.” Chain Reaction Research, a collaborative effort of Aidenvironment, Climate Advisers, and Profundo. December 2018. <https://chainreactionresearch.com/wp-content/uploads/2018/12/Foreign-Farmland-Investors-in-Brazil-Linked-to-423000-Hectares-of-Deforestation-2.pdf>.

<sup>13</sup> FIAN International, Rede Social de Justiça e Direitos Humanos and Comissão Pastoral da Terra (CPT). The Human and Environmental Cost of Land Business: The case of MATOPIBA, Brazil. 2018. [https://www.fian.org/fileadmin/media/publications\\_2018/Reports\\_and\\_guidelines/The\\_Human\\_and\\_Environmental\\_Cost\\_of\\_Land\\_Business-The\\_case\\_of\\_MATOPIBA\\_240818.pdf](https://www.fian.org/fileadmin/media/publications_2018/Reports_and_guidelines/The_Human_and_Environmental_Cost_of_Land_Business-The_case_of_MATOPIBA_240818.pdf).







## Background

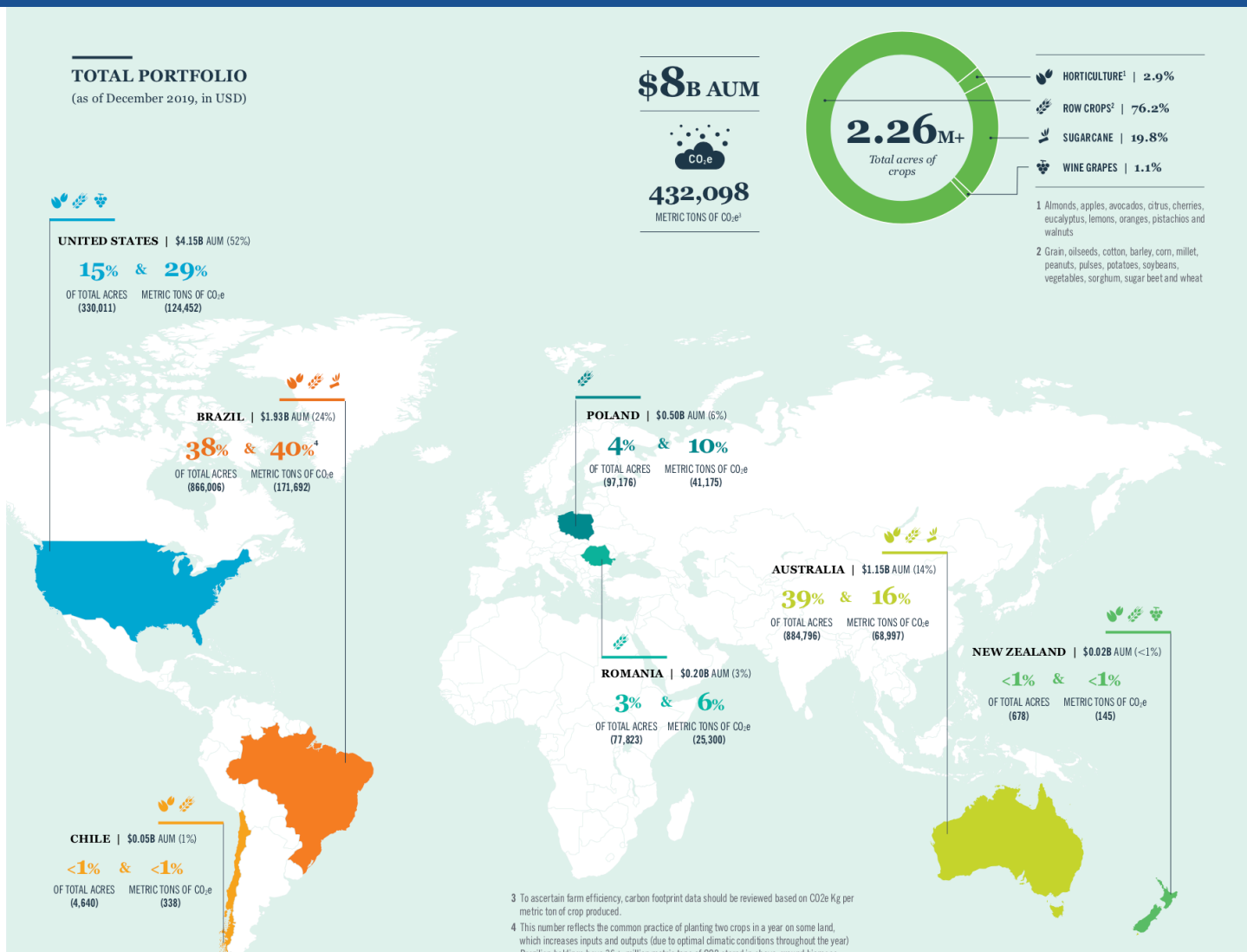
Following the global financial crisis of 2007-2008, pension fund management firms like TIAA began to increase investments in the agricultural sector. The prices of agricultural commodities boomed as investors put money into commodity futures markets and as new biofuels policies from the United States and other countries generated increased demand. Due to these factors, speculative investments in farmland and agricultural commodities like palm oil, soy, and sugar are widely perceived as low-risk investments with long time horizons, but these deals often disregard social, economic, and environmental impacts, particularly in contexts where governance and transparency of land transactions are weak. These deals displace communities from their land and livelihoods, losing all of their means of subsistence – land, housing, food, water, work – with no means of recourse, especially since the investors funding these projects come from a foreign country, leading to a destructive trend popularly known as ‘land grabbing.’<sup>14</sup> Additionally, because of these factors, as well as environmental and climate impacts, these investments are more financially risky than investors may realize.

Through various farmland investment funds, TIAA owns huge tracts of farmland in the United States, Australia, South America, and Eastern Europe. TIAA owns this farmland, worth over \$10 billion, through joint partnerships with Swedish, Dutch, German, Canadian, and even U.S. state pension funds. Furthermore, TIAA also has ties to land grabbing and deforestation through its holding of hundreds of millions of dollars of shares in forest-risk companies in the palm oil, soy, cattle, timber, rubber and pulp and paper sectors.<sup>15</sup>

<sup>14</sup> Friends of the Earth US, ActionAid USA, Inclusive Development International, Rede Social de Justiça e Direitos Humanos. “Invested in Exploitation – TIAA’s Links to Land Grabbing & Deforestation.” April 2017. P. 20-22. <https://www.actionaidusa.org/publications/invested-in-exploitation-tiaas-links-to-land-grabbing-deforestation/>.

<sup>15</sup> As You Sow and Friends of the Earth US. “Deforestation Free Funds.” Accessed June 12, 2020: <https://deforestationfreefunds.org/funds?q=TIAA>.





TIAA's global farmland holdings from 2020 Farmland Sustainability Report

## Land grabbing in Brazil

Through one of its global farmland funds, TIAA-CREF Global Agriculture LLC (TCGA), TIAA has acquired over 800,000 acres of farmland in Brazil,<sup>16</sup> including several farms from a businessman charged with large-scale land grabbing (see below for more details). By using a complex corporate structure and acting under subsidiary companies, TIAA was able to evade a Brazilian law that restricts foreign investment in Brazilian farmland. These activities, described in detail in a 2015 report called “Foreign Pension Funds and Land Grabbing in Brazil,” challenge TIAA’s compliance with its own policies as well as with Brazilian laws. The report was shared with TIAA and received national news and was covered by The New York Times, NPR, and many other outlets.<sup>17</sup>

An international human rights fact-finding mission traveled to Brazil in September 2017 to meet with communities impacted by large plantations owned by foreign corporations, including TIAA. Human rights experts confirmed in their report, “The Human and Environmental Cost of Land Business: The Case of MATOPIBA,”<sup>18</sup> that large investments from foreign corporations were exacerbating land conflicts and enabling

<sup>16</sup> TIAA/Nuveen. “Farmland Sustainability Report: 2019.” Accessed June 12, 2020: <https://www.nuveen.com/en-us/thinking/responsible-investing/farm-land-sustainability-report>.

<sup>17</sup> Rede Social de Justiça e Direitos Humanos, GRAIN, Inter Pares, and Solidarity Sweden - Latin America. “Foreign pension funds and land grabbing in Brazil.” Nov 16, 2015. <https://www.grain.org/en/article/5336-foreign-pension-funds-and-land-grabbing-in-brazil>.

<sup>18</sup> FIAN International, Rede Social de Justiça e Direitos Humanos and Comissão Pastoral da Terra (CPT). The Human and Environmental Cost of Land Business: The case of MATOPIBA, Brazil. 2018. [https://www.fian.org/fileadmin/media/publications\\_2018/Reports\\_and\\_guidelines/The\\_Human\\_and\\_Environmental\\_Cost\\_of\\_Land\\_Business-The\\_case\\_of\\_MATOPIBA\\_240818.pdf](https://www.fian.org/fileadmin/media/publications_2018/Reports_and_guidelines/The_Human_and_Environmental_Cost_of_Land_Business-The_case_of_MATOPIBA_240818.pdf).

land grabs and systemic human rights violations. They learned that hundreds of communities have been living for several generations in this region of Brazil, but the sudden drive by foreign financial companies threatens their land and livelihoods. These communities do not have secure land rights, and land grabbers take advantage of this by forging land titles and threatening communities. The communities need collective land rights, and TIAA needs to divest from farmland and return the land to the communities with compensation for destroying their means of subsistence.

Subsequently, satellite research has confirmed that TIAA is one of the largest culprits of deforestation in the region, including evidence that the international forest fires that engulfed Brazil in the fall of 2019 also occurred on TIAA properties.<sup>19</sup>

TIAA has adopted a “zero-deforestation” policy for some of its lands in Brazil, and maintains a set of principles for responsible investment in farmland.<sup>20</sup> However, TIAA’s “zero-deforestation” policy is very weak and only applies to future land acquisitions, not to any land it currently owns, and even then TIAA is only pledging to buy land that was deforested about 10 years ago. They have no plans to reforest or repair any of their land holdings which were deforested much more recently. It does not, therefore, eliminate deforestation at all. For example, an analysis by Chain Reaction Research indicates that TIAA-owned land in the region has 72,753 hectares (178,177 acres) of deforestation, yet none of this deforestation is addressed by TIAA’s supposed “zero-deforestation” policy.<sup>21</sup>

A true “zero deforestation” policy would prohibit TIAA from buying land in places like Brazil, where deforestation is widespread, systemic, and impossible to avoid. Instead, TIAA’s weak policies are not only utterly insufficient to address the level of systemic fraud and destruction taking place in Brazil, but they also undermine other attempts to hold investors accountable. By continuing to buy farmland in a region experiencing such systemic deforestation and land grabbing, TIAA contributes to these abuses.

Additionally, TIAA claims that it engages in “sustainable and responsible” farming practices, yet 95% of its farmland is devoted to the extensive mono-cropping of commodities such as soy, corn, and sugarcane. This kind of agricultural production is anything but sustainable since it demands high use of chemical inputs that destroy the soil, biodiversity, and water sources and is also a major contributor to climate change. Moreover, soybeans are used primarily as animal feed for factory farm operations, which are devastating to the climate, the environment, and to human health. Additionally, corn and sugarcane are predominantly used in the production of biofuels like ethanol, which is increasingly being recognized as a false solution to the climate and farm crises.<sup>22</sup>

TIAA does set standards for sustainable and responsible agriculture practices, however the standards it sets are minimal. For example, in 2018 TIAA gave itself a 99.9% rating for ensuring healthy soil on its farms, yet what TIAA was actually measuring was whether or not the soil was tested, not whether or not the soil was healthy.<sup>23</sup> In a recent report from the Croatan Institute, TIAA’s reporting on social and environmental outcomes was considered to be in a “parallel universe” from other investors that prioritize organic and sustainable agriculture.<sup>24</sup>

In addition, TIAA uses third party certification organizations to ensure its standards are being implemented, but these organizations are funded by the companies that they are supposed to oversee, creating a clear conflict of interest, and we are concerned that these organizations may not even visit the farms, which would be

<sup>19</sup> Friends of the Earth US, GRAIN, National Family Farm Coalition, and Rede Social de Justiça e Direitos Humanos. “Harvard and TIAA’s farmland grab in Brazil goes up in smoke.” October 17, 2019. [https://medium.com/@foe\\_us/harvard-and-tiaas-farmland-grab-in-brazil-goes-up-in-smoke-52dbfe57debf](https://medium.com/@foe_us/harvard-and-tiaas-farmland-grab-in-brazil-goes-up-in-smoke-52dbfe57debf).

<sup>20</sup> TIAA/Nuveen. “Farmland Sustainability Report: 2019.” Accessed June 12, 2020: <https://www.nuveen.com/en-us/thinking/responsible-investing/farmland-sustainability-report>.

<sup>21</sup> Steinweg, T., Kuepper B., Piotrowski, M. “Foreign Farmland Investors in Brazil Linked to 423,000 Hectares of Deforestation.” Chain Reaction Research, a collaborative effort of Aidenvironment, Climate Advisers, and Profundo. December 2018. <https://chainreactionresearch.com/wp-content/uploads/2018/12/Foreign-Farmland-Investors-in-Brazil-Linked-to-423000-Hectares-of-Deforestation-2.pdf>.

<sup>22</sup> ActionAid USA. “‘Get Big or Get Out’: How Biofuels Programs Prop Up Industrial Agribusiness in the United States.” May 2018. <https://www.actionaidusa.org/wp-content/uploads/2017/11/Get-Big-or-Get-Out.pdf>.

<sup>23</sup> TIAA/Nuveen. “Farmland Sustainability Report: 2019.” Accessed June 12, 2020: <https://www.nuveen.com/en-us/thinking/responsible-investing/farmland-sustainability-report>.

<sup>24</sup> Electris, C., Humphreys, J., Lang, K., LeZaks, D., and Silverstein, J. Soil Wealth: Investing in Regenerative Agriculture across Asset Classes. Croatan Institute, Delta Institute, and the Organic Agriculture Revitalization Strategy. July 2019. p. 46: <http://croataninstitute.org/images/publications/soil-wealth-2019.pdf>.



required for any serious monitoring.

Finally, investment in farmland also poses a financial risk for TIAA clients. The most extreme financial risk is that TIAA's land could be found to have been illegally acquired, in which case its land titles could be canceled without compensation. Harvard University's endowment, the Harvard Management Company, is another major investor in Brazilian farmland, and they lost \$270 million when a large farmland investment in Brazil was reclaimed by the Brazilian government because the land was acquired illegally.<sup>25</sup> There are also serious financial risks related to the deforestation and other forms of environmental destruction associated with the acquisition of these lands. Increasingly, agribusiness companies are pledging to stop deforestation, and these pledges could prevent them from buying the agricultural products produced from TIAA's farmland which are linked to deforestation. This could seriously impact the short-term economic viability of their investments, and over the long-term, their unsustainable model of land use degrades the soil and depletes the water, undermining the value of the land.

Lastly, there are also indications that farmland is overvalued. Over the past decade, farmland prices have generally increased or remained steady even though the prices of agricultural commodities have decreased. There is a serious concern that investors like TIAA are creating a speculative bubble.<sup>26</sup> In fact, Harvard's losses in farmland, timber, and other speculative bets on natural resources ultimately added up to over \$1 billion, a massive loss for the endowment.<sup>27</sup> These are serious risks of which TIAA clients should be aware.

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<sup>25</sup> McDonald, Michael and Tatiana Freitas. "Harvard was 'Freaking Out': How a \$270 Million Brazil Bet Tanked." Bloomberg. September 24, 2019. <https://www.bloomberg.com/news/articles/2019-09-24/harvard-was-freaking-out-how-a-270-million-brazil-bet-tanked>.

<sup>26</sup> Steinweg, T., Kuepper B., Thoumi, G. (Sept 2017). "Farmland Investments in Brazilian Cerrado: Financial, Environmental and Social Risks." Chain Reaction Research, a collaborative effort of Aidenvironment, Climate Advisers, and Profundo: [www.chainreactionresearch.com/wp-content/uploads/2017/10/farmland-investments-in-brazilian-cerrado-v2.pdf](http://www.chainreactionresearch.com/wp-content/uploads/2017/10/farmland-investments-in-brazilian-cerrado-v2.pdf).

<sup>27</sup> McDonald, Michael and Tatiana Freitas. "Harvard's Foreign Farmland Investment Mess." Bloomberg Businessweek. September 6, 2018. <https://www.bloomberg.com/news/articles/2018-09-06/harvard-s-foreign-farmland-investment-mess?snd=businessweek-v2>.



*Photo: Catarina Antikainen/FIAN Sweden*



## A case study of land grabbing in Brazil<sup>28</sup>

In rural Brazil, companies and wealthy individuals often resort to an illegal process of land grabbing known as “grilagem” to acquire lands and establish farms in the chapadas (fertile plateaus in Brazil’s Cerrado region). Grilagem involves using political connections and false documents to claim title over public lands and forests and private security forces to push off the communities already inhabiting and occupying that land.

Much of the land in the Cerrado region has already been grabbed through grilagem and deforested for soybean plantations. However, the “agricultural frontier” in the Cerrado is the region known as “MATOPIBA” (where the four states of Maranhão, Tocantins, Piauí, and Bahia come together in the north of the Cerrado). This practice of grilagem is widespread in MATOPIBA. Land grabbers routinely fence off public lands on the chapadas, deploy private security forces to evict the local people who have used the land for generations, and then acquire property titles through the connivance of local notaries and government officials.

One businessman said to be committing grilagem on a large scale in MATOPIBA is Euclides de Carli, owner of the Grupo De Carli. Manoel Ribeiro, a state deputy of Maranhão, accused De Carli of illegally grabbing over 1 million hectares (2.47 million acres) of land in Brazil, including 13 farms in Maranhão. He also accuses De Carli of using armed thugs to evict people and of ordering the assassination of a farmer who would not sell lands to him. Other investigations have uncovered how De Carli and other land grabbers routinely use falsified documents to grab lands in the area.

In July 2016, a Brazilian court canceled the titles to 124,400 hectares (about 307,400 acres) of land owned by de Carli, saying that these lands had been acquired illegally. These lands were in the Santa Filomena region of the state of Piauí, which is where the “Ludmila” and “Laranjeiras” farms that TIAA purchased from de Carli are located. While there was not enough evidence to charge de Carli with a crime, it was clear to local prosecutors that the land had been stolen.

In fact, communities neighboring TIAA’s Ludmila and Laranjeiras farms said that “land grabbers were using violence to drive them off their lands and were then selling the lands to agribusiness companies.” One community “had part of their lands fenced off by a land grabber...which is now guarded by private security forces.” Another community said that they “had first been expelled from their lands” and that then “even the lands that they had fled to were taken by land grabbers.” Furthermore, TIAA bought at least two more farms from de Carli in the state of Maranhão, where he is also accused of land grabbing.

When confronted with concerns that they had bought farms from Euclides de Carli, TIAA admitted they had done business with him but claimed that the land was not stolen and that they had conducted “due diligence” through title checks and satellite images. However, due to the nature of land grabbing in the Cerrado, where grileiros use counterfeit land titles to steal the land, title checks are not sufficient to prove that land has not been stolen, and they have not made the satellite images they relied on public. Even though TIAA’s farms have not yet been declared to be stolen, their due diligence did not stop them from doing business with land grabbers or from buying land in an area rife with land grabbing and human rights violations.

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<sup>28</sup> Content from: Rede Social de Justiça e Direitos Humanos, GRAIN, Inter Pares, and Solidarity Sweden - Latin America. “Foreign pension funds and land grabbing in Brazil.” Nov 16, 2015. <https://www.grain.org/en/article/5336-foreign-pension-funds-and-land-grabbing-in-brazil>; and Rede Social de Justiça e Direitos Humanos, GRAIN, Inter Pares, Solidarity Sweden-Latin America, FIAN and National Family Farm Coalition. “Court rules that Brazilian businessman who sold lands to TIAA-CREF acquired lands illegally.” July 20, 2016. <https://www.grain.org/article/entries/5521-court-rules-that-brazilian-businessman-who-sold-lands-to-tiaa-cref-acquired-lands-illegally>. Sources not noted here are cited in the original report.



## Land Grabbing in the U.S.

TIAA is one of the largest farmland investors in the United States, where it currently owns almost 350,000 acres worth more than \$4 billion. TIAA's farmland acquisitions come in the midst of the worst farm crisis since the 1980s, with bankruptcy rates for farmers increasing significantly,<sup>29</sup> particularly for black farmers who face additional discrimination.<sup>30</sup> In addition, almost half of all farmland will change hands in the next 10-15 years, as the majority of farmers reach retirement age.<sup>31</sup> TIAA's acquisition of US farmland also drives up the price of that land, making it harder for farmers to stay on the land and for young and beginning farmers or farmers of color to access land of their own.<sup>32</sup> And finally, TIAA is increasing corporate farming and an unsustainable model of industrial agriculture that is at odds with what is needed to stop climate change and ensure that there is food for everyone.

When TIAA buys farmland, it buys the some of the best farmland in the country, focusing on California's Central Valley, the Midwestern states of Illinois, Indiana, and Ohio (some states in the Midwest, like Iowa, have state laws forbidding corporations like TIAA to own land, which is why they have not acquired Iowa farmland), and the Mississippi Delta. In these regions, where farmland is in high demand, investors are reported to pay top dollar.<sup>33</sup> This means that their acquisitions are pushing prices up in these markets.

TIAA has a two-track ownership model. For a large portion of their land, they act primarily as a landlord and just rent the land to farmers or other entities who manage their own operations. As more and more farmers struggle through the current farm crisis and failing federal farm policies, selling their land is their only option. TIAA is thus able to control the land and its value as real estate while also being able to collect rent, much of which ultimately comes from taxpayer-funded farm programs.

However, TIAA also acquired a global farmland management company called Westchester. Westchester is one of the largest corporate farm management companies in the world and directly manages a portion of TIAA's agricultural holdings, ranging from overseeing all production as well as marketing and selling products, including its California vineyards (TIAA is the second largest producer of wine grapes in the US)<sup>34</sup> and almond orchards (TIAA is one of top five almond producers in the world).<sup>35</sup>

Based on public reports, TIAA's farmland – both the farmland it leases as well as the land it directly manages – is almost exclusively in large-scale, monocrop production of “commodity” crops like corn and soybeans, which are produced in large, monocultures that require the extensive use of synthetic chemicals, pesticides, and herbicides, as well as GMOs.<sup>36</sup> As more and more people recognize that our existing system of agriculture needs to become more sustainable, TIAA is continuing an old and unsustainable model of agriculture.

<sup>29</sup> Harvie, A. “A Looming Crisis on American Farms.” Farm Aid. April 13, 2017. <https://www.farmaid.org/issues/farm-economy-in-crisis/looming-crisis-american-farms/>.

<sup>30</sup> Newkirk, V. “The Great Land Robbery: The shameful story of how 1 million black families have been ripped from their farms.” The Atlantic. September 2019. <https://www.theatlantic.com/magazine/archive/2019/09/this-land-was-our-land/594742/>.

<sup>31</sup> Ross, Lukas and Anuradha Mittal. “Down on the Farm. Wall Street: America's New Farmer.” Oakland Institute. 2014. <https://www.oaklandinstitute.org/down-on-the-farm/>.

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<sup>34</sup> TIAA. “Helping customers pursue financial well-being: Q3 2017 Facts and Stats.” Accessed on June 12, 2020: [https://www.tiaa.org/public/pdf/Q3\\_2017\\_fact\\_and\\_stats\\_nocrops.pdf](https://www.tiaa.org/public/pdf/Q3_2017_fact_and_stats_nocrops.pdf).

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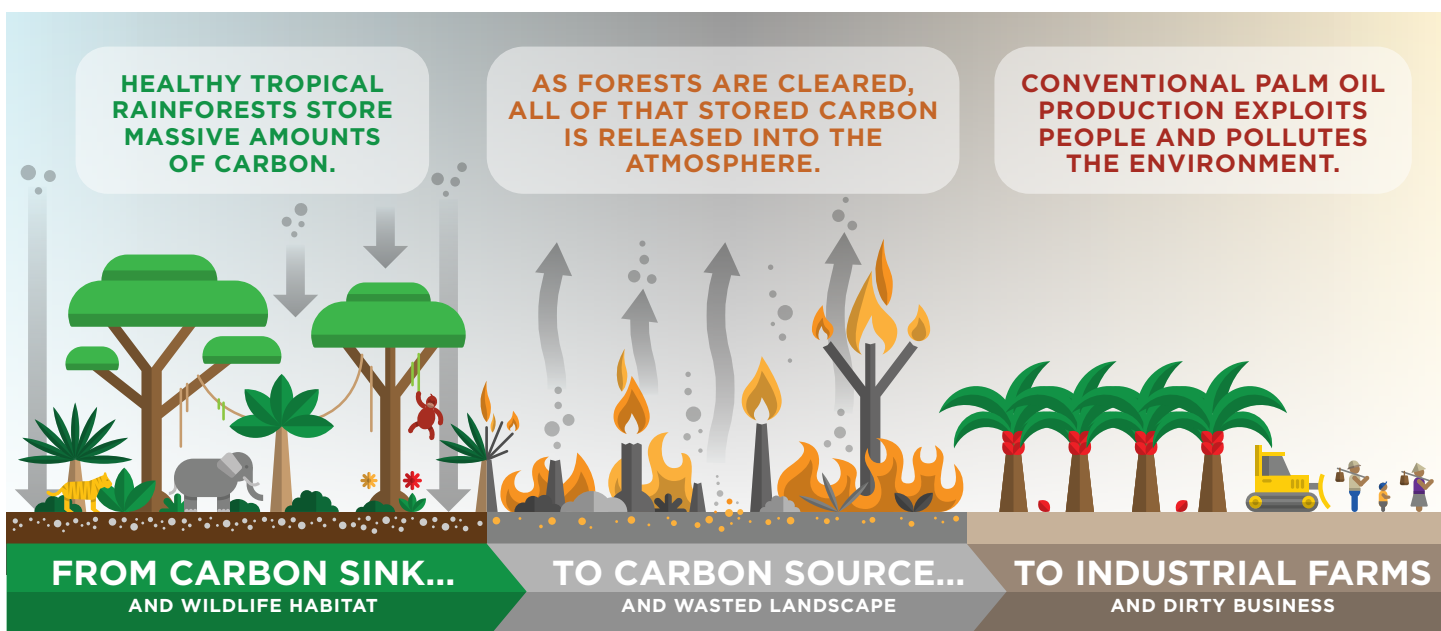
<sup>36</sup> Friends of the Earth US, ActionAid USA, Inclusive Development International, Rede Social de Justiça e Direitos Humanos. “Invested in Exploitation – TIAA's Links to Land Grabbing & Deforestation.” April 2017. <https://www.actionaidusa.org/publications/invested-in-exploitation-tiaas-links-to-land-grabbing-deforestation/>.

## Commodity-driven deforestation and human rights abuses in the Global South

Many U.S. institutional investors and pension funds are invested in “forest-risk commodities” such as palm oil, soy, cattle, and pulp and paper, and TIAA is no exception. Often unbeknownst to their clients and even to fund managers, these sectors are widely associated with deforestation, land grabbing, labor abuses, human rights violations, and severe climate impacts. TIAA is among the U.S. firms most deeply invested in deforestation, with several hundred million dollars invested in palm oil, soy, cattle, and pulp and paper companies,<sup>37</sup> but with no clear policy or process to address the impacts of these companies. TIAA also has over 18 billion dollars in consumer companies exposed to deforestation-linked supply chains that decimate the world’s remaining forests, indigenous and local communities, and countless endangered species of wildlife.

TIAA’s investments in forest-risk commodities are held through index funds, which TIAA does not actively manage. TIAA’s exposure to these sectors and the material risks they bring should at the very least be disclosed to its clients. Better yet, TIAA should develop a policy to actively engage with companies known to have a high risk of driving deforestation and related abuses or should consider excluding them altogether.

<sup>37</sup> As You Sow and Friends of the Earth US. “Deforestation Free Funds.” <https://deforestationfreefunds.org/funds?q=TIAA>.



*Palm Oil Factsheet by Friends of the Earth*



## Deforestation Free Funds: A Transparency Platform for Values-Based Investing

DeforestationFreeFunds.org is a search platform that enables people to find out if their money, in the form of individual investments or an employer-provided 401(k), may be linked to tropical deforestation through investment in companies that produce, consume, or finance “forest-risk commodities” including palm oil, paper/pulp, timber, rubber, cattle, and soy.

DeforestationFreeFunds empowers investors to know exactly what they own, to see if their savings are invested in companies that are involved in forest destruction, to urge fund managers to implement sustainable investment policies, and to find investment options that support a forest-friendly future. The site looks into over 3,000 commonly held funds and gives each a rating of A, B or F according to its exposure to the deforestation-linked value chains – A if the fund has no exposure to direct deforestation-risk, B if it has exposure only to downstream companies (meaning consumer brands and financiers), and F if it has direct exposure to forest-risk companies. There is an additional grade for firms with credible and publicly known sustainability mandates and which actively engage on ESG issues related to deforestation.

A tour through DeforestationFreeFunds reveals, for example, that, as of 2019, funds managed by Vanguard had \$1 billion exposed to palm oil producers and \$184 billion exposed to consumer companies in the palm oil supply chain; BlackRock’s iShares, similarly, have \$1 billion exposed to palm oil producers and \$51 billion exposed to consumer companies in the palm oil supply chain. For its part, as of early 2020, TIAA has some \$500 million invested in forest-risk producers, and Nuveen, which manages its own set of funds, holds another \$75 million in these companies.

Armed with this information, clients of these firms can take a variety of actions – they might opt to move their money into funds with no exposure to palm oil, for example, or they might contact the fund manager and ask that it put in place a policy to drive more sustainable practices among the companies in its portfolios.

Not merely focused on divestment, DeforestationFreeFunds gives special marks to funds and firms that engage with the companies they own to drive sustainability, and notes when firms have commitments to sustainable finance, such as memberships in the US Sustainable Investment Forum, or an active record of voting in favor of progressive shareholder resolutions.



## Why faculty senate resolutions?

Civil society organizations including Friends of the Earth, ActionAid USA, the National Family Farm Coalition, GRAIN, the Brazilian Network for Social Justice and Human Rights, Grassroots International, the Presbyterian Hunger Program – PC (USA), the Maryknoll Center for Global Concerns, and others have been advocating for years for TIAA to take a more responsible approach to its investments in land and agribusiness – with mixed success. Petition drives, protests, meetings, and other efforts have brought about small changes. For example, TIAA now publishes maps showing the municipalities in Brazil where it owns land; the firm adopted a limited “No Deforestation” policy for its land holdings in Brazil; it has used its shareholder power to vote favorably to urge a few of its investee companies, such as Yum! Brands and Kroger, to adopt “No Deforestation” policies; and its investments in palm oil have decreased significantly since these efforts began.

Still, significant structural issues remain. While some progress has been made, TIAA has shown over the years that it does not respond well to pressure from non-clients. But pressure from clients is a different matter altogether. TIAA values the business of its university clients – and if enough universities engage with TIAA to help shape its practices, the company will be forced to respond.

## What is the goal?

The overall objective of this effort is to prompt a shift in TIAA’s investment approach by having TIAA adopt a new set of policies to guide its investments. Each faculty senate and each university may want to develop its own set of asks, but ideally these will be aligned among institutions for maximum unity in the campaign overall. From experience promoting this effort at a few pilot institutions, we believe the strongest outcome of these resolutions is to ask a university or university system to publicly call on TIAA to take a specific set of actions oriented towards a broad and tangible shift in its approach to investments in land and agribusiness.



*Polluted water. Photo: Rosilene Miliotti/FASE*







# Five Steps to a Faculty Senate Resolution

1

## Gather information

- See if the TIAA retirement funds provided to you and your peers may be invested in the sectors most responsible for driving deforestation, biodiversity loss, and land grabbing using DeforestationFreeFunds.org. Also look to see if you and your peers may be invested in the “TIAA Traditional Annuity,” which is the fund that includes TIAA’s farmland holdings.
- Find out if your university investment plan has any Socially Responsible Investment (SRI) options and practices.
- Read up on the issues outlined in brief in this paper. Sources are listed in the footnotes, and a list of reports and papers is provided at the end of this document.
- Look into past faculty senate resolutions to see if there are precedents to refer to in your efforts.

2

## Raise awareness

- Consider holding a campus town hall meeting to raise awareness broadly on campus.
- Consider meeting with the Provost and other decision-makers.
- Identify co-workers with a shared interest in aligning retirement investments options at the university with their values.

# 3

## Build alliances and get organized

- Delegate a point person or form a working group within your academic unit or the university to move this exploratory process forward.
- Engage internally with your Human Resources department, Investment Committee, or your campus TIAA office to find out if your university may be sympathetic to increasing these options or using its economic leverage to drive positive change.
- Consider holding a targeted forum on the issues and invite or involve faculty senators.
- Begin a dialogue on the topic with faculty senate representatives.

# 4

## Shape your resolution and move it to a vote

- Draft a resolution using the version in this document, and work with your faculty senate to shape it into a winning proposal.
- Advance the resolution to the faculty senate and help move it to a vote.
- After the winning vote, follow up with the university administration to ensure the university takes the requested action seriously and addresses TIAA to determine what they are doing to follow the faculty senate resolution.

# 5

## Celebrate and share your success

After you celebrate victory, urge colleagues at other universities to join the effort. The more universities that have resolution, the more TIAA will have to take these important issues seriously.





# Sample resolution

*What follows is the text of a resolution adopted by the University of Wisconsin System on April 1, 2019.*

## **Faculty Senate Resolution Calling on the TSA Review Committee of the University of Wisconsin System to ask TIAA to Address Transparency Issues Related to Deforestation Risk and Rural Land Grabs**

WHEREAS, according to the University of Wisconsin-Madison mission statement, “The primary purpose of the University of Wisconsin-Madison is to provide a learning environment in which faculty, staff and students can discover, examine critically, preserve and transmit the knowledge, wisdom and values that will help ensure the survival of this and future generations and improve the quality of life for all”;

WHEREAS, hundreds of universities across the country are signatories to the American College and University Presidents’ Climate Commitment;

WHEREAS, UW-Madison Faculty Senate passed a resolution in 2017 to encourage the Administration to fund, create, and implement a campus-wide climate action plan with specific and measurable targets;

WHEREAS, UW-Madison Faculty Senate passed a resolution in 2013 to support divestment of UW System funds from fossil-fuel companies;

WHEREAS, many of the faculty members of the University of Wisconsin-Madison have investments in TIAA and recognize the responsibility that comes with such financial involvement;

WHEREAS, the Organization of Economic Cooperation and Development (OECD), the United Nations Environment Program, and the United Nations Guiding Principles on Business and Human Rights all call upon the financial sector to do its part in reducing climate emissions and respecting human rights;

WHEREAS, TIAA represents itself as a leader in responsible investing and the inclusion of Environmental and Social Governance (ESG) in its investment decisions;

WHEREAS, the UN-endorsed Principles for Responsible Investing commit TIAA to incorporate ESG risks into investment decision-making; seek disclosure of ESG issues; promote implementation of the principles within the investment industry; enhance its effectiveness in implementing the principles; and report on its activities and progress towards implementing the principles;

WHEREAS, TIAA has tens of millions of dollars invested in palm oil and other agribusiness companies associated with deforestation, land grabbing, labor abuses, human rights violations, and severe climate impacts, and several billion dollars in consumer-facing companies in the value chains of these companies;<sup>i</sup>

WHEREAS, TIAA has billions of dollars invested in farmland in Brazil and has expanded agriculture in the threatened ecosystem of the Cerrado,<sup>ii</sup> contributing to deforestation,<sup>iii</sup> water

contamination, and human rights violations against local communities;<sup>iv</sup>

WHEREAS, TIAA has put its clients' funds at risk<sup>v</sup> by acquiring land from sellers that a Brazilian court has found to have illegally grabbed land;<sup>vi</sup>

WHEREAS, TIAA is also buying farmland<sup>vii</sup> in the United States<sup>viii</sup> – including Wisconsin – leading a trend<sup>ix</sup> of corporate<sup>x</sup> and institutional<sup>xi</sup> land accumulation<sup>xii</sup> that threatens<sup>xiii</sup> the future<sup>xiv</sup> of family<sup>xv</sup> farming;<sup>xvi</sup>

WHEREAS these investments may expose TIAA and its beneficiaries—including faculty members with retirement investments—to a host of material financial risks<sup>xvii</sup> including operational risk, market risk, regulatory risk, policy risk and reputational risk,<sup>xviii</sup> as well as physical risks related to the unsustainable exploitation of ecosystems;<sup>xix</sup>

WHEREAS, CalPERS, the California Public Employees' Retirement System, passed a similar policy giving extraordinary attention to crucial climate issues including: deforestation, land use and the related human and labor rights issues;

WHEREAS, investments in TIAA that contribute to deforestation and rural land grabs represent a contradiction between the university's stated mission and its and its faculty's history of leadership in conservation;

Therefore, be it RESOLVED by the University of Wisconsin-Madison Faculty Senate that the faculty urge the TSA Review Committee of the University of Wisconsin System to publicly call on TIAA to take the following actions regarding its equities holdings:

1. Develop and apply guidelines for transparent, time-bound engagement with portfolio companies in sectors exposed to deforestation risk in order to reduce and eventually eliminate deforestation and to uphold the human rights of affected small-holders and Indigenous peoples, and to provide consumers with relevant information regarding the exposure of their investments with regard to causing deforestation and to acquiring land previously farmed by small-holders;
2. Allow TIAA clients (faculty and staff) an easily and publicly accessible way to be able to exclude companies from their investments that are linked to significant levels of deforestation and land risk.
3. Publicly disclose the full information about TIAA's farmland holdings in the U.S. and abroad, including the exact locations and boundaries and the dates the lands were acquired, to better inform TIAA clients about these investments and the potential risks involved.



## Resolution Endnotes

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