

Group Minutes for Nuveen/TIAA-Divest! Meeting Friday 10 July 11:00 EDT (TIAA-Divest! version)

Nuveen attendees:

Megan Fielding - Strategic partnership & stakeholder engagement, senior director of RI
Karly Ashlock - admin
Peter Reali - Engagement practice leader, equities
Sarah Wilson - ESG integration, ESG, enterprise-wide climate risk
Allison Spector - Real Assets & private markets

TIAA-Divest! Attendees:

Tom Parrett
Susan Van Dolsen
Caroline Levine
Bill Kish
Iris Marie Bloom
Drew Hudson

Tom Parrett's intro:

- We're here because of climate change -- accelerating climate heating, that is, 70 percent of which is caused in one way or another by fossil fuels.
- Few corporate leaders are responding forcefully and intelligently to this catastrophe, and that includes TIAA/Nuveen.
- We have four demands:
 1. Divest from Cricket Valley Energy and Carroll County Energy
 2. Stop investing in new fossil-fuel power plants
 3. Divest from all fossil-fuel investments and activities
 4. Implement a no-deforestation investment policy
- TIAA can and should be a true climate leader in divesting from fossil fuels and embracing renewable energy—if for no other reason that its participants demand it.

Susan Van Dolsen's section:

Q: Is TIAA/Nuveen concerned about the mixed messages—between statements about social responsibility and commitment to address climate change and the actual investments in fossil fuels?

- Megan Fielding - Have heard this question before, increasingly over the last 5-7 years. Essence of this question will come in continuing conversation. We've been addressing responsible investing (RI) for 50 years. It was first brought up by participants. We take it seriously to live our values. All on call today are part of the RIG, Responsible Investing Group, which now has a staff of 28, almost 29 people and spans all aspects of investing: assets, products, fixed income, real

assets, private markets. Manager Amy O'Brien has 15 years w/ company. CSR [corporate socially responsible] partners to collaborate on ESG. How does ESG connect with what we own today? We work with "CSR partners," convergence between CSR & ESG.. This question is on the minds of Roger & Maureen. Jose Minaya is our (Nuveen) CEO.

Q: Does the Board believe that your fossil fuel investments are aligned with the company's stated responsible investment goals? Does CEO Roger Ferguson believe that TIAA's the fossil fuel investments are aligned with the company's stated responsible investment goals?

- Megan - We are all here because of your outreach to Roger & Maureen. We will report back to Amy O'Brien and they will hear about it, they are paying attention, you are reaching them through us.

Q: TIAA added a low carbon fund a few years ago. Why doesn't TIAA offer a fossil-free fund like those offered by other financial institutions?

- *Ran out of time to address this question.*

Caroline Levine's section:

Q: My colleagues have been asking me: how can I get my money out of TIAA? Are you concerned about competition from other investment products available to your participants that offer stronger options to move away from fossil fuel investments?

- Sarah Wilson - (leads Climate Risk Initiative at Nuveen) - Lots of work spurred by the last 2-3 years. Roger signed on to a basic statement for the Task Force on Climate [to a "fulsome effort"]. We are managing climate risk much more systematically. 4 pillars: governance, strategy, risk management and financial targets/metrics.
- I presented to Roger last year about climate risk. What we think about now is how we can make progress toward best practices. To fully discuss this would take more of a deep dive. I work to elevate this topic. I can tell you more. Plan to go back to the Board on this in fall.

Bill Kish's section:

- Q: We want to understand how TIAA became involved with Cricket Valley Energy Center. Are we correct that TIAA owns 35% of the assets of CVEC? Where does CVEC show up on TIAA's books?
 - Allison Spector (Director of Sustainability) - Investment in CVE by TIAA was 5 years ago. Natgas was touted as a bridge fuel, cleaner than coal. TIAA is a minority investor, currently 20% ownership.
 - We impose very high ESG standards on our investments, higher than the industry standard.
- Q: Does TIAA Nuveen still consider natgas to be a bridge fuel? Evidence shows that natgas causes climate change.
 - Allison - "I think we recognize the nuance of the situation. We attribute a lot of reduction in GHG to natural gas in situations when it is replacing coal." We invest across the spectrum, we have a broader energy strategy. Carroll plant: natgas is replacing coal.

- We invest in facilities in areas where wind and solar are not as available (CVE), to help the transition to wind and solar. Renewables were not practical in the case of CVE."

 - Allison - We acknowledge diminishing returns from methane.
- Q: What is the governance structure of CVEC? Does TIAA have board seats? Does TIAA have an oversight role?
 - Allison - Will get back to you. Oversight prioritizes with managers who have high ESG performance. Do regular ESG assessments.
 - Bill - Offers to work with Nuveen on CVE wrt ESG at CVE
- Q: Cricket Valley's attorneys have filed a request with New York's ISO to potentially block expansion of the state's power grid. This would block transmission of renewable energy from upstate to NYC where it's most needed. Does TIAA support CVE's attempts to block expansion of the NYS power grid? If not, can TIAA intervene in order to stop CVE from interfering with New York's clean energy future?
 - Allison - We support and are completely on board with New York's clean energy goals. We will get back to you on those specifics. We no longer have upstream investments (?). When we look at methane as a bridge fuel, we believe we are part of the solution to the environment and to the health of the local area, and for a low carbon economy we believe this is part of it.
- Q: What exactly would TIAA need to do in order to divest from this plant? Even better, does TIAA have sufficient control to decommission/mothball/retire CVEC?
 - Allison - Will get back. Would use a strategic approach for exit. Thinking of the best way for our participants. Not a quick solution. I'll be happy to take your feedback.
 - We prefer a responsible and strategic approach to investments. There is no quick solution
- Q: What is TIAA's current opinion about the "environmental responsibility" of CVEC? Does it still assert that methane/natural gas is a "clean" fuel, now that truly clean fuels—wind and sunlight—are competitively priced? Does TIAA have plans for more deals with Advanced Power? Will you continue to invest in fossil fuel power plants?
 - Allison - Will get back re commitment. Methane is a bridge in certain situations. Recognize risks. Strategy not to invest directly. No longer have private equity strategy in direct investments. Believe that CVE etc supports the economy in regional area. We believe we are part of the solution to the environment and health of the area and we support the transition to a low carbon economy and we believe this is part of it. We are preparing for the transition to clean energy.

Iris Marie Bloom's section:

Q: would TIAA/Nuveen be willing to set an immediate moratorium on all new fossil fuel investments, as a good-faith first step to protect our climate and our lives?

A: Megan - There's a lot of ways to approach that question. We own fossil fuels across many asset classes. Sarah's work is tied to this. It depends on the strategy we're talking about, as a firm. ETFs (exchange traded funds) have embedded criteria for a low carbon fund. But not all investors are looking for that.

Low carbon fund launched 3 ½ years ago and it is a step. "No response" right now. Are we aggressively investing in FF? Some clients prefer a broad diversity of investments. BlackRock has not

divested, divestment is a tough proposition. Can we come out with a statement? It sounds like you are looking for TIAA to make a statement. That would be up to Roger. What to do with current assets? . That point about, “Last one out loses” is very powerful.

Sarah - We do have some low carbon funds. The work I represent re “Climate Risk” covers all investments, everything is holistic. We see our exposure to fossil fuels and report to senior management and board members. We are tracking more systematically in the next few months our exposure to coal, oil and natural gas. We agree we don’t want to be the last one out. First and foremost, we are concerned with financial risk. This argument is made all the time to management. But have to have a dual focus: have a positive impact where possible, and meet our financial goals. We are rebalancing our assets.

Iris: Before my next two questions, a quick comment regarding your belief that fracked gas is a bridge fuel. Scientists have established that methane is much worse than CO₂ in its climate impacts. Methane is 86 times more potent a greenhouse gas than CO₂ according to the EPA, and 105 times more potent according to a NASA scientist. There are fugitive methane emissions from cradle to grave, making fracked gas worse for climate than coal over the crucial 20 year period. We’ll show you the studies.

Q: What are the current discussions about FF divestment within TIAA Nuveen circles? What steps do you advise we take to reach the highest decision-makers at TIAA, to persuade them to rapidly divest TIAA from all fossil fuel investments across the board?

A: Sarah - TIAA takes a conservative approach to divestment, has only divested from 4 companies, over human rights in Sudan. “We have a very cautious approach.” We agree that climate change is human-caused and science based. But the thinking about economic impacts, financial impacts, is still uncertain. We don’t want to miss opportunities. We don’t want to leave too late, but we don’t want to leave too early.

Iris: Could you please repeat that? Too early? That would have been in 1985. Or 1960.
Sarah - The timing is what is debated. We have to balance business while preserving the environment. It’s not just our exposure to an asset, but the real economy in the real world. Divesting doesn’t help change companies. Peter can talk about our position on “engagement,” how TIAA has been a positive force through “engagement,” to modify companies’ “best practices” (one of the TIAA pillars of RI).

Iris - Our argument is a moral one, it is a health argument, it is an argument for human survival and for biodiversity. Also, fossil fuels are bad investments in terms of your fiduciary responsibility to clients. Fossil fuel industry bears a unique regulatory risk; no other industry has that. One major pipeline cancelled, and two dealt significant blows this week. (More data: ExxonMobil crash; New York Times pointing out that had BlackRock divested from fossil fuels 10 years ago, they would have been well served financially; cited in our Agenda / Talking Points)

Tom: Our focus is on fossil fuels and your investments there. It seems you are doing hard work but it seems to be around the margins. Deforestation is also extremely important to us. Here is Drew.

Drew Hudson's Section:

- Climate has been at the forefront in recent years, and deforestation is a major driver of climate change. But our work on forest issues goes back 20-50 years. And these are human rights issues. We are talking about genocide. Removing people from their lands: this is violating the human rights of Indigenous peoples. This is paid for by investments from US and EU companies.
- We have brought people impacted by this to TIAA, but we have never been able to get a sit-down meeting between impacted people and the TIAA Board.
- The cycle of ESG advisers meeting with activists has not worked and is not working. People are frustrated and will not let it stand. If TIAA ignores these demands, things will get rough for TIAA.
- This is going to get worse for you. It is going to be inconvenient for TIAA.
- Since then, and still today, we've asked for your board members to meet with these impacted communities. We're still waiting.
- If you don't start moving, it will get incredibly expensive for you. We're not going anywhere and you must speed up the process of divestment.
- What can we do to elevate this?
- Center human rights, rather than one of several factors, in investment decisions.

Conclusion:

When can we have a follow-up?

Megan: There's a Board meeting in the fall. Look 3 months out.

Tom: We'd like to meet sooner.

Iris: There are unresolved issues we need to follow up quickly, including fracked gas climate impacts, as well as health impacts and impacts on water which you should know about. For example TIAA is invested in Halliburton, which lobbied successfully for the Halliburton Loophole, which exempts the fracking industry from [parts of the] Safe Drinking Water Act, Clean Water Act, Clean Air Act, Superfund Law, and more.

Caroline: We'd like to see TIAA put a moratorium on any new investments in the top 200 fossil fuel companies, as Cornell has done. Urgency is our main concern. We are not patient.

Megan - We will be continuing this work, we'll be meeting with Amy to report all this. She is connected to Maureen and Roger.

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