

January 23, 2024

Dear Amy O'Brien,

Members of Action Aid USA, The Toxic Bonds Network, the Institute for Energy Economics and Financial Analysis (IEEFA), and TIAA-Divest read the 2023 Climate Report, "Rising to the Challenge," with great interest. As we worked through the details, we were troubled by a large number of the report's claims, which were sometimes unclear, and at other times unsubstantiated, or even contradictory. We are glad that the report confirms that "transparency" is one of TIAA's core values, especially at this critical moment for the planet and the public. We have a list of specific questions, and in the name of transparency, we look forward to your full and honest reply.

Even in areas where TIAA made progress – General Account (GA) corporate bonds – the description and discussion seem to compromise TIAA's goal of reducing carbon emissions. For example:

"As of year-end 2022, the GA is on track to achieve its 2025 target in the public corporate debt portfolio. Reductions from 2019 to 2022 were primarily achieved through selection of new investments with a lower average carbon intensity than the existing public corporate debt portfolio. Investments held throughout the period also decreased in carbon intensity due to a combination of changes in corporate carbon emissions and changes in corporate revenues.

"The sector breakdown of the portfolio shifted slightly as it grew, with energy sector positions decreasing while financial sector positions, which have a much lower carbon intensity profile, increased. This organic sector rotation contributed to the decrease in overall carbon intensity, but the same shifts may not be replicable in the future given sector concentration limits and uncertainty around where relative value and new issuance supply will develop in the coming years." (Pg 40)

We learn here that the company has made progress on its climate goals by making new investments "with a lower average carbon intensity." The reader is then informed that market tailwinds shifted the overall portfolio toward a higher weighting of financial sector investments, which have lower exposure than the energy sector, principally comprised of oil and gas. At this point, however, we are told that this "organic rotation" may not occur again due to "sector concentration limits" and uncertainty around relative value and new issuance supply. Apparently, then, the factors that created a tailwind in support of the policy goal could turn around and become headwinds limiting future reductions in carbon intensity. In other words, TIAA's pro-climate policy could come into conflict with market forces in the future, and push investments back toward fossil fuels.

Other statements in the report deepen our concerns about the seriousness of TIAA's climate commitments. Belief IV makes TIAA's ability to decarbonize dependent on government policy. Government policy can shape the investment environment, but as TIAA noted, market forces

can also support policy goals. The constant stream of sustainable innovation is now occurring across the economy, investment circles and public policy. TIAA's efficacy will be based upon how it succeeds navigating the new nexus where policy and markets meet.

In order to determine the credibility of TIAA's climate policy, it is crucial to have a full understanding of how the company is making new investments. And TIAA's successes in this area are important not only to the company's participants. TIAA is a pension giant and a world leader. The lack of transparency corrodes the public confidence needed during challenging times. TIAA's position could be greatly improved if it offered enhanced data access as a major correction.

In order to fulfill TIAA's commitment to transparency, we ask that you provide answers to the following questions:

- 1. TIAA's 2023 Climate Report cites several surveys, studies and reports by third party sources and TIAA staff that are then used as evidence. The reports are mentioned throughout the report but not identified in a manner that would allow a reader to access them. Please give sources for the following:**
 - Pg 4: *"We ensure that our investment teams have access to environmental, social, and governance (ESG) data, including data related to climate impact."* What are the sources for this data? If they are internally generated, where does the underlying data originate? How are these materials compiled and made available to TIAA staff?
 - Pg 4: *"We provide— and expect from our portfolio companies—clear information on key metrics such as carbon emissions and impact data that show the effects of climate change on companies' operations."* Where is this information provided? What are the metrics? Can you give examples of impact data, such as power plant emissions and fossil fuel company downstream emissions? Please also provide documentation or reports reflecting 'key metrics' information received from portfolio companies.
 - Pg 4: *"We advocate with corporate leadership and vote our proxies to maximize risk-adjusted returns by encouraging sound governance and accountability structures designed to maximize our investors' returns, while measuring, managing and minimizing investments' exposure to material climate risk and driving real world impact."* Please provide a record of engagements with portfolio companies: what was asked and how was success measured? We note that this description does not suggest that TIAA has engaged with companies to reduce their scope 1-3 emissions. Since TIAA has long maintained that engagement is more effective than divestment at reducing emissions, can the company provide evidence of all engagements that resulted in material reductions to portfolio company emissions?
 - Pg 6: What specific reports and information are supplied to the Board(s) or Management Committees to identify and assess "climate-related financial, compliance, regulatory, operational, reputational and strategic risks"?

- Pg 7: Please provide any specific reports or documents prepared and pertinent to the climate report preparation that are generally described under “Organizational Structure.” Of particular interest are those work products described which relate to:
 - “Second line of defense” on climate change;
 - “Monitoring adherence to climate commitments and related memberships”
 - “Oversee portfolio return and risk metrics from investment decisions”
 - “Set, manage and oversee execution and achievement of interim and net zero by 2050 targets for the GA.”
- Pg 8: *“The ESG Council focuses on.... ensuring transparency about our performance...”* Please provide a copy of this letter to the members of the ESG council.
- Pg 8: *“Evaluating and managing commitments and partnerships with external organizations”* – Please identify the external organizations referred to and provide relevant documents related to:
 - Evaluating and managing commitments and partnerships with external organization to further that strategy;
 - Establishing expected timing of key milestones and impacted sub-asset classes;
 - Providing guidance to investment teams and net zero working groups
- Pg 9: Please make available copies of “Climate Training materials.” This would enable us to better understand how TIAA communicates the concepts of climate risk, climate science and climate economics to its employees.
- Pg 13: *“Nuveen offers its clients a variety of low- carbon and climate-focused products...”* What is the formula TIAA/Nuveen uses to determine if a product is low-carbon or climate-focused? Please provide a list of low-carbon products and climate-focused products, indicating for each product what institutions offer it as a part of their retirement savings plan.
- Pg 14: *“As climate data continue to evolve and mature, carbon emissions data is an imperfect but useful proxy for transition risks...”* Please provide:
 - Any report or documents relating to or in support this statement.
 - The analytic basis identifying lack of data coverage and lack of independent verification of accuracy (of emissions data).
 - TIAA’s efforts to actively expand measurement of its financial carbon footprint.
- Pg 14: *“TIAA continues to expand the implementation of net zero across additional asset classes.”* What are the “additional asset classes”? What are the total set of asset classes for which net-zero has been implemented? What classes were added in 2023? Please provide reports or documentation in support of this statement.
- Pg 14: Please provide the exact locations on a satellite map of all farmland and timberland owned by TIAA or its subsidiaries. The map should allow accessibility to the latitude and longitude coordinates.

- Pg 14: Please provide reports or documentation in support of statement that *“TIAA also continues to deepen the measurement and monitoring of physical climate risks, with particular focus on “place-based” asset classes.* How does TIAA calculate its emissions figures for its land and agribusiness investments? Do TIAA’s reported emissions reflect the full scope, both upstream and downstream?
- Pg 14, Belief Statement III: any report or documents relating to or in support of statements that emissions data is *“imperfect but useful proxy for transition risks”*; Please provide the analytic basis identifying lack of data coverage and lack of independent verification of accuracy (of emissions data); and TIAA’s efforts to actively expand measurement of its financial carbon footprint.
- Pg 15: *“Disclosure of carbon emissions data is nonetheless still voluntary in many jurisdictions, leading to lack of data coverage and lack of independent verification of accuracy.”* How is TIAA developing its own methodology for determining carbon emissions/carbon exposure? Please provide some examples of investments made in fossil fuel exposed assets where TIAA used its own methodology for determining emissions. Please provide the data used to determine emissions when TIAA chose to finance Energy Harbor including the W.H. Sammis and Pleasants coal fueled electric power plants.
- Pg 15: *“We work with assets, portfolio companies and other stakeholders in carbon-intensive industries to encourage greater strategic focus on their low-carbon transition.”* Please describe TIAA’s “ask” of these companies. Please provide documentation for these engagements. In each case what verifiable emissions reductions were accomplished and where did engagements fail?
- Pg 17: *“We launched our Climate Risk 2.0 program last year, in which we explicitly asked 100 portfolio companies that comprise most of our public markets financed emissions to disclose material climate-related information and to establish industry-leading strategies to manage climate risks”* Please provide documentation of the Climate Risk 2.0 program. How were the 100 companies selected? How many replied? What specifically was requested? What were the replies? What is/was the consequence for not responding or responding in a misleading manner? In any case, did these engagements produce a verifiable reduction in scope 1-3 emissions? Please provide any report or document that represents the results of TIAA’s information survey.
- Pg 17: *“Progress against a wide range of key performance indicators, summarized to the right, is assessed bi-annually and informs our proxy voting and engagement decisions”* Please provide assessments for 2023 and describe the resulting proxy voting and engagement actions taken by TIAA as a result.
- Pg 17: *“...we have developed detailed industry-level expectations, produced by sector experts, that recognize the unique risks and opportunities that face each company.”* Please provide the materials documenting the referenced expectations. Please identify the experts who produced these materials.
- Pg 17: *“Company discloses climate related lobbying activities.”* Has TIAA or any subsidiary engaged in climate related lobbying activities? If yes, please describe in

detail. What positions or bills is TIAA advocating for and against in Congress regarding climate or agriculture?

- Pg 18: *"In 2022, TIAA submitted five regulatory comment letters related to ESG issues"* – Please release the five regulatory comment letters referred to the Securities and Exchange Commission and Department of Labor.
- Pg 19: *"Nuveen's RI product platform included about \$57 billion in assets."* Please provide a list of these specific assets.
- Pg 24: Please provide documentation for all carbon credit initiatives in which TIAA is involved. How will Nuveen Natural Capital (referenced on p. 20) produce carbon credits for the market or offsets for TIAA on its three million acres of land, beyond any documented carbon credit projects already underway. Please provide the business model used and the basis and size of the expected returns on these investments.
- Pg 26: *"TIAA began a phased buildout of our enhanced climate risk management framework in 2022..."* Please make available a full copy of the Climate Risk Management Framework.
- Pg 28: *"Numerous teams have explored Moody's climate- risk adjusted credit risk models."* Please provide copies of any and all Moody's climate risk models used by TIAA.
- Pg 28: *"Significant progress has been made in integrating the models into commercial mortgage loans, CMBS and corporate debt."* Please provide documents outlining progress made related to commercial mortgages, CMBS and corporate debt.
- Pg 28: *"We have developed a screening tool using VeRisk Maplecroft."* Please provide a copy of the screening tool developed using VaRisk Maplecroft.
- Pg 28: *"In private real estate, investment teams leverage climate hazard data from MunichRe."* Please release the data and diligence assessments from MunichRe and Climate Ai.
- Pg 28: *"The municipal bond team has used RisQ to assess risks"* -- Please release the data and diligence related to municipal bond, RisQ.
- Pg 28: *"The research group has piloted deep-dive assessments into electric utilities, oil and gas, and metals and mining sectors..."* Please release deep dive assessments into electric utilities, oil and gas and metals and mining sectors and any other energy related assessments.
- Pg 39: Please identify and provide copies of the 'readily available and reasonably accurate data' used to assess corporate bond and real estate holdings. What steps are being made to secure accurate data? And, what is the practice of TIAA when making investment decisions that is supported by less than pristine data?
- Pg 39: Please provide the statistical basis for the public corporate debt and real estate targets – the data used to create the 2019 benchmark.
- Pg 40: *"Integrating climate-related guidelines in the selection of new investments"* Please specify which guidelines were used when selecting new investments.

- Pgs 40-41: The changes achieved by TIAA on the corporate bond market are important. This has the potential of being an industry leading accomplishment. Please provide a full list of the bond issuances and emissions data for 2019 and a list of the issuances that supported the results attributed to each of the categories identified on page 40 and elaborated on page 41.
- Pg 43: Please list all of the investments and their value that are held by TIAA/Nuveen in the General Account, including those held under the Third-Party client classification. We seek a list of all investments (a master list) in order to provide context to the values contained in the report. We also seek to understand how the fossil fuel exposure methodology was applied, to identify and assess future movement within the portfolio and to have a robust understanding of TIAA's investment under various policy scenarios. We also seek a total value for TIAA's holdings, the General Account and Third-party client holdings to serve as a denominator to establish an overall percentage calculation of TIAA's fossil fuel exposure (and the GA and Third-Party portfolio).
- Pg 43: List all of the public and private investments and values that comprise the aggregated values found in the chart titled 'TIAA's fossil fuel exposure.' Please identify companies that are covered by the three classifications: fossil fuel reserve owners; companies directly operating in the production of coal, oil and gas; and companies involved in the fossil fuel value chain.

2. The report leaves a number of key decision-makers, terms, and metrics vague. Please clarify the following:

- Pg 3: "...we are pleased to provide updates on three primary goals: 1. TIAA General Account: Net Zero by 2050..." What are TIAA's plans to expand its net zero goal to the entirety of its AUM?
- Pg 7: Which senior leaders are responsible for each of the 5 initiatives listed on this page? Who is responsible for risk management for "third party client" assets?
- Pg 8: "*The Net Zero Steering Committee...*" is responsible for establishing "*interim targets.*" Have any interim targets been established for GA decarbonization? Have any interim targets been established for third party client assets?
- Pg 11: TIAA has frequently repeated "*our belief that climate risk is investment risk.*" Do TIAA's business decisions focus only on risks to its financial returns? What is TIAA's policy when an investment opportunity also accelerates climate change? Do TIAA's climate beliefs include any notion that anthropogenic climate change is driven by capital markets? If yes, does TIAA believe that by providing capital to carbon-intensive industries TIAA is accelerating climate change? Does TIAA currently weight "climate investment opportunities" such as renewable energy as a better investment than "climate risk" opportunities such as fossil fuel extraction and transport, fossil fuel exposed utilities, etc.?

- Pg 13: *“The world is transitioning to a low-carbon economy, although the pace is uncertain.”* Please clarify what “the pace is uncertain” means. Are there particular markets or regions where the pace is appropriate? Does TIAA view progress in particular markets/regions as underperforming? And if a market or region is underperforming, how does that impact TIAA’s investment strategy?
- Pg 13: *“Proactively planning for climate risk in business strategy may enable issuers and other operating companies to adapt to changes...”* Has TIAA acquired any specific assets based upon this class of opportunity? If so, which?
- Pg 13: *“TIAA seeks to develop low-carbon transition ‘signposts’ that monitor the pace and magnitude of the low-carbon transition over time.”* Presuming that TIAA has defined how these signposts will be developed, please describe how these signposts will be generated, how they will be used to determine net-zero targets, and when they are expected to be available. Please also specify who exactly is tasked with this process.
- Pg 14: *“‘Green’ sectors may benefit significantly from a low-carbon transition, including renewable energy, green buildings, electric vehicles, sustainable forestry and agriculture, water management, battery storage, carbon capture and storage, energy efficiency, and electricity transmission and distribution.”* Has TIAA/Nuveen created any specific initiatives that are intended to fund these “green sectors”? Other than directly owned real estate and agricultural land, has TIAA provided early-stage funding to sustainable energy projects?
- Pg 14: *“TIAA also continues to deepen the measurement and monitoring of physical climate risks, with a particular focus on “place-based” asset classes like farmland, timberland”* With respect to harms coming from loss of access to land for local communities and environmental damage resulting from current farming and land management practices, please provide:
 - The ethical standards used, the way in which the ethical issues are surfaced within TIAA and the Committees or decision-making structures that deliberate and resolve such matters and a list of the parties involved in writing the standards,.
 - The business model and the basis for, and size of, the return considerations.
 - How should communities who believe that they have lost access to land due to TIAA’s purchases of land grabbed by corrupt or violent means address this grievance with TIAA? How can communities harmed by pesticide spraying and environmental damages on TIAA land address this with TIAA?
 - Beyond the current calculation of emissions or reductions, what are the carbon plans over time for timber, for permanent crops, and row cropping? What are the exact locations and documentation of carbon credit projects currently approved and in development with carbon credit certifiers?

- Pg 14: Does TIAA Adhere to the human rights obligations and objectives found in the UN Guidelines on the Responsible Governance of Tenure (VGGTs)? <http://www.fao.org/3/a-i2801e.pdf> If so, explain how, and if not explain TIAA's decision.
- Pg 15: *"Decarbonizing the GA portfolio will allow us to properly manage transition risks and embrace investment opportunities."* Please define the term "decarbonizing" as TIAA uses it.
- Pg 16: *"The rate of decarbonization the GA can achieve will depend on government policy and regulatory actions across various geographies and sectors."* Please describe what, if any, decarbonization the GA will achieve in the event that government takes no action. What contingency plans for decarbonization does TIAA have if it needs to decarbonize without relying on outside regulation?
- Pg 16: *"Investment portfolios that decarbonize proactively can get ahead of the expected market impact of government policies before climate risks and opportunities are fully priced in and investment values impaired"* As TIAA's investments occur in a variety of governmental arenas, what are its core decarbonization objectives and strategies? How does TIAA intend to reconcile instances in which different jurisdictions implement incompatible policies? Based on current modeling, how does TIAA expect the portfolio will differ from the current mix five, ten and thirty years hence?
- Pg 17: *"TIAA expects to review its net zero commitment periodically to ensure it remains broadly aligned with the pace and nature of the low-carbon transition, as well as with our goal to achieve long-term positive financial outcomes for our participants."* What does TIAA see as the critical rebalancing risks as the portfolio moves from where it is now to the net zero aspiration? Will TIAA be regularly and publicly reporting on the changes it is seeing and how the investment strategy is changing to address these externalities?
- Pg 17: For the three sectors listed (fossil fuel, utilities, industrial), has TIAA developed any standards for emissions, including full life-cycle emissions for company's products, under which companies will either "succeed" or "fail" in meeting TIAA's expectations for emission reductions? If yes, please provide documentation and details. Under what circumstances would TIAA hold an investment in a company that failed TIAA's test (if any)?
- Pg 17: For the utilities sector specifically, why have the conversations not included targets for reducing system-wide CO2 emissions?
- Pg 17: *"Verified GHG emissions reporting, including material Scope 5 categories."* Please define "Scope 5 categories". Please describe what constitutes verified reporting.
- Pg 17: *"Board has evidenced climate competence and a committee with climate oversight. Compensation incentivises achievement of stated targets."* Which Board members are responsible for climate policies and outcomes? For each member of TIAA's Board of Governors, Board of Trustees as well as TIAA and Nuveen's CEOs, please provide details of how compensation is tied to specific climate targets.

- Pg 17. Image “How TIAA assesses a company’s approach to climate risk over time.” It is unclear what information this chart is intended to convey. For example, the blue area shows transparency risk over time dropping to a minimal value around 2028. It shows accountability risk dropping to a minimum sometime after 2050. It appears to show impact risk remaining at 100% indefinitely. No information is provided to define each of these three types of risk, so it is impossible to glean any insight from this graphic. Please provide a narrative description clarifying the purpose and meaning of this chart.
- Pg 19: “TIAA has proudly offered its clients a variety of socially responsible and low-carbon products for over three decades. ... we continue to expand our suite of offerings.” How much carbon is low carbon? To which products does this claim refer? What new offerings were rolled out in 2023? For each socially responsible and low-carbon product, please list the institutions at which any of, or the majority of, participants can access these offerings. For each new offering please describe which of the three listed objectives apply.
- Pg 19: Please explain why the TIAA-CREF Social Choice Low Carbon Equity Fund contains \$6.72M in coal industry investments, \$32.37M in oil & gas industry investments and \$13.13M in fossil-fired utilities (per fossilfreefunds.org 1/13/24). What offerings with no fossil fuel exposure are available to the majority of your participants?
- Pg 26: Please describe in detail how climate risk is factored into asset valuation.
- Pg 27: “TIAA Risk Management chose ... (NGFS) scenarios to guide scenario analysis design across TIAA and Nuveen.” What is the rationale for choosing the Network for the Greening of the Financial System? What are the results of modeling the TIAA enterprise using the NGFS? Which models were utilized and with what assumptions?
- Pg 29: “The focus is on improvements to energy, water, and waste management, performance, and reviews of physical climate risks and asset mitigation plans.” Has transition risk been deprioritized? How does TIAA weight the relative importance of physical risk vs. transition over the short to medium term? How does TIAA weight the significance of litigation risk or reputational risk for the dirtiest sectors/companies. How does TIAA weight the financial implications for investors in the dirtiest sectors/companies?
- Pg 39: TIAA “will prioritize assets where data is readily available and reasonably accurate, therefore our interim targets are set for the public corporate bond portfolio and directly owned commercial real estate” Why is private fixed income, comprising 24% of the general account as of last November¹, not prioritized? Why is private debt being excluded? What is public corporate debt, exactly?
- Pg 39: Please explain which part of the portfolio has inadequate data, why is it inadequate and what remedial actions TIAA is taking to integrate that portion of the portfolio into its carbon exposure and investment financial actions.
- Pg 39: What percentage of TIAA participants’ total savings are housed within the General Account?

¹ https://www.tiaa.org/public/pdf/performance/retirement/profiles/TIAA_Gen_Act_Fin_Strength.pdf

- Pg 39: *“More asset classes are being targeted for 2024 and 2025...”* Please identify the asset classes that are targeted for 2024 and the classes targeted for 2025. Are equity assets included?
- Pg 39: *“TIAA announced its net zero by 2050 commitment for the GA in 2021...”* Please describe the interplay between TIAA’s non-GA investments and the GA account. For example, are measures in place to prevent investments that will be excluded from the GA based on climate impacts from being re-integrated into TIAA’s other asset pools?
- Pg 40: *“The 2025 interim target for the public corporate bond portfolio is measured against our 2019 baseline weighted average carbon intensity (Scope 1 and 2 emissions) measured in mt CO2e/ million USD sales.”* We understand that the carbon intensity formula used by TIAA represents an industry standard, but we have the following questions regarding TIAA’s policy decision to use it, apparently as the exclusive measure of success. Please explain why scope 3 emissions are excluded. Please provide additional information on the unit by which carbon intensity will be measured. I.e. mt CO2e/ million USD sales.
 - What is the logic behind the use of this formula?
 - What is the scientific basis for using a metric that conflates real emissions with revenue?
 - What is the policy rationale? Please explain how the formula works and accounts for various scenarios. For example, why should a high GHG emitter receive a pass for realizing a high level of sales? Eg. Exxon’s revenue in 2022 was \$413.68B. Would its greenhouse emissions have been less harmful had prices been higher and its revenue exceeded \$500B?
- Pg 40: *“the portfolio shifted ... energy sector positions decreasing while financial sector positions, which have a much lower carbon intensity profile, increased.”* Does TIAA consider the carbon intensity of their financial company holdings attributable to their financed emissions (I.e. the life-cycle emissions of the assets held by those financial companies), or only the scope 1 & 2 emissions of the financial companies?
- Pg 43: *“Fossil fuels currently make up over 80% of the world’s primary energy supply and are likely to meet a significant portion of global energy needs for decades to come.”* Is TIAA stating here that it expects that the NGFS upper-right “too little too late” scenario will come to pass? Or, that the expected outcome will be the lower-right “hot house world” scenario? Please quantify “significant” and “decades to come.”
- Pg 43: *“TIAA’s fossil fuel exposure includes our public and private investments in any type of securities issued by 1) fossil fuel reserve owners, 2) companies directly operating in the production of oil, coal, and natural gas, or 3) companies involved in fossil fuel value chain such as exploration, refining, pipelines, and equipment.”* Please explain why utilities/power generation were excluded. These sectors comprised 3% of the General Account according to the December 2022 VA-1 annual report (which

does not include significant private investments such as TIAA's 730 Power Development, LLC).

- Pg 43: *"As a matter of policy, we do not completely divest from major sectors of the economy, including the energy sector."* Will TIAA consider implementing an exclusion policy for any portion of the energy sector? For example, thermal coal, unconventional gas drilling (Such as shale gas drilling, horizontal hydrofracking, or fracking), tar sands, or oil/gas exploration?

Thank you in advance for your attention to these significant questions. Full and truthful answers will allow us, and TIAA's participants, to understand the reach and seriousness of TIAA's climate commitments. We wish to remind you of TIAA's strong assurance of transparency, and look forward to your acknowledgement and a schedule for response no later than Feb. 15. You may reach us at contact@tiaa-divest.org.

Sincerely,

TIAA-Divest!
Action Aid USA
The Toxic Bonds Network