

Process and Q&A regarding sustainability concerns

Nuveen

This document outlines Nuveen’s process to responding to sustainability concerns related to its investment in agricultural farmland.

- Nuveen welcomes engagement and dialogue with all stakeholders. Please refer any questions or concerns to esgcommittee@nuveen.com
- Nuveen will provide a detailed response to questions received within a reasonable timeframe, and usually within 2-3 weeks.
- This channel is in addition to the local grievance channels and hotlines, which are already in place in Brazil and Romania.
- The following Q&A responds to concerns voiced in the public domain and seeks to provide transparent responses. It is organized thematically.
- The Q&A will be regularly updated, to ensure transparency and accuracy of updates.

Contents

Deforestation	2
Fire risk in Brazil	3-4
Restriction of foreign investments in Brazil	5
Allegations of land grabbing in Brazil	6
INCRA investigation in Brazil	7
Allegations of acquiring land in areas with known long-standing title disputes	8
The motives behind investment structures in Brazil	9
Transparency	10

Regarding deforestation

Concern raised by stakeholder:

Chain Reaction Research has alleged that TIAA is deforesting in Brazil.

Source: Chain Reaction Research. Published on 11/5/2019, available [here](#):

Q&A

Does Nuveen have a no deforestation policy in Brazil?

- Yes. In August 2018 Nuveen adopted a Zero Deforestation Policy for its farmland investments in Brazil with clear cut-off dates. In short, the Policy prohibits acquisitions of land that has been cleared of native vegetation in five distinct biomes of the country after the dates below:
 - Amazon (July, 2008)
 - Atlantic Forest (December, 2006)
 - Caatinga (September, 2017)
 - Cerrado (May, 2009. Until 2016 only if in accordance with the 4 additional restrictions set forth by the Roundtable for Responsible Soy Standard)
 - Pantanal (January, 2008)

Has Nuveen engaged in deforestation following the signing of its Zero Deforestation Policy in Brazil?

- No. Our Policy was launched in August 2018 and it has been and will be 100% respected. In other words, both properties already in our portfolio or new acquisitions cannot, under any circumstances, be converted from native vegetation.

What is the goal of this Policy?

- The [Policy](#) intends to ensure that our investments in Brazil discourage speculative land development practices that result in the depletion of forested areas and native vegetation. The Policy applies to all investment entities managed by Nuveen.

How does Nuveen define deforestation?

- We currently define deforestation in broad terms as the removal of forest or native vegetation, which is aligned with the UN's Food and Agricultural Organization definition adapted in 2001. This includes the Cerrado, which is an area considered to be of high biodiversity value, which includes wooded grasslands and forest.
- The removal of isolated trees is permitted as long as it is properly licenced, and compensation, as determined by the environmental authority, is implemented.
- We recognize the challenges associated with definitional issues and we are committed to adapting our Policy to remain consistent with industry best practice.

Why did Nuveen adopt this Policy?

- Nuveen adopted a Zero Deforestation Policy to ensure the long-term resilience of the biomes from an environmental and indigenous community perspective. It also ensures that Nuveen is aligned with the expectations of leading investors and key stakeholders in the international community. More information is available [here](#).

Regarding fire risk in Brazil

Concern raised by stakeholder:

“TIAA instituted a No Deforestation policy for certain of its landholdings in the Cerrado; a year later, its landholdings are on fire — a clear demonstration that nothing in TIAA’s policy or its approach to land stewardship considers either the ecological or economic trends driving the continuing deforestation of the Cerrado — trends that TIAA itself is responsible for advancing.”

Source: Friends of the Earth. Published on 10/17/2019, available [here](#):

Q&A

Are fire events linked to deforestation on Nuveen’s properties in Brazil?

- Neither Nuveen nor its tenants started fires on Nuveen managed properties.
- Any native vegetation affected by fires will not be converted to other uses because:
 - a) In August 2018 Nuveen adopted a Zero Deforestation Policy for its farmland investments in Brazil with clear cut-off dates. In short, the Policy prohibits acquisitions of land that has been cleared of native vegetation in five distinct biomes of the country after the dates below:
 - Amazon (July 2008)
 - Atlantic Forest (December 2006)
 - Caatinga (September 2017)
 - Cerrado (May 2009. Until 2016 only if in accordance with the 4 additional restrictions set forth by the Roundtable for Responsible Soy Standard)
 - Pantanal (January 2008)

This Zero Deforestation Policy also prevents any deforestation of native trees of the existing portfolio and/or conversion into other uses.

b) Additionally, all the preservation areas are registered as Legal Reserves and Permanent Preservation Areas in the CAR system (national registry for protected areas).

- While we attempt to mitigate the risk of fire on properties Nuveen manages, we cannot always control against it. Therefore, any area covered with native vegetation in Nuveen’s portfolio affected by fire events will not be converted to other uses; rather these areas will remain protected and looked after to go back to its original form.
- Considering the Cerrado’s vegetation resilience, the natural regeneration of the affected areas are monitored and if necessary restored.

How does Nuveen monitor properties in Brazil against fire risk?

Nuveen’s portfolio is constantly monitored, which gives us a deeper understanding of the characteristics of fires occurring on the farms.

- Nuveen hired a local consultancy firm to develop a tailor-made monitoring system using NASA satellites combined with data from the National Institute for Space Research (INPE in Portuguese).
- The monitoring system sends real time alerts directly to nominated Nuveen employees. The reports show heat focus coming from inside our farms or on its’ boundaries. This allows us to share information with our tenants for immediate actions if not already taken.

- In addition to the real time alerts, the system also generates weekly and monthly report with a summary of alerts and analysis.
- Understanding fire dynamics on farmlands is critical for identifying the most vulnerable areas and the main sources of fire, so we can focus efforts on preventing fire with the greatest effectiveness.
- In addition to Nuveen's processes, most tenants implement the following:
 - Evacuation and fire combating fires
 - Observation towers or teams
 - Prepared water tanks for combating fires
 - Satellite monitoring of fires
- Nuveen is looking to work with specific tenants and their local communities as a pilot project to collaboratively prevent fires.

Regarding the restriction of foreign investments in Brazil

Concern raised by stakeholder:

“In a labyrinthine endeavour, the American financial group and its partners amassed vast new holdings of farmland despite a move by Brazil’s government in 2010 to effectively ban such large-scale deals by foreigners.”

Source: The New York Times. Published on 11/16/2015, available [here](#):

“Laws in Brazil restrict foreign ownership of farmland, so TIAA formed a partnership with Cosan.”

Source: Barron’s. Published on 05/02/2023, available [here](#):

Q&A

Does TIAA comply with Brazilian regulations on foreign investments in farmland?

- Yes, through local partnerships, all investment structures comply with the foreign ownership legislation in Brazil.
- In 2022, the National Institute of Colonization and Agrarian Reform in Brazil concluded that the farmland ownership structure is compliant with rules on foreign ownership in Brazil requiring that a land-owning company be domestically controlled.
- TIAA / Nuveen formed a partnership with Cosan in 2007 and all of TIAA/Nuveen’s investments in farmland have been made by this partnership.

Regarding allegations of land grabbing in Brazil

Concern raised by stakeholder:

TIAA is accused of land grabs in Brazil's MATOPIBA*

Source: Grain.org. Published on 11/16/2015, available [here](#):

"TIAA and other foreign institutions have benefited by "outsourcing" land expropriation to land-grabbers, concluded a September 2017 Bahia fact-finding mission by Brazil's Justice Ministry. "TIAA and its affiliates may not be directly involved in land-grabbing and ecocide," said the Justice Ministry report, "Perhaps because others do the 'dirty work' for them."

Source: Barron's. Published on 05/02/2023, available [here](#):

Q&A

Is Nuveen a defendant of any ongoing litigation regarding possession of land in MATOPIBA*?

- No. None of the local entities are defendants in any ongoing litigation regarding possession of land in MATOPIBA, Brazil.

What processes are in place to guarantee that land in Brazil is lawfully acquired?

- 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.
- 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.

* MATOPIBA is an acronym that uses the first two letters of the four states where soybean production is expanding into southern Maranhão (MA), Tocantins (TO), southern Piauí (PI), and western Bahia (BA)

Regarding the INCRA investigation in Brazil

Concern raised by stakeholder:

“Incra, the Brazilian agency that demarcates farming land, concluded in a preliminary report that the indirect involvement of Teachers Insurance and Annuity Association of America (TIAA) in property acquisitions represents an infringement of foreign ownership restrictions.”

Source: Bloomberg. Published on 12/17/2020, available [here](#):

Source: OCCRP. Published on 05/02/2023, available [here](#):

Q&A

Are all investment structures in Brazil compliant with regulations on investments in farmland?

- Yes, through local partnerships, all investment structures comply with the foreign ownership legislation in Brazil.
- In 2022, the National Institute of Colonization and Agrarian Reform in Brazil concluded that the farmland ownership structure is compliant with rules on foreign ownership in Brazil requiring that a land-owning company be domestically controlled.

**Regarding allegations of acquiring land in areas
with known long-standing title disputes**

Concern raised by stakeholder:

“In a western region of Bahia that farmers called “the new frontier,” the TIAA/Cosan Radar partnership had bought a 17,000-acre farm called Parceiros in 2010. The farm fell within a larger area—bigger than the nation of Luxembourg—that had been disputed between two landowning groups since 1980.”

Source: Barron’s. Published on 05/02/2023, available [here](#):

Q&A

Why were Parceiros and United farms purchased when there were land disputes in the Coceral region in NW Bahia?

- Parceiros and United farms had been acquired in 2008 and 2013, respectively, following court decisions that determined legitimate title chain owners.
- Parceiros farm was sold in August 2021 and United farm was sold in November 2021. Since being sold, both properties have been operated by local farmers.
- Nuveen no longer holds any farmland in the region involved in the dispute.
- We take accusations around land-grabbing very seriously.
- We also expect the government to investigate and prosecute instances of land-grabbing wherever it occurs.

Regarding questions on the motives behind investment structures in Brazil

Concern raised by stakeholder:

“TIAA and Cosan bought the properties through a complex corporate structure that experts said allowed them to slash taxes and bypass laws limiting foreign ownership of Brazilian farmland.”

Source: OCCRP. Published on 05/02/2023, available [here](#):

Q&A

Why are such investment structures used?

- Our investment structures are compliant with local rules and regulations, including those relating to taxation of the properties managed.
- Like many institutional managers of agricultural land, we establish corporate structures to hold that land with a focus on maximizing management and operational efficiency, including taking into account crop types and geographic location of our farms.
- Transparency in measuring investment results is important and holding farms in separate structures facilitates this.
- Our thesis is to identify, acquire, improve and manage good quality farmland, while abiding by our [Sustainability](#) and Zero Deforestation Policy. In the long term we intend to sell land, to benefit from the appreciation in value as part of the total return expectation. Given the most likely buyers are privately owned farming businesses, the sales process is facilitated by holding farms in separate entities.
- This structuring approach benefits our clients as well as our agricultural operators and tenant farmers.

Regarding transparency

Concern raised by stakeholder:

“Investment in agricultural land in Brazil makes it impossible to examine whether the Fund lives up to its commitment regarding ethics and the environment.”

Source: Swedwatch. Published on 4/15/2013, available [here](#):

Q&A

Why has TIAA been vague about the locations of their owned farmland?

- Nuveen’s interactive farmland map was first made available on-line in 2017, allowing people to see the assets’ locations and to cross check the exposure in every region where we operate.
- Whilst we have been subject to some confidentiality limitations, we have successfully upgraded this [Transparency tool](#) with further public disclosure of property locations. Instead of showing a geographical pin of the farm, we will now be displaying the shape of the farm, along with additional information on the farm.
- The updated version balances the quiet right of enjoyment related to statutory lease conditions as well as providing more transparency.