

DATE: April 9, 2021

TO: Faculty Senators

FROM: Ulowa Sustainability Charter Committee with Laura R. Graham (Anthropology) and Meena Khandelwal (Anthropology and GWISE).

RE: Proposed Resolution on TIAA Farmland Investments

At its April 27 meeting, Faculty Senate will be asked by the Ulowa Sustainability Charter Committee to consider a resolution requesting TIAA to address transparency and sustainability issues related to rural land grabs in its farmland portfolio. The proposed resolution (attached) is not radical. It complements the 2019 Faculty Senate Sustainability Resolution. Further, it accords with the university's stated mission, faculty history of leadership in conservation and social justice, and also with Iowa state laws limiting corporate ownership of farmland that seek to protect rural communities and the environment. At its March 9 meeting, Faculty Council voted in support of the resolution 11-4.

Faculty Council has been studying this issue since November 2020 when the Ulowa Sustainability Charter Committee first presented the proposed resolution to Faculty Council. It has heard pro arguments from faculty, including individuals who carry out research in areas and among peoples affected by land grabbing and who have participated in expert delegations that met with TIAA in attempts to productively engage TIAA on the matter. It also heard from members of civil society who are at the forefront of research on TIAA land grabbing and studying the environmental and social effects of TIAA's (and corporate) farmland investment practices. Opposing the resolution, Faculty Council heard directly from representatives of TIAA's Farmland investment division (CEO Martin Davies and André Chaves, Director of Sustainability, Westchester Group Investment Management/Nuveen) and also from Joni Troester of Ulowa HR.

We have assembled the materials presented to Faculty Council in support of the resolution over the course of the year. These include oral statements presented to Faculty Council by Ulowa faculty and concerned members of civil society, letters sent to Faculty Council in response to materials that TIAA/Westchester presented to Faculty Council in January 2021, a set of relevant bibliographic resources initially assembled at President Joe Yockey's request and a set of

sample/model questions for TIAA/Westchester representatives, prepared at the request of a Council member to help Councilors prepare for the January meeting with TIAA/Westchester representatives. With the exception of the sample questions, all of these materials have been either presented orally to Faculty Council or were submitted in writing to President Yockey and circulated to Faculty Council members. Most of the communications are short and to the point.

We have divided these materials into two pdf packets, and also attach the resolution:

1. Communications from within the Ulwa community: "Internal\_TIAA\_FC\_Communications"
2. Communications from parties outside the Ulwa community: "Combined\_CivilSocietyCommunications\_FC03092021"
3. Proposed resolution.

Please note that since the resolution was first submitted, in December 2020, a Brazilian government agency issued a report finding TIAA's corporate shell structure to be in violation of Brazilian laws that prohibit the foreign ownership of farmland. Also note that two other resolutions regarding TIAA have passed (SUNY New Paltz Faculty Senate and the United University Professions).

We appreciate your taking the time to familiarize yourself with the issues in advance of the April 27 Faculty Senate meeting and vote. We hope that you will join the Ulwa Sustainability Charter Committee and support this resolution.

The issues are directly related to our state's economy, the sustainability of Iowa's natural resources, the future of Iowa farming communities, and also the state economy.

Please feel free to circulate these materials to other Ulwa Faculty who you think may be interested in learning more about this issue.

### **Internal Ulowa Communications**

The following are communications from Ulowa faculty and representatives of the Ulowa Charter Sustainability Committee that is sponsoring the proposed resolution on TIAA Farmland Investments to be considered by Faculty Senate on April 27, 2021. With the exception of the “Potential Sample Questions for TIAA/Westchester representatives” (item 4), all of these communications were either presented orally or submitted in writing to Joe Yockey, President of Faculty Council (FC). The “Potential Sample Questions” were elaborated at the request of a Faculty Council member to help prepare for the January 26, 2021 meeting with TIAA/Westchester representatives; they were circulated to interested Faculty Council members in advance of the TIAA/Westchester representatives’ presentation. These questions contain brief summaries of research and reports concerning TIAA’s activities and identify some of the key problems with its farmland investment and practices; they provide a good, quick source of information. At the suggestion of several FC members, Joe Yockey requested a brief list of relevant bibliographic materials. The list supplied here (item 3) includes several additional resources beyond those initially supplied to Joe Yockey by the Ulowa Charter Sustainability Committee.

Included here:

1. Introduction to the proposed TIAA Resolution: Professor Laura R. Graham, Anthropology
2. Supporting remark: Professor Meena Khandelwal, Anthropology and GWSS
3. Selected bibliographic resources
4. Potential sample questions for TIAA/Westchester representatives for January 26 FC meeting

**1. Oral Remarks Introducing the Proposed TIAA Resolution  
Presented to Faculty Council on November 17, 2020  
Laura R. Graham, Professor of Anthropology**

My name is Laura Graham. I teach in the Anthropology Department and I am a member of the Latin American Studies Steering Committee. For the last thirty years, I've assumed – probably like most UIowa faculty and staff whose retirements are managed through TIAA – that TIAA has been upholding its stated public commitments to socially and environmentally responsible investing. I was shocked, however, when I learned that a significant and growing portion of TIAA's portfolio – its farmland portfolio – is anything but socially and environmentally responsible.

I know about many of TIAA's U.S. violations from fact-based reports, like those cited in the proposed resolution, or from talking to others who have researched them. Last week I was on a panel with a farmer from Missouri, where – as in Iowa and across the country -- family farmers face dire hardships. She told me that TIAA and other investment managers are making the situation worse. Investor documents show TIAA and others know that family farmers are going bankrupt and that they see this as an opportunity to acquire land. As TIAA and others are buying land, in the Mississippi Delta, Illinois and Indiana, and scarce water resources in CA for almond farms,<sup>1</sup> family farms are at risk of going under and will go extinct unless changes are implemented to protect farmers. One thing that we can do as faculty, is let TIAA know that we don't want them to be in the business of profiting off of farmers' distress.

My knowledge of what is going on in the U.S. may be second-hand, but I know first-hand, from over 40 years of field research, what is happening in the area where TIAA now has its greatest farmland holdings concentration: the central Brazilian cerrado (savannah). The cerrado is an extremely sensitive and biodiverse area, and it is one of the world's environmental hotspots. Over the last 9 years,<sup>2</sup> TIAA has aggressively been buying up cerrado farmland, especially in an area known as MATOPIBA. It now owns over 800,000 acres. Over 40% of TIAA's acreage and 25% of its total farmland assets are in the Brazilian cerrado.<sup>3</sup>

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<sup>1</sup> Pilpott, Tom. *Perilous Bounty: The Looming Collapse of American Farming and How We Can Prevent It*. Bloomsbury, 2020.

<https://www.bloomsbury.com/us/perilous-bounty-9781635573138/>

<sup>2</sup> TIAA launched its first fund in 2011 (tqt – need to check if publish)

<sup>3</sup> <https://documents.nuveen.com/Documents/global/Default.aspx?uniqueId=5d871a76-9a9f-437e-9eb2-d4ec57a677f6>

I've spent a good part of the last 30 years documenting the devastating effects of massive and unregulated agribusiness expansion and wonton toxic pesticide use in the Brazilian cerrado region. From seeing with my own eyes, I know the environmental and social havoc this is causing: deforestation and the drying up of river systems, contamination of rivers *and* the world's largest fresh water aquifer (Guarani aquifer), toxic-pesticide drift, and dramatic increases in racism and human rights violations.

Much of the cerrado land that is purchased, deforested, then developed for agribusiness is laundered through a fraudulent system in Brazil called "grilhagem," the well-known practice of issuing false titles to lands. "Grilhagem," from the Portuguese word for "cricket" (grillo), refers to the practice of placing fabricated land title papers in drawers full of crickets -- that scratch, eat and defecate on them -- making the papers appear old and thereby falsely documenting histories of title transfer.

Often this farmland is in areas where other people have legitimate, even constitutionally guaranteed claims to title. TIAA maintains that it does not purchase land-grabbed farms, or lands that are claimed by Indigenous or other legally protected groups. In 2017, I was part of an expert anthropological delegation<sup>4</sup> that met with TIAA representatives to discuss transparency, due diligence and best sustainability practices in relation to TIAA's Brazilian farmland portfolio.

TIAA maintains that it follows best practices and follows the Brazilian "letter of the law," but anyone familiar with the way things work in Brazil knows that TIAA's business model is severely deficient in terms of social and environmental responsibility.

For example, the TIAA representatives showed us the maps that TIAA consults when it considers farmland purchases. They maintain that TIAA does not purchase land in or near Indigenous areas. However, the data TIAA uses, based on information from Brazil's Bureau of Indigenous affairs, does not come close to adequately representing the potential for stepping into areas claimed by, or potentially claimed by, Indigenous People or communities of slave descendants (Quilombolos) who have constitutional rights to their traditional lands.

Currently there are 155 unresolved Indigenous land claims in Brazil. Many of these are in areas of agricultural expansion. These pending claims do not show up in the data that TIAA consults. Moreover, because Brazil's Indigenous Peoples have constitutionally guaranteed rights to their traditional lands, there is very real potential that Indigenous People may claim areas that don't show up on government maps. In the last 20-some years, one Indigenous group that I work with has succeeded in reclaiming from farmers eight areas that were fraudulently taken from them in the 1960s. These are not small parcels: One of these, the immense Fazenda Suia Missú, historically was Latin America's largest landholding. This Indigenous group, and many others, have not given up their plans to recoup more stolen land. This is just one example of the many ongoing land battles in the Brazilian cerrado.

Because Brazil's Bureau of Indian Affairs is notoriously underfunded, some Indigenous groups -- such as the Munduruku -- are undertaking their own land demarcations. In this map (see ppt), the area in red shows the auto-demarcated area. The area in yellow is grilhagem land. These areas would look fine to TIAA, unless it does more extensive due diligence research. The members of the

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<sup>4</sup> American Anthropological Association (AAA) and Society for the Anthropology of Lowland South America (SALSA).

AAA/SALSA expert anthropological delegation learned in our meeting with TIAA-Nuveen (its farmland company), that TIAA does not perform anything close to what we consider to be adequate due diligence.

Violence related to land is extremely high in the Brazilian cerrado. Over the past 10 years, Munduruku people – like many others -- have been constantly harassed, threatened, attacked, and murdered. 2019 saw violence against Indigenous People explode, reaching a level more than twice what it has been in over 20 years.<sup>5</sup> Land grabbing exacerbates this violence and human rights abuses.

Fraudulently grabbed lands in Brazil have huge potential to become *stranded investments*, public relations nightmares, or both. Stranded investments because Indigenous and local peoples can, and do assert their constitutionally guaranteed rights to land. When this occurs, investors do not recoup their investments.

Investments in and near protected populations also have great potential to become public relations nightmares. Because they suffer the consequences of agribusiness immediately adjacent to their lands, -- *in* their lands, from their point of view -- many Indigenous groups protest. For example, as in this image [see ppt] they stage road blocks that hold up traffic and commerce for hours. Some groups [see ppt] take their cases to high profile international arenas, such as the UN Earth Summit or the UN. For foreign investors, such demonstrations are public relations nightmares.

TIAA's actions in 2013 to acquire land in Wisconsin – to even change state laws limiting corporate and foreign ownership of farmland<sup>6</sup> -- faced resistance and protest from farmers' groups, who in turn began reaching out to faculty and staff at colleges and universities in the state. This led to resolutions passed by the Wisconsin Chapter of the American Federation of Teachers in 2017 and by the University of Wisconsin-Madison Faculty Senate in 2019. Our draft resolution is modeled on the University of Wisconsin resolution, updated with additional information.

In 2019, the UIowa Faculty Senate passed a resolution expressing its commitment to sustainability and environmental stewardship on our campus. We urge the University of Iowa Faculty to honor our University's commitment to sustainability and follow Wisconsin's example to become a leader in what is now a growing movement to hold TIAA to its commitments to real social and environmental sustainability.

My meeting with TIAA representatives in 2017 convinced me that TIAA will only move toward implementation of more ethical investment practices under pressure from its clients, that is, us.

I learned from Joe Yockey last night that our Faculty Retirement and Insurance Committee (FRIC) co-chairs have offered to invite members of the TIAA Farmland investment team to meet with Faculty Council in January. Since TIAA repeatedly would not honor similar requests for dialogue made by the AAA/SALSA team of expert anthropologists in 2017 and 2018, TIAA's interest in

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<sup>5</sup> The increase is due, in part, to the election of Jair Bolsonaro and his extreme anti-indigenous government. See, for example, <https://news.mongabay.com/2019/12/murders-of-indigenous-leaders-in-brazil-amazon-hit-highest-level-in-two-decades/>. In the last 10 years, 3 Munduruku have been assassinated by grillhagem's mafia-hired guns.

<sup>6</sup> [https://www.farmlandinvestorcenter.com/?p=426&option=com\\_wordpress&Itemid=171](https://www.farmlandinvestorcenter.com/?p=426&option=com_wordpress&Itemid=171)

coming to a UIowa Faculty Council meeting would confirm my understanding that TIAA doesn't take human rights abuses, land grabbing, and deforestation seriously. These issues have been pointed out to them for years. TIAA only takes the dissatisfaction of its clients seriously, which is why the Faculty Council must pass this resolution. This resolution is simply a formal declaration that UIowa faculty want TIAA to take action and act responsibly. If the Faculty Senate doesn't pass this resolution, nothing will really change.

We share a moral responsibility to hold TIAA accountable to implementing best practices for socially and environmentally responsible farmland investments with our monies.

I urge you to vote for this resolution. Thank you.

## **2. Oral remarks presented to Faculty Council on November 17, 2020**

### **Meena Khandelwal, Associate Professor of Anthropology and GWSS**

My name is Meena Khandelwal, and I am a faculty member in GWSS and Anthropology. I find it easy to ignore what is being done with my pension funds. It is boring and tedious, and I would rather focus on my research and teaching. Perhaps some of you share this bad habit. It is easy to check the 'socially responsible investing' box and forget about it. Professors are notorious for not paying attention to our TIAA accounts. Given my expertise in economic globalization and environmental issues in India, I have long been aware that our everyday decisions about our finances and consumption habits have far-reaching impacts in places we rarely think about; however, diving into TIAA reports was never at the top of my priority list.

Once I began educating myself about TIAA farmland investment activities after hearing concerns raised about them by my colleague Professor Graham and the American Anthropological Association, I found it exemplified many issues at the heart of my teaching and research: gender, race, coloniality, climate change, and globalization. I could no longer ignore horrific activities being done in my name and for my benefit.

While we do not all share the same expertise or priorities, we should all be concerned about what is being done with our retirement funds. If your issue is health, you should care about TIAA farmland investments. We know that industrial farming produces environmental toxins and less nutritious diet, especially for the very people in the Global South producing commodity crops for consumption by more affluent people. Medical anthropologists tell us that a healthy gut or microbiome is not separate from social and economic arrangements or from our natural environment. If your concern is climate change, then you should care about TIAA farmland investments that contribute to the global problem of forest being turned into farmland for industrial production of commodity crops. If your concern is Third World sovereignty, then you should care about TIAA farmland investments which are part of a colonial history of extractive economies that devour and degrade natural resources for the benefit of wealthy countries. If your concern is the displacement of people worldwide from rural livelihoods and their subsequent migration to cities and to rich countries such as the US, then you should care about TIAA farmland investments. If your concern is gender and racial justice, then you should care about TIAA farmland investments. Financialization of farmland dispossesses the most marginalized people in developing countries (indigenous people and smallholder peasants). Women are disproportionately impacted, due to the feminization of subsistence agriculture in developing countries and their responsibility for the everyday work of feeding people. In short, these issues are all intertwined. We cannot slow climate change without addressing social justice.



Our students are deeply concerned about the environment and social justice. I imagine that all of you care about at least one of these issues. If TIAA does not feel the need to be accountable to indigenous people in Brazil, who live faraway and have no power, the firm may feel a responsibility to us, their customers. I hope you will support this resolution. Thank you.

### 3. Selected Bibliographic Resources, initially prepared at the request of Joe Yockey following FC November 17 meeting; additional resources added

- “TIAA’s Farmland Funds Linked to Fires, Conflicts and Legacy Deforestation Risks in Brazil.” Chain Reaction Research. January 23, 2020. <https://chainreactionresearch.com/report/tiaas-farmland-funds-linked-to-fires-conflicts-and-legacy-deforestation-risks-in-brazil/>.
  - This is the most recent piece which sums it all up, and it comes from a consortium of research organizations called Chain Reaction Research working to inform investors about environmental, climate, and human rights risk.
  - Note: This report is included in materials NGOs sent to Joe Yockey after TIAA/Westchester representatives’ presentation to Faculty Council and appears at the end of the “Civil Society Communications to Faculty Council.”
- 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>.
  - This is the original NY Times article that first reported on the connection between TIAA and de Carli. To be clear, TIAA has never been found to have bought grabbed land, but de Carli has, and the fact that TIAA did business with him shows that its due diligence process was either fake or very bad. At the very least, TIAA is funding someone deeply involved in grabbing land.
- Zarroli, Jim. “TIAA-CREF Bought Brazilian Farmland From Notorious Land Grabber, Report Says.” *NPR*. Nov 17, 2015. <https://www.npr.org/sections/twotwo-way/2015/11/17/456351339/tiaa-cref-bought-brazilian-farmland-from-notorious-land-grabber-report-says>.
  - This is NPR’s original reporting on the TIAA connection to de Carli. There is a bit more information here.
- “TIAA-CREF Responds to Allegations of Brazilian Land Grabbing.” *The Takeaway*, WNYC. Jan 18, 2016. <https://www.wnycstudios.org/podcasts/takeaway/segments/tiaa-cref-accused-illegally-investments-brazil>.
  - This is a radio interview done with Devlin of GRAIN and Jose Minaya of TIAA, where Minaya very clearly and obviously refuses to even acknowledge concerns about their acquisition of farmland, simply repeating over and over that they did nothing wrong and that their process is good.
- Newkirk, Van R. II. “The Great Land Robbery. The shameful story of how 1 million black families have been ripped from their farms.” *The Atlantic*. Sept 29, 2019. <https://www.theatlantic.com/magazine/archive/2019/09/this-land-was-our-land/594742/>.
  - This is the story linking the new trend of farmland acquisition to historical land injustice in the US. To be clear, TIAA has not been found to have bought land taken from black farmers, though there is a decent probability that they did.

- <https://www.bloomberg.com/news/articles/2020-12-17/u-s-pension-fund-tiaa-embroiled-in-brazil-land-purchase-probe>  
On illegal foreign ownership of land in Brazil
- [https://www.grain.org/system/attachments/sources/000/006/304/original/Land\\_grabbing\\_in\\_Brazil\\_EN\\_04.pdf](https://www.grain.org/system/attachments/sources/000/006/304/original/Land_grabbing_in_Brazil_EN_04.pdf)
  - Reports Brazil's Government Land Reform Institute (INCRA) findings that TIAA landholdings violate laws prohibiting foreign ownership of farmland
- [2019-complicity-in-destruction-2.pdf \(amazonwatch.org\)](#)
- Philpott on TIAA buying up farmland in California  
(<https://www.motherjones.com/environment/2015/01/california-drought-almonds-water-use/>)
- Short articles with Madeleine Fairbairn (author of *Fields of Gold* [see books below]) referencing TIAA as a critical actor (<https://news.ucsc.edu/2020/09/fairbairn-fields-of-gold.html>, <https://news.ucsc.edu/2017/05/fairbairn-farmland.html>).
- <https://dailyiowan.com/2020/11/16/guest-opinion-faculty-request-transparency-sustainability-for-tiaa-farmland-investments/> [print version below]

#### Books/Reports:

- [Fields of Gold: Financing the Global Land Rush](#) by Madeleine Fairbairn (open access book)
- [Perilous Bounty: The Looming Collapse of American Farming and How We Can Prevent It](#) by Tom Philpott
- [Human and Environmental Cost of Land Business: The Case of MATOPIBA, Brazil.](#)
- [2019-complicity-in-destruction-2.pdf \(amazonwatch.org\)](#)

In the first two books, TIAA is characterized as one of the critical actors that “pioneered” the new development of treating farmland as a financial asset. The second is a report by a coalition of NGOs focuses on TIAA’s involvement in a specific tri-state area of the Brazilian cerrado. The third is a report by Amazon Watch documenting how investors from the north are enabling deforestation and the destruction of the Amazon region.

#### Also of potential interest:

This article is about George Floyd’s family history of land theft; there is a direct connection between historical land grabbing in the US, police brutality, and ongoing systemic racism as Newkirk’s *Atlantic* article makes clear: <https://www.latimes.com/world-nation/story/2020-06-03/the-many-chapters-marked-by-racism-in-george-floyds-family-history>.

# Root out racism in faculty retirement

Imperialist landgrabbing is often a part of managed investment for college teachers. The problematic practice is unsustainable.

Increasing public recognition of racialized state violence has prompted calls in higher education for pedagogical and institutional transformation. These shifts in employment mean little if our retirement benefits rest on a foundation of structural racism.

TIAA — Teachers Insurance and Annuity Association of America — manages retirement savings for most U.S. college faculty and staff and many non-profit employees. TIAA presents itself as a socially responsible investor, but the firm’s ‘socially responsible investing’ option allows land-grabbing. TIAA states that it is the largest manager of global farmland. Together with its many subsidiaries in Brazil and other countries, it has acquired over 2 million acres of farmland and leads corporate land speculation in the U.S. and globally.

TIAA’s farmland investments are extensive and troubling. TIAA has spent

toxins via crop dusting. Local people who stand up for their rights face death threats and intimidation by private security guards. TIAA’s corporate secretary refused to arrange a meeting between CEO Roger Ferguson and Altamiran Ribeiro, a farmer who visited the U.S. in 2019. Instead, she offered Ribeiro the opportunity to meet with a TIAA spokesperson who previously denied the issues Ribeiro wished to raise.

In Illinois, the home of TIAA’s farmland operations, the company rents land to operators who produce corn and soybeans without the cover crops that prevent soil erosion, and with intensive chemical use that poisons rivers and threatens the health of nearby communities. Small towns are dying around TIAA’s eroding lands. TIAA tried to use its influence to change Wisconsin state laws so it could acquire farmland there, and may have its sights on Iowa.

“These shifts in employment mean little if our retirement benefits rest on a foundation of structural racism.

\$340 million on farmland, much of this applied toward buying out family-owned farms, across seven states in the U.S. As Vann R. Newkirk II details in “The Great Land Robbery” (The Atlantic, 2019), this theft has a race. During Reconstruction freed black workers saved money to buy bits of land in the Mississippi Delta, then, from 1950-1964, black farmers lost 800,000 acres of land. Given the history of urban redlining and subprime lending, it may not be shocking to learn that the USDA created massive transfers of wealth from black to white farmers after 1950. Mass dispossession occurred not by grand conspiracy, writes Newkirk, just a million small decisions by various actors.

History is not just in the past. Land in the Mississippi Delta is ideal for industrial agriculture. Power brokers who run industrial farms today are venture capitalists, hedge-fund managers, and agribusiness consultants. Farmland has become a desired asset category for large-scale investors, including pension fund managers. TIAA is now a major player.

Injustice is not confined within national borders. TIAA has become the biggest pension-fund player in the global agricultural real-estate game. The non-profit GRAIN advocates for local control of farmland by small farmers and accuses TIAA of skirting laws to grab land in Brazil. These acquisitions undermine people’s ability to produce food for themselves and their communities. TIAA is a major funder of monocrop farming in Brazil that is devastating communities, poisoning water sources, and spreading

When TIAA tried to move into Wisconsin, University of Wisconsin Madison faculty members mobilized to issue a petition, and its Faculty Senate adopted the resolution in 2019. We seek support for a similar resolution to be passed immediately by the UI Faculty Senate. We have submitted a proposed resolution with the support of the Charter Sustainability Committee and will present it to Faculty Council in its Nov. 17 meeting. The resolution urges Funded Retirement and Insurance Committee (FRIC) and HR Retirement Fund Investment Review (RFIC) to publicly call on TIAA to, among other things, allow its clients (faculty and staff) a straightforward, efficient, and accessible way to divest from companies linked to human rights abuses and environmental degradation. TIAA should publicly disclose all information about its farmland holdings in the U.S. and abroad, including exact locations, boundaries, and acquisition dates.

In 2019, the UI Faculty Senate passed a resolution expressing its commitment to sustainability and environmental stewardship on our campus. We urge the Senate to again take leadership by joining a move to both divest from socially irresponsible farming pension fund investments and hold TIAA to its stated commitment to socially and environmentally responsible investing.

— **Laura R. Graham**  
UI Professor of Anthropology and President-elect of the Society for the Anthropology of Lowland South America  
— **Meena Khandelwal**  
UI Associate Professor of Anthropology and GWSS

#### 4. Potential Sample Questions for TIAA/Westchester Representatives

For January 26 Faculty Council – prepared and circulated to interested FC members at the request of a FC member

1. Since 2015, TIAA has repeatedly refused to address allegations that it deliberately created a corporate structure with the Brazilian sugar company Cosan to evade Brazilian restrictions on ownership of farmland by foreign entities, including its refusal to address questions from the [New York Times](#) and [National Public Radio](#). TIAA instead expanded its acquisitions of farmland over this period. As reported by [Bloomberg last month](#), Brazil's federal agency for land reform (INCRA) issued an opinion in 2019 that TIAA's farmland acquisitions violated Brazilian legislation governing foreign investment in farmland. INCRA's opinion also stated that TIAA's farmland acquisitions in the Cerrado region had occurred through a practice of land grabbing (known as *grilagem*) that is widespread in the Cerrado and in the Amazon, and TIAA knows this has been connected to its farmland acquisitions since at least 2015. INCRA suggests that all of the lands purchased via TIAA's subsidiaries since 2010 (when Brazil's foreign farmland restrictions came into effect), covering more than 150,000 hectares, should therefore be immediately annulled, with all of the land titles considered null and void. **Why has TIAA not taken actions to ensure that all of its farmland acquisitions in Brazil were conducted in clear and transparent compliance with Brazilian legislation?**
2. Since the collapse of the housing market in the US, TIAA has established a multinational subsidiary to speculate with farmland in the United States and in other countries. Brazil is a main target. This puts rural communities and small farmers at risk of displacement and contributes to land concentration and inequality. Although the main goal of TIAA is control over land, it promotes the expansion of mono-cropping plantations by agribusiness corporations that use chemical inputs derived from fossil fuels. These practices destroy biodiversity, undermine local food production by small farmers, and pollute the soil and water. This presents a risk for TIAA clients because the land is destroyed, and it poses a risk to all of us because agribusiness is a main cause of climate change. **Why does TIAA promote this destructive agribusiness system instead of investing in local and ecological agriculture? Is TIAA really acting as a responsible investor?**
3. In 2015, *The New York Times* and *NPR* reported that TIAA had bought farmland from a known land grabber in Brazil (Mr. de Carli) and had used offshore shell companies and complex legal and financial structures to evade and violate Brazilian law that limits foreign ownership of farmland. Jose Minaya, now the CEO of Nuveen, appeared on NPR and refused to discuss any of the allegations; instead he repeated that TIAA had done its due diligence, was following Brazilian law, and had done nothing wrong

(<https://www.wnycstudios.org/podcasts/takeaway/segments/tiaa-cref-accused-illegally-investments-brazil>). However, a new report from the Brazilian land agency indicates that TIAA did, in fact, violate Brazilian law limiting foreign ownership of farmland (<https://www.bloomberg.com/news/articles/2020-12-17/u-s-pension-fund-tiaa-embroiled-in-brazil-land-purchase-probe>).

Then, when satellite evidence emerged in 2017

([https://www.fian.org/files/files/The\\_Human\\_and\\_Environmental\\_Cost\\_of\\_Land\\_Business-The\\_case\\_of\\_MATOPIBA\\_240818.pdf](https://www.fian.org/files/files/The_Human_and_Environmental_Cost_of_Land_Business-The_case_of_MATOPIBA_240818.pdf)) and 2018

(<https://chainreactionresearch.com/report/foreign-farmland-investors-in-brazil-linked-to-423000-hectares-of-deforestation/>) showing that there had been significant deforestation on TIAA's land in the Cerrado, TIAA denied any wrongdoing. TIAA said that deforestation was minimal and was legal in any case. TIAA pointed to a new Zero Deforestation Policy, which would prohibit the company from buying any new land that had been recently deforested but which DOES NOT address any of their land that had been previously deforested. However, in 2019, satellite evidence emerged showing that there were what looked like intentionally-set forest fires on TIAA lands in the Cerrado (<https://foe-us.medium.com/harvard-and-tiaas-farmland-grab-in-brazil-goes-up-in-smoke-52dbfe57debf>).

**Why has TIAA not been more forthcoming in responding to these charges, and why should we believe what you are saying now?**

4. Last month, Bloomberg reported that more than one third of TIAA's 866,000 acres of land worth almost \$2 billion may be illegally owned, meaning that TIAA could suddenly lose over \$600 million if the Brazilian government cancels those titles. Bloomberg also reported that Harvard University's Endowment – which hired the head of TIAA's Brazilian Farmland subsidiary to run its own farmland investment business - could lose as much as 200,000 acres of land after a Brazilian court found that their land had been illegally privatized. Harvard already had to write off \$1 billion in losses in its natural resource portfolio. **Why is Westchester/TIAA/Nuveen making these financially risky deals and who faces the potential financial losses? Is it TIAA, or is it the pension funds investing in TIAA's funds? Also, how do farmland managers' fees compare to the fees for other financial products offered by TIAA?**
5. TIAA/Nuveen claims that their farms are sustainable, yet reports suggest that these claims are false or, at best, misleading. "Soil Wealth," a report from the Croatan Institute compared TIAA's farmland to other farmland investors: "Although both are farmland investors, TIAA...seem[s] to inhabit [an] almost parallel universe when it comes to reporting the social and environmental outcomes associated with their investments." **We know that winter cover crops are the most sustainable way to protect soil and**

**waterways. What percentage of your 27,000 acres of farmland in Illinois has winter cover crops?** <http://www.croatianinstitute.org/images/publications/soil-wealth-2019.pdf>.

6. **How does Westchester/TIAA/Nuveen determine and guarantee that their farms are not contributing to the high levels of agrochemicals in waterways and rivers?** There are pictures of TIAA farms in Champaign County in Illinois showing planting right up to the edge of drainage channels that flow into the Sangamon River which is highly polluted and provides drinking water to the county. **How does Westchester/TIAA/Nuveen guarantee the same for its farmland in Brazil?**
7. What are your relations with midwestern communities? What farmers' organizations, community organizations, academics, or others do you talk to and have relationships with in Midwestern states where you buy farmland? What about other states in the US? What about in Brazil? [Possible follow up: Would you say that the TIAA Center for Farmland Research at University of IL (slide 11 of TIAA/Westchester's submitted PPT) benefits local farmers or investors more? Why would a local farm bureau *leader* in Champaign County tell a researcher (Doug Hertzler, Action Aid) that the farmer had never heard of the TIAA Center?
8. TIAA insists that it "follows the letter of the law" in Brazil but, since Brazil has inadequate environmental legislation when it comes to the use of agrottoxins, isn't it morally irresponsible to be simply following Brazilian laws? **Shouldn't TIAA be upholding the highest standards in Brazil and elsewhere, at least equivalent to those in the US?**
9. TIAA has a public map of its Brazilian farmland holdings, but it is not possible to zoom in to see where the farms are located. **Since TIAA doesn't disclose the exact location of its farms, how can any outside verification or monitoring take place to determine any wrongdoing?**
10. Regarding due diligence and Indigenous claims to land, TIAA/Nuveen representatives informed members of a delegation from the American Anthropological Association (AAA) and the Society for the Anthropology of Lowland South (SALSA) in a 2017 meeting, that it uses maps and data available from Brazil's Bureau of Indian Affairs, FUNAI, to verify that its purchases are not infringing on Indigenous lands. However, FUNAI maps only show officially demarcated Indigenous lands. They do not show the location of the 155 Indigenous land claims that are currently pending and many more that are not yet officially registered with FUNAI. Although TIAA/Westchester/Nuveen insists that it does not purchase lands that Indigenous Peoples claim, it does not do any deep

research regarding the potential for Indigenous or Quilombolo (maroon descendants) land claims. Given that Indigenous and Quilombolo peoples have constitutional rights to their traditional lands, the potential for stranded investments is high unless TIAA/Westchester/Nuveen does deeper due diligence with communities in prospective areas. **Why does Nuveen only rely on FUNAI data, given that there are many pending and potential claims?**

11. Why, on your slide (14) about stakeholder engagement, are US family farm organizations (Family Farm Defenders, member of the National Family Farm Coalition) and Brazilian organizations (Rede Social) ranked “low priority” for engagement? Why does TIAA claim to prioritize engagement with organizations like ActionAid when TIAA has actually refused high level meetings with ActionAid along with other concerned organizations and international stakeholders? Why did TIAA refuse an invitation to participate in the American Anthropological Association Panel discussion in 2017 (Washington DC).
12. Explain how the Nuffield Scholars program (slide 11) is a benefit to rural communities. Isn't it more oriented toward supporting the interests of large agribusiness (for example, advocacy for GMO soy in South America)?
13. How can TIAA claim (slide 11) to be addressing the UN Sustainable Development Goal SDG 2 (Zero Hunger) when US farmers are harmed by overproduction of agricultural commodities while food insecurity remains high? How can TIAA claim that its farms are key to increasing productivity, when years of research shows that smaller farms are more productive per land unit and that we need to support small farms, worldwide, in order to address food insecurity?
14. Why does TIAA promote the simplified set of Farmland Principles (slide 13) it wrote in response to the PRI initiative (Principles of Responsible Investment) started by the UN? Why not embrace the more comprehensive human rights-based Land Tenure Guidelines negotiated and agreed upon in 2012 by UN member countries? See report: <https://www.actionaidusa.org/publications/tiaas-accumulation-of-farmland-is-not-responsible/>
- 15.a. The “Leading Harvest” certification scheme you cite in slide 15 is a new initiative but, given that so many similar schemes fail to hold companies accountable, why should we think that this one would be any different? The best known such initiative, The Roundtable for Sustainable Palm Oil, is known for its failures. We note that TIAA funds one of the researchers from U of Illinois (Bruce Sherrick), who is on the board. Isn't this a conflict of interest?



[From Leadingharvest.org website: “Our mission. And vision for the future. Leading Harvest is a **newly formed** nonprofit organization at the vanguard of advancing sustainable agriculture, providing assurance programs comprised of standards, audit procedures, training and education, and reporting and claim offerings that are optimized for flexibility, scalability, and impact.”

Takeaway: TIAA has funded a researcher from U of IL sitting on the board.]

b. For sugarcane certification in Brazil you say that you rely on Bon Sucro which was criticized in a recent research as being “captured by industry and the least participatory of all such multi-stakeholder initiatives”: <https://www.tandfonline.com/doi/pdf/10.1080/14747731.2018.1518863> **Are agribusiness-sponsored “independent” validators really holding the industries accountable?**

[Citation Philip Schleifer (2019) Varieties of multi-stakeholder governance: selecting legitimization strategies in transnational sustainability politics, Globalizations, 16:1, 50-66, DOI: [10.1080/14747731.2018.1518863](https://doi.org/10.1080/14747731.2018.1518863) ]

16. Slide 9 says “Since the launch of flex fuel cars in Brazil to December 2018, the production and use of ethanol from sugar cane has reduced emissions by 523 million tons of CO2 equivalent.” Can you explain how this was calculated?

Does this take into account the land use changes and deforestation caused elsewhere by the conversion of land to sugarcane for ethanol? Doesn’t this reinforce the increase in use of internal combustion vehicles rather than more sustainable transportation initiatives?

Reference recent article: <https://www.sierraclub.org/sierra/brazil-sugarcane-rush-poses-new-threat-amazon-rainforest>

17. Slide 10 says that TIAA “Facilitates the separation of operating businesses and capital, allowing family farms to expand.” **Doesn’t this just mean that family farmers become tenants on the land and that there will be fewer independent family farms? And won’t these farmers be placed in the position of taking on the uncertainty risks of farming while the profits go to investor landowners?**

18. [in response to any statements TIAA makes advocating for carbon markets to pay for changes to unsustainable agriculture practices] **Does TIAA think that any new income streams for better agricultural practices should go to local farmers or to distant corporate land owners?**

## Civil Society Communications submitted to FC for March 9 meeting

The materials submitted to the Ulowa Faculty Council by TIAA's Westchester division prior to its January 26 presentation generated a number of responses from civil society representatives and organizations concerned about TIAA's farmland acquisition practices. Five letters (one signed by 29 organizations) were sent to President Joe Yockey to be part of materials to be sent to FC members for study regarding the proposed TIAA Resolution. These communications object to various points, misrepresentations and inaccuracies in TIAA/Westchester's pre-circulated PPT presentation (this ppt was made available to various civil society organizations with permission from Joe Yockey).

In addition, four civil society representatives attended the March 9 Faculty Council meeting; three made brief oral presentations.

The following PDF includes these civil society communications:

1. Civil society oral statements to Faculty Council on March 9.
2. Letter from Iowa farmer Patti Naylor who serves as a focal point for the North American civil society at the UN Committee on World Food Security.
3. A Letter from Aidenvironment pointing out that the Westchester "Memo to Ulowa," dated 2-1-21 does not, as TIAA maintains, respond to the final version of the Aidenvironment and Chain Reaction Report, as stated in the TIAA memo to Ulowa. The letter points out that Westchester misrepresents the nature of the document it sent to FC, which was its word-for-word response to an earlier draft report supplied by Aidenvironment to TIAA for comment. Aidenvironment enumerates key problems with the Westchester response.
4. Letter from RedeSocial, a NGO that has done extensive research and reporting on TIAA activities in Brazil and its impacts on local communities and the environment. The letter addresses the current state of TIAA's legal problems with its land ownership in Brazil. [Note: In the January 26 meeting, Westchester CEO Martin Davies failed to address FC questions about the December 2020 Brazilian government report that finds TIAA's shell structure and farmland holdings to be illegal].
5. Open letter to TIAA participants from 29 organizations regarding TIAA's problematic representation of its engagement with civil society stakeholders in its presentation to University of Iowa Faculty Council.
6. Letter from ActionAid USA addressing numerous issues and misrepresentations in TIAA/Nuveen/Westchester's reports and materials.
7. For easy reference, the final Chain Reaction/Aidenvironment report from January 2020, which took Westchester's comments into account, and to which TIAA failed to respond.

## **1. Presentations to Faculty Council from Civil Society Representatives**

**March 9, 2021**

(Short bios follow oral statements)

**Maria Luisa Mendonça**

**Executive Director, Network for Social Justice and Human Rights/ RedeSocial & Visiting Scholar, Center for Place, Culture and Politics at the CUNY Graduate Center**

My name is Maria Luisa Mendonca, I'm co-director of the Brazilian Network for Social Justice and Human Rights. For over 20 years we have been doing research about policies that affect human rights and the environment in the Brazilian countryside. Since 2010, we have identified a new trend of financial corporations targeting farmland as a financial asset, especially after the collapse of the housing market in the United States. TIAA is a major player in this process, promoting the expansion of mono-cropping plantations of soy and sugarcane, causing deforestation, pollution of soil and water sources, destruction of local food production and displacement of Indigenous communities and small farmers.

TIAA's sustainability reports, which disregard these impacts, are not done by independent researchers and its farmland map doesn't allow identification of the location of its farms.

We work closely with communities that are organizing to defend their land rights and this is a critical moment for them. As a result of an ongoing investigation by the Brazilian Public Prosecutor's office, the National Land Reform Institute (INCRA) concluded that TIAA violated a Brazilian law that limits foreign ownership of farmland. Also, according to INCRA, TIAA was not able to present documentation of legal transfer of public lands it acquired to confirm how they were put in the market.

TIAA clients face financial risks because several large land titles can be cancelled. But even if we don't consider these legal issues, TIAA promotes a destructive agribusiness system based on massive use of chemical inputs that destroys the soil, water sources and biodiversity. This type of agriculture system based on fossil fuels is a main cause of climate change, including large sugarcane plantations to produce ethanol. Several scientific studies have confirmed that Brazilian ethanol cannot be considered "green energy".

As you know, environmental destruction decreases agricultural productivity over time. Consequently, agribusiness corporations expand their plantations to exploit more natural resources. This is what we have seen recently with increasing fires and deforestation in the Brazilian *Cerrado* - the most biodiverse savanna in the world and an important source of underground water and river springs.

Farmland is a vital resource for humanity and cannot be a target of financial speculation.

Thank you for your attention.

**Patti Naylor****Iowa farmer; Focal point for the North American civil society at the UN Committee on World Food Security**

Good afternoon,

My name is Patti Naylor. I farm with my husband in Greene County, in west-central Iowa. We recently transitioned our whole farm to organic. I am really excited to be getting a small flock of chickens this weekend.

Iowa is the perfect place to be discussing serious issues surrounding agriculture, food production, and land access.

As we see here in Iowa, intensive production of a few crops that use harmful chemical pesticides while raising millions of animals in confinements, which is the agribusiness agenda, is easy to manage, but at the same time, it is very destructive. The results are polluted rivers, soil erosion, far fewer families on farms, and hollowed-out rural communities. I have to ask, whether here in Iowa or on TIAA managed farmland, what tweaks to this system could possibly be enough to be considered sustainable?

In Iowa, most of the corn and soybeans we produce are used to feed livestock in feedlots and in confinements, or to make biofuels. Portions of these two crops are used as ingredients in highly-processed foods, contributing to diet-related diseases. The meat, milk, and eggs from Iowa are not going to low-income people who are food insecure. Thus, this is not the model needed to quote “feed the world.”

Furthermore, the financialization of farmland for investment goals creates obstacles for young and aspiring farmers to access land and, in some cases, takes farmland away from farmers already in the community. In fact, this model is at odds with the laws of Iowa which limits the corporate ownership of farmland precisely because it is harmful to farmers and rural communities.

In contrast, an extensive system with diversity in crops and animals on family-scale farms is a far better way to produce food. I believe we need to take agriculture in a different direction. Research shows the environmental, social, and economic benefits of diverse, community-based, family-scale farming.

I think we can all agree that the University of Iowa contributes to and depends on a healthy and thriving state population and economy. As I wrote in my letter as an Iowa farmer to fellow Iowans, I worry that in supporting TIAA’s status quo, University of Iowa faculty are in essence undermining the institution’s future. Thus, I appeal to you to vote in favor of this resolution.

Thank you.

## **Doug Hertzler**

**Senior Policy Analyst, Action Aid; UIowa PhD (Anthropology)**

I am Doug Hertzler, a University of Iowa Alum and Senior Policy Analyst for ActionAid USA. ActionAid is a human rights-based anti-poverty, anti-hunger organization working in 45 countries. TIAA manages our staff retirement plans

TIAA has been avoiding any serious engagement with communities affected by its massive farmland investments well before we at ActionAid wrote them our first letter in 2015. TIAA has a long history of avoiding serious civil society engagement. In your packet there is a letter signed by 29 organizations objecting to TIAA's misleading depiction of its willingness to engage on these issues.

At ActionAid we have been alarmed by the type of agriculture that TIAA is investing in through its global accumulation of farmland, including in Brazil's cerrado forests.

TIAA claims that this land acquisition addresses UN goals on global hunger. This is false. It actually creates further inequality and imbalance in food systems. In numerous communities, it threatens the human right to food and nutrition.

TIAA is also engaged in greenwashing. You can see this in its misleading response to Chain Reaction's report on deforestation, as explained in two letters in your packet, including my letter which explains the damaging effects of TIAA's farming practices on communities, water and soil that I observed in Illinois.

TIAA is helping to make farmland inaccessible to young farmers and farmers of color by driving up prices, at least temporarily, and concentrating land in fewer hands, which is more likely to be permanent.

Finally, TIAA has put hundreds of millions of dollars of retiree money at risk by trying to create its own loophole to Brazilian law on foreign land ownership. It is now at risk of losing its farmland titles.

The resolution before you is not radical. It is well documented and does not call for divestment of your money or anyone else's from particular funds.

Your vote to pass the resolution will create pressure on TIAA to be more transparent and do better. It will also draw attention to these problems in general and contribute to the development of solutions that go beyond TIAA.

The resolution written by your fellow faculty members builds on the efforts of tens of thousands of TIAA clients who have already signed resolutions, written letters, made phone calls, and held

meetings to encourage the company to improve its policies so that it does not invest in deforestation or human rights violations, and also so that it protects its clients.

At ActionAid, we hope that you will join us, as TIAA participants, in raising the profile of these issues by passing this resolution. Thank you for having spent time on this and listening to us. We look forward to answering any questions at this time.

### **Visitors' Short Bios**

**Maria Luisa Mendonça**, PhD, is Founder and Executive Director of Network for Social Justice and Human Rights (RedeSocial) that, in collaboration with local attorneys, pioneered investigations of TIAA's land grabbing in Brazil. Rede Social's work laid the foundation for the INCRA report that recently found TIAA's corporate structure to be illegal in Brazil. RedeSocial has published numerous reports on TIAA's illegal activities in Brazil, several in partnership with GRAIN. Mendonça is currently a Visiting Scholar in the Center for Place, Culture and Politics at the CUNY Graduate Center. Maria Luisa Mendonça <[marialuisam222@gmail.com](mailto:marialuisam222@gmail.com)>

**Patti Naylor** is an Iowa farmer who serves as a focal point for the North American civil society at the UN Committee on World Food Security. As an advocate for farm and food justice, she sits on the boards of Wisconsin-based Family Farm Defenders, Iowa Organic Association, and Pesticide Action Network - North America. Since October 2020, Naylor has been the focal point for the North American region of the Civil Society and Indigenous Peoples' Mechanism for relations with the UN Committee on World Food Security. Her essay, "A Cautionary Yet Hopeful View of Iowa's Agricultural Future," appears in the ISU Brunnier Art Museum's publication accompanying its current exhibit, "Compelling Ground: Landscapes, Environments, and Peoples of Iowa." Patti Naylor <[edwardsonp0625@gmail.com](mailto:edwardsonp0625@gmail.com)>

**Doug Hertzler**, raised on a family farm, is Senior Policy Analyst at Action Aid whose work focuses on community land rights, food sovereignty and the impact of big ag on the climate and communities. He holds a PhD in Anthropology from the University of Iowa. Doug Hertzler <[Doug.Hertzler@actionaid.org](mailto:Doug.Hertzler@actionaid.org)>

**Devlin Kuyek**, of GRAIN, monitors and analyses global agribusiness, including the global land rush. Together with RedeSocial, GRAIN has published numerous important English-language reports on TIAA land grabbing and illegal activities in Brazil and elsewhere. Devlin Kuyek <[devlin@grain.org](mailto:devlin@grain.org)>

## 2. Letter from Iowa farmer Patti Naylor: March 3, 2021

Dear University of Iowa Faculty Council:

Thank you for allowing me this opportunity to communicate my perspective as an Iowa farmer on the issue of farmland investments by TIAA. I commend you for taking this time to get a broader view and a deeper analysis. I look forward to the opportunity to speak about these issues with the Faculty Council at its March 9 meeting. Knowing that time to discuss this is limited, I am outlining my concerns here.

The model of agricultural production that is employed by TIAA on its farmland is environmentally, socially, and economically destructive. As we see here in Iowa, decades of this agribusiness model has polluted our rivers, driven out family farmers and small businesses, and left our small towns deserted.

By commodifying and financializing farmland for investment goals, TIAA is promoting a model of farmland ownership and finance that is bad for farmers. This model is also at odds with the laws of Iowa which forbids the corporate ownership of farmland precisely because of how it is harmful to farmers and rural communities.

Finally, TIAA is also promoting the agribusiness narrative which is replete with myths and false narratives: bigger is better, corporations and the agribusiness experts manage farmland better than a local community of family farmers, and the globalized free market economy can be relied on to feed us.

I will address a few interconnected claims made by TIAA regarding their farmland investments and argue that they are at best misleading and in many cases are simply false.

Point #1: TIAA asserts that there is a need to **“feed the world’s growing population”** and that by producing the **“necessities of life”** TIAA’s farmland is significantly contributing to this need. In fact, more than enough food is already produced for local and regional consumption, mostly by small-holder farmers and fisherfolk, many of whom are women. Yet, millions of people are victims of food insecurity, hunger and malnutrition, caused by enormous inequalities and injustices and worsened by conflict and climate crises. When large supermarkets stock 40,000 food items and Iowa’s 22 million acres of corn and soybeans are used almost entirely for animal feed, ethanol, and ingredients in highly processed foods, the problem is not how to produce more food. TIAA invests in agriculture, but this corporate land ownership model has serious implications for local food systems and local economies. TIAA investments take the most productive land within an area, removing land available for local and regional food production and short-circuiting

the local economy. As we see here in Iowa, the corn-soybean-CAFO model of specialization, rather than diversification, is neither environmentally nor socially sustainable.

Point #2: TIAA claims that its investments and management **allow family farmers to expand their operations**, thereby enabling farmers to afford new and more efficient technologies. As we see repeatedly in Iowa, farmland concentration in the hands of fewer and fewer individual farmers is only possible by the well-capitalized producers who can take advantage of the newest equipment and technologies to farm more acres. Some technologies certainly provide benefits to farmers and to the environment. However, other technologies used in the model of agricultural production favored by TIAA make it entirely possible to replace farmers' knowledge and skills while managing large tracts of farmland. If we follow this path, soon there will be no independent farmers left; instead, we will have disposable employees in our communities while millions of acres of Iowa farmland will be managed by computer in distant locations – by someone who may even claim to be a “family farmer.” Who will be left to be the stewards of our soil and water? What will become of our once-vibrant rural communities? How will future generations learn that we are a part of nature? How will they learn to plant a seed, pick an apple, gather eggs, or explore the pastures, woods, and creeks of a diverse farm landscape?

Point #3: TIAA's farmland investment model **promotes tenant agriculture over farmer ownership of land**. As tenants, farmers pay an annual per-acre rent on top of the costs they incur to produce a crop. Profitability is difficult, especially when commodity prices have been low for years and the recent trade wars and COVID-19 have made marketing our products even more uncertain. Tenant farmers are especially vulnerable to market fluctuations and shocks. Farmers are left with little room to do anything but produce as much as we possibly can on each acre. In contrast, my husband and I transitioned our family farm to organic. We added an orchard, a small prairie, pollinator and quail habitat, and we use cover crops. With over half of Iowa farmland owned by a landlord who does not farm the land, the financial risk to the tenant of making even minor changes to their farming practices are high. As the landowner, TIAA is unlikely to take marginal land out of production, to diversify crops and livestock, or to transition to organic when the primary goal of the investment is a stable financial return.

Point #4: TIAA claims that **'many youth want to do other things.'** The high costs of equipment, inputs, and land needed for commodity agriculture mean few young people will have the ability to enter into farming. TIAA's model of agriculture production does not include the diversity of crops and livestock that attracts many young people to farming. When farming and producing food is seen by society as a necessary, honorable, and dignified profession, and support comes in the form of



fair prices for their production, young people will want to farm. Without societal and policy support, creative and aspiring young farmers will have difficulty being successful.

Point #5: Moreover, by increasing **the price of farmland**, TIAA's investments drive up annual rents. This forces farmers to be highly competitive. As the investment company squeezes them, they attempt to squeeze as much as they can from the land they rent. This has environmental consequences: they use more toxic pesticides and plant right up to stream beds. What's next - tiling fields? This is happening in Iowa.

Point #6: TIAA **installs drainage tiles to maximize the arable planting area of their farms**. Farmers do whatever they can to increase their production per acre, installing drainage tile, as one example, in response to the fierce competition of the global free market. This practice overlooks more environmentally beneficial and sustainable practices such as buffer strips, grass waterways, perennials and pastures, and other advantageous means of protecting less productive farmland that is essential to ensuring the soil stays in place and water is not polluted. These are the critical conservation practices that require a long-term outlook. Instead, the land investment model uses short-term leases that disincentivize long-term sustainable practices and land use management.


There is much more to be said about an agriculture system that exploits nature and human labor, but I will end by reflecting on the history of my family's farm and the investments that were needed to make it successful. My grandfather bought the farm, situated a mile north of the Middle Racoon River in Guthrie County, during the Great Depression. He believed in selling only meat, milk, and eggs from the gently rolling hills of this farm. Crops, including hay and small grains, were grown for the livestock that, in turn, provided fertility to the crops, in a closed-loop system. Like others who came to Iowa, buying farmland meant an agrarian livelihood was possible. Their investment was in the form of hard work, determination, personal sacrifice, and perseverance. Their goals were building community, caring for land and livestock, and ensuring the family would have a future on the farm. These are the investments many young people are making today – or dream of making - as they are passionate about bringing livestock back to farms, producing food for local consumption, and diversifying Iowa's landscape. This is the model of agriculture I believe we need to invest in.

As Iowan Henry A. Wallace said in 1936 while serving as U.S. Secretary of Agriculture, "Both farmers and non-farmers have a responsibility to each other, and any dodging of this responsibility by either group is likely to end in disaster." This is the social contract that recognizes the common good that comes from the land - when land is not a commodity but instead defines community.

Other Iowa perspectives are relevant to this discussion. To mention just two, Elders of the Meskwaki Tribe near Tama and Latin American immigrants who work in Iowa's meatpacking plants or do the dirtiest jobs in the hog, poultry, and dairy confinements of this state could also tell us about the ill effects of speculative land financialization. The trauma of ancestral lands being taken from a community has reverberated for generations through the loss of culture, healthy foods, and sense of belonging.

As an Iowa farmer, I appeal to you as fellow Iowans. Though I have not talked with any of TIAA's tenants nor seen the kinds of contracts TIAA offers them, I worry that a land investment and lease model could eventually be like the corporate corn-soybean-CAFO model that we see in Iowa. In Iowa, this model contributes to farmers' economic insecurity and undermines farmers' ability to diversify their farms or to invest in sustainable, ecologically-sound practices. This model continues the specialization of agriculture, with the disastrous livestock confinements we know so well. This model makes the real changes we need, especially getting livestock back onto farms and returning to that social contract between farmers and non-farmers, more difficult to achieve. The University of Iowa contributes to and depends on a healthy and thriving state population and economy. In supporting TIAA's status quo, UIowa faculty are in essence undermining the institution's very existential future. Thus, I appeal to you to vote in favor of this resolution.

Sincerely,

A handwritten signature in blue ink that reads "Patti Naylor". The signature is written in a cursive, flowing style.

Patti Naylor  
Churdan, Iowa

### 3. Addressed to

University of Iowa - Faculty Senate

### Date

2 March 2021

### Subject

Reply to the Westchester's (TIAA/Nuveen) 'Memo for the University of Iowa addressing social and environmental concerns in Brazil' following their presentation on January 26<sup>th</sup>, 2021

Dear all,

As the party responsible for the sustainability risk analysis of the **Chain Reaction Research** report '[TIAA's Farmland Funds Linked to Fires, Conflicts and Legacy Deforestation Risks in Brazil](#)' published on January 2020, I hereby reply to the Westchester letter, 'Memo for the University of Iowa: Addressing social and environmental concerns in Brazil' following their presentation on January 26<sup>th</sup>, 2021, which addresses social and environmental concerns in Brazil pointed by our research. Chain Reaction Research is a consortium between three organizations: Aidenvironment, Profundo, and Climate Advisers.

**First, it is important to highlight that the Westchester memo is an exact copy of a document that was shared with Aidenvironment as part of the above-mentioned report's due hearing process.** Before the report's publication, we shared a draft version with Nuveen/Westchester in an effort to promote an open dialogue and giving Westchester the opportunity to reply to our findings. **We first contacted Nuveen, which put us in contact with the Westchester Group, and finally received a reply with documents from Radar's sustainability team in Brazil.** Therefore, the memo Westchester shared with your faculty at the University of Iowa is, in fact, only a response to a draft version of our report. Its claims were discussed with Radar's sustainability team during two video calls and integrated into the published final version of our report, which still finds serious concerns. We wish you to understand that Westchester still has yet to respond to the concerns we raise.

Second, we would like to list four of the concerns identified by our research regarding the social and environmental impacts of farmland investments by Nuveen/Westchester in the Matopiba region of the Brazilian Cerrado biome:

- **The organizational governance and farmland portfolio of Nuveen/Westchester is not transparent.** Our research found that Nuveen/Westchester operations in Brazil are linked to at least 24 Brazilian subsidiaries, including Radar, Tellus, Nova Gaia and Terra Viva. Nuveen/Westchester publicly states the ownership of 15 properties totaling 77,271 hectares in the Matopiba region; however, our research also found an additional 11 properties totaling 16,636 hectares, and Nuveen confirmed their ownership. This means that Nuveen is not properly disclosing its properties' portfolio, which can be interpreted as a lack of transparency in its operations.
- **Nuveen's zero-deforestation policy from August 2018 might be not effective since it entered into force just after the period when most of their farmland purchases in Matopiba took place, between 2012 and 2017.** Moreover, this policy forbids deforestation after a "cut-off" date, but Nuveen has cleared native vegetation on their farmland in the Cerrado biome after the cut-off date of 2009. They justify this clearing by saying they were authorized under Brazilian law and were following a third party's standard. **However, it is important to highlight that the term 'zero-deforestation' means the exclusion of any kind of land conversion, which also includes any clearing that may be legal.**
- **Our research found 2,970 hectares of deforestation between 2009 and 2018 in five Nuveen/Westchester properties in the Brazilian states of Maranhão and Piauí, and at least 2,350 hectares of native vegetation were cleared by fire in 2019 in three properties in Maranhão.** Additionally, in March 2020, our monitoring system also identified 5,200 hectares of deforestation in one of the properties leased to SLC Agrícola – a major agribusiness company that is Nuveen's largest tenant – in Formosa do Rio Preto, Bahia state.
- **As identified by an ongoing investigation into the largest land-grabbing schemes in the Brazilian states of Piauí and Maranhão, at least 22,800 hectares of Nuveen/Westchester's farmland portfolio is in properties previously owned by the 'De Carli' family.** This 'De Carli' family's land-grabbing scheme is directly linked to previous violence and conflicts reported by local communities, especially violent conflicts in Fazenda Ludmila in Santa Filomena, Piauí state. **Local communities also reported that recent activities in plateau areas in the vicinity of Nuveen's Fazenda Ludmila are impacting their livelihood,** as these areas are used by locals for harvesting fruits and herbs and for seasonal animal breeding. Other direct negative impacts are reported in lowland areas due to monocrop farming activities in the plateaus, including scarcity of water sources, decrease of water quality due to agrochemicals, health problems caused by the consumption of water from local rivers, negative impacts on the local fauna (fish), and land degradation.

Finally, we would like to inform that we are open for any further clarifications needed.

Yours sincerely,



Joana Faggin - Senior Researcher



4. To: University of Iowa Faculty Council

Subject: Response to the Westchester's (Nuveen / TIAA) presentation at University of Iowa

March 1, 2021

Dear Friends,

Since 1999, *Rede Social de Justiça e Direitos Humanos* (Network for Social Justice and Human Rights - [www.social.org.br](http://www.social.org.br)) has been conducting research and publishing reports, books, and articles on rural Brazil focusing on the impacts that state policies have on rural communities. Our research specifically examines the economic, social, and environmental impacts of the expansion of agribusiness and, more recently, the role of international pension funds in farmland markets. These corporations acquire public, common use land<sup>1</sup> through an illegal practice known in Portuguese as *grilagem*.<sup>2</sup> This is causing deforestation of the *Cerrado* biome, the most biodiverse savanna in the world. It is also intensifying violence against Indigenous, *quilombola* (rural Afro-Brazilian), and peasant communities.

In response to the Westchester's (Nuveen / TIAA) presentation to the University of Iowa Faculty Council on January 26, 2021, our organization would like to clarify the following points:

- TIAA promotes the expansion of monocropping plantations in Brazil, mainly soy and sugarcane. TIAA's operations in farmland markets are based on financial speculation, targeting farmland as a financial asset. When a large corporation such as TIAA sets up a fund to operate in land markets around the world, it creates a speculative tendency in farmland prices, generating vulnerability and risk of displacement for small farmers and rural communities that produce food for local markets.
- TIAA clients also face financial vulnerability and risk because of the speculative nature of these land deals, in addition to the risk posed by the destructive agriculture system TIAA promotes. The expansion of monocrop agricultural commodities destroys soil fertility, biodiversity and wildlife. Because it relies heavily on large inputs of chemical pesticides and fertilizers, monocropping also pollutes local food production and the water sources that local communities depend on. Environmental destruction decreases agricultural productivity over

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<sup>1</sup> "*Terras devolutas*" or public lands are often the home of local communities that have land rights of common use.

<sup>2</sup> "*Grilagem*" is an illegal form of land appropriation by falsifying land titles. The term comes from the practice of storing counterfeit documents in boxes with crickets ("*grilos*"). The insects make the falsified documents look old so that they appear to be legitimate.

time, so agribusiness corporations expand their plantations to exploit more natural resources and compensate the decreased productivity<sup>3</sup>.

- TIAA is financing the expansion of agribusiness and the destruction of rural communities. Investments in technology do not replace the loss of natural resources. They demand large state subsidies that generate public debt, disproportionately benefiting agribusiness corporations and not small farmers. Agribusiness expansion is a main cause of environmental destruction and climate change because large plantations demand massive use of chemical inputs based on fossil fuels and large irrigation systems, as in sugarcane plantations for ethanol production.<sup>4</sup>
- As a result of an investigation by the Public Prosecutor's Office in Brazil, the National Institute for Agrarian Reform - INCRA - has been investigating TIAA's connection with illegal land grabbing. Our organization and our partners have submitted legal petitions and published several reports detailing how [TIAA](#) uses opaque corporate structures, run through offshore jurisdictions, to conceal and evade Brazilian laws that restrict foreign ownership of farmland. INCRA's assessment shows that lands acquired by TIAA after 2010 were purchased in violation of Brazilian laws, via Brazilian subsidiaries that are part of the same "economic group." INCRA recommended that all lands purchased via TIAA's subsidiaries since 2010, covering more than 150,000 hectares, be annulled. INCRA also recognized that TIAA was not able to demonstrate the legal origin of its land titles, which thus can be considered null and void<sup>5</sup>.

Thank you very much for your attention.

Sincerely,

Maria Luisa Mendonça, PhD

Co-Director, Network for Social Justice and Human Rights

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<sup>3</sup> For more information and data please see these reports:

- <https://www.social.org.br/index.php/pub/booklets-english/202-tiaa-tied-to-deforestation-and-displacement-of-farmers-environmentalists-claim-in-new-report.html>
- <https://www.social.org.br/index.php/pub/booklets-english/231-harvard-and-tiaa-s-farmland-grab-in-brazil-goes-up-in-smoke.html>

<sup>4</sup> For more information and data please see these reports:

- <https://www.social.org.br/index.php/pub/booklets-english/139-social-and-environmental-impacts-of-sugarcane-production-in-brazil.html>
- <https://www.social.org.br/index.php/pub/booklets-english/147-the-sugarcane-industry-and-the-global-economic-crisis.html>

<sup>5</sup> Please see this report: <https://www.social.org.br/index.php/reports/reports-english/253-tiaa-and-harvard-s-brazilian-farm-deals-judged-illegal.html>

5. March 3, 2021

**Open letter to university and nonprofit account holders, pension funds and other stakeholders regarding TIAA's engagement with civil society**

TIAA has become the world's largest accumulator of farmland through its acquisitions in the United States, eastern Europe, Australia, New Zealand, and South America. This includes its purchase of recently deforested land in the Brazilian cerrado that was acquired from land grabbers without proper consideration of the legitimate tenure rights of local communities, and, as reported by Bloomberg, possibly in violation of Brazilian law.<sup>1</sup>

University and non-profit employees in the United States and public pension fund members in many countries are concerned about the fact that TIAA is leading the movement to financialize farmland globally, using the retirement funds of their participants, and causing negative impacts on human rights, the environment, and local economies. The social, environmental, and legal problems, along with the inflation of land prices and displacement of farmers entailed in this financialization, constitute a series of risks and ethical pitfalls for account holders.

On January 26, 2021, the President and CEO of TIAA/Nuveen's global farmland subsidiary Westchester, Martin Davies, and two other TIAA employees made a presentation to the University of Iowa Faculty Council on the social and environmental impacts of TIAA's acquisition of farmland around the world. While TIAA made unsubstantiated claims throughout the presentation, we note that the TIAA team shared a slide charting TIAA's engagement with civil society stakeholders, with the claim "We proactively engage stakeholders to build awareness and involvement in our work." The chart lists civil society organizations on a continuum from "adversarial" to "very interested" and from "high influence" to "low influence."

The undersigned organizations, including many of the groups depicted, take exception to this characterization of TIAA's engagement with civil society. On no occasion has TIAA proactively engaged our organizations; to the contrary, TIAA has proactively avoided high level engagement with some of the groups depicted in the chart and to our knowledge has had no engagement or only superficial communication with others. During the few meetings some of our organizations have had with TIAA/Nuveen public relations staff, they provided no clear response to our concerns, essentially dismissing them. It is especially noteworthy to us that TIAA's illustration depicts the organizations working most closely with local communities, whose members are most directly impacted by its land acquisitions, as being of least concern for their engagement. Key human rights and environmental organizations, along with organizations holding investors socially accountable, are portrayed as non-influential or "adversarial," while other organizations are inexplicably portrayed as supportive of TIAA's activity without any basis or serious engagement.

Land is key to the human right to food, livelihood and identity of local communities. Land should be managed by local rights holders and communities. No one should consider land to be

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<sup>1</sup><https://www.bloomberg.com/news/articles/2020-12-17/u-s-pension-fund-tiaa-embroiled-in-brazil-land-pur-chase-probe>

primarily a financial instrument. Governments should guarantee legitimate tenure rights in line with the Guidelines on the Responsible Governance of Tenure (VGGTs) agreed upon by the UN member states in the Committee on World Food Security, and TIAA should not undermine land rights or human rights as defined in the Guidelines.<sup>2</sup>

Sincerely,

AATR - Rural Workers' Lawyers Association (Brazil)  
ActionAid International  
American Anthropological Association (AAA)  
As You Sow  
Comissão Pastoral da Terra (CPT-Brazil)  
Farm and Ranch Freedom Alliance  
Farms Not Arms  
Family Farm Defenders  
Federation of Community Forestry Users Nepal  
FIAN International  
FIAN Sweden  
Friends of the Earth US  
Grassroots International  
GRAIN  
Greenpeace USA  
Iowa Citizens for Community Improvement  
Maryknoll Office for Global Concerns  
National Family Farm Coalition  
North American Congress on Latin America (NACLA)  
Northeast Organic Farming Association-Interstate Council  
Northeast Organic Farming Association of Vermont  
Northwest Atlantic Marine Alliance  
Oxfam America  
Peace Roots Alliance  
Presbyterian Hunger Program  
Rede Social Justiça e Direitos Humanos  
Rural Coalition  
Rural Vermont  
Society for the Anthropology of Lowland South America

#### **For Further Information**

Trader Cargill, pension fund TIAA linked to land grabs in Brazil's Cerrado. Mongabay. February 3, 2021.  
<https://news.mongabay.com/2021/02/trader-cargill-pension-fund-tiaa-linked-to-land-grabs-in-brazils-cerrado/>

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<sup>2</sup> <https://www.foodsovereignty.org/peoples-manual-vggts/>



U.S. Pension Fund TIAA Embroiled in Brazil Land-Buying Probe. Bloomberg. December, 17, 2020.  
<https://www.bloomberg.com/news/articles/2020-12-17/u-s-pension-fund-tiaa-embroiled-in-brazil-land-purchase-probe>

TIAA and Harvard's Brazilian farm deals judged illegal as fires rage on their properties in the biodiverse Cerrado. Associação de Advogados de Trabalhadores Rurais (AATR), Rede Social de Justiça e Direitos Humanos, Grain. 2020.  
<https://www.social.org.br/index.php/reports/reports-english/253-tiaa-and-harvard-s-brazilian-farm-deals-judged-illegal.html>

TIAA's Accumulation of Farmland Is Not Responsible. ActionAid USA and Friends of the Earth US. 2020.  
<https://www.actionaidusa.org/publications/tiaas-accumulation-of-farmland-is-not-responsible/>

TIAA's Farmland Funds Linked to Fires, Conflicts and Legacy Deforestation Risks in Brazil. Chain Reaction Research. 2020.  
<https://chainreactionresearch.com/wp-content/uploads/2020/01/Radar-company-report-2.pdf>

Harvard and TIAA's farmland grab in Brazil goes up in smoke. Friends of the Earth US, GRAIN, National Family Farm Coalition, Rede Social de Justiça e Direitos Humanos. 2019.  
<https://foe-us.medium.com/harvard-and-tiaas-farmland-grab-in-brazil-goes-up-in-smoke-52dbfe57debf>

The Human and Environmental Cost of Land Business: The Case of Matopiba Brazil. FIAN International, Rede Social de Justiça e Direitos Humanos and Comissão Pastoral da Terra (CPT). 2018  
<https://www.fian.org/en/publication/article/the-human-and-environmental-cost-of-land-business-matopiba-2234>

The Global Farmland Grab by Pension Funds Needs to Stop. GRAIN. 2018  
<https://www.grain.org/en/article/6059-the-global-farmland-grab-by-pension-funds-needs-to-stop>

Invested in Exploitation? TIAA's Links to Land Grabbing and Deforestation. Friends of the Earth US. ActionAid USA, Inclusive Development International, Rede Social de Justiça e Direitos Humanos. 2017.  
<https://www.actionaidusa.org/wp-content/uploads/2016/10/Invested-in-Exploitation-TIAAs-Links-to-Land-Grabbing-Deforestation.pdf>

People's Manual on the Guidelines on Governance of Land, Fisheries and Forests. The International Planning Committee for Food Sovereignty. 2016. <https://www.foodsovereignty.org/peoples-manual-vqgt/>

Institutional Investors and the Great American Farmland Grab. The National Family Farm Coalition. 2012.  
[https://nffc.net/wp-content/uploads/TIAA-CREF-Backgrounder\\_2.3.13.pdf](https://nffc.net/wp-content/uploads/TIAA-CREF-Backgrounder_2.3.13.pdf)



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**6. To:** The University of Iowa Faculty Council

**Re:** Key points for understanding TIAA's claims about their farmland acquisitions and practices

March 2, 2021

Dear faculty members,

ActionAid USA is an autonomous country affiliate of ActionAid International, a federation of NGOs which has member organizations in 45 countries around the world conducting human rights-based work. We work together with communities for just solutions to the climate crisis, especially in the areas of food security and agriculture. In Brazil, ActionAid has worked with communities in the regions affected by TIAA farmland acquisitions.

As employees of ActionAid USA, our 403B retirement plans are managed by TIAA, and we have been working for several years to get TIAA to take our concerns seriously.

We would like to make the following points about TIAA's submissions to the University of Iowa Faculty Council:

**To defend against charges of contributing to the corporate control of agriculture, TIAA claims that its farmland acquisitions “facilitate the separation of farming operations from its capital base,” suggesting that their farm buying has no bearing on the state of agriculture, however this ignores the impacts of their activities.<sup>1</sup>**

In practice, TIAA is buying land to rent to larger farms and facilitating these farms' expansion at the expense of smaller ones. By disconnecting farming from the land, they are creating a system of agriculture where farming businesses are just tenants with leases instead of being stewards that care for the land.

TIAA also claims the mantle of the “world's largest manager of farmland.” This makes them the leader of the process of financialization of farmland around the world that consolidates farms under absentee ownership and crowds out opportunities for family farmers and young farmers to access land, especially to manage their own land.<sup>2</sup>

Additionally, TIAA claims that consolidation is due to broader factors and that “institutional investors are not increasing consolidation, but are rather filling a void caused by the industry's structural

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<sup>1</sup> Institutional farmland ownership: facilitating the separation of farming operations from its capital base. TIAA/Nuveen 2019. <https://www.nuveen.com/global/thinking/alternatives/institutional-farmland-ownership-facilitating-the-separation-of-farming-operations>

<sup>2</sup> According to the National Young Farmers' Coalition access to land is the biggest issue they face: <https://www.youngfarmers.org/landaccess/>

changes.”<sup>3</sup> While it is true that pro-agribusiness farm policy is responsible for the pressure farmers are under to “get big or get out,” it is also true that TIAA still bears responsibility for the kinds of investments it makes and the impacts that those financial deals have, especially as they claim to be a socially responsible investor. In this case, TIAA buys farmland for use in the overproduction of major commodity crops, which is an agribusiness model that has hurt family farmers.<sup>4</sup> Additionally, TIAA is buying farmland from farmers who may be compelled by these difficult circumstances to sell their land, potentially at a discount, in order to buy a fleet of larger machinery to be able to farm more rented acres, while other farmers drop out altogether.<sup>5</sup> To illustrate this trend, another publication from TIAA from 2019 says that “Farmland investors leasing out farmland need to analyze their tenant base to identify the top performers as stable business partners to secure returns and support their growth plans by providing lease opportunities.”<sup>6</sup> This indicates that not only is TIAA deciding which farmers will remain in farming, but promoting farming at larger scales.

The farming businesses that are TIAA tenants in the United States and elsewhere operate very differently from what is commonly understood as a family farm. ActionAid USA did a background interview with the owner of a farming business in IL who was renting land from TIAA and farming tens of thousands of acres scattered across 3 states.<sup>7</sup> These farms have a fleet of large machinery and may hire seasonal machinery operators. Such farming businesses, even when they are not corporations, fail to contribute much to local communities, either economically or socially, compared to the smaller more diverse family farms with a local land base which have been more common in the United States and around the world.

Finally, in a complete reversal of TIAA’s claim to separate farmland from farming, Martin Davies, the CEO of Westchester, said in a recent interview that Westchester (and by extension TIAA) should be the beneficiaries of any future carbon market program for agricultural soils. Policymakers have discussed payments for carbon credits going directly to farmers as a way to pay them to sequester carbon, but Davies said that landlords should also benefit from these markets since they are active in managing the land.<sup>8</sup> In our view, this illustrates that TIAA is leading a movement of money that undercuts efforts to create a more supportive policy environment for family farming.

**In the United States, TIAA is expanding its land acquisitions most rapidly in the Mississippi Delta in states where Black farmers have lost most of their farmland and are still losing it due to discrimination.**

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<sup>3</sup> Institutional farmland ownership: facilitating the separation of farming operations from its capital base. TIAA/Nuveen 2019. <https://www.nuveen.com/global/thinking/alternatives/institutional-farmland-ownership-facilitating-the-separation-of-farming-operations>

<sup>4</sup> For the problems caused by this pressure to “get big” see this op-ed from the National Farmers’ Union: <https://thehill.com/opinion/finance/464856-we-must-reject-the-go-big-or-go-home-mentality-of-modern-agriculture>

<sup>5</sup> Institutional farmland ownership: facilitating the separation of farming operations from its capital base. TIAA/Nuveen 2019.

<sup>6</sup> “Rising U.S. farm debt and the implications for farmland investors.” TIAA/Nuveen. 2019. <https://www.nuveen.com/en-us/institutional/thinking/real-estate/rising-us-farm-debt>.

<sup>7</sup> TIAA’s farms up close. ActionAid USA 2019. <https://www.actionaidusa.org/blog/tiaas-farms-up-close/>

<sup>8</sup> Westchester’s Davies on investors’ moral obligation to “natural capital.” AgriInvestor, Janiec 2021. <https://www.agriinvestor.com/westchesters-davies-on-investors-moral-obligation-to-natural-capital/>

Over 12 million acres of farmland have been lost to black rural communities over the last century, most of this since the 1950s. Around 98% of black farmers have lost their land through a variety of coercive and discriminatory economic practices. TIAA is capitalizing on this history of injustice by acquiring over 156,000 acres in Mississippi and Arkansas in the last decade.<sup>9</sup> TIAA's land deals contribute to increasing the price of land, which hinders efforts to restore land to indigenous communities and farmers of color and to make land available to new farmers of all backgrounds.<sup>10</sup>

**TIAA claims that institutional investors do not have any special impact on farmland prices, citing the fact that Iowa (which does not allow institutional investors to buy land) and Illinois (which does) have seen similar developments in farmland markets, though this is a very superficial methodology that does not account for complexities.**

Large-scale investors have a negative impact over wide areas and across state lines. For example, when the world's largest farmland investor TIAA buys land for corn and soy in Illinois, it encourages other types of real estate investors to do the same and also drives up land prices across the state line in Iowa. This is because Iowa has loopholes in regulation that create openings for privately held wealth to accumulate land.<sup>11</sup> All of the loopholes in regulation that bring the detrimental effects of large-scale land concentration must be addressed.

**TIAA's claim that it is helping meet UN Sustainable Development Goal 2 - Zero Hunger is a "big lie" from the point of view of anti-hunger organizations, including ActionAid.<sup>12</sup>**

Most of TIAA's agricultural production goes to animal feed, sugars, and oils that are used in making fuels that continue to contribute to greenhouse gas emissions and for processed foods and meats which are major contributors to epidemics of diet-related disease. We need a different kind of agricultural and food system to address both hunger and other forms of malnutrition.

The overproduction of commodity crops by large-scale farms is both destructive to the environment and undermines access to both land and markets for small and medium family farms. This agricultural system perpetuates rural poverty and does nothing to help the populations who have neither the means to buy food or produce it.

Smaller-scale farms are actually better at producing more food per acre than large farms when they have needed resources such as water and access to markets.<sup>13</sup> If TIAA really wanted to address hunger with its investments, it should find a way to support small-scale food production and local food access around

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<sup>9</sup> <https://www.theatlantic.com/magazine/archive/2019/09/this-land-was-our-land/594742/>

<sup>10</sup> On TIAA's leading role in a changing view of farmland see: Fairbairn, Fields of Gold: Financing the Global Land Rush. Cornell University Press 2020. <https://www.cornellpress.cornell.edu/book/9781501750083/fields-of-gold/>

<sup>11</sup> Example of national farmland market affecting Iowa: <https://www.iowapublicradio.org/2020-07-30/big-money-investors-gear-up-for-a-trillion-dollar-bet-on-farm-land>

<sup>12</sup> Weschester presentation to Iowa Faculty Council [https://faculty-senate.uiowa.edu/sites/faculty-senate.uiowa.edu/files/2021-01/AC\\_University%20of%20Iowa\\_Faculty%20Senata%20presentation\\_1172021.pdf](https://faculty-senate.uiowa.edu/sites/faculty-senate.uiowa.edu/files/2021-01/AC_University%20of%20Iowa_Faculty%20Senata%20presentation_1172021.pdf)

<sup>13</sup> ETC Group, Who will feed us? 2017 <https://www.etcgroup.org/sites/www.etcgroup.org/files/files/etc-whowillfeedus-english-webshare.pdf>

the world, not fund the takeover of land by large-scale agriculture.<sup>14</sup>

### **TIAA's Sustainability Reports and Key Performance Indicators hide real environmental and social problems connected to its farmland in both the US and Brazil**

Actionaid USA's field visit to TIAA farms in central and western Illinois in 2019 observed soil erosion and a lack of cover crops. We also observed water draining from their farmland into waterways leading to the Sangamon River which is highly contaminated with soil erosion and agro-chemicals.<sup>15</sup>

TIAA's Key Performance Indicators for its US farmland include the goal of carrying out soil testing, and access to spraying equipment with variable settings, but they do not set standards for maintaining soil quality or safe spraying practices and reduction in chemical use.

TIAA's purchase of farmland does not benefit rural communities: Instead it adds fuel to an economic process that has been harming them. Population numbers and local businesses continue to decline in regions of IL where TIAA has bought farms. One such place is rural McDonough Country, where the poverty rate is around 22% and food insecurity estimated at 16%. The county has lost 10% of its population since 2010. Western Illinois University, which serves the region, had lost a third of its enrollment and laid off 132 faculty and staff in 2019.<sup>16</sup>

TIAA's sustainability reports on their farms in Brazil also suffer from lack of clarity. In 2020, TIAA reported that they found a 55% reduction in non-compliance among its tenants "related to management and governance issues and local statutory regulations" between 2018-19.<sup>17</sup> This indecipherable statistic provided by TIAA came on the heels of a criticism from an independent NGO fact finding mission in 2017.<sup>18</sup> TIAA's reporting fails to explain the nature of the compliance issues or how they improved. The scope of the potential areas of non-compliance affecting communities, workers, and the environment illustrates the problems with the TIAA agribusiness model which relies on circumstances of extreme social and economic inequality to convert a biodiverse ecosystem to the production of a single crop.

### **TIAA used retirement money in a scheme involving shell companies to acquire land on the frontiers of deforestation in the Brazilian Cerrado in clear violation of the intent of Brazilian law on foreign land investment.**

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<sup>14</sup> For ActionAid's position on meeting world food security see: Rising to the Challenge: Changing Course to Feed the World in 2050, ActionAid USA 2013 <https://www.actionaidusa.org/publications/feed-world-2050/>

<sup>15</sup> TIAA's "sustainability reports" can't paper over the impacts of land grabbing. ActionAid USA 2019. <https://www.actionaidusa.org/blog/tiaas-sustainability-reports-cant-paper-over-the-impacts-of-land-grabbing/>

<sup>16</sup> TIAA's farms up close. ActionAid USA 2019 <https://www.actionaidusa.org/blog/tiaas-farms-up-close/>

<sup>17</sup> See 2020 Farmland Report, Westchester/Nuveen/TIAA p. 24. <https://www.nuveen.com/global/thinking/responsible-investing/2020-farmland-report>

<sup>18</sup> The Human and Environmental Cost of Land Business: The case of MATOPIBA, Brazil. FIAN 2018. <https://www.fian.org/en/publication/article/the-human-and-environmental-cost-of-land-business-matopiba-2234>

TIAA believed they had found a loophole in Brazilian law and trusted the power of the agribusiness lobby to protect them from their misuse of shell companies to avoid the law. TIAA is now embroiled in a serious problem that puts retirement funds at risk.<sup>19</sup>

A legal review by the Brazilian government's National Institute for Colonization and Agrarian Reform (INCRA) has found TIAA's acquisitions to be illegal and the land titles for much of its holdings in Brazil could be annulled.<sup>20</sup> TIAA is now appealing that finding, but this use of shell companies to skirt the law was unethical and the legal risk taken with vast sums of retirement money cannot be considered acceptable by TIAA participants.

**In their memo to the University of Iowa, TIAA said they bought “land in regions with legal and civil infrastructures that are still maturing.”<sup>21</sup>**

This phrasing refers to the reality that TIAA paid for land in the four northeastern states of Brazil - Maranhao, Tocantins, Piaui, and Bahia, known as the MATOPIBA region - that had unclear legal status and was recently deforested and that, in some cases, additional deforestation continued after TIAA acquisition.<sup>22</sup>

Most of this land has been classified by the government as “public land” and it has been occupied for many decades and even centuries by peasant communities who have legitimate land tenure rights under Brazilian law based on their occupation and use. However, many of these land rights have not yet been formally mapped and recognized by the government. MATOPIBA communities include indigenous peoples and quilombolas (Afro-Brazilian slave descendants) and other “traditional” communities who have collective rights under Brazilian law, but have not yet achieved legal recognition of their rights from the government.<sup>23</sup>

Using a variety of corrupt and legally unclear means, in recent decades land-grabbers have claimed this public land for conversion to land-scale agriculture. TIAA has bought some of this land and finalized its conversion to large-scale soybean plantations. Land in these regions is still subject to disputes and competing claims to ownership. Land titles may overlap or be annulled because the land has not been legally converted from public land in the first instance. TIAA's due diligence prior to acquiring land was insufficient to fully examine these issues.<sup>24</sup>

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<sup>19</sup> U.S. Pension Fund TIAA Embroiled in Brazil Land-Buying Probe. Bloomberg, December 17, 2020.

<https://www.bloomberg.com/news/articles/2020-12-17/u-s-pension-fund-tiaa-embroiled-in-brazil-land-purchase-probe>

<sup>20</sup> See letter to Iowa faculty from Rede Social de Justiça e Direitos Humanos:

<sup>21</sup> Memo for the University of Iowa addressing social and environmental concerns in Brazil. Westchester 2021. p. 5.

<sup>22</sup> TIAA's Farmland Funds Linked to Fires, Conflicts and Legacy Deforestation Risks in Brazil. Chain Reaction Research. 2020. <https://chainreactionresearch.com/report/tiaas-farmland-funds-linked-to-fires-conflicts-and-legacy-deforestation-risks-in-brazil/>

<sup>23</sup> Impacts of Agribusiness Expansion in the Matopiba Region: Communities and the Environment. ActionAid Brazil 2018. <http://actionaid.org.br/publicacoes/impacts-of-agribusiness-expansion-in-the-matopiba-region-communities-and-the-environment/>

<sup>24</sup> The Human and Environmental Cost of Land Business: The case of MATOPIBA, Brazil. FIAN 2018. <https://www.fian.org/en/publication/article/the-human-and-environmental-cost-of-land-business-matopiba-2234>



**TIAA claims that it has no conflicts with communities, but it is not being fully transparent with its land boundaries. TIAA fails to admit its link to known conflicts and its business dealings with land grabbers.**

TIAA does not fully disclose the coordinates of its farmland, giving only general locations on state maps.<sup>25</sup> The difficulties and dangers of trying to obtain land records in the northeast Brazilian Cerrado means that some conflicts remain hidden. TIAA admits that its largest tenant is Schneider Logemann & Cia (SLC Agricola), one of Brazil's largest agribusiness companies which farms in the range of a million acres (cumulatively the size of the state of Rhode Island) with a record of deforestation and conflicts with local communities.<sup>26</sup>

When companies like SLC are engaged in agribusiness expansion on the forest frontier and TIAA collaborates in their operations by buying land from them or renting land to them, TIAA is complicit in the total area of expansion into newly cleared lands and the community conflicts involved. Participation in the land market in these regions provides incentives for land-grabbing.

Traditional communities live in the valleys along Cerrado rivers and cultivate their crops there, and they use the high plateau forested savannahs for wild food sources, gathering wood and other forest products, and animal grazing. The land grabbing companies have taken these plateau savannahs away from communities and even claimed the green areas in the valleys and hills used by communities as their legally mandated forest reserves. These communities are losing the important natural resources that sustain their way of life. Agribusiness companies, including TIAA, are destroying the watersheds, drying up the rivers the communities rely upon and contaminating them with agro-chemicals.<sup>27</sup>

A large fact finding mission of non-governmental and human rights organizations conducted in September 2017 found that the communities visited objected to how land on the high plateaus had been taken without their own land rights being considered and stated that their rights were violated by the pollution and depletion of their water sources by the upstream soy plantations which include TIAA's. These problems have still not been resolved.<sup>28</sup>

Investigations have shown that TIAA bought land in Piauí state from the notorious land-grabbing De Carli family. Euclides De Carli had been accused of illegal activities and alleged to be connected to

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<sup>25</sup> Other companies like Farmland Partners, make more precise maps of their land available on the internet. TIAA's farmland map does not allow precise identification of their land See: <https://www.nuveen.com/global/strategies/alternatives/farmland-map>

<sup>26</sup> For recent info on SLC Agricola deforestation see: The Chain: SLC Agricola Moves Forward with Clearing 5,200 Hectares of Native Vegetation. Chain Reaction Research 2020. <https://chainreactionresearch.com/the-chain-slc-agricola-moves-forward-with-clearing-5200-hectares-of-native-vegetation/> For TIAA's description of its relationship with this company see its promotional video for investors: <https://players.brightcove.net/pages/v1/index.html?accountId=958462654001&playerId=Yze4gqcJR&videoId=6223895215001&autoplay=true>

<sup>27</sup> Impacts of Agribusiness Expansion in the Matopiba Region: Communities and the Environment. ActionAid Brazil 2018. <http://actionaid.org.br/publicacoes/impacts-of-agribusiness-expansion-in-the-matopiba-region-communities-and-the-environment/>

<sup>28</sup> The Human and Environmental Cost of Land Business: The case of MATOPIBA, Brazil. FIAN 2018. <https://www.fian.org/en/publication/article/the-human-and-environmental-cost-of-land-business-matopiba-2234>

murder in the context of land disputes.<sup>29</sup> TIAA excuses itself from this unacceptable business relationship by saying they bought land registered by De Carli's daughter, Simone.<sup>30</sup>

Separately an investigation published in February 2021 found that TIAA had:

“partnered with Luiz Ricardi, a longtime agribusiness operator in Bahia. Together with TIAA, he was in charge of the Parceiros farm, worth more than 19.2 million reais (\$3.5 million), according to Brazilian tax authorities.

Ricardi was also a lead player in the land-grabbing scandal investigated by the Federal Prosecution Service. According to the Superior Court of Justice, he would “prepare an area within the [illegally achieved] farm” for agriculture, given his experience in the business, and would get a share of the stolen land. He did this while still partnering with the U.S. investment fund [TIAA].”<sup>31</sup>

### **TIAA is trying to avoid responsibility for its incentivizing deforestation and for fires and recent deforestation on land farmed by its tenants.**

The response to AidEnvironment and Chain Reaction research that TIAA/Westchester shared with the the University of Iowa Faculty Council on 2-1-21 was their response to a first draft of the Chain Reaction Research report on TIAA of January 2020. The published report provided by Chain Reaction Research has already taken into account these comments by TIAA/Westchester by making minor adjustments. Contrary to TIAA's representation to UIowa Faculty Council per its memo, the facts and concerns of the final report have never been addressed by TIAA.<sup>32</sup>

TIAA's financial contribution to ongoing deforestation occurs not only on its titled land but also on adjoining land farmed by its largest tenant and shared farmland owner SLC Agricola. TIAA's Zero Deforestation commitment is designed to evade responsibility for funding deforestation that occurred earlier. TIAA needs to take responsibility for ongoing deforestation and fires; they should not be permitted to blame these problems on land conflicts with neighbors, with tenants or on nature.

### **TIAA touts initiatives that serve the expansion of large-agribusiness as community benefits.**

TIAA claims that its Center for Farmland Research at the University of Illinois benefits farmers. Local farmers told ActionAid that they had never heard of the Center, and that its research appears to primarily benefit non-farmer land buyers.<sup>33</sup>

TIAA touts its membership in Leading Harvest, which is a completely new certification scheme with a TIAA funded researcher from the above-mentioned center serving on its board. None of the agribusiness

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<sup>29</sup> Businessman turned philanthropist accused of murders and land theft in Brazil's Northeast. Camargos, Reporter Brasil. September 2, 2018 <https://www.farmlandgrab.org/post/view/28437-businessman-turned-philanthropist-accused-of-murders-and-land-theft-in-brazil-s-northeast>

<sup>30</sup> Memo for the University of Iowa addressing social and environmental concerns in Brazil. Westchester 2021. p. 5.

<sup>31</sup> Trader Cargill, pension fund TIAA linked to land grabs in Brazil's Cerrado. Mongabay, February 3, 2021. <https://news.mongabay.com/2021/02/trader-cargill-pension-fund-tiaa-linked-to-land-grabs-in-brazils-cerrado/>

<sup>32</sup> See letter to Iowa faculty from AidEnvironment..

<sup>33</sup> TIAA's farms up close. ActionAid USA 2019 <https://www.actionaidusa.org/blog/tiaas-farms-up-close/>

certification organizations that TIAA has joined have managed to avoid allegations of greenwashing or being lax on labor and human rights standards. For example, studies have found the Bonsucro seal (which certifies TIAA sugarcane) to be unreliable as an indicator that companies meet human rights and environmental standards.<sup>34</sup>

TIAA promotes its funding of Nuffield Scholarships as a benefit to farmers, but this funding is focused on promoting agribusiness and financial interests. These scholarships have promoted the deregulation of genetically modified crops that give advantages to large-scale farms, such as herbicide tolerant soybeans. They have also funded lobbying for policies favoring large-scale agribusiness through the Private Sector Mechanism at the Committee on World Food Security.<sup>35</sup>

Finally, TIAA's "Principles for Responsible Investment in Farmland" have undercut efforts to have governments implement more detailed guidelines on land tenure that were agreed upon in the UN Committee on World Food Security in 2012.<sup>36</sup> TIAA has failed to acknowledge the need for governments to implement the UN Tenure Guidelines in countries where it is acquiring land. In contrast to TIAA's principles, the UN Guidelines call for regulation and limitations on large-scale land transfers to prevent violations of the human right to food, and environmental harm.<sup>37</sup>

Given TIAA's track record of misrepresentation, involvement in illegal activities and socially and environmentally unsustainable practices, we urge the UIowa Faculty Council to uphold the University's commitment to sustainability and vote for the proposed resolution.

Sincerely,

Doug Hertzler, Senior Policy Analyst and Tristan Quinn-Thibodeau, National Campaigner



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<sup>34</sup> Business and Human Rights Clinic (2019) Impact of bonsucro on human rights in the sugarcane sector. Columbia University..

<https://www.sipa.columbia.edu/academics/capstone-projects/impact-bonsucro-human-rights-sugarcane-sector> ; Philip Schleifer (2019) Varieties of multi-stakeholder governance: selecting legitimization strategies in transnational sustainability politics, Globalizations, 16:1, 50-66,: <https://doi.org/10.1080/14747731.2018.1518863>

<sup>35</sup> The adoption of genetically modified organisms and legal implications. A comparative analysis. Fialho, 2015. <https://www.nuffieldscholar.org/reports/br/2015/adoption-genetically-modified-organisms-and-legal-implications-comparative-analysis>;

<sup>36</sup> Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security. UN Committee on World Food Security 2012. <http://www.fao.org/cfs/home/activities/vgg/en/>

<sup>37</sup> TIAA's Accumulation of Farmland Is Not Responsible. Friends of the Earth US and ActionAid USA 2020. <https://www.actionaidusa.org/publications/tiaas-accumulation-of-farmland-is-not-responsible/>



# TIAA's Farmland Funds Linked to Fires, Conflicts and Legacy Deforestation Risks in Brazil

January 2020

Chain Reaction Research is a coalition of Aidenvironment, Profundo and Climate Advisers.

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This report analyses the sustainability and financial risks of the farmland investment funds of the Teachers Insurance and Annuity Association of America (TIAA, formerly TIAA-CREF) in Brazil. Such risks are most prevalent in Matopiba, Brazil's newest soy frontier, consisting of part of the states of Maranhão, Tocantins, Piauí and Bahia. TIAA farmland investments operate through various companies, such as Radar and its subsidiaries, that acquire and manage properties. CRR's sustainability analysis shows that deforestation and fires have taken place on TIAA's farmland portfolio, enabling negative social impacts on local communities.

## Key Findings:

- **Radar is part of a complex web of companies through which TIAA invests in Brazilian farmland assets.** TIAA has been accused of using complicated corporate structures to circumvent legal restrictions on foreign land ownership. Farmland acquisitions are funded through investment vehicles financed by 20 different institutional investors.
- **Despite a recent increase in transparency, the land portfolio in TIAA's investment vehicles remains unclear.** TIAA's asset manager, Nuveen, maintains a public map with farmland holdings. However, Nuveen's information does not fully match public ownership records.
- **Between 2009 and 2018, a total of 2,970 ha were cleared on six TIAA portfolio farms in Matopiba.** In August 2019, fires burned 2,350 ha on three farms. While pre-2018 deforestation is not in violation of Nuveen's zero-deforestation policy, Nuveen may not be able to sell properties with post-2009 clearing to any counterparty with a similar or stricter zero-deforestation policy.
- **Radar properties may be linked to land-grabbing and conflicts with local communities in Matopiba.** At least 22,834 ha on six of Radar's properties were bought from companies linked to Euclides de Carli. The Brazilian Public Prosecutors Ministry is investigating De Carli's land acquisitions and has suspended the titles of 124,000 ha in Piauí and Maranhão.
- **Value loss in Radar's portfolio in Matopiba could amount to USD 192 million.** Although this amount represents 23 percent of Radar's assets, the loss would total only 0.6 percent of Nuveen's global farmland fund and portfolio and 0.07 percent of Cosan's enterprise value.
- **The lack of transparency may put investors in conflict with their climate change policies and lead to reputation risks.** Lenders include BNP Paribas, Santander, Rabobank and HSBC; farmland fund participants with policies include AP2, Caisse de depot and ABP.



## Radar is part of TIAA's complex web of Brazilian farmland investment companies

**Radar Propriedades Agrícolas (Radar) is a Brazilian company established in 2008.** Radar was founded as a joint venture between Cosan and Mansilla Participações, with initial capital of [USD 400 million](#). Cosan, a Brazilian company, is active in the energy and logistic sectors. It has a joint venture with Shell ([Raízen](#), from 2011) for production and distribution of sugar and ethanol, and owns [ComGás](#), a subsidiary for the distribution of natural gas in Brazil. Mansilla is a [wholly-owned subsidiary of the Teachers Insurance and Annuity Association of America](#) - College Retirement Equities Fund (TIAA, formerly TIAA-CREF).

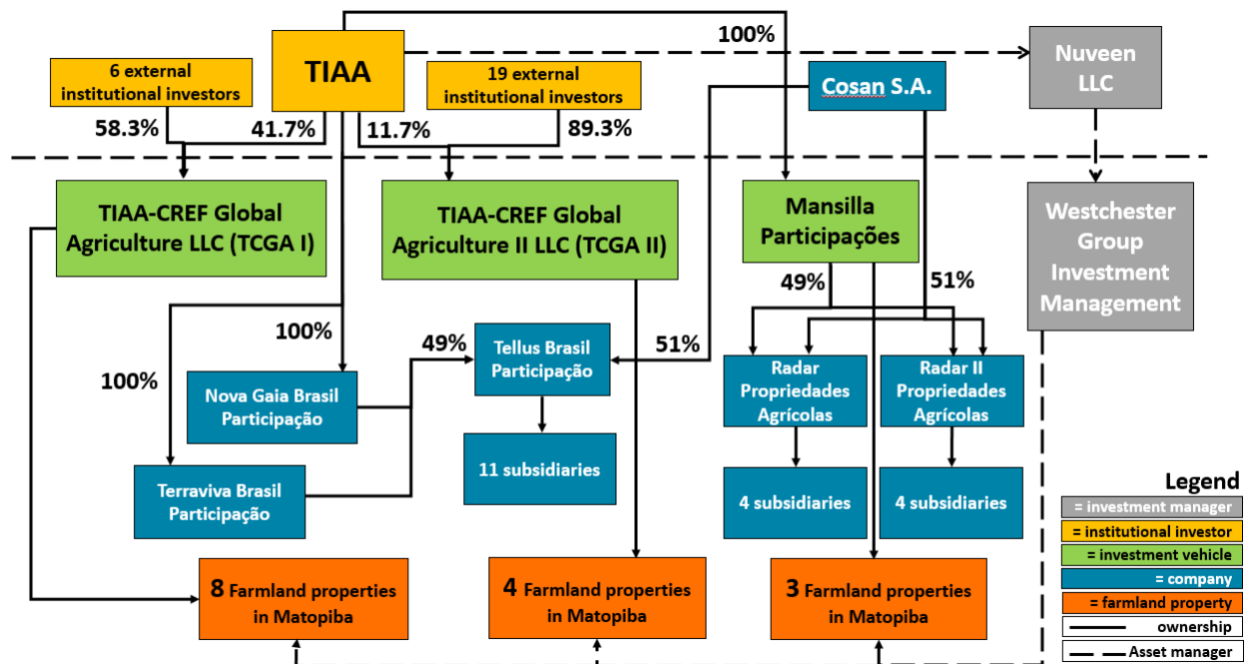
**In October 2016, Cosan sold an undisclosed share of Radar to Mansilla for BRL 1.06 billion (USD 326 million).** As a result, Mansilla holds 100 percent of Radar's preferred shares, while Cosan maintains most of its ordinary shares. Although [TIAA maintains 97 percent of Radar's capital](#), Cosan still controls Radar under Brazilian Law.

**Radar is part of a complex web of companies through which TIAA invests in global farmland assets.** Radar is an intermediary company structured to comply with Brazilian land ownership law. [Brazilian Law](#) limits foreign ownership to 25 percent of a municipality's area. Until 2010, companies jointly owned or managed by Brazilian and foreign entities were considered to be Brazilian. These companies were not held to municipality ownership restrictions. However, in 2010, the [Brazilian General Counsel's](#) position paper, accepted by the President, proposed that mixed companies (controlled by national and international entities) should be considered foreign companies, limiting their land acquisition operations.

**TIAA has been accused of using complex corporate structures to obscure foreign ownership of land acquisition entities and circumvent these new legal restrictions.** After the 2010 regulatory restrictions on land acquisition by mixed companies, Cosan and TIAA established [Tellus Brasil Participações \(Tellus\)](#) specifically for land acquisition (see Figure 1). Through several subsidiaries, such as Terra Viva Brasil Participações and Nova Gaia Brasil Participações, Tellus is [51 percent owned by Cosan and 49 percent by TIAA](#), and thus considered a mixed company. Tellus raises funds for farmland purchases through debentures to Radar and other subsidiaries. According to [TIAA's quarterly statement](#), more than 20 different companies are listed under indirect or direct ownership and/or management of Radar and Tellus in Brazil. These [companies cover operations linked to capital gathering, land acquisition, and the clearing, preparing, leasing, and selling](#) of properties. [In 2012](#), Radar obtained an additional tax ID number to form Radar I and Radar II.

**A new bill under consideration in the Brazilian Senate proposes to facilitate foreign investments in land acquisitions in Brazil.** In May 2019, [Senators proposed a new bill](#) for alterations on Article 190 of the Federal Constitution. The proposal calls for the inversion of the 2010 rule. It would recognize companies with mixed capital or management between Brazilian and foreign companies as Brazilian. The proposal also increases the limited area that foreign companies can own per municipality's territory, likely further opening Brazil to international investments seeking economic development.

Figure 1: Radar and Tellus ownership structure



Source: CRR based on [TIAA Quarterly Statement](#) (June 2019) and [Rede Report on Radar](#)

## Farmland investments are a key alternative investment strategy

TIAA's asset manager [Nuveen](#) has USD 1 trillion assets under management. It considers farmland investments an important pillar of its alternative (USD 97 billion assets under management) investment strategy. In 2011, TIAA launched its first Global Agriculture Fund ([TCGA I](#)), raising USD 2 billion from institutional investors (see Figure 2). In 2015, it launched [TCGA II](#), raising an additional USD 3 billion. Nuveen has [unified](#) all farmland asset management under a single firm, [Westchester Group Investment Management](#). With funds from TCGA I, TCGA II, and Mansilla, Westchester controls farmland assets in the United States, Australia, Brazil and Chile. The Brazilian entities Radar, Tellus and affiliated entities are all managed by the Westchester Group.

Figure 2: Institutional investors with a 5 percent or higher stake in TIAA affiliated farmland investment vehicles

TIAA farmland Investment vehicles	Share	Owner
TCGA I	41.7%	TIAA Global AG Holdco LLC - United States
	32.5%	Andra AP-Fonden (AP2) - Sweden
		Ärzteversorgung Westfalen-Lippe (AVWL) – Germany
		National Pension Service (NPS) - South Korea
	25%	Caisse de dépôt et placement du Québec - Canada
TCGA II		British Columbia Investment Management Corporation (BCI) - Canada
	25%	AP2 Ag-land Investments KB (AP2) – Sweden
	11.67%	TIAA Global AG Holdco LLC - United States
	10%	Comptroller of the State of New York, as Trustee of the Common Retirement Fund (CRF) - United States
	10%	bclMC Renewable Resource Investment Trust (BCI) - Canada
	6.67%	Stichting Pensioenfonds (ABP) – Netherlands
	6.67%	State of New Mexico State Investment Council – United States
	6.67%	CDP Infrastructures Fund G.P. (Caisse de depot) - United States/Canada
Mansilla	100%	TIAA - United States

\* Source: [SEC Form N-4 Filing](#) (December 2016).

## Radar's land holdings lack transparency

**Despite recent efforts to increase transparency, Radar's and its associated companies' land portfolio remains unclear.** Nuveen maintains a public online map with [farmland holdings](#) to provide "*transparency in how we pursue sustainable practices through our investments globally.*" However, Nuveen's information on its website does not fully match public ownership records.

Nuveen's publicly available [farmland map](#) lists 58 properties in Brazil, of which 15 are in Matopiba. The map lists the tillable area (77,271 ha for the 15 properties in Matopiba) for each farm but does not provide the exact boundaries. Ownership records from the Instituto Nacional de Colonização e Reforma Agrária (INCRA) suggest that Radar and affiliated companies are the registered owners of a total of 111,703 ha of land.

**The discrepancy between Nuveen's reporting and public ownership records are the result of differences in the tillable reported area of farms and the public ownership registration of these farms, as well as unreported properties.** According to INCRA's records, the total area of the 15 reported farms is 95,067 ha. In Nuveen's portfolio, eight of these farms are linked to TCGA I; four to TCGA II; and three to Mansilla (see Figure 3).

Figure 3: TIAA's reported farmland portfolio in Matopiba (Brazil)

	Farm name	Municipalities State	Tillable area (ha) Nuveen *	Total area (ha) INCRA **	Registered owner	Fund
1	Grão de Ouro	Correntina (Bahia)	5,848	6,875	Tellus Bahia	TCGA I
2	Marimbondo	Alto Parnaíba (Maranhão)	2,518	4,803	Tellus Brasil	
3	Catuaí Verde	Balsas (Maranhão)	6,835	9,371	Tooperone Agrícola	
4	Catuaí Norte	Balsas (Maranhão)	9,343	17,825	No Info	
5	Sagitário	Balsas (Maranhão)	8,697	10,794	Tellus Brasil	
6	Ludmila / Laranjeiras	Santa Filomena (Piauí)	1,821	3,188	Tellus Brasil	
7	Texas	Dianópolis (Tocantins)	1,552	1,552	No Info	
8	United	Formosa do Rio Preto (Bahia)	2,170	2,170	No Info	
9	Bananal	Luís Eduardo Magalhães (Bahia)	11,534	11,534	Aroeira	TCGA II
10	Hertz	São Desidério (Bahia)	4,500	4,500	No Info	
11	SLC-PI	Correntina (Bahia)	5,216	5,216	No Info	
12	Florida	Balsas (Maranhão)	1,767	1,767	No Info	
13	Parceiros	Formosa do Rio Preto (Bahia)	5,424	5,424	No Info	Mansilla
14	Mandacaru	Balsas (Maranhão)	618	618	Radar	
15	Penitente / Preciosa	Alto Parnaíba (Maranhão)	9,430	9,430	No Info	
	<b>Total</b>		<b>77,271</b>	<b>95,067</b>		

Elaborated by CRR in partnership with REDE Social de Justiça e Direitos Humanos. Sources: [Nuveen\(\\*\)](#) and [INCRA\(\\*\\*\)](#). All the owners' companies are listed in the [TIAA-CREF Quarterly Statement \(September 2019\)](#) and the "no info" status means that it was not possible to confirm the ownership of the land.

Fieldwork and INCRA records also revealed an additional 11 properties in Matopiba with a total area of 16,636 ha linked to Radar and its affiliated companies (see Figure 4 and 5). These properties are not listed on Nuveen's farmland map. Radar informed CRR that the entire area of five of these farms is registered as Legal Reserves of other properties listed in its public portfolio (marked in grey in Figure 3), following the [Brazilian Forest Code](#). The other six farms found by CRR were, according to Radar, part of other properties listed in its public portfolio (Figure 3).

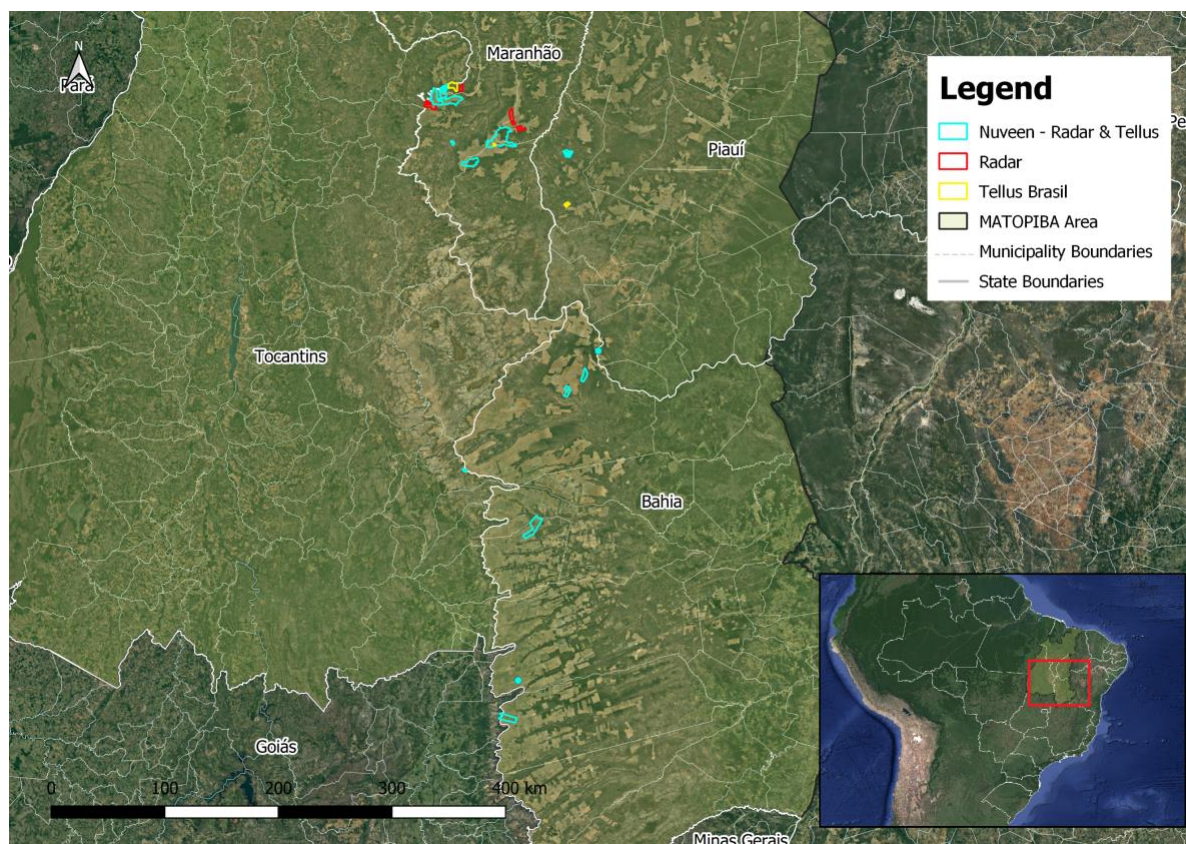
Figure 4: Radar's and Tellus' farms in Matopiba region of the Cerrado biome (Brazil)

	Farm name	Municipalities State	Total area (ha)	Registered owner*
1	Alegre I	Santa Filomena (Piauí)	491	Tellus Brasil
2	Alegre II	Santa Filomena (Piauí)	481	Tellus Brasil
3	Ribeirão do Meio	Riachão (Maranhão)	1,686	Radar
4	Santana	Riachão (Maranhão)	4,066	Tellus Brasil
5	Santa Tereza	Alto Parnaíba (Maranhão)	351	Tellus Brasil
6	Janaina	Balsas (Maranhão)	2,983	Radar
7	Preciosa	Balsas (Maranhão)	3,688	Radar
8	São Genaro	Balsas (Maranhão)	361	Radar
9	Brasil	Tasso Fragoso (Maranhão)	922	Radar
10	Guadalajara	Tasso Fragoso (Maranhão)	641	Radar
11	Santa Terezinha	Tasso Fragoso (Maranhão)	966	Radar
	<b>Total</b>		<b>16,636</b>	

Elaborated by CRR in partnership with REDE Social de Justiça e Direitos Humanos. Sources: fieldwork and [INCRA](#).



Figure 5: Radar's farms location in Matopiba, Cerrado biome (Brazil)



Elaborated by CRR in partnership with REDE Social de Justiça e Direitos Humanos. Sources: fieldwork and [INCRA](#).

Within Radar's portfolio, CRR found nine properties entirely or partially leased to SLC Agrícola (Figure 6). Leasing farms to SLC Agrícola in Matopiba is part of Radar's strategy for increasing the value of the land before selling it and sending the profits to investors who are part of its TCGA's investment funds. SLC Agrícola does not have a zero-deforestation policy.

Figure 6: Radar and Tellus properties leased to SLC Agrícola

	Farm Name	Municipality (State)	Area farm (ha)	Area leased to SLC (ha) *	SLC Farm Name	Investment Fund
1	Catuai Verde	Balsas (Maranhão)	6,835	6,731	Fazenda Planeste	TCGA I
2	Janaina	Balsas (Maranhão)	2,983	2,944	Fazenda Parnaíba	TCGA I
3	Parceiros	Formosa do Rio Preto (Bahia)	5,224	5,224	Fazenda Perceiro	Mansilla
4	Preciosa	Balsas (Maranhão)	3,688	2,661	Fazenda Planeste	n.a.
5	Sagitário	Balsas (Maranhão)	8,697	2,856	Fazenda Planeste	n.a.
6	Brasil	Tasso Fragoso (Maranhão)	922	736	Fazenda Parnaíba	n.a.
7	Guadalajara	Tasso Fragoso (Maranhão)	641	636	Fazenda Parnaíba	n.a.
8	Santa Terezinha	Tasso Fragoso (Maranhão)	966	738	Fazenda Parnaíba	n.a.
9	Grão de Ouro	Correntina (Bahia)	6,875	5,876	Fazenda Panorama	n.a.
Total			36,831	28,401	-	-

\*Source: CRR field work in October 2019, [Nuveen](#) farm portfolio, and [SLC Agrícola farm](#) portfolio.

## Nuveen is the first farmland investor with a zero-deforestation policy

Nuveen has a [zero-deforestation policy](#) for its farmland investments in Brazil. The policy, adopted in August 2018, prohibits new purchases of farmland cleared of native vegetation after predefined cut-off dates. The cut-off dates correspond to the most relevant deforestation protocols for Brazil's various biomes, including the Soy Moratorium, the Grãos Verdes Protocol, and the UN Convention to Combat Desertification. For the Cerrado biome, the date is May 2009 or later in accordance with criteria set forth by the Roundtable for Responsible Soy (RTRS). Nuveen's [sustainability report of 2019](#) includes a recent ESG audit developed by independent organizations covering 30 percent of its properties in Brazil (approximately 101,000 ha out of a total of 338,654 ha). However, the report does not specify where the audited farms are and if the audit covered its portfolio in the Matopiba region of Cerrado biome.

**Nuveen's zero-deforestation policy does not specify any commitments for farms already in its portfolio.** Nuveen informed CRR that land acquisition and native vegetation clearing between May 2009 and June 2016 in the Cerrado biome was in accordance with criteria put forth by the [Round Table on Responsible Soy \(RTRS\)](#) (Brazilian revised version). Nuveen also indicated to CRR that *"properties acquired before and after this date [August 2018] can't under any circumstances be converted."*

**Catuaí Norte, a 17,825-ha farm in Balsas, Maranhão, provides an example of Nuveen's compliance of its zero-deforestation policy.** Catuaí Norte is [part of TCGA I](#) (see Figure 2) and purchased by Westchester Group [in 2013](#). 38 percent of the Catuaí Norte farm is registered as the mandatory Legal Reserve under the [Brazilian Forest Code](#), although 45 percent is covered by native vegetation. The report says that Catuaí Norte has an "extra preserved vegetation area" of about 1,219 ha (around 7 percent of its total area) in addition to the Legal Reserve requested by law. Nuveen's 2019 sustainability report also affirms that conservation of this "extra preserved vegetation area" is an example of compliance with the objectives of its zero-deforestation policy, as this area could be legally converted into cropland.

## 2,970 ha of post-2009 deforestation may result in legacy compensation liabilities

**Between 2009 and 2018, a total of 2,970 ha were cleared on five Radar or Tellus farms in Matopiba (see Figure 7).** Since these farms were already part of Radar's portfolio in August 2018, the clearing does not violate the letter of Nuveen's zero-deforestation policy. No deforestation was detected after the adoption of the policy in August 2018. However, deforestation between May 2009 and July 2018 took place on two farms that were in Radar's possession at the time of the clearing. On one farm, deforestation happened prior to Radar's investment. For three farms, the exact acquisition date could not be determined.

Figure 7: Post-2009 deforestation on Radar's farms in Matopiba region of Cerrado biome

Farm Name	Municipality (State)	Purchasing date	Cleared Area (ha)	Period clearance	Investment Fund
Ludmila / Laranjeiras	Santa Filomena (Piauí)	May 2012	1,550	2013-2017	TCGA I
Sagitário	Balsas (Maranhão)	Jan 2013	550	2010	TCGA I
Janaína	Balsas (Maranhão)	n.a.	600	2016	n.a.
Brasil	Tasso Fragoso (Maranhão)	n.a.	145	2016	n.a.
Guadalajara	Tasso Fragoso (Maranhão)	n.a.	125	2012-2016	n.a.
<b>Total</b>		-	<b>2,970</b>	-	

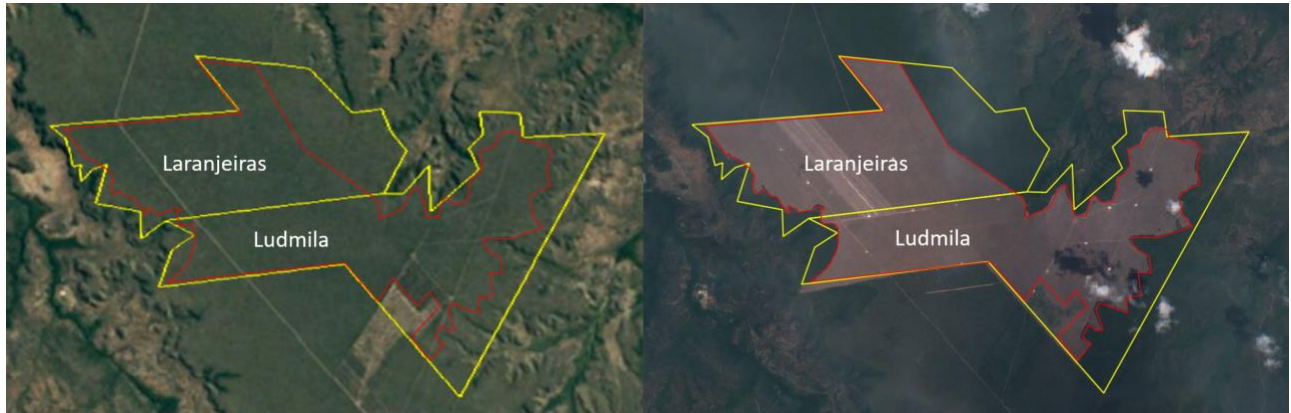
Source: [PRODES](#)

**The Laranjeiras and Ludmila farms in Piauí saw 1,550 ha of native vegetation clearance after Radar's acquisition in May 2012 (See figure 8).** Radar indicated to CRR that all the native vegetation clearance in Laranjeiras and Ludmila farm were part of its agriculture expansion plan. The Legal Reserve of the Ludmila and Laranjeiras farms is partially within the property and partially in two remote locations registered as Alegre I and Alegre II (see Figure 9). Radar considers the four farms to be one property. Registration of Legal Reserves in remote properties is regulated according to the Brazilian Forest Code and by the [Piauí Forest Law](#). Radar said that the Legal Reserve is 1,324 ha, when considering the total area of the four farms as one property (Ludmila, Laranjeiras, Alegre I and Alegre II). Although the compensation of Legal Reserves in other properties is allowed by Law, some discussion currently focuses on its [inefficiency in guaranteeing local environmental services](#). Large areas nearby without native vegetation contribute to short-term local impacts on biodiversity, water sources, soil nutrition and rainfall. These impacts increase also the [risks of agribusiness operations](#) in the Cerrado biome.

**In fieldwork CRR conducted in partnership with REDE Social de Justiça e Direitos Humanos in 2019, local communities reported impacts linked to the Ludmila and Laranjeiras farms in Santa Filomena, Piauí.** The communities close to the Laranjeiras and Ludmila farms reported violent episodes involving people who used to work with the previous owners of both farms. These conflicts started in 2010 and accelerated in 2015, which included burning of local communities' houses and plantations. Radar declared that, based on its visit to the area in 2017, it did not find any conflict between the operations within both farms and local communities. CRR's fieldwork also showed that Tellus Brasil, the owner of Ludmila farm, requested to split its subdivision into three different properties (the farms [Piqui](#), [Frutal](#) and [Limoeira](#)). It is not clear if this subdivision is linked to selling or leasing plans, which Radar has not confirmed. Local communities reported the clearance of native vegetation happening on the Ludmila farm in 2018, which CRR was not able to confirm through satellite images. However, CRR visually confirmed that native vegetation clearance on this farm happened mostly in 2013. Radar reported that it started agriculture operations on this farm on 2018. The area was most likely abandoned between 2013 and 2018, the period in which native vegetation started to regenerate. In 2018, local communities reported that Radar's operations led to deforestation.

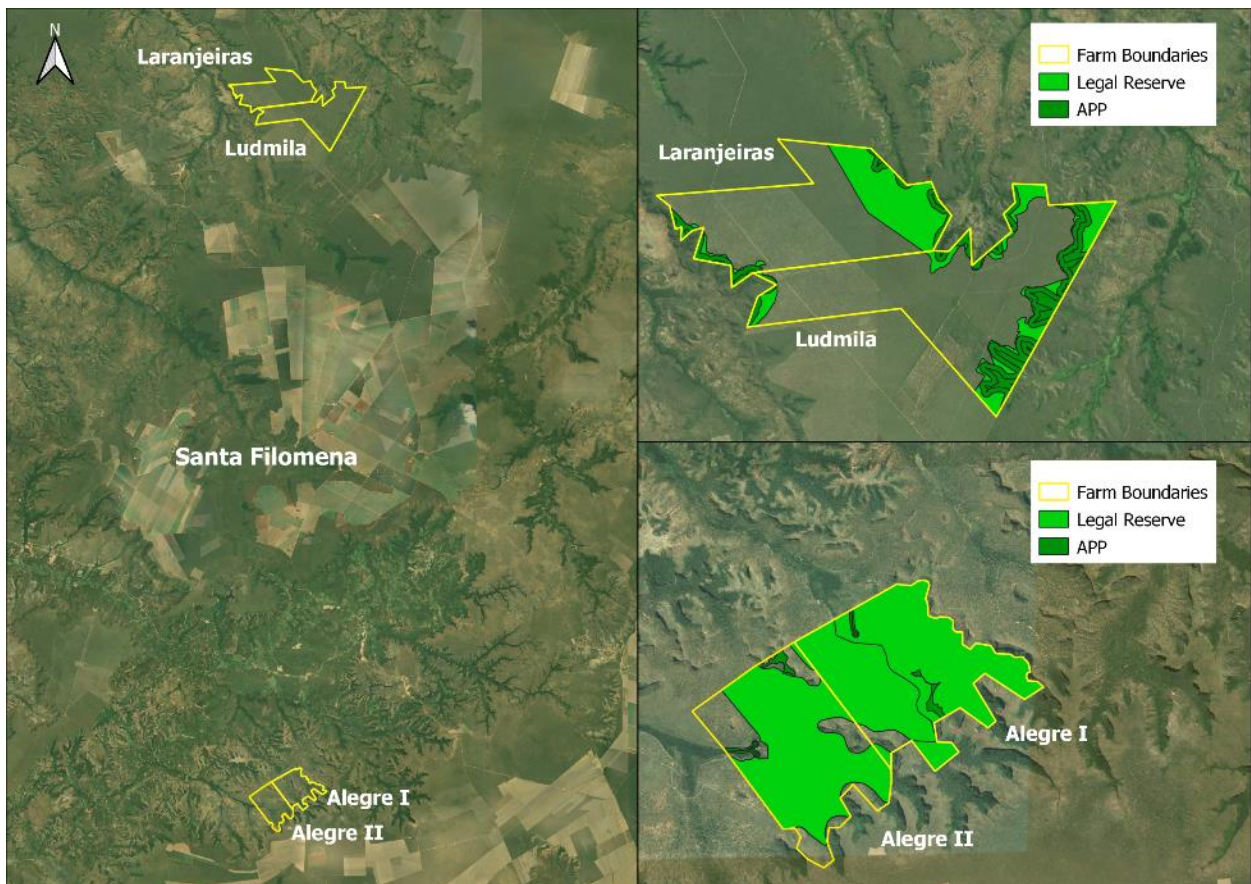


Figure 8: Deforestation in Ludmila and Laranjeiras farms in Santa Filomena, Piauí, in Matopiba between 2013 and 2017



Elaborated by CRR. Imagery by Google Earth and Sentinel-2 image

Figure 9: Registered Legal Reserves and Permanent Preservation Areas of Ludmila, Laranjeiras, Alegre I and Alegre II farms in Santa Filomena, Piauí



Elaborated by CRR. Imagery by Google Earth and Sentinel-2 image. Sources: [INCRA](#) and [Serviço Florestal Brasileiro](#)

## Recent fire events on Radar's properties in Matopiba

Recently, the massive fire events in Brazil received widespread international attention. The Amazon fire events that started in August 2019 were the largest since 2010 and an increase of almost 80 percent compared to August 2018. At the same time, fire events also increased in the Cerrado, which registered more fire alerts than the Amazon in August 2019. The fires in the Cerrado and the Amazon between August and September 2019 were mostly caused by human activity and were exacerbated due to the dry season. Particularly in the Cerrado, the increase of fires has also been a direct consequence of deforestation, which is already causing higher temperatures during dry seasons and worsening fire events. Fires are also a direct consequence of deforestation, which is already causing higher temperatures during dry seasons and in turn worsening fire events.

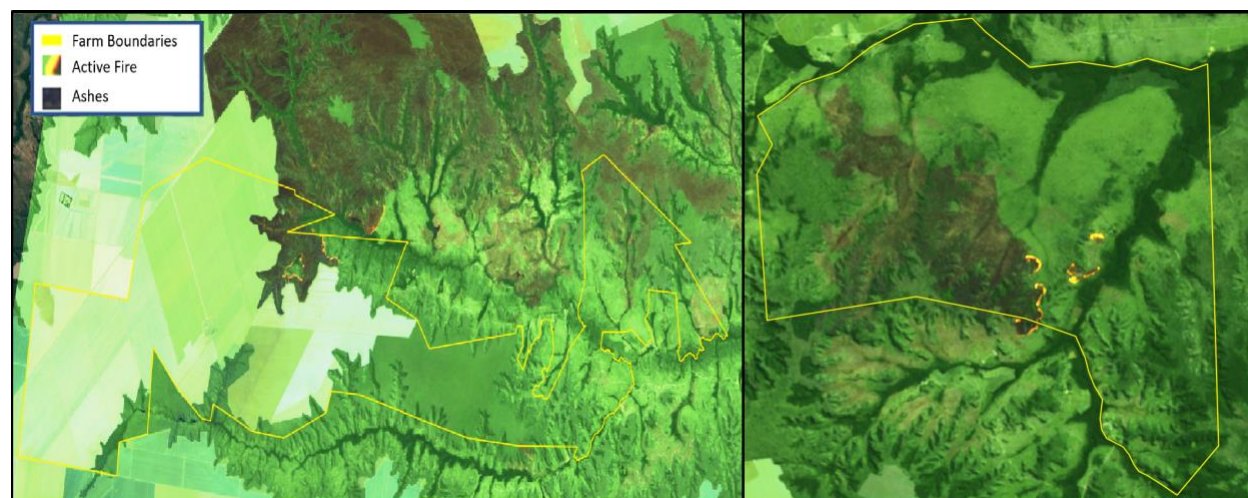
In August 2019, fires burned an area of 2,350 ha on three Radar farms. A recent report by GRAIN highlighted fire events on Harvard University and TIAA farms in Matopiba. Considering only the properties on which CRR found more than five fire alerts, fire events between August and September 2019 took place on seven different farms owned by Radar, Tellus, and its subsidiaries in Matopiba. CRR confirmed fire events on three of these farms in Maranhão: 870 ha in Santana (Riachão), 750 ha in Catuaí Norte (Alto Parnaíba), and 730 hectares in Sagitário (Balsas), the last leased to SLC Agrícola (see Figure 10 and 11).

Figure 10: Nasa fires alerts from August to September 2019 in Radar's farms in Matopiba

	Farm Name	Municipality (State)	Number of fires alerts	Investment fund
1	Catuaí Norte	Alto Parnaíba (Maranhão)	66	TCGA I
2	Santana	Riachão (Maranhão)	23	n.a.
3	Grão de Ouro	Correntina (Bahia)	17	TCGA I
4	Sagitário	Balsas (Maranhão)	17	TCGA I
5	Alegre I	Santa Filomena (Paiuí)	10	TCGA I
6	Flórida	Balsas (Maranhão)	7	TCGA II
7	Parceiros	Formosa do Rio Preto (Bahia)	7	Mansilla
Total			147	

Source: National Aeronautics and Space Administration (NASA).

Figure 11: Fire on the farm Catuaí Norte (left), in Alto Parnaíba (Maranhão) on September 20, 2019, and on the farm Santana (right), in Riachão (Maranhão) on August 1, 2019



Source: National Aeronautics and Space Administration (NASA).



**Around 66 fire alerts from August and September 2019 were detected on the Catuaí Norte farm in Balsas, Maranhão.** CRR visually confirmed that these fire events resulted in the burning of at least 750 ha within the Legal Reserve of the farm. Nuveen uses the Catuaí Norte farm as an example of how it preserves native vegetation in an area larger than what is mandated by the Brazilian Forest Code. Nuveen informed CRR that the fire events in Catuaí Norte were not intentional and that the cleared area will not be converted to cropland. Even if the fire events were not intentional for conversion to croplands, they heighten the risk of non-compliance with Nuveen's zero-deforestation policy and the Brazilian Forest Code, which obliges the restoration of degraded native vegetation on Legal Reserves and Permanent Preservation Areas.

## Radar may be linked to land-grabbing in Matopiba

**Six farms totaling 22,834 ha within Radar and Tellus properties' portfolio may be linked to previous land-grabbing crimes in Southern Maranhão.** Between 2010 and 2012, Radar and Tellus bought six farms in Southern Maranhão from companies owned by or linked to Euclides de Carli (see Figure 12). De Carli is originally from São José do Rio Preto, São Paulo, but for decades used a business model based on buying, selling or leasing properties in southern Piauí and Maranhão. He is locally known as one of the [biggest land-grabbers in the region](#). In 2016, a local Agrarian Court [suspended the titles of properties totaling 6 million ha](#) in Southern Piauí and Maranhão, including 124,000 ha linked to Euclides de Carli. The properties now owned by Radar and Tellus are not among the suspended titles. However, the local Agrarian Court estimates that de Carli is linked to land-grabbing crimes on areas that total [300,000 ha](#) in Maranhão and Piauí. De Carli is also accused of [violence and threats](#) connected to invasions of lands occupied by local communities. De Carli [died on July 2019](#) without being convicted in any court cases connected to his land-grabbing. He is still registered as the owner of [16 different companies](#) in Maranhão.

*Figure 12: Radar and Tellus properties bought from companies owned by or affiliated with Euclides de Carli*

	Farm Name	Municipality (State)	Area (ha)	Acquisition	Seller	Owner	Investment Fund
1	São Genaro	Balsas (Maranhão)	361	2010	Codeca - Colonizadora de Carli	Tellus Brasil	n.a.
2	Preciosa	Balsas (Maranhão)	3,688	2010	Agropecuária Caracol	Tellus Brasil	n.a.
3	Marimbondo	Alto Parnaíba (Maranhão)	4,803	2011	Agropecuária Marimbondo	Radar	TCGA I
4	Sagitário	Balsas (Maranhão)	10,794	2011	Agropecuária Centauro	Radar	TCGA I
5	Laranjeiras and Ludmila	Santa Filomena (Piauí)	2,388	2012	Imobiliária Terra do Sol	Tellus Brasil	TCGA I
	<b>Total</b>		<b>22,834</b>	-	-	-	

Source: CRR field work October 2019 and Brazilian Tax Office database.

**Radar properties are linked to previous social and environmental impacts and direct threats to local communities in Santa Filomena, Piauí.** In 2012, Radar acquired the farms Laranjeiras and Ludmila in Santa Filomena, Piauí, from Imobiliária Terra do Sol, owned by Tellus Brasil. The previous owner of the area was Simone de Carli, possibly a relative of Euclides de Carli. The conflicts in the area started in 2010, when de Carli [invaded local community's territory](#) and claimed the title of the area where currently both farms are. In 2015 and 2016, after the farms were bought by Radar, a local community reported that people linked

to de Carli set fire to one of the community's houses near the farms. Environmental impacts are also a concern to local communities. Radar's Laranjeiras and Ludmila farms are in the highlands or plateaus, and the communities usually live in the low land close by the water sources. Local communities report, however, that the plateaus areas are used for harvesting fruits and herbs and for seasonal animal breeding. As a result, the local communities must contend with a scarcity of water sources; a decrease of water quality due to agrochemicals; health problems caused by the consumption of water from local rivers; impacts on the local fauna (fish); and land degradation. Over the long term, these impacts also [threaten food and agricultural production](#). Radar told CRR that it recognizes some of the externalities highlighted by local communities, but pointed out that its operations in the region bring also some benefits such as employment, infrastructure and small projects that support communities' development.

## **Sustainability risks may result in legal, operational and stranded land risks**

**Radar's business model of investing in farmland in the Brazilian Matopiba region includes legal, operational and stranded land risks.** Sustainability risks in Radar's business model in Matopiba include deforestation after 2009, recent fire events and potential links to previous land-grabbing cases with impacts on local communities' livelihood. The exposure of Radar's business model to these risks may impact TIAA and other investors in the TCGA I and TCGA II funds.

**Radar may see legal risks from its potential links to previous land-grabbing cases in the Matopiba region in the Cerrado biome.** CRR found at least six farms within Radar's Matopiba portfolio bought from companies under investigation for being part of one of the largest land-grabbing schemes in the region. These land-grabbing cases are linked to social and environmental impacts that directly affect the livelihood of local communities, possibly exposing Radar to legal risks. In the investigation of these land-grabbing schemes in the Matopiba region, Radar may see fines, legal fees or even to the loss of titles of its properties in the region.

**In addition, Radar may face operational risks at farms linked to social and environmental impacts.** Social impacts reported by local communities are linked to both Radar's buying of land and operations of on those lands in the Matopiba region. These social impacts could increase amid demand for new areas as a result of the government's programme for agribusiness development of Matopiba region, started in 2015, with facilitated loans and credits for crop production in the area. Moreover, demand could also rise because of the after-effects of the 2008 financial crisis, which spurred Brazilian agribusiness to expand its production area. The pressure for opening new production areas, especially in the expansion frontier of Matopiba, has had immediate effects on local communities' livelihood, including violence, land degradation, water source scarcity and pollution. In the medium to long term, environmental impacts reported by local communities may also compromise large-scale agriculture development in the region.

**While the pre-2018 deforestation reported above is not in violation of Nuveen's zero-deforestation policy, it may nonetheless pose future compensation or stranded land risks.** Radar may be held accountable for all land-use changes that took place during the period it held the property. It may not be able to sell properties with post-2009 clearing to any counterparty with a similar or stricter zero-deforestation policy. Acknowledging compensation liability for the equivalent of the 2,970 ha from post-2009 deforestation may help mitigate associated stranded land risks. Recovery or compensation liabilities may also be included in market-access criteria in soft commodity supply chains, as illustrated by recent developments in the Southeast Asian palm oil sector.

## Financial risk in Radar's business model is widespread among various financiers

Nuveen, Westchester Group, TIAA, Cosan and financiers linked to these entities are exposed to sustainability risks that could become business risks (legal, stranded land and operational risk) as well as reputation risk. Investors and financiers linked to Radar's farmland portfolio are found in various entities:

- Nuveen, the asset manager of TIAA. Several other pension funds have also allocated money to Nuveen's farmland portfolio. Nuveen has a 97 percent economic stake in Radar's assets;
- Cosan is, together with TIAA, the joint shareholder in Radar. Cosan is a listed company with various subsidiaries. Many banks, shareholders and bondholders can be linked to Cosan, which has a 3 percent economic stake in Radar.

**The total value loss in Radar's portfolio could amount to USD 192 million.** This calculation is based on the estimate of legal risk (USD 123 million; see below), the value of stranded assets (USD 53 million) and operational risk (USD 16 million). In total, this amount is circa 23 percent of the value of Radar's assets (USD 830 million; see above). As Nuveen's real asset portfolio (farmland, timber, infrastructure) is valued at USD 29 billion, the impact of these losses on its portfolio would be 0.6 percent of the total fund. Three percent of USD 224 million would translate into 0.07 percent of the Enterprise Value of Cosan SA on December 18, 2019 (USD 8.8 billion).

### *Legal risk related to land-grabbing on six farms could cost up to USD 123 million*

**Radar could be fined for land-grabbing (USD 68 million) and possibly lose land titles (worth USD 55 million), which may impact its enterprise value by USD 123 million.** Radar could be fined for land-grabbing and/or lose the land title in six farms with in total 22,834 ha of land (see Figure 13). Agricultural land in Matopiba can be valued at ca [BRL 10,000 per hectare](#), and the loss of this land by Radar would mean a value loss of BRL 228 million (ca USD 55 million).

Although land-grabbing was the result of activity by former owners, Radar could still face fines. The value of the fines could be partly dependent on the numbers of hectares and/or the number of cases. Fines could range between [USD 419 per hectare](#) (USD 36 million for 86,000 hectares; one case) to [USD 3,000 per hectare](#) for smaller plots (USD 5-9 million per case). Based on the calculation per hectare, fines related to the 22,834 ha on six farms could range from USD 10 million (22,834 ha x 419 per ha) to USD 68 million (22,834 ha x USD 3,000 per ha). The number of fines ordered by the Brazilian government's environmental agency IBAMA have declined by [29 percent](#) since President Bolsonaro took office.

### *Stranded land related to the loss of market demand for deforested land valued at USD 53 million*

**Deforested land could become stranded, possibly affecting Radar's enterprise value by USD 53 million.** Customers may not source from deforested land, which would turn these areas into stranded land. The 2,970-ha deforested land on the six farms in 2009-2018 (Figure 7) plus the land with fires (2,350 ha) total 5,320 ha, putting the value of stranded assets at USD 53 million (based on [BRL 10,000](#) per ha).

### Operational risk from community conflicts and water issues could amount to at least USD 16 million

**Social conflicts and lack of water could reduce harvests, possibly affecting Radar's lease revenues and result in a value loss of USD 10 million (DCF-based).** The above-mentioned pollution of water resources mainly concerns drinking water for local communities but might also have an impact on the yield of the soybean harvest. CRR estimated in a [previous report](#) that yields could decline by up to 40 percent due to drought and evaporation. The Laranjeiras and Ludmila estates have in total 3,188 ha which may be affected by water issues and social conflicts. On average, [3.4 metric tons](#) of soybeans are harvested per ha in Brazil. A 40 percent decline would lead to 1.4 metric tons less per ha and a production decline of 4,463 metric ton in the two estates of 3,188 ha in total. The [value](#) of this revenue loss totals USD 1.5 million. As this decline in revenue also means a nearly equal decline in EBITDA, the DCF value could be estimated at USD 10 million. In future negotiations on the lease contracts between landowner Radar and the farmers, these impacts will be considered and could reduce the value of the contracts.

**Additionally, social conflicts and violence may lead to high intangible costs of at least USD 6 million,** such as the [costs associated with violence and the costs from reputation loss](#). When considering intangible costs in palm oil land conflict, the range was USD 5.6-7.5 million per conflict. These costs will also likely impact the value of the lease contracts.

### Cosan's stake in Radar mainly leads to reputation risk for several financiers

**Cosan is relatively shielded from changes to its earnings at the three farmland affiliates, although it is officially the majority owner. Against this backdrop, financial risks are relatively low for investors; however, for some of them there could be substantial reputation risk.**

Cosan SA is controlled by Cosan Ltd ([62 percent stake](#)), in which Rubens Ometto Silveira Mello has a 16 percent stake. Cosan SA has a 51 percent ownership interest in Radar II Propriedades Agrícolas S.A., and only a three percent economic interest. The same structure accounts for Radar Propriedades Agrícolas S.A. In Tellus Brasil Participações S.A, Cosan also owns a 51 percent interest and a five percent economic interest. Due to the small economic interest, Cosan's share in the 2018 earnings of the three entities were only respectively [BRL 2.5 million, BRL 1.6 million and BRL 5.6 million](#). As compared to the BRL 1.904 billion earnings of the consolidated Cosan activities, the Radar/Tellus activities contribute only 0.5 percent. In shareholders' equity of the three entities, Cosan owns approximately BRL 200 million of the total BRL 5 billion total equity.

Figure 13: Consolidated - Cosan - Associate value share

R\$ million	1/1/2018	Share in profit/loss	31/12/18	Cosan ownership	Economic interest
Radar Propriedades Agrícolas	57.5	2.5	59.6	51.0%	2.5%
Radar II Propriedades Agrícolas	31.1	1.6	32.2	51.0%	3.0%
Tellus Brasil Participacoes	<u>98.7</u>	<u>5.6</u>	<u>101.1</u>	50.7%	5.0%
Total	187.3	9.7	192.9		
Cosan total	9,447.0	1,652.3	9,929.0		
Radar and Tellus as % of total	2.0%	0.6%	1.9%		

Source: Cosan S.A. Consolidated financial statements as of December 31, 2018

According to [Cosan](#), the three entities saw a total net profit of BRL 250 million in 2018 on total equity of BRL 5 billion. This was a ca 10 percent decline versus 2017.

**Concerning debt financing by financial institutions with deforestation policies**, in 2014-2019 [BNP Paribas](#) financed one of the Cosan entities with USD 125 million (Figure 14). This financing included USD 75 million in a revolving credit facility. BNP Paribas says it is targeting the elimination of upstream and downstream deforestation by 2020. Santander is an even larger financier, with a USD 322 million commitment, of which USD 301 million is in underwriting services, USD 13 million is in revolving credit, and USD 8 million is in loans. [Santander](#) has a zero-deforestation policy per 2020. [HSBC](#) and Rabobank have smaller exposure but face conflicts with their policies. [Rabobank](#) says it does not “accept deforestation, land grabbing or violation of human rights.”

*Figure 14: Cosan’s revolving credit facility, loans and underwriting services 2014-2019 (USD million)*

Financial institution	Country	Value
Itaú Unibanco	Brazil	924
BNDES	Brazil	724
BTG Pactual	Brazil	509
Citigroup	United States	435
Scotiabank	Canada	370
Santander	Spain	322
World Bank	United States	300
JPMorgan Chase	United States	295
Bradesco	Brazil	271
Morgan Stanley	United States	258
Mitsubishi UFJ Financial	Japan	191
Crédit Agricole	France	170
Pavarini & Opice Gestão de Ativos	Brazil	166
BNP Paribas	France	125
Banco do Brasil	Brazil	121
Bank of America	United States	105
HSBC	United Kingdom	67
Oliveira Trust	Brazil	56
Mizuho Financial	Japan	21
Rabobank	Netherlands	13
Arab Banking Corporation	Bahrein	0

Source: Thomson EIKON (2019, November), Loans; Bloomberg (2019, November), Loan Search; Thomson EIKON (2019, November), Share Issuances; Thomson EIKON (2019, November), Bond Issuances; Bloomberg (2019, November), Aggregated Debt; IJGlobal (2019, December), Project finance; TradeFinance Analytics (2019, December), Trade finance; Cosan Limited (2019), Consolidated interim financial statements as of June 30, 2018, p. 40.

**Shareholders of the Cosan entities mainly consist of Brazilian and U.S. shareholders who have no or weak forest policies.** But European shareholders [Norwegian Government Pension Fund](#) (USD 71 million) and [Storebrand](#) (USD 49 million) face conflicts with their policies and may engage.

### *Several TCGA investors face reputation risk and financial risk*

**AP2 and Caisse de dépôt face reputation risk as the clearing of native vegetation in areas acquired by Radar means that these investors are at high risk of being linked to deforestation. As a result, they would be non-compliant with zero-deforestation policies.** From the investor groups mentioned in TCGA I and II, several face conflicts with the (intention of) policies, such as [Caisse de dépôt et placement du Québec](#) and [Andra AP-Fonden \(AP2\)](#). AP2 intends to achieve zero-deforestation through Nuveen's farmland funds. Stichting Pensioenfond [ABP](#) and its [asset manager APG](#) have signed the Cerrado Manifesto. Of these three, ABP is only involved in TCGA II, which is confronted with systematic forest fires on one of its farms.

Other large investors in the TCGAs do not have zero-deforestation policies. These include National Pension Service (NPS; South Korea), the New York Common Retirement Fund (CRF; United States) and the [New Mexico State Investment Council](#). [British Columbia Investment Management Corporation](#) (BCI) identifies climate change as a priority but does not make explicit mention of deforestation within that context. Finally, [Ärzteversorgung Westfalen-Lippe](#) has no ESG policies. Of the smaller TCGA investors, the [Environment Agency Pension Fund](#) and [Greater Manchester Pension Fund \(GMPF\)](#) are strongly focused on reducing fossil fuel investments but do not consider deforestation.

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