



FINANCIAL SERVICES
FOR THE GREATER GOOD®

October 23, 2009

Randi Weingarten, President
American Federation of Teachers, AFL-CIO
555 New Jersey Ave. NW
Washington, D.C. 20001

Dear Ms. Weingarten:

We are writing in response to a resolution passed by the American Federation of Teachers (AFT) on October 14 that urges TIAA-CREF to promote fair labor standards at portfolio companies. As described below, TIAA-CREF's actions comport substantially with AFT's request, and reflect our organization's longstanding commitment to using our status as a shareholder to promote socially responsible practices at companies in which we invest.

TIAA-CREF Dedicates Significant Resources to Responsible Investing

TIAA-CREF dedicates significant resources to encouraging socially responsible practices at portfolio companies and in our own organization. The Trustees of both TIAA and CREF have standing Corporate Governance and Social Responsibility Committees, which oversee the organization's corporate engagement and proxy voting work, and set priorities. The company maintains a Global Social and Community Investment department, which directs social screening and global community and social investing, and a Corporate Governance group, which handles proxy voting and engagement. The management resources, time and attention focused on environmental, social (including labor standards), and governance issues at TIAA-CREF compare favorably with such work at other financial companies.

Engaging in Areas of Human and Labor Rights

TIAA-CREF's Policy Statement on Corporate Governance, which is reviewed and revised periodically by the TIAA and CREF Boards of Trustees, affirms TIAA-CREF's responsibility to monitor the activities of portfolio companies and directs our actions. As set forth in the Policy Statement: "We believe that sound governance practices and responsible corporate behavior contribute significantly to the long-term performance of public companies. Accordingly, our mission and fiduciary duty require us to monitor and

engage with portfolio companies and to promote better corporate governance and social responsibility.”¹

With respect to human rights, the Policy Statement affirms TIAA-CREF’s belief that companies and boards should pay careful attention to [social] issues in the course of their strategic planning [including] ...the company’s labor and human rights policies and practices and their applicability through the supply and distribution chains.² It further states, with respect to labor rights, that “TIAA-CREF will generally support reasonable shareholder resolutions seeking a review of a company’s internal labor standards, the establishment of global labor standards or the adoption of codes of conduct relating to human rights...Adoption and enforcement of human rights codes and fair labor standards can help a company protect its reputation, increase worker productivity, reduce liability, improve customer loyalty and gain competitive advantage.”³

Putting Principles into Practice

We put these principles into practice, for the promotion of labor and human rights across our investment portfolio. This year we voted on management and shareholder proposals at more than 7,000 portfolio company meetings in the United States and internationally. For example:

- During the 2009 proxy voting season, we supported more than half the shareholder resolutions that we voted that addressed human rights issues. In many cases where we were unable to support a resolution because it sought, in our view, to micromanage the company or overlooked actions by the company, we contacted the company in writing to affirm TIAA-CREF’s support for respecting human rights and encouraging companies to disclose their human right policies and results of their efforts.
- Since 2007, we have participated in dialogue with both The Coca-Cola Company and Wal-Mart Stores, Inc. to ask those companies to strengthen their implementation of policies affecting labor and human rights. We also initiated a dialogue with Nike, Inc. about labor and human rights issues. .
- TIAA-CREF participates in investor working groups convened pursuant to the Global Reporting Initiative and the U.N. Principles for Responsible Investment that aim to clarify investor expectations in the area of corporate human rights policies and actions.
- We promote principles of responsible investing within the financial community in the U.S. and abroad. This year, we have addressed such forums as the National Stock Exchange of India and the Women’s Network for a Sustainable Future.

These and other actions reflect our approach, which is to engage companies in varied ways to effect change. In March, we announced plans to intensify pressure on a number of

¹ See http://www.tiaa-cref.org/pubs/pdf/governance_policy.pdf

² TIAA-CREF Policy Statement on Corporate Governance, page 28

³ TIAA-CREF Policy Statement on Corporate Governance, page 37

portfolio companies that continue to do business with the government of Sudan and to divest from those that fail to end their ties to the government or take meaningful steps to help end genocide and alleviate suffering in Darfur.

Social Choice Screening

We recognize that some people who entrust their savings to TIAA-CREF may elect to invest in funds and accounts that give special consideration to environmental, social and governance concerns. With that in mind, TIAA-CREF operates the CREF Social Choice variable annuity Account and the TIAA-CREF Social Choice Equity Mutual Fund, which incorporate environmental, social and governance indicators into their comprehensive screening criteria.

Social screening methodology for TIAA-CREF's Social Choice investment funds and accounts favors companies that are strong stewards of the environment; that better local communities and society generally; that adhere to fair labor standards for their own employees and those in the supply chain; that produce high quality, safe products; and that manage their businesses in an exemplary and ethical manner. This assessment entails, among other things: employee relations, union relations, health and safety, retirement and work/life benefits. It also addresses sweatshop labor, child labor, forced labor, prison labor and right to association. Companies with substantial record of human, civil and labor rights practices generally receive low ratings and are highly unlikely to be included in TIAA-CREF's socially screened portfolios. Screening criteria include, but go well beyond, screens for companies that derive significant revenue from alcohol, tobacco, firearms, gambling, military weapons and nuclear power.

With the foregoing considerations in mind, please note that the screening process currently excludes shares of the Coca-Cola Company, which is disqualified for, among other things, allegations that the company failed to protect the rights of workers at its bottlers around the world, especially in Colombia; controversies regarding the negative impacts of its products and marketing on children's health; and a legacy of employee diversity problems. The screening process also excludes Wal-Mart Stores, Inc. for, among other things, labor-related concerns.

We encourage you to review "Socially Responsible Investing at TIAA-CREF," an annual overview of our programs that reviews the impact of TIAA-CREF's work in areas of socially responsible investing and corporate governance. The update is available at http://www.tiaa-cref.org/about/press/about_us/releases/pdf/sri_brochure.pdf. We also encourage you to visit the Socially Responsible Investing and Governance section of TIAA-CREF's website, where you can review our proxy voting disclosures. Please refer to <http://www.tiaa-cref.org/about/governance/index.html> for more information.

Investing in affordable housing and communities

Community and proactive social investing comprise a growing part of TIAA-CREF's portfolio. Our Corporate Social Real Estate program invests in affordable housing,

workforce housing, urban and transit-oriented commercial development and sustainable (“green”) development. We have an aggregate investment of about \$580 million in areas earmarked for Economic Development Areas and/or lower-to-moderate income census tracts.

We also are working to address barriers to developing more affordable and workforce housing stock, particularly in urban areas. TIAA-CREF has met several times this year with the leadership of the Professional Staff Congress at the City University of New York to advise those leaders about the best way to educate their members about existing rentals and existing housing with developers in NYC as well participate in discussions with public financing agencies to encourage construction of new faculty housing facilities. Among other assistance, we have put the union’s leaders in touch with brokerage firms, public financing agencies and other experts who can assist the union in achieving its goals.

Some other examples of our work in this area include support for affordable housing in New York State:

- TIAA was among the first investors in the Community Preservation Corporation (“CPC”), which committed funding to save major tracts of affordable housing in the Bronx and Harlem in the 1980’s. TIAA continues its support of affordable and workforce housing via about \$53 million in aggregate commitments to CPC-sponsored investments.
- TIAA was one of eight founding members of Impact Community Capital, a for-profit corporation that structures and manages insurance company investments in affordable housing, community facilities, and economic development. Our colleague Cherie Santos-Wuest is vice chair of the board of Impact. TIAA has committed about \$125 million to the effort.

Financing from TIAA also makes possible construction of thousands of units of affordable housing nationwide.

Engaging with Stakeholders

TIAA-CREF welcomes input from participants on all of the above activities and takes seriously the concerns expressed in the AFT resolution. While we share many of the same goals as AFT, our approach must reflect our fiduciary obligation to take good care of the savings people entrust to us, as part of our mission to help meet their financial needs.

We’re also putting these principles into practice here at our workplace. This year TIAA-CREF earned a top rating of 100 percent in The Human Rights Campaign Foundation's annual Corporate Equality Index survey, a report card on lesbian, gay, bisexual and transgender equality in corporate America. The index assesses corporate practices in areas ranging from non-discrimination to benefits for domestic partners.

While International Labor Organization (ILO) Conventions bind governments, we are examining the appropriateness of these agreements as policies for an institutional investor like TIAA-CREF. We are closely monitoring the work of the United Nations Special Representative on Human Rights and Transnational Corporations, and maintain a dialogue with the staff of Special Representative John Ruggie. We welcome further discussion with AFT and other organizations on this topic. We hope you will share this letter with your members, and look forward to speaking with you further about TIAA-CREF's socially responsible investing and corporate governance programs whenever convenient.

Sincerely,



Amy Muska O'Brien
Director, Global Social & Community Investing



John K.S. Wilson
Director, Corporate Governance

cc: John Abraham, Director, AFT + Member Benefits Department, AFT
Barbara Bowen, President, PSC-CUNY
Steven London, First Vice President, PSC-CUNY
Michael Fabricant, Treasurer, PSC-CUNY
Phil Smith, President, United University Professions

Investments in mutual funds and variable annuities involve market and other risks. Because their social screens exclude some investments, the CREF Social Choice Account and TIAA-CREF Social Choice Equity Fund may not be able to take advantage of the same opportunities or market trends as accounts that do not use such criteria.

Variable annuity contracts are designed for retirement or other long-term goals, and offer a variety of income options, including lifetime income. Payments from the variable annuity accounts and mutual funds are not guaranteed and will rise or fall based on investment performance. Mutual funds do not offer the range of income options available through annuities.

TIAA-CREF Individual & Institutional Services, LLC and Teachers Personal Investors Services, Inc., members FINRA, distribute securities products. Annuity contracts and certificates are issued by Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF), New York, NY.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 1 877-518-9161, or go to www.tiaa-cref.org for a current prospectus that contains this and other information. Please read the prospectus carefully before investing.