



The Forum for Sustainable and Responsible Investment

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## Sustainable, Responsible and Impact Mutual Fund and ETF Chart

### Fund Profile:

## TIAA-CREF Social Choice Bond Institutional

### General Fund Information

**Ticker:** TSBIX

**Assets under management (AUM):** \$3956.61M (in US\$ millions)

**General Fund Type:** Bond (Fixed Income)

**Specific Sizes or Types of Investments:** Primarily invests in a broad range of investment-grade bonds and fixed-income securities including non-corporate issuers such as government agencies, US Treasuries, states, and municipalities, while giving special consideration to ESG criteria.

**Financial Objective:** Actively managed core bond fund that seeks a favorable long-term total return consistent with preserving capital.

**Specific ESG Focus:** Invests in corporate issuers that are leaders in their respective sectors according to a broad set of Environment, Social, and Governance factors. Typically, environmental assessment categories include climate change, natural resource use, waste management and environmental opportunities. Social evaluation categories include human capital, product safety and social opportunities. Governance assessment categories include corporate governance, business ethics and government & public policy. Involvement in major ESG controversies (relating to environment, customers, human rights & community, labor rights & supply chain, and governance) are other considerations. In addition, the strategy includes a proprietary framework called Proactive Social Investments (PSI) for targeting sustainable investment opportunities along four broad themes: Affordable Housing, Community and Economic Development, Renewable Energy and Climate Change, and Natural Resources. A PSI investment is defined as providing a "double bottom line" of competitive risk-adjusted returns alongside measureable social and sustainability outcomes. PSI investments allow investors to have a direct positive social impact through the funding of socially beneficial companies and/or individual projects.

**To invest, call:** 800 842-2252

### Fund Institution Information

#### Institution Name:

TIAA-CREF Asset Management

**Mutual Funds Description:** TIAA-CREF Asset Management is responsible for portfolio management of approximately \$502 billion in total assets under management as of December 31, 2012 (both active and quantitative), research and trading within the derivatives, equity, fixed income and real estate markets. The division is focused on delivering tailored investment solutions to its client segment. TIAA-CREF Asset Management has 327 staff members (as of December 31, 2012) located in New York City, Charlotte, NC, San Francisco, Newport Beach, CA, Boston and London. Our aim is to provide consistent, positive risk-adjusted performance that meets your long-term investment objectives. TIAA-CREF Asset Management's investment philosophy is grounded in our heritage of nonprofit values and reflects a sustained commitment to put our clients' interests first and foremost. Across the full breadth of our equity, fixed income, and real estate investments that we manage, we apply four basic principles, which include: 1) pure and consistent exposure across the various asset types of investments that we make, to ensure that investment portfolios do not drift from their mandate and leave clients potentially at odds with their intended strategy; 2) close management of costs to allow our clients to most effectively reach their savings and investment goals; 3) disciplined active management primarily based on

intensive, company or investment-specific bottom-up analysis; and 4) an emphasis on asset allocation and diversification, frequent rebalancing of risks, and comprehensive risk management. TIAA-CREF has a historical commitment to Socially Responsible Investing (SRI) encompassing three key approaches: social screening, community investing, and corporate engagement, which we believe embody our clients' values and are consistent with our nonprofit heritage. In line with that commitment, the TIAA-CREF Global Social and Community Investing Department was formed in July 2006 as a unit within Asset Management to increase the Investment Management area's focus on several aspects of socially responsible investing. Led by Amy O'Brien, the department works closely with other parts of Investment Management to enhance our existing socially responsible funds (e.g., CREF Social Choice Account), develop new socially responsible investment options, and implement a series of social investment programs in the thematic areas of Affordable Housing, Inclusive Finance, and Community & Economic Development. The department also supports TIAA-CREF Asset Management, the Executive Management team and Trustees on emerging environmental, social, and governance (ESG) issues and their possible impact on asset management.

**Contact info:**

730 Third Avenue  
New York, NY 10017  
USA  
Phone: 800-842-2733  
Email: [jpanagakis@tiaa-cref.org](mailto:jpanagakis@tiaa-cref.org)  
Web: <https://www.tiaa-cref.org/public/>

**Account Minimums**

**Minimum Account:** 2,000,000

**Minimum IRA:** --

**Methodology**

**Screening Venue:** In-house

**Screening Party:** We leverage primary ESG research conducted by leading ESG research vendors. In addition, an internal framework has been developed in-house by the Global and Social Community Investing team to identify investments for the Proactive Social Investments (PSI)

**Screening Database Used:** --

**Screening Process:** Corporate debt issuers must meet minimum ESG performance standards to be eligible for inclusion in the Fund. The evaluation process favors companies with leadership in ESG performance relative to their peers. The ESG evaluation process is conducted on an industry-specific basis and involves the identification of key performance indicators, which are given more relative weight compared to the broader range of potential assessment categories. Concerns in one area do not automatically eliminate an issuer from being an eligible investment for the Fund. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. The social and environmental impact of corporate activities related to the production and sale of alcohol, tobacco, military weapons, firearms, nuclear power and gambling products are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the strategy, most companies involved in these industries are ineligible for investment due to their poor overall ESG performance.

**Proxy Voting Information**

**Proxy Voting Guidelines or Policies:** [Open external link in new window](#)

**Proxy Voting Records:** [Open external link in new window](#)

**Specific Screening Information by Category**

**Environment**

- **Climate / Clean Technology:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in Climate-related areas such as reducing carbon emissions, improving energy efficiency, reducing product carbon footprint, and exploring environmental opportunities in clean tech, green building, and renewable energy. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Pollution / Toxics:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers with regards to programs and policies that reduce or control toxic emissions and waste, packaging material waste, and electronic waste. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Other Environmental:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in other environment-relevant themes such as Water Stress, Biodiversity and Land Use, and Raw Material Sourcing. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.

## Social

- **Community Development:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers with regards to the extent that company business activities and initiatives support communities by developing infrastructure and capabilities that promote access to products or services in underserved communities, particularly in the areas of: access to communications, access to healthcare, and access to finance. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Diversity & Equal Employment Opportunity:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in areas related to human capital development, which includes considerations of discrimination and workforce diversity, in addition to other factors such as employee compensation and benefits, and professional development. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Human Rights:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers with regards to policies and practices in place to monitor and mitigate human rights abuses within the supply chain. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Labor Relations:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in areas of labor management that consider union relations, employee health and safety, compensation and benefits, and professional development. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Conflict Risk:** *No Investment*

## Governance

- **Board Issues:** *Positive Investment* - The ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in Corporate Governance areas that consider board issues such as board independence, board diversity, policies related to corruption or ethical conduct of business, transparency in reporting, compensation/renumeration, and shareholder rights. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.
- **Executive Pay:** *Positive Investment* - While there is no explicit stand-alone indicator for Executive Pay, the ESG assessment process favors companies that show leadership in ESG performance relative to sector peers in

Corporate Governance areas that includes considerations of compensation/renumeration among other factors. A best in-class balanced approach is applied. When ESG concerns exist, the evaluation process gives careful consideration to how companies address the risks and opportunities they face in the context of their industry and relative to their peers. Concerns in one area do not automatically eliminate an issuer from being an eligible fund investment.

## Products

- **Alcohol: *Restricted/Exclusionary Investment*** - The social and environmental impact of corporate activities related to the production and sale of alcohol are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the strategy, most companies involved in the Alcohol industry are ineligible for investment due to their poor overall ESG performance.
- **Animal Welfare: *No Screens***
- **Defense/Weapons: *Restricted/Exclusionary Investment*** - The social and environmental impact of corporate activities related to the production and sale of weapons (including both civilian and military weapons) are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the strategy, most companies involved in the Defense/Weapons industry are ineligible for investment due to their poor overall ESG performance.
- **Gambling: *Restricted/Exclusionary Investment*** - The social and environmental impact of corporate activities related to the production and sale of gambling products/services are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the strategy, most companies involved in the Gambling industry are ineligible for investment due to their poor overall ESG performance.
- **Tobacco: *Restricted/Exclusionary Investment*** - The social and environmental impact of corporate activities related to the production and sale of tobacco are quantified and incorporated into a company's overall ESG performance assessment. While not automatically excluded from the strategy, most companies involved in the Tobacco industry are ineligible for investment due to their poor overall ESG performance.

## Other

- **Other/Qualitative:** *Our proprietary PSI framework allows for identification of sustainable investment opportunities along four broad themes: Affordable Housing, Community and Economic Development, Renewable Energy and Climate Change, and Natural Resources. Affordable Housing: Positive Investment - Securities issued by federal, state or local government entities to support the financing of low and moderate income housing loans, transit oriented developments, walkable communities, or mixed-use development projects. Community and Economic Development: Positive Investment - Securities issued by federal, state or local government entities or corporations to support financial services, hospital/medical services, educational services, community centers, reconstruction activities, urban revitalization, humanitarian, disaster, and international aid services inclusive of underserved and/or economically disadvantaged communities. Renewable Energy & Climate Change: Positive Investment - Securities issued by federal, state or local government entities or corporations which finance new or expand existing renewable energy projects (including hydroelectric, solar and wind), smart grid and other projects designed to make power generation and transmission systems more efficient, and other energy efficiency projects which result in the reduction of greenhouse gas emissions. Natural Resources: Positive Investment - Securities issued by federal, or state or local government entities or corporations to support land conservation, sustainable forestry and agriculture, remediation and redevelopment of polluted or contaminated sites, sustainable waste management projects, water infrastructure including improvement of clean drinking water supplies and/or sewer systems, and sustainable building projects.*
- **Shareholder Engagement - Shareholder Resolutions:** Filed or co-filed with companies on environmental, social or governance issues
- **Shareholder Engagement - Private Dialogue:** Conducted with companies on environmental, social or governance issues

## Performance Data

Data provided by: Bloomberg - Information current as of July 31, 2019

Year-to-date rate of return: 6.55%

1-year rate of return: 8.1%

3-year rate of return: 2.86%

**5-year rate of return:** 3.74%

**10-year rate of return:** --

**Previous year rate of return:** 0.33%

**Management fee:** 0.35%

**Expense ratio:** 0.39%

**Standard deviation:** 2.91%

**Benchmark used:** Barclays Capital US Aggregate Bond

**Disclaimer:** --

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1660 L Street NW, Suite 306  
Washington, DC 20036  
Phone (202) 872 5361 Fax (202) 775 8686