

# Green News & Views

Real Assets – ESG initiatives

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Sustainable farmland practices play a vital role in reducing greenhouse gas emissions as well as conserving energy and water. It can also help to meet global demand for food, while encouraging sustainable practices benefiting the environment over the long-term.

Investors, tenants, local operators and farm managers, should foster sustainability best practices, while respecting the land rights and the communities in which they operate for a greener and more sustainable future for us all.

## Growing a greener world with farmland

**There has never been a greater need than now for sustainable farming. The Food and Agriculture Organization of the UN expects the world's population to reach 9.1 billion by 2050, a 50% increase compared to 2000. Therefore, the demand for farm commodities is rising rapidly as the world's population grows.**

Farmland's deep connections to the world economy, human societies and biodiversity make it one of the most important frontiers for conservation around the globe. Sustainable farming nurtures healthy ecosystems whilst supporting the sustainable management of land, water and natural resources, and ensuring world food security. Environmental sustainability means good stewardship of the natural systems and resources that farms rely on.

A practical framework for sustainable farming, and a targeted set of innovations, can help farmers produce better crops, adapt to climate change, increase their productivity, set goals to achieve their sustainability performance and target investments to address their greatest risks. Such standards are designed to support the positive social, environmental, and economic impact of farmland, while offering farmers an enhanced framework to improve their livelihoods and protect the landscapes where they live and work.

## What we believe

UBS Asset Management's Real Estate & Private Markets business is one of the leading managers of institutional farmland investment portfolios in the US. With almost 50 years of experience in US agricultural real estate and over 30 years investing in farmland on behalf of pension funds, starting in 1990, we are committed to preserving farmland for the long-term for future generations to come.

With several hundred thousand acres of farmland in our portfolio, we are a trusted source of long-term capital to the farm economy. It is highly important to us to invest in projects that demonstrate sustainable farming practices which contribute towards a better environment and food security to meet the demand of our growing population. In addition, we respect the land rights and the communities where we farm.

## The Leading Harvest Farmland Management Standard

Our assets are enrolled in the ESG Leading Harvest Standards for farmland portfolios, which is designed to advance sustainable agriculture and empower sustainability leaders to share and adopt better practices and be good stewards of the land.

The Standard optimizes sustainable farmland management as part of a comprehensive assurance program. Created by diverse stakeholders, the Standard is flexible and adaptable so it can scale across all geographies, crop types, and management systems. It is scientifically-rooted and users of the Standard can achieve certification through rigorous, independent third-party auditing.

The Standard is designed to grow with agricultural operations over time, providing a framework for continuous improvement. The Standard works towards ensuring we are achieving lasting outcomes for communities and growing a healthier future for generations to come.

The Standard addresses 13 sustainability principles:



- 1 Sustainable Agriculture
- 2 Soil Health and Conservation
- 3 Protection of Water Resources
- 4 Protection of Crops
- 5 Energy Use, Air Quality and Climate Change
- 6 Waste and Material Management
- 7 Conservation of Biodiversity
- 8 Protection of Special Sites
- 9 Local Communities
- 10 Employees and Farm Labor
- 11 Legal and Regulatory Compliance
- 12 Management Review and Continual Improvement
- 13 Tenant-Operated Operations

## Why it matters to us

### **Sustainable Agriculture**

Ensures the production of food, while respecting the ecological, economic and social limits that ensure the durability of production while using crop protection systems that minimize the risk to farmers, workers and consumers.

### **Soil Health and Conservation**

Healthy soil contributes towards a healthy ecosystem by improving water quality and plant productivity, controlling soil nutrient recycling decomposition, and removing greenhouse gases from the atmosphere.

### **Protection of Water Resources**

Water is a critical input for agricultural production and plays an important role in food security. Therefore, efficient irrigation systems and water management practices can help maintain farm profitability in an era of increasingly limited and more costly water supplies.

### **Protection of Crops**

Proper management of pests, diseases, weeds and nutrient inputs into farmland can have positive environmental and yield impacts.

### **Energy Use, Air Quality and Climate Change**

Conservation of energy and minimization of adverse impacts to the atmosphere and the global climate, through the use of renewable energy, low-emission technologies and minimizing airborne dust and the application of climate-smart practices.

### **Waste and Material Management**

The agricultural industry produces many types of waste, all of which have their own methods of recycling or disposal. Therefore, the recycling and utilization of agricultural wastes are considered to be an important step in environmental protection.

### **Conservation of Biodiversity**

Use of a variety of crop species, companion crops and crop rotation. The protection of threatened, endangered and at-risk species. The conservation of native and wildlife habitat and natural communities. Avoiding deforestation and habitat conversion.

### **Certifications**



### **Protection of Special Sites**

Protection of natural and historical resources such as productive soils, surface water, groundwater, air quality, wildlife habitats, scenic beauty, quality of life, and land history to protect agricultural land for future generations.

### **Local Communities**

Fostering the economic vitality of local communities with business practices that support sustainable agriculture and the local economy. To recognize and respect rights of local communities as well as the treaty rights of indigenous peoples and to protect public health from adverse impacts of enrolled farmland.

### **Employees and Farm Labor**

Sustainable food must be produced in a way that takes not only the environment and consumers into account, but also the people who grow, harvest and process it, including their working conditions, safety and environmental conditions.

### **Legal and Regulatory Compliance**

There is an ever-changing array of financial, planning, environmental, animal welfare, safety and employment legislation that farmers have to comply with.

### **Management Review and Continual Improvement**

Provides for the continuous improvement of these Standards by evaluation of their effectiveness.

### **Tenant-Operated Operations**

The implementation of strategies to ensure that farmland tenants adhere to the principals of sustainable agriculture.

## Farming for the future

Future farming practices must continue to evolve in order to help reach the UN's Sustainable Development Goals (SDGs), many of which directly relate to farming. We understand that sustainability best practices are integral to producing competitive returns from farmland. Therefore, we aim to drive positive change along farmland value chains and will continue to work to deliver significant impact in the 13 sustainable principles of The Leading Harvest Farmland Management Standard.

### **Global goals**



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