

Green News & Views

Real Assets – ESG initiatives

February 2022



Idaho sugar beets being grown under pivot irrigation with drop nozzles which help to conserve water by reducing evapotranspiration.

In 2017, UBS began working alongside other members of a Sustainable Agriculture Working Group, including agricultural sustainability experts, asset managers, environmental organizations, and farm managers, to develop the Leading Harvest Farmland Management Standard.

As of 2020, 100% of the farmland acres we manage are enrolled in the Leading Harvest Farmland Management Standard.

Sustaining rural communities and natural resources with Leading Harvest

Investors increasingly expect assurance that their capital will not only generate sustainable financial returns, but also contribute to a more sustainable world. Stakeholder interest in sustainable agriculture is growing rapidly with increasing attention to how agricultural systems affect and interact with the environment and society.

Agriculture plays a global economic, social, and environmental role: it employs over one billion people, produces over USD 1.3 trillion of food each year, and it occupies 50% of the world's habitable land¹, impacting climate, biodiversity, and water supplies¹.

Our Farmland business is a founding member of Leading Harvest. The Leading Harvest Farmland Management Standard is an outcomes-based sustainability standard that addresses economic, environmental, social, and governance matters through farm management.



¹ World Bank. 2017. Agriculture and Food. World Bank, Washington, DC.

The Standard is comprised of 13 principles, 13 objectives, 33 performance measures, and 71 indicators core to farmland sustainability. These components address efficiently using water, agricultural chemicals, and energy to grow crops as well as conserving soils and biodiversity while also minimizing waste. Additionally, it takes into consideration the wellbeing of farmland tenants, employees, and local communities.

The Standard addresses the need for stakeholder assurance by providing a framework to help farmland managers methodically approach agricultural sustainability. Conformance to the Standard is assured through independent, third-party certification, enabling stakeholders to make verifiable claims to the market while strengthening credibility, reputation, and social license.

Leading Harvest Farmland Management 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 Continuous Improvement
13. Tenant-operated Operations

The Standard is hierarchically structured, starting with principles at the highest level and ending with indicators at the finest level. The principles provide the overall vision for the Standard and members are assessed by independent, third-party certification bodies for conformance with the objectives, performance measures, and indicators. Our Farmland business is currently undergoing our initial certification audit. Continuing reading for two of our "In the Field" case studies.

Chukar Orchard



Location: Washington

Crops: Apples, cherries, wine grapes

Acres: 1,200 gross, 900 net

- **Objective:** Crop protection
- **Performance Measure:** Integrated pest management
- **Indicators:** Pest monitoring, crop protection, pest control practices

When appropriately used, crop protectants can enhance productivity and reduce crop losses. However, crop protectants may have detrimental impacts to humans and wildlife when poorly managed. The practice of integrated pest management (IPM) has been shown to reduce crop protectant risk to humans and the environment while also enhancing crop productivity and reducing costs.

Chukar Orchard's IPM program minimizes the need for crop protectants through preservation of beneficial insects. This includes comprehensive monitoring of all insects in the orchard and taking care not to hurt predators that prey on harmful pests. Additionally, Chukar Orchard prevents the accumulation of the codling moth, a harmful pest, by using a method known as mating disruption rather than crop protectants. Mating disruption uses the scent of a female moth to confuse and disorient would-be father moths.



Grant Farm



Location: Wisconsin
Crops: Corn, soybeans
Acres: 9,800 gross, 8,600 net

- **Objective:** Conservation of biodiversity
- **Performance Measure:** Wildlife habitat conservation, crop diversity
- **Indicators:** Cropland for wildlife habitat, crop and genetic diversity

Globally, agriculture is considered the largest threat to biodiversity. Conservation of biodiversity in agricultural landscapes focuses on conservation of rare and at-risk species, conservation of both natural and managed (e.g. farmed) habitats, avoiding habitat conversion to agriculture, and conserving genetic diversity of crops.

The Grant Farm utilizes no-till farming practices and soil erosion control structures to create temporary wildlife habitat, including 8,500 acres of no-till cropland and 250 acres of grassed waterways. No-till farming leaves crop residues undisturbed after harvest to maximize food and cover for wildlife. Grassed waterways are soil erosion control structures formed by grading and shaping natural drainageways and seeding vegetation. This vegetation provides cover for small birds and animals. Additionally, the Grant Farm rotates between corn and soybean production annually to support crop diversity. Crop and genetic diversity can help control weeds and pests, improve soil health, and improve crop yields.

Our commitment

As one of the US' leading managers of institutional farmland investment portfolios since 1990, we are committed to preserving farmland for the long term.

We believe farmland owners and producers have a vital stewardship responsibility and commitment to society and future generations. We recognize the importance of maintaining viable commercial and family farmland and supporting an agricultural system that renews its ability to provide food and other agricultural products and sustains rural communities and natural resources.

We seek to appropriately apply and improve regional agricultural best management practices on the farmland that we manage and promote such practices, including crop protection and conservation of biodiversity, on other farmland to advance sustainable agriculture.



Performance excellence or positive change?

At UBS Asset Management,
we believe in sustainable outcomes
without compromise.



For more information, please contact:

UBS Asset Management Switzerland AG

Bahnhofstrasse 45
8001 Zürich
Switzerland
Tel: +41-44-234 11 11

www.ubs.com/repn

This publication is not to be construed as a solicitation of an offer to buy or sell any securities or other financial instruments relating to UBS Asset Management Switzerland AG or its affiliates in Switzerland, the United States or any other jurisdiction. Using, copying, reproducing, redistributing or republishing any part of this publication without the written permission of UBS Asset Management is prohibited. The information and opinions contained in this document have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith but no responsibility is accepted for any errors or omissions. All such information and opinions are subject to change without notice. Source for all data/charts, if not stated otherwise: UBS Asset Management. All information as at February 2022 unless stated otherwise. **Approved for global use.**

© UBS 2022. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.