Background

The Crop Trust, as a responsible asset owner, considers that responsible investment and good stewardship may enhance long-term Fund performance, and is therefore aligned with its fiduciary duty. Further, mitigating risk and capturing investment opportunities driven by the integration of environmental, social and governance (ESG) issues may have a material impact on investment returns across all asset classes. Therefore, the Crop Trust considers ESG integration into its investment process to be an important component of its investment strategy and could support the broader mission and objectives of the Crop Trust.

The Crop Trust is a signatory to the United Nations Principles of Responsible Investment (PRI) – an initiative that includes an international network of investors working together to put responsible investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. As part of its commitment to the PRI, the Crop Trust is committed to undertake annual PRI reporting, the results of which are publicly disclosed.

ESG Beliefs

The Crop Trust has reviewed its approach to environmental, social and corporate governance (ESG) and has established the ESG beliefs set out below. We will use these beliefs to guide our thinking on how to develop and implement our approach to responsible investment.

The Crop Trust believes that:

1. It is important to manage its investment fund in a way that could support its broader mission and objectives;
2. Sustainable investment and good stewardship can enhance the long-term performance of our fund;
3. Exclusions (screening companies out of a portfolio) are an important means of limiting reputational risk; and
4. Being a responsible investor is important for maintaining stakeholder support and ensuring the sustainability of the Trust and its ability to attract and retain high-calibre human resources.

We acknowledge that ESG factors may have a material impact on investment returns and risks across all asset classes, although these impacts may be clearer in some asset classes than for others.

The Crop Trust recognises that these beliefs will help guide the development of a Responsible Investment Policy that will set clear expectations for Crop Trust staff and our third party investment managers and advisers for the integration of ESG factors into investment management.