

2022 

**Responsible Investment
Policy**

Overview

AGinvest Farmland Properties Canada is an investment management company that focuses on premium Canadian farmland, particularly in Ontario. It acts as an investment manager for institutional and accredited investors, as well as a farm partner for farmers and their families. AGinvest intends to invest in the anticipated long-term appreciation of premium Ontario farmland, which it does through acquiring farmland and improving the land's productivity through optimization techniques. AGinvest works alongside progressive farm operators through a Grower's Agreement to generate annual income for both the farmer and AGinvest.

By being 100% invested in Farmland and playing an active role in implementing strategies used to sustain the soil and land on which farmers grow their crops, AGinvest also creates long-term impact through sustainable farming which provides vast social and environmental benefits.

Policy

This policy is intended to serve as an overview of AGinvest's continued commitment to sustainability and provide insight as to how its investment practices hold up to the current environmental, social, and governance (ESG) standards established by the United Nations-Principles for Responsible Investment (UN-PRI). The policy was developed as a collaborative effort which included contributions from all internal teams at AGinvest. This policy will be continuously reviewed to ensure we are exceeding the expectations of all stakeholders.

Through active asset management and integration of ESG principles into management and acquisition strategies, it continues to strive to make a positive impact.

Core Beliefs

AGinvest Farmland Properties has a mission to protect the integrity of Ontario farmland for future generations. It works with farm families to help their operations achieve scale and become more profitable. It also provides unique transition opportunities for the next wave of farmland transfers taking place over the upcoming decade, giving these families the ability to choose from a variety of unique succession options that aim to make the transition process much easier than it has been in the past.

AGinvest aims to ensure that its investment objectives and ESG targets align with those set out by UN-PRI. The six principles that form the basis of PRI include incorporating ESG issues into all business operations such as ownership policies and decision-making processes, promoting acceptance and implementation of the principles, working together with other parties to enhance the effectiveness of the principles, and reporting on the company's activities and progress.

Along with following these six principles, AGinvest also adheres to the five guidelines outlined in PRI's Responsible Investment in Farmland document. These guidelines include promoting environmental sustainability, respecting labour and human rights, respecting existing land and resource rights, upholding high business and ethical standards, and reporting on activities and progress towards implementing and promoting the principles.

Meeting and exceeding these principles and guidelines is vital in AGinvest's mission to ensure that Ontario farmland remains productive and profitable for many years to come.

Environmental

AGinvest invests in Ontario farmland as it brings tremendous environmental benefits such as a long growing season, high quality premium farmland, abundant freshwater, exceptional agricultural infrastructure, and proximity to densely populated urban markets where crops are being sold.

Below are some of the key components and principles to AGinvest's sustainable farming practices intended to benefit the land and maintain proper crop health.

- Crop rotation expectations
- Cover crop strategies
- Compaction remediation strategies
- Drainage maintenance and management strategies
- Water management strategies
- Carbon sequestration and soil health initiatives

AGinvest obtains baseline soil sample data after acquiring new farmland, which it uses to assess and build on the quality of the soil.

Social

The Young Farmer

As nationwide farmland values increase at steady rates annually, it becomes continuously more difficult for a young aspiring farmer to acquire new land and make a living for themselves. AGinvest is proud to partner with young progressive farmers that are looking to expand their farming operations, by leasing them premium Ontario farmland owned by AGinvest. This allows younger farmers to increase their production capabilities in a way that is still financially viable for them.

The Retiring Farmer's Legacy

As the older farmers look to retire and young farmers look to grow their farming operations, it can often be difficult to reach a mutual agreement that works in everyone's favour. This is evident from the data found in a recent Census of Agriculture produced by Statistics Canada, which indicates the younger generations of farm families are leaving their farming heritage rather than continuing the farming legacy the way past generations have. Thus, it is becoming increasingly important to farm families that the interests of all farm heirs are considered and that sufficient options are provided to them. AGinvest's flagship program for transitioning family farm ownership is outlined in the next section.

Land-Share Exchange Program

Through AGinvest's Land-Share Exchange program, farmland owners are offered the opportunity to transfer farmland into AGinvest and receive a combination of cash and shares of an AGinvest Farmland Fund in return. The program lets farm families defer immediate tax liabilities for certain funds while maximizing eligibility for the lifetime capital gains exemption.

Farmers are given several options as per the program, namely

- to continue operating and expanding the farm business directly,
- to participate in its operation as shareholders, or
- to liquidate their shares for cash.

The program allows young farmers to quickly achieve scale and make their farming operations more profitable.

Social continued...

Engagement with Farmers

Throughout the year, AInvest prides itself on maintaining consistent communication with the farm families it works with and the broader community. Through its various social media channels, it works hard to provide useful information to its growers and use its platform to inform the investment community of the very important work farmers are doing each day.

AGinvest plans to further its community engagement initiatives by meeting with various municipalities and townships in which it operates, to help ensure it can be an active and productive member of each.

It also improves social relations with farmers that are partnered with AInvest, as the agricultural technology it invests in and uses will improve the land quality and raise crop yields, which in turn feeds more consumers in growing city populations.

Governance

AGinvest prioritizes transparency and full disclosure with its investors and has thus included the involvement of several third-party companies and individuals to audit, advise and ultimately hold it accountable in its investment activities. AInvest has taken numerous measures to ensure that investors have full insight into their investment, which also includes being privy to new information provided in quarterly reports regarding the state of AInvest's farmland portfolio for each farmland fund. Several of these are listed below.

- Investment committee to review farm acquisitions
- Advisory Board created to provide strategic advice from an unbiased outside view
- Quarterly reports produced and distributed to stakeholders
- Third-party appraisers used annually to value entire farmland properties
- Third-party audits of financial statements and property appraisals done annually by a nationally recognized audit firm

Additionally, AInvest has stewardship policies in place to ensure sufficient positive and negative screening is facilitated in the farm acquisition process. This includes refraining from entering bidding wars with competing farmers and farming companies, and ensuring the land being purchased is of a high enough quality on which to farm.

Reporting

In 2021, AInvest was accepted as a signatory to the UN-PRI. Beginning in 2023, AInvest will conduct annual year-end reporting through the UN-PRI internal reporting systems. It also engages regularly with PRI to obtain feedback for its investing activities and aims to improve on the ESG impacts of its activities for the subsequent year.

Internal review processes are also held amongst the portfolio management and upper management teams to review the year's investing activities.

AGinvest plans to publish a yearly sustainability report, which will demonstrate the efforts of the previous year. This report will comment broadly on AInvest's activities in the farm management space and focus on case studies that will provide more context into its efforts.