



# 2024 Responsible Investing Report



**Bonnefield**

FARMLAND *for* FARMING

# Table of Contents

- 3** . . . . . Message from our CEO
- 4** . . . . . About Bonnefield
- 8** . . . . . Bonnefield ESG Metrics
- 10** . . . . . Leading Harvest Pilot
- 11** . . . . . Stories From the Farm
- 13** . . . . . Methodology





A Bonnefield Property in Northern New Brunswick

# Message from our CEO

## Tom Eisenhauer, Founding Partner & CEO

I am pleased to share Bonnefield’s 2023 Responsible Investing Report, which provides an overview of our responsible investment initiatives and activities throughout the year.

Bonnefield works with leading, growth-oriented Canadian farmers, providing an alternative source of capital through a sale-leaseback model that provides farmers with long-term access to farmland. Bonnefield is a long-term steward of the land and understands that responsible management practices are critical to ensuring the long-term viability and production capacity of farmland. We work with progressive farmers that promote sound farmland management practices to protect the integrity of Canadian farmland, which we believe is core to protecting and enhancing long-term returns for our investors.

2023 was a year of progress as Bonnefield enhanced several ESG initiatives and released its inaugural TCFD report. We also completed an initial assessment of how Bonnefield’s farmland and agribusiness investment strategies align with newly adopted regulations, including the European Union’s Sustainable Finance and Disclosure Regulation (“SFDR”). Bonnefield will continue to monitor this regulation and our alignment with SFDR Article 8, as our funds promote environmental and social characteristics in connection with our best-in-class sustainable management practices.

While Bonnefield is often asked about the importance of ESG considerations within agriculture investing, it is the Canadian farming community that is at the forefront of implementing sustainable management practices to ensure the long-term productive capacity of the land. Bonnefield tenants have continued to implement sustainable practices to improve farm resiliency in adverse growing conditions, which have included changes in tillage practices, planting cover crops, biological soil amendments, and changes in fertilizer management.

By implementing, and investing in, sustainable practices that prioritize soil health, farmers help mitigate the impacts of extreme weather events and ensure the long-term viability of their operations. These are among the many reasons Bonnefield is an advocate for sustainable agricultural practices on the farmland we manage.

Looking ahead, I am excited about the future of Canadian agriculture and proud of Bonnefield’s contributions as a financial partner for Canadian farmers. We remain committed to supporting our farming partners, promoting sustainable practices, and driving positive change in the industry. Together, we can build a more resilient and sustainable agricultural sector for future generations.

Thank you for your continued support.

# About Bonnefield

Bonnefield is a leading Canadian natural capital investment manager that invests in farmland and agribusinesses. We provide capital to progressive farmers and agribusiness operators through land-lease financing and non-controlling equity solutions. Bonnefield is dedicated to preserving farmland for farming, and the firm partners with growth-oriented farmers and agribusiness operators to help them grow, reduce debt, and finance retirement and succession. We believe that responsible investment practices are critical to the long-term productive capacity of the cropland in which we invest, and are committed to incorporating environmental, social, and governance considerations throughout the entirety of our investment process. We strive to ensure that farmland remains for farming within Canada.

## Bonnefield Current Investment Markets

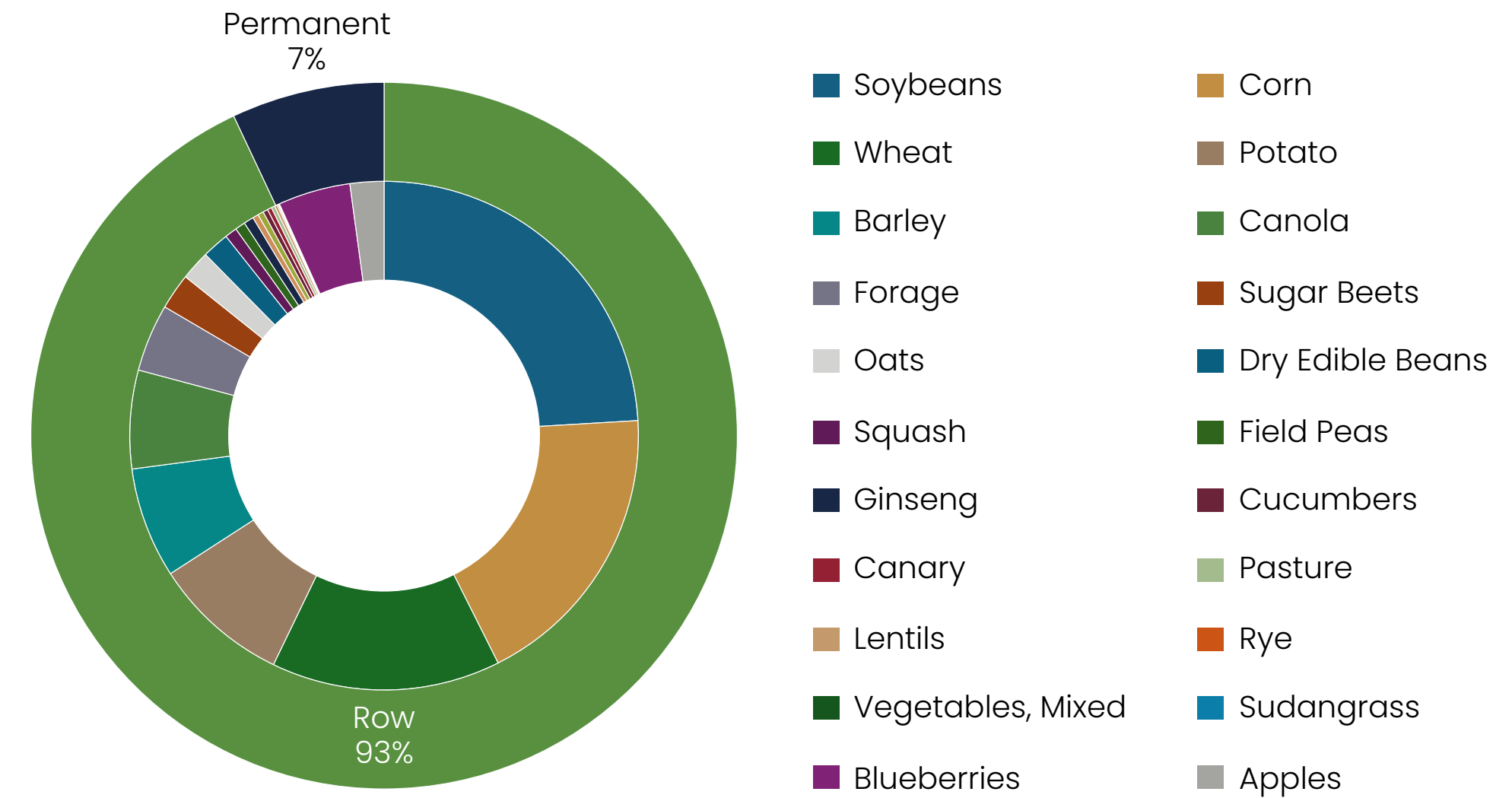


British Columbia • Alberta • Saskatchewan  
Manitoba • Ontario • New Brunswick • Nova Scotia

 Bonnefield Headquarters & Personnel

## Crop Diversification Across Bonnefield Portfolio

Percentage of Fair Market Value



### UNPRI Signatory

Since 2014

**32,373 tonnes**

CO<sub>2</sub>e emitted across farmland portfolio

**25+**

Distinct crops grown in 2023

### \$1.5 Billion AUM

As at December 31, 2023

**128K+ Acres**

of farmland across Canada

**121**

Farm tenant partners



## Bonnefield's Responsible Investing Principles

Bonnefield's goal is to promote sound farmland management practices, help improve operator efficiencies and protect the integrity of Canadian farmland, which we believe are core to protecting and enhancing long-term returns for our farmland investors.

The core RI principles that govern Bonnefield's businesses are:

- We preserve Canadian farmland for farming use.
- We do not buy land for non-agricultural redevelopment.
- Our agronomic standards must balance exemplary farmland stewardship, sustainable farming practices and affordable farming operations.
- We aspire to become a long-term partner with our Canadian farm operator clients.
- Our programs must assist Canadian farm operators to build or maintain scale, become more profitable, improve cash flow and/or reduce debt.
- We will not dictate to our partners how to operate their farms.
- Our farmland lease programs must create an "as if owned" relationship with the leased land for the farm operator.

In 2023, Bonnefield launched its agribusiness strategy, that targets leading Canadian food, agribusiness, and essential agricultural assets, providing non-controlling capital for growth and expansion through flexible financing solutions, structured primarily as equity, subordinated debt, or asset sale leasebacks.

Bonnefield has integrated a thorough ESG assessment of each business in its investment process. Bonnefield is of the belief that sound ESG management practices drive long-term value for our investors. Bonnefield has developed a proprietary ESG Scorecard to identify and assess sustainability-related risks and opportunities that has been informed by the Sustainability Accounting Standards Board guidance on Food and Beverage industries.

In accordance with the best practices of responsible investing guidelines, Bonnefield has adopted robust governance structures for its farmland funds. All funds have investor advisory committees that, among other tasks, confirm net asset values that are based on independent third-party property appraisals. The advisory committees are also mandated to confirm any matter that may give rise to a conflict of interest, deviations from stated investment policies or distribution policies.

## Sustainable Farming Practices – Bonnefield Standards of Care

Bonnefield considers Responsible Investing practices throughout all phases of the investment process. While Bonnefield does not dictate to farmers how to operate their farms, as part of the partnership, the farm tenants agree to adhere to sustainable farming best practices known as the Bonnefield Standards of Care that promote sound farming practices to protect the integrity of the land. The Standards of Care were developed by Bonnefield in consultation with expert agrologists and include industry best-practice policies established by leading agricultural education and government agencies across North America.

Standards of Care Practices:

- ✓ Periodic Soil Testing
- ✓ Tillage Systems In Keeping With Soil Conservation
- ✓ Crop-Rotation Systems
- ✓ Surface Water And Water-Course Management
- ✓ Detailed Record Keeping
- ✓ Crop Planning
- ✓ Pesticide Management And Weed Control
- ✓ Soil-Erosion Practices
- ✓ Environmental Obligations

On an annual basis, third-party agrologists conduct reviews on each property to rate compliance against the Standards of Care.

**~3 Crops grown on each field  
over a four year period**



## Bonnefield Support of Sustainable Initiatives

### Signatory of Principles for Responsible Investment

Signatory of:



Bonnefield became the first Canadian farmland investment manager signatory to PRI in 2014, underscoring our commitment to responsible investment principles and the incorporation of ESG considerations throughout our investment process. Bonnefield believes the incorporation of responsible investing principles leads to better investment outcomes, and better outcomes for its stakeholders.

### United Nations Sustainable Development Goals



The United Nations Sustainable Development Goals framework offers a comprehensive roadmap to align international efforts around collective action to create a peaceful and thriving future for all. Bonnefield has identified and assessed how our investment strategies align with several of the 17 United Nations Sustainable Development Goals. Bonnefield is proud to contribute to advancing the SDGs in several areas through our investment in Canadian farmland and agribusinesses.

### Supporter of Task Force on Climate – Related Financial Disclosures



Bonnefield supports the recommendations of the Task Force on Climate-related Financial Disclosures to develop voluntary, consistent climate-related risk disclosures. Evaluating and assessing the risks and opportunities associated with climate change is integral part of Bonnefield's overall investment process. Bonnefield published its inaugural TCFD report in 2023.

### Pilot Participant – Leading Harvest Canada



In the fall of 2023, Bonnefield became a participant alongside Farm Credit Canada (FCC), McCain Foods, and Manulife Investment Management to launch a pilot program for Leading Harvest in Canada. Leading Harvest is a nonprofit organization that provides a third-party audited Farmland Management System to support sustainable farming practices globally. We were pleased to be able to add our voice to the development of the standard for the Canadian context and continue to support the organization as it prepares for its Canadian launch in 2024.

# Bonnefield in the Community

## Canada's National Index on Agri-Food Performance

Beyond supporting individual farm operators, Bonnefield is committed to the development and success of the Canadian agricultural industry. As part of this commitment, Bonnefield is a contributing member to the development of Canada's National Index on Agri-Food Performance. This initiative is being led by a coalition of private-public partners who are working pre-competitively to develop an integrated picture of sustainability for Canada's agri-food sector from food production to retail. The National Index on Agri-Food Performance aims to be built based on science-based and high-quality metrics and will span four sustainability priorities: the environment, economic, food integrity, and societal well-being. For further information on the Index you can visit Agri-Food Index [here](#).

## Food and Water First

Bonnefield supports the communities in which we operate through various donations and engagement opportunities. We have long been a proud supporter of Food and Water First, a citizen coalition dedicated to protecting Ontario's Class 1 farmland and source water region.

## Ontario Farmland Trust

Bonnefield is a proud supporter of the Ontario Farmland Trust. The Trust protects farmland in development sensitive regions of Southwestern Ontario while simultaneously preserving access to farmland for local farmers.

## Rural/Local Community Support

Bonnefield supports several local community-building initiatives. Bonnefield contributed towards a local community group's effort to hire an event coordinator in a rural prairie municipality. The coordinator supports the planning of local events and community related projects in the municipality. In addition, Bonnefield donated funds to support multiple hockey teams and arenas in Canada.



Aerial view of Ontario agricultural land.



**99%**  
of assets Sustainably Managed<sup>7</sup>

# Bonnefield ESG Metrics

Bonnefield’s Standards of Care cover a range of sustainable management practices. Each field is reviewed annually by third-party agrologists to confirm a tenant’s adherence to the Standards of Care. Where necessary, Bonnefield works with tenants to resolve issues identified by the audits as well as put preventative measures in place where future potential issues have been identified.

Metric	2023	2022	2021	2020	2019
Percentage of acreage owned longer than one year with annual property inspection completed by the asset manager	100%	100%	100%	100%	100%
Percentage of acreage with formal title search and review completed to verify chain of ownership	100%	100%	100%	100%	100%
Assets passing water quality test	95.6%	96.9%	92.6%	95.5%	94.9%
Assets with sustainably rotated crop rotations certified by third party agrologists <sup>2</sup>	98.9%	96.5%	95.6%	-	-
Assets following annual best management practices <sup>3</sup>	98.7%	99.9%	99.1%	99.0%	98.8%
Percentage of acreage used to grow a permanent crop or vegetables following annual best management practices	95.1%	99.7%	96.0%	95.2%	96.7%
Three year average lease renewal percentage <sup>4</sup>	98%	96%	96%	98%	-
Number of rural clients	121	112	113	114	104
Percentage of Assets at Elevated Risk of Inundation <sup>5</sup>	7.3%	6.2%			
Percentage of Assets Reporting Average or Above Average Organic Matter Content <sup>6</sup>	98.4%	98.4%			



# Bonnefield Greenhouse Gas Inventory

Bonnefield’s third annual Greenhouse Gas (“GHG”) inventory for its farmland investment funds has been prepared and restated in accordance with WRI/WBCSD’s Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standards for quantifying corporate GHG emissions (“GHG Protocol”). Data is based on investments held across our funds for 12-months as of the end of the reporting period, December 31, 2023. The process of restating results accounts for the effect of acquisitions and dispositions in the portfolio to avoid misleading trends.

Under the operational control approach of the World Resource Institute (WRI) GHG Protocol, a partial Scope 3 inventory was completed. The inventory was limited to on-farm emissions and select off-farm emissions associated with business travel for property management activities.

The majority of Bonnefield’s on-farm emissions (77% in 2023) arise from the use of nitrogen fertilizers. Consequently, much of the year-over-year variance in emissions is attributable to changes in crop rotations. Leguminous crops such as soybeans, peas, and lentils, for instance, can naturally add nitrogen into the soil, thereby reducing the need for large applications of synthetic nitrogen fertilizers. Conversely, other crops such as potatoes, oilseeds, and grains often require larger volumes of nitrogen to promote plant growth. Given the high emissions intensities associated with synthetic nitrogen fertilizers they have unsurprisingly become central to global debates on emissions reduction targets in the agricultural sector.

	2023 Emissions (tonnes of CO <sub>2</sub> e)	2022 Restated Emissions (tonnes of CO <sub>2</sub> e)	2021 Restated Emissions (tonnes of CO <sub>2</sub> e)
On Farm Scope 3	32,370	29,763	28,914
Off Farm Scope 3	3	4	7
Total	32,373	29,767	28,921



# Leading Harvest Pilot

This past year, Bonnefield announced its participation in the Canadian pilot of the Leading Harvest Farmland Management Standard, a nonprofit organization that works to harmonize sustainability standards across the food sector and scale best practices in sustainable and regenerative agriculture.

Originally launched in the United States, the Leading Harvest standard is currently in the process of expanding its scope to include Canada. Certification under the standard involves third party auditing of agricultural best practices.

During the pilot, Bonnefield collaborated closely with other agricultural groups, sharing insights and best practices. Bonnefield provided feedback on the standard's applicability and effectiveness in the Canadian context, contributing to its refinement and adaptation for Canadian farmers.

The Leading Harvest standard addresses a wide range of critical sustainability topics, including soil health, water resources, biodiversity, climate change, and farm labor. These aspects are integral to our operations, and we are committed to upholding the highest standards in each area.

Bonnefield was encouraged to see the highlighted relevance of its existing management practices during the pilot. Bonnefield already has third-party agrologists visit each of our fields annually to inspect adherence against Bonnefield's "Standards of Care". These standards are a prescribed set of agricultural best management practices that promote ecological farm management practices. The Leading Harvest standard complements Bonnefield's Standards of Care in its promotion of these best management practices across the industry.



# Stories From the Farm

## Case Study: Ecological Practices in Southern Ontario

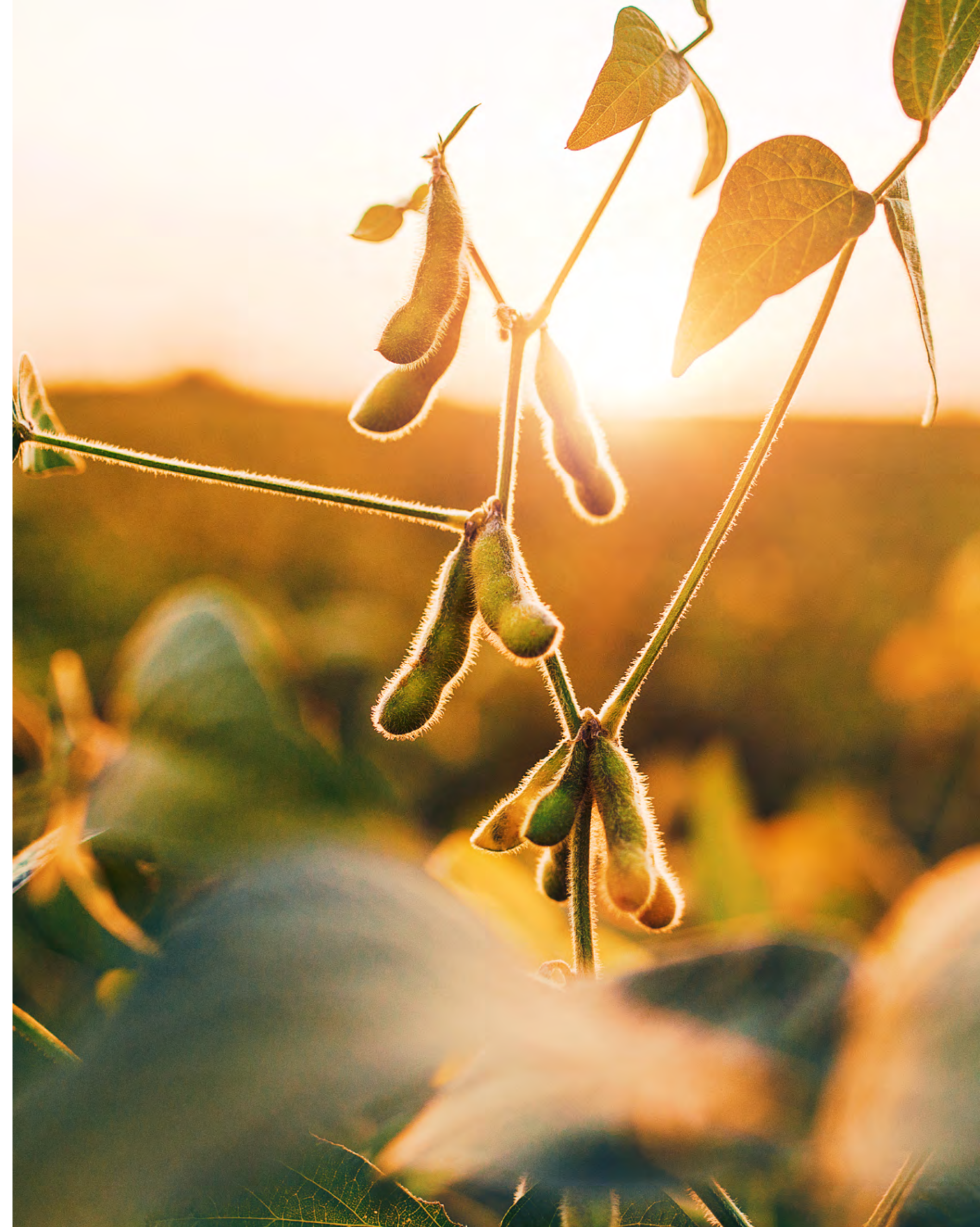
Tim is a Bonnefield farmer who grew up farming alongside his father and brother. Today, Tim owns and operates one of the largest row cropping operations in his county. Bonnefield first started working with Tim six years ago, and today he farms over 1,000 acres of Bonnefield owned land. In addition to his farm operations, Tim also manages a local grain terminal, which provides Tim operational efficiencies through the vertical integration of his business.

Much of Tim's success stems from his innovative approach to farming, which differs from that of most growers in his region. While Tim employs a three-year soybean, winter-wheat, grain corn crop rotation, a common practice in his area, his farming practices are unique. For instance, when growing soybeans, most farmers in his region wait until the crop is harvested before planting winter wheat. However, Tim prefers to broadcast winter wheat seeds into a green field of soybeans. These seeds germinate under the canopy of green soybean leaves, and when the soybeans are harvested, Tim's winter wheat begins to sprout. Tim believes that this practice improves soil health by reducing the amount of time bare soil is exposed to the elements. It also saves Tim valuable time in a short growing season.

After Tim harvests his winter wheat, there is ample time left in the growing season for him to plant a cover crop, usually oats. While many farmers in his region don't plant cover crops because of the additional expense, Tim insists that it protects his soil over winter, and adds valuable organic matter back to the land and reduces runoff from his fields.

Following his cover crop, Tim plants grain corn. Corn typically requires a significant amount of synthetic nitrogen fertilizers, which can be expensive and can contribute to problems in the local watershed. To offset his synthetic fertilizer use, Tim uses a biological product. Tim estimates that this product allows him to reduce his synthetic nitrogen fertilizer applications by 50% and eliminate his phosphorus applications entirely. This not only improves his soil, but also reduces his cost base over time.

While Tim is proud of the processes he has developed, he is quick to emphasize the importance of Bonnefield's long-term lease structures in supporting his ability to operate in this fashion. Many of Tim's practices cause him to incur high upfront costs, which may not provide immediate benefits. In the past when Tim has signed short term leases, he was not able to implement these ecological practices because he did not have certainty that he would have long-term access to the land. By signing a long-term revolving lease, Bonnefield has given Tim the confidence he needs to invest in the land for its future profitability. For Bonnefield's part, we are proud to partner with forward-thinking farmers like Tim, who are constantly seeking to enhance their operations and improve the on-farm environment.



## Case Study: Ecological Vegetable Growing

Bill, a grower with Bonnefield, manages his family's vegetable farm in Southwestern Ontario. His produce is prominently featured in many large Canadian grocery stores during the fall. Bonnefield partnered with Bill to help him reinvest capital in his business and facilitate the buyout of retiring family members. Since Bonnefield's initial transaction, Bill has grown his business, continuously seeking ways to implement best-in class sustainable farming practices.

While the specific vegetables Bill grows vary based on contracts with wholesalers, Bill typically plants a mix of vegetables, corn, soybeans, and wheat. Bill also plants a rye cover crop on every field in early September. While some growers in Bill's region plant cover crops intermittently, Bill insists on an annual planting to safeguard his soil from degradation over the winter.

Recognizing that tillage can improve drainage but also degrade soil, Bill practices no-till farming on most of his fields, particularly those with fast-draining sandy soils. In areas with slower draining soils, Bill minimizes the impact of tillage by using a "variable rate tillage" unit. This equipment allows his team to pre-program desired tillage depths, automatically adjusting the depth as the tractor moves across different parts of the field thus minimizing soil disturbance.

In addition to his soils, Bill is also deeply concerned about the impact of chemicals used in commercial vegetable production. To address this, professional agronomists regularly scout his fields, providing biweekly reports with necessary spraying recommendations. Bill also collaborates with the Ministry of Agriculture, which monitors insect populations on his fields using a network of traps. If a vulnerable insect is identified, Bill adjusts the chemicals he uses to avoid harming to the species. This proactive approach helps Bill ensure that his farming practices are environmentally responsible. In addition to this program, Bill's operation undergoes frequent food safety audits from his large wholesale customers and Canada GAP (a third-party certification).

A visit to Bill's office reveals walls adorned with plaques and thank-you notes from environmental organizations and the local hockey teams he sponsors. If you time it right, you may even spot Bill's employees driving a pickup truck loaded with produce to the local food bank. These initiatives have earned Bill the respect and admiration of his local farming community. Bonnefield is proud to support Bill's current operations and future growth.



A Bonnefield property in Southwestern Ontario



# Methodology

Data presented in this report is as of December 31, 2023 and collected by Bonnefield as part of the monitoring of our Standards of Care. Farmers submit information on their farms using Bonnefield's proprietary, online Farmer Portal.

Data is expected to be uploaded by year-end each year although farmers are encouraged to input data as soon as the crop has been harvested. Bonnefield's property managers travel across the country to visit each farm as soon as planting starts each season (typically early May through October). The property managers verify information submitted by the farmers and relay information directly to the investment team. Additionally, agrologists hired by Bonnefield visit each farm to provide an additional layer of data verification. As of April 2024, 80% of farmers had submitted data for 2023.

## Notes Related to Data Metric Calculations

### Sustainably Managed Farmland

Defined as passing a third-party agrology audit per Bonnefield's Standards of Care. Measured across individual farmland parcels.

### Third-Party Verification

Replace with: On an annual basis, each farm is visited by an agrologist to confirm whether the farm is utilizing good management of fertilizers and/or pesticide.

Non-compliance is calculated as the percentage of farmland parcels that either

- (A) exhibit a soil fertility issue and / or
- (B) do not have two out of three of an adequate
  - (i) weed control
  - (ii) insect control or
  - (iii) disease control program.

### Water Quality

Farmland parcels will not pass if there are water drainage issues present.



## About Bonnefield Financial

Bonnefield is a leading Canadian farmland and agriculture investment manager, providing financing to progressive farmers and agricultural operators through land-lease and non-controlling equity solutions. Bonnefield is dedicated to preserving farmland for farming, and the firm partners with growth-oriented operators to help them grow, reduce debt, and finance retirement and succession. The firm's investors are individuals and institutional investors who are committed to the long-term future of Canadian agriculture. [www.bonnefield.com](http://www.bonnefield.com)

### Footnotes

- 1 - Data presented for row crop farms, does not include permanent crops.
- 2 - Based on percentage of cultivated acres.
- 3 - Defined as passing annual best management practices in third-party agrology review, as part of Bonnefield's Standards of Care.
- 4 - Calculated on a 3-year rolling basis. Exclusive of situations where renewal discussion were not planned or entered into (i.e. retirement)
- 5 - Metric defined as percentage of leasable assets in a "wet climate", with "imperfect" or worse draining soils, that lack tile drainage. A "wet climate" is defined as per the UN IPCC 2019 Refinement, Volume 4, Chapter 3. "Imperfectly" drained soils are defined as per the Canadian National Soil Database, Detailed Soil Survey Maps on an acre weighted basis
- 6 - Soil test conducted every 3 years. For the purpose of the analysis, results of less than 2% soil organic matter (SOM) are considered below average
- 7 - Sustainably Managed Farmland is defined as the percentage of individual farmland parcels where best management practices are followed as assessed by a third-party agrologist.

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