

## BONNEFIELD FINANCIAL RESPONSIBLE INVESTING POLICY

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### BACKGROUND AND INTRODUCTION

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Bonnefield is a leading Canadian farmland and agriculture investment manager that seeks to provide investors with exposure to the attractive return attributes of Canadian farmland and agri-business. Responsible investing at Bonnefield is more than a set of policies upon which business decisions are made, our approach to responsible investing is rooted in our set of core operating principles that put Canadian farmers and agribusiness operators first, by making investments that support their long-term growth, stability, and/or succession planning.

In 2014, Bonnefield became the first Canadian farmland investment manager approved as a United-Nations supported Principles for Responsible Investment (“PRI”) signatory, underscoring our commitment to responsible investment principles. Bonnefield has also undertaken Task-force on Climate-related Financial Disclosure (“TCFD”) scenario analysis and published a TCFD report. Bonnefield’s responsible investing practices have continued to evolve and enhance over time, as we strive to be a leader in ESG practices and reporting.

### SCOPE AND APPLICATION

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The purpose of this Policy is to lay out Bonnefield’s approach to incorporating and assessing ESG indicators throughout its farmland and agribusiness investment processes. This policy applies to all employees of Bonnefield, including temporary employees. While Bonnefield’s investment approach does not typically provide operational control over business operations, Bonnefield strives to ensure that responsible investment practices are being applied across its investment portfolios and align with Bonnefield’s own responsible investment practices. While Bonnefield does not directly manage its operating partners, it does expect its operating partners to follow certain operational standards and best practices, and has incorporated practices to monitor and influence adherence to these standards by its investee companies and farming partners.

### ROLES AND RESPONSIBILITIES

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Adherence with this Policy is the responsibility of Bonnefield’s Investment Committees. Bonnefield’s Investment Committees are further responsible for ensuring the Investment Teams incorporate material ESG factors into their investment decision-making processes. The Investment Teams have the responsibility of incorporating and monitoring ESG considerations throughout the investment process from sourcing and diligence through asset management and exit. The Investment Committee has the ultimate responsibility for ensuring the RI Policy is adhered to by the Investment Teams.

Bonnefield has an established firm-wide, cross-functional ESG Committee, that is led by Andrea Gruza, Managing Partner. The Committee is responsible for driving firm-wide ESG initiatives and ensuring alignment across the organization.

### GUIDING PRINCIPLES

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Bonnefield believes the incorporation of responsible investing principles leads to better investment outcomes, and better outcomes for its stakeholders. In keeping with this philosophy, Bonnefield became a signatory to the United Nations Principles of Responsible Investment (“UNPRI”) in 2014. The UNPRI includes a set of six principles (“the UN Principles”) which Bonnefield strives to achieve:

- The incorporation of ESG issues into investment analysis and decision-making procedures.
- Bonnefield is an active owner and incorporates appropriate ESG issues into ownership policies and practices.
- Bonnefield seeks appropriate disclosure on ESG issues by the entities with which it invests.
- Bonnefield promotes the acceptance and implementation of the UN Principles within the investment industry.
- Bonnefield works to enhance effectiveness in implementing the UN Principles.
- Bonnefield will report on our activities and progress towards the UN Principles.

Bonnefield strives to adhere to international guidelines and standards, including the OECD Guidelines for Multinational Enterprises, United Nations Global Compact, and UN Guiding Principles on Business and Human Rights.

## **STEWARDSHIP AND ENGAGEMENT**

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Bonnefield believes that active ownership drives positive performance of our investments, while also benefiting the environment and society. Although Bonnefield does not drive operational decisions for our farm operators through our sale-leaseback model, Bonnefield partners with like-minded operators, and ensures through our Standards of Care, which are a requirement of the lease, that our farms are operated utilizing sustainable management practices. These Standards of Care ensure the continued productive health of our investments over the long-term. In addition, Bonnefield will work with farmers to add value through capital expenditure projects, including tile drainage, upgrading to pivot irrigation, introducing irrigation systems, upgrading pumps from diesel to electric, pivot replacements, etc. When appropriate, Bonnefield may engage with regulatory and/or political entities on topics related to farmland and agriculture investing in Canada, that is aligned with our beliefs and guiding principles.

As an active asset owner Bonnefield will engage in various activities to promote responsible investing initiatives and implement responsible investing practices in its investment activities. This engagement happens on both a formal basis, through our participation in several sustainability-focused organizations, or an informal basis through open dialogue with our farm partners and the communities we are involved in. Bonnefield recognizes the importance of collaborative engagement initiatives to drive forward our sustainability goals within the agriculture industry, supporting several community and national initiatives working with both private and public partners.

### **Bonnefield Support for the Task Force on Climate-Related Financial Disclosure (“TCFD”)**

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. The TCFD report will be updated based on our continuous monitoring of our ESG risks and opportunities, and as deemed necessary.

## **CONFLICTS OF INTEREST**

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At Bonnefield, we have a duty to deal fairly, honestly, and in good faith with our clients. We are committed to managing material conflicts of interest in the best interest of our clients. Bonnefield has implemented policies in

its Employee Handbook and Compliance Manual that address various types of conflicts of interest and how these situations should be managed.

Bonnefield has established Advisory Committees for each of its funds, comprising representatives from the fund's Limited Partners. Transactions that present a conflict of interest are subject to approval by the Advisory Committee to ensure transparency and fairness in investment decisions, as outlined in our Limited Partnership Agreements.

## **INVESTOR REPORTING**

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On an annual basis, Bonnefield publishes its Responsible Investing Report that highlights its responsible investment activities and progress throughout the year. Bonnefield will provide our investors with regular updates on material ESG-related activities through our investor reporting processes, which may include quarterly and annual investor reports, GHG Inventory reporting, ad-hoc investor updates, and our investor update presentations.

Bonnefield also reports to the UNPRI on an ongoing basis and will continue to update its reporting to reflect improvements / changes to its adherence and activities in support of the UN Principles.

## **RESPONSIBLE INVESTING THROUGHOUT THE INVESTMENT LIFECYCLE**

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### **1. Core Farmland Strategy**

Bonnefield invests in high-quality, core farmland across Canada primarily through sale-leaseback financing structures with leading, growth-oriented farmers. Bonnefield has created long-term financial partnerships with hundreds of Canadian farmers, empowering them to grow their businesses, reduce debt, improve cash flow, and secure financing for retirement and succession planning. Bonnefield's unwavering commitment extends beyond financial support, ensuring that farmland remains for farming, preserving farmland in Canada for future generations.

Since its founding in 2009, Bonnefield has established long-standing partnerships with farm operators across Canada, granting Bonnefield unparalleled access to attractive, off-market investment opportunities. Furthermore, Bonnefield actively supports its farm partners through value enhancing capital expenditures such as tile drainage, irrigation, on-farm storage, and more. In addition, Bonnefield offers flexible financing solutions, including flex leases.

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 core RI principles that govern Bonnefield's farmland strategy are:

- We preserve Canadian farmland for farming use.
- We do not buy land for the purpose of 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 to Canadian farmers.
- 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 farm partners normal course operating decisions and day-to-day business planning but work with them through a defined set of “Standards of Care” to ensure the long-term productive capacity of our lands are sustained and enhanced.
- Our farmland lease programs must create an “as if owned” relationship with the leased land for the farm operator.

A core component of Bonnefield’s farmland investment strategy is to preserve farmland for farming within Canada. As such, Bonnefield has set the following investment screens:

1. Only invest in cropland and not livestock, dairy, poultry, or other non-cropland farming assets.
2. Will not invest in farmland with the purpose of redevelopment or conversion to non-farmland.
3. Will not invest in farmland outside of Canada.
4. Will not invest in farmland that requires extensive land clearing or deforestation.

During the sourcing and due diligence process, Bonnefield’s investment professionals are focused on identifying and managing material climate-related risks and opportunities, due to the inherent impact that both physical and transitional risks may have on investment performance.

During diligence, Bonnefield engages with farm operators to understand their land management practices. While Bonnefield does not directly manage the operations of our farm partners, Bonnefield has established Standards of Care, that 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. The practices include periodic soil testing, tillage systems in keeping with soil conservation, crop-rotation plans, surface water and water-course management, detailed record keeping, pesticide management, weed control, soil-erosion practices, and environmental obligations.

Once farmland has been acquired, Bonnefield’s asset and property management team is responsible for the ongoing monitoring and management of each property, visiting each property site at least once per year. The asset and property management team are in active contact with the farmers throughout the year, and will consult farmers about crop decisions, capital expenditures to improve irrigation or tile drainage, and other technological advancements. In addition, Bonnefield engages with third-party agrologists to visit each property once per year to conduct reviews against Bonnefield’s Standards of Care.

## **2. Agribusiness Strategy**

Bonnefield’s agribusiness strategy supports leading Canadian food and agribusiness operators by 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 drives 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. This approach enables us to quantify risks through relevant industry standards, and ensure that risk mitigation measures are addressed, prior to financial close. The completed ESG scorecard is included in our investment review packages that are presented to our investment committee to ensure that investment decisions consider the relevant sustainability risks and opportunities.

We refer readers to the separately published [Responsible Investing Policy for Bonnefield Agribusiness Fund](#) for full details on the fund's ESG investing principles and approach.

### **Material ESG Factors for Consideration**

Throughout the farmland and agribusiness investment processes, Bonnefield considers several ESG factors to identify material risks and opportunities, which is guided by recognized ESG frameworks including the Taskforce on Climate-related Financial Disclosure and the Sustainability Accounting Standards Board. Below are examples of ESG factors that may be considered in our evaluation process:

#### Environmental

- Soil Health
- Waste and Material Management
- Energy Usage
- Water Resources
- Physical and Transitional Climate Risk
- Crop Protection & Management
- Biodiversity

#### Social

- Workforce Health & Safety
- Labour Rights
- Community Relations

#### Governance

- Sustainable Agriculture Practices
- Board Structure and Governance
- Risk Management
- Business Ethics and Compliance

### **CHANGES TO THIS POLICY**

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This Policy has been prepared under the supervision of the Managing Partner, Capital Markets, and has been reviewed and approved by Bonnefield's Board of Directors. The Policy will be reviewed and updated periodically.