



**VERIPATH
PARTNERS**

Veripath Responsible Investment Policy

Introduction

Veripath partners with farmers to provide an alternative source of financing in the form of leasing solutions, to help them grow, ideally reduce the need for mortgage debt and finance retirement and succession.

Veripath does not seek to operate farms, but rather forms long-term relationships with farmers using sustainable agriculture practices. Veripath is a signatory to the United Nations supported Principles for Responsible Investment (UN-PRI). UN-PRI is an international network of investors that follow a set of principles that protect the environment, benefit society, and promote sound governance through integrity and transparent reporting. Veripath views the UN-PRI standards as minimums for its investing activities and strives to exceed those standards where possible.





Responsible Investment Best Practices

Veripath believes Canadian farmland should remain in use as farmland, and that it should be monitored, maintained, and operated in a sustainable and responsible manner, which in turn, enhances returns for investors.

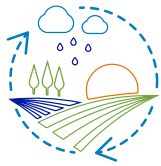
Veripath's Responsible Investing Practices is based on a set of core operating concepts that can be summarized as follows:

- preserve farmland for farming use;
- do not buy land for non-agricultural redevelopment;
- agronomic standards must balance sustainable farming practices and profitable farming operations;
- be a long-term partner with farmers;
- investment efforts should assist farmers to build or maintain scale, become more profitable, improve cash flow and/or reduce debt;
- do not dictate to farmers how to operate their farms;
- seek to partner with farmers who will operate in accordance with Veripath's best practices principles;
- farmland lease structures must create an "as-if-owned" relationship with the land for the farmer and ensure adherence to the concepts of conservation agriculture;
- do not pursue investments which require extensive clearing of lands which have not previously been used in agriculture because we believe mature forests are important carbon sinks, provide erosion control, and are a source of biodiversity;
- manage any significant forest assets with appropriate input from timber professionals and where applicable following management programs which improve the long-term health of these forests;
- undertake an agronomic review as part of the due diligence for every investment and, where appropriate, commission an independent third-party agrology and/or environmental report to review quality of soil, irrigation, etc, and to identify potential agronomic and environmental issues for which remediation may be required; and
- where practicable invest in farmland improvements such as drainage, irrigation systems, and erosion control measures, with a view to reducing surface runoff, erosion and soil compaction.

Conservation Agriculture Best Practices

Veripath is committed to maintaining the long-term health of its farmland investments. While Veripath does not directly operate farms, it is an engaged owner via its Conservation Agriculture (“CA”) approach.

CA provides advantages on a global, regional, local and farm level:



Sustainability.

CA provides a truly sustainable production system, not only conserving but also enhancing the natural resources and increasing the variety of soil biota, fauna and flora in agricultural production systems without sacrificing yields.



Enhanced biodiversity.

CA depends on biological processes to work, it enhances the biodiversity in an agricultural production system on a micro- as well as macro level. With the conservation of soil cover a habitat is created for multiple species that feed on pests, which in turn attracts more insects, birds and other animals. The rotation of crops and cover crops restrains the loss of genetic biodiversity, which is favoured with mono-cropping.



Carbon capture.

No till fields act as a sink for CO₂ and CA applied on a global scale could assist in controlling air pollution and global warming. Systems, based on high crop residue addition and no tillage, accumulate more carbon in the soil, compared to the loss into the atmosphere resulting from plough-based tillage.



Erosion.

Residues on the soil surface reduce the splash-effect of the raindrops, and once the energy of the raindrops has dissipated the drops proceed to the soil without any harmful effect. This results in higher infiltration and reduced runoff, leading to less erosion. The residues also form a physical barrier that reduces the speed of water and wind over the surface. Reduction of wind speed reduces evaporation of soil moisture.



Labour savings.

Soil tillage is among all farming operations the single most energy consuming operation. By not tilling the soil, farmers can save time, labour and fossil fuels as compared to conventional cropping.



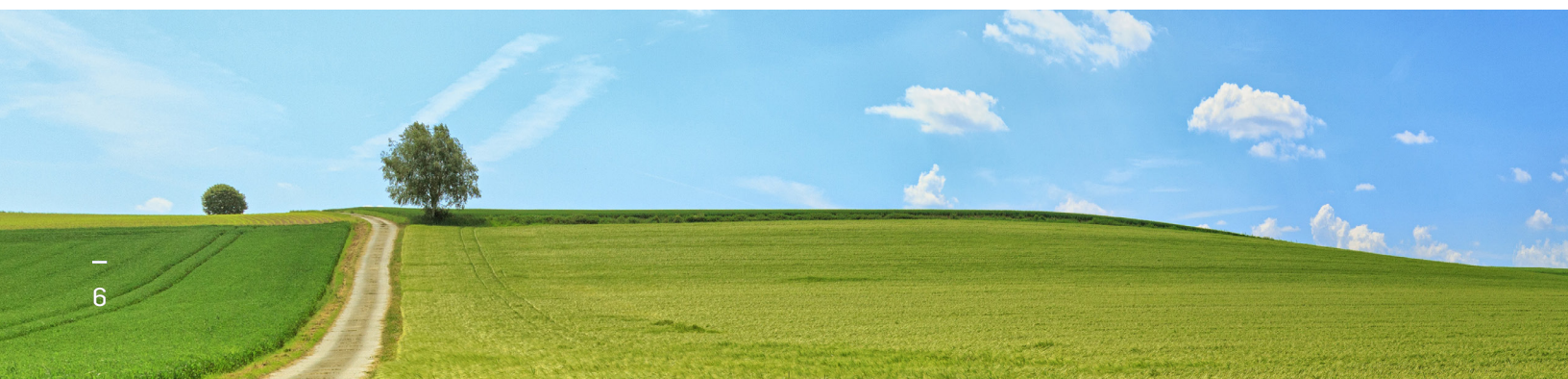
Healthier soils.

Soils under CA have good water infiltration capacities reducing surface runoff and thus soil erosion significantly. This improves the quality of surface water reducing pollution from soil erosion and enhances groundwater resources. The constant addition of crop residues leads to an increase in the organic matter content of the soil.



Reduced costs.

CA is attractive to the farmer because it reduces operating costs, time and labour, particularly at times of peak demand such as land preparation and planting and in mechanized systems it reduces the costs of investment and maintenance of machinery in the long term.



Veripath's commitment to CA is shared with its farmer partners via the statement of best practices that each partner acknowledges and is expected to adhere to as an ongoing condition of leasing Veripath farmland.

Our best practices are subject to a multi-layer monitoring and reporting system:

1**Minimum mechanical soil disturbance:**

Direct seeding involves growing crops without mechanical seedbed preparation and with minimal soil disturbance since the harvest of the previous crop. The term direct seeding is understood in CA systems as synonymous with no-till farming, zero tillage, no-tillage, direct drilling, etc.

2**Cover:**

Crop residues are left on the soil surface but cover crops may be needed if the gap is too long between harvesting one crop and establishing the next.

3**Crop rotation:**

Crop rotation has an important phytosanitary function as it prevents the carry over of crop-specific pests and diseases from one crop to the next via crop residues.

Social Responsibility Best Practices

Veripath aligns its investing activities with the best interests of farmers.

Transactions are customized to fit the circumstances of farmers and are generally aimed at facilitating one or more of the following objectives including:

- strengthen the balance sheet to ensure a sound and sustainable business platform;
- improve operating cash flow to ensure stable operations;
- plan for retirement and/or succession to a younger generation;
- ensure long-term access to land;
- expand farming operations; and
- where an investment includes residential assets of reasonable quality, ensure that these assets are maintained as part of the local housing stock.



Governance Best Practices

Veripath uses best practices for the transparent governance of its funds, including, annual independent appraisals of all properties in its portfolios, regular agrology reports of all its properties, detailed quarterly reporting to investors, independent audits of financial statements, and transparent disclosure policies.

Monitoring Best Practices

Veripath's commitment to monitoring is shared with its partners via the statement of monitoring best practices that each farmer acknowledges and is expected to adhere to as an ongoing condition of leasing Veripath farmland.

Each farmer partner is required to report annually on the implementation of the Conservation Agriculture best practices. In addition, a detailed annual visual inspection is conducted by Veripath personnel or by satellite and an independent third-party agrologist conducts an upfront base line agrology analysis followed up by regular updates. Pursuant to the monitoring provisions in the leases our farmer partners agree to:

- 1** Facilitate Veripath's annual visual inspection which focuses on, as a minimum, zero-till adherence, cover crop usage/crop residue presence, crop rotation, changes in cultivated to uncultivated ratios (as indicator of erosion, flooding, fertility issues on the land amongst other issues).
- 2** Complete, as a minimum, an annual monitoring report confirming the results of the Veripath visual inspection, plus addressing any other issues highlighted from this inspection – plus detailed information on chemical applications, equipment passes etc.
- 3** Initial baseline third party agrology analysis on acquisitions which will be updated approximately every 3 years or on lease renewal whichever is earlier.
- 4** Allow Veripath to conduct updating agrology if lease termination provisions are at risk of being triggered due to stewardship practices.

Reporting Best Practices

Veripath provides an annual report on its responsible investment practices which is included in the annual reports of each investment vehicle.

Veripath submits an annual report of its responsible investment activities to the UN-PRI for review. This report is made available to investors and other key stakeholders and is made public through the Veripath website and a news release.



#300, 4954 Richard Rd SW, Calgary, AB T3E 6L1
www.veripathpartners.com

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