

Area One Farms Responsible Investment Policy 2025

Responsible, sustainable investing is the core of Area One Farm's ("**Area One**") investment strategy and Farm Partnership model. Area One's mission is to empower farmers with a path to land ownership through partnership, providing them with long-term funding and mentorship to foster growth and sustainability. The Area One operator-partnership model is based on the idea of working directly and collaboratively with farmers through partnerships. The sharing of profits and capital appreciation provides cashflow directly to farmers, which is reinvested in rural communities, and aligns farmers' interests with investors. Farmers are experienced stewards of farmland, the environment, and their communities because they rely on the farmland's preservation as a renewable resource. Area One's Farm Partners have adopted industry-leading practices and standards in their operations, which, in turn, help Area One to constantly improve environmental and social practices over time. Area One has an independent investment committee that focuses on maintaining the highest standards of governance and transparency. Area One uses the Global Impact Investing Network ("**GIIN**") IRIS+ framework to manage, measure and report the impact of its investments.


1. Environmentally Sustainable Investment

1.1. Environmental Principles

Area One believes that investing in agriculture is synonymous with investing in sustainability, as farmers are society's most crucial stewards of the natural environment. Farming not only supplies an essential public good through food provision, but farmers also manage extensive, biodiverse ecosystems of crops and soils, rich in water, organic matter, and biota. Farmers maintain intimate relationships with the land, aligning the economic returns of their farms with soil health, the sustainability of biodiverse ecosystems, and global food security. Farmers, their families, and local communities depend on farmland as a renewable resource for their livelihoods.

1.2. Sustainable Farming

Central to our principles is a genuine commitment to environmental sustainability and the reduction of agriculture's carbon footprint concerning climate change. Area One's sustainable farming principles state that:

- All farms must be on soils suited for crop production, have a history of strong yields, or be land that can be revitalized from disuse into sustainable cultivation.
 - Farms must deploy regenerative farming where agronomically appropriate.
 - Unless a specific reason demands tillage, all farms are operated on a no-till or low-till basis.
 - Farms must follow guidelines to ensure the environmentally sound management of chemicals and all wastes to reduce their release into the air, water, and soil.
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- Straw or other organic waste must be reincorporated into the soil unless there is a specific reason not to, and cover crops should be used where practical, with the specific goal of increasing soils carbon content and organic matter.
- Area One only invests in areas with 100% water sustainability.
- Area One invests in the capital improvements required to achieve optimal environmental outcomes, including:
 - machinery that allows for specific fertilizer placement or tracks to reduce soil compaction.
 - infrastructure that is necessary to produce more crop per acre sustainably, such as drainage and irrigation.
 - technology that reduces post-harvest food losses.
 - Area One invests in protecting ecosystems and species, including granting or maintaining easements over any environmentally sensitive areas.
- Mixed farms are utilized where appropriate to both grow crops and raise beef cattle, using manure to create healthier soils and more sustainable farms and using pasture land, which is one of nature's best carbon sinks.

1.3. Systematic Sustainability Issues

Area One's environmental and sustainable farming principles are applied on a systematic basis because all sustainable issues are portfolio-wide and systematic in farming. Although farming practices and techniques may differ by location based on local farm-specific characteristics, sustainable issues relating to soil, water, and carbon are common across Area One's farms.

Farm Partners seek to optimize soil health and minimize the risk and impact of common soil constraints and losses due to environmental stress (extreme weather, disease, and pests). Soil management is essential to crop productivity and farm profitability, sustainability, environmental quality, and risk profile, in turn, affecting Area One's sustainable returns.

1.4. Sustainable Water Management

Sustainable water management is an essential part of Area One's commitment to environmentally sustainable farming practices. By investing only in areas with 100% water sustainability and maximizing soil health, farmers within the Area One partnership naturally sustain life in the soil, allowing abundant water to improve soil organic matter, thereby enhancing crop resilience and quality. Water retention in the soil is further optimized through reduced tillage, appropriate long-term cover cropping, and composting. Farmers also strategically avoid wet soil tillage or traffic to reduce compaction risk and minimize runoff, erosion, and ponding.

1.5. Reducing Land Degradation and Driving Restoration

Area One's sustainable soil management aim to prevent land degradation, a growing environmental crisis affecting a third of global arable land and the food security of over 2.3 billion people. Reducing land degradation and restoring degraded land are recognized as global priorities in increasing local food and water security, reducing conflict, migration, and meeting the UN's Sustainable Development Goals. Furthermore, bringing degraded lands back into production increases the global supply of food and increases plant biodiversity and food for animals.

1.6. Reducing and Mitigating Climate Change

Soil, comprising 40% carbon, functions as a vital 'carbon-sink.' Farms pull carbon from the atmosphere, storing it in biomass and soil, often keeping it out of the atmosphere for extended periods. Area One's sustainable practices can help mitigate climate change by enhancing carbon sequestration in soil. Farmers play an essential role in managing climate change, both by mitigating its impact through soil water regulation and flood management, and by reducing the effects of extreme weather. We are focused on strengthening the resilience and adaptive capacity of farms to climate-related hazards.

1.7. Managing Climate Change Risk

Rising incidence of adverse weather conditions, mainly in the form of too much or little precipitation, is the largest climate change risk to Area One's farms. Crop yields are positively impacted by appropriate levels of precipitation and negatively impacted by storms, drought, or too much rain.

Area One invests exclusively in farms with 100% water management sustainability. This ensures that all water processes and properties for soil and crop health are optimized for performance and reduced environmental risk.

Most Canadian soils are less susceptible to adverse long-term climate change risk, such as drought but are likely to benefit instead from milder winter temperatures and increased rainfall. However, all farms are susceptible to weather risk and climate change will likely lead to greater volatility in weather.

1.8. Climate Change Opportunities

Climate change opportunities for Area One include the opportunity to use regenerative farming methods and carbon management reporting across its farms.

Area One plans to expand its use of regenerative farming methods to increase farm resilience to climate change.

Most of Area One's farms use one or more practices such as no-till or minimal tillage, cover cropping, crop rotations, and mixed crop and cattle farming. More recently, Area One has used high intensity rotation grazing to increase plant density and manure levels on some of its farms.

2. Socially Responsible Investment

2.1. Partnership Approach

Area One's mission focuses on empowering farmers by providing a clear path to land ownership through long-term and secure funding. By partnering with experienced local farmers, Area One helps expand farming operations, assists with succession planning, and leverages the benefits of scale.

With a deep concern for the welfare and success of farmers and their communities, Area One was founded by Joelle Faulkner (Founder and CEO), a multi-generational local farmer herself. She crafted a model aimed at preserving farmers as farmland owners, enabling them to build equity and foster prosperous families and thriving rural communities.

Distinct from the prevalent "sale-and-leaseback" investment model, Area One is the only Canadian farmland investor that operates a partnership model with farmers. While traditional models involve farmers selling their land to investors and renting it back, Area One's approach fosters joint ownership. Farmers share in the profits and capital appreciation of the farms. This partnership model forms a symbiotic relationship between Area One and the farmer, emphasizing collaboration, shared equity, and mutual growth, marking a socially responsible departure from conventional practices.

2.2. Social Impact on Farmers and Rural Communities

Area One's farmer-centric approach is designed to create substantial benefits for farm families and preserve the fabric of the family-farm landscape. The benefits include:

- **Lower Risk Capital** – By eliminating or reducing burdensome debt servicing or lease payments, this approach enhances the financial stability of farm families.
- **Path to Ownership** – Scaling farms enables multi-generational involvement, and Area One safeguards the family's right to buy out our stake, keeping ownership and returns in local farmers' hands.
- **Equity Upside** – Farmers gain from the appreciation of co-owned land, an opportunity lost if they merely sell and lease their property. This creates wealth in rural communities across Canada.
- **Value Creation** – Achieved through capital investment, land improvement, and farm expansion, these investments enhance farmers' businesses, enable higher wages, and often double employment.
- **Mentorship, Development and Networks** – Active sharing of best practices contributes to ongoing

growth. Area One empowers farmers who are industry experts to manage and expand their farms, who, in turn, often assist younger farmers or lesser-performing farmers with their farming operations. By promoting the inclusion of young people within agriculture, Area One invests in a lasting positive legacy for Canadian rural communities.

2.3. Food Supply as a Public Benefit

Farming supplies an essential public good through food provision. All of Area One's activities are committed to increasing the global food supply, security, and contributing to the UN Sustainable Development Goal for reducing hunger. Area One believes that investing in agriculture is investing in "green infrastructure" because of farming's collective economic, environmental, and social benefits provided to societies. Area One also focuses on restoring previously farmed land back into row-crop production.

2.4. Labour Standards

Area One upholds the principles of the International Labour Organisation (ILO), aligned with its mandate to advance social and economic justice through the setting of international labour standards. Emphasizing good working conditions, social welfare, and robust dialogue on work-related matters, Area One adheres to ILO conventions. These conventions pertain to the abolition of child labour, slavery, human trafficking, the elimination of all forms of discrimination in the workplace, and the encouragement of freedom of association and collective bargaining.

All Area One stakeholders, partners and employees are required to report any existing or labour violations, issues, or concerns.

2.5. Diversity and Inclusion

Area One Farms is committed to fostering an inclusive workplace that values diversity and actively promotes equal opportunity for all individuals. Discrimination based on race, ethnicity, gender, sexual orientation, disability, religion, or any other protected characteristic is strictly prohibited. All employees, partners, and stakeholders are expected to uphold these principles, ensuring mutual respect, dignity, and fairness at every level of the firm.

2.6. Human Rights

Area One's Farm Partners, farm employees, office employees, management, and all team members are required to report any existing or potential human rights violations, issues, or concerns.

Area One adheres to strict international human rights standards such as those outlined by the United Nations Universal Declaration of Human Rights and the International Labour Organization. All farms and employees must

abide by Area One's zero tolerance approach to labour violations, modern slavery, and human trafficking.

3. Governance

Area One employs a culture of ethical decision-making and good governance with full transparency and accountability across all investment activities, asset management, farming operations, and engagement with Farm Partners. Our operator-partnership model supports local decision-making by farmers on governance matters pertaining to farms, which we believe creates superior governance outcomes. The alignment of interest between farmers and investors secured by our partnership model has a significant role in ensuring good governance at the partnership level.

At the fund level, full transparency with investors is achieved through regular reporting, communication, and full disclosure of relevant matters. Area One governance is governed by, managed in compliance with, the Limited Partnership Agreement, the Responsible Investment Policy, and Area One's policies.

Area One is independent and has no parent organization.

All Area One employees, partners, and stakeholders are required to uphold Area One's values and conduct their activities in line with our policies.

3.1. Investment Committee

Area One's investment committee ("IC") is responsible for approving:

- investment decisions of the Area One investment funds, including approving new partnerships and setting parameters for approvals;
- recommendations to exit investments;
- changes to Area One's frameworks or parameters for investor reporting, investments, valuations, compliance or risk management;
- material decisions in asset management such as changes to Area One's investment distribution policy.

4. Responsible Investments and Investor Fiduciary Duties

Area One's responsible investment policies are directly linked to our fiduciary duties to investors.