



SLM PARTNERS

Sustainability Policy

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Contents

1. Our Commitment to Sustainability	4
2. ESG Integration	5
3. Impact Investing Framework	7
4. Risk management	9
5. Stewardship	11
Annex A: Exclusion policy	12

1. Our Commitment to Sustainability

SLM Partners is an impact investment manager specialised in natural real assets. Our mission is to use institutional capital to help scale up regenerative farming and forestry systems.

1.3 Scope

SLM Partners (SLM) is committed to adopting a responsible investment approach across all of its business operations. This policy applies to 100% of SLM's investments and will be implemented at the company level, strategy level (funds and separate accounts) and the asset level.

1.2 Investment philosophy

We believe that sustainable land management can deliver superior risk-adjusted returns, while also addressing the climate and biodiversity emergency through tangible positive environmental outcomes and solutions.

Our commitment to impact investing supports us in building more resilient systems and mitigating climate, nature, social and policy-related risks – which are all material risks when investing in natural real assets.

We see regenerative farming and forestry systems as being more profitable and less risky than conventional approaches. They can achieve higher and more consistent yields, reduce input costs, tap into higher value markets, benefit from policy tailwinds and new revenue streams, such as carbon credits, and increase resilience to extreme weather events and other biophysical risks.

These resilient systems are also part of the solution to climate mitigation and adaptation and to reversing nature loss.

SLM identifies land management practices that work ecologically and economically; and invests capital to help scale the use of these practices. We use proven ecological approaches that can grow the food and materials we need, while restoring soils, protecting our waterways and biodiversity, and sequestering more carbon. These systems are not just sustainable but *regenerative*.

1.3 Transparency

We are committed to reporting on material environmental and social issues at the firm and strategy level. Our annual firm-level impact report is continuously improving to integrate feedback, new market standards and industry best practices.

1.4 Governance and oversight

This policy is approved by the Board of Directors and reviewed annually. The responsibility of oversight is allocated to the most senior level of the firm, specifically the Chairman of the Board. Implementation of the policy is the responsibility of every investment Director across SLM with the support of our dedicated Head of Impact.

2. ESG Integration

Identifying, assessing and managing environmental, social and governance risks and opportunities is integral to our investment process from start to finish.

2.1 Strategy development

As part of our pre-investment research, we screen the investable universe for uniquely attractive crops and geographies. Key considerations for selecting our target geographies include political stability, regulatory environment, labour laws, human rights violation risks, indigenous land rights violation risks, climate risks, water availability and governance and local rural communities.

We target low-risk, stable geographies with competitive land prices, strong labour laws and land rights. We only invest in developed markets, where rural communities are typically in decline and aging. We seek out areas with suitable soil and climatic conditions, where we believe climate-related risks can be managed appropriately.

We target regenerative land systems that can deliver superior profits and clear environmental benefits, seeking out local operators that are ready to work with us to scale up. We target exposure to commodity markets with positive market dynamics and growth prospects.

We explicitly exclude agricultural and forestry activities that cannot meet

our impact objectives. This is further detailed in our *Exclusion Policy*.

2.2 Initial screening

All prospective acquisition target properties will be subject to an initial site visit for an initial screening. This site visit will involve an assessment of the potential risks of non-compliance with relevant laws, regulations and best practice standards. The assessment will also consider ESG risks such as:

- Operational health & safety
- Access and rights of way
- Pollution of watercourse and waterbodies
- Soil quality and erosion
- Presence of toxic chemicals
- Condition of buildings and infrastructure
- Climate, fire and disease risk
- Site of special scientific or historic/cultural value

Higher risk assets, where compliance with best practice standards may be more difficult to achieve, will either be rejected or subject to detailed management plans that set out a path to compliance with these best practice standards.

2.3 Investment due diligence

Natural real assets are subject to material ESG risks and opportunities

that can have a substantial and direct impact on the returns of our strategies. Each investment due diligence must take into account climate conditions, risk of extreme weather events, water availability, soil health and biodiversity risk. These environmental factors are integrated in our valuation process as materially influencing our return expectations.

We also perform due diligence on the local operators (farmers and foresters) with whom we partner, based on their experience and expertise. We assess their commitment to sustainability and alignment with our financial and impact objectives, as well as ensuring minimum standards around labour rights are met.

Where necessary, we will commission third-party expertise to support due diligence of material environmental or social factors.

2.4 Investment decisions

All investment decisions are presented for approval to Investment Committees comprising of individuals with expertise relevant to the specific geographies and land management systems. The final recommendation includes an assessment of all material ESG risks as well as specific impact objectives or targets defined for the property.

2.5 Ownership and monitoring

For each property, SLM integrates environmental and social factors in the farm/forest management plan, in the form of minimum standards and impact objectives.

The investment team will manage all properties in accordance with local laws and relevant best practice guidelines. In addition, SLM will seek to obtain independent third-party certifications where relevant, such as organic certification for agricultural properties or internationally-recognised forestry schemes like the Forest Stewardship Council (FSC).

We implement bespoke data collection and reporting systems for ongoing transparency on environmental and social factors, which supports our risk management and our impact reporting efforts.

2.6 Minimum Standard

SLM complies with all applicable laws and regulations related to environmental and social aspects of its business and requires its partner companies and third parties acting on its behalf to do the same.

3. Impact Investing Framework

All our strategies seek to generate positive outcomes on carbon, soils, biodiversity, water and rural communities, alongside financial returns.

3.1 Sustainability outcomes

All our strategies seek to contribute to our five key impact objectives:

- Climate: turn landscapes into carbon sinks and increase resilience to climate extremes;
- Biodiversity: set land aside for biodiversity and improve species diversity on farms and in forests;
- Soils: reverse land degradation and build healthy, living soils;
- Water: increase water use efficiency and reduce pollution of waterways;
- Society: revitalise rural communities while growing safe, healthy products for consumers and support training and knowledge sharing.

Our progress towards achieving these sustainability outcomes is detailed in our annual impact report, available on our website.

3.2 Impact management

Our impact is driven by change in the management practices we implement on our properties. In agriculture, we transition land away from conventional management (characterized by high usage of chemical fertilizers and pesticides, intensive tilling and monocultures) towards organic and regenerative systems. In forestry, we move away from conventional clear-felling

regimes and adapt “close to nature” forestry, also known as Continuous Cover Forestry (CCF).

The implementation and success of these practices are rooted in how we select and work with our local operators (farmers and foresters). See *Stewardship* section for more details.

3.3 Monitoring and reporting

Through our land management choices, we have a direct impact on land, soils, water, carbon, biodiversity and local communities. It’s up to us to ensure that we collect the necessary data needed to appropriately monitor, manage and report on this impact.

We collect primary data directly from the farms and forests that we manage. This includes data points around land-use, biodiversity actions, inputs used, crops planted and results from soil analysis. Our objective is to maintain a cost- and time- effective process that delivers decision-useful information for our investors, our investment teams and our farmers and foresters.

To aggregate this data into portfolio-level internationally recognised standards, we leverage the Global Impact Investing Network (GIIN) IRIS+ and the UN Sustainable Development Goals (SDG) frameworks. The results are

published in our annual impact report, available on our website.

3.4 Third-party verification

Where possible, we partner with external consultants and NGOs for specific technical expertise related to, among other things, biodiversity management and monitoring, and carbon accounting.

SLM also seeks independent third-party verification to solidify our

claims and verify our results. This verification can be done through certification schemes (such as the local organic certification schemes or the internationally recognised schemes, like FSC) or through carbon credit verification processes (i.e. all carbon credit issuance is subject to external verification process encompassing land-use activities, inputs, and biomass).

4. Risk management

Effective risk management of climate change, nature loss and human rights risks is essential for the success of our strategies.

4.1 Climate Change

Agricultural and forestry systems are vulnerable to changes in climatic patterns. Yields are dependent on specific climate conditions related to temperature, seasons, rain, sunshine, frost and wind. Negative conditions can impact yield, profitability and ultimately return for our investors. Land systems are also vulnerable to extreme climate events (droughts, floods, storms) and other biophysical risks linked to climate such as fires and pest and diseases.

To identify and assess climate risks, we leverage academic research, interviews with experts, practitioners and policy makers, historical datasets on weather, extreme events, water stress and soil health from local authorities, governmental bodies, NGOs and consultants. We will commission proprietary research where needed.

At the strategy level, we perform macro-level assessment of the climate-related risks considering biophysical risks related to weather, extreme weather events, pest and disease, fire and water availability risk, as well as transition risks related to carbon price, subsidies and other environmental policies impacting land-use.

We also complete climate-analysis at the property level during our investment due diligence process. This analysis will take into account the specific climatic and water

demands for the crop in question as well as the local climate-risks and historical climatic data from local weather stations. Material climate-related risks will influence our portfolio modelling, our risk/return expectations and ultimately, our investment decision.

We seek to achieve portfolio-level diversification across micro-climate, water catchment areas and regulatory environments to manage risk.

Through changes in management practices, we can increase resilience to climate-related risks (namely weather, droughts and floods). Across all our irrigated properties, we install efficient irrigation and advanced measurement techniques to increase water use efficiency and avoid spoilage. By implementing regenerative practices to restore soil health, we can increase the soil's ability to capture and retain water. We also build environmental infrastructure, such as hedgerows and ponds, to improve water retention on the farm and protect against erosion. This all helps increase the farm's ability to better withstand droughts and floods.

4.2 Nature loss

Healthy ecosystems provide a flow of services ("ecosystem services"), which include pollination, soil fertility, carbon sequestration, water cycling, nutrient cycling and genetic diversity, among many others. The

productivity of agricultural and forestry systems is dependent on these flows.

SLM is committed to scaling up agriculture and forestry systems that protect and restore the health of agroecosystem, sustaining the ecosystem services we depend on for production of food and materials.

Across all our investments, we will take actions for nature-positive outcomes, including:

- Setting land aside for biodiversity;
- Reducing chemical inputs;
- Adopting a resource efficient nutrient management plan;
- Introducing cover crops and diverse crop rotations;
- Adopting holistic planned grazing management on grassland;
- Avoiding clear-felling and promoting natural regeneration on forestland;
- Building biodiversity islands, such as hedgerows, pollinator strips, floating islands and nature corridors.

The implementation of these actions will vary depending on the challenges and opportunities specific to each property.

Where possible, we hire local ecologists to assist our local operators in designing and implementing nature-positive interventions. These ecologists can also help monitor progress and outcomes over time.

Our impact report provides transparency on material nature-related metrics and outcomes for all of our strategies. We recognise that continuous improvement is needed on biodiversity reporting and we are committed to adopting newly emerging standards and best practices as they become available.

4.3 Labour & Human rights

We recognise that operating in the farming sector presents material social risk around labour (e.g. operational health & safety) and human rights that must be carefully addressed and monitored. We are committed to ensuring that all our operators promote decent work (social dialogue, living wages, health and safety and lifelong learning).

SLM and our local operators comply with:

- All applicable laws and regulations having to do with worker's compensation, social security, unemployment insurance, hours of labour, wages, working conditions, and other employer-employee related subjects.;
- All International Labour Organisation (ILO) core labour standards;
- Strict health and safety measures;
- Respect of human rights as envisaged in the UN Guiding Principles on business and human rights (UNGPs).

5. Stewardship

5.1 Key stakeholders

Our key stakeholders are the local operators (farmers and foresters) we work with on the ground to run the daily operations. Our arrangements with local operators can be in the form of joint ventures, operating agreements or leases. We will engage with each operator when establishing the terms of our partnership to ensure fair alignment of incentives and to reflect our expectations around economic, environmental and social considerations.

After the partnerships have been established, SLM Partners continues to engage frequently (at least annually but usually quarterly or monthly depending on the partnership structure) with each local operator for ongoing monitoring. This monitoring process is guided by our annual impact data collection initiative, covering all of our operations globally. The level of detail and transparency we require from local operators is continuously evolving to adapt with new market standards, such as TNFD and SFDR Article 9.

We are continuously engaging with our local operators to support the implementation of sustainable practices and delivery of positive impact outcomes. We take a bespoke approach for each operator depending on their specific challenges, skill-sets and opportunities. We can offer or facilitate trainings, trial plots,

external consulting services, knowledge sharing between operators and partnerships with NGOs or civil societies.

5.2 R&D

We also engage with research institutions to push forward scientific studies that support further adoption of regenerative land systems and growth of ecosystem services markets.

5.3 Community engagement

SLM is committed to ensure its investment strategies align with both the interests of the communities in which it operates and the needs of our clients. Community engagement efforts are driven by our local operators who have a better understanding of the local context and needs. We support them wherever possible in these efforts.

To manage the risk of stakeholders being adversely affected by our operations, SLM will seek to provide them with opportunities for consultation and dialogue to influence those activities that affect them.

5.4 Policy engagement

For policy engagement efforts, we take a collaborative approach, engaging alongside other nature-focused investors via the Natural Capital Investment Alliance (NCIA) within the Sustainable Markets Investment Initiative.

Annex A: Exclusion policy

Our strategies (funds, separate accounts or direct investments) will not finance any activity involving:

- (a) **Deforestation:** SLM commits that its investments will not directly contribute to deforestation, as per the UN and FAO definition, while abiding by all local regulations. The cut-off date for European forestry is 1994, or later as set forth either by the leading certification scheme in the respective market, or by the EU proposal for deforestation-free products (COM(2021) 706 final).
- (b) **Destruction of pristine ecosystems:** SLM commits that its investments will not directly contribute to the destruction of pristine ecosystems. This includes protected areas, subject to local regulations, as well as High Value Conservation Areas, as defined by the HCV network and FSC, that are not under legal protection.
- (c) **Factory Farming:** SLM commits that its investments will not involve factory farming of beef, poultry or pork as defined by the EU (COM(2013) 286 final).