BELPORT

SUSTAINABILITY

2022

Available for professional and institutional investors only. Your capital is at risk and the value of investments can go up as well as down.

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About Belport

Belport is a UK based rural asset managers with over £250 million of assets under management. This equates to over 12,000 hectares of land, over 125 residential properties and commercial buildings. Specialising in the agricultural and real estate sectors, its founders have extensive farming experience and a proven track record investing in and managing farms and estates.

Belport's principal investment objective is to provide best practice and seek risk-adjusted returns, by enhancing income and capital values through the strategic management and sustainable development of a diverse agricultural, real estate and rural business portfolio.

Regulated by the Royal Institution of Chartered Surveyors and working closely with its investment partners and retained professional advisors, Belport identifies, acquires, develops and manages a high quality portfolio of farms and estates. Within each of its investments, Belport looks for underlying assets that provide the opportunity to rationalise the agricultural systems and property assets by growing productivity through the diversification of the farm business, sustainably supported by the regeneration of redundant buildings and brownfield areas that meet the environmental, economic and social needs of the local community.

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EXECUTIVE SUMMARY

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Belport operates with sustainability at the heart of all decisions and practices. Our commitment to this statement is underpinned but our strong belief that only through operating with a sustainable approach, can we significantly increase the value of the assets under management, and it is integral to a successful exit strategy.

SDGs

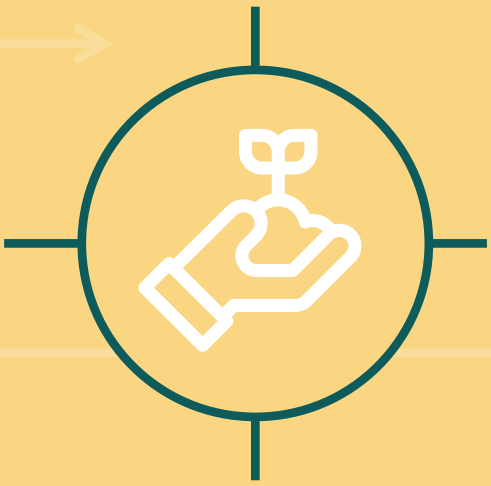
The United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) provide the framework for us to be held accountable in our impact, enhancing returns and better managing future risks.

SUSTAINABLE DEVELOPMENT GOALS

2030 Sustainability Strategy

Belport aims to set out a clear 2030 Sustainability Strategy incorporating metrics and targets, governance and risk management. We have identified 20 material topics relevant to Belport operations, grouped into 4 priority areas which will be the focus of our 2030 Strategy. Together, these form the activity, outputs and outcomes logic model to help manage our impact and gives us the data to drive improved decision making and additional revenue streams from payment for environmental services opportunities.

We have sought the advice and continued support of The Good Economy, an impact advisory firm providing research, strategy consultancy and impact measurement and managed service. Our ambition is to continue to get the best advice as we evolve our sustainability approach.



BELPORT

1 APPROACH TO SUSTAINABILITY

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1.1 Definition

Belport defines sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their needs"[1] through the continual assessment, measurement and management of environmental, social and governance (ESG) factors.

1.2 Relevance

Many of the traditional elements of good farmland management were in line with current ESG thinking. Diligent management of inputs such as fuel or fertiliser meant lower costs, greater efficiency and less depreciation of machinery. This was, in its own right, sustainable practice.

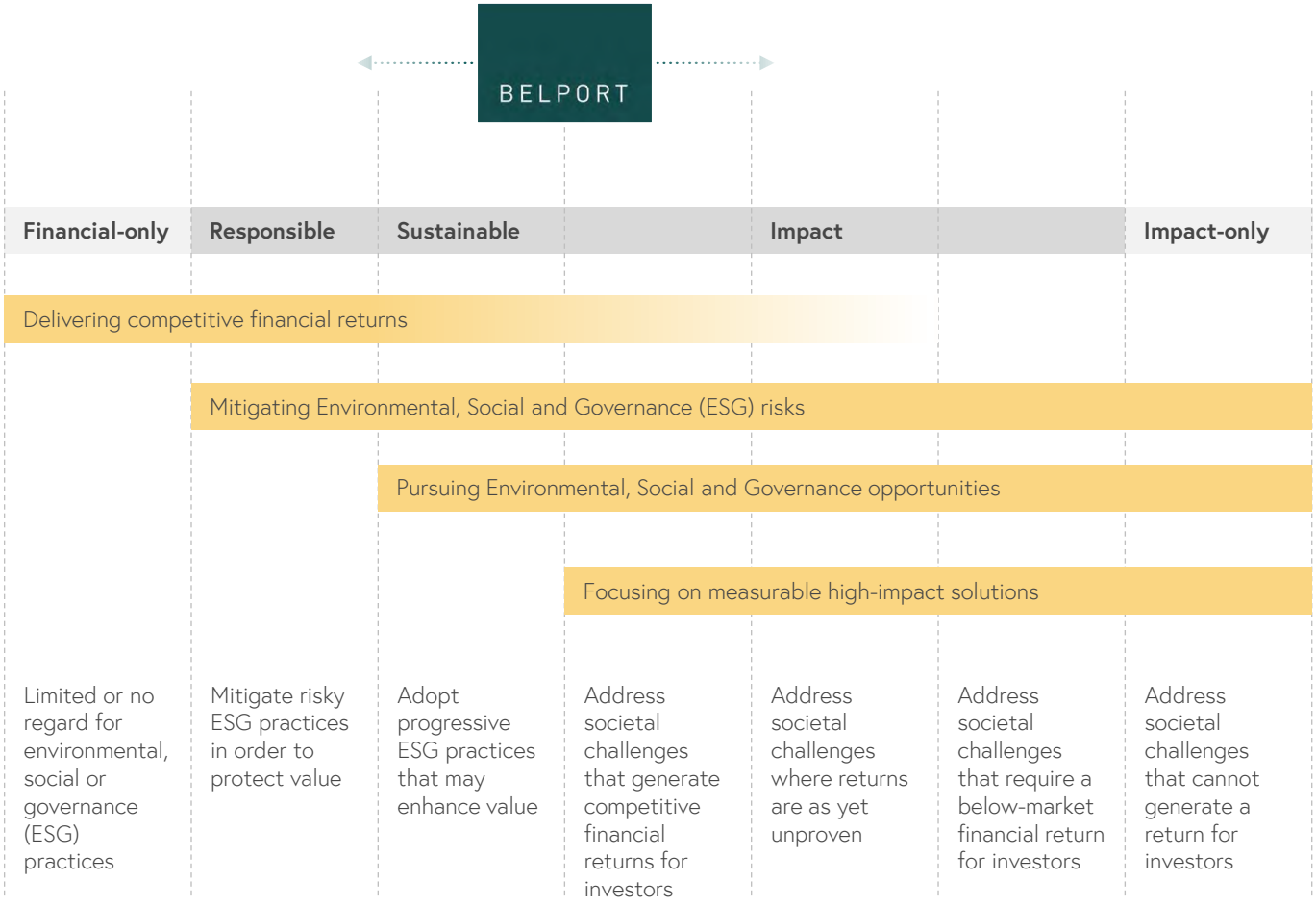
The relevance of using an approach underpinned by wider, global standards and metrics such as the UN SDGs, TCFD, GRI is to allow investors and other stakeholders to use a common taxonomy to evaluate Belport's management and performance. It also allows Belport to consider less obvious material topics in its internal management and impact on society and the environment such as Supply Chain Traceability.

1.3 Positioning

Where investors can evaluate Belport's Sustainable management and performance from the global standards, it allows them to position Belport as an Investment and Asset Manager within their portfolios and the broader investment universe. A useful representation of this is the Bridges Spectrum of Capital.

Belport's diversified mixed land use strategy, active asset management and opportunistic approach to increasing capital value from the assets under management mean that it blends the responsible to the impact investing spectrum. Examples of this are exploring returns from Nitrate offsetting schemes in Keyhaven which achieve a considerable financial return, tackling significant environment challenges in a relatively unproven strategy. All through this process it manages the risk through diversification but it is a good demonstration of the importance of investing in research.

1. Norwegian Prime Minister, Gro Harlem Brundtland, UN Report 1987



1.4 Understanding our role in the future

Belport's agricultural activities are fundamental to supporting food systems and ensuring the right to food is enjoyed by all. In addition to this, Belport's activities provide housing for local populations, offices for local businesses to thrive, multiple stakeholder businesses, woodland and a myriad of other natural habitats, mineral extraction, hospitality and leisure, renewable energy and other activities that make the mixed land use strategy.

In the context of sustainable development, significant impacts associated with Belport's activities are linked to intensive use of natural resources, the location of operations in rural areas, the labour needed for production, as well as the need to meet living demands for the UK's growing population while staying within the environmental limits.

At the same time, agriculture in the UK, is among the sector with the highest informality rates in employment contracts, commercial transactions, and land tenure, posing challenges to upholding labour and human rights. Many rural workers, including farmers and farm workers need better economic opportunities, access to technology and training. In addition, organisations' purchasing practices and prices offered for products are the major source of impact on small producers.

Agriculture relies on land, water, and resources for production, and has a substantial environmental footprint. For example, agriculture accounts for an estimated 70% of freshwater withdrawals globally. Estimates show that the agriculture sector is the second-largest source of greenhouse gas (GHG) emissions after the energy sector, accounting for at least 1.2% of the global oil consumption.

Whilst not a primary land use in the Belport portfolio, animal production (where it occurs elsewhere or in the future) is acknowledged to be also associated with impacts on animal health and welfare and on human health through antimicrobial resistance and zoonotic disease. The agriculture sector has been responsible for 70% of losses in terrestrial biodiversity as a result of land conversion, deforestation, and impacts of pesticides.

Agriculture relies on natural resources and hence on biodiversity. Implementing sustainable practices across the sectors is a fundamental condition for food security and nutrition. Climate change poses major challenges for agriculture. It can affect yields, disrupt production, and supply chains, jeopardizing food security. Agriculture will be a key contributor to food security through facilitating adaptation and resilience, reducing food loss, and providing income and livelihoods.

Belport is a UK based firm. This means that it is subject to UK law and regulation for agricultural, environmental, employment and wider governance activities. Our handbook outlines our policies and approach to ensuring that we are compliant with legislation and, as importantly, have created a fair and enjoyable environment for people to work in.

1.5 Sustainability principles

Given the complexity, ambiguity and everchanging taxonomy surrounding ESG reporting, impact reporting and sustainability approaches in the market we have simplified our own approach into four principles that become part of our culture and guide our thinking at both an investment and asset management level.

SOCIAL RESPONSIBILITY

To employees, stakeholders, investors and the communities within which we operate. Responsibility covers the Social and Governance of our ESG policy. Belport recognises that treating people fairly and acting in accordance with all the regulations and policies that are in place is fundamental to the successful operation of the business and also a key component in future planning. Many of these responsibilities are enshrined in UK laws and complied with by the Belport management team in respect to planning legislation, employment legislation and directives from the Financial Conduct Authority.

Belport adopts a progressive view of materiality, focusing on ESG factors that are important to protecting people and planet, as well as issues that are financially material to enhancing income and capital values. This 'double' materiality lens is critical given the growing recognition that the impact of sustainability on financial performance is dynamic – as issues that are not financially material today may become so in future, especially given the expanding scope of regulations and growing societal expectations on businesses.

OPERATIONAL RESILIENCE

Whilst business resilience is important for most sectors, for agriculture (given the crucial influence that the climate has) it is fundamental to asset management. One specific example would be the role of an effective water management strategy. Where this is implemented effectively the result is the ability to remain profitable through periods of water shortages. This in turn allows the retention of soil carbon sequestration and nutrient retention resulting in more profitable future yields. In an industry like agriculture, the operational environment is directly exposed to a number of external risks, be it climate or market risks. The ability to store materials or crops, often in climate-controlled environments, to operate in inclement weather in remote locations or have sufficient inputs for the future is critical. It often demands a number of reversionary plans such as water or energy self-sufficiency.

SUSTAINABLE RESOURCE MANAGEMENT

As part of any profitable business operation, measuring and managing the resources used and consumed is key to reducing costs and minimising waste. This has a direct effect on the minimising of emissions and is the philosophy behind the waste and water management strategies. Successful examples of this, and how it relates to our ESG strategy, is using online tools like the farmcarboncalculator.org to identify where a £850,000 reduction in diesel consumption resulted in an estimated 2500 tonne of carbon emitted per annum.

EVIDENCE-BASED RESEARCH

Given the rapidly evolving nature of technologies, policy and research into farming practices, environmental, social and governance responsibilities, Belport invests considerable resource into monitoring and researching these trends. This is a critical activity for both capitalising on opportunities and mitigating risks. As a result of this focus, many decisions at the asset management level are tailored to nuanced circumstances.

1.6 Sustainable farmland investment

As well as guiding the thinking at both the investment management and the asset management levels, Belport integrates sustainability considerations into its processes in the same way.

1.6.1 The Belport investment process is as follows:

Stage	Key Considerations	Sustainability specific considerations	Practical delivery
Asset	What type of investment opportunity is this? What balance of land use? Where do we see it in 8-10 years?	What are the key environmental and social risks? What are the Natural Capital opportunities? What are the local business opportunities?	The drafting of the appraisal documentation includes all of these factors.
Credibility	Do we have sufficient expertise and resources within our team/network to manage the assets and add value?	Which experts will we need to collaborate with?	As part of the drafting of the appraisal documents, input is sought from external experts eg Nature Capital (Natural Capital) or Salt BBA (Hospitality and Leisure related impact).
Diligence	What are the financial merits of the investment opportunity? Valuation appraisal	What are the impacts of the risks identified in the Asset stage?	Each of the suggested land uses are evaluated on their financial merits and against a risk management tool which includes environmental and social risk factors.
Investment Committee	Does the opportunity have broad support from our organisation? Do we have diversity of opinion? Apply 10th man principle.	Apply the Sustainability Principles	Align our decision making with our commitment to sustainability using the UK Green Taxonomy (Outlined in the introduction to section 2)
Asset Management Plan	What are the stages we need, in what time scale, using what resources do we need to map out to achieve best value?	In line with the 4 priorities in Section 2 the goal is to "measure everything" as a mantra. How will we establish a baseline? How does the sustainability timeline complement the asset management plan?	Data is collected against the priority metrics in Section 2 over an annual basis and reported to investors. The point of acquisition acts as a baseline and where possible, selling agents are required to supply as much of the information as possible.

“Measure everything”

At the asset management level, Belport duplicates it's mantra of "measure everything" to supporting the Sustainability approach. This ranges from using soil agronomy data to building an understanding of the baseline soil organic content on the farm or measuring the length of hedges, number of miles travelled per year or number of local business supported by a particular site.

1.7 Sustainability and risk management

Following the TCFD recommendations, and adding identification of social-related risks, allows Belport to mitigate identified potential impacts on the financial performance of the portfolio, the environment and society within which we live.

Climate-related risks are well documented. There is substantial evidence that anthropological activity has, and will continue to have, a negative impact on the frequency of extreme weather events. Resilience is a Belport sustainability principle because it recognises not only the opportunities to mitigate risk, to adapt to changing environments but also the belief that forward thinking land management will provide many of the solutions for the negative impacts.

Social-related risks are broad. They range from changing political sentiment that effects certain land uses (such as renewable energy incentives, tax impacts, housing policy) but also the negative impact of local conflicts regarding planning permission and projected financial returns.

Transitional risk – scenario based analysis

Belport is continually exploring ways of contributing to the mitigation of climate risk. Whether that is the collaboration with Rothamsted Research Institute to look at ways of analysing soil carbon sequestration, the investment in water management plans through reservoirs and real time water metering or the exchanging of synthetic fertilisers to organic composting opportunities. All of these measures are part of the contribution to supporting national commitments such as the UK Government's 25 year plan or the Paris Climate Accord aiming to limit the global temperature increase this century to 1.5 degrees Celsius. The acknowledgement of this increase and timeframe and the impacts of the associated changes is referred to as the transitional risks.

There is still a significant amount of work to do in modelling all the transitional risks associated with the current changing climatic conditions within which we exist and Belport will continue to work with the wider advisor network to develop more accurate tools.

Currently the short to medium-term transitional risks that form the basis for our 2030 strategy are:

Risk	Active Belport Mitigation Planning
Flood risk in vulnerable areas	The establishment of woodland Close relationships with the Environment Agency
Drought risk	Water Management plan focused around reservoir construction and real time metering Crop selection and other changes in agricultural techniques to reduce risk
Increase in temperatures	Crop selection Pest/disease research
Increase in seasonal temperature ranges	Crop selection Considerate building design and energy supply
Increase in insurance costs	
Supply chain and Business disruption	Investments in storage and climate-controlled storage with appropriate energy supply
Increase in material costs	Investments in storage and climate-controlled storage with appropriate energy supply

BELPORT

2 COMMITMENT TO SUSTAINABILITY

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2.1 Alignment with external frameworks and standards

Belport uses the sustainability principles of Responsibility, Resource Management, Resilience and Research to validate our commitment to sustainability. Further frameworks outlined below provide a more detailed way of identifying the metrics and collecting data against them to measure impact.

2.1.1 UK Green Taxonomy[1]

UK Green Taxonomy in terms of ESG integration, exclusions, sustainability or impact. This will set out high-level narrative for sustainability framework and reporting. To be Taxonomy-aligned activity must meet 3 tests:

1. Make a substantial contribution to one or more of the six environmental objectives
2. Do no significant harm to the other objectives
3. Meet a set of minimum safeguards

The 6 environmental objectives are:

1. climate mitigation;
2. climate adaptation;
3. sustainable use and protection of water and marine resources;
4. transition to a circular economy;
5. pollution prevention and control including preventing and reducing emissions or adverse impacts on health, improving levels of air water and soil quality; and
6. protection and restoration of biodiversity and ecosystems.

2.1.2 TCFD

Both the scope of environmental and social factors considered financially material and the range of financial firms required to report on these factors are widening. As such, while Belport may not yet fall within the scope either in the UK through Taskforce on Climate-related Financial Disclosures (TCFD) reporting, many of its clients will. (note - Belport Farmland LP (the "Fund") will not be marketing to EU based investors).

1. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1031805/CCS0821102722-006_Green_Finance_Paper_2021_v6_Web_Accessible.pdf

UK Government has announced it intends to make TCFD-aligned disclosures mandatory across the economy by 2025. The FCA proposes to require in-scope firms to produce two types of disclosures: (i) entity-level disclosures; and (ii) product-level disclosures.

The TCFD product reports would include a baseline set of core, mandatory, carbon emissions and carbon intensity metrics, and scenario analysis. They may also include additional, tailored detail on the disclosures made at an entity level if appropriate.

As the TCFD reporting framework becomes mandatory for some regulated firms these reporting requirements will be pushed down their value chains. Given Belport is targeting the Belport Farmland LP at institutional investors, Belport's clients are likely to be in-scope for mandatory reporting. Furthermore, the FCA has said it aims to bring into scope 'asset management activities conducted by private equity and other private market firms'. The direction of travel is clear. Beyond TCFD, attention is rapidly moving to nature-related financial disclosures, so called TNFD. Many of Belport's activities will generate salient nature-related indicators.

2.1.3 The United Nations Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs), part of the 2030 Agenda for Sustainable Development adopted by the 193 United Nations member states, comprise the world's comprehensive plan to achieving sustainable development.

Since the Sustainable Development Goals and the 169 targets associated within them are integrated and indivisible, and so agriculture has the potential to impact all SDGs by either enhancing their positive contributions or avoiding and mitigating negative impacts.

2.1.4 GRI

GRI (Global Reporting Initiative) is the independent standards organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. They provide the world's most widely used standards for sustainability reporting – the GRI Standards. The GRI Sector Standard for Agriculture, Aquaculture, and Fishing, which is most relevant for Belport, is currently being finalised with a view to release in mid-2022.

Together, these frameworks and standards allow Belport to identify a 'universe' of material sustainability topics, as summarised in the table below.

Belport Material Topics and GRI alignment	Corresponding SDGs
2.1.4.1 Emissions (GRI 305)	Goal 3: Good Health and Well-being Goal 12: Responsible Consumption and Production Goal 13: Climate Action Goal 15: Life on the land
2.1.4.2 Climate adaptation and resilience (GRI 201)	Goal 1: No Poverty Goal 2: Zero Hunger Goal 13: Climate Action
2.1.4.3 Biodiversity (GRI 304)	Goal 2: Zero Hunger Goal 6: Clean Water and Sanitation Goal 12: Responsible Consumption and Production Goal 14: Life below water Goal 15: Life on the Land
2.1.4.4 Natural Ecosystem conversion (GRI 3)	Goal 15: Life on the Land Goal 13: Climate Action
2.1.4.5 Soil Health (GRI 3)	Goal 15: Life on the Land
2.1.4.6 Pesticide Use (GRI 3)	Goal 3: Good Health and Well-being Goal 6: Clean Water and Sanitation Goal 12: Responsible Consumption and Production Goal 15: Life on the Land
2.1.4.7 Water and Effluents (GRI 303)	Goal 6: Clean Water and Sanitation Goal 12: Responsible Consumption and Production Goals 14: Life below water
2.1.4.8 Waste and Food Loss (GRI 306)	Goal 2: Zero hunger Goal 12: Responsible Consumption and Production
2.1.4.9 Food Security (GRI 3)	Goal 2: Zero Hunger Goal 13: Climate Action Goal 12: Responsible Consumption and Production Goal 15: Life on Land
2.1.4.10 Food Safety (GRI 416)	Goal 2: Zero Hunger Goal 3: Good Health and Well-being
2.1.4.11 Animal Health and Welfare (GRI 3)	Goal 15: Life on the Land
2.1.4.12 Local Communities (GRI 413)	Goal 1: No Poverty Goal 2: Zero Hunger Goal 5 Gender Equality Goal 6: Clean Water and Sanitation Goal 15: Life on the Land Goal 16: Peace and Justice Strong Institutions
2.1.4.13 Land and Resource Rights (GRI 3)	Goal 1: No Poverty Goal 2: Zero Hunger Goal 12: Responsible Consumption and Production Goal 15: Life on the Land Goal 16: Peace and Justice Strong Institutions
2.1.4.14 Non-discriminatory and equal opportunity (GRI 405 and 406)	Goal 5: Gender Equality Goal 8: Decent Work and Economic Growth Goal 16: Peace and Justice and Strong Institutions
2.1.4.15 Forced Labour (GRI 409)	Goal 5: Gender Equality Goal 8: Decent Work and Economic Growth Goal 16: Peace and Justice and Strong Institutions
2.1.4.16 Occupational Health and Safety (GRI 403)	Goal 3: Good Health and Well-being Goal 8: Decent Work and Economic Growth Goal 12: Responsible Consumption and Production
2.1.4.17 Employment Practices (GRI 401)	Goal 1: No Poverty Goal 8: Decent Work and Economic Growth Goal 12: Responsible Consumption and Production
2.1.4.18 Economic Inclusion (GRI 203)	Goal 1: No Poverty Goal 2: Zero Hunger Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 11: Sustainable Cities and Communities Goal 12: Responsible Consumption and Production
2.1.4.19 Supply Chain Traceability (GRI 204)	Goal 12: Responsible Consumption and Production Goal 15: Life on the Land
2.1.4.20 Public Policy (GRI 415)	Goal 12: Responsible Consumption and Production Goal 15: Life on the Land Goal 16: Peace and Justice Strong Institutions

2.2 Belport's four priorities

From the list of 20, grouped in four main priorities for Belport to focus on. These are also the criteria that we will focus on for our 2030 Strategy.

2.2.1 Soil regeneration

Working closely with agronomists and using state-of-the-art mapping technology, Belport is able to understand and measure the soil health of the farms it acquires.

We then use minimum tillage farming techniques and crop rotations that can concurrently maintain profitable crop yields and improve the health of the soil over the fund life.

On our current portfolio (which is a similar scale to the Fund assets) this has lead to an annual 2.2% increase of soil organic content, sequestering an estimated 50,000 tonnesCO2e per annum.

How will we measure performance under this theme?

Through collaboration with our agronomists, the primary measurement of soil organic content (SOC) as a percentage of soil mass will be the key metric for measuring impact. It has the additional benefit of being critical to understanding the carbon sequestration of the soil which may lead to future additional income through offsetting schemes. But SOC only forms part of the assessment. In addition to this, Belport will measure a broad range of indicators (physical, chemical and biological) including:

- Common indicators: pH, routine nutrients, bulk density and penetrometer resistance
- Less common indicators: visual evaluation of soil structure (VESS), soil organic matter/loss on ignition (LOI), respiration and earthworms
- New indicators: total nitrogen, microbial biomass carbon, potentially mineralisable nitrogen (PMN), DNA measures (e.g. of pathogens), nematodes and microarthropods

2.2.2 Emission reduction

For both property and agriculture, Belport's asset management strategy focuses on emission reduction. We invest in our properties, both commercial and residential, to ensure they have improved EPC ratings. Minimum tillage farming allows more fuel-efficient machinery and precision farming technology ensures fewer farming inputs.

Belport estimates that in 2020 these efficiencies accounted for a reduction of 2543 tonnes of CO2 emitted across the current portfolio. The current estimated total emissions is 34,000 tonnesCO2e (Scope 1, 2 and 3) per annum.

Renewable energy, in the form of solar photovoltaic, biomass, ground/air source heat pumps and anaerobic digestion provide energy to farms and local communities.

How will we measure performance under this theme?

Belport will track and report on the following GRI disclosures:

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-3 Other indirect (Scope 3) GHG emissions
- 305-4 GHG emissions intensity
- 305-5 Reduction of GHG emissions
- 305-6 Emissions of ozone-depleting substances (ODS)
- 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions

In addition, Belport will report on the Distribution of EPC ratings of all properties, disaggregated by existing and new stock (those completed in the last financial year).

Measurement tools: Farm Carbon Calculator Toolkit (see Section 3)

2.2.3 Growing natural capital wealth

Improving the soil health at scale has a benefit on the natural capital wealth. Beyond environmental benefits, natural capital is both an opportunity to grow new income streams (from biodiversity and carbon off-setting corporate sponsorships) but also a risk mitigant from UK government environmental policy targets.

Being able to measure and account for natural capital is crucial to a credible sustainability strategy and Belport's existing asset management practices includes a partnership with Nature Capital and working closely with Rothamsted Research to put in place a management plan for each farm.

How will we measure performance under this theme?

Belport will track and report on all schemes under management and their planned offsetting targets and achieved performance. This will be a bespoke tool that will form part of the annual report.

Measurement tools: Nature Capital's Natural Capital Realisation Model (NCRM) looks at 20 'metrics' and, as outlined in section 3, will be used to give a EPC style rating that Belport can track and look to improve on.

2.2.4 Enhancing social impact

Correlated with Belport's mixed land use and diversified income growth strategy is the positive social impact that investment in rural estates creates. Whether directly through employees, or indirectly through outsourcing expertise, creating rural offices and mixed use commercial sites, the assets within the Belport portfolio provide an increase in employment opportunities both locally and nationally.

Local housing is also significantly improved (both in the rental and ownership market) by renovating and developing local housing and putting local community consultation as a key pillar of the development process.

How will we measure performance under this theme?

Belport will track and report on the following disclosures, which are drawn from the UK's Social Value Model, the Sustainability Reporting Standard for Social Housing (SRS), and the GRI:

- Number of full-time equivalent (FTE) employment opportunities created directly at the SPV level.
- Number of employment opportunities directly enabled by Belport's mixed-use strategy ie number of offices created, commercial sites created and employees in those occupying business.
- In time, to give a full picture of the impact of the Belport strategy, the number of contractors and service providers to the portfolio will be measured. A project is currently underway to look into this as useful indicator.
- Share, and number, of existing homes (homes completed before the last financial year) allocated to General needs (social rent), Intermediate rent, Affordable rent, Supported Housing, Housing for older people, Low-cost home ownership, Care homes, Private Rented Sector, Other
- What % of homes meet the national housing quality standard?
- What arrangements are in place to enable the residents to hold management to account for provision of services?/ How does the housing provider measure Resident Satisfaction and how has Resident Satisfaction changed over the last three years?
- Disclosure 202-2 Proportion of senior management hired from the local community

2.3 Strategy for 2030

The Belport investment objective is to provide investment partners with long term wealth preservation, whilst seeking risk adjusted returns by enhancing income and growing capital values through the strategic management, diversification and development of assets under management in a sustainable way.

This Objective is supported by Belport Farmland LP's Strategy and, in particular addressing the phase 'a sustainable way', the 2030 Strategy.

The 2030 Sustainability Strategy is the combination of the application of the Sustainable Principles and 4 priorities. Supporting this strategy is the holistic analysis of the Belport's material activity against the frameworks, incorporating the transitional Risks, the risk mitigation strategies, resulting in the measurement of our impact.

This strategy directly supports our Investment Strategy of Buy, Grow, Sell by embedding itself in the acquisition process, the growth of the assets and the exit process.

This strategy is key to understanding our Inputs, Outputs, Outcomes and Impacts:

INPUTS

- Capital
- Track record
- Knowledge of rural property and agricultural systems

▼

OUTPUTS

- On-farm productivity improvements
- Diversification of farm business
- Regeneration of redundant buildings/brownfield

▼

OUTCOMES

- Providing high-quality housing, and employment opportunities
- Preserve and protect the natural environment via soil regeneration, reducing emissions and growing natural capital wealth

▼

IMPACT

- Meet the social, economic and environmental needs of the local community
- Contribute to achieving the SDGs

This strategy allows us to evolve our evaluating tools to ensure that we can measure and report the most comprehensive information about our impact to stakeholders.

Using our 4 priorities, by 2030 we are targeting to have:

SOIL REGENERATION

- Mapped 100% of our farmed soils, including pastureland, under management
- Achieved irrigation infrastructure for 100% of our arable land, understanding m3 water per hectare in reservoirs.

EMISSION REDUCTION

- Accounted for 100% of our Scope 1,2 and 3 GHG emissions, NOx, SOx and other emissions
- Accounted for percentage of EV fleet
- Accounted for percentage and amount of synthetic to organic inputs
- Achachieved 100% monitoring of all water use

NATURAL CAPITAL WEALTH

- Accounted for 100% of all natural capital projects
- Accounted for all offsetting values from schemes including details of improves biodiversity.

ENHANCING SOCIAL IMPACT

- Accounted for 100% of all employees and employment opportunities supported by our AUM
- Accounting for 100% EPCs for all residential and commercial builds all of which will be above C.
- Accounting for 100% of all employee and tenant data for attitude surveys regarding access to green space, EV charging points, facilities, cycling facilities, engagement.

BELPORT

ASSESSING SUSTAINABILITY IN UK FARMLAND ASSET MANAGEMENT

3 ASSESSING SUSTAINABILITY IN UK FARMLAND ASSET MANAGEMENT

3.1 Evaluation tools

3.1.1 Farm Carbon Calculator Toolkit

The toolkit is a desktop-based calculator that evaluates 10 categories across the portfolio and produces a report focused on emissions, sequestration and resource consumption.

The 10 categories are:

1. **Fuel** Largely Scope 1 emissions – Fuels used by the portfolio ranging from diesel to solid fuel to public transport and accommodation. Currently it accounts for about 12% of Belport emissions.
2. **Fuel Offsets** Electricity generated on the portfolio through renewables such as solar and anaerobic digestion.
3. **Materials** Examines the footprint related to the materials used on the portfolio throughout the year such as aggregates and other building materials, water and sewage, fencing, tyres. It accounts for less than 5% of the total emissions across the portfolio.
4. **Inventory** Related to the emissions of the capital items on the portfolio such as machinery and agricultural buildings.
5. **Crops** At 60% of emissions this covers the acquisition and planting of crops, organic manures and anaerobic digestion crops.
6. **Inputs** Examines synthetic fertilisers and sprays. It accounts for 25% of the footprint of the portfolio.
7. **Waste** This is the packaging, plastic cans, oil, scrap metals generated over the year from all farming operations. Although there is a lot of waste, as a percentage of the total footprint it is very small and less than 3%.
8. **Waste Offsets** The recycling of the waste above. Primarily oils and scrap metals. Farm managers are responsible for disposing of plastics to suitable local schemes.
9. **Distributions** Part of the Scope 3 emissions profile, it looks at the upstream footprint and helps drive decisions about where we source our inputs, materials and crops from. This accounts for about 5% of the total footprint. We do not measure downstream emissions because very often we do not have the ability to control that decision.
10. **Sequestration** A broad estimate of the carbon sequestered by the different types of soils, crops, farming techniques, hedges, trees and other organic sequestration.

2019-2020

OPERATIONAL CARBON EMISSIONS

Emissions
34,076 tonnes CO2e/year

Reduction of
2,543 tonnes CO2e/year 2020

Scope 1
4,268 tonnes CO2e/year

Scope 2
696 tonnes CO2e/year

Scope 3
29,109 tonnes CO2e/year

OFFSET

Fuels
-6,553 CO2e/year

Waste
-10 CO2e/year

Land Use sequestration
-43,876 CO2e/year

These figures are generated from a model underpinned by ever evolving assumptions which is not verified by any ISO accredited organisations. Therefore, it cannot be used as the basis for trading carbon credits or any other type of product. It is a management tool that helps drive decision making and long-term strategies.

3.1.2 Natural capital realisation model

Belport instructed Nature Capital Limited, a consultancy specialising in natural capital services, to conduct a strategic baseline review of the assets under management in 2020.

Nature Capital's Natural Capital Realisation Model (NCRM) looks at 20 'metrics' and scores each from 1 to 5. These are designed to provide a reasonable indication of the strength of the natural capital element within each category. It provides a useful baseline assessment of the natural capital position of the portfolio and the potential that can be achieved (taking into account the inherent restrictions that mixed land use strategy presents).

Part 1 of the NCRM looks at the provision of ecosystem services by the subject landholding, in this case each farm cluster. These are the benefits provided by natural capital and are commonly grouped into the four categories – Supporting Services, Provisioning Services, Regulating Services and Cultural Services.

Part 2 of the NCRM looks at each farm cluster's 'connectivity'. This is the extent to which it is integrated, both within itself (i.e. contiguous) and in relation to its surrounding area. Connectivity is fundamental to delivering impact and is aligned with the theory that the value of the whole is more than the sum of the parts. In nature, impact across an interconnected ecosystem has a greater benefit than an asset on its own.

Part 3 of the NCRM looks at 'natural capital active management'. This is the extent to which a natural capital framework which prioritises the measuring and reporting of outcomes is embedded into management practice. This is in respect of water management, soil management, carbon balance (emissions versus carbon sequestration) and biodiversity presence. This allows management to demonstrate tangible improvements to the state of the underlying natural capital assets.

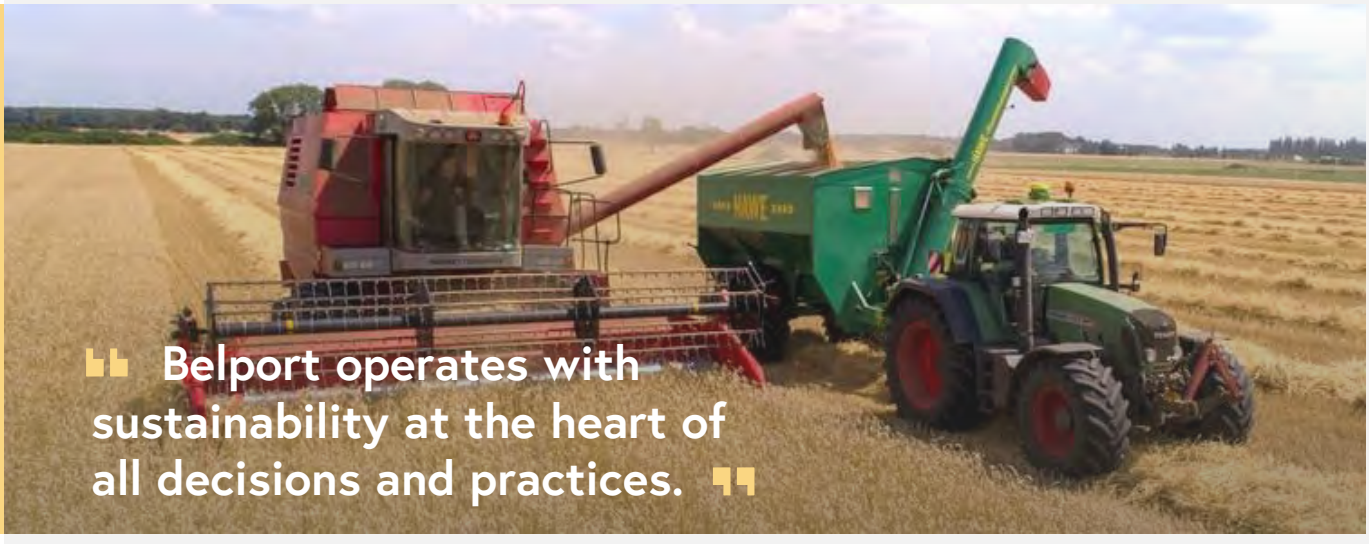
Each metric is scored from 1 to 5 and is given a Natural Capital Grade based on its score out of 100. The grade is a reflection of performance of a landholding's natural capital assets. The potential grade indicates what a landholding may be able to achieve.

As a baseline, the model gave the portfolio a score of 50 which accords with a 'E' grade. The potential score is 77 which would achieve a 'C' grade.

3.2 Reporting

Belport will produce an annual report for the Fund investors outlining the data against the priority metrics in section 2.2. In addition to this will be confirmation of the strategy and any amendments to the tools in Section 3.1.

Belport also intends to publish any developments that occur from the research and, in the form of case studies, outline the impact of the adoption of new technologies and processes.



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