



NATURAL RESOURCES SUSTAINABLE INVESTING GUIDELINES

Harvard Management Company (HMC) is committed to sustainable ownership of our natural resource investments. To accomplish this goal, HMC adopted five principles for sustainable investing tailored to address this particular class of investments. In this document we outline those principles and how we seek to apply them. This is meant to serve as a guide for our managers and operators, and set expectations for the sustainable management of Harvard's investments.

1. **FACTOR IN ENVIRONMENTAL SUSTAINABILITY**
2. **RESPECT HUMAN AND LABOR RIGHTS**
3. **RESPECT EXISTING LAND AND RESOURCE RIGHTS**
4. **COMPLY WITH LAW AND UPHOLD HIGHEST ETHICAL STANDARDS**
5. **REPORT ON ACTIVITIES AND PROGRESS TOWARDS IMPLEMENTING AND PROMOTING THE PRINCIPLES**

As a long-term investor, HMC aims to be a good steward of the land we own and manage. We believe that ethical conduct, responsible stewardship of the environment, and respect for those with whom we do business are essential to the performance of our farmland and forestry investments. We work closely with our managers and operators to support sound agricultural/forestry practices and look to meet or exceed all environmental standards and labor regulations. We monitor each farm individually through a detailed management and governance process.

HMC, in coordination with our managers and operators, will apply the above five principles to both our pre-acquisition due diligence and post-acquisition management. We are dedicated to the above responsible practices across all our properties and will work with our managers and operators to develop processes to ensure they are maintained, including pre-acquisition due diligence, periodic site visits, frequent communication, property reviews, and an annual ESG survey.

Challenges to long-term farmland and forestry, including: water scarcity, deforestation, poor soil quality, land grabbing, and human rights abuses require strong partnerships with local managers and operators to mitigate risks. The five principles and criteria outlined in this guide represent a minimum set of requirements to manage ESG risks and opportunities. In our efforts to continuously improve our processes and procedures we will update this document as new information, technology, regulations, and research develop. We encourage any feedback on the principles from our managers and operators, especially in regards to sharing best practices or additional ESG factors that should be addressed.



APPLICATION OF THE GUIDELINES

1. FACTOR IN ENVIRONMENTAL SUSTAINABILITY

We believe that responsible stewardship of the environment is key to the long-term performance of our investments. Our managers and operators should always look for new ways to make our investments more efficient and environmentally stable. As such, it is essential that measures are adopted to protect biodiversity, maintain soil health, optimize the application of chemicals, conserve water, and minimize environmental impacts. We aim to:

- **Conserve water across all operations.** Utilizing irrigation through grading, leveling, and improved technology are forms of optimizing efficiency. Managers should always look for the most efficient means of water delivery and use.
- **Utilize research-based practices that encourage plant health and minimize negative environmental impacts, and damage to biodiversity.** Adopting the proper techniques for timing and rates of chemical and fertilizer applications, field scouting, and tillage practices will minimize waste associated with harvesting and on-site processing operations.
- **Reduce soil erosion and rainfall runoff** through properly designed roads, berms, culverts, terraces, or use of cover crops. Soil health should be continuously monitored to identify any physical or chemical impacts.
- **Capture, offset, or minimize greenhouse gas emissions** in farmland and forestry operations. Where applicable, apply new technologies to increase production leveraging energy and fuel efficient methods (e.g. auto-steer, GPS, high-efficiency pumps).
- **Prohibit agrochemicals banned by international standards**, including World Health Organization Type 1A and 1B and chlorinated hydrocarbon pesticides—pesticides that are persistent, toxic, or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use. Managers and operators should maintain detailed chemical input and production records (i.e., pesticide and fertilizer applications) and follow all regulations and best practices in handling and storing chemicals (including fuel).
- **Protect rare, threatened, and endangered species.** Maintain policies or procedures to prevent illegal hunting and fishing by employees.
- **Monitor preservation areas or legal reserves** to prevent invasion or improper use (e.g. illegal mining, deforestation, grazing) by the investment or outside parties. Where applicable support reforestation efforts, especially in environmentally sensitive areas.



2. RESPECT HUMAN AND LABOR RIGHTS

We believe that respecting human and labor rights is fundamental to successful farmland and forestry operations. We seek to ensure that our investments support safe and healthy workplaces that add value to the communities. Managers and operators must, at a minimum, comply with their local labor laws and avoid complicity in human rights abuses. For operations with potential impact on local communities, managers and operators should implement procedures that ensure prior consultation of these stakeholders. Within this principle we aim to:

- **Ensure compliance with national and international health and safety standards** such as the USDA, OSHA, Brazil’s Labor Ministry, MINAGRI, and the EPA.
- **Meet or exceed all labor laws and regulations.**
- **Where applicable, recruitment of migrant workers—either directly or by a subcontractor—should be in line with applicable local laws** even if the recruitment itself takes place in a different country.
- **Meet or exceed all workforce housing laws and regulations**, including health and construction safety codes.
- **Provide safety training to employees and ensure all relevant operators are certified and trained for potentially hazardous activities**, such as applying chemicals or operating machinery.
- **Respect worker’s rights**, including zero tolerance for: discrimination, harassment, child labor, or forced labor (e.g. retention of personal documents, restricting access to supplies or medical care, preventing departure from property). Managers and operators must allow for freedom of association or collective bargaining agreements guaranteed by laws and international standards.
- **Provide a communication channel for employees to submit complaints, concerns or file reports.**
- **Respect indigenous people’s rights.** Managers and operators are to provide guidance to employees on identifying and procedures surrounding cultural sites.

3. RESPECT EXISTING LAND AND RESOURCE RIGHTS

Respect for existing land and resource rights is critical to our investment strategy and will be of increasing importance in the coming decades as competition for scarce resources, such as arable land and water, intensifies due to increasing global population, climate change, and food consumption. We believe that land and resource rights are important to economic stability and security, and that a detailed analysis of the ownership chain for every property acquisition is critical to protecting Harvard Management Company’s reputation and credibility, especially in the communities that live close to the



property. Once a property is acquired, it is crucial to maintain all operating permits and communication with relevant authorities and stakeholders in the community. Within this principle we aim to:

- **Maintain proper permits and licensing** required by local and regional authorities, including for any water, mineral rights, or road use.
- **Respectfully engage with the community. Managers should notify Harvard Management Company immediately when critical issues for any stakeholder group are identified.** Bring to our attention any issues raised by local community members for appropriate remediation. Mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.

4. COMPLY WITH LAW AND UPHOLD HIGHEST ETHICAL STANDARDS

Managers and operators must respect local law. They must implement procedures focused on preventing any form of corruption including extortion and bribery. Offering personal benefits for business maintenance or any other preferences is a practice in direct conflict with our standards. Wherever applicable, managers should seek to align operations with established industry best practices or sustainability standards. Within this principle we aim to:

- **Comply with all laws and regulations.** Managers and operators are expected to monitor subcontractors and other operators for compliance with laws and regulations. Complicity in illegal activities associated with our investments is not acceptable.
- **Conduct business with the highest ethical standards.**
- **Wherever practicable, achieve industry best practices or sustainability certifications** (e.g. FSC, Global GAP).
- **Maintain appropriate anti-corruption procedures**, specifically for adherence to the Foreign Corrupt Practices Act (FCPA) and other applicable anti-bribery and anti-money laundering (AML) laws. Provide anti-corruption training and a method for employees to escalate concerns.

5. REPORT ON ACTIVITIES AND PROGRESS TOWARDS IMPLEMENTING AND PROMOTING THE PRINCIPLES

As a signatory to the [Principles for Responsible Investing](#) (PRI), HMC reports on our sustainable investment activities on an annual basis. The resulting [Transparency Report](#) is published by the PRI. We have joined initiatives that are aligned with—and help guide—our approach to sustainable investment, and we actively work with peers and investors to advance shared goals. We will seek periodic reporting from our managers to monitor adherence to our principles and criteria for sustainable investing, and to meet our commitment to ESG integration.



We are committed to knowledge-sharing, on-site visits, transparency, and frequent communication with our managers and operators. Within this principle we aim to:

- **Maintain transparency in communicating ESG related risks or opportunities** between HMC employees or representatives and our managers and operators, including during field visits and quarterly reports.
- **Cooperate with regulators or NGOs** (e.g. Rainforest Alliance) during mandatory inspections.
- **Respond to any stakeholder requests on ESG issues** (e.g. annual ESG surveys).