



DO CANADIAN ZERO-TILL LAND PORTFOLIOS MEET ESG MANDATES?

ABSTRACT:

Sustainable agriculture is one area where Canada truly leads by example in the fight to reduce GHGs, manage land over generations and help feed the planet. Based on standard global mandates, Canadian farmland is an asset that fits most ESG criteria.

KEYWORDS:

zero-till, carbon sequestration, soil-health, water retention, soil erosion

INTRODUCTION:

As a growing number of investors move to ESG driven mandates there is a pressing requirement to find assets and strategies which contribute to ESG compliance while still providing suitable risk adjusted return prospects.

One such strategy to consider is Canadian farmland, where zero-till farming is a common practice. Zero-till involves eliminating all or many tillage operations, and placing seed, fertilizer, or manure with minimal soil disturbance. There are several features of zero-till that contribute to ESG, including:

- **Reduced Fuel Consumption:** The practice of zero-till has been shown to require less than a third of the fuel per acre of conventional tillage.
- **Reduced Erosion:** By leaving crop residue on the soil's surface during the periods in which no crops are growing, it is possible to reduce erosion. As a result, zero-till is believed to have 10-20 times less erosion than conventional tillage.
- **Improved Water Retention:** Crop stubble and residue allows water from rainfall and snow melt to penetrate the soil better, instead of evaporating at the surface.
- **Reduced Compaction:** Farm equipment is heavy and by reducing the amount of equipment and passes, soil compaction is significantly reduced.
- **Carbon Sequestration:** Research has shown that zero-till farming practices have contributed to increasing the carbon sequestration of Prairie farmland by 400% since the mid-1990s. Research shows prairie farms are now storing more carbon than they emit and that Canadian cropland can sequester as much as 22 million tonnes of atmospheric carbon dioxide per year by using best management practices such as zero tillage.

CONCLUSION:

During the past 30 years, there has been a fundamental change in how Canadian crop farmers operate. There has been rapid adoption of technologies that have benefited producers, improved our environment, saved and even enhanced the soil, all while helping to feed the world. Using zero-till methods, Canadian farmers can grow crops every year and still enhance soil volume and quality. We believe that this fundamental change and leadership by Canadian farmers highlights the importance of ESG standards by the agriculture industry in Canada.

SOURCES:

<https://notillagriculture.com/zero-tillage-farming/>

<https://www.agr.gc.ca/eng/agriculture-and-the-environment/agricultural-practices/soil-and-land/soil-management/flexibility-of-no-till-and-reduced-till-systems-ensures-success-in-the-long-term/?id=1219778199286>

<https://cwf.ca/research/publications/what-now-sustainable-canadian-agriculture-canadas-solution-for-a-global-problem/>

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Veripath is a Canadian alternative investment firm. Members of Veripath's management team have decades of farmland, private equity, and private credit investment experience. Veripath implements its farmland strategy in a way that seeks to preserve as far as possible farmland's low-volatility return profile – the attribute that generates a material portion of Canadian farmland's superior risk adjusted returns. Veripath does this by seeking to minimize operational, weather, geographic and business-related risks – and capture the pure return from land appreciation. Veripath holds over 32,000 acres in its portfolio and has experienced rapid growth as capital providers seek exposure to the Canadian farmland asset class. Veripath's offerings can be accessed through several full-service Canadian broker dealers and on the Deal Square electronic order processing platform. Utilising a unique split fund, evergreen structure, Veripath opens the Canadian farmland thesis to the largest possible universe of investors and for the first time makes compliance with the various provincial farmland ownership regulations simple and straightforward. Canadian farmland allocations have several compelling characteristics that make them a worthwhile portfolio allocation for both institutional and retail investors and Veripath's structures are available to both.

For more information on Veripath please feel free to register online at www.veripathfarmland.com or call 587-390-8267.

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