



ENVIRONMENTAL,
SOCIAL & GOVERNANCE
REPORT 2022



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Executive Chairman's Welcome

Welcome to our first sustainability report. As a farmer and the founder of a publicly traded company that invests in farmland, I take our corporate social responsibility seriously.

I grew up in a farm family and have been buying and operating farms since the mid-1990s. Having been involved in production agriculture for much of my life, acting responsibly towards investors, employees, customers, the environment, and society, is something that comes naturally.

The family farms operated by Farmland Partners' tenants are helping to affordably feed the world's growing population, and our company is proud to play a role in that success story. We believe that the principles of environmental sustainability are deeply interwoven into modern agricultural practices as farmers have been focused on protecting their biggest asset and improving the efficiency of their operations for generations. It's what I practice on my own farms.

Cultivating the world's most productive land and doing so in the most efficient and sustainable way possible will be key to meeting the world's future food demands, which is why these considerations are embedded into our farmland acquisition criteria, tenant selection process, and management practices.

Farmland Partners is unique among farmland asset managers. We are 'agriculture people' first. Our knowledge, experience, and understanding of agricultural traditions and sustainability within the industry sets us apart and informs our approach to these matters.

In this report, we share our approach to corporate social responsibility, our ambitions, and the achievements of our tenants to date.



Paul A. Pittman,
Executive Chairman

Cultivating the world's most productive land and doing so in the most efficient and sustainable way possible will be key to meeting the world's future food demands

Letter from our CEO

With global food demand growing and the supply of quality farmland shrinking, our focus at Farmland Partners is helping our tenants maximize production while minimizing environmental impact. Tenants are the long-term stewards of the land within our portfolio, and we seek to partner with farmers who promote efficiency, prioritize land productivity, and protect our assets.

Importantly, our company serves as a bridge between urban investors and rural America, bringing needed capital to agriculture so farmers can continue to provide sustenance to the world's growing population in the most environmentally responsible way possible.

Our first sustainability report is a milestone, but it does not signal a shift in either ambition or approach. Instead, we want to take this opportunity to reaffirm our long-standing focus on responsibly meeting the needs of our stakeholders. We want to communicate better about sustainability topics because there are still many misconceptions about environmental issues within agriculture and farming.

Highlights from 2022 include the creation of our new sustainability policies and expansion of our renewable energy portfolio. We also calculated our Scope 1 and Scope 2 emissions for the first time and conducted a detailed survey of our tenants, which highlighted the great work taking place on our land.

I'm proud of the work Farmland Partners and our tenants are doing to feed the world responsibly, and we will continue to strive to achieve our mission in the coming years.



Luca Fabbri,
President and CEO

We want to take this opportunity to reaffirm our long-standing focus on responsibly meeting the needs of our stakeholders.



Our Approach to Sustainability

Sustainability has been part of Farmland Partners' approach since its foundation. These principles are baked into our culture, policies, and practices, and captured in one of our core beliefs: that farmland and the farmers who cultivate it create a more sustainable future for all by affordably feeding the world's growing population while minimizing environmental impact. The high priority we place on sustainability is demonstrated by oversight and commitment from our Board of Directors and senior management team.

As a real estate investment trust (REIT), we are a passive investor in farmland. This means we typically do not farm directly, nor do we dictate to our tenants how they should farm. However, we have a special relationship with our tenants compared with many landlords. We see our tenants as a mix of operators, partners, and customers, and seek to select great farmers who share our passion for responsible practices.

As part of our wider program of tenant engagement, we seek to expose them to new ideas and facilitate conversations about the benefits of modern sustainable practices. Most importantly, our tenants are constantly teaching us about the latest tools, techniques, and technologies that boost farm efficiency and help care for the land.

Farmland Partners' portfolio represents core agricultural regions of the United States, and we consider sustainability and risks when investing in our assets or looking to expand our reach. As such, we carefully consider the possibility of extreme weather and water availability problems when examining new assets, and we actively seek to mitigate environmental and financial risk by diversifying our portfolio across numerous growing regions and crop types.

Whenever possible and economically feasible, we also partner with renewable energy producers in solar and wind power generation projects and participate in conservation efforts with national partners.



Our Environmental Focuses

Farmland Partners is committed to protecting the environment, including the farms we own, and reducing our company's overall environmental impact. We require our tenants to comply with all applicable environmental laws and regulations and we support the adoption of sustainable practices appropriate for each operation and region.

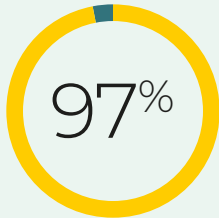
Tenant environmental survey

Many of our tenants are farm families who embrace the latest agronomic techniques, technologies, and conservation practices to drive efficiency and preserve the land they farm.

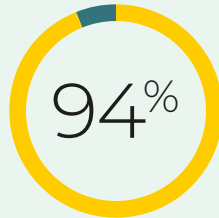
As part of our commitment to minimizing environmental impact, we surveyed our tenants to understand and quantify the responsible farming practices already being used across our portfolio.

In 2022, we sent surveys to 137 tenants who farm crops on land we own and/or manage across the country. The survey had a 63% response rate and demonstrated that many of our tenants are leading the way in sustainability. This engagement was a positive step in working with our tenants to promote and raise awareness of sustainable practices.

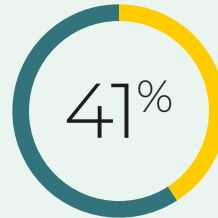
Findings of the survey included:



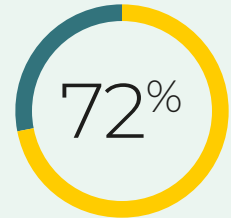
invest in improving soil health.



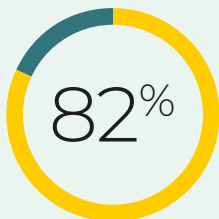
use some form of conservation tillage to reduce erosion, improve soil health, and conserve water.



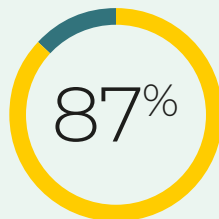
plant cover crops (far above the national average of 7.5%, as reported in the 2017 Census of Agriculture)



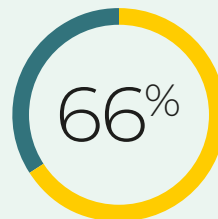
have grassed waterways, buffer strips around fields, or drainage structures to help slow surface runoff and trap sediment.



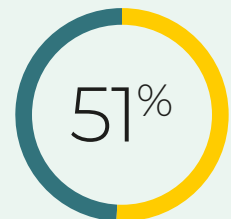
primarily use equipment with diesel exhaust fluid technology to control emissions.



use variable rate application technology to efficiently apply seed, fertilizer, water, and other inputs.



invest in conservation activities to benefit wildlife and pollinator habitat.



partner with the U.S. Department of Agriculture on natural resource conservation programs.

Expanding on: conservation tillage

Conservation tillage conserves soil, water, and energy resources through the reduction of tillage intensity and retention of crop residue. Conservation tillage involves the planting, growing, and harvesting of crops with limited disturbance to the soil surface.

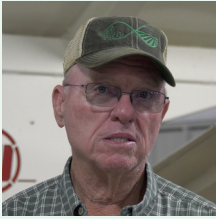
The benefits of conservation tillage include the sequestration of carbon dioxide in the ground, reduced use of farm machinery and equipment, and therefore a net reduction in greenhouse gas (GHG) emissions.

Expanding on: cover crops

A cover crop is grown primarily for the purpose of protecting or improving soil between periods of regular crop production. Where agronomically appropriate, they have been shown to increase crop yields and help with resilience against extreme weather conditions.

The benefits of planting cover crops include improved soil health, erosion control, increased biodiversity and pollinators, water conservation, natural weed and pest management, and reduced applications of fertilizer and herbicides.

Tenants leading the way in sustainability



Owen Peele, North Carolina

[Owen Peele](#) farms corn, wheat, and soybeans in eastern North Carolina. For the past 15 years, Owen has been using sustainable farming techniques to maintain his land and bring efficiencies to his operation.

“We like to think that we are the curve and everybody’s trying to catch us,” said Owen, whose practices include planting cover crops to control erosion, reducing fertilizer and herbicide needs, and no-till farming to improve soil health.

“We do it because it means lower equipment costs and lower labor costs, and because it provides us the opportunity to farm more acres with less equipment and fewer people,” he explained.



Jesse Hough, Nebraska

[Jesse Hough](#) farms corn, soybeans, and wheat in eastern Nebraska. For Jesse, sustainability means two things: taking care of the Earth and ensuring the farming operation is profitable enough to continue. He started out small on the sustainability front and scaled up over time as the economics panned out.

Sustainable farm practices such as cover crops, reduced tillage, and organic fertilizer applications have helped Jesse smooth out some of the unpredictability of row crop farming. In 2022, 100% of his acres had a cover crop planted by winter.

“Because of the cover crop, we can reduce our fertilizer applications and we can reduce how many times we have to spray herbicides to keep our fields clean,” he said.

New technologies are helping Jesse’s returns as well as protecting the environment. For example, variable rate applications of seed, chemicals, and fertilizers that can be pre-programmed are an important part of his operation today.

Investing in sustainability on our farms

One way that we support our tenants with the sustainability of their operations is to provide the necessary investment to ensure farms are modern and efficient. We invest in our assets to maximize the long-term performance and value of the farm.

Our knowledge and financial backing can be leveraged to deliver property maintenance and improvement plans, which might include adding grain storage facilities,

investing in water management systems, and land leveling to enhance farm productivity and help our tenants mitigate climate risks.

Renewable energy generation

We have a growing renewable energy portfolio comprising both solar and wind energy projects. Though farming and agriculture are our primary focus, we recognize that selectively investing in renewable energy on our land benefits the environment and provides attractive returns to our shareholders.



When considering such potential projects, we take into account the tenant and the operational impact of land converting to renewable energy production. For example, while solar projects replace farm rents entirely, wind projects supplement existing farm rents because agricultural production can continue around wind turbines.

At the end of 2022, 20 of our farms, which span a total of more than 13,000 acres, were leased for renewable energy production or had projects under construction. These projects have the collective capacity to generate approximately 260 megawatts of renewable energy. An additional 23 farms across more than 15,000 acres had options for potential future solar or wind development.

Water management

The farms in our portfolio have appropriate sources of water for their regions, including expected precipitation, wells, and/or surface water. As part of our acquisition due diligence process, we evaluate properties for water availability and any associated ground or surface water rights. Where appropriate, we may invest in irrigation and/or drainage infrastructure to improve the productivity of properties we own.



In 2022, solar projects that were under construction or in operation generated approximately \$1.6 million of lease revenue – more than 3x the amount expected under farm leases.



In 2022, wind leases added approximately \$0.3 million of revenue, while displacing very little agricultural production.

Biodiversity and land stewardship

We place emphasis on the support of biodiversity and wildlife. Our portfolio supports biodiversity through the enrollment of acres, in partnership with our tenants, in the U.S. Department of Agriculture's Conservation Reserve Program (CRP). In exchange for a yearly rental payment, farmers participating in CRP agree to remove less-productive land from agricultural production and re-establish native vegetation to improve water quality, prevent erosion, and protect wildlife habitat.

Ducks Unlimited: an environmental partnership

We enjoy working with, and learning from, environmental and conservation groups such as [Ducks Unlimited](#).

Ducks Unlimited is a nonprofit organization dedicated to conserving, restoring, and managing wetlands and associated habitats for North America's waterfowl. Waterfowl conservation faces challenges as wetlands and other habitats are being degraded and destroyed, and Ducks Unlimited is tackling the problem by partnering with landowners, agencies, scientific communities, and other entities.

Farmland Partners formed a partnership with Ducks Unlimited in 2021 to support habitat restoration and protection in Virginia. By the end of 2023, we will sell approximately 1,268 acres adjacent to the Great Dismal Swamp National Wildlife Refuge in a three-part conservation transaction. Two of the three tracts of land have already been transferred to Ducks Unlimited.

We also teamed up with Ducks Unlimited on a land-leveling project at a rice and crawfish farm in southern Louisiana. When completed, the project will help expand waterfowl habitat and increase the farm's productivity at the same time.

Farmland Partners' emissions

In 2022, Farmland Partners measured its Scope 1 and Scope 2 GHG emissions for the first time. Given our small staff size, relatively limited overhead, and the fact that we invest in land rather than energy-consuming buildings, it is not surprising that Farmland Partners' emissions are lower than many other publicly traded REITs.

Our Scope 1 emissions relate to direct combustion of natural gas in the offices used by Farmland Partners, as well as mobile combustion of gasoline for two company vehicles. Our Scope 2 emissions relate to our consumption of purchased electricity in the day-to-day operations of our corporate offices.

Farmland Partners will, from time to time, operate a farm directly – for example, while trees or bushes on a permanent crop farm are reaching maturity but are not yet rentable. We did not measure emissions from direct operations in 2022, given the temporary nature of the activity.

Scope 1:

- ▶ **2022 emissions: 27.09 MT CO₂e**

Scope 2:

- ▶ **2022 emissions: 33.44 MT CO₂e**

In addition to our emissions, it is noteworthy that our agricultural land can also be a carbon sink to help offset emissions. Farmland Partners continues to evaluate the business viability of carbon sequestration programs with our tenants.

A photograph of a farm scene at sunset. A large tractor is in the middle of a field, and a smaller piece of farm equipment is nearby. The sun is low on the horizon, creating a warm orange glow across the sky and field. The background shows a line of trees.

Our Social Impact

At Farmland Partners, we've always believed that everyone has a right to eat. We recognize that the productivity and long-term sustainability of American farmland will be essential to affordably feeding the world's growing population, increasing access to nutritious food for consumers, while taking care of our communities, tenants, and employees.

Affordably feeding the population

Utilizing land for farming creates a more sustainable future for society by supplying food products that support better nutrition. By choosing tenants who farm responsibly and efficiently, we are increasing food production and accessibility for consumers. For responsible tenants, the themes of profitability, productivity, and sustainability are converging, and we are supportive of this balance. We are proud of the part we play in feeding the world.

Helping our tenants

For us, selecting great farmers as our tenants is vital. We actively look to build strong partnerships with responsible tenants that will stand the test of time. Our tenants are our partners in the stewardship of the land we own, and as such, we expect them to focus on preserving and maintaining the quality of the land as well as operating successful and sustainable farms. We understand the value of family farmers and a multi-generational approach, and we do what we can to support our tenants and make their family businesses successful.



As a company with deep roots in farming, we understand the challenges that our tenants face, particularly around profitability. We have a voluntary program that helps our tenants leverage their collective buying power on many inputs, enabling them to lower operating costs and improve profitability.

To continue this momentum, we have a small loan program available to tenants and other farmers. These loans have helped farmers capitalize on new business opportunities, supported intergenerational transitions, and provided important liquidity advances against existing farm equity when other lenders were not able or willing to respond.

In addition, Farmland Partners will sometimes sell farmland to tenants when such transactions generate attractive returns and help those farmers increase efficiencies in their own operations through economies of scale. In turn, we can redeploy the capital generated through these sales for farmland elsewhere and build lasting relationships with our tenant base.

Tenant engagement

We engage with our tenants multiple times a year, over the phone and in person. We encourage dialogue with them to learn about opportunities to better support them and to grow our portfolio.

As discussed in Environment ([page 6](#)), we undertook a significant tenant survey in 2022, dedicated to learning more about their environmental practices. The results of this process were shared with all tenants to increase awareness of the good sustainable practices already in place on farms in our portfolio and their benefits.

Supporting rural communities

By investing in farmland, Farmland Partners is investing in more than real estate – we’re investing in rural America. We are a channel to bring capital, and therefore economic activity and growth, to rural communities throughout the United States. In addition to the land that Farmland Partners owns, we also manage more than 9,000 acres of farmland for the Promised Land Opportunity Zone Fund, which has invested nearly \$65 million in economically distressed census tracts.

Our employees

Our employees are crucial to our success. Our goal is to ensure that we have the right talent, in the right place, at the right time. We do that through our commitment to attracting, developing, and retaining our employees.

We're a small team, and everyone plays a key part in delivering our mission. As such, we prioritize supporting our employees' wellbeing and creating an environment for them to thrive personally and professionally, offering flexible work arrangements and attractive office environments. We work with a professional employer organization (PEO), which provides online training modules on a range of office skills and topics. The PEO benefits program also contributes to our focus on employee health and wellbeing.

We have a competitive compensation package. In 2022, we instituted a 401(k) retirement savings plan for the first time, to join our existing benefits for medical, dental, vision, and short and long-term disability. Developing and retaining all members of our team is important to us. Our senior executives dedicate time to coaching, training, and developing our employees on a daily basis. This is a key part of our culture of shared responsibility.

We are committed to creating and maintaining an inclusive workplace that respects and values each employee's individuality, background, and experience.

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Our Governance

We are committed to operating the company responsibly and ethically. Good governance practices are a priority for our management team and our Board of Directors as we strive to deliver value to our stakeholders.

Our approach to corporate governance

We recognize that transparency and employing an array of best practices in corporate governance better serves all stakeholders. Our Board of Directors, management team, and employees maintain the highest ethical standards across our processes and business practices, as communicated in our policies.

We have long-established [Corporate Governance Guidelines](#), a [Code of Business Conduct and Ethics](#), and the [charters of our audit committee, compensation committee, and nominating and corporate governance committee](#).

Board leadership

The role of our Board is to promote better strategic thinking and planning, in addition to thoughtful and robust oversight. We have six independent directors and three executive directors with diverse backgrounds, who each bring different experiences, knowledge, and perspectives to the company.

The Board has a number of established committees dedicated to oversight of certain topics, these include the audit committee, compensation committee, and nominating and corporate governance committee.

Our Board of Directors



Paul Pittman
Executive Chairman



Chris Downey
Board Member
Lead Independent Director



Luca Fabbri
President and CEO



Joe Glauber
Board Member
Independent Director



John Good
Board Member
Independent Director



Jennifer Grafton
Board Member
Independent Director



Tom Heneghan
Board Member
Independent Director



Danny Moore
Board Member
Independent Director



Murray Wise
Board Member

Our sustainability policies

Sustainability is considered a high-priority topic at all levels in our organization, with commitments formulated by the Board of Directors and senior management team.

This year, we have formalized a series of [sustainability policies](#). These policies are an expansion or restating of topics covered in existing statements or materials, such as our [Code of Conduct and Business Ethics](#) and our employee handbook, with the aim of better communicating our approach to all stakeholders. Our policies are available to view on our website.

Going forward, we intend to maintain and expand our focus on sustainability principles already embedded in our culture, policies, and practices, gradually implementing efforts to measure, improve, and communicate our performance.

Sustainability is considered a high-priority topic at all levels in our organization

Conclusion

The planet reached a population milestone on November 15, 2022, surpassing 8 billion people for the first time in history, according to the [United Nations \(UN\)](#). Growth is expected to continue, reaching 8.5 billion people by 2030 and 9.7 billion by 2050.

Meanwhile, farmland is shrinking at an alarming rate. Approximately 943 million acres of agricultural land spanned the United States in 2000, according to the [U.S. Department of Agriculture \(USDA\)](#). By 2022, agricultural acreage had dropped to [893.4 million acres](#).

In other words, the nation has lost, on average, 4.3 acres from agricultural production every minute of every day for the last 22 years.

These twin trends – the growth of humanity and the decline in quality farmland – only strengthen our resolve at Farmland Partners to invest wisely in this precious resource.

By diversifying our portfolio across regions and crop types, supporting farming as a livelihood, and selecting tenants who share our passion for responsible agriculture, we endeavor to play our part in sustaining the world's food supply. **Because everyone has a right to eat.**

Forward-looking statements

This report includes “forward-looking statements” within the meaning of the federal securities laws, including, without limitation, statements with respect to our environmental, social and governance (“ESG”)-related performance and initiatives, our outlook and the outlook for the farm economy generally, proposed and pending acquisitions and dispositions, financing activities, crop yields and prices and anticipated rental rates. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates” or similar expressions or their negatives, as well as statements in future tense. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, such forward-looking statements are not predictions of future events or guarantees of future performance and our actual results could differ materially from those set forth in the forward-looking statements. Some factors that might cause such a difference include the following: the ongoing war in Ukraine and its impact on the world agriculture market, world food supply, the farm economy, and our tenants’ businesses; general volatility of the capital markets and the market price of the Company’s common stock; changes in the Company’s business strategy, availability, terms and deployment of capital; the Company’s ability to refinance existing indebtedness at or prior to maturity on favorable terms, or at all; availability of qualified personnel; changes in the Company’s industry, interest rates or the general economy; adverse developments related to crop yields or crop prices; the degree and nature of the Company’s competition; the timing, price or amount of repurchases, if any, under the Company’s share repurchase program; the ability to consummate acquisitions or dispositions under contract; and the other factors described in the section entitled “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, and the Company’s other filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking ESG and sustainability-related information may be based on standards for measuring progress that are still developing and internal controls and processes that continue to evolve. The standards and metrics included herein, unless otherwise specifically indicated, are non-audited estimates, were not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and have not been externally assured. Any forward-looking information presented herein is made only as of the date of this report, and the Company does not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.



www.farmlandpartners.com