



OUR COMMITMENT TO SUSTAINABILITY



INTRODUCTION

The world's population is expected to reach 9.8 billion in 2050¹ and increasingly reside in urban centres, challenging the economic vitality of regional areas. This is expected to occur at a time when climate volatility is projected to increase, arable land per person is expected to decline² and water stress is expected to escalate.³

Riparian Capital Partners (RCP) recognises that, as an agriculture and food sector investor, we depend on a sustainable environment, prosperous communities and sound governance and that we are well positioned to positively contribute to improving environmental and societal outcomes.

This paper has been enhanced since our original commitment published in 2019. The paper is designed to outline our sustainability priorities and our commitments as an investment firm to our partners. Over time, we plan to share RCP's progress across a range of environmental, social and community measures.

ABOUT RCP

RCP, a specialist agriculture and food sector investment firm, was established with the specific purpose of identifying, acquiring and managing investments across the agriculture sector.

RCP is majority owned and controlled by its founding team and backed by minority strategic partner Pinnacle Investment Management ('Pinnacle'). Pinnacle is a multi-affiliate investment firm with funds under management of over \$100 billion.⁴

RCP invests in real assets that are critical to the production of essential agricultural goods, are fundamental contributors to food security and are predominantly located in regional areas. In doing so, we provide capital to support the growth, financial efficiency and sustainability of farms, agricultural infrastructure facilities and agribusinesses.

OUR PHILOSOPHY

At RCP, our ability to successfully manage Environmental, Social and Governance (ESG) factors is directly linked with our ability to sustainably deliver attractive returns to our investors. Our view is there is no bifurcation between investment returns and sustainability; indeed, as long-term investors in agriculture, we are incentivised to advance and enhance our ESG practices over time.

We view the analysis and management of ESG factors as an integral part of our business processes. We have publicly committed to implementing, monitoring and reviewing ESG practices across our business and the assets we manage.

RCP is a signatory to the United Nations Principles of Responsible Investing (UNPRI) and a Certified B Corporation. Consistent with UNPRI obligations, Riparian incorporates ESG considerations in its investment process, policies and procedures.

Signatory of:



Certified



Corporation

This company meets high standards of social and environmental impact.

¹ United Nations, Department of Economics and Social Affairs (2017), World Population Expected to Reach 9.8 billion, www.un.org.

² The World Bank, 'Arable Land', World Bank Open Data, Data retrieved on the 10th of June 2019.

³ MIT Joint Program (2014) The future of global water stress.

⁴ All figures are in Australian Dollars. As at 31 December 2023, Pinnacle Investment Management Group Limited. Pinnacle FUM is calculated at 100% of FUM managed by Pinnacle affiliates.

OUR SUSTAINABILITY PRIORITIES

Standardising our priorities provides consistency and focus across RCP’s business activities. RCP’s Sustainability Priorities (as outlined in Table 1 below) have been informed by the UN Sustainable Development Goals and our commitments as a signatory to the UNPRI. RCP acknowledges the environmental sensitivities

of agriculture and food production, including where irrigation is central to production security. Our priorities acknowledge this fact, seek to ensure RCP is well positioned to contribute to positive societal outcomes and are tailored to Australia’s operating environment.

Table 1: RCP’s Sustainability Priorities

SUSTAINABLE DEVELOPMENT GOALS	PRIORITY	ACTIONS
	Increase Productivity and Resilience	RCP will seek to increase the sustainable productive capacity and efficient use of land and water assets.
	Reduce Greenhouse Gas Emissions	RCP will strive to accelerate the global transition to Net Zero by; <ul style="list-style-type: none"> • Reducing Greenhouse Gas (GHG) emissions across managed assets; and • Sequestering carbon where the commercial opportunity exists.
	Conservation of Natural Capital	RCP will seek to work with partners to adopt agronomic standards to improve soil health, water quality and biodiversity.
	Participation in Water Markets	RCP will participate in Australian water markets in a manner that supports the; <ul style="list-style-type: none"> • Targeted outcomes of the National Water Initiative⁵ and the regulation to achieve those outcomes; and • Development and expansion of farming businesses and provides a source of capital to improve the financial efficiency and sustainability of farming operations.
	Wellbeing of our Partners	RCP will implement and uphold standards to ensure: <ul style="list-style-type: none"> • We build trusted long-term relationships with our employees and our partners; • Employees on assets in which we invest work in a safe environment; and • Companies in which we invest uphold legislated labour awards and processes.
	Positive Community Impact	RCP will seek to bring new economic life to regional farming communities supporting the sustainability of farms and agricultural infrastructure facilities.

SUSTAINABILITY AND OUR INVESTMENT PROCESS

RCP is a long-term investor in the agriculture and food sector. We recognise the value we generate is directly linked to the stewardship of the assets in which we invest and the sustainability of our social license. Our social license in turn depends on the quality of our relationships with all stakeholders, our operational outcomes, our environmental impact and our ability to positively impact the communities in which we operate.

Consistent with our UNPRI obligations, RCP has incorporated ESG considerations into our investment processes, our policies and our procedures (as Figure 1 illustrates). The ESG approach is designed to provide discipline across the life cycle of our investments, some of which have investment horizons that extend beyond a decade. Individual ESG factors and key risks assessed pre-acquisition during investment due diligence, form the structural ESG management and monitoring program from which RCP will record progress periodically.

Our ESG risks and responsibilities vary across the assets (farmland, water, agricultural infrastructure and agribusinesses) in which we invest. Equally the opportunities to advance sustainability also vary.

While our sustainability priorities are consistent across the business, our approach has been adapted to reflect the unique characteristics of the assets we invest in and the associated operating environment.

Figure 1: RCP’s Sustainability and Investment Process



⁵ The National Water Initiative (NWI) was created in 2004. Under the NWI, governments have made commitments to prepare comprehensive water plans, achieve sustainable water use in over-allocated or stressed water systems, introduce registers of water rights and standards for water accounting, expand trade in water rights, improve pricing for water storage and delivery and better manage urban water demands.



RCP's governance structure (including policies, procedures and the role of the Board, Investment Committee and Risk Committee) has been designed to provide an environment of effective oversight and accountability, including the oversight of RCP's ESG obligations and climate related risks and opportunities. It is the investment team's responsibility, together with RCP's operating partners,

to outline and implement an ESG plan for each asset / business consistent with undertakings of the firm's ESG Policy. The ESG Policy is reviewed and approved by the Board periodically. The Risk Committee is responsible for monitoring compliance with the Policy.

ADVANCING SUSTAINABILITY

RCP was established in early 2019 and is committed to maintaining sustainability practices consistent with our obligations to the UNPRI and our Sustainability Priorities. RCP, as a long-term investor in the agriculture and food sector, will continuously seek to drive measurable positive impact across the assets in which it invests.

We support the Paris Agreement on climate change and align with the scientific community in acknowledging that reducing carbon emissions is a key challenge for the Global community. Furthermore, as an investor in agricultural real assets, we acknowledge the traditional custodians of the land and water across which RCP invests and pay our respect to First Nation Elders both past and present.

Riparian became a partner of the One Basin Co-operative Research Centre in 2023. Separately with the Pinnacle Charitable Foundation, we have proudly signed on as a corporate supporter of the Peter Cullen Trust's Women In Water (WiW) leadership program. [The Peter Cullen Trust](#), the [Pinnacle Charitable Foundation](#) and [RCP](#) have a shared desire to support the continued involvement of scientists and elevate the role of women in Australia's water and environmental management.

RCP will continue to incorporate sustainable investment themes throughout our portfolios and is taking steps to enhance data integrity ensuring RCP can track the sustainable impact at the asset level.



“Riparian zone” refers to a broad zone spanning from the riverbank to the floodplains; it occasionally includes hill slopes that may influence the stream ecosystem.

Oxford Dictionary 2018



DISCLAIMER

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This document is prepared by Riparian Capital Partners Pty Ltd ACN 630 179 752 (**RCP**) as corporate authorised representative of Pinnacle Investment Management Limited ABN 66 109 659 109 AFSL 322140 (**PIML**).

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