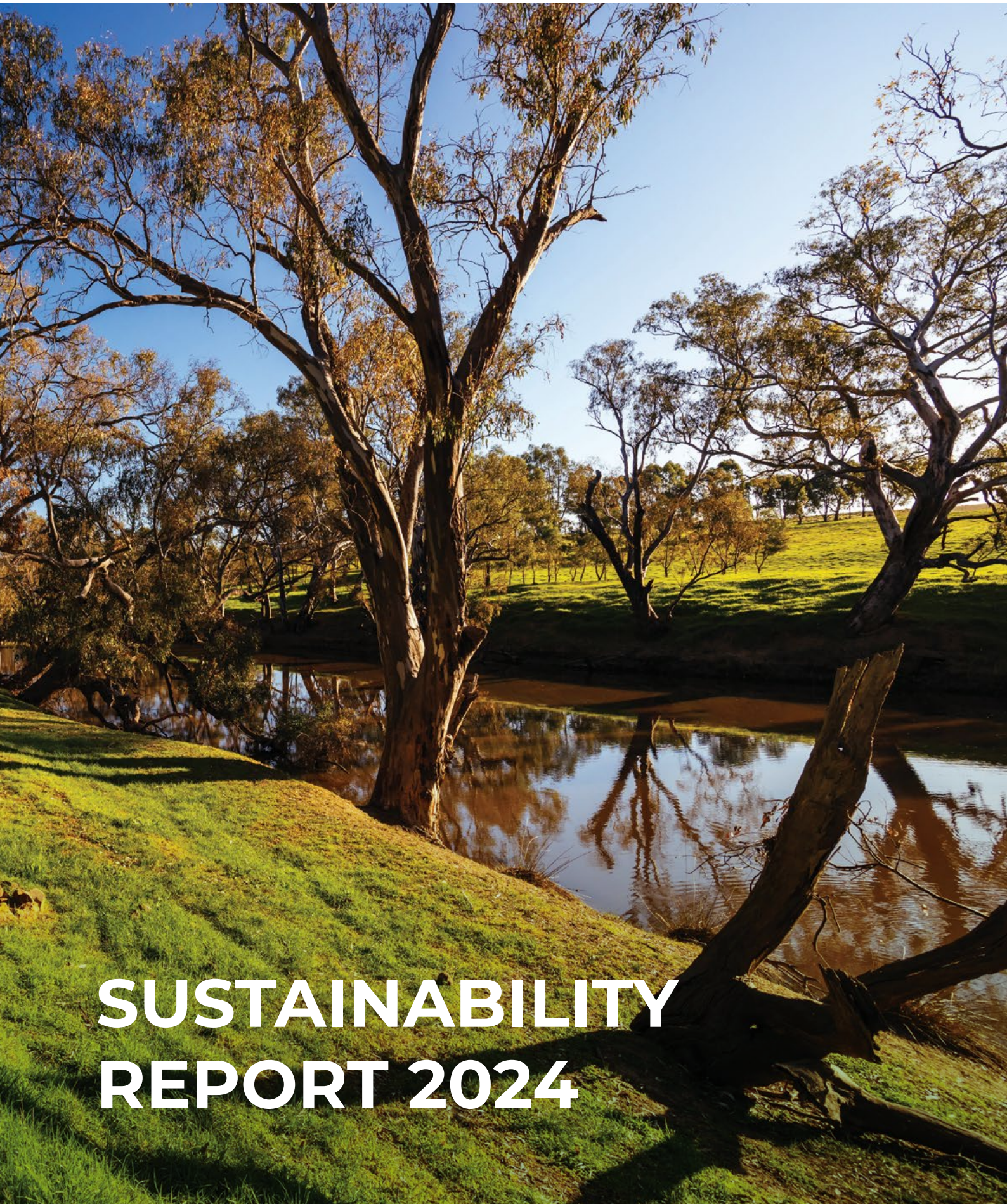




**RIPARIAN**  
CAPITAL PARTNERS



# **SUSTAINABILITY REPORT 2024**

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On-farm Green Water Lease Solar Installation South Australia

## INTRODUCTION

Riparian Capital Partners Pty Limited (Riparian) is proud to release its inaugural Sustainability Report.

Riparian considers sustainability to include the Environmental, Social and Governance (ESG) aspects of our business and the assets we manage. We recognise that it requires an integrated approach, that it is complex and evolving. At its core Riparian's approach to ESG aligns with the United Nations definition of Sustainability as *'meeting the needs of the present without compromising the ability of future generations to meet their own needs'*.<sup>1</sup>

Riparian is committed to implementing, monitoring and reviewing sustainability practices across the business and portfolio assets. Riparian's view is that successfully managing sustainability factors is directly linked with Riparian's ability to consistently deliver attractive returns for our partners.

This report provides insights into the agriculture and food sectors' contribution to climate change, outlines Riparian's commitment to sustainability, and details our work to drive positive environmental and societal impact.

This Report is to be read in conjunction with our other publicly available sustainability materials and our Environmental, Social and Governance (ESG) Policy.

Please direct any feedback to the team at [investorservices@ripariancp.com](mailto:investorservices@ripariancp.com)

<sup>1</sup> 1987 United Nations Brundtland Commission.



## WELCOME

It is with pleasure that I present Riparian Capital Partners' inaugural Sustainability Report.

The agriculture and food sector is both a meaningful source of Greenhouse Gas Emissions as well as an important contributor to the global response to climate change and the preservation of natural capital for future generations. We believe, as an agriculture and food sector investor, that we have a responsibility to positively contribute to the sectors environmental and societal outcomes.

Riparian is a long-term investor in the agriculture and food sector. We have the capacity to invest across the agriculture supply chain and we recognize the long-term value we generate is directly linked to the stewardship of the assets in which we invest and our social licence. Our social licence 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.

Riparian has been incorporating ESG factors into our investment strategies and approach since our inception in 2019 and we've made steady progress each year. We are continuing to innovate and engage stakeholders on their ESG actions, policies, and plans.

We are proud of the various achievements of the firm including:

- Being amongst the first Australian food and agriculture sector investment firms to become a Certified B Corporation.
- Development of Australia's first known Green Water Lease, an innovative investment strategy designed to

encourage decarbonisation of the irrigation sector.

- Ongoing support for our wider community via partnerships with the Peter Cullen Trust (Women in Water program) and One Basin CRC, and active involvement with Pinnacle's Women in Finance Scholarship recipients.
- Development of frameworks to track carbon emissions and audit biodiversity on select portfolio assets, a meaningful step forward in our ability to record performance against agreed sustainability initiatives.

We believe we are making good progress across our published Sustainability Priorities, but we acknowledge there's more to learn and achieve. We're constantly evaluating our progress, approach, and our sustainable investment goals.

This report aims to illustrate our efforts to incorporate sustainable practices into our business and investments while striving to deliver attractive returns for our investors. We're enthusiastic to continue advancing our sustainability efforts alongside our partners and peers.

Thank you for taking the time to read this report, and I hope you enjoy reading about our progress.



**Michael Blakeney**  
Managing Partner & Chair



## THE FOOD SUPPLY CHAIN, CLIMATE CHANGE AND THE NATURAL ENVIRONMENT

The agriculture and food sector accounts for up to a quarter of global GHG emissions, 38% of the world's land surface and 70% of freshwater withdrawals globally. As such, the sector has a critical role to play in the global response to climate change, the preservation of natural resources, and naturally the adaptation of our food system to cope with a changing climate.

The agriculture and food sector is recognized as a meaningful source of GHG emissions and an important contributor to the global response to climate change and the preservation of natural capital for future generations.

According to the Intergovernmental Panel on Climate Change (IPCC) "21-37% of total greenhouse gas (GHG) emissions are attributable to the food system. These are from agriculture and land use, storage, transport packaging, processing, retail, and consumption".<sup>2</sup> In addition, in 2019 the United Nations reported that biodiversity loss is driving a mass extinction of species, land degradation is an increasing threat for human well-being and ecosystems, and fresh water is too often overexploited, poorly managed and polluted.<sup>3</sup>

The United Nations Food and Agriculture Organization estimates that the world will be required to produce 50% more food by 2050, engendering significant increases in GHG emissions over current levels and having other environmental impacts, including further loss of diversity.<sup>4</sup>

The goal of the Paris Agreement is to limit global warming to well below 2 degrees Celsius and preferably to 1.5 degrees Celsius above pre-industrial levels. In December 2023 it was estimated that global warming had already increased 1.26 degrees Celsius and is on track to reach 1.5 degrees Celsius by November 2033.<sup>5</sup> The best science we have indicates we need to act quickly, particularly in relation to reducing GHG emissions. Viewed from a different perspective, "we are the last generation that can prevent irreparable damage to our planet".<sup>6</sup>

Indeed, the global transition to 'net zero' and the conservation of natural capital are two of the most critical challenges facing humankind. Aside from investment in reducing GHG emissions and the conservation of natural capital, "substantial investments in adaptation will be required to maintain current yields and to achieve production and food quality increases to meet demand".<sup>7</sup>

<sup>2</sup> United Nations, GEO-6 key messages.

<sup>3</sup> Our World in Data.

<sup>4</sup> IPCC, 2019, Chapter 5 – Climate Change and Land.

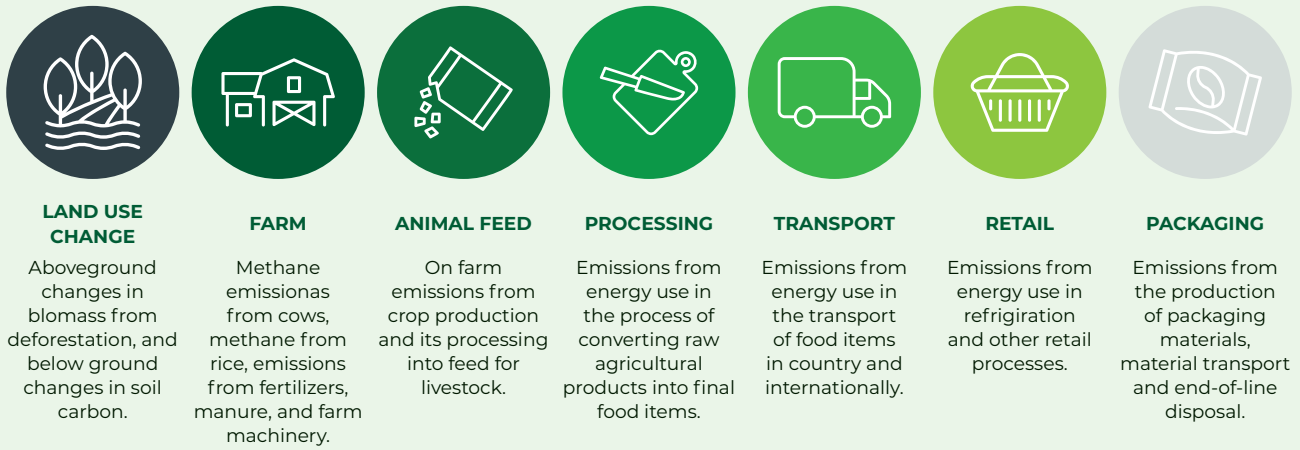
<sup>5</sup> European Commission, Global temperature trend monitor.

<sup>6</sup> United Nations, 2019, Only 11 years left to prevent irreversible damage from climate change.

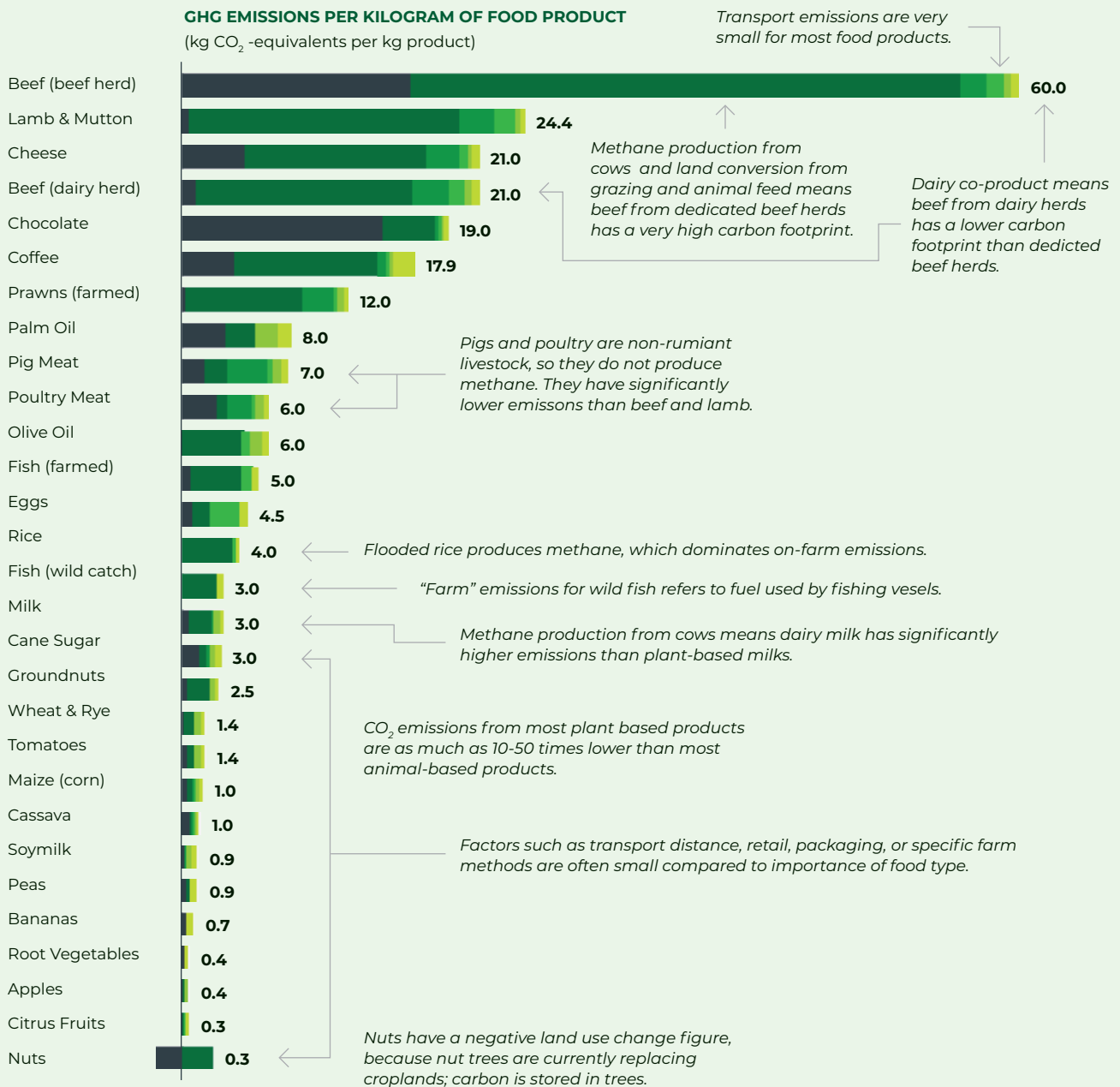
<sup>7</sup> The World Bank, Climate Smart Agriculture.



# GHG EMISSIONS ACROSS THE FOOD SUPPLY CHAIN<sup>8</sup>



**GHG EMISSIONS PER KILOGRAM OF FOOD PRODUCT**  
(kg CO<sub>2</sub>-equivalents per kg product)



Note: Greenhouse gas emissions are given as global average values based on data across 38,700 commercially viable farms in 119 countries. Data source: poore and Nemecek (2018). Reducing food's environmental impacts through producers and consumers. Science. Images sourced from Noun Project. OurWorldInData.org - Research and data to make progress against the world's largest problems.

## OUR COMMITMENT TO SUSTAINABILITY

### ABOUT RIPARIAN

Riparian 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.

Riparian is an experienced real assets investment firm with specialist water, agriculture and food investment capabilities. The firm has operations in Australia (headquarters) and the United States.

Riparian is majority owned and controlled by its founding team and backed by minority strategic partner Pinnacle Investment Management Group Ltd (Pinnacle) (ASX:PNI). Pinnacle is an Australian headquartered global investment management firm with combined funds under management of A\$100.1bn.<sup>9</sup>

The Riparian Board of Directors is ultimately responsible for considering the social, ethical, and environmental impact of our activities and monitoring sustainability practices. This includes overseeing, alongside Riparian's Risk Committee, the implementation and

execution of the broader sustainability strategy and related policies and procedures. The Riparian Management Team is responsible for the day-to-day operations of the firm and hence the implementation of the firm's sustainability initiatives.

Riparian became a signatory to the United Nations Principles of Responsible Investing (UNPRI) in early 2019, incorporated the reporting framework of the Taskforce on Climate-Related Financial Disclosures (TCFD - now disbanded) in 2021, and was accredited as a Certified B Corporation in 2024.

UNPRI and B Corp reports are publicly available and document Riparian's performance against established benchmarks. The [UNPRI Report](#) and [B Corp Report](#) can be accessed via hyperlinks here.

**Certified**



**Corporation**

This company meets high standards of social and environmental impact.

 **PRI** | Principles for Responsible Investment

 **TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

<sup>9</sup> All figures are in Australian Dollars. As at 31 December 2023. Pinnacle FUM is calculated at 100% of FUM managed by Pinnacle Affiliates. Pinnacle holds significant minority stakes in each Affiliate and does not 'own' 100% of the FUM.



## OUR PHILOSOPHY

At Riparian, our ability to successfully manage environmental, social and governance factors is directly linked with our ability to sustainability deliver attractive returns to our investors. Our view is there no bifurcation between investment returns and sustainability, indeed, as long-term investors in agriculture, we are incentivised to advance 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. Our ambition is to continuously improve our understanding of sustainability and continuously strengthen our practices.

## OUR SUSTAINABILITY PRIORITIES

Riparian’s Sustainability Priorities extend across the environmental and social spheres of the conventional ESG framework. Opportunities to pursue positive environmental and societal impact will vary across the assets in which we invest. The individual investments undertaken by Riparian will, where applicable, pursue positive measurable change aligned with one or more of Riparian’s environmentally focused Sustainability Priorities.

As Riparian invests across the food supply chain, sustainability initiatives pursued may well extend beyond traditional agricultural production and land use management, which is the domain of natural capital strategies, to include opportunities to drive measurable impact downstream from farmland assets. Riparian’s Sustainability Priorities of reducing GHG emissions, driving improvement in the conservation of natural capital and increasing productivity and resilience, are expected to contribute to the underlying targets of multiple UN Sustainable Development Goals.

### ENVIRONMENTAL PRIORITIES



#### REDUCE GREENHOUSE GAS EMISSIONS

Reduce GHG emissions and seek opportunities to sequester carbon across managed assets.



#### CONSERVATION OF NATURAL CAPITAL

Improve soil health, water quality, and biodiversity.



#### INCREASE PRODUCTIVITY AND RESILIENCE

Increase the sustainable productive capacity of farmland water assets.

### SOCIAL PRIORITIES



#### THE WELLBEING OF OUR PARTNERS

Build trusted long-term relationships, maintain safe work environments, and uphold legislated labour awards and processes.



#### POSITIVE COMMUNITY IMPACT

Drive new economic life in communities, particularly regional farming communities.







## SUSTAINABILITY AND OUR INVESTMENT PROCESS

Riparian relies on internal tools and where applicable independent external service providers and third-party certifications to measure and manage ESG outcomes.

### RIPARIAN'S SUSTAINABILITY AND INVESTMENT PROCESS



Riparian's sustainability process encompasses the investment lifecycle and includes;

**1. Evaluation and identification of opportunities to drive sustainable impact:** Employ Environmental Assessments and ESG Screens with the objective of; (1) providing baseline metrics to track GHG emissions, water use, and resource health (soil/water) over the investment period, (2) identifying environmental impact opportunities across water, soil and biodiversity and (3) identifying ESG risk factors, particularly in relation to governance, labour and human rights. ESG Screens are applied across all investments. The ESG Screens applied depend on the nature of the assets in which Riparian seeks to invest.

**2. Planning and prioritizing sustainability initiatives:** Plan and prioritize sustainability initiatives with a bias toward creating measurable positive environmental impact aligned with Riparian's Sustainability Priorities. Partnerships with new and existing technology providers are considered.

**3. Implementing sustainability initiatives and enhancing value:** Implement sustainability initiatives and pursue opportunities to capture value through revenue growth and cost efficiencies.

**4. Monitoring and reporting performance:** Measure, monitor, and record performance against agreed sustainability initiatives. This includes tracking and reporting GHG emissions, water use and resource health (soil/water) periodically.



## COMMUNITY PARTNERSHIPS

Riparian, together with the PNI Foundation, proudly signed on as the corporate supporter of the Peter Cullen Trust's Women in Water leadership program in 2021 and separately became a partner of the One Basin Co-operative Research Centre in 2023.

Riparian team members voluntarily contribute their time to agri-sector industry organisations as committee and board members.



**Peter Cullen  
Water and  
Environment Trust**

### PETER CULLEN WATER AND ENVIRONMENT TRUST

The Peter Cullen Trust exists to improve Australia's water and environmental management. **The Women in Water Leadership program** was launched in 2016.

The Peter Cullen Trust, the PNI Foundation, and Riparian have a shared desire to support the continued involvement of scientific research and discourses and elevate the role of women in Australia's water and environmental management.

The involvement of Riparian and the PNI Foundation has, since 2021, supported a cohort of 30 graduates from across Australia and allowed the Peter Cullen

Trust to deliver the program in Riparian's home state of Queensland for the first time. Program participants have been drawn from public and private sectors and fields including engineering, town planning, urban development, local council management, environmental protection, science, commercial R&D, academia - representing organisations well beyond advocacy and policy.



### ONE BASIN CRC

**One Basin CRC** is a focused collaboration developing policy, technical and financial solutions to support and reduce exposure to climate, water and environmental threats in the Murray Darling Basin (MDB).

The MDB is the most productive agricultural region in Australia responsible for the



production of approximately 40% of Australia's Agricultural production.<sup>10</sup>

Riparian partnered with One Basin CRC in 2023 to support the delivery of outcomes that create a more resilient and sustainable MDB. Riparian's partnership with One Basin CRC includes active involvement at the committee and advisory level in delivering specific initiatives, including projects focused on financial incentives to encourage sustainability and separately decarbonization of the irrigation sector. Both projects closely align with Riparian's Sustainability Priorities.



National Irrigators Council members, including Riparian's Matthew Houlahan with Hon. Tanya Pilbersek, MP - Federal Minister for the Environment and Water, 2024.

### CONTRIBUTING TO INDUSTRY DEBATE AND RESEARCH

Riparian team members voluntarily contribute their time to agri-sector industry discussion, research and not for profit groups. These include committee and board positions on the Queensland Rural Press Club, the National Irrigators Committee and Queensland Crop Research Limited and One Basin CRC.



2023 Intern Laura Leeson



### PINNACLE INVESTMENT MANAGEMENT WOMEN IN FINANCE

Pinnacle Investment Management offers internship positions to a select few students throughout the year. Internships typically last 10-12 weeks. Riparian welcomed interns in 2022 and 2023 and will continue to welcome interns into the future, particularly recipients of **Pinnacle's Women in Finance Scholarships.**

10 Murray Darling Basin Authority.



Murray River, Renmark, South Australia



# REDUCTION OF GREENHOUSE GAS EMISSIONS

## CARBON ACCOUNTING

Seeking data driven environmental assessments to measure impact overtime.

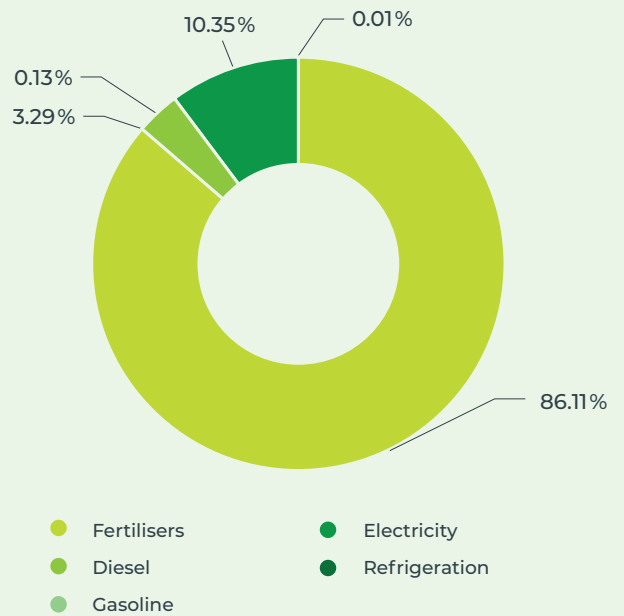
Since the establishment of Riparian, we have continued to build out our approach to evaluating climate risk and opportunities across the portfolio. This focus has strengthened and embedded our ESG screens across Riparian’s investment strategies.

In 2023 Riparian portfolio company Queensland Citrus completed its first carbon account covering the 2022 calendar year. Working together with an external environmental consultant - Edge Impact - the objective was to establish baseline GHG emissions and identify opportunities to reduce emissions per unit of production across the business. Furthermore, the baseline carbon account established a foundation from which to measure our impact over the investment period.

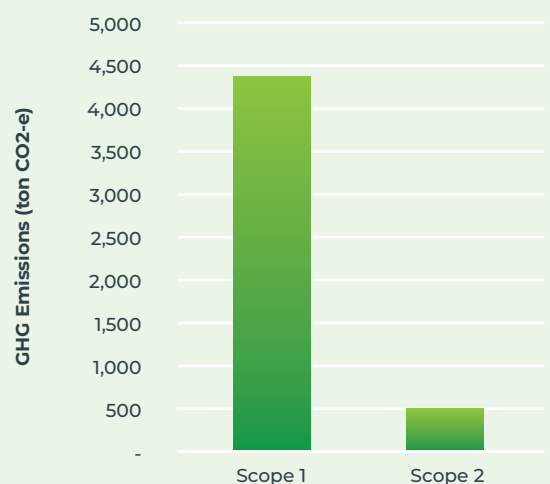
### RESULTS:

The assessment identified GHG emissions by source and scope and will form the basis for ongoing reporting. The key contributor to emissions was nitrogen-based fertiliser, which to date is challenging to replace without potential impacts on crop yield.

GHG EMISSIONS BY SOURCE 2022<sup>11</sup>



GHG EMISSIONS BY SCOPE (TON CO2-E) 2022<sup>11</sup>



<sup>11</sup> Edge Impact.



## REDUCE CARBON EMISSIONS

### Australia’s first Green Water Lease pioneered by Riparian.

Riparian developed and pioneered Australia’s first Green Water Lease (GWL) with the objective of supporting the transition of Australia’s irrigated agriculture sector to a more sustainable future.

The GWL provides incentives to agribusinesses to transition their irrigated operations toward positive environmental outcomes across three potential areas:

1. Reduce GHG emissions;
2. Drive improvement in the conservation of natural capital; and
3. Increase agricultural productivity and resilience.

Farmers’ eligibility for GWLs is contingent upon lessees undertaking verified eligible activities across their irrigated farming businesses.

### RESULTS:

Riparian completed Australia’s first GWL when it entered into a lease agreement with a 4th generation South Australian family-owned vineyard. Eligible activities included the installation of 196kW on-farm solar power.

In addition, the lessee has reduced the use of synthetic fertilizers and associated emissions through the application of manure.

The annual reduction of CO2 emissions is estimated at 190 tonnes on-going.<sup>12</sup>

## SHIFT TOWARD RENEWABLE ENERGY

### Harnessing renewable energy to reduce emissions and costs to power assets.

Riparian acquired a controlled environment facility in Victoria in 2022. As part of the site’s Sustainability Plan a 330 KVA solar panel system was installed in late 2022 reducing the reliance on the grid electricity and carbon emissions.

### RESULTS:

Annual reduction of CO2 emissions is estimated at between 200-300 tonnes at full utilisation.<sup>13</sup>



<sup>12</sup> Riparian Capital Partners. Figures are estimates only. Actual emission reduction may vary.

<sup>13</sup> Riparian Capital Partners. Figures are estimates only. Actual emission reduction may vary.



## CONSERVATION OF NATURAL CAPITAL

Targeting 100% of the biodiversity potential on farmland assets.

### BIODIVERSITY

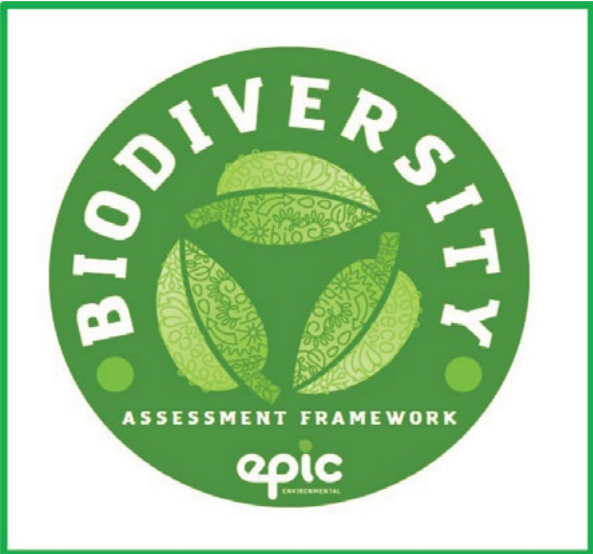
In 2023 Riparian portfolio company Queensland Citrus completed its first biodiversity assessments. Working together with an external environmental consultant – Epic Environmental, the assessment’s objective was to review individual farms within a robust biodiversity assessment framework, assess current biodiversity potential achieved and identify opportunities to improve biodiversity outcomes. Farming operations were quantitatively assessed with respect to habitat, regional context, key species, land and water management to calculate a current biodiversity potential score. Recommended biodiversity actions such as wildlife corridors, protected habitats, weed management, fencing of waterways and native plantings were identified, and an implementation plan agreed.

#### RESULTS:

Biodiversity Achieved ranged from 62% to 85% across the farm portfolio as at March 2023.<sup>14</sup>

## Biodiversity Assessment Framework Report

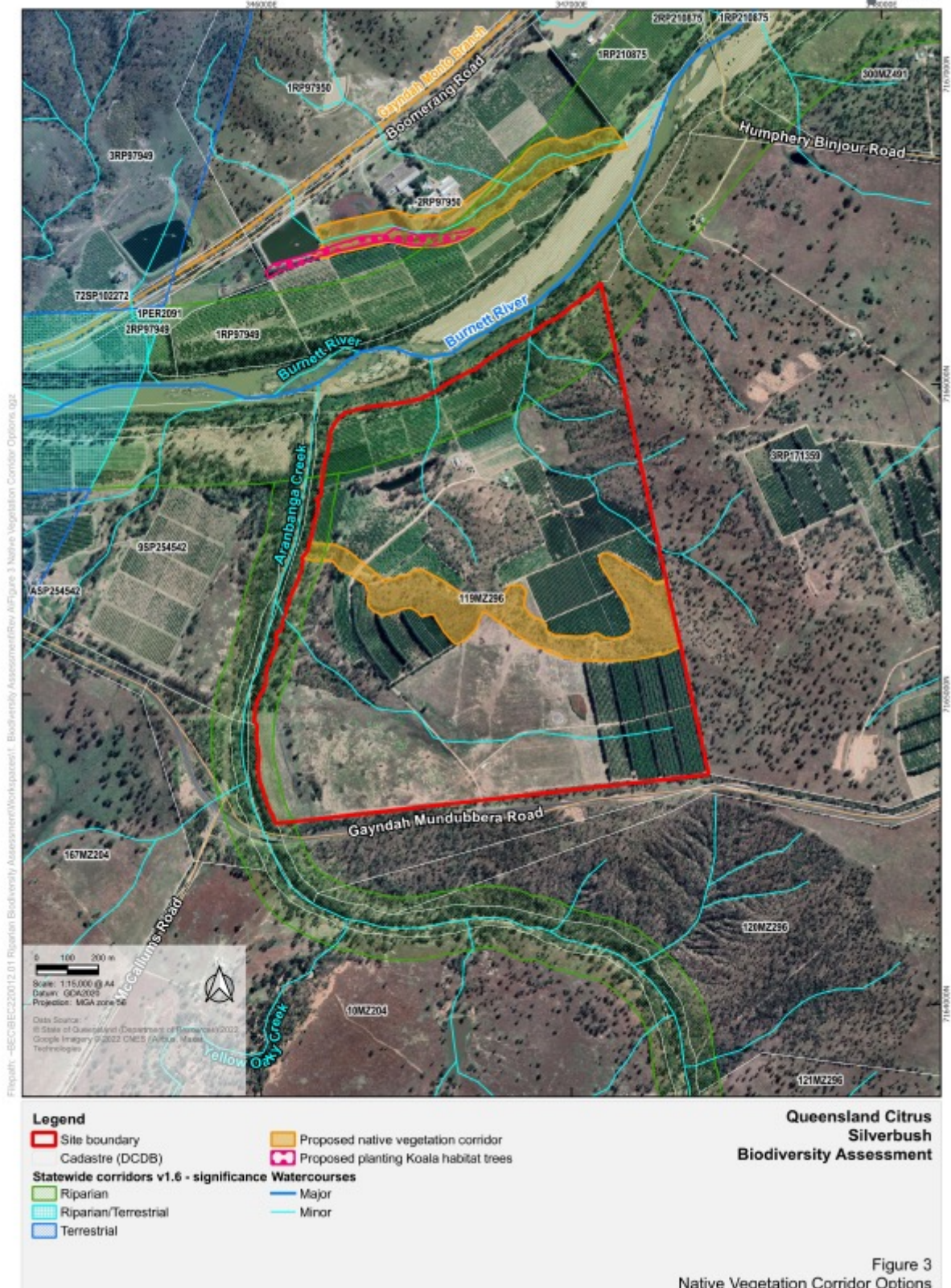
**Property:** Silverbush  
**Property Details:** Comprises Lot 119 on MZ296  
**Property Size:** 168.66 ha



Biodiversity Assessment Report Queensland Citrus 2023

<sup>14</sup> Epic Environmental.





Biodiversity Assessment Report Queensland Citrus 2023





# INCREASE AGRICULTURAL PRODUCTIVITY AND RESILIENCE

## INCREASE WATER EFFICIENCY

Newly established technologies providing insights leading to more efficient use of water.

Riparian portfolio company Queensland Citrus reviewed and identified technologies to improve water use efficiency in citrus orchards, monitor nutrient flows and improve input use efficiency. These technologies included;

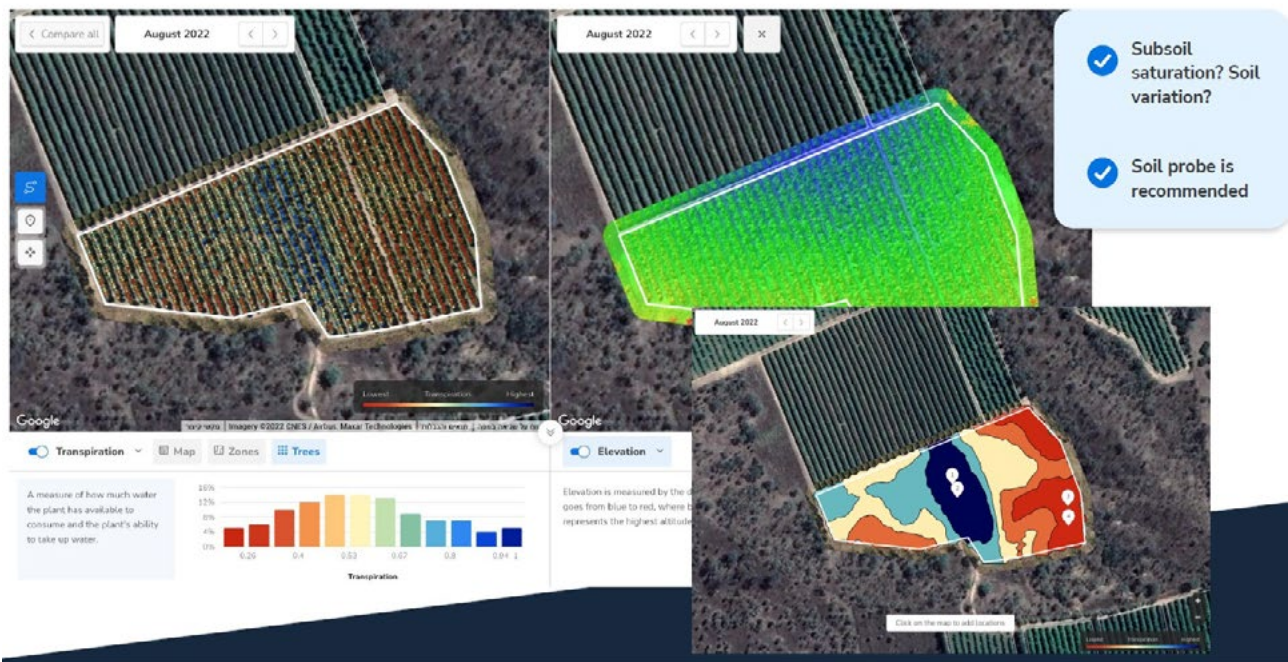
1. Soil moisture probes and weather stations to precisely measure soil moisture levels and generate analytics for irrigation optimisation, leading to

reduced or more effective irrigation water use, alongside nutrient flow monitoring;

2. Sprinkler head upgrades to pressure regulating systems to reduce irrigation water use by more precisely applying water at the tree root zone; and
3. Drone technology providing field analysis of individual tree transpiration, leading to adjustment in irrigation systems to ensure more effective water use application and efficiency.

### RESULTS:

It is anticipated that the technologies adopted will improve water use efficient by between 10-15% per annum.<sup>15</sup>



Queensland Citrus Field Analysis 2023

<sup>15</sup> Riparian Capital Partners. Figures are estimates only. Actual water efficiency gains may vary.



## INCREASE LAND PRODUCTIVITY

Increasing the sustainable production capacity of available land.

At times, Riparian invests in farmland that provides the opportunity for development and/or redevelopment. Riparian portfolio company Queensland Citrus is in the process

of expanding the planted area of permanent crops and replanting select orchards, with the objective of increasing the sustainable productive capacity of available farmland.

### RESULTS:

Riparian has expanded the orchard area area by 198 ha and has replanted over 10,000 trees in the existing orchard.



Queensland Citrus Tree Counts 2023



## ADVANCING SUSTAINABILITY

Riparian was established early 2019 and since this time has taken meaningful steps to establish a focused approach to investing sustainably. Riparian's progress has resulted in positive change across Riparian's Sustainability Priorities of, Greenhouse Gas Emissions, Natural Capital, and Productivity and Resilience.

While Riparian is committed to maintaining sustainability practices consistent with our obligations to the UNPRI and our Sustainability Priorities, the complete impact of Riparian's approach will not be known for some time as the contribution of existing initiatives is measured and new initiatives are implemented across existing and new portfolio assets.

Riparian's goal, as a long-term investor in the food and agriculture sector, is to continue to enhance our framework as the firm grows, as we seek to deliver on our commitments to our partners, and as we learn more about opportunities to positively contribute to environmental and community outcomes.



Installed Soil Moisture Probe Queensland Citrus 2022



## DISCLAIMER

This report is intended for investors, professional advisers and asset consultants only. The information contained in this report is for general information purposes only.

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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**“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



[www.ripariancp.com](http://www.ripariancp.com)