

# RRG

Capital Management

2021 IMPACT REPORT

# RRG CAPITAL MANAGEMENT

A RENEWABLE RESOURCES GROUP COMPANY

Certified



Corporation



We believe positive environmental and social outcomes can be achieved that enhance value for investors.



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COVER PHOTO:  
VERACRUZ CITRUS PROJECT, SAN RAFAEL, VERACRUZ, MEXICO

# LEADERSHIP PERSPECTIVE



The risks facing the earth’s natural systems and the people who depend upon them are only intensifying. We believe that these threats, amplified by the Covid-19 pandemic and persistent inequities, require an “all-hands-on-deck” response.

— Ari Swiller & Cole Frates, RRGCM

## LEADERSHIP PERSPECTIVE

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Friends and Colleagues,

We are a company that lives our values. When we founded Renewable Resources Group and its affiliate RRG Capital Management (RRGCM), we believed that for businesses to be successful, they must take their responsibility to people and the planet seriously. In line with this belief, for the past two decades our portfolios aim to generate positive environmental, social, and financial outcomes.

Since our founding the landscape of business responsibility has matured, and we're proud to report that, in 2021, we formalized our values and became a Certified B Corporation. B Corps, as they are often referred to, are companies that use business as a force for good, making progress towards building a more inclusive and sustainable economy. As a Certified B Corp, we are committed to rigorous social and environmental performance and legal accountability to balance profit and purpose. RRGCM continues to integrate these commitments across our corporate activities and investment portfolios. This 2021 Impact Report highlights some of our key efforts.

Climate action is a significant area of focus for us. The most recent Intergovernmental Panel on Climate Change (IPCC) report made it abundantly clear that global actors need to step up their investments in system transitions to ensure a stable climate future. Across our business, we're responding to the urgent call for climate action. From seeking opportunities globally to help transform the food sector into one that 'produces more with less' to managing the impacts of climate change on increasingly scarce water resources in California and around the globe, RRGCM is taking climate change seriously.

We also continue to prioritize efforts to ensure fair and equitable work environments across our business. For our own employees, we're adopting best practices that cultivate a diverse and inclusive workplace to support a thriving business. Across our global investments, we set expectations for fair wages, safe workplaces, and better outcomes for employees and their communities.

We hope our efforts will inspire others to take action to support business with purpose.

Kindest Regards,



Ari Swiller  
Co-Founder and Co-Managing Partner  
RRG Capital Management



Cole Frates  
Co-Founder and Co-Managing Partner  
RRG Capital Management

# ABOUT RRGCM

ABOUT RRGCM

Across our portfolio, RRGCM aims to demonstrate how water and land can be managed to better meet the needs of both people and the environment. Our investments intend to deliver competitive financial returns and generate meaningful, measurable progress against global challenges, including water scarcity, climate change, habitat and biodiversity loss, food insecurity, and labor inequity.

**RRGCM LEADERSHIP**

RRG Capital Management (“RRGCM”) was founded in 2018 after its cofounders spent almost 20 years, owning, managing and developing water, agriculture, land, and renewable energy assets in the U.S. and internationally through Renewable Resources Group LLC. In 2018, RRGCM became a registered investment advisor with the Securities and Exchange Commission. As a Certified B Corporation, signatory to the United Nations Principles for Responsible Investment, and active member in numerous impact investing and agriculture initiatives, RRGCM is committed to innovative approaches to support a more sustainable economy.<sup>1</sup> The company is headquartered in Los Angeles, California, with offices in Bakersfield, California; Mexico City, Mexico; Santiago, Chile; and Adelaide, Australia.



Signatory of:



**IMPACT AND INVESTMENT THESIS**

RRGCM’s mission is to do more than traditional investment models to generate environmental good, social benefits, and competitive financial returns. We invest in regions where a convergence of trends like climate change, tightening environmental regulations, rising demand for food, and increasingly erratic weather are likely to have material impacts on food production, water supplies, renewable energy demand, and conservation needs. In 2021, our team of more than 100 professionals — including asset managers, financial analysts, environmental scientists, policy and sustainability experts, and attorneys — managed four funds with assets across the United States, Latin America, and Australia.

Building on RRGCM’s Responsible Investment Policy, the funds’ investments seek to use sound environmental, social, and governance (ESG) practices to mitigate risks, reduce costs, demonstrate best practices, and create co-benefits alongside typical business activities. These ESG practices are designed to mitigate climate, water, labor, and natural resource risks; improvements in workforce stability and satisfaction; and, where possible, net positive outcomes for biodiversity, local communities, and other impact areas. The funds’ approach is intentional in its support of the United Nations Sustainable Development Goals, which harmonize three key dimensions of sustainable development — environmental protection, social inclusion, and economic growth.

# INVESTMENT PORTFOLIO

AS OF DECEMBER 31, 2021



ABOUT RRGCM

## UNITED STATES

- Alphabet Farms
- Blue Ocean Mariculture
- BV West Farms
- CalBio
- Capinero Creek
- Chuckwalla
- Fishpeople Seafood
- Frutura
- Homer
- Peter Pan Seafood Company
- River Garden Farms
- Sweetwater Ridge
- TC Agriculture
- Tule Fog
- Woodspur Farming
- Yumi Dates



## COLOMBIA

- Golden Hass

## PERU

- Frutura

## CHILE

- Azul Solar
- Cedars Solar
- El Retorno
- Growth Capital
- Parronales Tinamou
- Persea

Our funds target investments primarily in the United States, Latin America, and Australia where we see opportunities to generate environmental and social benefits, as well as competitive financial returns.



- MEXICO**
- Bloom Farms
  - Chicajan
  - Desert Ghost
  - Grupo Paisano
  - Hormigas Valle Real
  - Mexico Growth Capital
  - Ranchos Jaral
  - Tapalpa Avocados



- MAP KEY**
- Agriculture
  - Renewable Energy
  - Oceans
  - Water

- AUSTRALIA**
- Aroona Farms
  - Koopartu Farms
  - Manta Farms
  - Nambucca Farms
  - Pondi Farms
  - Talia Farms



**RRGCM FUNDS OVERVIEW (\$USD)<sup>2</sup>**

LEGACY INVESTMENTS <sup>3</sup>	SUSTAINABLE WATER IMPACT FUND	GRUPO RENOVABLES AGRÍCOLAS CKD	GLOBAL PARTNERS FUND I
SIZE: \$1BN	SIZE: \$927MM <sup>4</sup>	SIZE: \$234MM <sup>5</sup>	SIZE: \$77MM
Initial investment platform founded in 2002.  Focused primarily on water storage and conveyance, growing high-value crops, and development of renewable energy projects.	Focused on strategically located water, agricultural, renewable energy and conservation assets primarily in California, Chile, and Australia.  Partnership with The Nature Conservancy.	Focused on investments in specialty crop agriculture and water in Mexico.  First agriculture-focused CKD.	Focused on opportunistic investments across specialty crops, oceans, water, and renewable energy with a global mandate.

# CASE STUDIES: LIVING OUR B CORP VALUES

LIVING OUR B CORP VALUES

RRGCM employees have volunteered to mentor students in low-income communities and help them achieve their highest potential in college.

Being a B Corp is more than a label — it is about continuously improving to support a healthier planet and a more inclusive economy.



**RRGCM received B Corp Certification in March 2021.** This certification validates our commitment to impact and efforts to advance material, positive impacts on society and the environment. As required under the certification, RRGCM will be evaluated on a regular basis by B Lab, the independent, third-party certifying body, to verify its social and environmental performance, public transparency, and legal accountability to balance profit and purpose. The following examples illustrate some of the efforts RRGCM is taking to live its B Corp values.

**SUPPORTING DIVERSITY, EQUITY, AND INCLUSION**

At RRGCM, we are committed to creating an inclusive and equitable workplace that helps employees to thrive — both personally and professionally. The company’s Diversity, Equity, and Inclusion (DEI) Task Force, an employee group created in 2019, continued to assess and advance progress towards DEI topics in 2021. We adjusted our internal protocols to better support inclusion and diversity in both hiring and retention. During the hiring process, we have adjusted the language in our job descriptions to be more inclusive and encourage candidates who may not meet all the listed requirements to apply. We have also made efforts to actively recruit from colleges and universities that offer a diverse pool of candidates. To improve retention, we conduct and review employee satisfaction surveys to evaluate perceptions and experiences of inclusivity at the office at least every six months. The DEI Task Force also produces newsletters sharing resources, events, and reports, with the aim of raising awareness about what equity, diversity, and inclusion looks like in the various countries in which the firm operates.

Finally, in 2021, we were one of 24 organizations that participated in the [Gender IDEAL](#) research pilot. The Gender IDEAL assessment is a comprehensive framework that helps companies evaluate their policies and practices around gender equity, benchmark their performance, and receive recommendations for improvement.

As an organization, we support action to uplift justice and inclusion in our networks and communities. Through our philanthropy, we donate to organizations working to empower students and youth, including historically marginalized populations. In addition to our corporate donations, RRGCM supports its employees’ charitable efforts through a matching gifts program and matches personal donations dollar for dollar up to a set amount per year. In 2021, RRGCM’s total charitable donations exceeded \$65K with gifts to 37 unique organizations.

**EXAMPLES OF ORGANIZATIONS SUPPORTED BY RRGCM**



FOSTER LOVE  
TOGETHER WE RISE



Across our portfolio of investments, we expect our business partners to uphold decent and fair workplace practices. Many of our portfolio companies have adopted DEI policies and conducted diversity trainings with their employees. We evaluate factors related to DEI during our investment due diligence and strive to improve DEI performance at our portfolio companies during asset management.

**OPTIMIZING IMPACT**

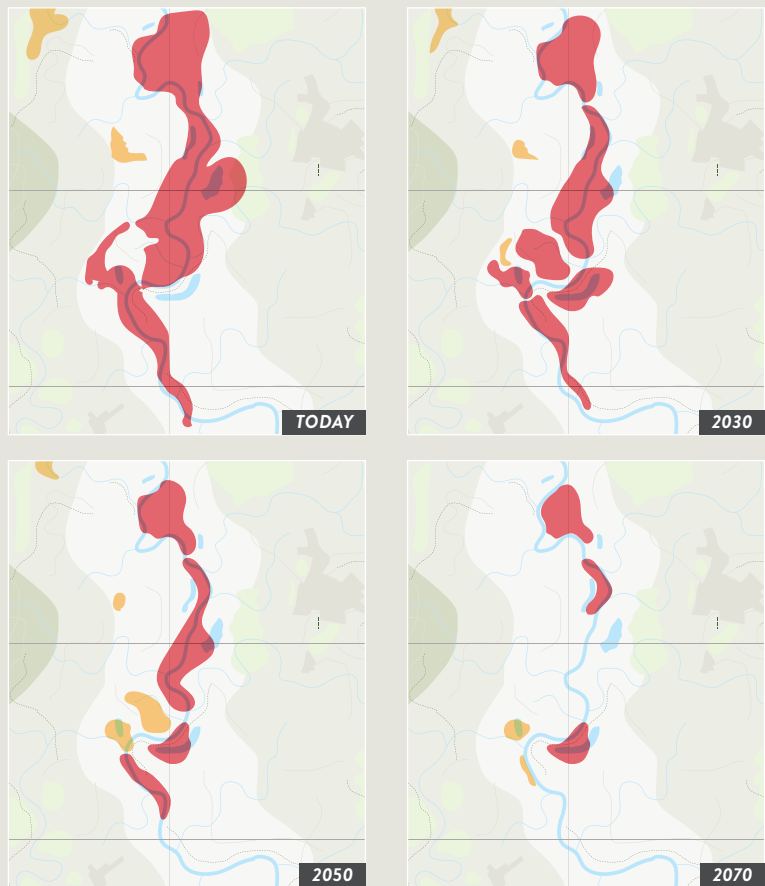
RRGCM prides itself on its funds' ambition to generate meaningful impacts alongside competitive financial returns. Accordingly, RRGCM has a detailed process for reviewing environmental and social impact throughout the life of each investment — from the earliest stages of pipeline development through asset management and disposition.

**PIPELINE DEVELOPMENT**

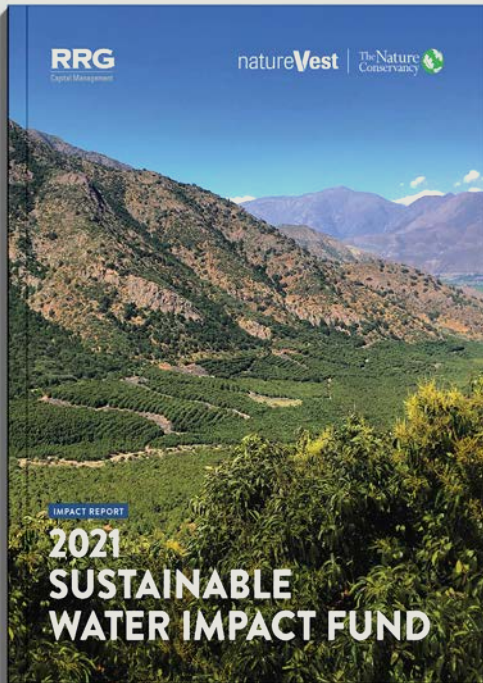
To support the investment teams in the pipeline development stage, RRGCM relies on two key practices: 1) impact due diligence screenings and 2) innovative, science-based tools to help identify opportunities with high potential for impact and resilience over time.

**ASSESSING CLIMATE RISK AND DESIGNING RESILIENT INVESTMENTS USING SCIENCE-BASED TOOLS**

RRGCM utilizes a proprietary Crop Viewer tool that analyzes a given crop type's temperature and precipitation needs to generate global crop suitability maps, to show how growing environments may change over time. In addition to displaying areas with crop suitability in the present, the Crop Viewer also incorporates future climate projections to forecast areas with favorable growing conditions in 2030, 2050, and 2070. As conditions change, the suitable area for growing a given crop may decrease or shift to open new areas for production. This analysis allows our team to visualize our investments' vulnerability to physical climate risk and site agricultural operations in areas predicted to have long-term suitability for the intended crop type. In the face of a changing climate, water scarcity, and decreasing arable land, this tool can help embed long-term climate resiliency into our investments.



Crop Suitability for Cacao in Ecuador showing the decline in favorable growing conditions over time (Illustrative Examples)



natureVest

The Nature Conservancy

#### **PARTNERSHIP WITH TNC ON RRGCM'S SUSTAINABLE WATER IMPACT FUND**

*Aiming to demonstrate a scientifically rigorous and scalable model for impact*

The Sustainable Water Impact Fund (SWIF) was launched in partnership with The Nature Conservancy, one of the world's largest conservation nonprofits. SWIF seeks to demonstrate new ways of investing in land and water assets that deliver meaningful environmental outcomes, such as protection and restoration of ecosystems or making contributions to climate mitigation. By pairing RRGCM's operational and financial expertise with TNC's scientific acumen, we hope to show how land and water can be managed to better meet the needs of both people and nature.

**Impact screenings:** RRGCM's sustainability team conducts screenings of each proposed investment for environmental and social risks and opportunities. In addition to compliance with existing laws and standards around water and air quality, protected species, and worker's rights, the team conducts site-specific analyses to identify any material ESG risks that require mitigation. Overall, the aim of these requirements is to assess risks early in the investment process and strive towards a portfolio with a high baseline of environmental and social performance.

**Innovative, science-based tools:** RRGCM uses sophisticated geospatial data, on-the-ground relationships, and partnerships with nonprofit, public, and private sector actors to source and execute projects. In particular, proprietary GIS tools help RRGCM identify projects with desirable characteristics for a property's proposed business plan, as well as other environmental outcomes, such as land protection or carbon credit generation. For example, our proprietary Crop Viewer tool forecasts crop suitability by identifying areas with favorable growing conditions in future climate scenarios.

#### **ONGOING MANAGEMENT**

After an investment is approved, RRGCM begins to manage the asset for revenue generation and impact. Across many of our investments, we collect data annually to evaluate performance. We are using this data to identify sustainability "leaders" in the portfolio and share best practices across investments, set and track progress towards sustainability goals, and assess the impact of sustainability interventions on operational KPIs.

# TAKING CLIMATE ACTION

CLIMATE ACTION

RRGCM finds opportunities to address climate change in our business operations and in our investments.

As a B Corp company with significant investments in food production, we must take proactive measures to address climate change.

**In 2021, RRGCM performed its first greenhouse gas (GHG) accounting exercise for investments in its portfolio and RRGCM's corporate activity for the calendar year 2020.** This exercise kicked off the Firm's efforts to understand major sources of emissions across investments, identify opportunities to lower emissions, assess options to create a climate commitment that is aligned with the Paris Agreement, and develop science-based emissions reduction pathways.

### GHG ACCOUNTING

The GHG accounting exercise determined that most of the emissions in RRGCM's portfolio come from farming activities. On farm properties, the major driver of Scope 1 (direct) emissions is fertilizer application, which emits nitrous oxide, a greenhouse gas with 265–298x the global warming potential of carbon dioxide. To a much lesser extent, the second “hotspot” of on-farm emissions is fuel combustion in agricultural machinery.

### MEASURING BENEFITS

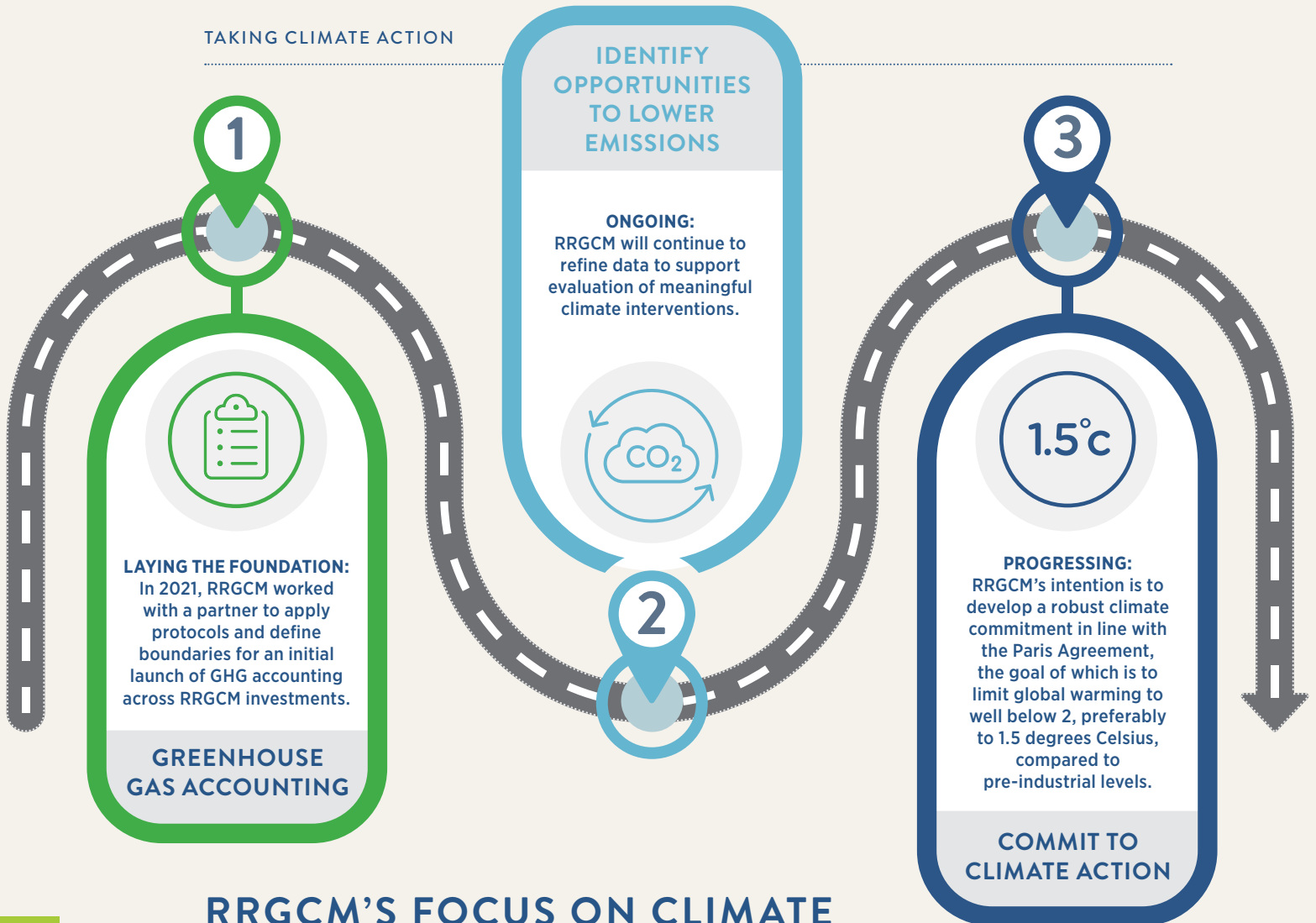
The measurement of climate benefits from regenerative agriculture and other nature-based climate solutions is not straightforward. Models for carbon sequestration have been primarily developed for practices in annual crop systems (e.g., tilling, crop rotation, and cover cropping). Direct measurement of carbon sequestration is difficult and costly, as each farm and region have unique attributes that influence land-based carbon fluxes.

Global standards for carbon removals in agriculture are currently in development. These standards will account for both above and below ground carbon storage in soils and plant biomass. A majority of RRGCM's farming assets are in permanent crop agriculture which is poised to benefit from this updated standard. However, careful considerations about crop rotation cycles and termination of plantings at end of life will be important to ensure durability of storage. When the standards are released these carbon removals will be included in RRGCM's GHG accounting.

### CLIMATE INTERVENTIONS

Because RRGCM's funds' investments are primarily in permanent crop production, many established climate interventions that were developed for field crops and livestock production do not apply. This presents an opportunity for the funds to dive into the activities that are most material to permanent crop development and demonstrate solutions for reducing emissions and enhancing natural carbon sinks in this high-growth sector.

Food waste is an issue of growing concern for its multi-layer impacts on climate change, resource use, and access to food. The EPA estimates that over one-third of food purchased in the U.S. is never eaten, and food loss waste alone represents 8 percent of global GHG emissions. RRG's team is researching how its current practices and potential interventions can contribute to solutions for fresh produce — such as planting proprietary varieties that produce higher yields with fewer inputs or investing in technologies and processes that can extend the shelf life of products.



## RRGCM'S FOCUS ON CLIMATE

Our approach is grounded in science and aligned with the Paris Agreement.

RRGCM plans to leverage technical experts and partnerships to develop emissions reductions pathways.

### NEXT STEPS

The initial GHG accounting work used a combination of data collected directly from our farms and globally available estimates. As RRGCM continues to collect primary data, the quality of future GHG accounting will improve and allow for more precise tracking of emissions reduction and carbon sequestration. For some specific properties the team is in the process of identifying and implementing on-farm interventions, prioritizing activities that will have the greatest impact to reduce emissions (e.g., fertilizer-related activities) and stack multiple environmental benefits together (e.g., cover cropping to build soil organic carbon and provide benefits for pollinators). Each investment will be evaluated in the coming year to identify ways to reduce emissions, increase carbon sequestration, and demonstrate climate-smart agriculture.





# ADVANCING A NET ZERO FUTURE

There are multiple opportunities across the business to contribute to a net zero future — where fewer greenhouse gases are added to the atmosphere and more emissions are removed. These opportunities include reducing direct emissions and supporting natural climate solutions.



WASTE & WATER MANAGEMENT



FERTILIZER USE REDUCTIONS



LOW CARBON ENERGY SOURCES

## REDUCE EMISSIONS

- Reduce direct GHGs from agricultural production through better waste and water management, fertilizer use reductions, and low carbon fuels
- Develop fossil fuel energy alternatives, including low carbon, renewable solar energy



AVOIDED LAND CONVERSION



HABITAT PROTECTION



REGENERATIVE FARMING

## SUPPORT SINKS

- Permanently protect land from conversion and deforestation
- Find new uses for previously degraded lands that enhance ecosystems and habitat conservation
- Utilize regenerative farming practices that increase soil carbon sequestration

## WHAT IS A SOIL CARBON SINK?

A carbon sink absorbs more carbon from the atmosphere than it releases. Forests, oceans, and soils are all examples of carbon sinks. Plants absorb carbon from the atmosphere during photosynthesis and deposit it into the soil. Activities that disturb soil structure, such as tilling or land conversion, release much of that stored carbon back into the atmosphere. Protecting soil-based carbon sequestration is one way to reduce GHG emissions.

CARBON UPTAKE VIA PHOTOSYNTHESIS

ROOT SYSTEMS FACILITATE SOIL CARBON STORAGE

SOIL ORGANIC CARBON



# CASE STUDIES

THESE CASE STUDIES ARE ILLUSTRATIVE OF RRGCM'S IMPACTS.  
NOT EVERY FUND OR INVESTMENT WILL HAVE THE SAME IMPACTS.



CASE STUDIES

Our commitment to investing in people and the planet also extends into our funds.

RRGCM CASE STUDY

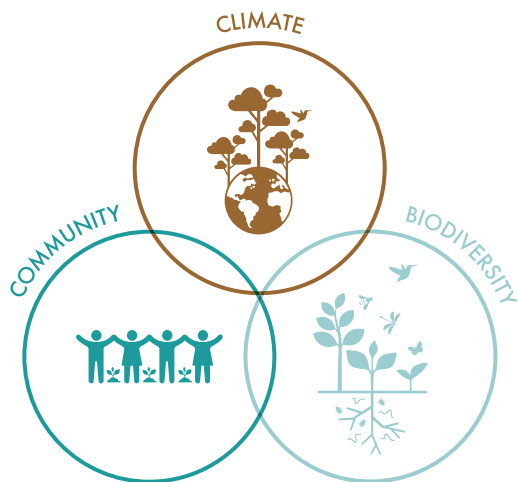
## 12TREE: SCALING REGENERATIVE AGRICULTURE

In 2021, RRGCM acquired a majority stake in 12Tree GmbH, a European asset manager that specializes in regenerative agroforestry, nature-based solutions to climate change, and global food supply chain transformations.



Food production systems account for over one-third of global GHG emissions and are also the primary driver of biodiversity loss globally. Additionally, the food system contributes a significant share of economic activity — jobs and income — in all countries.

**Theory of Change:** 12Tree aims to revolutionize the industry and prove that better food production practices, specifically regenerative agriculture, and profitability are not contradictory. The theory of change behind the work is that by switching to more productive and biodiverse systems that restore soils and support native species through regenerative farming practices, both people and planet benefit.



### THEORY OF CHANGE

demonstrate the integration of nature-based solutions with agriculture, creating climate-resilient, productive farms that aid in increasing global carbon sinks and mitigating climate change.

**Sustainability-Linked Offtake Agreements:** In partnership with a leading cocoa buyer, 12Tree pioneered a mechanism to tie offtake contracts to sustainability performance. These contracts serve as a win-win-win framework that helps food buyers meet their sustainability and climate commitments, de-couples crops from short-term market prices to achieve long-term price stability, and allows consumers to confidently purchase products that meet their sustainability concerns and aspirations. From the perspective of farmers, developing secure markets is essential to reducing risk and incentivizing the transition from conventional to regenerative practices at scale. The scalability of this mechanism can ultimately serve as a tool to reward sustainable food supply chains and drive the food sector’s transition to sustainability.

**Scaling and Innovating:** 12Tree manages assets that produce cocoa, coffee, coconut, banana, plantains, cardamom, ginger, dates, honey and hardwoods in the Latin American Tropics and arid regions, such as Morocco, through regenerative cropping systems. Agroforestry, one of the company’s primary farming methods, is a collective name for land-use systems where woody perennials (trees, shrubs, bamboos, etc.) are deliberately used on the same land management units as agricultural crops and/or animals. Compared to monocultures, agroforestry increases biodiversity, promotes multi-beneficial nutrient cycling, reduces pest pressure, sequesters carbon and provides diversified cash flow. Several 12Tree farms are also beginning the process of certifying under Verra’s Verified Carbon Standard and Climate, Community, and Biodiversity programs to monetize the natural capital created on farm. 12Tree’s investments



CKD FUND CASE STUDY

**BLOOM FARMS:**  
OPTIMIZING RESOURCE USE THROUGH  
CONTROLLED-ENVIRONMENT AGRICULTURE

Bloom Farms is a leading Mexican producer of blueberries that currently manages about 200 hectares in the state of Jalisco, Mexico. Focused on high quality fruit production, Bloom Farms employs macro-tunnels and greenhouses to improve yields, optimize resource use, and increase its social impact.

**Conserving resources:** Bloom cultivates its blueberries under a controlled environment agriculture system. The bushes are planted in potted substrate rather than in local soil, and grown under macro-tunnels with retractable roofs allow for greater control over growing conditions. The company’s use of precision agriculture technology facilitates optimized resource use and innovation. For example, Bloom’s agronomy team detects specific instances of pests and controls them using non-chemical integrated pest management methods, such as manual removal and application of biological controls using the pests’ natural predators . Through its agricultural innovation arm, Bloom is researching microorganisms that can serve as alternatives to fungicides and insecticides, thereby reducing chemical stressors on plant growth while still controlling the spread of pests. The company also uses a combination of drip irrigation and salt-

free fertilizers applied through fertigation to both maximize nutrient uptake by plants and reduce overall water use. While traditional fertilizers contain a high level of salts and require a heavier application of water to drain and displace the salts, Bloom's fertilizer mix has a low drainage requirement and can be delivered through the irrigation system. In addition, the substrate that the plants are grown in is already high in nutrients and does not require further amendments to support plant growth. The company estimates that its water use is less than one-third of the water required in conventional blueberry cultivation. Additionally, the company has initiated a partnership to study the behavior of bees and implement interventions to improve pollination success, bee health, and crop yields.

Bloom's environmental efforts have attracted the attention of Jalisco's Secretary of the Environment, whose office sought input from Bloom Farms to contribute to environmental criteria for its agricultural guidance. Bloom's methods provide a model for climate-smart agriculture that can meet food production needs while reducing strain on diminishing natural resource supplies.

**Supporting livelihoods:** Bloom Farms aims to be an employer of choice in the region with a commitment to decent working conditions and fair wages. In an area with few opportunities for women to work, the company pays more than double the minimum wage to help attract and retain workers, including women. This labor strategy helps to support more dual income families in the area while also encouraging other employers to raise wages.

In the coming year, Bloom Farms aims to expand its environmental and labor best practices as it grows its business.





SUSTAINABLE WATER IMPACT FUND CASE STUDY

**FRUTURA:**  
ADVANCING SUSTAINABLE AGRICULTURE  
IN THE ICA VALLEY

Headquartered in the U.S. but with an agricultural arm in Peru, Frutura Produce (Frutura) is a vertically integrated fresh produce platform that focuses on providing high-quality produce to consumers around the world. Frutura invests in businesses and farms that are proven leaders in sustainable production and supports their capacity to scale agricultural best practices across the permanent crop industry.

One of Frutura’s business units, Agrícola Don Ricardo (ADR), is a large permanent crop grower that demonstrates leadership in agriculture, water management, and social impact in a region with many social and environmental challenges. ADR is located in southern Peru’s Ica Valley, an arid region facing high water stress and [high water risk](#), with annual average [rainfall](#) of about 4 inches (101 mm) per year. Although the Ica Valley’s arid climate and soil make it [highly suitable](#) for a variety of high-value crops, the availability of irrigation water has been a limiting factor for agricultural production in recent decades. The region includes several large export-focused businesses, many of which invest in sophisticated, technologically advanced farming methods, along with a fragmented network of small and medium growers. ADR is one of the larger agribusinesses in the region, operating 4 processing facilities and 13 farms across 3,917 acres

(1,585 hectares) that grow table grapes, citrus, avocados, and blueberries. It also uses its resources and expertise to help smaller growers, with limited resources, to implement sustainable agriculture best practices.



**Water Innovation & Leadership:** In 2020, ADR earned the “Certificado Azul” distinction, a certification launched by the Peruvian government that seeks to reduce the water footprint of goods and services, promote collaborative action to improve water quality and quantity, and recognize leaders in water efficiency. To achieve this certification, ADR implemented programs to improve its water use efficiency, including installing sensors and software that use real-time data on soil moisture, climate, and plant water uptake to inform decision-making about irrigation frequency, volumes, and times. These improvements resulted in ADR optimizing its crop water footprint to 433 liters per kilogram of fruit, nearly 27% lower than the national average in Peru and 17% lower than the global average. In addition, to promote the shared value of water efficiency in 2021, ADR held a series of workshops to train more than 50 producers in the Ica Valley on water use efficiency, including site visits and customized technical assistance for individual farmers.

**Social Impact:** Over the past two years, ADR also spearheaded expansion of Covid-19 safety best practices, including peer-to-peer information sharing on vaccines and public health, leading to a 100% vaccination rate for all employees. ADR also created programs developed specifically for female field workers aimed at facilitating wellbeing, safety, and leadership. In the context of regional labor unrest, investment in social work helps to increase employee satisfaction.

As permanent crop production continues to expand across Peru and the Ica Valley, the Fund aims to leverage ADR’s innovation and leadership to serve as an example of climate-smart agriculture practices that support sustainable water management and economic growth at scale. These practices can be shared within the Frutura platform and with the larger agricultural community to demonstrate a model for economically, environmentally, and socially sustainable food production.





GLOBAL PARTNERS FUND CASE STUDY

**BLUE OCEAN MARICULTURE :**  
 DEMONSTRATING A MODEL FOR  
 RESPONSIBLE OPEN-OCEAN AQUACULTURE

Shifting global food consumption patterns have created a growing market for healthy proteins and sustainably produced food, and responsibly farmed seafood can meet both of these growing demands. Farmed fish is known to be more climate-friendly animal protein compared to terrestrial (beef, pork, and chicken) proteins, with emissions that are just 7.6% of the average emissions from the livestock sector. Fish is also an important part of a healthy diet, providing omega-3 fatty acids, vitamin D, and vitamin B12 among other nutrients — and aquaculture can help ease pressure on the world’s strained fisheries.

Blue Ocean Mariculture (BOM) specializes in mariculture, a branch of aquaculture undertaken in marine environments, raising kanpachi (*Seriola rivoliana*) in underwater sea pens off the coast of the Big Island of Hawaii. Founded in 2009, BOM is recognized as a leader in sustainable mariculture and share its lessons learned with their industry partners to shepherd a better way to produce seafood protein.

**Supporting ecosystems:** Punctuating the company’s production commitments is BOM’s Aquaculture Stewardship Council (ASC) certification, which the company achieved in February 2021. BOM is the first finfish cultivation facility in the United States to be certified by ASC. The certification, with includes third party audits of performance, ensures a baseline of acceptable practices that include protections for water quality, seafloor health, animal welfare, limited wildlife interactions, and feed standards.





**Technology and learning:** BOM regularly engages with new technologies, approaches, and partnerships to help the company, and potentially the industry, reduce its negative environmental impacts. In 2021, BOM piloted new technologies, including automated advanced environmental monitoring, as well as biomass estimation and feed detection using cameras. These monitoring and technology investments help improve decision-making for the farm, allowing the company to use real-time data to maximize feed utilization and minimize external impacts to the surrounding ecosystem.

Feed is one of the most material sustainability issues to the aquaculture industry, with about 70% of typical fish feed being made up of fishmeal and oil produced from the harvest of small, open-ocean fish such as anchovies, herring, sardines, and mackerel. It is estimated that up to 90% of the wild-caught fish used in fishmeal are food-grade and fit for human consumption. To demonstrate responsibility and innovation in this area, BOM sources most of its fishmeal from fish byproducts, or waste from processing fish for human consumption. In addition, the company also trialed new feed protein sources, such as insects, to support full lifecycle sustainability.

Working with the National Ocean and Atmospheric Administration (NOAA) and Kakeola, Hawaii's local Marine Mammal Center, BOM will help agencies study and learn more about the Hawaiian monk seal, an endangered species. By placing outward facing cameras on the cages to film monk seal occurrences, scientists can better understand the interactions between protected species and aquaculture net pens. BOM is also working with local researchers to help pilot seaweed production experiments using runoff from fish production.

In the coming year, BOM aims to continue to raise the bar for sustainable mariculture, including setting a climate target to reduce emissions from production and transport of its products.



# 2021 FUND IMPACTS<sup>6</sup>

RRGCM regularly collects sustainability and operational data from its Fund assets, enabling its team to set baselines, track impacts, and improve operations over time. The team continues to hone a portfolio-wide data collection system to gather data annually across impact areas including: water stewardship, biodiversity and habitat conservation, climate and energy, sustainable agriculture, quality jobs, respect for local communities, and good governance. Data gathered will help the team to identify areas to prioritize, to ensure continuous improvement, and to support development of interim and long-term sustainability targets across all of its investments. Specific outcomes from the Fund's investments are reported below.

## DECENT WORK AND ECONOMIC GROWTH

### SWIF

At Frutura's ADR business unit, workers have access to onsite medical care, including psychological support and counseling

### CKD

Paid on-the-job training on topics such as health and safety or work-related skills is available to all workers at Grupo Paisano and Bloom Farms

### PARTNERS

100% of Golden Hass workers are trained on 24 health, safety, and operations topics, such as mental health, labor rights, and ergonomic stress

## CLEAN WATER AND SANITATION

### PARTNERS

Golden Hass manages agrochemical applications and water runoff in ways that prevent negative impacts on local watersheds and environments

### SWIF

216,000 m3 groundwater recharged in the Ica Valley in Peru. Additionally, Frutura offers water efficiency best practices trainings to other local farms

### CKD

100% of farms in the Fund have water efficiency practices, such as smart irrigation, in place



Numbers indicate the relevant goal number.

## RESPONSIBLE CONSUMPTION AND PRODUCTION

### SWIF

Over 600 hectares support regenerative farming practices through use of cover crops at Manta & Nambucca Farms

### LEGACY

Parronales Tinamou farms follow best practices for responsible nutrient management and pest control

### PARTNERS

At Blue Ocean, 92% of fishmeal used for feed comes from sustainable sources, including Marine Stewardship Council (MSC) certified fisheries

## CLIMATE ACTION

### PARTNERS

32,640,000 kWh of electricity produced and sold by Cedars Solar to the Chilean grid from small-scale solar energy projects

### CKD

Produced 31,401 kWh of renewable solar energy at Grupo Paisano, which uses the energy to support farm operations

### LEGACY

Parronales Tinamou's packaging materials are comprised of at least 50% certified recycled content

## LIFE BELOW WATER

### PARTNERS

100% of Peter Pan products are verified sustainably caught (MSC, Alaska Responsible Fisheries Management, or equivalent certified and managed fisheries)

100% of Fishpeople Seafood Albacore tuna sustainably caught (MSC Certified Pacific Northwest fisheries using the Sustainable Pole & Line Harvest Method)



## LIFE ON LAND

### PARTNERS

Golden Hass protects local biodiversity by helping to conserve land, create habitat for species, including pollinators, and protecting water quality around farm properties

### SWIF

Persea solar project tests if different mixes of plant species, including native plants, can enhance wildlife habitat and improve ecological conditions while also supporting solar production

Across investments, piloting new approaches to creating temporary and improved habitat for native and migratory species on working lands

## PEACE, JUSTICE AND STRONG INSTITUTIONS

### ACROSS THE FUNDS

Companies across the portfolio are developing Corporate ESG & Sustainability Policies with support from RRGCM

Many companies in RRGCM's portfolios have adopted supplier codes of conduct and responsible and/or sustainable sourcing policies

Most companies are working to advance equity and have adopted Corporate Diversity, Equity, and Inclusion Policies



## ENDNOTES

- 1 RRGCM maintains a number of ESG-related certifications and memberships with ESG-focused organizations to monitor and align RRGCM with evolving standards and frameworks appropriate for their industry and jurisdiction. The logos have been included for illustrative purposes of existing memberships along with other associations.
- 2 As of December 31, 2021. There can be no guarantee that RRGCM will be able to implement its investment strategy or achieve its investment objectives.
- 3 Includes investments managed by RRGCM and investments by Renewable Resources Group as a principal for its own account.
- 4 Includes RRG Sustainable Water Impact Fund, L.P. and parallel funds.
- 5 Calculated using exchange rate of 19.94 MXN/USD, accurate as of 6/30/2021.
- 6 There is no assurance that similar environmental impact outcomes, as noted throughout this page, will be reported in the future.

Except as otherwise noted, the information contained in this report has been compiled as of December 31, 2021. Statements in this report are made as of the date hereof unless stated otherwise herein, and the delivery of this report at any time shall not under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date.

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