

2020 IMPACT REPORT

RRG CAPITAL MANAGEMENT

A RENEWABLE RESOURCES GROUP COMPANY



We believe positive environmental and social outcomes can be achieved while enhancing value for investors with responsible deployment of private capital.



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

LEADERSHIP PERSPECTIVE

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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



Friends and Colleagues,

When we founded Renewable Resources Group nearly 20 years ago, we saw opportunities in the market to do well for both people and the environment. We believed then, as we do today, that scaled, pooled capital, when combined with expertise, creativity, and shared values, have the potential to generate both competitive financial returns and meaningful public impact, locally as well as globally. And since our founding, we and the team from RRG Capital Management (RRGCM), with our affiliate Renewable Resources Group LLC, have done our best to prove this to be true.

Today, the risks facing the earth's natural systems and the people who depend upon them are only intensifying, including climate change, global water scarcity, increasing demand for food, shrinking arable land, disappearing species, and damaged ecological systems. We strongly believe that these threats, amplified by the Covid-19 pandemic and persistent inequities, require an "all-hands-on-deck" response.

In the face of these challenges, our response is to hold our course and amplify our impacts by strategically deploying capital to deliver impactful and sustainable outcomes. We do this through our innovative funds, which aim to demonstrate that private capital can advance biodiversity, sustainability, and labor outcomes while enhancing value for investors. While in many ways 2020 was a difficult year for global society, we're proud of the ongoing social and environmental impacts of our investments, and the dedication of the people leading the work.

Kindest Regards,

A handwritten signature in black ink, appearing to read "A. Swiller", with a stylized flourish at the end.

Ari Swiller
Co-Founder & Principal,
RRGCM

A handwritten signature in black ink, appearing to read "C. Frates", with a stylized flourish at the end.

Cole Frates
Co-Founder & Principal,
RRGCM

ABOUT RRGCM

ABOUT RRGCM

Across our portfolio, RRGCM¹ 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.²

RRGCM SEEKS TO ADVANCE THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



RRGCM LEADERSHIP

Since 2002, the RRGCM team has owned, managed, and developed water, agriculture, land, and renewable energy assets in the U.S. and internationally. As a certified B Corporation, signatory to the United Nations Principles for Responsible Investment (PRI), and active member in numerous impact investing and agriculture initiatives, RRGCM is committed to innovative approaches to support a more sustainable economy. The company is headquartered in Los Angeles, California, with offices in Bakersfield, California; Mexico City, Mexico; Santiago, Chile; and Adelaide, Australia.

Certified



Corporation

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 2020, our team of nearly 1,000 professionals — including asset managers, financial analysts, environmental scientists, policy and sustainability experts, and attorneys — managed five funds with assets across the United States, Latin America, and Australia.

¹ The co-founders of Renewable Resources Group began investing in 2002 as Western Development and Storage, which later became known as Renewable Resources Group and, still later, RRG Capital Management. For this report, all the entities together are referred to as "RRG".

² There can be no assurance that the Funds mentioned in this report will meet their target returns.

INVESTMENT PORTFOLIO

AS OF DECEMBER 31, 2020*

UNITED STATES

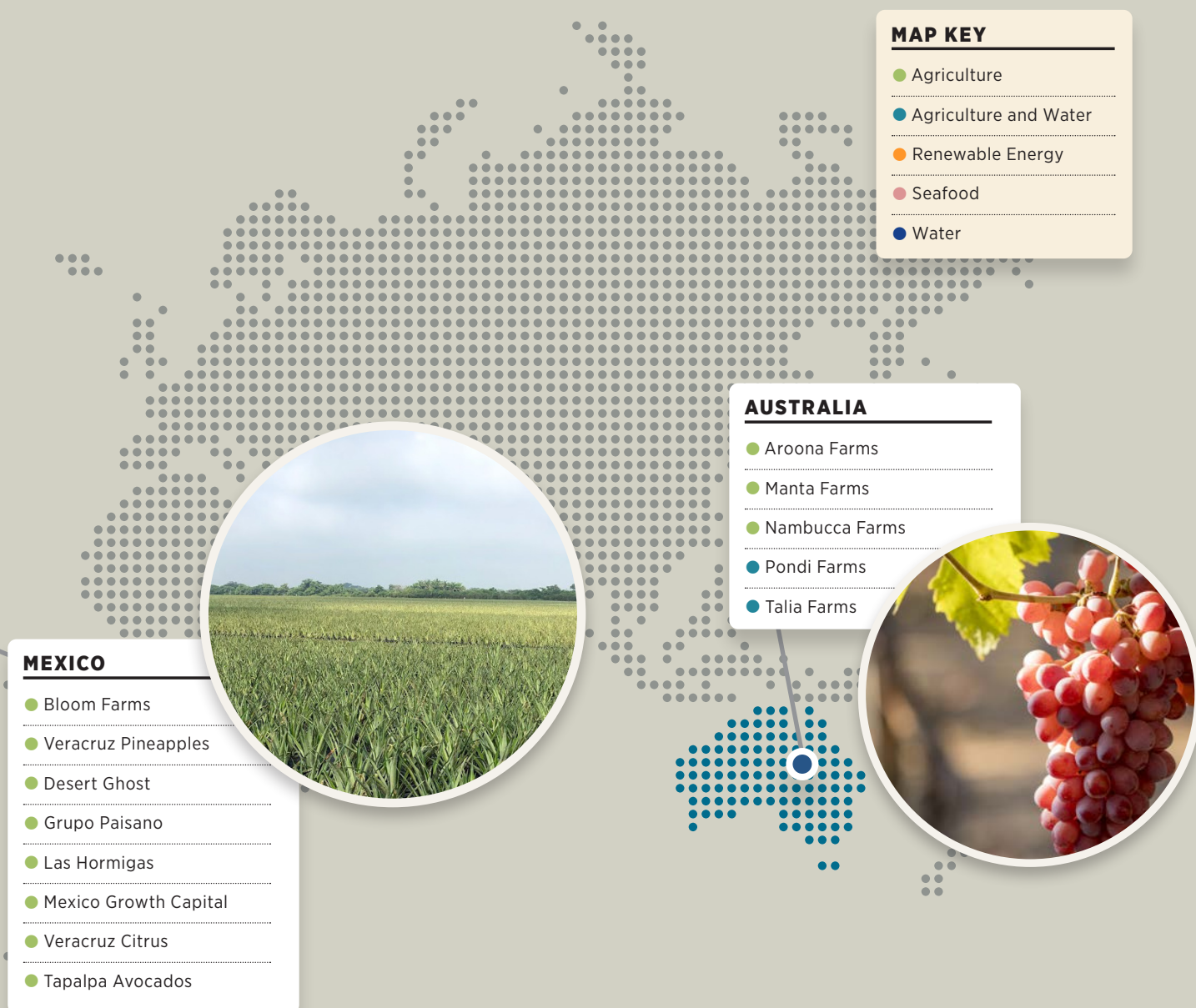
- | | |
|--------------------------|-----------------------------|
| ● Alphabet Farms | ● Imperial Farming |
| ● Blue Ocean Mariculture | ● Onyx Ranch |
| ● BV West Farms | ● Peter Pan Seafood Company |
| ● CalBio | ● Quaking Aspen |
| ● Capinero Creek | ● TC Agriculture |
| ● Chuckwalla | ● Tule Fog |
| ● Fishpeople Seafood | ● Woodspur Farming |
| ● Homer | |



CHILE

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

* Asset managed by RRGCM or Resources Group or in which Renewable Resources Group has invested as a principal for its own account.



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.

Note: There is no assurance that RRGCM will continue to see similar investment opportunities or execute on any particular investment opportunity in the future.

BENEFITS FOR PEOPLE AND PLANET

BENEFITS FOR PEOPLE AND PLANET

We're proud of the ongoing social and environmental impacts of our investments, and the dedication of the people leading the work.

BENEFITS FOR PEOPLE AND PLANET

Building on RRG's Responsible Investment Policy, we believe the funds benefit from sound environmental, social, and governance (ESG) practices that are designed to support reductions in climate, water, and environmental risks; improvements in workforce stability and satisfaction; and, where possible, net positive outcomes for biodiversity, habitat, and alternative energy development. This report highlights examples of sustainability and social impact from across RRGCM's portfolio.

TARGETED OUTCOMES



WATER & HABITAT

Permanent protection and improved ecological function of freshwater and terrestrial habitats.



AGRICULTURE & LABOR

Testing and implementation of sustainable food production, regenerative agriculture practices, and creation of quality jobs.



CLIMATE & ENERGY

Reduction of greenhouse gas emissions, development of renewable energy, and adaptation of agricultural systems to a changing climate.

Note: Please see page ³¹ for additional information regarding ESG and Impact-focused organizations.

WATER & HABITAT



The health of global ecosystems is deteriorating at an alarming rate. Water stress and habitat loss, amplified by changes in climate and land use, are key drivers and also targets for interventions.



There is a clear need to find durable and sustainable solutions to support a more resilient water future — this need is exacerbated by the effects of climate change. Freshwater ecosystems, like rivers, wetlands, and lakes, offer critical services for people and nature, yet more than 30 percent of the water sources that people depend upon are unsustainably managed.

The agricultural sector currently accounts for an estimated 70 percent of freshwater use globally, with demands for food and fiber expected to grow over time. To support water supply resilience and the prosperity of farming communities, stakeholders must find better ways to adequately value water, invest in systems that manage it, allocate it to the most important uses, and protect the health of ecosystems that sustain it. RRGCM's investments target investments in specialty crop growing regions where there is need for improved water management and where better outcomes for humans and ecosystems are the way forward.

In the semi-arid Central Valley of California and on properties with similar climates in South America and Australia, water is also a critical factor in shaping habitat availability and function. RRGCM's property management strategy seeks to optimize water use to support both agricultural and environmental needs. Furthermore, careful onsite land use planning opens opportunities to protect native habitat and create habitat within working lands.

**FOR CASE STUDIES OF
RRGCM'S WATER AND
HABITAT IMPACTS, SEE:**

CAPINERO CREEK, P20

HOMER, P26

ONYX RANCH, P28

Note: These case studies were selected for illustrative purposes only. There is no assurance that RRGCM will be able to make similar investments in the future.

AGRICULTURE & LABOR



Globally, demand for food and agricultural products is projected to grow by an estimated 50 percent by 2050, from a 2012 baseline, with anticipated higher consumption of protein, fruits, and vegetables relative to grains. Demand for seafood is on the rise and gaining a growing portion of total animal protein demand globally. The growth of all types of food production will need to be managed sustainably to achieve both environmental and social outcomes.



RRGCM strives to invest in assets that improve livelihoods and advance a more sustainable food system. On both land and sea, RRGCM aims to support better production practices to produce more food while minimizing increases in greenhouse gas emissions, natural resource degradation, and biodiversity loss. Additionally, RRGCM works to break the patterns of inequity in the food sector and support the development of quality jobs in the U.S., Mexico, and globally.

Sustainably harvested seafood can enhance food security and nutrition in a world with growing demand for high-quality protein. If done correctly, it can also support multiple beneficial outcomes including high-quality jobs, income generation in rural areas, technology innovation, climate resilience, and ecological restoration.

FOR CASE STUDIES* OF RRG'S AGRICULTURE & LABOR IMPACTS, SEE: :

PETER PAN SEAFOOD COMPANY, P24

GRUPO PAISANO, P21

LAS HORMIGAS, P22

TAPALPA AVOCADOS, P23

Note: These case studies were selected for illustrative purposes only. There is no assurance that RRGCM will be able to make similar investments in the future.



RRGCM seeks to break the patterns of inequity in the food sector and support the development of quality jobs in the U.S., Mexico, and globally.

CLIMATE & ENERGY



Global scientific consensus is that immediate and decisive actions are needed to reduce global emissions to more sustainable levels.



Mitigating climate change and supporting adaptation to become more resilient to the negative impacts of climate volatility is also an ambition of RRGCM's investments. Additionally, to support a shift away from fossil fuels, RRGCM aims to develop on-farm and utility-scale renewable energy projects. Investments generally target new solar developments on degraded lands with otherwise low conservation or economic value.

Adapting agricultural systems to a changing climate: Extreme climate events are already having impacts on global agricultural systems — through stressors like droughts, floods, changes in crop viability, and the spread of pests. Many of the agricultural practices implemented on Fund properties aim to demonstrate how permanent crop systems can be made resilient to these challenges. In particular, the Fund aims to build regional resilience to unpredictable water availability for agricultural producers and nature.

**FOR CASE STUDIES OF
RRGCM'S CLIMATE &
ENERGY IMPACTS, SEE:**

CALBIO, P25

CEDARS SOLAR, P26

Note: These case studies were selected for illustrative purposes only. There is no assurance that RRGCM will be able to make similar investments in the future.

2020 IMPACT HIGHLIGHTS

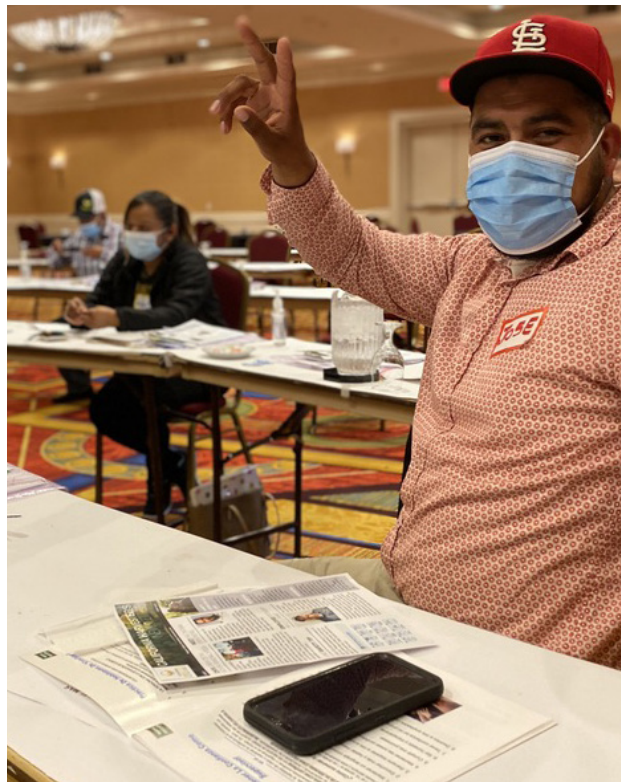
Our funds seek to invest in regions where a convergence of trends like climate change, tightening environmental regulations, rising demand for food, and increasingly erratic weather are likely to have material impacts on food production, water supplies, renewable energy demand, and conservation needs.

Across the globe, too many communities experienced disruptive impacts driven by the Covid-19 pandemic, long-term drought, intense storms, and wildfires. While we recognize that we cannot control the macro-trends, we believe RRGCM can be a force for good. In 2020 we launched initiatives across our investment portfolio to help protect the health of people in our communities and our shared planetary resources.

CROSS PORTFOLIO INITIATIVES

Covid-19 response In 2020, the Covid-19 pandemic led to stay-at-home orders that shut down many business operations across the globe, while agricultural and food production employees, deemed essential, continued working to support the global food supply. To maintain safety standards and protect employee health without sacrificing production, RRGCM reacted by implementing a Covid-19 response plan across its investments. This response focused on minimizing the risk of exposure to the virus, early detection of infected individuals, and providing necessary support for suspected or confirmed cases while also safely isolating those individuals during the infectious period. Portfolio companies quickly provided personal protective equipment such as masks, gloves, and sanitizer, additional hygiene infrastructure, and public health education. As a result, no RRGCM assets had major shutdowns from the pandemic.

Sustainability data tracking In 2020, RRGCM launched a portfolio-wide sustainability and operational data management system. The effort will allow RRGCM to set baselines, track impacts and operational progress over time, and support a company-wide accounting of GHG emissions using the widely recognized GHG Protocol model. Using the universal data collection system, each project reports annually, and in some cases quarterly, on key topics such as energy use, renewable energy generation, water use, waste, fertilizer use, pesticide use, employee travel, and workforce information. RRGCM's Sustainability Team uses the data to help identify priority areas of focus, ensure continuous improvement, and soon, to support development of interim and long-term climate targets.





While we recognize that we alone cannot control macro-trends like climate change, we believe RRGCM can be a force for good.



IMPACT HIGHLIGHTS

SUSTAINABLE WATER IMPACT FUND (SWIF)

SWIF is an innovative and, we believe to be first-of-its-kind, partnership between The Nature Conservancy (TNC), the world's largest conservation organization, and RRGCM. SWIF aims to demonstrate a scientifically rigorous and scalable model that shows private capital can advance land, water, and agricultural outcomes while enhancing value for investors. Launched in 2019 and closed in 2020 at \$927 million¹, SWIF invests in water acquisitions and sales, groundwater recharge and development, habitat conservation, agriculture, and renewable energy in California, Australia, Chile, and other regions around the globe.

In 2020, SWIF investments grew, bringing the number of deals in the portfolio to six. At the time of this publication, most of SWIF's investments are still in the early stages of implementation. However, one investment, Capinero Creek is illustrative of the positive impacts SWIF aspires to achieve.

¹ More information is available upon request.



SUSTAINABLE WATER IMPACT FUND: CASE STUDY

CAPINERO CREEK: SUPPORTING WATER AND HABITAT RESILIENCE

Located in California's Central Valley, Capinero Creek was the first asset in the SWIF's portfolio. Acquired in 2019, it consists of 6,886 acres (2,786 hectares) of land — that was historically used for large-scale dairy operations and feed crop cultivation in a region facing increasingly severe water stress. The site is in one of California's [critically overdrafted](#) groundwater basins.

To help improve resilience of the water system, SWIF is working with local irrigation districts to repurpose significant portions of land from cultivation of feed crops to groundwater recharge facilities that capture and regulate surface water flows. The intended outcome is to create new water supplies and help mitigate the negative impacts of regional groundwater overdraft while creating wildlife habitat. These improvements aim to benefit the local and regional agricultural community.

Capinero Creek is also located in a critical wintering region for millions of migratory birds traveling on the [Pacific Flyway](#), a major migratory bird route extending from Alaska to Patagonia. In 2020, the SWIF team built 140 acres of groundwater recharge basins to assess the potential for water banking on the property. Learning from [BirdReturns](#), the pop-up wetland model that TNC and its partners pioneered elsewhere in the Central Valley, SWIF's Technical Advisory Committee¹ provided guidance on the design and operation of the recharge basins so the basins could also act as temporary wetland habitat for migrating birds during peak periods of migration. During the first recharge event in July, the SWIF team and technical advisors created temporary wetlands that, according to third-party biological surveys, provided habitat to numerous bird species, including 23 species of conservation importance. The property has the potential for developing numerous acres of these kinds of multi-benefit recharge basins.

¹ The Fund's Technical Advisory Committee is made up of personnel from TNC, RRG, and an external member; it is responsible for reviewing every Fund investment for environmental and social risks and opportunities.

CKD FUND

Since 2018, the CKD Fund has primarily focused on investments in specialty crop agriculture, agribusiness, and water in Mexico. The social and environmental challenges in rural Mexico are complex, with multi-faceted root causes. For decades, many smallholders and their communities have suffered from poverty, migration, and a lack of community and business investment.

Across all seven of its investments, the CKD Fund aims to support quality livelihoods while also reducing environmental impacts, such as unsustainable pumping or GHG emissions, and piloting practices to build soil health. Several of the CKD Fund's investments offer illustrative examples of the social and environmental outcomes RRGCM aspires to achieve.



CKD FUND: CASE STUDY

GRUPO PAISANO: BOLSTERING LIVELIHOODS FOR SMALL PRODUCERS

Grupo Paisano is an investment that supports Mexican small producer farmers in Michoacán, Estado de México, Oaxaca, and Veracruz through a model that seeks to generate sustainably produced crops and social and economic impacts in rural communities. The model provides smallholders with support to improve the yields and quality of their produce, commercial channels to eliminate middlemen, and access to international export markets. The business has approximately 50–60 small producer collectives, representing 788 growers and their families, small producers growing mangoes, papayas, limes, grapefruits, taro, and blackberries across a combined total of 1,073 hectares. The business facilitates grower access to new markets through professional development trainings, access to financial services, and opportunities to test new agricultural technologies. Many of the farms employ sustainable agriculture practices, including integrated pesticide management, water conservation (most farms are rain-fed), and soil health best practices.

Grupo Paisano supports its growers' access to third-party certifications like Fair Trade and Global GAP, which can bolster the value of crops in export markets. Grupo Paisano provides smallholders with an innovative opportunity to build farmer leadership and equity in its business structure. Over time, producers buy back the equity in their projects at cost and

become 100% owners of the small producer collective, including packinghouses and all other infrastructure. The overarching goal is to build capacity and mobility for small producers in the region while also supporting beneficial environmental outcomes and high-quality crops.



CKD FUND: CASE STUDY

LAS HORMIGAS: SUPPORTING AN INDIGENOUS WORKFORCE AND SPECIES HABITAT CONSERVATION

The Hormigas Valle Real (“Las Hormigas”) property spans 2,400 hectares, with 1,053 ha of planted pecans in a rural area of Chihuahua, Mexico. In 2020, RRGCM prioritized two impact opportunities at the farm: supporting the Indigenous Tarahumara workforce and community and advancing habitat conservation in the region.

Las Hormigas employs about 100 seasonal and year-round farm workers, the majority of whom are Indigenous Tarahumara. Many workers come to the farm with their families, including young children. Las Hormigas’ housing includes accommodations for families, as well as childcare and onsite primary education for workers’ children. All farmworkers and residents of the nearby community have access to the asset’s onsite medical clinic, a valuable resource in this rural and isolated area.

Additionally, Las Hormigas is located in the Chihuahuan Desert Ecoregion, one of the most biodiverse arid ecoregions in the Western hemisphere. RRGCM is exploring opportunities to conserve native Chihuahuan desert habitat on the undeveloped areas of the property and support on-farm biodiversity; potential activities may include piloting wildlife-friendly agricultural practices, restoration of riparian areas, and development of wetlands for migratory birds and other fauna.

CKD FUND: CASE STUDY

TAPALPA AVOCADOS:
TESTING SUSTAINABLE AGRICULTURE
PRACTICES ON PERMANENT CROPS

In our view the scientific and agronomic communities lacks quality, commercially-validated information on the effectiveness and potential co-benefits of conservation plantings in avocado orchards. RRGCM is planning a conservation planting pilot on its avocado orchards in Jalisco, Mexico as part of RRGCM's larger goal of testing sustainable and, in some cases, regenerative agricultural initiatives across its portfolio.

The Tapalpa property is located in a high altitude, tropical area with high rainfall. The property consists of three ranches, one of which includes 180 hectares of native forest, and another two which will be planted with up to 700 hectares of avocados. Pilot plantings at this site will test and monitor the ecological and operational impacts of cover crop and other supplemental planting interventions on permanent crop production systems. Some of the conservation co-benefits being explored include increasing native pollinator populations, controlling erosion and runoff, suppressing pests without the use of agrochemicals, and increasing water retention and infiltration.

Tapalpa also has plans to begin testing sustainable forestry management practices. The property has begun maintenance and revegetation activities on the forest areas that show the greatest degradation to demonstrate ecological and species benefits.



GLOBAL PARTNERS FUND (PARTNERS FUND)

Partners Fund provides another platform that aims to demonstrate how water, land, and energy can be managed to better meet the needs of both people and the environment. The Partners Fund strives to invest in food systems that improve livelihoods and advances sustainable food production, as well as invest in renewable energy, such as solar power and other technologies, designed to address the climate crisis and reduce dependency on fossil fuels. Of the Partners Fund’s twelve investments under management in 2020, two illustrate the types of outcomes RRGCM is striving to achieve.



GLOBAL PARTNERS FUND: CASE STUDY

PETER PAN SEAFOOD COMPANY: SUSTAINABLE FOOD AND QUALITY LIVELIHOODS

The Partners Fund aims to create environmental and social benefits through its investment in Peter Pan Seafood Company (PPSC), a U.S.-owned and operated, vertically integrated seafood processor that operates four processing plants in Alaska. PPSC is committed to producing [sustainable seafood](#) for the benefit of oceans and people. It sources certified responsibly harvested seafood from Federal and state regulated Alaskan waters. These waters are [managed using an ecosystems-based approach](#) — an approach that considers fish stock, inter-species interactions, environmental quality, climate, and human activities — to support sustainable outcomes. PPSC also creates an opportunity to draw from RRGCM’s experience supporting quality food production jobs and workplace experiences.

In 2018, RRGCM founded [California Harvesters, Inc.](#) (CHI), the first-ever agricultural workers’ trust in California’s Central Valley. CHI has developed innovative model for farm labor contracting that aims to raise standards and improve production in the food industry by investing in farmworkers’ professional and personal development. CHI is structured to provide workers with the tools to participate in company decision-making and benefit from the company’s financial success.



Many of these same challenges exist in the seafood industry, allowing the Partners Fund to apply key aspects of the CHI model to PPSC. Consistent worker engagement, improved working conditions, investment in training and benefits, and implementation of new structures to improve long-term job security and quality may be able to increase job satisfaction, retention, and skill-building in the workforce. The Partners Fund believes this approach can create a win-win situation for the business, its employees, and the seafood industry as a whole.



GLOBAL PARTNERS FUND: CASE STUDY

CALBIO: MITIGATING DAIRY GHG EMISSIONS

Methane is a powerful greenhouse gas with a global warming potential [25x higher than CO₂](#). One source of methane is from ruminant animals, including dairy cattle, who generate the gas through their digestive process. In California, the dairy sector contributes between 4–6% of the state's total GHG emissions. When the state [established its 40% GHG reduction](#) by 2030 (1990 baseline), it [identified dairy and livestock](#) production as a key sector for reductions.

[CalBio](#) was formed in 2006 to generate renewable energy for vehicle fleets by capturing methane emitted by dairy manure lagoons, and, using anaerobic digestion technology, convert the methane to renewable natural gas (RNG). RNG is currently used as a fossil-fuel-free truck fuel alternative. The company works closely with California agencies, the U.S. Department of Agriculture (USDA), and the California dairy industry to develop projects to help the state achieve its methane reduction goals, protect local air and water quality, create local jobs, and bring a new revenue stream to dairies.

CalBio develops 'clusters' of facilities at geographically close dairies that collect, condition, and inject RNG into existing pipelines. Two of CalBio's recently-built clusters, the South Tulare and North Visalia clusters, are [projected to reduce methane emissions](#) at a combined rate of 400,000 metric tons of CO₂e per year, producing 8 million diesel gas equivalents of compressed RNG and reducing nitrogen oxides, a criteria air pollutant, by up to 90 percent. These clusters are majority owned by operators of the dairies, who have the opportunity to earn additional revenue by partnering with CalBio. The Partners Fund's investment in CalBio enables further capacity buildout to capture methane and provide a cleaner fuel source for truck fleets, resulting in significant avoided air pollutants in the San Joaquin Valley and Los Angeles basin.



GLOBAL PARTNERS FUND: CASE STUDY

CEDARS SOLAR: RENEWABLE ENERGY AND BIODIVERSITY

At the Huemul Fund's Cedars Solar investment in Chile, seven solar photovoltaic projects will provide up to 58 MW of renewable energy at sites throughout the country.¹ Cedars Solar's projects are on private lands with otherwise low agricultural or conservation value but present an opportunity to create new habitat for native pollinators and contribute to emerging research on biodiversity-enhancing practices for solar power.

Globally, pollinators, including bees and butterflies, [face threats](#) from climate change, pollution, disease, pesticide use, and land use changes. With about 60 percent of agricultural crops [reliant](#) on pollinators for healthy production, protecting pollinators is critical for people, animals, and the ecosystems they rely on. Habitat loss, spurred by development and urbanization, is a [key driver](#) of pollinator decline. Although utility-scale solar development can reduce connectivity between areas of native habitat, research also [suggests](#) that land under small-scale solar arrays, if managed appropriately, also has potential to support habitat for pollinators.

In 2020, the RRGCM team conducted technical literature reviews and consulted with local Chilean scientists to lay the groundwork for testing ecological approaches to enhancing native pollinator habitat while at the same time generating operational benefits for solar power generation using bifacial panels. At its solar sites, RRGCM will partner with local experts to test these options, such as cover crops and other plantings, solar panel design and placement, and monitoring of impacts on native species.

¹ Cedar Solar is also included in the Partners Fund portfolio

LEGACY INVESTMENTS



LEGACY INVESTMENTS: CASE STUDY

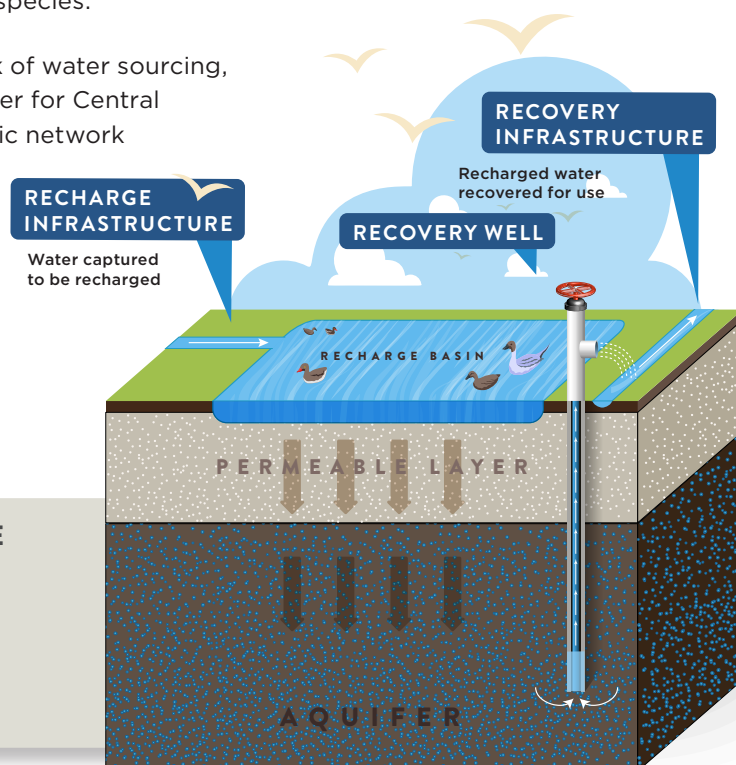
HOMER: BUILDING WATER RESILIENCE

California's [Central Valley](#) produces roughly a quarter of the U.S.'s food, including an estimated 40 percent of fruit, nuts, and fresh produce, much of which is irrigated. Most of this region is designated as '[critically overdrafted](#),' which means it is at risk of land subsidence, ecosystem loss, and aridification due to unsustainable groundwater extractions. RRGCM investments aim to help address these challenges by building infrastructure for water conservation, water use efficiency, and groundwater banking. These efforts can help to increase water supply reliability at the local and system levels, while at the same time manage water to provide needed habitat for species.

For over a decade, Homer has built a network of water sourcing, storage, and distribution assets to secure water for Central Valley's farmers. Homer's distinct and strategic network provides supplemental water by storing excess water in wet times and delivering it to farmers when needed. Homer can currently add over 100,000 AF to storage by connecting federal, state and local systems to its recharge basins. In times of needed, Homer is capable of delivering over 50,000 AF on average to growers in its region.

SUPPORTING WATER SYSTEM RESILIENCE

Water recharge facilities capture surface water during periods of abundance and percolate the water into groundwater aquifers. Water can be extracted months or years later when it's needed. If managed at the right depths and seasonality, recharge basins can also provide important habitat for migratory birds.



Note: This case study was selected for illustrative purposes only. There is no assurance that RRG will be able to make similar investments in the future.

CALIFORNIA WATER: CHALLENGES & OPPORTUNITIES

California's freshwater comes in the form of surface and groundwater supplies. The majority of California's precipitation falls north of the Sacramento-San Joaquin River Delta, while the majority of California's water demand is in the south. Significant infrastructure was built in the form of the State Water Project, the federal Central Valley Project, and other agricultural and municipal district projects to address this imbalance of water supply and demand and move water hundreds of miles to where it is needed. But infrastructure is aging and has lost capacity and reliability, and in the absence of available surface water, groundwater has been unsustainably pumped in many parts of the state. Better management of groundwater, surface supplies, and infrastructure is key to enabling sustainable water use in California.



MAP KEY

GROUNDWATER BASIN DESIGNATIONS

- CRITICALLY OVERDRAFTED BASIN/SUBBASIN
- HIGH AND MEDIUM PRIORITY BASIN/SUBBASIN

- RESERVOIRS & DAMS
- STATE WATER PROJECT (SWP)
- CENTRAL VALLEY PROJECT (CVP)
- JOINT CVP & SWP PROJECT
- OTHER CANALS & AQUEDUCTS

LEGACY INVESTMENTS: CASE STUDY

ONYX RANCH: MOVING RETIRED AGRICULTURAL LANDS INTO HABITAT CONSERVATION

Onyx Ranch, when it was acquired by Renewable Resources Group in 2008, consisted of 68,000 acres and 13,000 acre feet (AF) of pre-1914 water rights in Southern California. In the years since, RRG has sold parcels of property to multiple buyers with the intention to move low-value agricultural lands into other, higher-value land uses, such as permanent conservation and large-scale renewable energy use, including:

- 30,000 acres to a city for wind energy development,
- 3,000 acres to a water storage district,
- 25,000 acres to the California Department of Parks and Recreation, and
- 2,000 acres to conservation NGOs, including the Mojave Desert Land Trust, Pacific Crest Trail Association, and Trust for Public Land.

At the end of 2019, approximately 5,500 acres of land and a federal grazing permit remained with RRG. Of this remaining land, in 2020, Renewable Resources Group sold 4,050 acres to the Kern River Valley Heritage Foundation. Additionally, Renewable Resources Group worked with the Bureau of Land Management, California Department of Fish and Wildlife, and a solar developer to retire a 250,000-acre federal grazing permit for habitat and conservation, which benefits two protected species — the desert tortoise and Mohave ground squirrel. The remaining land continues to be ranched and developed for habitat.



ON THE HORIZON...

RRGCM intends to continue its journey to demonstrate the transformational power of private capital paired with sustainability ambition. The management team will continue to seek opportunities to amplify impacts, including reducing GHG emissions, supporting biodiversity conservation, building water resilience, and creating quality jobs that sustain families and communities. We look forward to sharing our progress and further detailing our impacts, as we continue to hone our impact data collection and evaluation.

NOTICE TO RECIPIENTS

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