



# CLIMATE TRANSPARENCY REPORT 2020

AGRICULTURE CAPITAL (ACM Management Company, LLC)

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-141711FC-0A85-49E6-A2B9-1B172E6236D8/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	AGRICULTURE CAPITAL (ACM Management Company, LLC)
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 0.1 - 0.99 billion AUM
<b>Main Asset Class</b>	>50% Farmland Internally Managed
<b>Signed PRI Initiative</b>	2017
<b>Region</b>	North America
<b>Country</b>	United States
<b>Disclosure of Voluntary Indicators</b>	52% from 38 Voluntary indicators

# AGRICULTURE CAPITAL (ACM Management Company, LLC)

## Reported Information

## Public version

## Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

SG 01.6  
CC

Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

We report quarterly on water access and wildlife risk exposure to our investors. We also expand upon this reporting in our annual impact report, which further addresses climate impacts to our business related to wild pollinator health and overall biodiversity.

No

SG 01.7  
CC

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

We have addressed risks to wild pollinator health in our reporting and agree that those risks can and do occur to some degree in every crop cycle. On water scarcity, we model the potential for drought conditions in our operating geographies based on historical conditions and viewed, at minimum, over ten-year horizons. We assume in the US West and Australia that wildfire events can and do happen annually but that our assets are located in regions of relatively low risk.

No

SG 01.8  
CC

Indicate whether the organisation publicly supports the TCFD?

Yes

No

SG 01.9  
CC

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

We have an organizational statement on ESG risk and material climate-related risks and opportunities are addressed and described above.

No

**SG 1.10 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

Immediately pursued supporting TCFD after last year's UNPRI transparency report filing and confirmed on April 17, 2019

We currently do not publish TCFD disclosures

**Governance and human resources**

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Dedicated responsible investment staff**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Investor relations**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.7  
CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

While AC does not have a dedicated climate-change task force, climate risk assessment and climate solutions initiatives are the responsibility of the Senior VP of Regenerative Management, who reports to the Co-Managing Director ("Co-CEO") in charge of operations oversight. Climate actions that are directed by AC for all of its asset managers are designed for both mitigation and adaptation. Many climate-related issues are articulated as part of the AC Way sustainability performance framework; as such, they are among the expectations AC has of its asset managers. Periodically (current target is every other year), AC expects to evaluate the carbon footprint of its portfolio (first published in AC's 2017 impact report, distributed in August 2018). AC maintains active relationships in the climate solutions community on topics as diverse as measurement protocols for soil organic carbon percentage and renewable energy markets, all in the interest of delivering on our mission, exceeding the expectations of our stakeholders, and improving the economics of sustainable innovation.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

**Describe**

Yes, AC has begun to evaluate the various scenarios that could be relevant to our business in a climate-constrained context that affects honeybees and wild pollinators.

- Yes, in order to assess future climate-related risks and opportunities

**Describe**

Yes, AC does this in order to understand more fully risk exposure from climate-related water scarcity (drought).

- No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.



We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 13.4 CC**

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

When evaluating investment opportunities and asset operations, AC evaluates scenarios with climate-related implications, including water scarcity and risk. To date, analysis of various water scenarios under dynamic California climate and weather conditions has provided the impetus for widespread deployment of high-efficiency irrigation systems across our business; the development of private water storage to impound available water during wetter periods to mitigate drought impacts; the potential for groundwater recharge to improve long-term crops conditions; and a broader understanding of the likelihood of changes in agricultural land use based on the cost of water and the value of certain crops.

Similarly, we are aware of the risk to pollinator ecosystems from climate disruption and have evaluated system improvements and restoration that mitigate our risk exposure. We understand the bees provided by pollinator service providers are more susceptible to changing climate conditions and less active during times that could be critical to key crops, so we have implemented strategies across our business to restore native habitat to encourage wild bees and other pollinator activity through improved landscape connectivity.

- Inform active ownership

Describe

The work described in the above section not only occurs during potential asset evaluation but is ongoing for AC during the ownership period. Successful implementation of risk mitigation projects in one location helps to support analysis of similar projects elsewhere. While we rely on memorializing impact and risk mitigation projects in investment documentation at the outset of ownership, our active ownership strategy lends itself to continued work to assess conditions that change as a result of weather, demographic shifts, or the regulatory environment.

- Other

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes
- No

Please explain the rationale

Everything AC does to mitigate climate and ESG risk and drive toward enhanced value has a time horizon in mind that goes beyond the term of the investment. We seek to create the conditions that preserve and enhance an assets value such that future ownership would be motivated to pursue similar operational approaches. Certainly, our view is long term and far past the term of the investment, but our modeling currently takes into consideration the period of time for which our investors rely on our management.

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Internal analysis of historical drought
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

Our work is undertaken with a mindfulness of the important role agriculture must play in addressing climate change. The food system contributes an estimated 19%-29% of anthropogenic greenhouse gas emissions, both globally and in the U.S.<sup>6</sup> Agriculture is a heavy emitter, yet agriculture is unique among industries because of its potential to draw carbon out of the atmosphere. We believe that regenerative food production can have a net positive effect on climate change, and as such we are focused on business practices that measure and manage our energy use, minimize our greenhouse gas (GHG) contribution, and accelerate the shift to renewables and innovative energy management technology.

This year, we are pleased to share a preliminary inventory of our greenhouse gas emissions in our Pacific Northwest farming operations, the result of our sustainability data collection efforts across the business. Our greenhouse gas inventory allows us to locate cost-effective reduction strategies, move toward emissions pricing, and prepare for regulatory interventions and carbon credit opportunities. (Modeling our California carbon footprint is ongoing and will be shared in subsequent reporting.) Based on the Agricultural Guidance from the Greenhouse Gas Protocol—a framework for quantifying climate impact, our emissions are divided into different "scopes" and assessed within the boundary of areas where we have operational control. We have used the Cool Farm Tool—a globally recognized calculator—to model our farm emissions. The EPA Center for Corporate Climate Leadership and the USDA COMET-Energy tool provide emissions factors for our off-farm sources. Although we have not yet sought external audits of our calculations, these figures represent our good faith efforts at conservatively reporting on our emissions based on the best available models and data.

Direct fugitive emissions (gases that leak from industrial equipment) from refrigerants can be an important factor for operations with substantial cold storage capacity, but our state-of-the-art packing facilities feature efficient ammonia refrigeration systems. Since ammonia has zero ozone depletion potential and zero global warming potential, our refrigeration systems do not release fugitive emissions. Two of our Pacific Northwest farms are net sinks of carbon. The Cool Farm Tool model indicates that carbon stocks on these farms sequester over one metric ton of CO<sub>2</sub> per acre annually due to the beneficial tillage and cover cropping practices on these farms. Conversion from annual crops to no-till permanent crops has helped minimize soil disturbances and build soil organic carbon on these properties.

Our cover crop plantings of clover and perennial grasses also contribute substantially to carbon stocks by increasing biomass production and protecting soil health. Finally, woody biomass accumulation in our crops represents a significant carbon sink. The estimated annual biomass production of our crops far exceeds our total CO<sub>2</sub> equivalent emissions. However, since the emissions impact of this stock depends on its long-term fate and the method of accounting, in the interest of conservative reporting we omit woody biomass from our total fund level emissions.

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	measuring to manage	annual CO <sub>2</sub> e (metric tonnes)	USDA COMET Energy tool and Cool Farm Tool

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.
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☉ Processes for climate-related risks are integrated into overall risk management

Please describe

At Agriculture Culture (AC), we believe strongly that the key elements that comprise our approach to ESG leadership (as outlined in our ESG policy and elsewhere in our materials) also describe our fundamental framework for addressing risk. We believe sustainable methods of food production can dramatically reduce our exposure to the following critical business risks at a global scale:

- Climate disruption
- Water scarcity
- Other environmental factors
- Chemical use and crop protectants
- Labor
- Food safety

**CLIMATE DISRUPTION**

Atmospheric pollution from the use of fossil-based sources of energy is contributing to global climate instability and, by extension, can lead to major business disruption in the form of wide temperature swings and more catastrophic storm and weather-related events. As such, we are focused on business practices that we believe can mitigate the effects of climate change. We measure and manage our use of all forms of non renewable energy and are deploying energy management technology and other equipment to ensure that we are using as little energy as possible to produce the most high quality, nutritious food and are working to reduce our exposure to fossil energy price volatility. We are also actively evaluating opportunities to deploy renewable sources of energy throughout our business. We recognize that soil health is the most critical indicator of the long-term productivity and health of agricultural investments, and we believe soil quality is severely threatened. We utilize leading edge techniques such as cover cropping and composting to maximize soil organic matter and microbial health, simultaneously improving the essential role that healthy soil - and particularly soil that is not tilled as in our permanent crop context - can play in sequestering carbon that in many other farming operations is actually a contributor to climate change.

Processes for climate-related risks are not integrated into overall risk management

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 15.1</b>	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

<b>SG 15.2</b>	Indicate the percentage of your total AUM invested in environmental and social themed areas.
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	%
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100

<b>SG 15.3</b>	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
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	Area
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- Energy efficiency / Clean technology
- Renewable energy
- Green buildings
- Sustainable forestry
- Sustainable agriculture

Asset class invested

Property

Percentage of AUM (+/-5%) per asset class invested in the area

25

Farmland

Percentage of AUM (+/-5%) per asset class invested in the area

75

Brief description and measures of investment

Synergistic farmland and midstream processing properties focused on permanent crops

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

No