



**AGR**  
PARTNERS  
from nuveen



**2023**

**Agribusiness strategy:**  
*sustainability report*



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## TABLE OF CONTENTS & STRATEGY OVERVIEW

- 1 | A message for our readers
- 2 | Portfolio overview
- 4 | AGR's approach to ESG integration and sustainability

### Case studies

- 8 | Ridley Australia
- 12 | Titan Farms
- 16 | Looking ahead
- 17 | Conclusion



*AGR Partners is a specialist food and agribusiness investor that provides long-term capital to grow industry leaders.*

*Founded in 2012, the AGR team cultivates partnerships with company owners and management teams, demonstrating the values of integrity, respect, relationship building and good stewardship.*

**A MESSAGE FOR OUR READERS**

*Since its founding 10 years ago, AGR Partners has been dedicated to providing investors with attractive risk-adjusted returns by partnering with companies that are committed to sustaining the world's food and agriculture value chain.*

Throughout our history, we have been attuned to the risks and opportunities presented to us and the industries in which we invest by Environmental, Social and Governance (“ESG”) factors. ESG plays a role in AGR’s investment process – from assessing sectors and investments to conducting due diligence and building value creation strategies.

In 2022, we achieved several milestones:

- In March, AGR partnered with Prime Time Produce, a leading produce supply chain manager that sustainably grows, packages, ships and markets fresh vegetables.
- In September the team successfully closed on a majority investment in Rembrandt Foods, a leading egg products producer.
- As we were preparing this report, AGR exited our investment in Titan Farms in Q1 2023 via a debt recapitalization led by the family owners. AGR originally invested in Q2 2018 to help strengthen governance and invest in processing capabilities that reduced waste and opened new markets. (Read more on [page 12](#)).

This report also features the ESG work of a company AGR partnered with in 2013: Australia-based Ridley, which is founded on recycling and upcycling principles and continues to innovate and improve ([story on page 8](#)).

Sustainability remains a focus for AGR and our portfolio companies. We continue to encourage best-practice sharing amongst our partner companies and embrace ESG as a core underwriting criteria as we invest in new opportunities.

Please enjoy the report and call upon our team with any questions or comments.

Sincerely,



Ejnar Knudsen



**Ejnar Knudsen, CFA**  
Managing Partner,  
AGR Partners

**THROUGHOUT OUR  
10-YEAR HISTORY**

**\$600M+**

invested (approximate)

**16**

investments in food and  
agribusiness companies

# Portfolio overview<sup>1</sup>

## United States



● Portfolio company operations



PET FOOD INGREDIENTS



EGG PRODUCT MANUFACTURER



CATTLE FEEDLOT OPERATOR



WHOLESALE NURSERY BUSINESS



SEAFOOD HARVEST AND PROCESSING



SPECIALTY EGG PRODUCER



PRODUCE SUPPLY CHAIN MANAGER



VALUE-ADDED EGG PRODUCTS



CORN MILLING



SOYBEAN CRUSHING PLANT



VERTICALLY INTEGRATED PEACH COMPANY



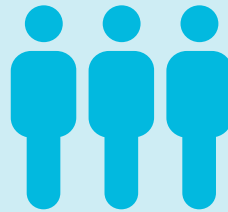
VALUE-ADD ALMOND PROCESSING



VERTICALLY INTEGRATED WINE COMPANY



**~3,000**  
*full-time employees in  
rural communities*



**Quality food products provided annually:**

Bell peppers	<b>80M+ lbs</b>
Processed almonds	<b>110M+ lbs</b>
Liquid egg products from 1B+ shell eggs	<b>140M+ lbs</b>
Processed grains	<b>2M+ tons</b>

**Australia**



ANIMAL FEED PRODUCTS



PET FOOD INGREDIENTS

**New Zealand**



● Portfolio company operations



AGRICULTURE  
EQUIPMENT MANUFACTURER



# AGR's approach to ESG integration and sustainability

*AGR seeks to deliver risk-adjusted returns for our investors by partnering with companies whose primary business activities align with our investment strategy, values and vision. In doing so, we believe it is important to be good stewards of both capital and the earth's resources. This is why we integrate ESG considerations into our investment process and weave it into the fabric of our working relationships.*

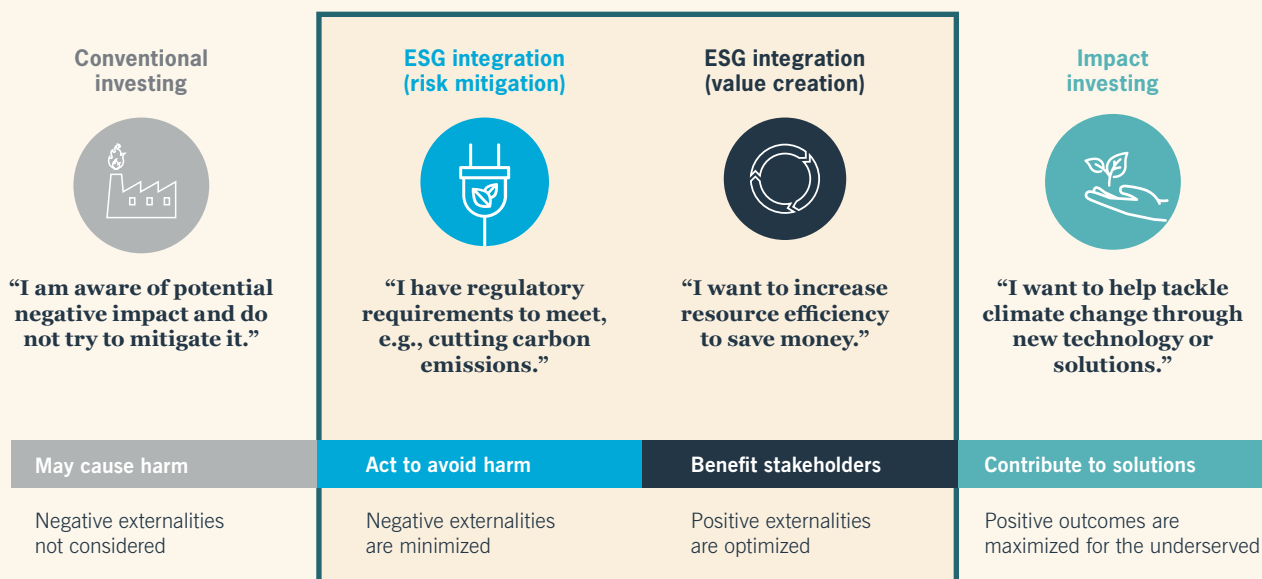


Devil Mountain Wholesale Nursery has 14 locations across the state of California.



## Responsible investing spectrum: AGR’s focus

AGR works with Nuveen’s Responsible Investing team to align with global ESG best practices. The figure below shows the traditional Responsible Investing spectrum with a box that highlights AGR’s areas of focus. We strive to integrate ESG into our investment process to both *reduce risk* and *create value*.



Here are examples of each of AGR’s focus areas on the spectrum:

### ESG integration (risk mitigation)

During due diligence AGR engages with environmental specialists to review a company’s operational sites, with findings assessed by AGR’s investment committee. Additionally, our team completes an annual portfolio-wide uniform risk assessment, which a Nuveen-AGR Partners joint committee reviews.

### ESG integration (value creation)

On [page 12](#), you will find examples of how portfolio company Titan Farms increased business efficiency using methods that created monetary value and positively impacted the environment.

## Approach

Our investment team applies a sector-specific approach to assess each company’s material ESG risks and opportunities, as well as its capacity to address those risks and opportunities. Each AGR portfolio company has unique features, so we identify which business issues and factors are likely to materially affect each specific investment.

Our team uses various frameworks to assess these risks during due diligence and presents its conclusions within the investment memo that’s presented to AGR’s investment committee. We achieve such identification by combining our business knowledge with sector-

and company-specific insights from AGR’s extensive industry relationships, as well as analysis provided by credible third-party research.

Our expertise in the field and strong contractual governance rights for each investment allow for constructive engagement with company boards, management teams, and other shareholders of portfolio companies. We proactively and pragmatically engage with companies to discuss and address material ESG issues or opportunities.

We strive to communicate transparently about ESG matters through ongoing client communication and our annual sustainability reports.

# Alignment with the UN Sustainable Development Goals

*The UN SDGs are designed to guide how society can create a more sustainable and equitable future. All companies generate social and environmental impacts that affect these goals.*



Prime Time Produce harvests many pepper fields like this one, burnishing their reputation as “The Pepper People.”



**AGR’s investment activities align with certain UN SDGs. The framework below illustrates our strategy across three categories in relation to their alignment with the UN SDGs.<sup>2</sup>**

### Assessing AGR investment activity alignment with UN SDGs



*We do not align with UN SDGs 4, 11, 16 or 17, as we do not consider these goals to be investable.*

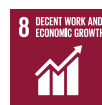


#### Examples

*Using solar power to reduce carbon footprint, advancing employee health and safety initiatives, installing state-of-the-art processing equipment for water and energy conservation.*



AGR’s portfolio companies produce food products and value-add processing to raw agricultural products, helping to meet the world’s growing demand for food.



AGR’s portfolio companies track worker safety to ensure safe working conditions for their employees. In addition, these companies are located in rural areas where employment opportunities may be limited. They provide quality jobs with benefits and opportunities for merit-based advancement to support local economies.



AGR works closely with its portfolio company management teams to evaluate capital expenditure projects (plants, equipment, processes, etc.) that increase efficiency and expand capacity.



AGR partners with its portfolio companies to find ways to do more with less. In some cases this relates to: **1)** capital expenditures to improve production or energy efficiency; **2)** evaluation of production processes to reduce waste; or **3)** working with suppliers or customers on a variety of ESG matters. In all cases, the focus remains on profitable growth that is decoupled from environmental degradation.

#### Examples

*Producing high-quality protein and food ingredients for consumers, job creation and community support in underserved rural America, employee ownership programs, investing in growth of infrastructure for the U.S. food system.*

## Case studies

### AGR AND RIDLEY

In 2012, AGR analyzed Australia’s animal feed and rendering industries to look for possible investment opportunities in the sector. Our team determined that structural growth behind Australia’s protein production industries as well as the underappreciated nature of rendering businesses presented possible opportunities.

As the team analyzed the sector, AGR identified Ridley as an undervalued industry leader. Formed in 1987, the company had grown – organically and through acquisitions – to account for about 25% of both the animal feed and servicing rendering industries and was positioned to accelerate growth.

In May 2013, AGR invested \$56 million for a 19.5% ownership position in Ridley, anticipating that the company could continue to grow and improve its competitive position.

Over the following decade, AGR and Ridley collaborated to achieve a series of strategic goals, while driving steady business growth. Key growth drivers included the company’s construction of multiple modern feed-milling assets and a series of capital projects to debottleneck and improve yield across the business. Further, Ridley improved the performance of its rendering business by creating a series of high-protein, valued-added ingredients for the aqua feed industry.



# Improving animal nutrition to more sustainably feed people

*As global demand for protein-rich diets rises, Ridley is focusing on innovation in its markets to improve the effectiveness and sustainability of animal feed.*

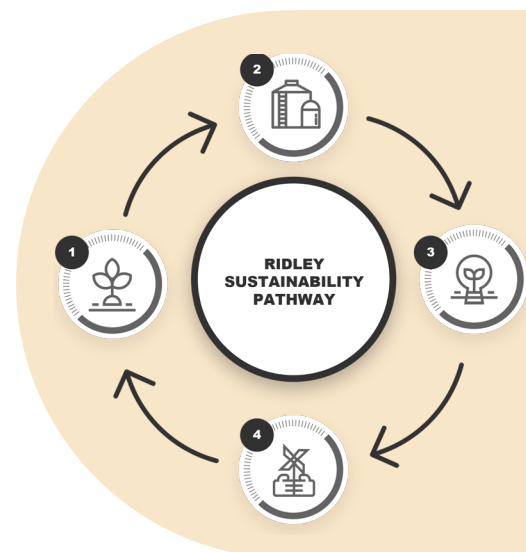
Ridley is Australia’s largest producer of animal feed, providing over 2 million tons of feed per year to its customers. The company, which has now been operating for over 30 years, has consistently grown in size and reputation through high quality products and innovation.

Today, Ridley’s various operational sites produce a range of finished feeds and feed ingredients based on Australian-grown cereal grains. These feeds improve the health, well-being and performance of animals in Australia’s dairy, poultry, pig, beef, horse, sheep, laboratory, pet food, aquaculture, and lifestyle industries.

Additionally, the company’s rendering division recycles animal by-products to produce poultry and fish meal and oil. Taken together, Ridley’s operations serve to “upcycle” various inputs to enhance animal nutrition, create value for customers, and mitigate environmental impacts.

### Broad sustainability initiatives

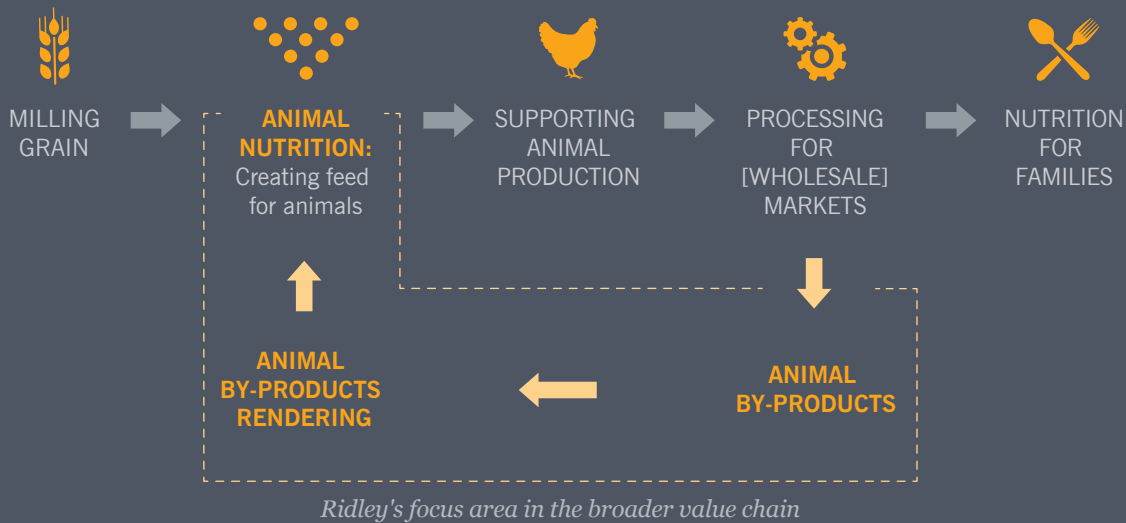
Since AGR’s investment a decade ago, Ridley has advanced on a range of sustainability fronts. By example, in May 2022, Ridley deepened its commitment to ESG principles by creating its Sustainability Pathway, a strategy for infusing environmental, social and governance considerations even more deeply into its culture and operations.





### Ridley's focus in the value chain

The company contributes to a more sustainable and resilient value chain by focusing on:  
**Animal nutrition | Animal by-products | Animal by-products rendering**



**Ridley's Sustainability Pathway is underpinned by four pillars (see below) and informed by seven UN Sustainable Development Goals. The Pathway has four elements:**

- 1 **Smarter ingredients** – Sourcing high-quality raw materials that are produced with respect to social and planetary boundaries.
- 2 **Optimized production** – Optimizing the manufacturing and supply chain processes to reduce our footprint.
- 3 **Effective solutions** – Developing technical solutions that enable farmers to produce more from less.
- 4 **Meaningful partnerships** – Creating safe, healthy, and diverse workplaces that support vibrant local communities.



“ In May 2022, Ridley announced its Sustainability Pathway, which is designed to embed animal nutrition as a key contributor to more sustainable and profitable farming. We are working with our customers and suppliers to deliver real value in sustainable ways with a focus on smarter ingredients, optimized production, effective solutions and meaningful partnerships. We believe that Ridley is well placed to execute on these initiatives and this will further strengthen our competitive advantage with our customers.”

**Quinton Hildebrand**  
Chief Executive Officer and Managing Director



## ENVIRONMENTAL

**Managing energy use:** Ridley’s company-wide energy audits have highlighted opportunities to improve efficiency in various business units. In fiscal year 2022, Ridley directed more than 70% of tallow production into biodiesel, renewable biodiesel and/or sustainable aviation fuel plants.

**Reducing carbon pollution through scalable solutions:** Australia’s beef industry is seeking to reduce its carbon footprint via methane abatement initiatives. However, some currently proposed methods are uneconomical or impractical for beef farmers to adopt.

To contribute to solutions, Ridley is offering a weanlings (8- to 12-month-old calves) dietary supplement to be fed during Australia’s dry season. When this concept was tested, animals gained weight and the breeding herd’s reproductive performance also improved.

Ridley engaged external third parties to test its strategy. They found that adding the supplement reduced the CO<sub>2</sub>e per kg of meat by from 10% to 20%, while also increasing gross margins for grazing cattle producers.

**Managing water resources:** In fiscal year 2021, all Ridley sites were charged with reducing their use of water; in their first year of focus Ridley’s Rendering unit reduced water consumption by almost 10%.

## SOCIAL

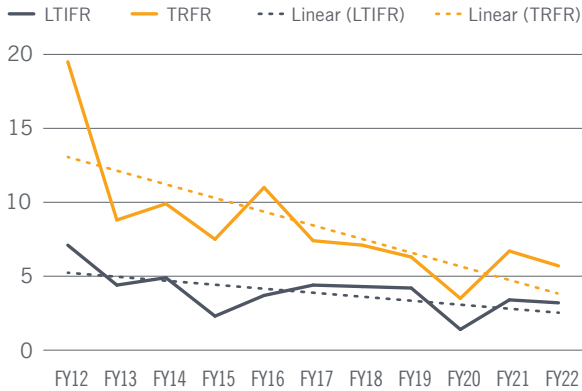
**Community:** Ridley actively supports local communities where it operates. This occurs through donations to institutions across Australia as well as providing disaster relief assistance where it can.

**Safety:** Ridley advances worker safety by: maintaining a health, safety and environmental management system; engineering responses for physical hazards in manufacturing settings; reporting on safety to the Board; and integrating safety factors into employee appraisals and manager compensation. Since 2012, the company has achieved overall reductions in worker injuries ([see Record safety performance, page 11](#)).



## Record safety performance

### Incidents per million hours work



LTIFR: Lost Time Injury Frequency Rate  
 TRFR: Total Recordable Frequency Rate

## GOVERNANCE

**Strengthened executive leadership:** In recent years the company has better aligned executive compensation with company goals. Additionally, Ridley welcomed two new leaders to its board: Julie Raffe and Rhys Jones.

**Driving superior quality:** Ridley is striving to ensure that its products meet a superior standard by embracing a comprehensive Quality Management System. This system was built to meet Australian and International Standards and is certified by third-party accredited organizations.

**Certifications:** Ridley sites have FEEDSAFE and Hazard Analysis Critical Control Point (HACCP) accreditation and several of their manufacturing sites have specialized industry accreditations to ensure that customers' and consumers' expectations are met.



Processing grain at one of Ridley's facilities.

## Case studies

### AGR AND TITAN

In February 2016, as part of its ongoing scan of agribusiness innovators, AGR was introduced to Titan Farms, a leading peach production and processing company in South Carolina. Titan's vertically integrated business model, strong worker engagement and recent processing investments made it a prospect for future partnership.

In 2017 a hard freeze struck the agricultural areas of South Carolina, dealing a particularly devastating blow to peach growers. Titan Farms lost 90% of its annual peach crop to the freeze, just as the company was poised to capitalize on newly financed processing machinery. AGR saw an opportunity to strengthen Titan's financial position after the crop loss and discussions soon began for AGR to partner with the company.

In April 2018, AGR invested over \$17 million in Titan Farms to provide stability to the capital structure and allow for the installation of new polybag equipment used to enclose and preserve sliced and diced peaches. This equipment and other production improvements allowed Titan to capitalize on new opportunities, including participation in the USDA's Foods in Schools program.

In early 2023, AGR exited the investment, representing a successful investment for AGR while meeting the founder's goal of returned ownership of Titan entirely to the Carr family.



# Bringing nutritious peaches to market – with engaged workers and sustainable processes

*By combining today's most innovative technology with time-honored worker engagement policies, Titan Farms is providing more peaches – in more ways – to American families every year.*

South Carolina is second only to California in U.S. peach production – and in a typical year has a yield two to three times that of Georgia, a state often associated with peach production. What's more, Titan Farms, located in "The Ridge" region of South Carolina, is among the state's largest peach producers.

What's most impressive about Titan's operation is not its scale, however, but the sustainability themes that drive its continuing success. First and foremost is the company's steadfast dedication to creating and sustaining quality jobs in rural communities, both for local residents and for guest workers who join the team seasonally from other countries. Titan is one of the largest employers of H-2A visa workers in the country, and demonstrates

extraordinary commitment to their well-being ([see Social on page 14](#)). Recognizing the vital contribution of these workers, Titan strives to treat them as part of the Titan family, offering quality housing (home away from home), and providing opportunities to advance into positions of higher responsibility from year to year.

Additionally, aided by AGR's capital investments, Titan has succeeded in bringing more peaches to market – to grocery stores, schools and kitchen tables – by building an advanced peach processing capability in the heart of South Carolina's peach-growing region. This investment has allowed Titan to transform imperfect peaches (not suited for retail venues) into marketable commodities that deliver



**April 2018 – AGR invests**

**February 2023 – AGR exits**

**45M lbs**

peaches sent to market annually



**62M lbs**

peaches sent to market annually

**30%**

peach harvest relegated to compost



**5%**

peach harvest relegated to compost

Inactive Board of Directors



Board of Directors, with three voting members and three or more non-voting business advisors

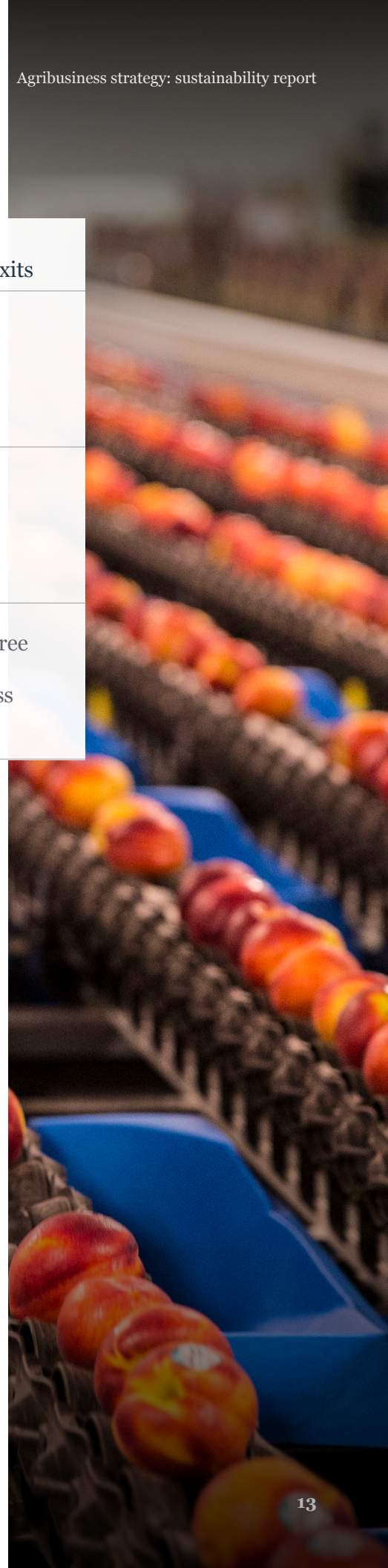
nutrition and generate revenues. Before Titan went all-in on these capabilities, approximately 30% of its annual peach harvest was disposed for compost. Now, nearly 95% of its harvest makes it to market, either as whole ripe peaches or as processed peaches in a variety of forms and packages.

**ENVIRONMENTAL**

**Water conservation:** A custom, web-based irrigation system facilitates enhanced control of water across Titan's 15- square-mile farm. Moisture probes in vegetable beds measure the soil's ability to hold water, thus informing irrigation activities. Weather stations provide data on chill hours, rain events and other critical factors for optimal crop management.

**Food safety:** Titan controls every aspect of its operation, from its fields and orchards to packing and shipping. Trained employees follow Good Agricultural Practices (GAP by USDA) and Good Manufacturing Practices to ensure that products are handled in the safest possible conditions. The company completed its third year of Global Food Safety Initiative (GFSI) certification and received a superior score of 95.

**Product traceability:** When harvested, peaches are placed into bins identified by bar codes. Bins are scanned at the packhouse and each lot receives a unique ID number that remains with it through packing, storage and shipping to support a high degree of traceability. This Traceback and Recall Program is tested at least annually.



“Titan Farms is committed to supporting our people and community. One way we do this is through our involvement with the USDA school lunch program, which provides over 5 billion lunches a year. In addition, Titan provides quality employment with better than industry-standard benefits for over 60 full time positions a year and is proud to participate in the H-2A program with a 95% retention rate, employing over 800 seasonal employees.”

Chalmers Carr  
CEO



**Plasticulture efficiency:** Vegetables (another Titan crop) are grown in raised beds, covered with a special plastic film to facilitate the production of high-density crops. Using this process, Titan requires only about 60% of the land normally used for such production, while producing 200% more plants and generating 300% greater yield as compared with conventional planning methods.

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## SOCIAL

**Model H-2A employer:** Titan Farms has taken part in the U.S. government's H-2A guest worker program for decades. Today, it is among the nation's largest H-2A private employers, hiring up to 800 seasonal employees in a typical year. Through exemplary efforts to accommodate and engage H-2A employees, the company has achieved a retention rate of 95%.

**Quality housing:** In recent years, Titan has spent more than \$1 million to build and upgrade on-site housing for its seasonal workers. Facilities feature amenities such as central heating and air, satellite TV, separate private quarters for team leaders, and duplexes designed for guest workers who bring spouses. The U.S. Department of Labor inspects these facilities regularly.

**Health and safety:** During early phases of the COVID-19 pandemic, Titan took action to help protect workers by inviting local public health officials to visit the farm and administer vaccines. They also packaged and distributed more than 48,000 boxes of produce to needy families via the USDA Farmers to Families Food Box program.

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## GOVERNANCE

**Established board of directors:** During AGR's partnership with Titan, a board of directors was formed, with guidance from a group of experienced business advisors. The board has three voting directors and three non-voting advisors (including AGR Advisory Board member Doug Circle).

**Capital investment process enhanced:** A rigorous process was put in place to guide major capital investment decisions, which would be presented to and reviewed by the board.

**Strengthened financial management:** With support from AGR, Titan created a position for an experienced Controller to oversee financial processes, a role that has since transformed into a Chief Financial Officer. Among the impacts has been the transition to accrual accounting from the former cash-basis accounting and a detailed annual budgeting process supported and monitored by dynamic cash flow forecasting to capture seasonal cash receivables and disbursements.





**62**  
**million lbs**  
*of peaches*  
*each year*



# Looking ahead

*Nuveen and AGR Partners share timeless values, such as acting with integrity and delivering excellence. As part of our commitment to these values, we pursue continuous improvement and active learning, both of which manifest in purposeful refinements to our ESG approach year after year.*

## **Elevate ESG in our value-add partnering**

Since our founding 10 years ago, the AGR team has combined its investment support with value-add advice and resources to help partner companies grow. We aim to sustain this strong level of assistance across all areas of their enterprises, including in ESG principles. Accordingly, we plan to leverage relationships in our professional network to bring forth best practices and practical solutions for partners to pursue their ESG-related goals.

## **Sustain momentum on carbon footprinting**


In 2023, we will seek to gain a broader view of the risks and opportunities presented by the carbon footprinting process, building upon what we've learned in recent years. This will leverage the work AGR has done to complete a high-level review of all partner companies' footprints.





# Conclusion

*We remain committed to working with our portfolio partners to seek business growth while strengthening our communities and companies. AGR Partners recognizes its role as a steward of our investors' capital to achieve attractive risk-adjusted returns that benefit all of our stakeholders.*



Rembrandt Foods' core facility was strategically placed within proximity to feed partners to reduce transportation and emissions.

**For more information about investing in the agriculture value chain, visit our website at [nuveen.com/infrastructure](https://nuveen.com/infrastructure).**

**Endnotes**

- 1 The following companies are not outlined in the annual ESG report as the investment has been substantially realized in previous years: TruTest (2018), 3D Corporate Solutions (2019), Icicle (2019), and Opal Foods (2020).
- 2 The framework illustrated on page 7 is based on the Impact Management Framework.

**Risks and other important considerations:**

**Agribusiness investments are subject to various risks, including operating risks, management performance, fluctuations in property values, higher expenses or lower income than expected, and potential environmental problems and liability.**

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Responsible investing incorporates Environmental Social Governance (ESG) factors that may affect exposure to issuers, sectors, industries, limiting the type and number of investment opportunities available, which could result in excluding investments that perform well.

ESG integration incorporates financially relevant ESG factors into investment research in support of portfolio management for actively managed strategies. Financial relevancy of ESG factors varies by asset class and investment strategy. Applicability of ESG factors may differ across investment strategies. ESG factors are among many factors considered in evaluating an investment decision, and unless otherwise stated in the relevant offering memorandum or prospectus, do not alter the investment guidelines, strategy or objectives.

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