

## Sustainability Policy

Effective: 28 March 2023  
Owner: General Manager – Investor Relations, Corporate Affairs & Sustainability  
Approval: Board  
Reviewed: Annually  
Version: 1

<b>POLICY</b>	Sustainable outcomes are reliant on balancing environmental and social considerations with corporate governance to create and maintain value. Operating in a sustainable manner enables RFM to protect assets now and into the future.
<b>PURPOSE</b>	This policy outlines our commitment and approach to undertaking our activities in an environmentally and socially responsible manner and outlines our corporate governance framework.
<b>SCOPE</b>	This policy applies to RFM and all entities which are owned and/or managed by RFM.
<b>NEED HELP?</b>	Any queries regarding this policy should be directed to the GM – Investor Relations, Corporate Affairs & Sustainability, or the Sustainability Analyst.

## Sustainability

RFM seeks to operate in a sustainable manner by considering the impact of its activities on the environment, the people within the business and the local communities where the organisation operates.

Environmental sustainability is defined as responsible stewardship of natural systems and resources. RFM's farming businesses are dependent on the utilisation of natural systems and resources and as such, it is important that these assets are protected, their value recognised to ensure sustainable productivity now and into the future.

RFM's business is also dependent on its people and other stakeholders, such as the communities in which the Company operates. Social aspects of sustainability consider the impact of RFM's activities on these important stakeholders.

## Environment

RFM acknowledges that environmental stewardship is critical to the successful long-term, sustainable performance of assets, and recognises our environmental responsibilities as custodians of agricultural assets.

RFM continues to identify ways to utilise natural resources more efficiently and minimise the impact that production systems have on the environment.

Applying sustainable practices is in the best interest of investors and the environment, and RFM believe that good environmental practices typically produce good farming outcomes.

### ***Climate change and climate-related risk management***

1. RFM acknowledges the need for climate-related risk management and makes use of available data, modelling and industry knowledge when assessing acquisitions and developments and understanding risk analysis and assessment.
  - a. When acquiring and developing assets, RFM considers the above factors, whilst concurrently applying appropriate asset design and infrastructure to lead to positive sustainability outcomes.
  - b. The National Greenhouse and Energy Reporting (NGER) Scheme determines that RFM does not meet determined thresholds and therefore does not have an obligation for registration and reporting of annual emissions under the NGER Act. RFM will continue to monitor changes to the NGER Scheme.

The Company may voluntarily quantify and review emissions from certain unleased assets within Rural Funds Group (RFF). Emissions quantification provides the opportunity to monitor and consider the implementation of future metrics, targets, and potential strategies to reduce emissions for non-leased assets.

RFF is a real estate investment trust and as such, most assets are leased, and the emissions produced by these assets are under the operational control of lessees. RFM has limited ability to impact the emissions produced by these assets. Furthermore, emissions from leased assets are the responsibility of lessees, not RFF. However, RFM may work with lessees to assess and where possible, implement emission reduction and carbon sequestration opportunities.

### ***Responsible consumption and production***

2. RFM acknowledges that the sustainability of natural resources is linked to responsible consumption and production.
  - a. The Company seeks to minimise environmental impacts by improving resource efficiency and reducing waste and pollution.
  - b. RFM endeavours to balance conservation of natural systems with production, aligning with its aim to produce more with less.
  - c. RFM effectively and efficiently uses inputs such as fertilisers, pesticides, tillage and irrigation water by adopting modern, precision agricultural techniques to achieve optimal utilisation.
  - d. RFM utilises genetics (crop and livestock) that can efficiently utilise inputs.
  - e. To achieve improved productivity and efficient use of resources, RFM is committed to adopting best practice methods and strives to implement latest technologies and knowledge.
  - f. RFM aims to reduce and recycle waste materials where practical and dispose of other waste material responsibly.
  - g. To improve resource use efficiency, RFM promotes circularity principles. An example is ensuring every part of the macadamia tree and nut waste is reused or recycled as compost.

### ***Protecting land and water***

3. Healthy, sustainable, and productive land and water is vital to our operations.
  - a. As landowners and operators, RFM adheres to relevant environmental laws and regulations.
  - b. RFM protects ecosystems through land management practices and may engage with voluntary industry-led Best Management Practice (BMP) systems such as, Hort360 which improves natural resource management.

- c. RFM maintains relevant sites to protect certain threatened species.

### **Lessees**

4. RFM encourages lessees to maintain assets in a sustainable manner.
  - a. Lessees are generally responsible for operating properties according to agricultural standards and practices under the terms of the lease. Leases are also subject to various environmental legislation and regulations.
  - b. Lessees are generally required to manage certain climate-related physical risks where applicable (eg fire hazard) and adhere to best practices to reduce the impact on assets (eg permanent plantings).

### **Social considerations**

RFM's guiding motto "*managing good assets with good people*" speaks to the importance of its people and the value RFM places on their contribution. RFM selects employees for their experience and passion of the agricultural industry and the RFM business, and their respectful, precise, diligent, honest, and ethical approach to work.

Precision is an important element of the RFM culture and an area where the Company continues to focus employee development. Doing precise work provides many benefits, including achieving a safer workplace and better operational outcomes.

RFM undertakes the operation and development of some of RFF's assets in its capacity as responsible entity, as RFF does not employ staff directly.

### **Employee benefits**

5. RFM respects its employees and rewards their contribution by offering employees a range of financial and non-financial benefits and initiatives.

### **Safety**

6. The safety of RFM employees and contractors is a priority.
  - a. RFM fosters a culture of precision in everything it does and supports, promotes, and protects the health, safety and wellbeing of its employees.
  - b. To achieve safety standards, RFM is committed to investing in appropriate systems. The Company's online safety management system (SMS) oversees safety policies, procedures, risk assessments, meetings, machinery inspections and other safety tasks.
  - c. RFM monitors for improved approaches to safety on an ongoing basis.
  - d. RFM reports monthly on all safety incidents to the RFM Board.
  - e. RFM includes safety obligations in RFF lessee agreements.

### ***Diversity and inclusion***

7. RFM recognises that there is gender and cultural disparity in the agricultural industry. The Company seeks to improve its employee gender and diversity mix.
  - a. RFM is committed to ensuring that the Company's policies and initiatives remain up to date and relevant, including Diversity Policy, Equal Opportunity Policy, Code of Conduct and Recruitment and Retention Policy.
  - b. RFM provides diversity data to the RFM Board bi-annually and updates diversity metrics with the Australian Government Workplace Gender Equity Agency (WGEA) annually. These updates are also published in the RFF annual report.

### ***Learning and development***

8. The continual development of employee skills and expertise is fundamental for ongoing improvement within the business. RFM provides a range of training, development, and study opportunities.

### ***Community***

9. Supporting our local communities and organisations, particularly where there is a connection with the agricultural sector, the organisation or our employees, is very important to RFM.
  - a. RFM supports various initiatives that meet these criteria and have a positive impact.
  - b. RFM engages with various organisations to provide employment and work experience opportunities for indigenous people, disabled people, and long-term unemployed people where appropriate.

### ***Governance***

10. RFM has a robust corporate governance framework. Relevant documents and policies are accessible by visiting the Governance section of the RFM website (<https://www.ruralfunds.com.au/about#corporate-governance>), including:
  - Anti-Bribery & Corruption Policy
  - Continuous Disclosure Policy
  - Corporate Governance Charter
  - Conflict of Interest Management Policy
  - Diversity Policy
  - Privacy Policy
  - Risk Management Policy
  - Securities Trading Policy
  - Whistleblower Policy.

## Definitions

Term	Definition
<b>Board</b>	RFM Board of Directors.
<b>Hazard</b>	Any situation, substance, activity, event or environmental factor that could potentially cause injury, ill health, harm, damage or loss to a person, property or the environment.
<b>NGER Scheme</b>	Refers to the relevant legislation applicable to entities to determine reporting requirements, including: <ul style="list-style-type: none"> <li>• <i>National Greenhouse and Energy Reporting Act 2007</i> (Cth) (Act)</li> <li>• <i>National Greenhouse and Energy Reporting Regulations 2008</i> (Cth) (Regulations) and</li> <li>• <i>National Greenhouse and Energy Reporting (Measurement) Determination 2008</i> (Cth).</li> </ul>
<b>Precision agriculture</b>	Precision agriculture is a farming management strategy that seeks to exert greater control over a production system by recognising variation and managing different land areas differently, according to a range of economic and environmental goals.
<b>RFM or the Company</b>	Means Rural Funds Management Limited (ACN 077 492 838) and includes its subsidiary companies and any entity for which it is responsible entity.
<b>Risk</b>	The likelihood of injury, illness or harm (e.g. damage, loss etc.) resulting from exposure to a hazard.
<b>Risk analysis</b>	Process to comprehend the nature of risk and to determine the level of risk. Risk analysis provides the basis for risk evaluation and decisions about risk treatment. Risk analysis also includes risk estimation.
<b>Risk assessment</b>	The overall process of risk identification, risk analysis and risk evaluation.
<b>Risk management</b>	Coordinated activities (culture, processes, and structure) to direct and control an organisation with regard to risk.