

FLO Fund Domestic LLC

Charlotte, North Carolina

LH FMS AUDIT SUMMARY REPORT

March 24, 2023





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Certification Audit Re-Certification Audit Surveillance Audit Scope Extension

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INTRODUCTION

This report summarizes the results of the first certification audit conducted on FLO Fund Domestic LLC managed production agriculture properties. The audit was conducted by Matt Armstrong, lead auditor for Averum. Matt Armstrong has had experience with Leading Harvest throughout its development, is an assurance provider for multiple sustainability programs, and has expertise in production agriculture on multiple crop types in North American regions. Site visits were performed by Field Auditor Andrew Zetterberg. The audit process and reports were independently reviewed by Kyle Rusten, a certified public accountant in the state of California with expertise on multiple crop types in the United States. All senior members of the audit team hold training certificates in *ISO 17021:2015 (Conformity Assessment)*, *14001:2015 (Environmental Management Systems)*, as well as *IAF MD-1:2018 (Certification of Multiple Sites)*.

SCOPE AND OBJECTIVE

In 2023 Averum was engaged by FLO Fund Domestic LLC (FLO Fund) to perform an audit of sustainability performance on 8,042 acres of managed agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS). LH FMS objectives 1 through 13 were covered during site visits on properties in the Carolinas. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

FLO Fund Domestic LLC is an independent agricultural investment firm. Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for FLO Fund's properties. FLO Fund opted to certify 100 percent of their agricultural properties in 2023, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

FLO Fund contracted with Averum to provide a Stage 1 audit (or Readiness Review). Results of the readiness review were shared with FLO Fund. On the certification audit, three (3) sites in the Carolinas were selected, with three tenant managers included. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on sites are corn, soybean, peanuts and cotton.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for FLO Fund coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on February 16, 2023, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the Carolinas were examined on March 2, 2023. A closing meeting was held on March 24, 2023.

Opening Meeting: Conference Call

February 16, 2023; 10:00AM CST

Attendees:

(FLO Fund Domestic LLC) Brandon DuRant, Tim Richards

(Audit Team) Matt Armstrong, Andrew Zetterberg

Topics:

- Introductions of participants and their roles: Matt Armstrong
- Introduce audit team: Matt Armstrong
- Status of findings of the previous audits: N/A
- Audit plan: Matt Armstrong
- Expectations of program user staff: Matt Armstrong
- Method of reporting: Matt Armstrong

Closing Meeting: Conference Call

March 24, 2023; 11:00AM CST

Attendees:

(FLO Fund Domestic LLC) Brandon DuRant, Tim Richards

(Audit Team) Matt Armstrong, Andrew Zetterberg

Topics:

- Opening remarks: Matt Armstrong
- Statement of confidentiality: Matt Armstrong
- Closing summary: Matt Armstrong
- Presentation of the audit conclusion: Matt Armstrong
 - Non-Conformances: 0
 - Opportunities for Improvement (OFI): 4
 - Notable Practices: 5
- Report timing and expectations: Matt Armstrong

MULTI-SITE REQUIREMENTS

FLO Fund maintains operations on multiple properties in North and South Carolina. FLO Fund qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. A regional manager is responsible for developing corrective action plans regarding LH FMS conformance and report them to FLO Fund management. FLO Fund's current review and monitoring process is effective and ongoing.

Field visits and observations are conducted based on a sample of regions each year. Sampling methodology is provided in the LH FMS. In accordance with International Accreditation Forum Mandatory Documents (IAF-MD) methodology, all sites were initially selected at random with consideration of any preliminary examinations and then coordinated to ensure representative coverage of the complexity of the portfolio, variance in sizes of properties, environmental issues, geographical dispersion, and logistical feasibility.

Region	Crop	Properties Examined During Engagement
North & South Carolina	Soybean, corn, cotton, peanuts	Three (3) sites visited during the audit. <ul style="list-style-type: none">- 8,042 gross acres in production- Carolinas represents 100% of all acreage- Management population: One (1) regional manager, three (3) tenant operators- Sites visited: Cantey Bay, Grist Mill, Eden- Sample sites represent approximately 42% of total acreage

AUDIT RESULTS

Overall, FLO Fund's agricultural operations conform to the objectives of the Leading Harvest Farmland Management Standard 2020 (LH FMS). Interviews and document reviews were performed to determine procedural and documentation conformance to the LH FMS. Documentation of practices was continuously supplied throughout the audit when requested. Documentation from multiple sites was provided to auditors. Field visits were performed on three operating sites, with all three in South Carolina. Visits were pre-planting or just planted, so planting efficiencies and soil management were highlighted. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate FLO Fund's conformance and policy implementation. Central office staff with roles that impact LH FMS conformance were interviewed to determine awareness of and support for LH FMS conformance, and to illustrate company practices and procedures not performed by farm managers. FLO Fund's Regional Manager served as a guide and was available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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The following are summarized findings, per LH FMS performance measure. Specific non-conformances, opportunities for improvement, and notable practices are described in the Key Findings section of this report.

OBJECTIVE 1: SUSTAINABLE AGRICULTURE

Performance Measure (PM) 1.1 Sustainable Agricultural Stewardship

Conformance Evidence:

- Agriculture Sustainability Commitment document
- Leading Harvest Commitment Statement
- ESG Goals in lease language

Auditor Notes:

- *A written statement provided by The Rohatyn Group, FLO Fund's parent company, is on file and adopted by FLO Fund. The statement outlines the company's goals and dedication to sustainable stewardship of the farmland in their portfolio.*
- *Environmental, social and governance goals are included in lease language for tenants to follow.*
- *There are no major concerns regarding economic, social, and environmental factors in operation. Tenants provide good upkeep and maintenance.*
- *Managing tenant relationships is a top priority for FLO Fund to keep good stewards of the land farming on their sites.*
- *Upgrading farming equipment and equipment on sites including pivots to enhance efficiency and software capabilities.*
- *Pollinator strip has been planted on some sites.*
- *FLO Fund uses the US Department of Agriculture (USDA) definition of Prime Farmland for planting decisions.*
- *FLO Fund utilizes the Highest and Best Use principle of real estate appraisal for ensuring that no prime farmland is converted to another land use.*
- *FLO Fund utilizes soil maps and yield records to ensure that all prime farmland acres are in an active row crop rotation that follows the Highest and Best Use principle.*
- *Web Soil Survey from the USDA along with geographic information system (GIS) data allows FLO Fund to know where prime acres are by running quick reports.*

Result: In Conformance

OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

Performance Measure (PM) 1.2 Critical External Factors

Conformance Evidence:

- Monthly reports
- Farm Checklist
- Management interviews

Auditor Notes:

- *The farm manager visits farms at least monthly and works with tenants on any on-farm issues that arise.*
- *Monthly reports are generated for each site describing the status of the farm, crop market conditions, expenses on the farm, and potential legislative or regulatory items.*
- *Lease market analysis, review of farm inputs, rainfall tracking, crop yield history.*
- *A farm checklist is filled out annually to determine the condition of the farm and permanent assets.*

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation

Performance Measure (PM) 2.1 Soil Health

Conformance Evidence:

- Lease language
- Soil samples
- Cover crop images
- Soil application records
- Farm maps
- Nutrient Management Program

Auditor Notes:

- *Soil testing on 5-acre grids on sites visited, 2.5 acres when needed to account for diversity of the soil.*
- *On sites with sandy soils, cover is always maintained by cover crop or crop residue.*
- *One site visited had darker, reduced soil. Variable rate tillage used on sites with heavier clay soil types.*
- *Soil health plan is informed by using historic averages during application of current year fertilization.*
- *Tenant works with Agritechnology-certified consultants, a certification focusing on resource conservation and plan growth, on soil samples and Nutrient Management Plan.*
- *A visited site had observable issues with nematodes, tenant uses nematicides to address. Crop rotation planned carefully to mitigate effects of erosion, which is also an issue on this property.*
- *The farm manager on sites visited holds a pest control advisor (PCA) license. The farm manager performs analysis of soil health and application of crop protectants themselves.*
- *A formal Nutrient Management Plan (NMP) is maintained on record for review.*
- *Records on fertilizer usage rates and amounts are maintained, soil fertility adjustments are applied by tenants.*
- *Select farms use poultry litter to enhance farm fertility and increase phosphorous levels through organic matter.*
- *FLO Fund tenants all use best management practices (BMPs) of nutrient management when performing nutrient applications, including the following required in lease language: fall and/or winter precision ag soil sampling, establishing yield goals dependent on past history and realistic outcomes, analysis of soil samples using Mehlich, applying animal litter/manure with appropriate setbacks to protect water quality, plant tissue sampling performed during growing season if there are indications of stress, and planting nitrogen-fixing legumes in cover crops.*
- *Crop residues are left out and reincorporated to improve soil composition, address disease issues, and maintain overall soil health.*
- *Lease language states that cover crop is required, and any departure must be requested in writing.*

Result: In Conformance, Notable Practice (See Key Findings)

OBJECTIVE 2: Soil Health and Conservation (Continued)

Performance Measure (PM) 2.2 Soil Conservation

Conformance Evidence:

- Lease language
- Soil samples
- Cover crop images
- Erosion control images

Auditor Notes:

- *Select sites visited have no reported or observable issues with erosion.*
- *There are ditches on properties to facilitate allow a water outlet.*
- *Select sites visited plant cover crops and leave crop residues on top of soil to protect soil from erosion. A grass way was constructed to mitigate effects of erosion by directing water off the field into a berm, which provides an appropriate outlet for water.*
- *Select sites visited had a drainage tile system in place to facilitate water runoff.*
- *No observable soil mismanagement or identified issues with soil salinization or soil acidification during site visit.*

Result: In Conformance, Notable Practice (See Key Findings)

OBJECTIVE 3: Protection of Water Resources

Performance Measure (PM) 3.1 Water use

Conformance Evidence:

- Groundwater withdrawal permit
- Pivot invoice
- Email correspondence with irrigation districts and Department of Natural Resources (DNR)
- Right of Use document
- Water records

Auditor Notes:

- *Select sites visited monitor water use through "touch and feel" on fields. Rain gauges and probes are also used on some farms. Hard pan on site allows for about 2.4 inches of rainwater penetration.*
- *Select sites visited are irrigated properties. Water tests performed do not indicate any water quality issues.*
- *Water use at another site includes one well which service two pivots. Half of the property is irrigated, and the other half is dry land. Standing water is occasionally an issue, combated by electric well pumps that can move water off site into drainage ditches.*
- *FLO Fund worked with the Department of Natural Resources in South Carolina on a well water project on select sites to help aid in the tracking of well depths to increase data in the county the site is located.*
- *Water management practices include recording rainwater and output. Water use is sent annually to the irrigation district.*
- *Tenant participates in River Basin Council, and works with DNR to collect data from wells, water levels, and withdrawal amounts.*
- *Irrigation management includes the use of electric pumps to move water off of sites.*
- *One visited site uses electronic pivots to improve efficiency of water use. Site also uses FieldNet technology for remote precision control.*
- *A site visited tracks rainwater, which allows tenant to reduce water use accordingly. This farm also uses FieldNet technology on water pivot to remotely monitor and start the equipment.*
- *Select sites create water reports and share with Department of Health & Environmental Control and the Northwest Florida Water Management District.*

Result: In Conformance

OBJECTIVE 3: Protection of Water Resources (Continued)

Performance Measure (PM) 3.2 Water Quality

Conformance Evidence:

- Lease language
- Water use records

Auditor Notes:

- *Scouting is performed weekly by tenant staff. Scouts are trained to look for areas where water is not moving off of the site and monitoring the performance of pivots.*
- *Minimum tillage practices are used to improve and maintain moisture control and reduce the impact of hard pan.*
- *One visited site produces specialty crops which are scouted on a weekly basis, where water stress on the plants and drainage issues are identified.*
- *Farms also partner with Agritechnology to make informed decisions regarding crop protectants and control infiltration of nutrients and or pathogens into groundwater.*
- *Where wetlands are present on properties visited, they are avoided and have no need to adjust product usage.*

Result: In Conformance

OBJECTIVE 4: Protection of Crops

Performance Measure (PM) 4.1 Integrated Pest Management

Conformance Evidence:

- Excerpts from South Carolina Pest Management Handbook
- Lease language
- Integrated Pest Management (IPM) Plans
- Chemical recommendation

Auditor Notes:

- *Pest monitoring best management practices include working with Agritechnology-certified consultants and regular scouting to identify pest threats. Corn earworms, aphids and nematodes are current issues on some visited sites. No reported or observable issues with disease.*
- *Pest Management Handbook provides recommendations for treatment and protectant use based on type of species and proliferation.*
- *Pest control practices include chemical application, bug traps, and scouting.*
- *Formalized IPM in place and followed on site. IPM was viewed in full on -site visits to South Carolina.*
- *Agritechnology provides insight to inform management practices.*
- *All chemical application conducted by licensed and appropriately trained staff.*
- *Tenants ensure attentive adjustments based on type of crop and qualities of soil on tracts of land.*

Result: In Conformance

Performance Measure (PM) 4.2 Crop Protection Management

Conformance Evidence:

- Lease Language

Auditor Notes:

- *Chemical treatments are applied by tenants. No empty chemical containers are stored on site.*
- *Spill prevention clause included in lease.*
- *Select tenants apply chemical treatments themselves. Tenants work with the farm manager, who holds a PCA license, and with Agritechnology-certified consultants to inform crop protectants.*

Result: In Conformance

OBJECTIVE 5: Energy Use, Air Quality, and Climate Change

Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation

Conformance Evidence:

- Farm maps
- Equipment observation
- Management interviews

Auditor Notes:

- *Tenant vehicles at sites visited have ECO boost and Tier 4 engines.*
- *Variable Frequency Oscillator (VFO) wells on site improve efficiency.*
- *All pivots are electric and are remotely started, stopped and monitored by cell phones.*
- *Irrigation driplines on pivot provide uniform irrigation, and adjustments can be made from operator's phone.*
- *Equipment viewed on site visits uses GPS to track routes.*
- *No appropriate opportunities for renewable energy development have been identified on sites.*
- *Investment has not been made and lease terms are not compatible with renewable energy production development at this time.*

Result: In Conformance

Performance Measure (PM) 5.2 Air Quality

Conformance Evidence:

- Farm maps
- Management interviews
- Auditor observation

Auditor Notes:

- *Tenants work with DNR regarding well levels and sharing data.*
- *Inventory and maintenance schedules in place to facilitate higher operating efficiency.*
- *Tenant uses Tier 4 engines in operating equipment and uses an electric water pump to irrigate property.*
- *Tenant is able to increase efficiency by reducing the number of tillage passes by using GPS tractors and efficient route planning.*
- *Dust is not an observable or reported issue on site.*
- *Tenants avoid burnings of any kind of waste on FLO Fund sites.*

Result: In Conformance

OBJECTIVE 5: Energy Use, Air Quality, and Climate Change (Continued)

Performance Measure (PM) 5.3 Climate Smart Agriculture

Conformance Evidence:

- Farm maps
- Equipment observation
- Management interviews
- Auditor observation

Auditor Notes:

- *There are many conservation practices used on FLO Fund properties to sequester and offset Greenhouse Gases (GHG). Below is a list of the various practices utilized along with the USDA-NRCS practice code associated.*
 - *Cover crop*
 - *Strip-till and/or minimal tillage with a vertical till for wheat*
 - *Nutrient Management-Precision Ag. Soil Sampling*
 - *Integrated Pest Management*
- *Tenant uses Tier 4 and ECO boost engines to improve efficiency and reduce emissions.*
- *DEF (diesel exhaust fluid) is used in equipment to help offset emission.*
- *Tenant uses John Deere RTK (real time kinematic) and JDLink as GPS technology to efficiently plan routes and automate tractors.*
- *Wind and heat are regional climate issues that have impacted crops in the past.*
- *Tree lines on the borders of the sites are used as windbreaks.*
- *Heat is combated by scouting fields and looking for signs of heat stress on crops.*

Result: In Conformance

OBJECTIVE 6: Waste and Material Management

Performance Measure (PM) 6.1 Management of Waste and Other Materials

Conformance Evidence:

- Farm production spreadsheet
- Confined Animal Manure certification
- Management interviews

Auditor Notes:

- *No hazardous waste is produced or left present on farms. Primary waste produced on sites is organic, which tenants reincorporate into soil to improve moisture retention and maintain soil health.*
- *Chemical storage containers are triple rinsed, slashed, and recycled by tenants.*
- *Tenants do not engage in any practices related to burning crop residues or other organic matter.*
- *Chemical suppliers retrieve empty and rinsed containers for processing and recycling.*
- *No chemical storage on properties visited.*

Result: In Conformance

Performance Measure (PM) 6.2 Food and Agricultural Product Waste Resource Recovery

Conformance Evidence:

- Farm production spreadsheet
- Confined Animal Manure certification
- Management interviews

Auditor Notes:

- *Grass way project implemented after crop loss to facilitate water runoff.*
- *Harvested crops are not stored on FLO Fund sites. Harvested products are either shipped directly to elevators or to off-site storage.*
- *Select farms use poultry litter to enhance farm fertility and increase phosphorous levels through organic matter.*

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity

Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- Endangered and Threatened Species Documentation Guide
- Farm maps
- Land Conversion Statement

Auditor Notes:

- *Tenant engages in workshop with USDA to track information on beavers on site.*
- *Tenant has provided NatureServe reports that document all threatened and endangered species living in the area and have a trapping agreement in place with USDA.*
- *Farm manager provided documentation showing all research and records of threatened and endangered species.*

Result: In Conformance

Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- Endangered and Threatened Species Documentation Guide
- Farm maps
- Land Conversion Statement

Auditor Notes:

- *Pollinator habitat has been planted on site to promote biodiversity and support plant health.*
- *Bluebird boxes present on some sites to provide nesting habitats and promote biodiversity.*
- *Select sites have multiple conservation agreements in place, including a full USDA Natural Resources Conservation Service (NRCS) easement, participation in the Farm and Ranch Land Protection Program, and Wetland Reserve Program. No non-crop land is being converted for crop production use.*
- *Select sites visited planted Gama grass to benefit wildlife and to mitigate the impacts of erosion.*
- *Tenant rents out some land for deer and feral hog hunting to aid in population control.*
- *Select sites visited have a pond on the property. The pond is not located near farmable land and is not used for crop production.*

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity (Continued)

Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- Endangered and Threatened Species Documentation Guide
- Farm maps
- Land Conversion Statement

Auditor Notes:

- *Sites are long-term farmland.*
- *Select sites have multiple conservation agreements in place, including a full USDA Natural Resources Conservation Service (NRCS) easement, participation in the Farm and Ranch Land Protection Program, and Wetland Reserve Program. No non-crop land is being converted for crop production use.*
- *Select sites visited have reforested nearly 240 acres of land and have a conservation easement on property. Congaree National Park is the easement holder.*
- *TRG holds a Land Conversion Statement policy that FLO Fund adheres to. The statement addresses Highest and Best Use opportunities for less productive farmland, but still maintains an expressed focus on agriculture. The policy states there is active avoidance of deforestation in natural forests "in accordance with biome-specific and geographically specific deforestation protocols."*

Result: In Conformance, Notable Practice, Opportunity for Improvement (See Key Findings)

Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- Management interviews
- Monthly reports

Auditor Notes:

- *Current crop rotations incorporate corn, beans, wheat, peanuts, and sweet potatoes.*
- *Rotation is intended to increase soil quality, promote minimum tillage, and efficiency.*
- *Market data is used to decide which crops to plant as well as the monthly reports created for each site.*

Result: In Conformance

OBJECTIVE 8: Protection of Special Sites

Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- Special Sites Policy
- Farm maps
- Laws governing cemeteries document

Auditor Notes:

- *There are cemeteries on sites that are avoided and not used for crop production.*
- *The Special Site policy states a strict, zero disturbance rule that is enforced.*
- *No farm equipment, vehicles, or any other unauthorized vehicle or personal are allowed to disturb special sites.*
- *Farm maps delineating cemeteries are shown to tenants and staff.*
- *FLO Fund follows laws regarding cemeteries from the proper state websites outlining how these special sites should be treated.*

Result: In Conformance

OBJECTIVE 9: Local Communities

Performance Measure (PM) 9.1 Economic Well-Being

Conformance Evidence:

- Tax accrual calculation
- Management interviews

Auditor Notes:

- *TRG has a robust compliance department in New York that handles the compliance for FLO Fund.*
- *Legal counsel are on staff and available to review lease languages regarding Environmental, Social and Governance (ESG) factors.*

Result: In Conformance

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- Tenant interviews

Auditor Notes:

- *Tenant has made donations to local charities and clubs including the Lions Club and Clarendon.*
- *Tenants work with local contractors to implement projects aimed to reduce erosion and establish pollinator plots. Tenants also recruited owners and operators of neighboring properties to complete a berm project to facilitate water overflow management.*
- *Select sites visited makes concerted efforts to purchase supplies locally whenever possible.*

Result: In Conformance Opportunity for Improvement (See Key Findings)

Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

Conformance Evidence:

- Agriculture Sustainability Local Communities and Indigenous Peoples Policy
- Special Sites Policy

Auditor Notes:

- *TRG provides a policy that FLO Fund adheres to recognizing treaty rights of Indigenous people with respect to displacement prevention and protecting the environments of indigenous people and local communities.*
- *FLO Fund is not aware of any indigenous communities within the areas of sites visited.*
- *Farm maps and independent research on locations show no intersections with indigenous populations.*
- *Farm managers is are well-known in these their communities and has have relationships with many neighboring property owners.*
- *The farm manager has a recognizable presence on the farm management website.*
- *Neighboring farmers are aware of who farms which land and are aware of avenues for communication.*

Result: In Conformance, Opportunity for Improvement (See Key Findings)

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- Lease language regarding public health and safety
- Auditor observation

Auditor Notes:

- *No accidents have occurred on farm sites while the current farm manager has been with FLO Fund.*
- *Lease language contains language on proper care and disposal of chemicals used and complying with local, state, and federal safety laws.*
- *Tenants post information on safety regulations and processes to follow.*
- *There are no safety postings on FLO Fund sites because most sites do not have structures and are open fields.*

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor

Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- TRG Equal Opportunity Employer (EOE) Statement
- Lease language
- Safety training sign in sheets

Auditor Notes:

- *FLO Fund does not have an equal opportunity employer statement as they do not have any employees under their organization. TRG does maintain an Equal Opportunity Employer statement for its direct employees.*
- *Annual Safety training is conducted by tenants for their own staff and by the FLO Fund manager.*
- *Farm Services Manager makes observations regarding safety compliance every time he visits a site.*
- *A process for handling safety incidents is included in the safety trainings. There are no reported injuries or concerns. Insurance is held for related matters.*

Result: In Conformance, Opportunity for Improvement (See Key Findings)

OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- Safety training sign in sheets
- Lease language

Auditor Notes:

- *South Carolina law requires that safety flyers are posted. Tenants hold safety meetings and post safety regulations and processes to follow on their own sites.*
- *No safety postings on farm because most sites do not have structures and are open fields.*

Result: In Conformance

Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- Lease language
- Organization chart
- Leading Harvest Commitment Statement
- Certified Conservation Planner certificate

Auditor Notes:

- *Leading Harvest Commitment Statement provided, stating FLO Fund's commitment to achieving the objectives laid out in the LH FMS.*
- *An organization chart for FLO Fund is provided with roles and duties and responsibilities for conformance to the LH FMS. The organization chart lists employees under TRG and one contractor.*
- *No formal sustainability trainings required; components are in the lease.*
- *FLO Fund Management is a certified conservation planner and American Society of Farm Managers and Rural Appraisers (ASFMRA) member, with sufficient capacity to fulfill their roles and responsibilities under the LH FMS.*

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- N/A

Auditor Notes:

There are no direct employees under FLO Fund's organization. The farm manager is contracted to work on behalf of FLO Fund onsite management.

Result: In Conformance

Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- Lease language

Auditor Notes:

TRG farm lease specifies that the farm tenant is responsible for all farm labor, foreign and domestic, and meeting all employee labor law requirements including required aspects of the LH FMS.

Result: In Conformance

OBJECTIVE 11: Legal and Regulatory Compliance

Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- Management interviews
- Management Training records
- Communications with regulatory agencies

Auditor Notes:

- *No safety postings on farm since most sites do not have structures and are open fields.*
- *Management and tenant training attendance records are kept and were made available for review.*
- *FLO Fund stays up to date on BMPs and other compliance issues by working with local, state, and federal agencies, attending meetings and workshops, and researching online. All information is then disseminated to the group and saved for further use and record keeping.*
- *Farm manager follows current news reports regarding agricultural laws and regulations and stays informed regarding committee meetings and other community events.*
- *Farm management coordinates activities with appropriate district, county, state, and federal regulatory agencies.*
- *FLO Fund coordinated efforts with the Department of Natural Resources in South Carolina on a well water project to track well depths.*

Result: In Conformance

Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- Management interviews
- Lease language

Auditor Notes:

- *FLO Fund does not maintain a social compliance policy as there are no employees under the organization.*
- *Commitment to the International Labour Organization's conventions is not applicable to FLO Fund as there are no employees within the organization.*
- *Quiet enjoyment explicitly included in lease language.*

Result: In Conformance

OBJECTIVE 12: Management Review and Continual Improvement

Performance Measure (PM) 12.1 Farm Review and Continual Improvement

Conformance Evidence:

- Annual Farm Checklist
- Farm Review and Continual Improvement
- Management interviews

Auditor Notes:

- *There are no performance reviews due to FLO Fund not having any employees under its organization.*
- *RTK technology in John Deere Greenstar tractor increases operating efficiency.*
- *Pivots are upgraded to drip nozzles and contain FieldNet pivot control to conserve water by reducing the spread area of top nozzle sprayers and monitoring water use.*
- *Tenants attend ag conferences for education and awareness regarding opportunities to increase efficiency.*
- *Annual Farm Checklist provides an opportunity for identifying and prioritizing objectives to increase efficiency or further align with Leading Harvest objectives. A step-by-step guide is provided for farm reviews and identifying continual improvement opportunities.*

Result: In Conformance

Performance Measure (PM) 12.2 Support for Sustainable Agriculture

Conformance Evidence:

- Management interviews
- Email correspondence with regulatory agencies

Auditor Notes:

- *Tenant participates in seed trials and various seed treatments including Pivot Bio.*
- *FLO Fund worked with the Department of Natural Resources in South Carolina on a well water project on select sites to help aid in the tracking of well depths to increase data in the county the site is located.*

Result: In Conformance, Notable Practice (See Key Findings)

OBJECTIVE 13: Tenant Operated Operations

Performance Measure (PM) 13.1 Leased Land Management

Conformance Evidence:

- Lease language
- Management interviews

Auditor Notes:

- *FLO Fund provides a list of BMPs to tenants that is included in the lease language.*
- *Farm manager visits farms biweekly and provides feedback to tenants through an annual checklist before planting and an annual review after harvest.*
- *There is an annual checklist that is done before planning (January or February) to do an assessment.*
- *Lease agreement includes commitment to operating safely and responsibly and compliance with all applicable federal, state, and local laws, statutes, and regulations.*

Result: In Conformance, Notable Practice (See Key Findings)

Performance Measure (PM) 13.2 Leased Land Monitoring

Conformance Evidence:

- Emails with tenants
- Annual review
- Annual Farm Checklist

Auditor Notes:

- *Farm manager visits farms biweekly, provides an annual checklist before planting, and holds an annual review meeting after harvest.*
- *Feedback to tenants is given by phone by the farm manager.*
- *Farm manager keeps annual records on harvest data and cost data to assist in determining how tenants are conforming to expectations.*
- *Farm manager reviews processes and identifies opportunities for improvements as part of the annual review. Farm manager collaborates with the Managing Director at TRG to generate new ideas and identify best practices to adapt.*

Result: In Conformance

KEY FINDINGS

Previous Non-Conformances: As this is the initial year auditing conformance to the LH FMS, there are no previous non-conformances.

Major Non-Conformances: No major non-conformances were identified during the audit.

Minor Non-Conformances: No minor non-conformances were identified during the audit.

Opportunities for Improvement (OFI): Four (4) opportunities for improvement were identified during the audit.

1. 7.3.2 Deforestation

- a. TRG holds a Land Conversion Statement policy that FLO Fund adheres to. The statement addresses Highest and Best Use opportunities for less productive farmland, but still maintains an expressed focus on agriculture. The policy states there is active avoidance of deforestation in natural forests "in accordance with biome-specific and geographically specific deforestation protocols."

However, the Land Conversion Statement Policy does not address a commitment to zero deforestation as defined in the LH FMS, does not identify the regions of application, relevant natural forest types, and cut-off dates. FLO Fund will work with TRG to expand the statement if possible, referencing Leading Harvest guidance documentation for policy requirements or expand the conversion statement to address less defined or non-applicable aspects of the policy requirement.

2. 9.2.1 Community Engagement

- a. Community engagement activities were addressed in management and tenant interviews, but no records of activities were supplied for review. FLO Fund will research documentation practices that will satisfy this indicator in future audits (community engagement records, activity logs, etc.).

3. 9.3.3 Local Communities and Indigenous Peoples Inquiries

- a. Farm managers and tenants are well-known in their communities and have relationships with many neighboring property owners. The farm manager also has a recognizable presence on the farm management's website. Neighboring farmers are aware of who operates which property and are aware of avenues for communication.

However, no public facing avenue for identifying or contacting farm management with public inquiries were provided for review or assessment. FLO Fund will document outreach or offer points of contact with farm management or tenants. This will assist FLO Fund Domestic with demonstrating conformance to this indicator in the future.

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4. 10.1.2 Respectful Work Environment

- a. Evidence was provided to auditors for review. However, no evidence was more recent than 2021. In future conformance audits, FLO Fund will provide more recent records of trainings or other efforts to maintain a safe and professional work environment.

Notable Practices: Five (5) notable practices were identified during the examination.

1. 2.1.4 Crop Residues

2. 2.2.1 In-field Soil Management

3. 13.1.3 Communicating Leased Land Objectives

- a. Cover crops are required in FLO Fund leases. This practice is widely accepted as a recognized soil health practice but is rare to find specified and required in leases that also have quiet enjoyment terms for tenants. FLO Funds willingness to require specific soil health practices and communicate them to tenants is found to be notable.

4. 7.3.1 Habitat Conversion

- a. One site visited has reforested nearly 240 acres of land and has a conservation easement on the property. Congaree Land Trust is the easement holder. This commitment to reforestation, as opposed to simply reducing deforestation, is deemed notable.

5. 12.2.1 Support for Agriculture Research

- a. FLO Fund worked with the Department of Natural Resources in South Carolina on a well water project to help aid in the tracking of well depths and increase data in the county where the site is located. This level of engagement is notable for efforts to obtain not only more informed well designs, but also to avoid overreach regarding water withdrawals.

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Review of Previous Audit Cycle: N/A

CONCLUSIONS

Results of the audit indicate that FLO Fund has implemented a management system that meets the requirements of and is in conformance with the Leading Harvest Farmland Management Standard 2020.

FLO Fund's enrolled acreage is recommended for certification to the Leading Harvest Farmland Management Standard 2020.

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Summary of Audit Findings			
Program User	FLO Fund Domestic LLC		
Audit Dates	2023/02/16 – 2023/03/24		
Non-Conformances Raised (NCR):	<i>Major</i>	<i>Minor</i>	
	0	0	
Follow-Up Visit Needed?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Date(s)</i>
Follow-Up Visit Remarks			
N/A			
Team Leader Recommendations			
Corrective Action Plan(s) Accepted	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/> <i>Date</i>
All NCR Closed	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
			2023/03/24
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
Audit Team Leader		Audit Team Members	
Matthew Armstrong		Andrew Zetterburg Kyle Rusten	
Scope of Audit			
Management of production farmland on direct and tenant operated properties.			
Accreditations	Approval by Leading Harvest to provide certification audits		
Number of Certificates	1		
Certificate Number	CERT #AVERUM-LHFMS-2023-0002		
Proposed Date for Next Audit Event	TBD		
Audit Report Distribution	FLO Fund Domestic LLC: Brandon DuRant (brandon.durant@afmforest.com)		