

IFC Core Investment Management, LLC
Raleigh, North Carolina

LH FMS AUDIT SUMMARY REPORT

December 8, 2021





A SUBSIDIARY OF K-COE ISOM, LLP

8801 Renner Blvd, #100

Lenexa, KS 66219

Phone: 913.643.5087

Company Name	IFC Core Investment Management, LLC
Contact Person	Robert Zimardo
Address	1318 Dale St, Raleigh, North Carolina 27605
Phone/Fax	631.793.5477
Email	rzimardo@intl farming.com
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Certification ID#	2021-0013

Certification Audit Re-Certification Audit Surveillance Audit Scope Extension

IFC Core Investment Management, LLC

LH FMS AUDIT SUMMARY REPORT

December 8, 2021

INTRODUCTION

This report summarizes the results of the first certification audit conducted on IFC Core Investment Management, LLC (IFC) managed production agriculture properties. The audit was conducted by Matt Armstrong, lead auditor for Averum. Mr. 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 conducted by in-field auditor, Jenna Nichol. The audit process and reports were independently reviewed by Kyle Rusten, who is a certified public accountant in the state of California and has 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 2021, Averum was engaged by IFC to perform an audit of sustainability performance on 29,296 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 Washington and Idaho. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

IFC is an institutional asset manager connecting investors at the nexus of farmland, farmers, and food. Management company tenants and contractors are responsible for the day-to-day farmland management services for IFC's properties. IFC opted to certify 100 percent of their agricultural properties in 2021, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

IFC contracted with Averum to provide a Stage 1 audit, or Readiness Review on properties in the Tri-Cities area of Washington State. The audit was conducted on IFC properties in Power, Bonneville and Bingham counties in Idaho. Personnel overseeing standard compliance for all 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 potatoes, malting barley, sod, alfalfa, and silage corn, with some apples and cherries in the Pacific Northwest.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for IFC coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held at 2:30 pm on November 23, 2021, immediately preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. The field site in Idaho was examined on December 1, 2021. A closing meeting was held at 1:30 pm on December 8, 2021.

Opening Meeting: Conference Call

November 23, 2021; 2:30 pm

Attendees:

(IFC) Robert Zimardo, Matthew Brown, Toby McKay, Gabriele Onorato

(Audit Team) Matt Armstrong, Jenna Nichol

Topics:

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

Closing Meeting: Teleconference

December 8, 2021; 1:30 pm

Attendees:

(IFC) Robert Zimardo, Matthew Brown, Toby McKay, Gabriele Onorato

(Audit Team) Matt Armstrong, Jenna Nichol, Kyle Rusten

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): 7
 - Exemplary Practices: 4
- Report timing and expectations: Matt Armstrong

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MULTI-SITE REQUIREMENTS

IFC maintains operations on multiple properties in Colorado, Idaho, Washington, and Florida. IFC qualifies for multi-site sampling since the volume of sites within the management system is centrally controlled and directed by regional management, with regular monitoring activities. Additionally, IFC has dedicated resources overseeing risk and compliance across the organization that monitors operations on an ongoing basis. Regional managers are responsible for developing corrective action plans regarding LH FMS conformance and report them to the Director of Sustainability and central office. IFC'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
Washington	Apples, Cherries	Two (2) sites visited during readiness reviews – not included in audit sampling <ul style="list-style-type: none">- 2,851 gross acres in production- WA represents 9.7% of all acreage- Management population: 2 contract managers
Idaho	Potatoes, Sod, Silage Corn, Malting Barley	One (1) primary site visited during audit <ul style="list-style-type: none">- 8,146 gross acres in production- Primary site in ID represents 28% of all acreage- Management population: 1 tenant- Site visited: Bonneville (AKA Idaho Falls Farm)

AUDIT RESULTS

Overall, IFC’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, as well as more detailed sets of data from single sites. Field visits were performed on one large primary site in Idaho. Visits were post growing season, so interim soil health practices and pre-production practices were observed. Central and regional management representatives, as well as contracted managers, were present and interviewed to illustrate IFC policy creation and 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. IFC’s CEO and Regional Manager served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

The following are summarized findings, per LH FMS performance measure. Specific non-conformances, opportunities for improvement, and exceptional 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:

- Guiding principles document
- Lease language
- ESG addendum to lease
- Stewards of Farmland document
- Due diligence summary reports

Auditor Notes: IFC is focused on farmland stewardship, language in leases and Responsible Steward documents focus on sustainability goals, best practices and conservation. Staff is experienced in conservation and optimization of production farmland. Quality management practices are shared openly between farm managers. The general rule of all properties is to “leave it better than you found it”. IFC does not steer away from large CapEx projects if it will improve the sustainability of the property. IFC is focused on bringing properties to their highest and best use. Conservation practices are addressed in lease language. Best management practices for each property are adjusted based on property testing and all data available.

Result: In Conformance

OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

Performance Measure (PM) 1.2 Critical External Factors

Conformance Evidence:

- Management description of processes
- Auditor observation
- Due diligence summary report
- Review cycle in lease agreements

Auditor Notes: IFC considers multiple crop options on each site in order to find the crop that will yield the best performance. IFC has a variety of partnership levels to adapt to the site needs, partnerships, technical reviews, soil opportunities, and weather monitoring. Multiple data sources for each site determine management practices and crop selection. IFC recently held a symposium to discuss critical external factors that include global warming, water use, and nutrient management. Quarterly reports are released outlining current events on each property. Additionally, FarmAdvisor programs are used to track and review production and inputs on properties.

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation

Performance Measure (PM) 2.1 Soil Health

Conformance Evidence:

- Management description of processes
- Auditor observations
- Soil maps
- Soil fertility reports
- Soil analysis reports
- Soil fertility change reports
- Remediation reports

Auditor Notes: All operators under IFC are required to use one lab for soil testing to manage consistency and repetition in management practices. Soil classification identified for every 2.5 acres. Soil testing occurs annually, with either 100% sampling every 2 years or 50% of soils every year. Soil mapping is stored in the FarmAdvisor program and can be reviewed annually to see incremental changes in soil. Nitrogen management plans are based on soil health monitoring practices. Additionally, nitrogen management plans and cost budgets are in-line with third party agronomist recommendations. To prevent soil pathogens, farm managers on Idaho properties are vertically integrated and grow their own seed potatoes. Compost is regularly added to soils to increase available nutrients and decrease chemicals applied. Crop residues are left in field and regrowth is allowed during off-season. Additionally, on certain sites regrowth is grazed in the winter months with cattle from the cow-calf production side.

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

Performance Measure (PM) 2.2 Soil Conservation

Conformance Evidence:

- Management description of processes
- Auditor observations
- Soil fertility change reports

Auditor Notes: IFC performs extensive soil testing prior to acquiring properties; any petroleum impacted soils are removed and properly disposed of before purchase. Dikes are built into planters on properties where topography requires to decrease risk of soil loss due to run-off. Composting and crop rotation are common management practices on all IFC properties. Additionally, excess soil from harvest is applied to the field to reduce tillage passes. Most properties are flat, so there is minimal concern of soil loss due to wind or water erosion.

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

OBJECTIVE 3: Protection of Water Resources

Performance Measure (PM) 3.1 Water Use

Conformance Evidence:

- *Property Assessments*
- *Environmental Site Assessments*
- *Water association memberships*
- *Contributions to water conservation groups*
- *Water conservation district agreements*
- *Certificates from water districts*

Auditor Notes: IFC monitors agriculture water withdrawal with meters on pumps and reports to state water boards. IFC has invested in connect circle systems that allows for water to be shared throughout the property and take stress off of the pump. IFC has also decreased water loss due to evaporation by investing in lower drips. Discussions of variable rate irrigation are in process, historically hard water has created issues for this practice; yet it is still in consideration. Tensiometers are on site where water quantity is a concern. Weather stations and evapotranspiration (ET) reports are reviewed frequently to determine the quantity and duration of irrigation events. Farm managers for IFC are on regional water boards. IFC demonstrates a commitment to proper water usage and recognizes when there is a need to hire third parties to improve their practices.

Result: In Conformance

Performance Measure (PM) 3.2 Water Quality

Conformance Evidence:

- *Management description of processes*
- *Auditor observations*
- *Acid injection reports*
- *CapEx agreements and quotes*
- *Well water quality assessments*
- *Soil quality analysis reports*

Auditor Notes: IFC representatives understand the value of water quality stating: "the soil becomes what the water is". With this in mind they have adopted practices of fertigation and acidification as needed on properties. Annual water testing is performed to remain in compliance with the Division of Water Quality. Controlling the water pH is a high priority, this is currently addressed through acidification of irrigation water. On properties with slope water quality risks are decreased through diking of soils to prevent run-off. Additionally, on some properties there are dams at the end of the run-off area to prevent any water from leaving the farm.

Result: In Conformance

OBJECTIVE 4: Protection of Crops

Performance Measure (PM) 4.1 Integrated Pest Management

Conformance Evidence:

- Management interviews
- Auditor observations
- Lease language
- ESG addendum to lease

Auditor Notes: IFC has a partnership with Trace Genomics to use solid microbes in pest management. Scouting for pests occurs on at a minimum once a week. Farm managers at Idaho locations are Global GAP certified. Trapping and monitoring allow for pests required threshold to be met before action is required. IFC prioritized soft chemical practices to keep beneficial pest in place. Farm managers follow third party agronomist recommendations and actively review, whether any changes are necessary. Higher crop density is utilized to reduce weed pressures.

Result: In Conformance

Performance Measure (PM) 4.2 Crop Protection Management

Conformance Evidence:

- Management interviews
- Auditor observations
- Lease language

Auditor Notes: Variable rate application is based on soil sampling. There is no chemical storage on site; all chemical application is mixed and applied through a third-party. When possible, application is applied through pivots.

Result: In Conformance

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

Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation

Conformance Evidence:

- Management interviews
- Auditor observations

Auditor Notes: IFC is actively trying to reduce energy usage in the field by reducing passes. Farm managers are looking into new property developments which will allow for renewable energies such as heat, steam, water or carbon capture. Sites had minimal existing infrastructure with no utility level power. Renewable solar energy is used to power weather stations. Tier 4 engines and variable frequency drives (VFD's) are equipped on sites to reduce emissions.

Result: In Conformance

Performance Measure (PM) 5.2 Air Quality

Conformance Evidence:

- Management interviews
- Auditor observation

Auditor Notes: IFC has transitioned to smaller equipment and implements to reduce air emissions. Additionally, all in field equipment is Tier 4 engines with diesel exhaust fluid (DEF) and pumps have VFD's. Since most properties are fairly isolated and there is minimal traffic there is less concern with dust control. Gravel roads and water trucks are used during harvest to manage dust.

Result: In Conformance

Performance Measure (PM) 5.3 Climate Smart Agriculture

Conformance Evidence:

- Management interviews
- Auditor observation
- Responsible Stewards of Farmland brochure

Auditor Notes: Potential impacts such as climate change are addressed through practices which include soil management, cover crops and sun clothing heat sensitive crops. IFC is actively looking into renewable energy sources such as heat, steam, water, and carbon capture. IFC demonstrated a high level of awareness surrounding climate smart agriculture. In IFC most recent research symposium they had speakers on climate smart agriculture. Additionally, they noted an interest in hiring an in-house consultant specifically for climate change and climate smart agriculture.

Result: In Conformance

OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- Management interviews
- Auditor observations
- Remediation reports
- Lease language
- ESG addendum to lease

Auditor Notes: IFC is committed to reducing waste wherever possible. All agro-chemical waste is properly disposed of by either the third-party applicator or by returning to the dealers. Regional managers are actively trying to reduce waste during site redevelopment by giving away rocks or any excess supplies. Farm managers are dedicated to re-using anything possible. Lease language covers environmental compliance for proper disposal and storage of product. All sites visited were organized and materials were appropriately stored.

Result: In Conformance

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

Conformance Evidence:

- Management interviews
- Auditor observations
- Remediation reports
- Lease language
- ESG addendum to lease
- Responsible Stewards of Farmland document

Auditor Notes: IFC's lease language directly addresses waste and was reviewed by the audit team. All crop residues that are free of disease are reincorporated into the soils. Excess dirt from potato harvest is reapplied to the land to reduce tillage. Forage on lands and regrowth during winter is used to graze animals.

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity

Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- Threatened and Endangered Species and Cultural Resources Review proposals
- Management interviews
- Auditor observations

Auditor Notes: IFC is engaging companies to be more active in the due diligence phase of the acquisition process and will begin to review the due diligence process to include owned land as well.

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

Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- Management interviews
- Auditor observations
- Boundary maps

Auditor Notes: Boundary assessments and farm sustainability assessment (FSA) maps are reviewed prior to acquisition of properties. Any land not identified in the FSA is left for nesting or foraging. IFC allows for native growth in corners or any areas of the property not being actively farmed, barring the native growth is not noxious. There is a large amount of wildlife on properties including; raptors, waterfowl, coyotes, wolves, elk, antelope and deer. Properties with identified ecologically important sites, such as lavaflows, are protected. Natural regrowth is allowed during winter months.

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

Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- Management interviews
- Auditor observation
- Boundary maps
- Responsible Stewards of Farmland document

Auditor Notes: FSA maps are relied on for managed farmland and confirmed through usage of historical aerial photographs reviewed by in-house cartographers. Additionally, IFC managers started an initiative to review and validate all FSA properties and ensure their records are up to date. FSA reports are used to determine if there are any forested areas on properties and there is a reforestation policy on managed properties.

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

OBJECTIVE 7: Conservation of Biodiversity (Continued)

Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- Management interviews
- Auditor observations

Auditor Notes: Cropland has diversity through annual crop rotations and cover cropping. Crop rotation for each property is based on the soil characteristics determined in soil sampling. Heavier soils will have a three-year rotation for potatoes, while lighter soils can be on an every other year rotation. IFC is looking into increasing crop diversity and create habitat on sites by adding physical barriers in the form of ornamental vegetation.

Result: In Conformance

OBJECTIVE 8: Protection of Special Sites

Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- Management interviews
- Boundary surveys
- Cultural, Historic and Archeological Assessment proposals

Auditor Notes: Boundary assessments performed during acquisition list any encroachments. Current IFC practices include avoiding any special sites identified. IFC is engaging companies to play a more active role in the due diligence phase of acquisition process and will begin to review this process for owned land as well.

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

OBJECTIVE 9: Local Communities

Performance Measure (PM) 9.1 Economic Well-Being

Conformance Evidence:

- Lease language
- Verbal descriptions of buyer preferences

Auditor Notes: IFC encourages farm managers to purchase from local suppliers and dealers.

Result: In Conformance

Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- Verbal description of engagement

Auditor Notes: IFC recognizes the need for community involvement. IFC has helped sponsor food drives in their area and has supported the broader agriculture community by participating in interviews with local universities. Farm managers from IFC engage with local communities individually as well, outside of IFC's direction.

Result: In Conformance

Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

Conformance Evidence:

- Management interviews
- Lease language
- ESG addendum to lease language
- Boundary maps

Auditor Notes: While there is no written policy specifically for the rights of local communities and indigenous peoples, it is covered in IFC's diversity and inclusion policies. Property searched in the due diligence process include title searches, surveys and delineation maps, water rights, H2A labor, agronomic records, and legal compliance (FSA) records. Boundary maps and cultural assessments are also a part of the due diligence process. Tenants actively engage with the community and are known to operators. The management company and their contact information can be found on public information sources such as Google Maps.

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

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- Visual inspection
- Verbal description of safety practices

Auditor Notes: IFC managers communicate with the surrounding communities around spray times when applicable and post safety signage including “no entrance” signs.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor

Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- Job listing reviews
- EOE statement
- Employee engagement agreements
- Employee handbook
- Anti-harassment policy
- Diversity and inclusion policy
- Respectful workplace policy
- Sexual harassment training

Auditor Notes: IFC is an Equal Opportunity Employer. Safe work environment, anti-harassment, and anti-discrimination policies are in place in the Employee Handbook. Anti-harassment and security trainings take place for all employees. IFC leverages automation and safety practices that take place in the field. Company policies and requirements reviewed and on-file.

Result: In Conformance

Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- Management interviews
- Auditor observations
- Training records

Auditor Notes: IFC staff completes a number of occupational training programs, defensive driving, chemical application, and pesticide licenses are all in place. Certified Crop Advisor (CCA's) are on staff and training logs were reviewed.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- Responsible Steward of Farmland document
- Presentations to IFC on Leading Harvest participation
- ESG addendum for leases
- Management interviews
- Qualifications on record

Auditor Notes: Policy on Leading Harvest commitment and communication was provided and reflected in lease addendums. IFC has multiple individuals involved in sustainability and has a committee to determine each individuals' roles and responsibilities. Descriptions of roles and people assigned to each role was provided and reviewed. IFC staff demonstrates an extensive institutional knowledge of agricultural practices and sustainability. IFC's staff includes CCA's, CAL's, multiple post-secondary degrees, FMA's, Certified Professional Agronomist (CPAg) in leadership and soil scientists.

Result: In Conformance

Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- Management interviews

Auditor Notes: Local workers are paid the same as H2A working and IFC is in compliance with the adverse wage prevention act.

Result: In Conformance, Opportunity for Improvement (see key findings)

Performance Measure (PM) 10.5 Farm Labor

N/A no farm labor contractors are used

Result: N/A – In Conformance

OBJECTIVE 11: Legal and Regulatory Compliance

Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- Management interviews
- Annual compliance trainings
- Compliance policies and procedures
- Privacy policies
- Code of ethics
- Disaster recovery and business continuity plan
- Compliance reference document (access processes)
- OSHA posters in common areas

Auditor Notes: IFC has an in-house attorney and compliance officer. They are currently compliant with all SEC rules. IFC supports the hiring of compliance officers within their farmland tenants and operators. Compliance trainings occur in order to remain in good standing with the SEC.

Result: In Conformance

Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- Verbal description of processes in place
- Lease language
- ESG addendum to lease
- Employee handbook
- Anti-harassment policy
- Diversity and inclusion policy

Auditor Notes: Social responsibility policy reviewed and on file. Employee handbooks and manuals set code of conduct. IFC is in legal compliance for workforce regulations with the SEC and covers International Labour Organization (ILO) principles to the extent of US law. Lease language reviewed is appropriate and correct. Farmland is well outside of central community areas and is well maintained.

Result: In Conformance

OBJECTIVE 12: Management Review and Continual Improvement

Performance Measure (PM) 12.1 Farm Review and Continual Improvement

Conformance Evidence:

- Management interviews
- Auditor observations
- ESG addendum to leases
- Responsible Stewards of Farmland documents

Auditor Notes: IFC conducts monthly budget tracking and CapEx meetings to review expenditures and results. Annual reviews and reports are issued for each property with results against stated goals. FarmAdvisor software tracks historical performance of each property. FarmAdvisor allows for managers to track historical progress for properties in soil management, production yields and inputs. Leases stipulate that production information be made available to IFC on demand. IFC is heavily invested in agriculture innovation. They are partnered with universities and early investors in various innovative programs including iCrop, Farmshot, Trace Genomics, and MyLand. IFC encourages open discussions between sites and shares information to better the overall portfolio. Recently, IFC sponsored a symposium to share current agriculture innovation and research.

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

Performance Measure (PM) 12.2 Support for Sustainable Agriculture

Conformance Evidence:

- Management interviews
- Auditor observations
- Static Measuring Property Access agreement

Auditor Notes: IFC supports sustainable agriculture and agriculture innovation They are partnered with universities and early investors in various innovative programs including iCrop, Farmshot, Trace Genomics, and MyLand. IFC sponsored a symposium which featured speakers on climate smart agriculture and sustainability.

Result: In Conformance

OBJECTIVE 13: Tenant Operated Operations

Performance Measure (PM) 13.1 Leased Land Management

Conformance Evidence:

- Management interviews
- Lease language
- ESG addendum to lease

Auditor Notes: Lease addendum addresses Leading Harvest objectives. Regional manager is on-site once a month to review management practices with tenants and ensure they are using regional best management practices. Lease language and addendum include conservation, best management practices and defines goals.

Result: In Conformance

Performance Measure (PM) 13.2 Leased Land Monitoring

Conformance Evidence:

- Management interviews
- Lease language
- ESG addendum to lease
- Site review chart

Auditor Notes: IFC performs annual reviews of tenant sites and has regular visits. Update calls with tenants are scheduled monthly; there is continual feedback with tenants. Compliance committee monitors tenant sites on insurance, UCC filings and soil testing. IFC is focused on implementing new tools and software on tenants' sites to increase the volume of information and performance data. IFC actively supports their tenants and provide aid in management decisions as needed.

Result: In Conformance

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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): Seven (7) opportunities for improvement were identified during the audit.

1. 7.1.1 Threatened and Endangered Species &
2. 7.1.2 At-Risk Species &
3. 8.1.1 Special Site Identification
 - a. Proposals for special status (threatened, endangered, and at-risk) species, cultural, and historic assessments were supplied for review. Provide completed assessments and findings, as well as any follow up actions during surveillance audits in 2022.
4. 7.2.3 Cropland for Wildlife Habitat
 - a. It was noted during site visits that successes with pollinator habitats have been noted on properties not in the core fund, but could be implemented on additional properties. Benefits of on-site pollinator habitats should be documented and circulated among IFC management.
5. 7.3.2 Deforestation
 - a. Indicator 7.3.2 requires a written policy that demonstrates a commitment to zero deforestation. The policy should identify regions of application, relevant natural forest types, and appropriate deforestation cut-off dates in areas with biome -specific or geography-specific protocols.
 - b. Deforestation concerns are typically addressed through the due diligence processes, FSA and legal compliance processes, and land conversion avoidance policies. However, a standalone policy will assist in clearly demonstrating conformance to this indicator.
6. 9.3.1 Local Community and Indigenous Peoples Policy
 - a. Indicator 9.3.1 requires a written policy demonstrating a commitment to recognize and respect the rights of local communities and treaty rights of indigenous peoples. The required written policy was not supplied for review.
 - b. Treaty rights and territories of Indigenous Peoples are typically addressed vis IFC's diversity and inclusion policies, due diligence processes, and legal compliance policies. A standalone policy will assist in clearly demonstrating conformance to this indicator.

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7. 10.4.1 Wages and Pay

- a. Management was interviewed regarding compensation. Wage levels were found to be within living wage standards, but responses could be improved by supplying documentation on surveillance audits that reflect the compensation structure within IFC, such as a salary survey or compensation matrix.

Exceptional Practices: Four (4) exceptional practices were identified during the examination.

1. 2.1.1 Soil Quality

- a. Farm managers are required to use a single lab for consistent and comparable soil testing results. Soil types and qualities are extensively mapped for changes in soil characteristics over time. Multiple soil scientists are on staff at IFC. Exemplary attention is paid to soil health at an organizational level.

2. 2.1.2 Soil Health Monitoring

- a. Extensive soil mapping has been observed on IFC sites. Soil testing is frequent, with 100% of soil sampling data every two years or 50% every year. Soil testing grids are condensed to 2.5 acres. Tenants engage in extensive composting to add readily available nutrients and decrease chemical needs. Organic Matter in soil profiles is higher than average.

3. 2.2.2 In-field Soil Management

- a. Petroleum and other pollutants in soil are physically removed either during acquisition or capital improvements on sites. Dykes are built into planters, allowing a single pass for field prep. Organic matter is directly added to soils, cover crops are used, and residues are reincorporated into soil profiles for enhanced organic matter. Radar is implemented for soil compaction measurement and depth evaluation. Select sites engage in weekly testing and tracking soil trends to assist in decision making.

4. 12.1.3 Agricultural Innovation

- a. IFC has been an early adopter, supporter, and investor in many data collection system and software tools. IFC engages in partnerships with groups on groundbreaking soil health methods. IFC also engages peers and the public in outreach and symposiums regarding sustainable agriculture management.

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Leading Harvest Logo Usage: Program users in good standing who are enrolled in the Leading Harvest Farmland Management Program 2020 for all or a portion of their operations may use the Leading Harvest logo. Any express or implied claim that a program user is in conformance with the Leading Harvest Farmland Management Standard 2020 must be substantiated by a current, valid certification by a certification body recognized by Leading Harvest.

The Leading Harvest logo cannot be used on product labels. The use of the Averum logo is not allowed without expressed permission from Averum.

Review of Previous Audit Cycle: N/A

CONCLUSIONS

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

IFC'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	IFC Core Investment Management, LLC		
Audit Dates	November 23, 2021-December 8, 2021		
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>
			12.08.2024
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
Audit Team Leader	Audit Team Members		
Matt Armstrong	Jenna Nichol 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	2021-0013		
Proposed Date for Next Audit Event	TBD		
Audit Report Distribution	Robert Zimardo (rzimardo@intlframing.com)		