

**Manulife Investment Management  
Timberland and Agriculture  
Boston, Massachusetts**

2022 LEADING HARVEST SURVEILLANCE AUDIT:  
SUMMARY REPORT

**June 17, 2022**





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Certification Audit     Re-Certification Audit     Surveillance Audit     Scope Extension

# Manulife Investment Management Timberland and Agriculture

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### INTRODUCTION

This report summarizes the results of the second surveillance audit conducted on Manulife Investment Management Timberland and Agriculture's Tenant Operated 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 AA1000AS provider, and has expertise in production agriculture on multiple crop types in North American regions. Mr. Armstrong was assisted by Field Auditor Andrew Zetterburg and Auditor-in-Training Ethan Smith, who have experience in commodity crop production and harvest. Mr. Smith is an Accredited Farm Manager in good standing. 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 western and Midwest region of the United States. Mr. Armstrong and Mr. Rusten 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

Manulife Investment Management Timberland and Agriculture's (MIMTA's) conformance to the Leading Harvest Farmland Management Standard (LH FMS) was certified in 2021 as Hancock Natural Resource Group. In 2022, Averum was engaged by MIMTA to perform surveillance audits of sustainability performance on 230,491 acres of tenant managed agricultural operations and determine the maintenance of their conformance to the principles, objectives, performance measures, and indicators of the LH FMS. LH FMS objectives 1 through 13 were covered during site visits on properties in Wisconsin and Illinois. There was no substitution or modification of LH FMS performance measures.

### COMPANY INFORMATION

MIMTA is a global agriculture investment manager. Regional Managers from MIMTA oversee tenant operators that are responsible for the day-to-day farmland management services for properties in multiple regions.

MIMTA's tenant operated (TO) properties span a wide variety of terrain, from the high elevation aridic soils of Idaho to the bayous and Stuttgart Soils of Arkansas. The audit was conducted in Wisconsin (Adams W, Spotted Cow, Adams Waushara) and Illinois (Vermillion 16, Vermillion 49, Iroquois 49, Iroquois 57). Additionally, personnel overseeing 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 consists of corn, soybeans, and wheat.

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### AUDIT PLAN

Site visits were coordinated with MIMTA staff to manage logistics and increase efficiency. An audit plan was developed and is maintained on file by Averum. An online portal was established for MIMTA coordinators to upload evidence and documentation securely for auditor review. Evidence was continuously uploaded throughout the audit. An opening meeting was held on April 29, 2022, via conference call. Following the meeting, a document review of the provided evidence was conducted by Averum. Site visits on properties in Wisconsin were conducted on May 3, 2022 and Illinois properties were examined on June 7, 2022. A closing meeting was held on June 17, 2022.

#### Opening Meeting: Conference Call

April 29, 2022

**Attendees:** (MIMTA) Holly Evers, Natasha Wise, Travis Baughman, Casey Hubbs, Scott Matthys, Paul Bergener  
(Audit Team) Matt Armstrong, Andrew Zetterberg

**Topics:**

- Introductions of participants and their roles: Holly Evers
- Introduce audit team: Matt Armstrong
- Status of findings of the previous audits: Matt Armstrong
- Audit plan: Matt Armstrong
- Work safety and emergency procedures: Holly Evers
- Expectations of MIMTA staff: Matt Armstrong
- Method of reporting: Matt Armstrong

#### Closing Meeting: Conference Call

June 17, 2022

**Attendees:**  
(MIMTA) Holly Evers, Travis Baughman, Kevin Wright, Scott Matthys, Paul Bergener, Casey Hubbs, David Bergvall, Brian Kernohan, Brent McGowan, Natasha Wise

(Audit Team) Matt Armstrong, Andrew Zetterberg, Ethan Smith, Kyle Rusten

**Topics:**

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

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### MULTI-SITE REQUIREMENTS

MIMTA maintains operations consisting of a central office in Turlock, CA and five regions, with multiple sites within each region. MIMTA qualifies for multi-site sampling because sites within the management system are centrally controlled and directed by regional managers, with regular monitoring activities. Additionally, MIMTA has dedicated resources overseeing risk and compliance across the organization monitoring on an on-going basis. Regional managers are responsible for developing action plans regarding Leading Harvest conformance and report them to the Sustainability Coordinator and central office. MIMTA's current review and monitoring process is effective and on-going.

Field visits and observations are conducted based on a sample of regions each year. Sampling methodology is provided in the Leading Harvest Farmland Management Standard. In accordance with IAF-MD methodology, all sites were randomly selected with consideration to previous years' audits and coordinated to ensure representative coverage of the complexity of the portfolio, variance in sizes of properties, environmental issues, geographical dispersion, and logistical feasibility. Additionally, due to the COVID-19 pandemic, site visits were planned and coordinated to ensure the highest level of safety for both MIMTA staff and auditors.

Region	Crop	Properties Examined During Engagement
Lake States (Wisconsin)	Corn, Soybeans, Wheat	Adams W, Spotted Cow, Adams Waushara - 16.6% of regional leased acreage inspected
Corn Belt (Illinois)	Corn, Soybeans, Wheat	Vermillion 16, Vermillion 49, Iroquois 49, Iroquois 57 - 11.7% of regional leased acreage inspected

### AUDIT RESULTS

Overall, MIMTA's agricultural operations continue to demonstrate conformance 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 seven operating sites, primarily growing corn, soybeans, and wheat. Central and local management representatives were present and interviewed to illustrate MIMTA 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 performed by farm managers. Stewardship coordinators were available as guides throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

The following are summarized findings, per LH FMS performance measure, for the audit across all regions. 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:

- Agricultural Stewardship Commitment
- Sustainability and Responsible Investing (SRI) Report
- Property maps
- HAIG Stewardship policies and principles
- Social and Environmental Procedures
- Risk Assessment Matrix
- Critical external factors

*Auditor Notes: MIMTA operates a mature agricultural management line of business. Commitment to, awareness of, and attention to sustainable ag practices are present throughout the organization. Properties are in conformance with the Global GAP (Good Agricultural Practices) standard where applicable. Goals were listed within stewardship policies. Both tenants and managers demonstrate decisions with consideration of environmental, social, and economical intents. MIMTA does not convert any prime farmland to non-agriculture use. Any conversions to solar farms would use non-prime farmland. Tenants are directed to stick to the farmland assigned and agreed to.*

**Result: In Conformance**

#### Performance Measure (PM) 1.2 Critical External Factors

##### Conformance Evidence:

- Critical External Factors forms
- SRI Toolkit and surveys

*Auditor Notes: A new critical external factors form has been prepared for 2022. Completing the Critical External Factor form reinforces tenant managers' need to remain present on issues that they are already managing. Issues that require increased awareness of management vary from region to region. The most reported material tenant issues are the increase of more intense weather patterns and crop input prices, specifically fertilizer. Tenants apply amendments with considerations towards managing the risk of input prices. Management's review process takes record of the Critical External Factor Forms to verify everything is accounted for. Forms are updated every two years unless a long-term critical issue emerges.*

**Result: In Conformance**

### OBJECTIVE 2: Soil Health and Conservation

#### Performance Measure (PM) 2.1 Soil Health

##### Conformance Evidence:

- Soil tests
- Observed cover crops and residue
- Cover crop images, aerial, topographic
- Soil maps
- Soil sampling
- Fertility analysis records
- Conservation practice inventory
- CRP Contracts and information
- AgSource workpapers
- Tilth Crop Consultant reports
- Soil Productivity Policy
- CRP contracts

*Auditor Notes: Tenants perform regularly scheduled soil tests (between 3-5 years) on 5-10 acre grids. When soil tests come back with actions required to increase soil health, samples are taken at a sub-level (2.5-acre plots from original 10-acre sample, for example) to yield more refined results. Tenants reset the nutrient cycle every four (4) years at a minimum. Select sites test annually on a 10-acre grid, others on 2 acres if there are identified concerns. Reduced tillage and cover crops found on sites where feasible. Crop residue is left on fields when possible, mostly when corn is grown. Cover crops are planted post-yield.*

*Tenants use AgSource for soil sample results, FieldAlytics for Agronomy monitoring, and Ag Yield monitors for yields.*

*Nutrient Management Plans (NMPs) are kept and amended as needs arise. Crop scouts regularly visit all fields, sometimes weekly by externals or multiple times a day by tenants. A typical NMP development cycle includes baseline measurements, soil tests, amendments, and harvest/removals. Tenants have multiple vendors to do soil and tissue testing to guarantee what is needed in the field. Alternative nitrogen sources identified and used at Vermillion 16 – Notable Practice.*

*Crop residue is left in the field, then is reintegrated into soil during field prep.*

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

**OBJECTIVE 2: Soil Health and Conservation (Continued)**

**Performance Measure (PM) 2.2 Soil Conservation**

Conformance Evidence:

- Conservation practice inventory
- Crop reports
- CRP contracts
- Soil test analysis

*Auditor Notes: Cover crop practices are implemented on select fields where feasible. Cover crops are not implemented on all acres due to the timing of crop yields and plantings, and economic viability, but tenants are well informed on potential uses. Field prep passes are performed in the fall, primarily disc ripping. Plantings are done based on wind direction to help prevent crop degradation and improve wind flow. Irrigation is used to weigh down soil when wind picks up.*

*Crop rotation in place to maintain production soils. Land is historically used for farming purposes. No mention of any conversions since working on the land. No resting of acreage has occurred due to soil health concerns. CRP acreage is in place at multiple properties.*

**Result: In Conformance**



**OBJECTIVE 3: Protection of Water Resources**

**Performance Measure (PM) 3.1 Water use**

Conformance Evidence:

- Water use reports
- Moisture tests results
- AgSource workpapers
- Water use reports
- Water permits
- Well registrations
- Waterway repairs
- Water conservation reports
- Visual review of pivots

*Auditor Notes: Soil moisture testing is done weekly. Auditors reviewed water records and water sample results with no identified concerns. Tenants use flowmeters or water withdrawal tracker to keep track of all water withdrawn. Water use is tracked through AgSource software.*

*There are not major concerns over water conservation given the supply in the region. Tenants still track water use. Water quality samples are pulled and analyzed every three years. Irrigation upgrades are performed as needed on a system-by-system basis.*

**Result: In Conformance**

**Performance Measure (PM) 3.2 Water Quality**

Conformance Evidence:

- Soil tests
- Nutrient management plan
- Water quality sample results
- Water use reports
- Water conservation reports
- Management interviews
- Auditor observations
- Waterway repairs
- Well repairs
- Tiling plans

*Auditor Notes: Scouts inspect water use and look for any irrigation issues. Scouts are both from an outside consulting company and internal employees. Scouts are looking for crop issues, irrigation leaks, and pest management control. Tenants perform regularly scheduled soil tests (between 3-5 years) on 5–10-acre grids. When soil tests come back with recommended action to increase soil health, samples are taken at a sub-level to yield more refined results. Nutrient Management Plan were reviewed. Cover crops and crop residue to reduce erosion and increase organic matter in the soil. Water quality samples are pulled and analyzed every three years.*

**Result: In Conformance**

**OBJECTIVE 4: Protection of Crops**

**Performance Measure (PM) 4.1 Integrated Pest Management**

Conformance Evidence:

- Chemical use requirements in lease language
- Management interviews
- Auditor observations
- Fertilizer and pesticide application records
- Biotechnology policy
- Crop records

*Auditor Notes: Consultants PestPro used for scouting reports and pesticide use. Scouts are in the field twice a day looking for pests. Scouts report any animal or pest activity which is internally recorded. An organic formula based on molasses is also used for pests (not harmful to crop).*

*An integrated pest management (IPM) plan is provided by 3<sup>rd</sup>-party consultants. Fertilizer and pesticide application records were reviewed without note. Non-chemical alternatives are used where possible. Reduction in product use has been observed due to operators attempting to reduce their operating costs.*

**Result: In Conformance**

**Performance Measure (PM) 4.2 Crop Protection Management**

Conformance Evidence:

- Chemical use requirements in lease language
- Management interviews
- Auditor observations
- Biotechnology policy

*Auditor Notes: Chemicals are applied by both internal employees and consultants. Tenants wait to apply product until soil/tissue tests require it, usually resulting in a single application pass. Safety trainings are held weekly, along with larger trainings annually. Empty chemical containers are cleaned and sent to chemical provider for disposal, with no storage on MIMTA sites.*

**Result: In Conformance**

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

**Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation**

Conformance Evidence:

- Energy use records
- Climate smart fact sheet
- Management interviews
- Energy efficiency and air quality policy
- Value Added Services (VAS) projects
- Variable Frequency Drive (VFD) records

*Auditor Notes: Energy is saved by using an electric fleet. Tenants plan activities at times where there is a lower energy rate from the electric service provider. When higher rate times are in effect (typically, late afternoon), energy use is minimal. Upgrades are made to lower energy equipment when economically possible. GPS on tractors helps track mileage and plan efficient routes. Tenants use AgSource for soil sample results, FieldAlytics for agronomy monitoring, and Ag Yield monitors yields.*

*One windmill was identified on site with a lower production potential. Renewable energy opportunities are reviewed by MIMTA.*

**Result: In Conformance**

**Performance Measure (PM) 5.2 Air Quality**

Conformance Evidence:

- *Climate smart fact sheet*
- *Maintenance records*
- *In-field practices*
- *Management interviews*

*Auditor Notes: Upgraded equipment frequently, always looking for most efficient and economical options. GPS on tractors for efficient routes and tracking mileage. Trimble and JD Ops used for equipment tracking. Reduced equipment idling and other efficiencies. Maintenance is performed on schedule by qualified mechanics and service providers.*

*Water applied to fields and roads to control dust. Planting is designed against the wind direction to avoid large dust ups and manage wind flow through the crops.*

**Result: In Conformance**

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

**Performance Measure (PM) 5.3 Climate Smart Agriculture**

Conformance Evidence:

- *Climate smart fact sheet*
- *Irrigation equipment upgrade records*
- *Electric conversion records*
- *VAS project procedures*
- *GHG verification report*

*Auditor Notes: Fleet of vehicles is being converted to electric options. GPS on tractors manages efficient routes and tracks mileage. Equipment is up to date, more efficient and maintenance is reduced. Schedules are planned and drivers are trained on driving efficiently. Reduced tillage and cover crop usage in all feasible areas. Scope 3 greenhouse gas emissions have been included in GHG Verifications and reports.*

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

**OBJECTIVE 6: Waste and Material Management**

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

Conformance Evidence:

- Hazardous Materials and Waste Management Policy
- Lease language regarding waste
- Management interviews
- Auditor observations

*Auditor Notes: Chemical waste is handled appropriately by cleaning containers and returning to chemical providers for recycling. There is no storage of waste products on MIMTA sites. Products are typically purchased in bulk to avoid smaller containers. Employees recycle in recycle bins in the offices. Batteries are disposed of using appropriate methods. All metal is recycled at recycling plants. USDA Good Agricultural Practices (GAP) audits are conducted and passed annually.*

**Result: In Conformance**

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

Conformance Evidence:

- In-field observations
- Conservation practices inventory
- Management interviews
- Hazardous materials and waste management policy
- Lease language

*Auditor Notes: Harvest waste is dehydrated and sold for various uses (i.e., animal feed). Grain bins are employed to manage harvests and stored seeds are analyzed for future use. Sucrose and glucose levels are monitored on stored crops. Combine trainings are conducted by implement dealers to operate equipment efficiently and with minimal loss/waste. Tenants use AgSource for soil sample results, FieldAlytics for Agronomy monitoring, and Ag Yield monitors yields.*

**Result: In Conformance**

### OBJECTIVE 7: Conservation of Biodiversity

#### Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- Threatened and endangered cards for regions
- Element occurrences reports
- At-risk species policy
- Biodiversity policy

*Auditor Notes: Monarch butterfly protection is in place when they pass through annually. Production is stopped for the conservation of butterflies. All animal sightings on the farms are reported with a date, animal type, and how the issue was resolved. No improper incidents noted on sheet. Bird and bat houses are being built after receiving a stipend from lessors.*

*Awareness of at-risk species was demonstrated by tenants, but no identified occurrences on sites. Employees are trained on how to handle animal encounters on farmland. Wildlife biologist on staff inform tenants on species in the area. Sightings of special status species in area predates MIMTA's presence in the area.*

**Result: In Conformance**

#### Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- Property maps
- In-field practices
- Ecological and biological reviews
- Biological policy

*Auditor Notes: Tenants leave corners for wildlife use and are occasionally mowed. Large buffers are present on field borders, with wild grasses allowed to grow. MIMTA has acreage set out for conservation in tenant areas. No native habitats have been identified on sites, but riparian and run off areas are avoided at all times.*

**Result: In Conformance**



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### OBJECTIVE 7: Conservation of Biodiversity (Continued)

#### Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- Threatened and Endangered Species information
- Zero Deforestation policy
- Ecological and biological reviews
- Farm maps

*Auditor Notes: Ecologically important sites have not been identified on borders of production farms. Riparian areas, water ways, and grassed areas are managed in a nondisruptive manner. MIMTA purchases land that has always been operated as farmland. Ground not in active production is set aside for conservation.*

**Result: In Conformance**

#### Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- Farm maps
- Management interviews

*Auditor Notes: Tenants participate in crop rotations at varying levels of complexity, but within GAP requirements. Tenants are participating in cover crop practices, and some tenants are growing alternative crops due to market and input prices.*

**Result: In Conformance**

### OBJECTIVE 8: Protection of Special Sites

#### Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- Riparian Site Management Policy
- SRI Toolkit
- MIMTA due diligence procedures

*Auditor Notes: Protected sites requiring special consideration are identified during due diligence with Phase 1 Environmental Site Assessments, biological reviews, and ALTA surveys. Due diligence procedures are thorough and include mapping and cataloging property boundaries with title reports, inspections of buildings and irrigation infrastructure, and other reviews. Identified special sites are avoided, and access is allowed for community member or appropriate parties. No identified areas were found on sample sites.*

**Result: In Conformance**

**OBJECTIVE 9: Local Communities**

**Performance Measure (PM) 9.1 Economic Well-Being**

Conformance Evidence:

- Social Responsibility Policy
- Act of kindness contribution
- Tax summaries and governance policy

*Auditor Notes: Tenants of MIMTA properties prefer to purchase inputs from local vendors. Tenants participate in local events. Labor is locally sourced, and their wages are higher than the local average, using prevailing wage as a starting point.*

**Result: In Conformance**

**Performance Measure (PM) 9.2 Community Relations**

Conformance Evidence:

- Acts of kindness contribution
- Management and tenant interviews

*Auditor Notes: Tenants on sample sites participate in fundraisers for watersheds. Contributions are made to local organizations for buildings and food pantries. Hunting leases can be discounted by donating to food banks. Sponsorships and scholarships are offered by select tenants. Tenants contribute to the culture of their community by supporting cultural initiatives like the symphony orchestra and teaching Introduction to Production Agriculture classes.*

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

**OBJECTIVE 9: Local Communities (Continued)**

**Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples**

Conformance Evidence:

- Indigenous Peoples Policy
- Social Responsibility Policy
- Stewardship partners program

*Auditor Notes: MIMTA addresses the rights of indigenous populations and community outreach in their Indigenous Peoples and Social Responsibility Policies. Tenants provide regional management's contact information to members of the public when requested. Surveys are conducted in accordance with ALTA/NSPS standards of performance. SRI Toolkit surveys check for current or previous claims on the MIMTA's land that is neighboring indigenous populations. Quarterly inspections are conducted to review complaints or issues and how they should be addressed.*

*Properties have signage with a numbering system identifying fields. Most often, tenant operators are known in the local ag community. Inquiries and complaints are communicated directly to tenants, most often equipment operators are flagged down. Incident reports are completed when third parties or contractors have issues on sites. Select tenants have company websites and interact openly with the community.*

**Result: In Conformance**

**Performance Measure (PM) 9.4 Public Health**

Conformance Evidence:

- Public health and safety lease language
- Management interviews

*Auditor Notes: Tenants coordinate with neighbors on application timing and monitor weather for application timing. Worker Protection Standard (WPS) audits check for pesticide safety compliance. Food quality tests are conducted on food grade crops.*

**Result: In Conformance**

**OBJECTIVE 10: Employees and Farm Labor**

**Performance Measure (PM) 10.1 Safe and Respectful Working Environment**

Conformance Evidence:

- Job postings and opportunity listings
- Diversity, Equity and Inclusion program and trainings
- HR policies related to safe and respectful work environment
- Biweekly staff calls on safe and respectful work environments

*Auditor Notes: Safety is a top priority throughout MIMTA's entire operation. Safety compliance is managed onsite and by the compliance manager. Harassment and similar behaviors are considered unsafe behaviors in MIMTA's code of conduct. Anti-discrimination, anti-sexual harassment, diversity and inclusion trainings and information are provided company-wide and frequently updated. Job postings have Equal Opportunity Employer (EOE) disclaimers.*

**Result: In Conformance**

**Performance Measure (PM) 10.2 Occupational Training**

Conformance Evidence:

- HR policies related to safe and respectful work environment
- Manulife Agriculture Services (MAS) Safety principles
- Biweekly call agendas

*Auditor Notes: MIMTA management is required to complete more trainings (40 per year) than required by the state. Staff of MIMTA have mandatory trainings with attendance taken. Training is frequent throughout the year with a variety of subjects.*

**Result: In Conformance**

### OBJECTIVE 10: Employees and Farm Labor (Continued)

#### Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- Leading Harvest announcement, commitment statements, and emails
- Updated support document from Manulife COO
- Roles and Responsibilities document
- Biweekly call agendas

*Auditor Notes: Senior leadership at MIMTA have issued a letter to the public stating MIMTA's commitment to conforming to sustainable operations and specifically committing to the LH FMS. Roles and responsibilities to conform to the objectives of the LH FMS are communicated and understood throughout the organization. Staff has access to information regarding sustainability and Leading Harvest efforts. MIMTA lists roles and responsibilities with clear expectations. Annual manager meetings and sustainability training is required by managers.*

*Sustainability on farms is included in risk assessments. Annual manager's meeting and regular sustainability training is provided for all managers. Biweekly updates are conducted on sustainability. Sustainability training matrixes have been developed and are regularly reviewed. Multiple teams work with sustainability issues within the organization (SRI team, regenerative team, operations team).*

**Result: In Conformance**

#### Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- MAS compensation programs
- "Understanding Your Pay" document

*Auditor Notes: Pay ranges by region and a central document that explains how pay is calculated provided. Document includes discussion on "cost of living". Pay ranges are within expectations and within living wage estimates.*

**Result: In Conformance**

#### Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- SRI Toolkit and surveys

*Auditor Notes: Assessment and monitoring of contract management companies are included in SRI toolkit surveys as part of due diligence and overall risk assessment.*

**Result: In conformance**

### OBJECTIVE 11: Legal and Regulatory Compliance

#### Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- SRI Toolkit and surveys
- HR manuals and policies
- Safe and Respectful work environment policies
- DEI program
- Global Risk Register

*Auditor Notes: Select staff are tasked with providing access and ensuring compliance information is sent to all managers. Tenant management staff manage compliance obligations and ensure proper information is distributed and available throughout the organization. Employee portals provide information regarding legal compliance.*

**Result: In Conformance**

#### Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- MIMTA HR policies
- Diversity, Equity, and Inclusion programs
- Quiet Enjoyment Support Document
- Lease language

*Auditor Notes: International Labor Organization's (ILO) principles are mostly legal requirements in the United States. Farm tenants are allowed to operate as they wish in accordance with the lease requirements on sustainability performance, with managers retaining the right to assist, inform, or support tenants where they see fit. Tenant practices show differences due to regional requirements and personal preference and are controlled via MIMTA manager reviews and farm visits. Compliance with legal and regulatory action is demonstrated through dedicated senior staff positions engaging in continuous monitoring and oversight.*

**Result: In Conformance**



### OBJECTIVE 12: Management Review and Continual Improvement

#### Performance Measure (PM) 12.1 Farm Review and Continual Improvement

##### Conformance Evidence:

- Continual Improvement Process
- Performance measures surveys
- MAS Management Review
- LH Exceptional Practices Benchmarking document
- Action Register
- MIMTA Stewardship Report
- Significant Stewardship projects
- Support for sustainable agriculture document
- Readiness Review (Internal management review) template
- Management system description
- Management review PowerPoint

*Auditor Notes: Property inspection report procedures include scheduling, topics for monitoring, and issues that have been deemed significant. Managers perform regularly scheduled inspections on sites and tenant operations. MIMTA is enhancing their performance monitoring process by beginning to use internal audits and documented monitoring includes quarterly inspections, monthly follow ups with tenants, and as needed attention to critical issues. Performance by tenants is recorded and included for consideration in future lease decisions. A regenerative ag team interfaces with tenants on emerging issues and customer concerns regarding regenerative agriculture.*

*Projects are sent to compliance staff for review, management for approval, and included in stewardship program catalog. Stewardship catalog is provided, and managers are being trained to include tenant practices, infrastructure upgrades, equipment upgrades, NCRS and CRP initiatives, and conservation and efficiency projects. Monitoring and performance records are maintained and utilized by managers in planning discussions. Changes and improvements are included in the action register and stewardship catalog, if appropriate. A regenerative ag practice inventory has been established. Innovative practices have been demonstrated on site, with tenants identifying alternative sources of nitrogen on sites.*

*MIMTA's action register and management review documentation continue to develop and serves as a timeline of MIMTA's Leading Harvest improvements and corrective actions.*

**Result: In Conformance, Notable Practices (See Key Findings)**

**OBJECTIVE 12: Management Review and Continual Improvement (Continued)**

**Performance Measure (PM) 12.2 Support for Sustainable Agriculture**

Conformance Evidence:

- Support for Sustainable Agriculture document
- Significant stewardship projects
- LH Exceptional practices benchmarking

*Auditor Notes: Projects are sent to compliance staff for review, management for approval, and included in stewardship program catalog. A stewardship catalog is established, and managers are being trained to include tenant practices, infrastructure upgrades, equipment upgrades, NCRS and CRP initiatives, conservation, and efficiency projects. Tenants are at liberty to participate in research as they wish, with support from management. Select tenants engaged in bioreactor research in the past.*

**Result: In Conformance**

**OBJECTIVE 13: Tenant Operated Operations**

**Performance Measure (PM) 13.1 Leased Land Management**

Conformance Evidence:

- Regional Best Management Support document
- Sustainable principles
- Public Health and Safety Lease Language

*Auditor Notes: Sustainable agriculture principles included as addendums to leases. Content of Leading Harvest and sustainable agriculture principles are used in farm inspection reports. Lease language has been reviewed and addresses LH FMS requirements.*

**Result: In Conformance**

**Performance Measure (PM) 13.2 Leased Land Monitoring**

Conformance Evidence:

- Quarterly inspections
- Crop yield reports
- Annual farm summaries
- Bi-weekly reporting processes
- Action register
- Inspection procedures and reports

*Auditor Notes: Managers engage in regular informal meetings with tenants regarding a variety of current issues. Bi-weekly updates are reported on by managers. Quarterly inspections formalize the review process, and annual farm summaries and performance measure surveys document results from the growing season.*

*Actions needed and taken are included in the action register and stewardship catalog, if appropriate. Annual results are taken into consideration during performance reviews and future tenant planning. At the end of the year tenants report application rates, product types, yield, etc.*

*Quarterly inspections feed into bi-weekly reporting. Annual and periodic reviews of components of the monitoring system allow for improvements to be identified and communicated. Tenants approach MIMTA managers regarding practice changes, required repairs, and capital requests.*

**Result: In Conformance**

# Manulife Investment Management Timberland and Agriculture

## 2022 LEADING HARVEST SURVEILLANCE AUDIT: SUMMARY REPORT

June 17, 2022

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### KEY FINDINGS

**Previous Non-Conformances:** There were no previous non-conformances identified in previous audits.

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

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

**Opportunities for Improvement (OFI):** No opportunities for improvement were identified during the examination.

#### **Notable Practices:**

1. 2.1.3 Nutrient Management Program
2. 12.1.3 Agricultural Innovation
  - a. Alternative nitrogen sources are used at Vermillion 16. "Lily Water" is a co-product of insulin production. Strategic partnerships have been secured with Eli Lilly to supply a non-ammonia based nitrogen for use on Walker Place farms (sites managed for MIMTA and others). The supplied nitrogen is a highly efficient product requiring smaller application amounts. Furthermore, it was reported that no anhydrous ammonia is employed on the site. The co-product was selected with the specific objective of avoiding overuse and soil leeching. While this situation is not reproducible at all sites, innovative and risk mitigation practices could be promoted and encouraged where possible.
3. 5.3.1 Greenhouse Gas Emissions
  - a. As noted on the Direct Operated audit, GHG emission verifications have already taken place with no material deficiencies noted. GHG verifications are expected in the future, but MIMTA remains ahead of potential requirements.
4. 9.2.1 Community Engagement
  - a. Tenants reported contributing to the culture of their community in unique ways. For example, supporting cultural initiatives like directing the local symphony orchestra. Specifically, regarding their role in agriculture, Tenants reported unique work such as teaching an Introduction to Production Agriculture class at Purdue and participating in early and long-term bioreactor studies.

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**Review of Previous Audit Cycle:** In 2021, MIMTA engaged Averum to perform their initial surveillance audit on continuing conformance to the Leading Harvest Farmland Management Standard. MIMTA successfully demonstrated continued conformance to the LH FMS standard, with no nonconformances or opportunities for improvement found, and four notable practices. Opportunities for improvement from the previous cycle were followed up on during the surveillance audit interviews, site visits, and documentation reviews.

### CONCLUSIONS

Results of the audit indicate that Manulife Investment Management Timberland and Agriculture has implemented a management system that continues to meet the requirements of and has maintained conformance with the Leading Harvest Farmland Management Standard 2020.

Manulife Investment Management Timberland and Agriculture's certification to the Leading Harvest Farmland Management Standard 2020 on tenant operated properties is recommended to remain in good standing.

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Summary of Audit Findings			
<b>Program User</b>	Manulife Investment Management Timberland and Agriculture		
<b>Audit Dates</b>	April 29, 2022 to June 17, 2022		
<b>Non-Conformances Raised (NCR):</b>	<i>Major</i>	<i>Minor</i>	
	0	0	
<b>Follow-Up Visit Needed?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Date(s)</i>
<b>Follow-Up Visit Remarks</b>	N/A		
Team Leader Recommendations			
<b>Corrective Action Plan(s) Accepted</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/> <i>Date</i> 06.17.2022
<b>All NCR Closed</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
<b>Audit Team Leader</b>	<b>Audit Team Members</b>		
Matt Armstrong	Andrew Zetterburg Ethan Smith Kyle Rusten		
Scope of Audit			
Management of production farmland on tenant operated properties.			
<b>Accreditations</b>	Approval by Leading Harvest to provide certification audits		
<b>Number of Certificates</b>	1		
<b>Certificate Number</b>	2020-0002		
<b>Proposed Date for Next Audit Event</b>	TBD		
<b>Audit Report Distribution</b>	Natasha Wise (NLWise@manulife.com), Certifications Management Holly Evers (HEvers@manulife.com), Program Coordinator		