



# **Nuveen Natural Capital**

**Chicago, IL**

**LH FMS AUDIT SUMMARY REPORT: SURVEILLANCE 2022**

**November 28, 2022**





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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 surveillance audit conducted on Nuveen Natural Capital 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 assisted by Field Auditor Andrew Zetterberg. 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 2022, Averum was engaged by Nuveen Natural Capital (Nuveen) to perform an audit of sustainability performance on 26,826 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 California. There was no substitution or modification of LH FMS performance measures.

### COMPANY INFORMATION

Nuveen Natural Capital is an independent agricultural investment firm. Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for Nuveen's properties. Nuveen opted to certify their wine grape growing properties in 2021.

On the certification audit, seven (7) sites in California were selected, with four 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 is wine grapes.



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### AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for Nuveen coordinators to upload evidence and documentation securely for auditor review. Evidence was continuously uploaded throughout the audit. An opening meeting was held on August 19, 2022, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in California were examined on August 23 and 24, 2022. A closing meeting was held on November 28, 2022.

#### Opening Meeting: Conference Call

August 19, 2022; 10:00AM

**Attendees:**

(Nuveen Natural Capital) Eric Pooler, Andre Chaves

(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 audit: Matt Armstrong
- Audit plan: Matt Armstrong
- Expectations of program user staff: Matt Armstrong
- Method of reporting: Matt Armstrong

#### Closing Meeting: Conference Call

November 30, 2022; 3:00PM

**Attendees:**

(Nuveen Natural Capital) Eric Pooler, Andre Chaves

(Audit Team) Matt Armstrong, 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): 6
  - Notable Practices: 1
- Report timing and expectations: Matt Armstrong

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### MULTI-SITE REQUIREMENTS

Nuveen maintains operations on multiple properties in California and Oregon. Nuveen qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Regional managers are responsible for developing corrective action plans regarding LH FMS conformance and report them to Nuveen management. Nuveen'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
California	Wine grapes	Seven (7) sites visited during audit <ul style="list-style-type: none"><li>- 26,826 gross acres in production</li><li>- California represents 97.5% of all acreage</li><li>- Management population: One (1) regional manager, four (4) tenant operators</li><li>- Sites visited: Suscol Mountain, Sugar Loaf West, North 40, Otto's, Diamond, Windsor Hills, Sallyvine</li></ul>

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### AUDIT RESULTS

Overall, Nuveen’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 seven operating sites, all in California. Visits were pre-harvest, with fruit health and expected yields inspected. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate Nuveen’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. Nuveen’s Regional Managers 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:

- *Nuveen Sustainability Policy*
- *"How We Invest in Farmland" document*
- *Nuveen 2022 Sustainability Report*
- *Lodi Rules scorecards, SIP Scorecards*
- *CSWA Certificates and Signage*
- *Management interviews*

*Auditor Notes: Nuveen operates a mature agricultural management line of business. Sustainable agriculture is present in internal discussions and plans throughout the organization. Nuveen holds certifications in several sustainability standards such as Lodi Rules, Sustainability in Practice (SIP) and California Sustainable Winegrowers Alliance (CSWA). Soil conservation efforts (no tillage, cover, and crop rotation) are established and widespread. Main concerns on sites visited is soil variability. Attention to detail and constant monitoring are necessary to keep soil healthy. One site in Nuveen's portfolio is being restored from a vineyard into a native oak woodland.*

*All sustainability policies are currently under review by a third-party for appropriateness and needs for improvement.*

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

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### OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

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

##### Conformance Evidence:

- *Climate AI (climate planning platform)*
- *Maplecroft (sustainability data)*
- *Management interviews*

*Auditor Notes: Nuveen uses Climate AI and Maplecroft to help identify external climate-related factors on their vineyards and track data related to climate analytics. Vine disease threats are managed by having nursery labels at the end of each block. Third-party managers and management are identifying and addressing potential concerns with pesticide use, as clients are voicing concerns on the application and its effect on grapes.*

**Result: In Conformance**

### OBJECTIVE 2: Soil Health and Conservation

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

##### Conformance Evidence:

- *Cover crop management documents*
- *Fertilizer program documents*
- *Plant analysis samples*
- *Soil fertility plan*
- *Photos of cover crop crimping*
- *Soil sampling records*

*Auditor Notes: Nuveen engages in minimum till practices on the sites visited with perennial grass as a cover crop in between the rows. One site visited is 100% no till. Soil is tested every year by an outside third-party. All soil amendments are done by Nuveen employees. Compost and lime are both used to raise the Ph of soil in low-PH areas.*

*A formal soil health plan is kept through AgCode, a farm management software. Nuveen has a team of viticulturists with several certified crop advisors (CCA) making decisions on applications and rates used.*

*Fertilizer applications and rates are all recorded in AgCode. AgCode allows for easy access for prior year data, notes from a site manager and access to crop strategies on a certain site. The soil health plan has a general plan updated yearly that is amended based on each site's individual needs, such as different soil structures and topography.*

*Prunings and cover crop mowing are left out to be reincorporated into the soil. This is done to help increase organic matter in the soil and help deliver nutrients to the root zone, helping to keep the vines healthy.*

**Result: In Conformance**

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

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

Conformance Evidence:

- *Fertilizer applications*
- *Cover crop management documents*
- *Soil fertility plan*
- *Mulching and pruning plans*
- *Cover crop crimping documentation*
- *Soil sampling records*
- *Compost application records*

*Auditor Notes: Nuveen manages erosion in a few ways. Nuveen has an erosion control plan, which follows the Napa County permeability guidelines for planting on a slope, guidance from the National Resources Conservation Service and engage in 100% no-till practices. One site visited has designated highly erodible land (HEL), which is mitigated by installing drainage to help control runoff. Nuveen hired an outside civil engineer to design the drainage after recommendations from a Geotech survey.*

*There is no reported or observed compaction on the sites visited. There are no issues with acidification or salinization either, in part due to the soil health plan and addressing any issues with nutrients that pop up in the soil samples. There have been no management issues causing land to be rested.*

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



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### OBJECTIVE 3: Protection of Water Resources

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

##### Conformance Evidence:

- *Irrigation summaries*
- *Water application records*
- *Pump tests*
- *Water infrastructure reports*
- *Salinas Basin Ag Stewardship Group Meeting notes*
- *Soil moisture readings*
- *Water management strategy and water usage breakdown*

*Auditor Notes: Nuveen has access to recycled water from the Yountville Water District and the Napa Valley Water District. Nuveen tracks their water outflow from the aquifers on site. The water levels are tracked yearly, and water has been plentiful since taking over the sites. Water planning is done on a site-by-site basis, due to different layouts and topography. Sites that have more slopes are watered to cater to the slopes, such as lower pressure eyelets at the bottom slope of a drip line and higher pressure on hilltops to help get water through the line to the top.*

*The typical approach to water conservation in the region is tracking water use regularly and scouting the fields. The client base Nuveen works with usually wants the least amount of water possible, as this helps the characteristics of wine grapes to perform the best.*

*One of the site managers is on the Groundwater Sustainability Agency Advisory Board.*

*Nuveen uses moisture probes to track the moisture level of the soil at the root level. Nuveen also uses the Tule app, an app that tracks water usage and gives insights on moisture levels to help make irrigation decisions. Water use varies year-to-year based on weather events and the level of heat in the Napa and Sonoma regions. Nuveen also picks rootstocks on new plantings that are drought-tolerant and pick each rootstock dependent on the site being planted and its climate.*

**Result: In Conformance**

**OBJECTIVE 3: Protection of Water Resources (Continued)**

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

Conformance Evidence:

- *Irrigation summaries*
- *Water application records*
- *Pump tests*
- *Water infrastructure reports*
- *Ag Stewardship Group Meeting notes*
- *Soil moisture readings*
- *Drought tolerant rootstocks*
- *Soil samples*
- *Erosion control maps and plans*
- *Straw distribution*
- *Straw waddle usage*
- *Photos of natural slope and planting layout*
- *Photos of conservation tillage and cover crop buffers*
- *Photos of erosion control structures*
- *Auditor observation*

*Auditor Notes: Fields are scouted weekly by Nuveen employees. Scouts are primarily looking for areas of water stress, pests, nutritional symptoms, and areas to take petiole tests. Sites are 100% no-till, unless a new vine is being grown in which rows are tilled to help move the soil and allow fertilizer and water to soak the roots to help facilitate growth.*

*Soil moisture monitors and weather stations are utilized, including Tule sensors, Acclima soil moisture monitoring sites, vine vigor/tendrill status scouting and leaf water potential (pressure bombs). Weather stations are used to accurately estimate evapotranspiration at each ranch and factor in crop coefficients.*

*The Napa River borders one of the sites visited and a few small creeks neighbor a few of the properties visited. All employees are trained to avoid these water resource areas. Nuveen also follows all setbacks the county has in place for neighboring water resource areas. Fencing and buffer zones were observed on site visits by the auditor.*

**Result: In Conformance**

**OBJECTIVE 4: Protection of Crops**

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

Conformance Evidence:

- *Disease listing*
- *Pest identification reports*
- *Pest findings*
- *Vertebrate findings*
- *Weed findings*
- *Pesticide usage reports*
- *Pesticide and PPE trainings*
- *Auditor observation*

*Auditor Notes: Pests are monitored primarily by field scouting. Traps are also placed to capture bugs and monitor the amount being trapped on a site. The typical pests on-site are mealybug, mites, leaf hopper, birds, and deer. Pheromone traps are used to help mitigate pest issues, magnesium sulfate is laid out on roads to help prevent dust flaring up with mites, and fences are installed to keep deer off properties.*

*Nuveen maintains a preventative spray program, basing it off UC Davis's thresholds. Chemical selection and rates are all variable, based on pest pressure observed, treatments applied, and timing and weather conditions. Nuveen actively rotates its pest attack plan to help minimize pest resistance to certain methods. Nuveen also plants pinot noir grapes around the edges of properties to help identify disease quicker, as the leaves turn red quicker on that variety.*

*Nuveen has installed "T-cross" crop canopies to help spread the vines out and reduce heat stress by allowing air flow between the vines. Pruning also takes place annually, or as needed, to facilitate air movement between the vines. Owl boxes were observed on site to help protect from birds. A documented integrated pest management plan (IPM) is kept and updated annually. Records of applications and chemicals used are placed in the IPM. Nuveen is working with a non-governmental organization (NGO) on a nearby creek to help restore a natural habitat to an area that had become overrun with invasive species.*

**Result: In Conformance**

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#### OBJECTIVE 4: Protection of Crops (Continued)

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

###### Conformance Evidence:

- *Pesticide usage reports*
- *Hazard communications program*
- *Accident prevention protocols*
- *Safety training*
- *Equipment training*
- *Proper use of PPE training*
- *Speed in the field training*
- *Starting inspection*
- *Weevilcide application training*
- *Chemical application usage and location records*

*Auditor Notes: Chemicals are applied by Nuveen staff. Training is held annually on spraying, and all employees who spray are properly licensed. Any empty chemical containers are stored in a specified, marked off area and are triple rinsed and recycled when done using.*

**Result: In Conformance**

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

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

###### Conformance Evidence:

- *Electricity consumption monitor reading*
- *Shops with solar panels*

*Auditor Notes: Energy is saved on-site by converting all well pumps to electric. To help smooth energy demand in the region, Nuveen actively reduces energy consumption during peak hours on the energy grid. In spraying season, sprays are performed in longer intervals which helps reduce the number of passes and vehicle travel. A maintenance schedule is kept on all equipment.*

*Nuveen has plans to implement solar on their sites but there is none as of now.*

**Result: In Conformance**

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

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

Conformance Evidence:

- *Equipment inspections*
- *Dust control trucks and evidence of use*
- *Dust control roadway images*
- *Photos of chip-sealing site roads*

*Auditor Notes: Nuveen employees are on a training program for equipment usage, helping them operate equipment properly and efficiently, and learning how to maneuver around sites efficiently. Nuveen tracks equipment movement and developed site maps for efficient driving and route planning.*

*Any dust issues are mitigated by grass cover crop in the rows and magnesium chloride applied on dust roads to prevent flare ups.*

**Result: In Conformance**

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

Conformance Evidence:

- *Narrative of current practices*
- *Auditor observation*

*Auditor Notes: Nuveen reincorporates any prunings and cover crop mowing back into the soil. All trucks purchased have DEF engines and tier 4 motors. One site visited is going to test an electric fleet of vehicles. Maintenance logs are kept on all vehicles*

*The biggest climate impact that Nuveen faces is frost in the winter. Nuveen tries to combat frost by placing fans on the properties to keep cold air moving. Nuveen also trims the canopy portion of vines to facilitate the airflow from the fans.*

**Result: In Conformance**



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#### OBJECTIVE 6: Waste and Material Management

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

###### Conformance Evidence:

- *Recycling training*
- *Secondary containment images*
- *Chemical shed images*
- *Auditor observation*

*Auditor Notes: Most waste produced on-site by Nuveen is organic waste from prunings or vines removed for disposal. The pruning is mostly left in the rows to be broken down and reincorporated into the soil.*

*Used chemical bins are triple washed and recycled. Nuveen underwent a pipe redevelopment project that required metal to be used, and that metal was recycled as well. Nuveen representatives stated they will recycle any time they have the chance to.*

*Nuveen has oil that they recycle using guidelines from the Napa County and Sonoma County Hazardous Materials Business Plan.*

**Result: In Conformance**

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

###### Conformance Evidence:

- *Recycling training*
- *Secondary containment images*
- *Chemical shed images*
- *Auditor observation*

*Auditor Notes: The biggest threat to crop loss on Nuveen sites is frost, which is mostly combated by installing fans on sites and keeping trees pruned to encourage air flow. No crop is stored on Nuveen sites, it is sent directly to customers after harvest.*

*Crop residue from trimmings is reincorporated back into the soil. Nuveen uses compost when the organic matter compounds are low in the soil and when new vines are planted to help give roots key nutrients.*

**Result: In Conformance**

**OBJECTIVE 7: Conservation of Biodiversity**

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

Conformance Evidence:

- *Maplecroft Risk Matrix*
- *Native plant assessment*
- *Management interviews*

*Auditor Notes: Surveys are conducted to identify sensitive species prior to acquisition of farmland or in advance of operations that may disturb sensitive species, in a manner consistent with the regulations established by the presiding regulatory agency.*

*Steps are taken to preserve sensitive species present within farms, in a manner consistent with the regulations established by the presiding regulatory agency.*

**Result: In Conformance**

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

Conformance Evidence:

- *Owl boxes*
- *Deforestation risk assessments*
- *Photos of set-aside areas*
- *Management interviews*
- *Auditor observation*

*Auditor Notes: Measures are taken to preserve natural habitats potentially influenced by vineyard production. Owl boxes were observed on sites visited. Nuveen is working with an NGO on a nearby creek to help restore a natural habitat to an area that had become overrun with invasive species.*

*Ecologically Important Sites around vineyards are identified, preserved, and promoted in concert with the optimization of farmland productivity.*

*Nuveen engaged with an NGO to remove an invasive blackberry bush near a creek on one site. They are replanting the area with native species such as oat, buckeye, and wild rose. Nuveen is also engaged with Napa Valley Health Department to help mitigate invasive daisies.*

**Result: In Conformance**

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

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

Conformance Evidence:

- *Maplecroft platform reports with deforestation risk highlights and risk assessment*
- *Emails between ESG and investment teams considering deforestation risks during due diligence phase*
- *Westchester Sustainability Policy document*

*Auditor Notes: Native vegetation is present and maintained to preserve wildlife populations in compliance with the Department of Natural Resources. Ecologically Important Sites are identified in due diligence, none identified on visited sites. One project is underway to replant native oaks to former vineyards that are no longer in production.*

*Nuveen maintains a sustainability policy, but it needs to be updated to the current company name. The policy covers deforestation as this is a major concern for Nuveen's clients. Properties are long term farmland with no history of forested areas. Nuveen uses the Maplecroft platform to identify areas where deforestation is a concern and discusses the risk during the due diligence process.*

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

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

Conformance Evidence:

- *Cover crop management plan*
- *Management interviews*

*Auditor Notes: Vineyards consist of varying plant material which serves to broaden biological diversity within vineyard ecosystems. Variety of crop species on each site. Crop varieties determined by client demands and overall profile of each ranch. A variety of rootstock is used on new plantings to help the vines adapt to the climate they are planted in.*

***Result: In Conformance***

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#### OBJECTIVE 8: Protection of Special Sites

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

###### Conformance Evidence:

- Oak woodland conservation areas
- Suscol Mountain Resources Management Plan
- Resources management plan
- Management interviews

*Auditor Notes: Special sites around vineyards are identified, preserved in a manner consistent with the regulations established by the presiding regulatory agency.*

*Features of Special Sites are documented, marked and mapped for reservation in accordance with the regulations established by the presiding regulatory agency.*

**Result: In Conformance**

#### OBJECTIVE 9: Local Communities

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

###### Conformance Evidence:

- Pay stubs of local management
- Resumes
- Management interviews

*Auditor Notes: Employees are local talent and most times known in the community. Site management are full time employees of contract management companies, and regional management are employees of Nuveen. Supplies are procured from local dealers (within 250 miles).*

**Result: In Conformance**

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### OBJECTIVE 9: Local Communities (Continued)

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

Conformance Evidence:

- *Agricultural training offered to grower community developed by Nuveen staff*
- *Management interviews*
- *Tenant interviews*

*Auditor Notes: Nuveen provides opportunities for sustainable education and assistance within the local community. Eric Pooler, VP of Viticulture at Silverado, is very involved in the group "Agriculture in the Classroom", which offers materials to classrooms to promote students' understanding of agriculture. Nuveen also provides annual scholarships to local students with over \$50,000 offered this year, provided a field day for local growers to learn new techniques, and offered an eight-hour course to third-party managers on sustainable farming practices.*

*Nuveen has undertaken a Corporate Social Responsibility (CSR) in local communities such as restoring natural habitats on vineyards and water resources, diversified hiring, and providing sustainable training. Nuveen hosts a yearly agriculture summit for local contractors. One of the site managers is on the Groundwater Sustainability Agency Advisory Board.*

**Result: In Conformance**

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

Conformance Evidence:

- *Principles for Responsible Investment (PRI) in Farmland report*
- *Farmland Report number and Global Thoughts Newsletter*
- *Management interviews*
- *Tenant interviews*

*Auditor Notes: In 2011, Nuveen was one of a group of UN PRI signatories who developed the Principles for Responsible Investment in Farmland.*

*100% of Nuveen's properties verify titles and ownership prior to acquisition maintaining compliance with federal and local laws protecting Aboriginal heritage and indigenous community rights.*

*Nuveen's team members are active in shaping the wine grape industry in California and nationally. These professionals serve as board or committee members for national groups – including the National Grape Research Commission and American Vineyard Foundation – and regional and state-wide organizations, such as: Sonoma County Winegrape Growers; Russian River Valley Winegrowers; Young Farmers and Ranchers; Sonoma County Winegrape Commission; Napa County Farm Bureau; Sonoma County Viticultural Working Group; and California Rootstock Commission. Additionally, a team member lends their knowledge to the Napa County Agriculture in the Classroom program, which educates youth about the importance of agriculture in their daily lives.*

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



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

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

###### Conformance Evidence:

- Pest Control Adviser (PCA) certification
- Lease language
- Safety trainings
- Tenant interviews

*Auditor Notes: Vineyard activities are conducted in a manner intended to limit effects on neighboring communities. Spraying is planned and performed by PCAs to avoid drift and overspray. Crop managers adapt with regulatory environment.*

**Result: In Conformance**

#### OBJECTIVE 10: Employees and Farm Labor

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

###### Conformance Evidence:

- *Employee Handbook*
- *Job listings*
- *Co-worker respect training*
- *Anti-harassment training*
- *Supervisor responsibilities trainings*
- *Anti-discrimination policy*
- *New hire packet and orientation*
- *Management Interviews*
- *Auditor Observation*

*Auditor Notes: Nuveen is an Equal Opportunity Employer. Safe work environment, anti-harassment, and anti-discrimination policies are in place in their Employee Handbook. Annual surveys are issued to employees regarding employee satisfaction. Voluntary employee housing is on sites. Safety posting boards are visible on sites visited promoting a safe work environment.*

**Result: In Conformance**

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

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

Conformance Evidence:

- *Oil and clean cooling training*
- *Safety training records*
- *Daily dozen training records*
- *Wet road training records*
- *Defensive driving training records*
- *Electrical safety trainings records*
- *Emergency procedures*
- *Employee Handbook*
- *Maintenance procedures*
- *Safety equipment training records*
- *Fork-lift training records*
- *Harvester driving training records*
- *Heat training records*
- *Pesticide training records*
- *Lift training records*
- *PPE training records*
- *Management interviews*

*Auditor Notes: Employees are provided regular trainings to maintain current knowledge pertaining to professional roles and responsibilities. Heat safety and hydration practices were observed, and coolers were present at all sites. Staff released from activity at 95 degrees. Managers commented on the efficiencies gained from utilizing repeat H2A workers. Annual trainings for domestic and H2A workers include chemical applications, harvest safety and procedure, safety practices, and anti-harassment. Trainings and surveys are conducted by site managers to measure employee satisfaction.*

**Result: In Conformance**

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

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

Conformance Evidence:

- *Sustainability Policy for Leading Harvest*
- *Continuing Education (CE) Hours for senior management*
- *Management interviews*
- *Goal plan for Nuveen Sustainability Director*

*Auditor Notes: Nuveen has a dedicated Head of Sustainability and Sustainability Directors who are responsible for the adoption of Leading Harvest. There is a level of comfort between managers that indicates an environment of collaboration. ESG Committee directs activities and programs.*

*Crop managers are engaged on Leading Harvest annually. In 2022, crop managers were presented with the standard and a list of qualifying demonstration evidence for review and feedback. In 2023, check ins with crop managers will be scheduled to review LH FMS as well as progress toward recording qualifying evidence. Trainings will be documented with agendas and attendance records for in-person meeting or screenshots of remote meetings.*

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

**Performance Measure (PM) 10.4 Compensation**

Conformance Evidence:

- *Management interviews*
- *Pay stubs*

*Auditor Notes: Wages paid to employees are at or above the regional living standard. Annual consultations review compensation levels to ensure competitiveness.*

***Result: In Conformance***

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

Conformance Evidence:

- *Farm Labor Contract (FLC) audit checklists*
- *Management contracts*

*Auditor Notes: Oversight of FLC performing services within vineyard operations is maintained to ensure that employees of FLC's receive liberties granted via regulations established by the presiding regulatory agency. Management contracts address the level of oversight for FLCs and crop managers vary in level of reviews of FLC's.*

***Result: In Conformance***

**OBJECTIVE 11: Legal and Regulatory Compliance**

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

Conformance Evidence:

- *Employee Handbook*
- *Safety Data Sheets binders*
- *California and Federal Labor and OSHA posters*
- *New hire trainings*
- *Local groundwater participation meeting minutes*
- *Farmland Report 2022 with Key Performance Indicators (KPI)*
- *Management interviews*

*Auditor Notes: Employees are granted access to information identifying employee rights as established by the presiding regulatory agency, in accordance with regulations established by the presiding regulatory agency. Management agreements require compliance with relevant regulatory agencies.*

*Trainings are conducted for employees to identify employee rights as established in accordance with regulations established by presiding regulatory agency. Crop managers attend trainings related to regulatory agency oversight as needed. CE and trainings in place keep employees informed of relevant regulatory requirements.*

**Result: In Conformance**

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

Conformance Evidence:

- *Farmland Report with KPIs*
- *Code of practices (labor category)*
- *Lease language*
- *Legal requirements policy*

*Auditor Notes: Nuveen has been an industry innovator in measuring sustainability performance. Since 2013, Nuveen has applied KPIs tied to the UN-backed Principles for Responsible Investment (PRI) Farmland Guidelines. In 2019, Nuveen created a Logic Model that linked their efforts globally to select UN Sustainable Development Goals (SDGs).*

*Nuveen used the International Labor Organization guidelines as a reference to write the Code of Practices. Code of practices did not change in the transition from Westchester to Nuveen. Engagements with third parties are underway to review the current code of practices for appropriateness.*

*Rights of vineyard tenants are respected and a covenant of quiet enjoyment is maintained in accordance with regulations as established by the presiding regulatory agency.*

**Result: In Conformance**

### OBJECTIVE 12: Management Review and Continual Improvement

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

##### Conformance Evidence:

- *Farmland reports*
- *Environmental, Social, Governance (ESG) annual reports and statements*
- *Becrop report*
- *Emails between managers and tenants regarding site visits*
- *Site visit schedules*
- *Management interviews*
- *Tenant interviews*

*Auditor Notes: Nuveen has a process to periodically review operational functions within leased vineyards, and information gathered is used to promote continuous improvement. Evaluations are conducted annually with identified improvement put in place the following year.*

*There is a program for collecting, reviewing, and reporting information to management regarding progress in achieving LH FMS objectives and performance measures is being established, to be performed by regional managers. Surveys and performance reviews are collected annually, with identified changes implemented the following year.*

*Nuveen has a process in place to drive continuous exposure to new technology, and adoption of operational innovations in vineyards. Bio-char project continues to expand, with multiple other projects underway, as noted in the farmland report and management interviews. Alternative cover crop rotations are being tested to determine crop protection and yield impacts.*

*Nuveen encourages the sharing of practices between managers. There is an environment of collaboration between crop managers and information regarding practices and results is shared openly.*

*Site managers make frequent visits to tenants and partner organizations. Internal reviews of the LH FMS within Nuveen precede annual check-ins with crop managers regarding progress on recording conforming activities and evidence. Internal review meetings involve the asset managers responsible for operational oversight.*

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



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

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

Conformance Evidence:

- Biochar results and reports
- Oasis virus indicators
- Weed trial
- Management interviews
- Tenant interviews

*Auditor Notes: Relationships with public and private research institutions to promote operational innovations in vineyards are continuously cultivated and maintained. Nuveen also works with several organizations on research initiatives, such as working with UC Davis & AgTech on irrigation efficiencies, partaking in red blotch trials, sulfur studies, and purchasing electric tractors from Monarch. One member of management is also on the National Grape Research Alliance Board.*

**Result: In Conformance**

**OBJECTIVE 13: Tenant Operated Operations**

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

Conformance Evidence:

- Lease agreements
- Tenant review cycles
- Management interviews
- Tenant interviews

*Auditor Notes: Nuveen leases require "best efforts" and "best practices". Soil health reductions can result in termination of a lease. LH FMS, liability insurance, and safety and legal compliance are directly referenced in standard leases.*

*Vineyard tenants are bound by agreements which require work to be performed in accordance with regulations established by presiding regulatory authorities. Tenants retain independently maintained sustainability standards, such as crop or regionally specific certifications.*

**Result: In Conformance**

## Nuveen Natural Capital

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### OBJECTIVE 13: Tenant Operated Operations (Continued)

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

Conformance Evidence:

- *KPI List*
- *Management interviews*

*Auditor Notes: Site visit reports serve as the primary function of the verifiable monitoring system. LH FMS language is being added to site visit reports. Managers engage in regular meetings with site managers and tenants regarding a variety of current issues. Quarterly inspections, performance reviews, and site visit reports formalize the review process.*

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

# Nuveen Natural Capital

## LH FMS AUDIT SUMMARY REPORT

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### KEY FINDINGS

**Previous Non-Conformances:** 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):** Six (6) opportunities for improvement were identified during the audit.

1. 1.1.1 Farmland Stewardship Commitment
2. 7.3.2 Deforestation
3. 9.3.1 Local Community and Indigenous Peoples Policy
4. 10.3.1 Sustainability Commitment Policy
  - a. Sustainability policy documents exist for previous entities but should be updated to reflect Nuveen Natural Capital policies to be considered current. Farmland Stewardship Commitment, Deforestation, Local Community and Indigenous Peoples Policy, and Sustainability Policy Commitment statements are out of date. Nuveen's collection of ESG policies is currently under review and being updated due to consolidation of previous entities into Nuveen Natural Capital.
5. 12.1.4 Annual Review and Improvement
  - a. It would be helpful in forthcoming surveillance and recertification audits to provide meeting minutes from internal review and training meetings. Currently, auditors rely on corroborative statements from management interviews.
6. 13.2.1b Improvement of the Verifiable Monitoring System
  - a. Provide comparative records of annual updates to KPIs. Providing auditors with the ability to observe changes to the KPIs will illustrate the changes from year to year.

**Notable Practices:** One (1) notable practice was identified during the examination.

1. 2.2.1 In-field Soil Management
  - a. Auditors observed excellent implementation of in-field soil management and conservation practices, using several strategies and external resources. Professional assistance is utilized for drainage design. Erosion control and irrigation plans are well designed. Cover and other soil armor practices are well implemented and growing in implementation. Direct application of additional carbon (in the form of biochar) continues to expand in use. Guidance from appropriate authorities is sought out and followed on relevant issues such as SGMA compliance and air quality issues.

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### LH FMS AUDIT SUMMARY REPORT

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**Review of Previous Audit Cycle:** In 2021, Nuveen Natural Capital engaged Averum to perform their initial certification audit and were issued their inaugural certificate. Nuveen successfully demonstrated their conformance to the LH FMS standard, with six opportunities for improvement and one notable practice. One of the opportunities for improvement became in-conformance in this year's audit. No new notable practice was found during site visits in 2022.

## CONCLUSIONS

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

Nuveen Natural Capital's certification to the Leading Harvest Farmland Management Standard 2020 on wine grape growing properties is recommended to remain in good standing.

# Nuveen Natural Capital

## LH FMS AUDIT SUMMARY REPORT

November 28, 2022

Summary of Audit Findings					
<b>Program User</b>	Nuveen Natural Capital				
<b>Audit Dates</b>	August 19, 2022 – November 28, 2022				
<b>Non-Conformances Raised (NCR):</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><i>Major</i></td> <td style="width: 40%;"><i>Minor</i></td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </table>	<i>Major</i>	<i>Minor</i>	0	0
<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> 11/28/2022				
<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 Kyle Rusten				
Scope of Audit					
Management of production farmland on direct and tenant operated properties.					
<b>Accreditations</b>	Approval by Leading Harvest to provide certification audits				
<b>Number of Certificates</b>	1				
<b>Certificate Number</b>	CERT #2021-0004				
<b>Proposed Date for Next Audit Event</b>	TBD				
<b>Audit Report Distribution</b>	Nuveen Natural Capital: Andre Chaves (achaves@nuveenncc.com)				