



## **AGIS CAPITAL, LLC**

**Boston, MA**

**SUMMARY REPORT: LH FMS RECERTIFICATION**

**March 21, 2024**







8801 Renner Blvd, #100  
Lenexa, KS 66219  
Phone: 913.643.5087

<b>Company Name</b>	AgIS Capital, LLC
<b>Contact Person</b>	Jeff Hillberg
<b>Address</b>	46 Plympton Street, 4th Floor Boston, MA 02118
<b>Phone/Fax</b>	(209) 499-2898
<b>Email</b>	jhillberg@agiscapital.com
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<b>Certification ID#</b>	Averum-LHFMS-2024-0015

Certification Audit     Re-Certification Audit     Surveillance Audit     Scope Extension

## **INTRODUCTION**

This report summarizes the results of the re-certification audit conducted on AgIS Capital, LLC (AgIS) 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 Jacques Werleigh, who is fully trained on the requirements of the Leading Harvest Standard and the assurance processes required by the standard. 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 2024, Averum was engaged by AgIS to perform a recertification audit of sustainability performance on managed agricultural properties and recertify conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS).

AgIS falls within the 10,000 - 50,000 acre range of LH FMS Program users.

Having been certified to the LH FMS in 2021 (Certificate #Averum-LHFMS-2021-0004), AgIS is required to maintain their certification through recertification audits every three years. LH FMS objectives 1 through 13 were covered during site visits on properties in Washington. There was no substitution or modification of LH FMS performance measures.

## **COMPANY INFORMATION**

AgIS is an independent, employee-owned, and operated firm. AgIS works with institutional investors that share their philosophy about value creation in the agricultural sector. AgIS manages properties located throughout the Central California Foothills and Coastal Mountains and the Central California Valley, in addition to the Columbia Plateau and Blue Mountains of the Pacific Northwest. Primary conditions that group and farm managers contend with are establishing high-quality crops in a region of the US with soils that vary from sandy to loamy or claylike, varying access to irrigation and surface water sources, an increasing complex regulatory environment, and a changing investment appetite in the regions where they operate.

## **AGIS CAPITAL, LLC**

### **LH FMS AUDIT SUMMARY REPORT**

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Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for AgIS's properties. AgIS 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.

Five (5) sites in Washington were selected for the recertification audit, with two (2) tenant managers included in the sample. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on sites are apples, pears, and cherries.

### **AUDIT PLAN**

An audit plan was developed and is maintained on file by Averum. An online portal was established for AgIS coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on January 18, 2024, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in Washington were examined on March 4, 2024. A closing meeting was held on March 21, 2024.

## AGIS CAPITAL, LLC

### LH FMS AUDIT SUMMARY REPORT

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Throughout the audit engagement, information, and communication technology (ICT) was employed for a variety of tasks. An online portal was provided and made available for AgIs coordinators to supply documentation for review, provide feedback on observation and notes, and for multiple levels of audit team reviews and signoffs. Throughout the audit engagement, conference calling technology (including Zoom, Microsoft Teams, etc.) was leveraged for meeting with clients, conducting management interviews, follow-up interviews, and Opening and Closing meetings. As LH FMS engagements are geographically decentralized, the use of ICT was deemed not only appropriate, but necessary.

#### Opening Meeting: Conference Call

January 18, 2024

##### Attendees:

AgIS: Carl Evers III, Jeff Hillberg

Averum: Matt Armstrong, Jacques Werleigh

##### Topics:

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

#### Closing Meeting: Conference Call

March 21, 2024

##### Attendees:

AgIS: Carl Evers III, Jeff Hillberg

Averum: Matt Armstrong, Jacques Werleigh

##### 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): 0
  - Notable Practices: 7
- Report timing and expectations: Matt Armstrong

**MULTI-SITE REQUIREMENTS**

AgIS maintains operations on multiple properties in Washington and California. AgIS 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 AgIS management. AgIS’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, pears, cherries	Five (5) sites visited during audit <ul style="list-style-type: none"> <li>- 10,000 – 50,000ac</li> <li>- Washington represents approximately 8% of all acreage</li> <li>- Management population: One (1) regional manager, and two (2) tenant managers.</li> <li>- Sites visited: Grant L, Grant 10, Grant 9, Grant T, Grant Martin Road</li> </ul>

## **AUDIT RESULTS**

Overall, AgIS'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 five (5) operating sites, producing apples, cherries, and pears.

Visits were conducted on sites featuring a mix of established fruit trees and new plantings. Crop planning, production, and management at multiple stages of development was able to be examined. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate AgIS'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. AgIS's Regional Management served as guides and were available throughout the entire engagement, providing support and honoring evidence requests wherever needed.

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

## **Objective 1: Sustainable Agriculture Management**

### **1.1 Sustainable Agriculture Stewardship**

#### ***Conformance Evidence***

- Code of Ethics
- ESG Report
- ESG Policy 2021
- ESG Strategy 2022
- ESG Partner Meeting
- AgIS April 2023 Operations Report
- Management Interview

#### ***Auditor Notes***

- AgIS's commitment to Leading Harvest Standard objectives and sustainability goals are documented in Environmental, Social, and Governance (ESG) Policy 2021, ESG Strategy 2022, and AgIS's Code of Ethics.
- ESG Policy 2021 meets the requirement for a written commitment statement and lists goals that describe sustainable agricultural stewardship of farmland. It emphasizes the integration of environmental, social, and governance (ESG) concerns into investment and management processes.
- ESG Strategy 2022 addresses the sustainable agricultural stewardship of farmland by emphasizing the importance of maintaining control over business strategy and farming practices. It also highlights the need to avoid "feel good projects" that are not aligned with the success of clients' investments or are outside the focus of the ESG strategy. Additionally, it emphasizes the avoidance of "greenwashing" and rushing into conformance of fads or sensationalized topics.
- AgIS's Code of Ethics addresses the sustainable agricultural stewardship of farmland by highlighting the consideration and accommodation of a broad range of ESG considerations in its business processes, from acquisition sourcing and asset management to client reporting and asset liquidation.
- AgIS may consider property sales to help a client meet property size requirements.
- New plantings are developed, when needed, to maximize production on properties.
- Redevelopment of production land includes considerations given to increasing productivity and designating land used for conservation.
- Senior team meets regularly to chat about strategy. "Does the soil and resources available allow for the strategy to be executed? Climate components, such as rain and temperature, vary year to year."
- Documents reviewed, ESG Partner Meeting 2.6.24, Valley Farm Management Audit Checklist, 1.1.2 2019 ESG Report, AgIS Property Management Operations Update, and 2023-03-08 AgIS PNW Strategy Presentation support AgIS's farmland stewardship initiatives. AgIS Property Management Operations Update focuses on property management operations, risk management, Leading Harvest Activities, and provide updates regarding crops. ESG Memorandum and AgIS PNW Strategy presentation focused on challenges and opportunities in the agricultural investment sector, highlighting impact of Sustainable Ground Water Management Act in California, and the performance of institutional NCREIF in apple and other permanent crops in Washington.



## Objective 1: Sustainable Agriculture Management (Continued)

### 1.1 Sustainable Agriculture Stewardship (Continued)

- Trees were planted before acquisition. Properties remained in the same or similar production.
- AgIS converted land out of production farmland and into conservation areas. Conversion is not uncommon, but it is not a set strategy.
- AgIS has not done a "highest and best use" conversion sale.
- Everything within the portfolio is intended to remain in AgIS's ownership.
- Properties are purchased for agriculture use, not for real estate. No properties have been taken out of production to convert into a non-agriculture use.

**Result:** *In Conformance, Notable Practice*

### 1.2 Critical External Factors

#### **Conformance Evidence**

- AgIS PNW Strategy Presentation
- ESG Partner Meeting
- AgIS April 2023 Operations Report
- AgMonitor Annual Review
- February Monthly Check-in
- NWFM Annual Meeting
- Management Interview

#### **Auditor Notes**

- Critical external factors are identified during LH FMS Audits, regular inspections by AgIS Regional Management, and audit checklists. Issues identified are further discussed during monthly, quarterly, and annual meetings between management, Regional Managers, and tenants.
- AgMonitor (RanchMonitor, PumpMonitor, CropMonitor) is used to help manage crop, water, and energy assets by digitizing, measuring, and optimizing data and practices. This facilitates discussions and decisions related to potential external factors.
- AgMonitor also emphasizes energy cost reduction, solar savings, off-peak irrigation, water records, pump health, and the comparison of the ranch's performance with other properties
- Site managers are on AgIS sites most days.
- Crop yield variations and crop loss due to inclement weather are critical factors that need to be addressed to operate more sustainably. In addition to factors associated with crops, the availability of labor is also a seasonal concern for AgIS sites.
- Cash flows on properties are discounted during the due diligence process, and multiple options and strategies are developed for sites.

**Result:** *In Conformance*

## **Objective 2: Soil Health and Conservation**

### **2.1 Soil Health**

#### ***Conformance Evidence***

- MyLand White Paper- Live Native Microalgae Enhances Soil Health
- Golden West Seed Company invoice
- Cover Crops Providing Benefits in the Orchards
- Fertilizer actuals records
- Fertilizer budget records
- Report of Tissue Analysis
- Saturation Paste Soil Analysis and Reports

#### ***Auditor Notes***

- Electric Conductivity (EC) Mapping, and Soil OptiX, which uses a gamma radiation-based sensor data combined with physical soil samples, to provide managers with high resolution topsoil property layers.
  - Soil tests are conducted twice a year, once in the Spring, and again, post-harvest. Results of soil tests are compared with Washington State University (WSU) published crop nutrient guideline to ensure that plants are receiving required nutrients and illustrate expected growth and yield. The next year’s nutrient management plan is based on results of soil tests. Soil analysis also inform managers of potential nutrient leeching, giving managers an additional opportunity to correct deficiencies by adding nutrients, such as nitrogen, balancing soils, and cation exchange.
- Buds are sent for analysis and highlights nutrient use of crop. Bi-weekly sap analysis also inform managers of nutrient use or accessible to tree and leaves. Results inform managers if a foliar nutrient application is necessary to supplement what is missing.
- Tissue, bud, and soil samples are also taken as needed in the field, especially if there is a sign of damage or stress.
- Water is analyzed to monitor for loss of nutrients.
- Sampling is conducted by both internal staff and a third-party entity, specifically for sap sampling.
- Soil organic matter (SOM) is increased using compost from local dairies, which is incorporated through disking. Rye grass is planted as a cover crop and is incorporated through disking into the soil. Mulch is also applied, which aids with maintaining soil moisture levels and increase soil organic matter.
- Representative interviewed stressed a switched from overfertilizing to now, not only reducing, but also getting more precise with nutrient application. The reduction in fertilizer applications has been contributed to leveraging biology, specifically soil microbes, whenever possible. Outside of the application of gypsum and calcium, manager applies sugar-based nutrients to feed microbes and beneficials, giving them an opportunity to provide some ecosystem services.

## **Objective 2: Soil Health and Conservation (Continued)**

### **2.1 Soil Health (Continued)**

- Cover crops are implemented throughout the year and grass is kept as long as possible to mitigate against erosion from water and wind.
- Farm management groups contract with third-party agronomists, PCAs, and CCAs to consult on soil health and management.
- One of the sites visited stressed using internal agronomist and experts not associated with agrochemical companies for recommendations.
- Management utilize the TNS Program to keep record of soil tests for several years and a platform to easily access and interact with data.
- Agronomist and farm management group review results of soil, tissue, and bud analysis and using WSU nutrient guidelines establishes the nutrient management plan.
- Applications at site selected are initially based on prior year applications and weather variations. Applications may differ significantly from one year to another.
- Sites selected record fertilizer application rates and usage and aims to maximize nutrient content prior to harvest.
- Records are required to be kept and submitted for National Organic Program (NOP), Global GAP, and USDA GAP. Records are used as evidence and justification of organic applications. All agrochemical use is required to be reported.

**Result:** *In Conformance, Notable Practice*

## Objective 2: Soil Health and Conservation (Continued)

### 2.2 Soil Conservation

#### **Conformance Evidence**

- Golden West Seed Company invoice
- Site Visit
- Tenant Manager Interview

#### **Auditor Notes**

- No reported or observable soil erosion, or compaction on selected sites. Best management practices include minimum equipment usage through rows to avoid soil disturbance and reduce emissions.
- Soil erosion and compaction are managed on the farm through the use of cover crops, mulch, and reduction of vehicle traffic.
- Using a mix of cover crops which enriches soil and increases aeration benefits and breaks up compaction.
- Cover crop is maintained when and where equipment traffic is expected. It facilitates movement of vehicles and equipment, but also reduces the occurrence of dust, which can be a vector for dust mites. Dust mites prevent photosynthesis absorption and can also affect the plant's access to fresh air which subsequently limits growth potential.
- Vehicular traffic or passes are reduced by employing technology . For example, mating disruption and IPM program reduces the need and frequency for agrochemical applications.
- Additionally, the use of GPS and equipment and tools that combine functions minimizes equipment passes.
- Orchard design also impact vehicular and equipment traffic. Sites using V-Trellis design has more benefits, such as an increase of 20% in fruit without the need for additional applications.
- When compaction does occur, management rips or disk the soil to break compaction.
- In addition to soil management practices, topography of sites discourages erosion.
- Drive rows maintain cover crops. Sites mow every other row at the beginning of rows, ensuring that there's habitat for beneficial or habitat for potential pest (thrips) to reside in as opposed to apple, pear, or cherry trees.
- Organic blocks are tilled more often, especially under the trees.
- Water quality is tested and if needed, treated.
- Sites visited have been farming ground for several decades, some as far back as the 1950's.
- Sites visited reported no issues with salinization and acidification and attributed the lack of issues to water quality from nearby river.

**Result: In Conformance**

## **Objective 3: Water Resources**

### **3.1 Water Use**

#### ***Conformance Evidence***

- South Columbia Basin Irrigation District Invoice
- Matawa Irrigation Map
- SEMIOS Soil Moisture/Temperature Hourly Report
- SEMIOS Evapotranspiration Hourly Report
- SEMIOS Irrigation Monitoring
- NELSON TWIG Wireless Automation System Info
- Site Visit
- Tenant Manager Interview

#### ***Auditor Notes***

- Thanks to the Columbia Basin Project, the region is able to use primarily surface water from the Columbia River for irrigation. Irrigation water is high quality, abundant, and dependable. Regional practices for conservation include the use of micro-sprinklers and drip irrigation to facilitate precision irrigation.
- Orchard blocks are on drip irrigation and are positioned at the optimal place, right on top of the rootstock. This minimizes water loss to evapotranspiration and increases irrigation efficiency.
- Irrigation schedule fluctuates depending on weather, temperature, and rainfall. Sites use a variety of technology and software to inform irrigation schedules.
- Managers monitor the growth rate curves on fruit and targets irrigation for ideal fruit size.
- Sites visited use micro-sprinklers in overhead and under-canopy irrigation to control and conserve water.
- In addition to the use of micro-sprinklers, all irrigation pumps have Variable Frequency Drives (VFD), which varies the speed of the pump motor, allowing the pump to respond smoothly and efficiently to fluctuations in flow and, or, pressure demand.
- Sites use 18-inch soil probes to inform managers of soil moisture and water penetration. Probes provide live time updates every 15 minutes.
- Irrigation system, including VFD pumps, are connected to Nelson Twig, which automates irrigation and allows managers to wirelessly control sprinklers, valves, and pumps.
- One of the sites visited uses SEMIOS, which also monitors weather and temperature to manage irrigation and protect crops. Using the SEMIOS system, managers are able to monitor critical temperature thresholds, where crops are damaged, and activate cooling systems, which manipulates water through under-canopy and overhead sprinklers. The system also manipulates wind with over-canopy wind turbines, and collectively influences canopy temperature by keeping warmer air within the canopy, which protect the sensitive fruiting buds. This is especially important for cherries, which are more sensitive and less hardy than apples and pears.
- Water quality from the Columbia River is tested for E. Coli and Total Coliform, as required by GLOBAL GAP for food safety, twice a year.
- Members of farm management groups are members and participate in regional conservation programs and opportunities. Smart Orchard is an initiative involving a multitude of stakeholders with the aim of equipping orchards with tech and sensors, which will generate valuable data, processed by



### **Objective 3: Water Resources**

#### **3.1 Water Use**

AI and through Data Analytics, to help growers better manage water, labor, equipment, and agrochemical use.

- Water use varies based on amount of rain and temperature. Heavy rainfall in 2023 allowed site selected to reduce water use compared to years prior. Elevated temperatures in the Summer trigger the use of overhead sprinklers, which are used to keep crops cool.
- Water is sourced from the Columbia River and overall availability depends on the snowpack in the Cascade Mountains. Water use is limited by water district, but managers stressed having dependable and adequate quantity of water. If needed, managers do have the opportunity to purchase additional water.
- Site visited employs the services of two irrigation consultants who scout weekly and maintain irrigation equipment.
- Irrigation system was recently updated with low-output foggers as CAPEX project by AgIS.
- Automation allows for more efficient use of labor, fuels, and other resources. GPS and software inform managers of where personnel and issues are located and can more efficiently deploy resources to remedy issues. Facilitating an immediate response.
- Crop amendments are applied through drip line to reduce inputs, vehicular traffic, and labor.
- Site selected uses AgMonitor to control irrigation and remotely schedule and control watering sets to be off-peak hours to avoid overloading the energy grid.
- Water quality testing and well depth testing is done annually on the wells.
- VFD on the pump variably alters pressure of the irrigation system to change the amount of water flowing from the pump to the trees.
- Weather stations measure temperature, humidity, and rainfall. This data informs Farm Managers of risks related to heat and cold for frost concerns and impacts irrigation practices.

**Result: In Conformance, Notable Practice**

#### **3.2 Water Quality**

##### **Conformance Evidence**

- SEMIOS Evapotranspiration Hourly Report
- SEMIOS Irrigation Monitoring
- Site Visit
- Tenant Manager Interview

##### **Auditor Notes**

- Fields are scouted weekly at least, and employees are on-site daily at the selected sites.
- Fields are scouted weekly by a third-party Pest Control Advisor (PCA).
- Daily scouting occur by current staff who are trained to spot blight, insect damage, and other potential issues with irrigation, such as damage done to drip by coyote chewing drip to drink water.
- No formal scouting report is generated, but items of concern are noted and shared with management.

**Result: In Conformance**

## **Objective 4: Crop Protection**

### **4.1 Integrated Pest Management**

#### ***Conformance Evidence***

- Grant L Pest Scouting Report
- Thrip Spray Recommendation
- AgWorld Interface- Crop Protectant Recommendations
- Site Visit
- Tenant Manager Interview

#### ***Auditor Notes***

- AgIS sites use pheromone traps to control pests and scout farms weekly to prevent excessive harm to crops and prevent crop loss. Third-party PCA performs pest control and writes crop amendment prescriptions based on variable factors such as soil amendments, weather, and time of year.
- Peach twig borers, leaf-footed bugs, mites, and squirrels are most persistent pests at selected sites. Codling moth, mites, wooly apple aphids, and oriental fruit moth (OFM) are also pests of concern.
- Fire blight and crown rot are some diseases of concern.
- Pests and diseases are managed proactively with scouting, agrochemical applications based on economic threshold, fumigation, and rootstock selection.
- Prior to planting a block, it is fumigated for nematodes. Trees are planted on diverse rootstock, such as Geneva 11, Budagovsky 9, and T- 337 with different attributes such as nematode resistance.
- Treatments are informed by economic thresholds and results of weekly trap reports, especially for codling moth, which caused a great deal of crop loss in the previous season.
- Pest control is performed by AgIS employees, who are licensed and trained yearly. AgWorld is used to record and tract agrochemical application. Recommendations are written in AgWorld, which sends it to the appropriate personnel, such as Orchard Foreman. No requirement to file Use Reports per State or local legislation. Spotters are required to be present in some heavily trafficked areas.
- Site visited focuses on sanitation, keeping orchards as clean as possible to reduce disease vectors. Cardboard at the base of trees creates a barrier between pest and tree. SEMIOS mating disruption pheromones are deployed in orchards, providing nonchemical management of pests. Pests are also removed from sites by removing all harvesting bins, especially woodbins, where pests could potentially.
- Pear psylla is the most serious pest impacting pears. To mitigate this pest, management installed an overhead washing system that washes the honey produced by psylla, and then applies the appropriate agrochemical. System also helps with mites by washing eggs.
- Integrative Pest Management (IPM) includes increasing the presence of ear wigs, which predate on psylla. This requires the use of soft chemical applications, and presence of ear wigs indicate a functional and working IPM program.

***Result: In Conformance***

## **Objective 4: Crop Protection (Continued)**

### **4.2 Crop Protectant Management**

#### ***Conformance Evidence***

- Sortly Agrochemical Inventory
- WPS Handler Training
- NWFM Farmer & Good Neighbor Policy

#### ***Auditor Notes***

- Site selected has a chemical storage shed on site. Containers are triple-rinsed and sent to a county recycling vendor.
- Chemicals are applied by tenant staff upon PCA's recommendation. Staff are licensed and trained annually.
- Safety trainings are held annually unless a new material or practice is used.

***Result: In Conformance***

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

### 5.1 Agricultural Energy Use and Conservation

#### **Conformance Evidence**

- SEMIOS Soil Moisture/Temperature Hourly Report
- SEMIOS Evapotranspiration Hourly Report
- SEMIOS Irrigation Monitoring
- NELSON TWIG Wireless Automation System Info
- Site Visit
- Tenant Manager Interview

#### **Auditor Notes**

- Site selected considers minimum tillage a best management practice, which nearly halves diesel consumption compared to heavy tillage.
- Equipment maintenance schedule is in place.
- Pesticides are applied precisely to reduce number of passes.
- GeoTag and Fleet Tracker GPS are software programs used to track maintenance on equipment and the paths that equipment drive on for efficiency on sites selected.
- VFD helps keep energy usage down.
- Fuel usage is reduced by reducing vehicular traffic. Focusing on energy efficiency with applications, management use a 2000 gallon "Nurse Tank" to refill equipment and tractors already deployed in the field. This saves additional fuel that would have been expended to drive back to headquarters and refill.
- Using foggers, which are more efficient is another way of being energy efficient in Orchard. Additionally, sites visited are using harvesting platforms as opposed to ladders, which increases efficiency and safety of labor.
- Using V-trellis increases efficiency, reduces vehicular traffic, and overall decreases inputs such as labor and agrochemical application required to produce a bin of fruit.
- Combining activities and, or prioritizing activities to be more efficiency with resources.
- H2A employees are bussed in as opposed to using individual vehicles which decreases vehicles on sites.
- Sensors and weather stations are powered by small solar panels. All other electricity used is sourced from the county utility company, which generates hydropower by having two (2) dams on the Columbia River.

**Result: In Conformance**

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

**5.2 Air Quality**

***Conformance Evidence***

- NWFM Farmer & Good Neighbor Policy
- Golden West Seed Company Invoice

***Auditor Notes***

- Energy use and emissions are reduced by reducing vehicular traffic, keeping tools and equipment calibrated and in working order, and maintaining an inventory.
- Trainings are held based off of data collected through FieldIn software to operate machinery and equipment more efficiently and use the most efficient routes.
- Tier 4 engines with VFD on sites improve pumping efficiency.
- Tractors and 4 wheelers has a tendency to get stolen, having a GPS system not only aids in recovery, but it also allows for the development of more efficient routes.
- Samsara Fleet Management software tracks vehicles, idle time, emissions, and maintenance, extending the life of the equipment. It also tracks behavior such as hard breaking, and in-cab cameras deters texting and driving.
- Fleet is composed of some vehicles using eco-diesel, Toyota hybrid, and tractors equipped with BlueWhite. BlueWhite enables autonomous driving of tractor, removing the individual from the environment and freeing time to complete other tasks.
- Issues with dust vary from sites selected. Some sites have no dust issues, other sites have dust issues that need to be addressed.
- Airborne dust on site selected is mitigated by cover crops in the tree rows and gravel placed on roads.
- A selected site addresses airborne dust by watering roads on windy and dry days. Water trucks use water from the capture basin.
- Dust abatement is especially important pre-harvest because it helps prevent and control dust mites.

***Result: In Conformance***



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

### **5.3 Climate-Smart Agriculture**

#### ***Conformance Evidence***

Smart Apple Orchard: Technology Test Bed and Demonstration Site  
AgIS PNW Strategy Presentation

#### ***Auditor Notes***

- Maintenance schedules are kept on equipment to ensure implements are running most efficiently.
- Tractors and equipment use diesel exhaust fluid (DEF) and Tier 4 motors.
- FieldIn uses GPS to track equipment routes and usage for efficient route planning.
- Tenant sites have GHG emissions tracked along with energy and water use year to year.
- Management group is actively researching carbon programs to determine what and how to quantify, how to get verified and certified, and what to do with profits generated from carbon programs. Currently using SMART ORCHARD to establish some baselines for carbon sequestration.
- Wind, heat, and frost are the greatest regional climate concerns.
- Rootstocks are planted in areas with the best ability to combat wind and heat.
- Walnuts are planted in colder spots since almonds could freeze. Weather stations are installed to monitor temperature in real time.
- Site visited had close to 500 acres impacted by hail, which caused a significant loss. Some acreage made it to the processing market, but overall, a loss.

***Result: In Conformance***

## **Objective 6: Waste and Material Management**

### **6.1 Management of Waste and Other Materials**

#### ***Conformance Evidence***

- NWFM Waste Management Invoice
- EcoLube Recovery Invoice
- Pesticide Container Recycling
- WPS Spanish Training
- Chemical Spill and Clean Up Protocol
- Site Visit
- Tenant Manager Interview

#### ***Auditor Notes***

- Sites generate waste such as cardboard, which is generated through the shipment of goods such as agrochemicals, agrochemical jugs, and automotive waste such as oil and tires.
- Agrochemical containers are triple washed and added to a locked and closed container. A third-party vendor then chips them.
- Mylar, a polyester film, is used two weeks prior to harvest for its reflective properties. Mylar strips reflect sunlight in the canopy to increase the color on fruits prior to harvest.
- Hazardous waste such as agrochemical containers, tires, and waste oils are disposed of properly using third-party vendors.
- Outside of cardboard that is recycled, sites are in a region lacking recycling infrastructure. As a result, most waste generated that is not hazardous is disposed of with general waste.
- Site visited had a great deal of trash cans on orchard blocks and management takes pride in keeping the orchard spotless.
- Waste is not burned. Controlled burns are conducted to prevent the spread of Fire Blight if there is an outbreak.
- Specified storage containers are present on sites selected and locked when not in use. Containment areas were well organized and clean.

***Result: In Conformance***

## **Objective 6: Waste and Material Management (Continued)**

### **6.2 Food and Agricultural Waste Resource Recovery**

#### ***Conformance Evidence***

- Harmonized GAP + Farm SOP

#### ***Auditor Notes***

- Weather stations are constantly transmitting weather information and being monitored by tenant staff during frost months.

-One of the sites visited uses SEMIOS which also monitors weather and temperature to manage irrigation and protect crops. Using the SEMIOS system managers are able to monitor critical temperature thresholds, where crops are damaged, and activate cooling systems, which manipulates water through under-canopy and overhead sprinklers and wind with over-canopy wind turbines to manipulate temperature by keeping warmer air within the canopy, which protect the fruiting buds, which are very sensitive to temperature. This is especially important for cherries, which are more sensitive and less hardy than apples and pears.

- Maximum Residue Level (MRL) testing required by GLOBAL GAPs.

- Vegetative waste such as limbs and branches from orchard pruning are tilled into the soil.

- Site visited uses green waste mulch products with a mix of pomace from the wine industry, hops, as well as chicken and mushroom compost. The mix is low in salt and nitrogen, but focuses on enriching soil organic matter, feeding and increasing microbial activity. It is applied at five (5) tons per acre, where issues have been identified. Issues are identified during scouting, and with NDVI drones that can capture surface basal leaf, soil transpiration, and other pertinent data relevant to crops.

***Result: In Conformance***

## **Objective 7: Conservation of Biodiversity**

### **7.1 Species Protection**

#### **Conformance Evidence**

- Endangered Species List for Grant County
- Wildlife Management & Conservation Plan
- Memorandums Regarding Biological Resources Assessment
- Potential for Occurrence Posts
- Winter Annual Training Agenda
- Site Visit
- Tenant Manager Interview

#### **Auditor Notes**

- No threatened or endangered species occurrences were identified in the area of properties visited.
- Farm management showed awareness of potential threatened or endangered species in the region.
- The due diligence process performed when acquiring a property includes a Phase 1 Environmental Site Assessment (ESA).
- At-risk species in the region are shared with Property Managers. Managers post the list at every single ranch. Additionally, they include those at-risk species in training with staff, especially those doing agrochemical applications.
- This practice is further encouraged by GLOBAL GAP and other certifications.

**Result: In Conformance, Notable Practice**

### **7.2 Wildlife Habitat Conservation**

#### **Conformance Evidence**

- Photo of Owl boxes
- Predator Nesting Boxes Invoice
- Golden West Seed Company Invoice
- Potential for Occurrence Posts

#### **Auditor Notes**

- There were no protected areas, native habitats, or natural communities noted on sites visited.
- Owl boxes are present on sites visited to help with owl populations and pest protection.
- A "Potential for Occurrence" poster with species in the area is posted in the shops on sites.
- There were no ecologically important sites, nor wetland delineations or forestland on the properties visited.
- AgIS management engages with water resource discussions at the industry level and provides thought leadership on ag management approaches to wetland and seasonal water resources, proposing new voluntary practices to reduce and share the individual responsibility of protecting water resources among all producers with property along a natural boundary.

**Result: In Conformance**

## **Objective 7: Conservation of Biodiversity (Continued)**

### **7.3 Avoided Conversion**

#### **Conformance Evidence**

- Memorandums Regarding Biological Resources Assessment
- Potential for Occurrence Posts
- Winter Annual Training Agenda
- Anti-Deforestation Policy

#### **Auditor Notes**

- The sites visited have been farmland for many years. No conversions have occurred under AgIS management.
- Zero Deforestation Policy is reviewed and on file. The policy states that AgIS is committed to not contributing to loss of natural forests by its farmland investment management activities.
- The due diligence process when acquiring a property includes a Phase 1 ESA, helping delineate any areas and land classifications.

**Result: In Conformance**

### **7.4 Crop Diversity**

#### **Conformance Evidence**

- Golden West Seed Company Invoice
- Cover Crops Providing Benefits in the Orchards
- Site Visit
- Tenant Manager Interview

#### **Auditor Notes**

- Crop rotation is limited since the sites visited are orchards.
- Primarily apples are being cultivated on sites visited, other crops include cherries and pears. Six different varieties of apples are being cultivated, each with different blooming, budding, and harvest time. In general, Gala varieties are harvested first, with the Wildfire variety ready for harvest at the of July and first weeks of August, followed by the regular Gala and Premier Honey Crips in August.
- Geographic locations also impact harvest time, with Honey Crips cultivated in Quincy, WA being harvested between the narrow window of September 10th and September 15th. Some late fruiting varieties such as Cosmic Crisp are ready in October, Fuji is ready for harvest mid to late October, and Pink Ladies, a new variety to be planted will be ready for harvest in late October.
- Grafting, which entails placing a variety of interest on-top of an existing stock. This method is preferred technique to establish new varieties because it is possible to harvest a crop the second year after grafting.

**Result: In Conformance**



## **Objective 8: Protection of Special Sites**

### **8.1 Site Protection**

#### ***Conformance Evidence***

- Site Visit
- Tenant Manager Interview

#### ***Auditor Notes***

- Special site identification was researched during due diligence.
- Water resource assessments are conducted on properties with water issues identified during biological resource assessments.
- AgIS conducts a Phase 1 Environmental Site Assessment on properties to identify presence of special sites.

***Result: In Conformance***

## **Objective 9: Local Communities**

### **9.1 Economic Wellbeing**

#### ***Conformance Evidence***

- County Tax Statements
- County Assessments of Ag Parcels
- Management Interview

#### ***Auditor Notes***

- AgIS sites buy from local suppliers whenever possible.
- AgIS makes Federal, State, and local tax payments when they are due.
- Washington Farm Labor Association facilitates sourcing of H2A labor. Farm management group is permitted to employ and house H2A labor and are inspected for compliance. Management focuses on retaining H2A labor by providing a more comfortable environment. Management added grass and soccer fields to provide an opportunity for employees to relax and have fun. Management celebrates employee birthdays, and host BBQs. Management also facilitates the shipping and mailing of items between H2A and country of origin. Management holds a harvest party at the end of the year to show appreciation to the staff and labor teams.
- AgIS has an operation and investment teams composed of 26 full time employees, 15 on property and farm management and 11 on investment. All employees receive an update on LH FMS. Farm team receives more environmental specific issues.

***Result: In Conformance***

## **Objective 9: Local Communities (Continued)**

### **9.2 Community Relations**

#### ***Conformance Evidence***

- Good Food Growers Spanish Publication
- Good Food Growers Invoice
- Washington Apple Education Foundation (WAEF) Scholarship Donations
- West Valley Drama Club Donation
- FieldIn Sustainability Report
- Heat & Illness Prevention Plan and Supervisor Anti-Harassment, Discrimination, Retaliation & Bullying Prevention Seminar
- Hungry Hollow Area Community Groundwater Subcommittee Meeting Minutes
- Water Leaders Program News Advisory
- Management Interview
- Tenant Manager Interview

#### ***Auditor Notes***

- AgIS hosted Future Farmers of America (FFA) on a walnut tour and makes donations to FFA. - Employees have spoken at a local high school on the farming profession. Tenants sponsored local baseball teams.
- Volunteering on Board and Advisory committees to monetary donations, LH IRP and standard committee, sponsoring and hosting conferences. Members of management group act as speakers during community events and provide interactive tours to groups. Purchase of farm animals to support 4H and other groups.
- Membership in the American Society of Farm Managers and Rural Appraisers, which provides professional development and continuing education for farm managers.
- Funding of scholarship to Penn State, donations, and scholarship for LGBTQ+ resource center.
- Outstanding community support to Good Fruit Grower (an agricultural publication), scholarship donations, donations and support to Washington Apple Education Foundation, West Valley Drama Club, local agriculture scholarship committee, Turlock Chamber Commerce, and to high school seniors in FFA with the intention of majoring in a farm related major.

***Result: In Conformance***

## **Objective 9: Local Communities (Continued)**

### **9.3 Local Communities and Indigenous Peoples**

#### ***Conformance Evidence***

- Indigenous Peoples Policy
- Memorandums Regarding Biological Resources Assessment
- Management Interview
- Tenant Manager Interview

#### ***Auditor Notes***

- AgIS has a written policy regarding respecting the rights of Indigenous Peoples and local communities.
- Property title reports and reviews are conducted to ensure land tenure rights of local communities and Indigenous Peoples are being respected.
- Complaint boxes on Washington sites are available for staff and neighbors to issue concerns.
- AgIS has received inquiries from the community regarding land use and new plantings.

***Result: In Conformance***

### **9.4 Public Health**

#### ***Conformance Evidence***

- NWFM Farmer & Good Neighbor Policy
- Injury and Illness Prevention Program
- Tailgate Safety Meetings Schedule

#### ***Auditor Notes***

- AgIS makes a concerted effort to take opinions of local individuals into consideration during operation. For instance, one site sprays when select individuals are out of town.
- Fences are upgraded to deer fences to keep deer populations out of production land.
- AgIS has not seen any signs of nutrient runoff to adjacent properties through soil samples and water quality tests.
- Regular trainings are provided for Farm Labor Contractor employees.
- AgIS has an Injury and Illness Protection Plan (IIPP) on file, which is used to keep employees safe during operations.

***Result: In Conformance***

## **Objective 10: Employees and Farm Labor**

### **10.1 Safe and Respectful Working Environment**

#### ***Conformance Evidence***

- NWFM Employee Handbook Bonus Policy
- Human Resources Plan
- Heat & Illness Prevention Plan and Supervisor Anti-Harassment, Discrimination, Retaliation & Bullying Prevention Seminar
- Management Interview
- Tenant Manager Interview

#### ***Auditor Notes***

- Equal Opportunity Employer (EOE) Statement included in AgIS job postings.
- AgIS staff are informed of grievance reporting structure to maintain a safe, gender equitable and professional work environment.
- Hotlines for safety issues or workplace harassment are shared with staff.
- AgIS maintains an anti-harassment policy and provides harassment and anti-bullying training.
- Onboarding and safety training is provided through Ganaz's People Management Platform.
- Insperity PO & Management provides compliance related to HR, and provide back office support. Locally, AgSafe, a farm labor contractor and safety association, provides anti-sexual and bullying training, and train the trainer.

***Result: In Conformance***

### **10.2 Occupational Training**

#### ***Conformance Evidence***

- Produce Safety Training Certification
- USDA Group GAP Certification Program
- Employee Training and Safety Meeting Attendance
- AgIS Capital Winter Meeting Agenda

#### ***Auditor Notes***

- One large safety training refresher held annually.
- Farm Labor Contractors (FLC) and employees receive weekly "tailgate" training refreshers to keep safety initiatives prioritized.
- AgIS has an established protocol for employees returning to work post-accident.
- Farm managers receive copies of FLC training records and review.
- Worksites are regularly inspected.

***Result: In Conformance***

## **Objective 10: Employees and Farm Labor (Continued)**

### **10.3 Supporting Capacity for Sustainability**

#### ***Conformance Evidence***

- ESG Policy
- ESG Partner Meeting
- Leading Harvest Overview
- WAEF Scholarship Donations
- Employee Discounts and Cashback
- Good Food Grower Magazine on NWFMS Support
- AgIS Winter Meeting Agenda
- Management Interview
- Tenant Manager Interview

#### ***Auditor Notes***

- AgIS has a written policy regarding its commitment to the Leading Harvest Standard. Press releases have been issued sharing their commitment.
- AgIS employs consultants and service providers that are also Leading Harvest Program supporters to reinforce understanding of standard implementation across multiple aspects of the business.
- Jeff Hillberg and his team are tasked with demonstrating conformance to the standard. Carl Evers is Director of Sustainability and has experience working with the Leading Harvest Standard.
- AgIS considers conformance with LH FMS a responsibility for everyone within the company and considers conformance a core value.
- Environmental, Social, Governance (ESG) subcommittee makes recommendations to management.
- Bonus compensation is tied to ESG results (20%)
- AgIS provides property-specific "Worker Environmental Awareness" training.
- Training is provided for some third-party vendors regarding recycling, waste management, and crop protectant safety.
- Training is tailored as often as possible to professional designations (PCA, Qualified Applicator License, Accredited Farm Manager, FLC) and considers how roles impact conformance with the LH FMS.
- FLCs receive training on chemical safety and crop applications.

#### ***Result: In Conformance***

## **Objective 10: Employees and Farm Labor (Continued)**

### **10.4 Compensation**

#### **Conformance Evidence**

- Equal Employment Opportunity Policy
- Payroll Audits-Wages
- H2A Labor Application
- Tenant Manager Interview

#### **Auditor Notes**

- AgIS pays some employees a piece rate which allows for staff make more than minimum wage and is reviewed annually to ensure competitive wages are received.
- Competition in labor continues to drive wage increases for agricultural employees.
- Lowest paid AgIS employee is paid a wage in line with Living Wage estimates.
- H2A workers and employees on Washington sites are paid a minimum per hour, which is greater than minimum wage in Washington counties.

**Result: In Conformance**

### **10.5 Farm Labor**

#### **Conformance Evidence**

- AgIS Code of Ethics
- FLC Audit Checklists- California & Washington
- AgIS Capital Winter Meeting Agenda
- Management Interview
- Tenant Manager Interview

#### **Auditor Notes**

- Pay rates for FLC staff are reviewed by AgIS management.
- Accuracy of FLC work and documentation including timecards, training records, and operations is reviewed by AgIS management
- Ad Hoc inspections on FLC workers' living conditions are conducted to ensure safe and appropriate housing and transportation.
- Washington sites maintain their own FLC to supply labor
- AgIS is building additional housing in Washington for H2A labor.

**Result: In Conformance**



## **Objective 11: Legal and Regulatory Compliance**

### **11.1 Legal Compliance**

#### ***Conformance Evidence***

- AgIS Capital Winter Meeting Agenda
- AgIS Code of Ethics
- AgIS Property Management Training Agreement
- Injury and Illness Prevention Program
- Management Interview

#### ***Auditor Notes***

- Signs pertaining to workers' rights and safety are posted on chemical storage sheds and inside lunchrooms to ensure staff have access to relevant information.
- IIPP and Safety Manual provided.
- Safety training for employees and FLCs support compliance with Federal State and local laws and regulations.
- AgIS shares newsletters with staff to provide current information on safety topics.
- AgIS's absence of regulatory issues is reflective of its commitment to legal compliance and the efficacy of its IIPP.

***Result: In Conformance***

## **Objective 11: Legal and Regulatory Compliance (Continued)**

### **11.2 Legal Compliance Policies**

#### ***Conformance Evidence***

- AgIS Code of Ethics
- Annual Training Sign In Sheet
- Anti-Harassment Policy
- AgIS Property Management Training Agreement
- Equal Employment Opportunity Policy
- Lease Agreements
- Management Interview

#### ***Auditor Notes***

- AgIS has a Social Responsibility Policy on file to address compliance with social laws, such as those addressing civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, wages, and health and safety.
- Employee Handbooks and manuals include Code of Conduct.
- Fundamental rights are covered under legal compliance.
- AgIS's lease language does not explicitly state that tenants have the right to "quiet enjoyment", but the rights of farmland tenants are consistent with the spirit of self-determination by farm tenants and operators.
- Rent reduction requests from tenants are considered by AgIS management and may be granted depending on critical factors such as inclement weather.

***Result: In Conformance***

## **Objective 12: Management Review and Continual Improvement**

### **12.1 Farm Review and Continual Improvement**

#### ***Conformance Evidence***

- Employee Handbook
- AgMonitor - ESG for Managers
- AgMonitor Leading Harvest Presentation
- ESG Partner Meeting
- Monthly Operations Report
- Agenda for WA AgMonitor training - AgIS & Columbia Farm Services
- AgIS Capital Sustainability Report
- AgMonitor Early Season Report
- AgMonitor Sustainability Reporting
- FieldIn Sustainability Report
- Turlock Groundwater Workshop
- Management Interview

#### ***Auditor Notes***

- AgIS conducts monthly operation reviews, formal quarterly reviews of financials, and annual "Hold/Sell" analyses. Financial statements are audited.
- Budgets are reviewed monthly to support increased resource efficiency.
- Quarterly planning sessions include budget proposals and accompanying ESG feedback.
- LH FMS objectives are included in manager trainings.
- ESG behaviors are included in property review write-ups.
- Membership in various associations and committees by AgIS staff and farm management staff provides ample opportunity to learn of ongoing innovations, new varieties, technologies, and practices available to the industry.
- Monthly meetings provide an opportunity for management to review and discuss current practices, site activities, and if needed deployment of practices and technologies to improve practices.
- Additionally, AgMonitor, which connect assets to real data for water, energy, cost, and GHG emissions is also used and facilitates discussions related to improvements.
- AgIS is participating in voluntary microbe tests on some sites to see whether certain microbes may be beneficial for future crops.
- Results and outcomes of monthly operation reviews, quarterly review of financials, and "Hold/Sell" analyses are reviewed annually to guide determination of which improvements are necessary to increase efficiency and farm conformance with the LH FMS.
- LH FMS Objectives have been included in the Budget Review Process since 2020.

***Result: In Conformance, Notable Practice***

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

**12.2 Support for Sustainable Agriculture**

***Conformance Evidence***

- AgIS Capital Sustainability Report
- Aerobotics Invoices
- Innov8 Ag Invoice
- The Climate Box Invoice
- Orchard Robotics Invoice
- Smart Apple Orchard: Technology Test Bed and Demonstration Site Proposal
- Research and Development Samples
- AgMonitor 2023 Analysis of Water Records
- November Meeting Minutes
- Management Interview

***Auditor Notes***

- Membership in numerous committees, associations, and working groups.
- More than a million dollars have been donated to scholarships by the Washington Apple Education Foundation (WAEF). Farm Managers include the current chairperson of the WAEF Board and Co-Chair of the Washington Tree Fruit Research Commission's Technology Committee.
- Currently conducting research and support of disease resistance rootstock, robotic harvester for apples, pruning robot, growth curves, predictive irrigation management, and bee activity pollination.
- Smart Orchard Project, an experimental commercial block set aside for technology trials and demonstrations. It features high-density fruiting walls, net coverings, drip irrigation, under-tree microsprinklers and over-canopy misters. The project is funded by the Washington Tree Fruit Research Commission

***Result: In Compliance, Notable Practice***

## **Objective 13: Tenant-Operated Operations**

### **13.1 Leased-Land Management**

#### ***Conformance Evidence***

- Lease Agreements
- Leading Harvest Memorandum - AgIS Tenants
- Employee Handbook
- Management Interview

#### ***Auditor Notes***

- Results from previous years' Leading Harvest Audit process are used to guide updates to the farmland management system.
- AgIS's lease language includes expectations for alignment with best management practices.
- AgIS educates tenants on the LH FMS and tenants expressed awareness and comfort with the program.
- AgIS's has a Sustainability Policy which enumerates sustainable agriculture goals.
- AgIS leases are available upon request.
- Lease signatures from tenants signify agreement to operating safely and responsibly, providing a safe work environment and compliance with applicable laws and regulations.

***Result: In Conformance***

### **13.2 Leased-Land Monitoring**

#### ***Conformance Evidence***

- Monthly Operations Report
- Energy, Water, and GHG
- Risk and Compliance Manager Hire

#### ***Auditor Notes***

- Tenant activities are monitored through monthly reports. Practice implementation is enforced through ongoing monthly reporting cycles.
- Sustainability policy addresses best management practice implementation expectations.
- AgIS leases require lessees to comply with lease contents. Letters and summary documents sent to tenants support conformance with the Principles and Objectives of the LH FMS.
- Sustainability Policy addresses required practice expectations for lessees.
- Evaluations of monthly reports are communicated and enforced during monthly meeting cycles.
- April 2023 meeting mainly focuses on property management operations, Leading Harvest activities, agreements, and updates on agricultural activities such as wine grapes, almonds, walnuts, pistachios, apples, and cherries. Meeting attendees also discuss recently released reports related to projected drought in the US and updates on water availability in California's reservoirs.
- Lease review cycle includes review farming practices and opportunities for improvement.

***Result: In Conformance***

## KEY FINDINGS

**Previous Non-Conformances:** N/A

**Major Non-Conformances:** Zero (0) major non-conformances were identified during the audit.

**Minor Non-Conformances:** Zero (0) minor non-conformances were identified during the audit.

**Opportunities for Improvement (OFI):** Zero (0) opportunities for improvement were identified during the audit.

**Notable Practices:** Seven (7) notable practices were identified during the audit.

1. 1.1.1 Farmland Stewardship Commitment
  - a. An exemplary commitment to sustainable stewardship of farmland, the Leading Harvest Farm Management Standard, and overall ethics related to ESG were all outlined in ESG Policy 2021, ESG Strategy 2022, and AgIS Code of Ethics. AgIS's commitments appear to extend fully through all levels of the organization.
2. 2.1.1 Soil Quality
  - a. Outstanding practices related to soil quality and soil management were observed and described. From using technology not typically seen such as SoilOptix and EC Maps which provides data related to nutrients and soil composition, to intentionally engaging and investing in practices that increase Soil Organic Matter, Soil Health, and associated soil microorganisms and beneficial insects, AgIS appears to continue their tradition of innovation in managing soil quality.
3. 3.1.3 Water Conservation
  - a. AgIS management has a long history in utilizing water conservation techniques and continues to innovate in the area. The use of soil moisture probes, micro-sprinklers, sensors, and software such as Nelson Twigs and SEMIOS to monitor, record, and inform managers enables faster and improved decision making related to irrigation.
4. 7.1.2 At-Risk Species
  - a. At-risk species (or species of concern) typically do not receive the attention that Endangered and Threatened species do. Efforts to conduct research, post results, and train staff on at-risk species in the region were thorough and marked notable by auditors.
5. 9.2.1 Community Engagement
  - a. Multiple areas of community engagement that increased the awareness of sustainable agriculture were recorded during out audit. Outstanding community support efforts, Good Fruit Grower publications, Scholarships, Donations, and work with the Washington Apple Education Foundation were noted as exemplary examples by auditors.
6. 12.1.2 Monitoring Performance
  - a. The use of AgMonitor to monitor and record data related to on-farm practices and resources is a best practice. On-farm activities recorded in AgMonitor are combined with frequent meetings with stakeholders to discuss innovations, programs, and opportunities for further improvements.

## AGIS CAPITAL, LLC

### LH FMS AUDIT SUMMARY REPORT

March 21, 2024

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7. 12.2.1 Support for Agricultural Research
  - a. AgIS supports Sustainable Ag. Research through scholarships, donations, participation with Smart Orchard and implementation of new Ag Tech, such as autonomous tractors. The amount of direct support for research and development was noted as exemplary by auditors.

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**Review of Previous Audit Cycle:** N/A

## CONCLUSIONS

Results of the recertification audit indicate that AgIS has implemented a management system that continues to meet the requirements of, and is in conformance with, the Leading Harvest Farmland Management Standard 2020. AgIS's enrolled acreage is recommended for recertification to the Leading Harvest Farmland Management Standard 2020.



Summary of Audit Findings		
<b>Program User</b>	AgIS Capital, LLC	
<b>Audit Dates</b>	January 18 – March 21, 2024	
<b>Non-Conformances Raised (NCR):</b>	<i>Major</i> 0	<i>Minor</i> 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"/>	04/04/2024
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	04/04/2024
<b>All NCR Closed</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	04/04/2024
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	Jacques Werleigh, 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>	Averum-LHFMS-2024-0015	
<b>Proposed Date for Next Audit Event</b>	2025	
<b>Audit Report Distribution</b>	Jeff Hillberg; <a href="mailto:jhillberg@agiscapital.com">jhillberg@agiscapital.com</a>	