

# FARMTOGETHER MANAGEMENT, LLC

Claymont, Delaware

LH FMS AUDIT SUMMARY REPORT: 2024 SURVEILLANCE

May 10, 2024





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Certification Audit     Re-Certification Audit     Surveillance Audit     Scope Extension

# **FARMTOGETHER MANAGEMENT, LLC**

## **LH FMS AUDIT SUMMARY REPORT**

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### **INTRODUCTION**

This report summarizes the results of the second surveillance audit conducted on FarmTogether Management, LLC (FarmTogether) 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 conducted by Jacques Werleigh, Field Auditor. Linnea Abel provided technical review and project management. 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 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 FarmTogether to perform a surveillance audit of sustainability performance on managed agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS).

FarmTogether falls within the 0-10,000-acre range of LH FMS program users.

Having been certified to the LH FMS in 2023, Eckert CS is required to maintain their certification through surveillance audits in the subsequent two years following a certification. LH FMS objectives 1 through 13 were covered during site visits on properties in Oklahoma. There was no substitution or modification of LH FMS performance measures.

### **COMPANY INFORMATION**

FarmTogether is an independent agricultural investment firm. Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for FarmTogether's properties. FarmTogether 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.

During the surveillance audit, six (6) sites in Oklahoma were selected, with one (1) Senior Regional Manager included. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in this region are a representative sample of current practices in place and management decision making. The primary agricultural production on sample sites is pecans.

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### AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for FarmTogether coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on March 11, 2024, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in Oklahoma were examined on March 26, 2024. A closing meeting was held on May 10, 2024.

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 clients 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

March 11, 2024

##### Attendees:

(FarmTogether) David Chan, Roxy Moran

(Audit Team) 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

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### Closing Meeting: Conference Call

May 10, 2024

#### Attendees:

(FarmTogether) Roxy Moran, David Chan, Dale Arthur

(Audit Team) Matt Armstrong, Jacques Werleigh, Linnea Abel

#### 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

## MULTI-SITE REQUIREMENTS

FarmTogether maintains operations on multiple properties in Oklahoma. FarmTogether 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 FarmTogether management. FarmTogether'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
Oklahoma	Pecans	Six (6) sites visited during audit <ul style="list-style-type: none"><li>- 0 – 10,000 acres</li><li>- Oklahoma sites represent 15% of all portfolio sites.</li><li>- Management population: One (1) Senior Regional Manager, one (1) site operator.</li><li>- Sites visited: Golden Pecan Orchard, Red River Pecan Orchard, Blue Creek Pecan Orchard, Blue Pecan Orchard, Quartz Road Pecan Orchard, Rose Rock Pecan Orchard</li></ul>

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## **AUDIT RESULTS**

Overall, FarmTogether’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 six (6) operating sites in Oklahoma. Visits took place pre-harvest, so water and soil management were highlighted. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate FarmTogether’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. FarmTogether’s Regional Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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

### Objective 1: Sustainable Agriculture Management

#### 1.1 Sustainable Agriculture Stewardship

##### **Conformance Evidence**

- FarmTogether Overview
- FarmTogether Sustainability Summary
- Due diligence summaries
- Lease Policy procedure
- Farm Incentive Management Policy
- Farm Management Policy
- Management Interview

##### **Auditor Notes**

- FarmTogether has sustainability goals outlined to match the objectives of the LH FMS. Goals and FarmTogether's commitment statement are contained within their Sustainability Summary.
- Managers regularly inspect properties and use property inspection reports or farm scorecards to provide farm condition feedback to growers.
- FarmTogether uses LH FMS as its guide to work with processors and marketers to determine which varieties have the highest profitability while enhancing environmental dimensions of its farmland.
- FarmTogether hopes to increase economic longevity by pushing into specialized markets.
- Management's main operating concerns are erosion control, irrigation management, and managing the potential negative impacts of protectant applications. Impacts include drifts that may affect neighboring properties, beneficial species, and wildlife.
- FarmTogether uses software and best management practices (BMPs) to facilitate monitor and manage water resources.
- FarmTogether does not transition property from agricultural use. Agricultural properties are acquired through market sources and private acquisitions.
- FarmTogether avoids acquiring farmland near residential dwellings to prevent potential land use conversion.
- Sites visited were designated for peanut production prior to being used for cattle grazing land. After FarmTogether's acquisition in 2022, the land was returned to production agriculture.

**Result: In Conformance**

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## Objective 1: Sustainable Agriculture Management (Continued)

### 1.2 Critical External Factors

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

- Property Inspection reports
- Risk Assessment Matrix

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

- FarmTogether adapts to external factors during property acquisitions and management decisions.
- FarmTogether uses a Risk Assessment Matrix to identify external factors through operations evaluations every six and nine months. Management develops mitigation strategies based on elevated risk ratings.

***Result: In Conformance***



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### Objective 2: Soil Health and Conservation

#### 2.1 Soil Health

##### **Conformance Evidence**

- Tissue samples
- Soil samples
- Tenant interview

##### **Auditor Notes**

- Initial establishment of pecans including soil testing, light disking, light tillage, and marking of planting sites did not greatly disturb the soil profile.
- FarmTogether conducts soil sampling on a three-acre grids prior to initial planting using a third-party vendor, NutrienAg. Blocks are resampled every other year or more frequently if there are signs of stress, deficient yields, or stunted growth. Petiole samples are conducted monthly to ensure nutrient uptake.
- Management remedies low pH of soil with lime applications.
- Site managers planted mixed cover crops and maintain them year-round. Cover crops include legumes and grains to fix soil nitrogen, aerate the soil, and break compaction.
- Cover crops and vegetative waste from pruning are tilled and reincorporated into the soil.
- Third-party agronomists develop fertilizer budgets based on estimations of a three-year old pecan tree's nutrient needs. Budgets or Soil Health Plans consider the last year's soil and petiole samples. Petiole samples are tested after initial fertilizer applications and rates are changed based on results.
- Fertilizers are applied via fertigation, which allows for tailored rates per block.
- Sites visited maintain Nutrient Management Plans (NMPs) written annually and kept in Agworld, a crop management software. Plans include fertilizer usage rates, prior year test results, and any diversions from the plan.
- Managers use an independent agricultural consultant and agronomist to create the Soil Health Plan and engage Ulrich Consulting when additional recommendations are needed.

**Result: In Conformance**

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

### 2.2 Soil Conservation

#### **Conformance Evidence**

- Soil analysis reports
- Tenant Interview

#### **Auditor Notes**

- Sites use cover crops, drains, and strategically placed holding basins to collect runoff and manage erosion. One tenant professed major improvements to erosion control since the site has been used for pecan production.
- Management utilizes GPS technology to reduce equipment and vehicular movement on site and mitigate soil compaction. Most sites have sandy-loam soil types which are not typically prone to compaction.
- FarmTogether has been managing the site for three (3) years. No land has needed to rest due to soil mismanagement in that time.
- Sites remedy acidification, which is not a major issue on site, with gypsum and elemental sulfur applications.

**Result:** *In Conformance*

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### Objective 3: Water Resources

#### 3.1 Water Use

##### **Conformance Evidence**

- AgWorld Usage Report
- Water Analysis Reports
- Well location map
- Tenant interview

##### **Auditor Notes**

- Irrigation schedules are based on crop needs, evapotranspiration (ET), and rainfall. Rainfall accounts for up to 40% of water received on a dry year. Management monitors soil moisture, temperatures, and rainfall to adjust irrigation accordingly. Management aims to maintain saturation at 80% percent.
- Management uses irrometers to measure soil water tension and inform growers on root systems' effort to extract water from the soil. Soil moisture probes are also used to inform management and irrigation schedule.
- Managers use CropX, an agronomic farm management system to optimize irrigation systems. CropX tracks, shares, and measures farm data such as ambient temperature, soil moisture profile, and soil temperatures and provides real-time agronomic conditions to support efficiency.
- Managers use AgWorld to record and monitor operations including agrochemical applications, onsite operations such as mowing, time spent in fields, fuel usage, and water use.
- The State of Oklahoma restricts water extraction. FarmTogether may acquire additional water as needed by buying or transferring water rights from a neighbor.
- The State of Oklahoma requires water use to be reported but not metered. Flowmeters are on every well and filter stations.
- Sites use drip irrigation systems to manage erosion and decrease overall water use. Drip lines are buried to decrease ET.
- Management uses the Toro irrigation systems and tools which allow managers to wirelessly control irrigation system.
- Management uses weather stations and the Mesonet, which is a joint project between the University of Oklahoma and Oklahoma State University. Mesonet uses 120 automated stations across Oklahoma to provide climatological data to users.

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

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### Objective 3: Water Resources (Continued)

#### 3.2 Water Quality

##### **Conformance Evidence**

- Tenant interview
- Water Analysis Reports

##### **Auditor Notes**

- Sites monitor water systems daily. Operators are trained on the use and maintenance of the systems and have dedicated personnel to maintain systems.
- Sites use chemigation and fertigation to deliver agrochemicals to crops while using less water. Petiole and soil tests confirm nutrient up-take.

**Result: In Conformance**

### Objective 4: Crop Protection

#### 4.1 Integrated Pest Management

##### **Conformance Evidence**

- Application Records
- Tenant interview

##### **Auditor Notes**

- Sites are scouted at least once a week by in-house staff, third-party scouts, and irrigators, who are also trained to scout for pests. Issues including pest and disease presence and crop stress are communicated verbally to management. Persistent or noteworthy incidents are shared with managers and recorded in AgWorld.
- Bud moths are significant threats to young pecan trees and may result in stunted trees, or in trees with more lateral than apical growth. Pecan weevils, pecan nut crawlers, grasshoppers and locusts, and termites are also pests of concern. Pests are controlled with agrochemicals applied by in-house staff or third-party applicators, depending on application complexity.
- Applicators are appropriately licensed and trained.
- Management targets specific "Degree Days," which is a measure of the amount of heat units required to bring on a hatch. Targeting "Degree Days" allows management to break pest cycles.
- Third-party and in-house staff conduct agrochemical applications. The State of Oklahoma requires qualified and licensed applicators to be present during or conduct applications.
- Chemical selection, application timing, and rates are determined by results of scouting, which inform management of the type of pest, amount of infestation, and growth stage.
- Management refers to pest thresholds and recommendations established by Oklahoma State University, UC Davis, University of New Mexico, and Georgia State University to determine pest control approaches. Managers also refer to the Noble Center's renowned Pecan Program for recommendations and advice.
- Cover crops provide a habitat for beneficial insects.

**Result: In Conformance, Opportunity for Improvement (OFI)**

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### Objective 4: Crop Protection (Continued)

#### 4.2 Crop Protectant Management

##### **Conformance Evidence**

- Tenant interviews

##### **Auditor Notes**

- FarmTogether conducts training anytime a new chemical is being used or there are new safety protocols. General pesticide training is conducted twice a year.
- Chemicals are purchased and used as needed. There is a small unlocked, unenclosed holding area that provides temporary chemical storage.
- FarmTogether triple rinses, segregates, and recycles agrochemical containers.

**Result: In Conformance, Opportunity for Improvement (OFI)**

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

#### 5.1 Agricultural Energy Use and Conservation

##### **Conformance Evidence**

- Tenant interview
- FarmTogether Sustainability Summary

##### **Auditor Notes**

- Sites conserve energy through water conservation and by reducing the number of equipment passes.
- FarmTogether implements managed grazing on sites within its portfolio to naturally control weeds and improve soil health.
- Management minimizes the use of vehicles by conducting tasks on ATVs or 4-wheelers.
- Farm implements use John Deere GreenStar which is a GPS based technology to track efficiency and facilitate variable rate applications.
- FarmTogether has a dedicated employee to monitor and maintain equipment. Sites follow maintenance schedules.
- FarmTogether has sites within its portfolio that use solar generation for utilities.
- Red River Valley Rural Electric Association supplies power in the region, who is in turn supplied by the Western Farmers Electric Cooperative (WFEC). WFEC sources 35%-50% of power generated from solar, wind and hydroelectric sources.

**Result: In Conformance**

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

#### 5.2 Air Quality

##### **Conformance Evidence**

- Tenant interview

##### **Auditor Notes**

- Sites minimize vehicle use through software and technology that can be controlled remotely.
- FarmTogether sites use electric wells.
- Sites are all using new equipment with Tier-4 motors, diesel exhaust fluid (DEF), and cabin filters to improve air quality.
- Management maintain an equipment inventory and maintenance schedule.
- Sites visited do not have issues with airborne dust.

**Result: In Conformance**

#### 5.3 Climate-Smart Agriculture

##### **Conformance Evidence**

- Tenant interview

##### **Auditor Notes**

- Operations visited in Oklahoma practice minimum tillage.
- Sites use newer, more efficient equipment.
- Equipment inventories are kept up-to-date, and maintenance logs are followed on equipment and tools.
- FarmTogether hired an individual specifically to manage and maintain equipment and tools.
- FarmTogether maintains properties with mature orchards that chip and reincorporate pruned limbs.
- Oklahoma sites are impacted by tornadoes, hail, and extreme heat. Excessive heat last year caused damage to blocks and required pecans to be replanted. Management is mitigating adverse weather effects with precise irrigation management and the creation of runoff collection ponds to collect excess water.

**Result: In Conformance**

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### Objective 6: Waste and Material Management

#### 6.1 Management of Waste and Other Materials

##### **Conformance Evidence**

- Tenant interview
- Hazardous waste removal invoices

##### **Auditor Notes**

- Sites do not produce much waste. Management has a small storage area for agrochemical containers. Empty agrochemical containers are recycled by a third-party entity.
- Oil is picked up by a third-party vendor who disposes of used oil.
- Site selected collects and burns tree limbs and brush. Management informs local Fire Marshal prior to burnings. Burn permits are not required.

**Result:** *In Conformance, Opportunity for Improvement (OFI)*

#### 6.2 Food and Agricultural Waste Resource Recovery

##### **Conformance Evidence**

- Tenant interview

##### **Auditor Notes**

- Crop loss is prevented or minimized with proper farming techniques and BMPs.
- Pecans are sent directly to a processor without intermediate storage.
- Sites reincorporate cover crops, vegetative waste, and chipped surplus tree materials from pruning into the soil.

**Result:** *In Conformance*

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

### **7.1 Species Protection**

#### **Conformance Evidence**

- Tenant interview
- Management interview
- ESA Report
- Due Diligence Summary

#### **Auditor Notes**

- FarmTogether conducted Phase 1 Environmental Assessments on sites in OK. Assessments revealed no threatened, endangered, or at-risk species.
- No threatened or endangered species have been identified.
- FarmTogether does not have established operating procedures if an endangered or threatened species is sighted. Tenant reported no research on at-risk species in the region.

**Result:** *In Conformance, Opportunity for Improvement (OFI)*

### **7.2 Wildlife Habitat Conservation**

#### **Conformance Evidence**

- Tenant interview
- Management interview
- Zero Deforestation Policy
- Acquisition Checklist
- ESA Report
- Due Diligence Summary

#### **Auditor Notes**

- There are no protected sites, ecologically important sites, or native habitats on or surrounding the farms visited.
- FarmTogether conducts a Phase 1 (and Phase 2 if needed) environmental assessment per the Acquisition Checklist prior to acquisition.
- There have been no ecologically important sites identified during the due diligence process on properties in Oklahoma.
- Site visited had no natural wetlands, grasslands, forests, or ecologically important sites in its boundaries.

**Result:** *In Conformance*



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

#### 7.3 Avoided Conversion

##### **Conformance Evidence**

- Tenant interview
- ESA Report
- Zero Deforestation Policy
- Due Diligence Summary

##### **Auditor Notes**

- FarmTogether's due diligence process includes a Phase 1 Environmental Assessment. Phase 2 Assessments are conducted if a recognized environmental condition is identified.
- Management has annual conversations with staff including Regional Managers and growers regarding deforestation and biodiversity.
- FarmTogether maintains a Zero Deforestation Policy that includes detail to support zero deforestation. FarmTogether conducts due diligence processes to avoid acquiring recently deforested land.

**Result: In Conformance**

#### 7.4 Crop Diversity

##### **Conformance Evidence**

- Tenant Interview

##### **Auditor Notes**

- FarmTogether sites match plant species with regional soil conditions.
- Sites visited cultivate more than six different varieties of pecans on Elliott rootstock, which is disease resistant. Lakota, Oconee, Cape Fear, Caddo, Zinner, Avalon, and Whiddon varieties are planted in a pattern that maximizes pollination.
- Sites cultivate varieties that pollinate, fruit, and are harvested at various times.

**Result: In Conformance**

### Objective 8: Protection of Special Sites

#### 8.1 Site Protection

##### **Conformance Evidence**

- Management interview
- ESA Report
- Due Diligence Summary

##### **Auditor Notes**

- FarmTogether reviews historical records and federal, state, local and tribal databases through Phase 1 Assessments during due diligence. FarmTogether does not have any special site designations currently.

**Result: In Conformance**

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### Objective 9: Local Communities

#### 9.1 Economic Wellbeing

##### **Conformance Evidence**

- Management interview
- Local Communities and Indigenous Peoples Policy
- Farm Management Policy Procedure

##### **Auditor Notes**

- FarmTogether tenants purchase from local vendors as often as possible. Tenants hire local labor whenever possible to support the local economy.
- FarmTogether's Human Resources Department assists with employee onboarding and regulatory compliance. FarmTogether employs at least one full time attorney to manage leases and contracts. An in-house comptroller validates and pays taxes.
- FarmTogether's Farm Management group hires locally and utilizes H2A labor contracted to another agricultural operation.

**Result: In Conformance**

#### 9.2 Community Relations

##### **Conformance Evidence**

- Tenant interview
- Management interview

##### **Auditor Notes**

- FarmTogether tenants financially support the local Future Farmers of America (FFA) branch and sponsor employees to attend educational classes.
- FarmTogether uses local vendors and suppliers for equipment and supplies needed for site operation.
- FarmTogether has a program to support and contribute to local communities.
- FarmTogether staff are members of and support California Ag Leadership, the Hazelnut Grower Association, the Oklahoma-Texas Pecan Growers Association, Farm Bureaus, and 4H groups.
- Management supports agricultural programs including those provided by the Turner School and Fresno State. Managers support San Luis Obispo with agricultural outreach and LeadNY at Cornell University. LeadNY is a training program designed to support future agricultural and food sector leaders.

**Result: In Conformance**

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### Objective 9: Local Communities (Continued)

#### 9.3 Local Communities and Indigenous Peoples

##### **Conformance Evidence**

- Management interview
- Local Communities and Indigenous Peoples Policy
- Farm Management Policy Procedure

##### **Auditor Notes**

- Policy language states a recognition and respect for local communities and the treaty rights of Indigenous peoples in any local, state, or federal jurisdiction.
- There are no Indigenous communities near the property or reservations in the county.
- Grower visited is aware of Chickasaw nation and other Indigenous nations in Oklahoma.
- Cultural assessments during due diligence consider Indigenous communities.
- FarmTogether does not purchase properties on Indigenous territory.
- Community members are aware of which fields are managed by the farm management group and can communicate with management if needed. Signage is located at farm management's central facility.

**Result: In Conformance**

#### 9.4 Public Health

##### **Conformance Evidence**

- Tenant interview
- Management interview
- Farm Management Due Diligence Policy & Procedure
- General Farming Monthly Activities

##### **Auditor Notes**

- Tenants hold safety meetings frequently to educate and inform employees on best safety practices. On properties that borders residential buildings, there is open communication with neighbors around spraying and dust control.
- The State of Oklahoma requires neighbors be informed 24-hours prior to agrochemical application. Applications are dependent on wind and time of day, and signage is posted in applied fields.
- Site visited had unrestricted access to safety data sheets, labor laws, and posters related to heat stroke and illness.
- Sites in Oklahoma reported no issues with trespassers.

**Result: In Conformance**

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### Objective 10: Employees and Farm Labor

#### 10.1 Safe and Respectful Working Environment

##### **Conformance Evidence**

- Job posting
- Management interview

##### **Auditor Notes**

- FarmTogether is an Equal Opportunity Employer.
- FarmTogether holds mandatory anti-harassment trainings with its employees on an annual basis. Farm management companies that are contracted by FarmTogether are required to provide evidence annually on sexual harassment trainings, workplace safety trainings, and CPR and first aid compliance.

**Result: In Conformance**

#### 10.2 Occupational Training

##### **Conformance Evidence**

- Tenant interview
- Management interview
- Farm Management Due Diligence Policy & Procedure
- General Farming Monthly Activities

##### **Auditor Notes**

- Tenants hold safety meetings frequently to educate and inform employees on best safety practices. Worker protection standard training is verified when working with custom hires. Contracts stipulate there must be a 1:10 ratio of supervisors to workers to support operating safety.

**Result: In Conformance**

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

**10.3 Supporting Capacity for Sustainability**

**Conformance Evidence**

- Management interview
- FarmTogether Overview, ESG Media Kit
- FarmTogether Sustainability Summary
- Leading Harvest Commitment Letter

**Auditor Notes**

- Commitment to the LH FMS is included in the ESG Media Kit, investor slideshow decks, and on the FarmTogether website. The Leading Harvest Commitment Letter exists on company website, listing LH as an agricultural partner and communicates commitments to remaining certified to LH FMS.
- Staff demonstrated an understanding of their roles pertaining to LH FMS conformance. Roles are written and discussed during monthly, quarterly, and annual meetings.
- FarmTogether requires farm management companies they contract with to provide training documentation on topics such as first aid/CPR, Injury and Illness Prevention Programs, sexual harassment prevention, and general workplace safety.
- FarmTogether staff participate in the Texas Executive Leadership on Sustainability training program and regularly attend conferences with sustainability components.
- FarmTogether staff attended training on California water laws.
- Management uses weather stations and the Mesonet, which is a joint project between the University of Oklahoma and Oklahoma State University. Mesonet uses 120 automated stations across Oklahoma to provide climatological data to users.

**Result: In Conformance**

**10.4 Compensation**

**Conformance Evidence**

- Management interview
- Lease Policy Procedures

**Auditor Notes**

- FarmTogether offers competitive wages to find quality labor. Wages reflect increased cost of living expenses in certain areas such as college towns.
- Management uses the Western Growers Compensation Survey which includes information regarding base pay rates, bonuses, and total compensation for 90 agricultural job titles.

**Result: In Conformance**

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

### 10.5 Farm Labor

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

- Management interview
- Lease Policy Procedures
- General Farming Monthly Activities
- Local Communities and Indigenous Peoples Policy

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

- H2A labor is used but not directly by farm management group visited in Oklahoma.
- Documents provided for review outline specific vetting procedures that farm management companies are expected to adhere to, including worker transportation, worker housing, insurance, training, wage and compensation terms, and licensing records.

***Result: In Conformance***

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**Objective 11: Legal and Regulatory Compliance**

**11.1 Legal Compliance**

**Conformance Evidence**

- Management interview
- Lease Policy Procedures
- Farm Management Policy Procedures

**Auditor Notes**

- Due diligence procedures and lease agreement language address legal compliance on federal, state, and local levels.
- FarmTogether requires farm management companies to provide documentation of trainings and programs held during the year on topics such as first aid/CPR, Injury and Illness Prevention Program, and general workplace safety.
- FarmTogether addresses regulations and laws in the due diligence process by following an acquisition checklist that covers water rights, property taxes, a Phase 1 environmental assessment, and insurance coverage. FarmTogether has a dedicated page on their website to news articles, webinars, and podcasts on agriculture topics.
- Some of FarmTogether’s management are members of the American Society of Farm Managers and Rural Appraiser (ASFRMA), which provides updates on upcoming legislation.
- FarmTogether performs a risk assessment annually covering topics such as business continuity, financial challenges, and fraud.
- Tenant and management interviewed stressed not having any issues with compliance of laws in Oklahoma.
- FarmTogether's tenants have OSHA and safety posters on their property for staff to review.
- FarmTogether contracts with Just Work to provide payroll and compliance with labor laws.
- FarmTogether maintains purchase records, farm inspections, and quarterly performance reports.

**Result: In Conformance**

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

**11.2 Legal Compliance Policies**

***Conformance Evidence***

- Management interview
- Lease Policy Procedures
- Farm Management Policy Procedures
- Local Communities and Indigenous Peoples Policy
- FarmTogether Standard Farm Management Agreement

***Auditor Notes***

- FarmTogether’s Lease Policy addresses lease and management agreement requirements. Legal compliance in the US addresses the fundamental rights set by the International Labor Organization regarding the prohibition of forced labor and child labor. Lease agreement language provides protection from lessor interference with operations. Tenant and landowner responsibilities are clearly defined and delineated from one another.
- FarmTogether's Local Communities and Indigenous Peoples Policy outlines expectations of farm management companies to respect land tenure rights of Indigenous People.
- FarmTogether’s Management Agreement outlines the on-site duties and obligations of Farm Managers, including legal and regulatory compliance.

***Result: In Conformance***



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### Objective 12: Management Review and Continual Improvement

#### 12.1 Farm Review and Continual Improvement

##### **Conformance Evidence**

- Management Interview
- General Farming Monthly Activities Document

##### **Auditor Notes**

- FarmTogether's asset management team reviews practice and meets operators regarding financial performance once a month. Activities are matched to budgeted amounts. Projects and practices to be performed are tracked in the General Farming Monthly Activities document.
- FarmTogether employees are scored on risk assessment topics annually and are given a rating on probability and severity along with a value category that identifies the monetary amount that is at stake if an incident were to occur. Topics include business continuity, environment, fraud, and financial risks.
- Managers meet with operators monthly and hold quarterly meetings to discuss performance and farm improvements. Performance reviews are held annually.
- FarmTogether releases quarterly reports that are highly comprehensive and include review of the properties in their portfolio.
- FarmTogether staff attend conferences and maintain memberships in agricultural committees to provide exposure to potential site and practice improvements.
- Budgets are reconciled at the beginning and end of each year. Management practices are based on the information of this review and market demands.

**Result: In Conformance**

#### 12.2 Support for Sustainable Agriculture

##### **Conformance Evidence**

- Management interview

##### **Auditor Notes**

- Tenants participate in trials with local suppliers for products and practices, including fertilizer applications to the upper canopy of trees and using different varieties.
- FarmTogether trialed a humic based acid called MyLand, new fertilizers, compost, and water monitoring devices such as Smart Meters to find potential improvements.

**Result: In Conformance**

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### Objective 13: Tenant-Operated Operations

#### 13.1 Leased-Land Management

##### **Conformance Evidence**

- Management interview
- Tenant interview
- Farm Incentive Management Policy
- General Farming Monthly Activities Document
- Lease Policy Procedure
- Farm Management Policy Procedure

##### **Auditor Notes**

- FarmTogether's Senior Farm Manager communicates with tenants to support alignment with regional best management practices.
- FarmTogether's Lease Policy Procedure contains expectations that the Asset Manager will coordinate with tenants to ensure the farm is continuously improving systems and ensuring access to healthy soil, food, and water. The Lease Analysis Model supports sustainable lease rate determination.
- Lease language establishes the expectation for tenants to operate sites safely and according to applicable laws and regulations.

**Result: In Conformance**

#### 13.2 Leased-Land Monitoring

##### **Conformance Evidence**

- Management interview
- General Farming Monthly Activities Document
- Property Inspection Reports

##### **Auditor Notes**

- FarmTogether managers communicate regularly with site operators via phone conversations, on-site visits, property inspection reports, and monthly, quarterly, and annual meetings.
- Regional Farm Managers inspect tenant properties monthly. Tenants provide quarterly farm updates with production practices. Updates are collected and communicated to investors.
- Property Inspection reports are prepared to assess risk. Management communicates with the tenant to address concerns.
- Farm inspections and quarterly reports include topics on farm inspection that reflect LH FMS indicators.
- FarmTogether measures tenant performance and compare performance year over year. Monitoring systems are reviewed annually during data collection. If aspects of monitoring system are not effective or efficient, they are removed.

**Result: In Conformance**

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### KEY FINDINGS

**Previous Non-Conformances:** During FarmTogether’s previous Surveillance Audit, two minor non-conformances and thirty-five opportunities for improvement were found. The minor non-conformances noted were found in relation to FarmTogether’s practices regarding their Leased Land Program (LH FMS indicator 13.1.1) and Communicating Leased Land Objectives (indicator 13.1.3).

FarmTogether was able to address both previous minor non-conformities through the inclusion of LH FMS objectives in standard operating procedures for site operators and communicating sustainability objectives to tenants through lease language. Several opportunities for improvement were met with improvements.

**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):** Six (6) opportunities for improvement were identified during the audit.

1. 4.1.1 - Pest Monitoring
  - a. Applications are well documented and appear professionally executed. Scouting reports are captured in AgWorld only. Standardizing reporting to identify pest thresholds and current pressures would assist in documentation efforts.
2. 4.2.1 Application and Storage of Crop Protectants
  - a. Agrochemical storage should be enclosed and locked to protect employees and farm workers as a best practice.
3. 6.1.2 - Resource Recovery
  - a. **Repeat OFI.** Attempts should be made to identify alternative practices that could be put in place on sites to avoid the burning of vegetative waste.
  - b. Recommendations from the “Environmental Regulatory Compliance for Farmers and Ranchers in Oklahoma”:
    - i. Self-hauling trash to a local landfill or waste transfer center
    - ii. Reducing the volume of trash by selecting products with less packaging or buying in bulk
    - iii. Recycling
    - iv. Composting organic materials
    - v. Chipping plant wastes
    - vi. Utilizing the services of a private trash hauler
4. 6.1.3 - Management of Agricultural Chemicals and Other Materials
  - a. **Repeat OFI.** Restricting and enclosing agrochemical storage area is a best practice, even at sites marked as temporary.

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5. 7.1.1 - Threatened and Endangered Species
  - a. **Repeat OFI.** Operating procedures could be established and shared with operators, in the case of identified threatened or endangered species. Support from conservation groups / state departments of agriculture should be documented and provided during future certification activities.
6. 7.1.2 - At-Risk Species
  - a. **Repeat OFI.** Research or support regarding species of interest could be prepared and provided to site operators. Support from conservation groups / state departments of agriculture should be documented and provided during future certification activities.

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

1. 3.1.1 *Agricultural Water Withdrawal*
  - a. The Use of CropX and AgWorld to measure and record agronomic data is an excellent addition to an already robust water management strategy.

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**Review of Previous Audit Cycle:** This surveillance audit is the second surveillance audit and concludes FarmTogether's 2021 LH FMS certification. Previously identified minor non-conformances have been successfully remediated through corrective actions put into place by FarmTogether.

## CONCLUSIONS

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

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## LH FMS AUDIT SUMMARY REPORT

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Summary of Audit Findings			
<b>Program User</b>	FarmTogether Management LLC		
<b>Audit Dates</b>	March 11, 2024 – May 10, 2024		
<b>Non-Conformances Raised (NCR):</b>	<b>Major</b>	<b>Minor</b>	
	0	0	
<b>Follow-Up Visit Needed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Date(s)</b>			
<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"/>
	05/10/2024		
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	05/10/2024		
<b>All NCR Closed</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
	05/10/2024		
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, Linnea Abel, 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-2021-0014		
<b>Proposed Date for Next Audit Event</b>	TBD		
<b>Audit Report Distribution</b>	David Chan: David@farmtogether.com		