

UBS FARMLAND INVESTORS LLC

Hartford, CT

LH FMS AUDIT SUMMARY REPORT: SURVEILLANCE I

January 5, 2024





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Certification Audit Re-Certification Audit Surveillance Audit Scope Extension

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INTRODUCTION

This report summarizes the results of the January 5th, 2024 surveillance audit conducted on UBS Farmland Investors LLC (UBS) 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 Jacques Werleigh, Field Auditor. 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 2023, Averum was engaged by UBS to perform a surveillance audit of sustainability performance on 250,000 – 500,000 acres of managed agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS). LH FMS objectives 1 through 13 were covered during site visits on properties in regions known as the Lake States and Corn Belt. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

UBS is a subsidiary of UBS Realty Investors LLC, which is indirectly a wholly owned subsidiary of UBS Group AG. UBS operates as part of UBS Asset Management, Real Estate & Private Markets, Food & Agriculture. Farm operating tenants, UBS Regional Managers, and third-party property management contractors are responsible for the day-to-day farmland management services for UBS managed properties. UBS opted to certify 100 percent of their agricultural properties in 2022, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

During the surveillance audits, eight (8) sites in the Lake States and Corn Belt regions were selected, with one (1) Tenant Manager included. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on sites is corn and soybeans.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for UBS coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on October 26th, 2023, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the Lake States and Corn Belt were examined on October 31st, November 1st, and November 2nd, 2023. A closing meeting was held on January 5th, 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

October 26, 2023

Attendees:

(UBS) Manisha Bicchieri, James McCandless, Dan Murray, Brian Duke, Barbara Missal, Cullum Jeffries, Charles Bryan, Darren Hartman, Mark Van-Elswyk, Erik Roget, Dawn Zukowski

(Audit Team) Matt Armstrong, Linnea Rash, 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

January 5, 2024

Attendees:

(UBS) Daniel Murrey, Cullum Jefferies, Darren Hartman, Erik Roget, Charles Bryan, Brian Duke, Mark Van-Elswyk, James McCandless, Barbara Missal

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

Topics:

- Opening remarks: Matt Armstrong
- Statement of confidentiality: Matt Armstrong
- Closing summary: Matt Armstrong
- Presentation of the audit conclusion: Matt Armstrong
 - Major Non-Conformances: 0
 - Minor Non-Conformances: 0
 - Opportunities for Improvement (OFI): 3
 - Notable Practices: 4
- Report timing and expectations: Matt Armstrong

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MULTI-SITE REQUIREMENTS

UBS maintains operations on multiple properties in regions known as the Lake States and Corn Belt. UBS 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 UBS management. UBS'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
Corn Belt	Corn and soybeans	Seven (7) sites visited during audit <ul style="list-style-type: none">- The Corn Belt represents 5% of all acreage- Management population: One (1) Regional Manager, two (2) tenant operator/managers- Sites visited: Kewanee Farm, Warren 67, Keithsburg Farm, Western Illinois Farms, Phoenix Farms, Finfrock Farms, Long Creek Farm
Lake States	Corn and soybeans	One (1) site visited during audit <ul style="list-style-type: none">- The Lake States region represents 5% of all acreage- Management population: One (1) Regional Manager, one (1) tenant operator/manager- Site visited: Grant Farms

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AUDIT RESULTS

Overall, UBS’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 eight (8) operating sites, with seven (7) in the Lake States and one (1) in the Corn Belt. Visits were during and post-harvest, and prior to seeding, so soil management, as well as harvesting and seeding efficiencies were highlighted. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate UBS’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. UBS’s Regional Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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

Objective 1: Sustainable Agriculture Management
1.1 Sustainable Agriculture Stewardship
<i>Conformance Evidence</i>
- Farmland Stewardship Commitment - Farmland Stewardship Objectives - Acquisition Analysis template
<i>Auditor Notes</i>
- UBS maintains and regularly updates their Farmland Stewardship Commitment and Objectives. - UBS uses the 13 principles of LH FMS to outline their Stewardship Objectives and support regional best management practices improvement and the advancement of sustainable agriculture where they operate. - UBS conducts an acquisition analysis to collect preliminary information on sites considered for purchase to ensure farms could be managed in accordance with UBS's standards. - UBS takes weather, social, and regulatory impacts into consideration while balancing economic and environmental priorities. - UBS supports the conservation of prime farmland through funding strategies that allow UBS to act as long-term investors. Farmland is purchased, and all sales are intended to sell properties as farmland. The Fund was initially established in 1983.
<i>Result: In Conformance, Notable Practice</i>

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Objective 1: Sustainable Agriculture Management (Continued)

1.2 Critical External Factors

Conformance Evidence

- Acquisition Analysis template

Auditor Notes

- UBS considers critical external factors during underwriting and active management. Management teams are regularly available to support tenants to provide ongoing support and communication.
- UBS management reaches out to tenants after critical weather events to provide assistance and guidance. UBS Regional Manager is available 24/7 during extreme weather events to streamline communication between third-party managers, UBS management, and tenants.

Result: In Conformance

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Objective 2: Soil Health and Conservation

2.1 Soil Health

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- UBS finances soil tests conducted on 2.5-acre grids every four years. Soil tests document soil quality and inform nutrient applications. Selected sites pay for additional soil tests every two years to support targeted applications. UBS's regional manager makes recommendations based on soil test results.
- Soil tests are conducted by internal staff and qualified third-party entities, such as Nutrien Ag Solutions, United Soils, and agronomists. Third-party consultants maintain certified crop adviser (CCA) licenses and provide suggestions based on soil tests.
- Selected sites consider Variable Rate Fertilizer usage a best management practice (BMP) and one tenant emphasized "farming by the inch, not by the acre" to express their goal of using only what is needed, not a pound more.
- Site selected adheres to the University of Illinois' standards for crop removal and uses Advanced Agrilytics, which is an intensive soil management system to inform crop management decisions. Advanced Agrilytics uses yield data, current levels of fertility, and other crop data such as water holding capacity to provide variable rate fertilizer recommendations, guidance on nutrient applications, seeding timing, and other management decisions.
- Cover cropping is not considered a regional best practice. Tenants who have experimented with cover cropping expressed lower yields in years two and three of the cover cropping program. Tenants incorporate soybean and corn residues through conservation tillage to improve soil organic matter.
- Tenants receive input from UBS Regional Managers, internal and external agronomists, CCAs, and third-party consultants to maintain appropriate nutrient balance. Since it's not a regional requirement, some tenants maintain a formal nutrient management plan (NMP) and others use informal plans, which tracks and records agrochemical applications by type, location, and application rate. Variable rate applications are adjusted based off the soils' ability and type. In addition to NMPs, tenants use fertilizer maps, which are created using real time kinematic (RTK) technology, to track usage. Tenants attribute efficient application to the use of RTK maps and NMPs.
- Sites selected identified excessive phosphorus that causes eutrophication. Sites carefully monitor soil nutrient levels and avoid excessive fertilization. Higher levels of phosphorous may be due to historic regional use of cattle.
- Regional best management practices include no-till, minimum tillage, variable rate applications, and the reincorporation of crop residues.

Result: In Conformance

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Objective 2: Soil Health and Conservation (Continued)

2.2 Soil Conservation

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Selected sites have been long-term farmland and have been cultivating crops for fifty to one hundred years.
- Sites use audit results each year to review best practices intended to remedy compaction, erosion, acidification, and restore soil health.
- UBS funds lime applications to remedy soil acidification as well as the installation and repair of drainage tiles, which enables water to flow from sites, mitigate erosion, and prevent crop loss.
- Sites selected use cover crops, contour farming, and grass waterways to mitigate wind and water erosion. Conservation Reserve Program (CRP) buffer strips provide protection for a creek running through selected site.
- Site selected maintains 30-to-50-foot buffer strips to protect creeks and waterways on farm. More than 20 acres of non-productive land was removed from production and used as grassland.
- Tenant spent hundreds of hours seeding and restoring waterways on farm to stabilize soil.
- Compaction is a regional issue that tenants manage by using tracts on carts and tractors on the farm, installing drainage tiles, and lastly, and performing deep tillage with an in-line ripper, called Zone Builder, in areas with prevalent compaction to allow water filtration during freezes and thaws.

Result: In Conformance

Objective 3: Water Resources

3.1 Water Use

Conformance Evidence

- Flow Usage Reports
- Farm Tour Booklet

Auditor Notes

- Sites selected with irrigation are attentive to crops' water needs depending on growth stage, humidity, and temperature. Farm irrigation systems are equipped with soil moisture probes to inform on moisture levels, and telemetry to allow users to remotely monitor and control irrigation.
- Additionally, remote app gives users the ability to change pivot speeds and adjust allocated irrigation amounts where needed.
- Drop nozzles are used on irrigation systems to reduce evapotranspiration.
- Site selected uses 15-inch rows for corn to reduce evaporation and weed pressure as opposed to 30-inch rows, which are more common.
- Water usage is budgeted and reported annually.

Result: In Conformance

Objective 3: Water Resources (Continued)

3.2 Water Quality

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Tenants work closely with seed and chemical dealers and are visited by their representatives weekly at a minimum.
- Drones and satellite imagery are used to monitor fields, especially problem areas or areas with low biomass. Drones are compatible with phones, and allow users to take pictures, FaceTime, and send data to internal agronomists. The app used is called OneSoil, which facilitates staff's ability to access uploaded scouting reports.
- Sites conduct regular scouting of farms. Irrigated fields are scouted daily, if needed.
- Tissue tests are conducted to monitor plant nutrients and needs.
- Farm implements with RTK are used to protect waterways and buffer zones by establishing zones that prohibit encroachment or spraying within the boundaries.

Result: In Conformance

Objective 4: Crop Protection

4.1 Integrated Pest Management

Conformance Evidence

- Annual reports
- Chukar Orchard presentation slides: In the Field
- Farm Tour Booklet

Auditor Notes

- Pesticides and other chemical applications are tracked and provided in annual reports.
- Managers and consultants use pheromone traps, microscopes, and scouting to find beneficial insects, which predate upon harmful pests.
- Sites selected emphasize the importance and utility of early identification of pests to prevent excessive crop loss.
- Scouts regularly monitor fields and scouting reports from prior years create a basis for current year's applications.
- Sites respond to acceptable thresholds of pests established by regional university extensions.
- Common pests onsite are managed through trapping, the use of genetically modified seeds such as SmartStax Corn, and crop rotations to prevent the life cycles of pests from becoming established.
- Sites will apply insecticides if scouting determines alternative treatment methods will not be effective.
- Site selected uses John Deere's See and Spray technology, which uses cameras and artificial intelligence (AI) to provide targeted herbicide applications.
- Licensed staff perform applications. Agronomists conduct chemical safety training.
- UBS sites maintain application records and consider wind speed and weather conditions before agrochemical applications.
- Sites receive recommendations from external agronomists who provide recommendations on an as-needed basis regarding weed science and pest management.
- Common pest, weeds, and fungi that require management include giant ragweed, water hemp, corn rootworm, nematodes, red headed fleas, corn bores, bean leaf beetles, stink bugs, Japanese beetles, gray leaf spot, tar spot, southern rust, anthracnose, brown stem rot, white mold, and frog eye.
- Site uses a ground rig for fungicide applications, which has higher water usage intensity than aerial applications, but reduces chance of wind drift.

Result: In Conformance, Notable Practice

Objective 4: Crop Protection (Continued)

4.2 Crop Protectant Management

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Sites use licensed and trained staff and third-party providers to conduct applications. Staff that apply agrochemicals are licensed and certified to purchase and apply restricted agrochemicals.

Result: In Conformance

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

5.1 Agricultural Energy Use and Conservation

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Sites use farm equipment with global positioning system (GPS) and real time kinematic (RTK) technology to create more efficient passes. Routes are mapped, and applications can be made more precisely to reduce emissions.
- Sites use monitoring systems including the Case IH FS to inform operators on vehicle performance, required maintenance based off hours used, and monitor routes.
- Sites use farm equipment with Tier 4 or 5 Engines, use diesel exhaust fluid (DEF), and some tractors with continuously variable transmission (CVT) technology to improve fuel efficiency.
- Sites selected do not have renewable energy projects. Available acreage is dedicated toward crop production.
- Irrigated sites have electric pivots and wells, which were recently updated by UBS, and now delivers water more efficiently. One diesel well was observed where powerlines are not present.
- Tenant of site selected participates in a voluntary Energy Saving Plan with their utility provider, where electricity rates may be reduced when the grid is overloaded to reduce rates for program users.
- Site selected uses a more efficient dryer system also funded by UBS, which cut fan usage time by 70%. Moisture and temperature probes inside of bins ensure grain is appropriately dried.

Result: In Conformance

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

5.2 Air Quality

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Sites maintain equipment inventories and maintenance schedules.
- Sites are using updated planters that can be monitored remotely on users' cell phones.
- Sites use cover crops and conservation tillage to control airborne dust issues.

Result: In Conformance

5.3 Climate-Smart Agriculture

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Sites visited reduce emissions with no-till and conservation tillage practices.
- Conservation Reserve Program (CRP) areas on sites sequester carbon, and grass buffers surrounding waterways improve air quality.
- Site selected uses an annual test plot to demo crop hybrids and varieties to determine resilience to extreme weather events.
- Sites use sprayers capable of precision application, and farm equipment that uses GPS and autopilot technologies to reduce climate impact.

Result: In Conformance

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Objective 6: Waste and Material Management

6.1 Management of Waste and Other Materials

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Very little waste is associated with the operation.
- Crop residues are reincorporated and left onsite to increase soil organic matter.
- Not much container waste is generated because agrochemicals are purchased in bulk containers, mixed off-site, and then used on fields. The bulk containers are triple-rinsed, punctured, and recycled or they are reused with local vendors.
- Motor oil is disposed off properly or through a local oil-burning furnace.

Result: In Conformance

6.2 Food and Agricultural Waste Resource Recovery

Conformance Evidence

- Farm Tour Booklet

Auditor Notes

- Excessive crop loss is prevented through intentional seed selection, testing, pre-planning, scouting, and management.
- Tenants have crop insurance in the event of catastrophic crop loss. Sites visited experienced no major losses within the last year.
- UBS provided grain bins to be used on selected sites to increase crop storage efficiency. Some sites have grain bins used to store product overflow. Harvested products (mainly corn and beans) are typically delivered directly to their intended destination such as grain elevators or barges.
- Sites use limited amounts of manure or litter on sites visited in the region.
- Tenant of site selected procures effluent from a neighboring hog farm. Effluent applications are reduced on sandier soils to consider plants' nutrient uptake ability.

Result: In Conformance

Objective 7: Conservation of Biodiversity

7.1 Species Protection

Conformance Evidence

- Acquisition Analysis: Preliminary Information Form
- UBS Statement on Nature
- Farm Tour Booklet

Auditor Notes

- Regional Tenant Managers are aware if there are threatened or endangered species on properties and are contacted if a potential sighting is noted. Tenants of site selected are not aware of any threatened or endangered species on properties or regions, but stated would reach out to Regional Manager if they ever witness anything of interest.
- Site in sample was aware of bald eagles on property.
- UBS is dedicated to protecting biodiversity and natural capital, including threatened and endangered species.
- UBS uses forms to collect information on potential sites, including conservation plans during Acquisition Analysis.
- Phase 1 Environmental Site Assessments (ESA) are performed on sites, with no species being identified as threatened, endangered, or at-risk. UBS also maintains a Biodiversity Statement to do no business where there is an endangered species. Tenants are aware of spraying locations and how to avoid drift.

Result: In Conformance, Opportunity for Improvement (OFI)

7.2 Wildlife Habitat Conservation

Conformance Evidence

- Fish Friendly Farming Environmental Certifications
- Farm Tour Booklet

Auditor Notes

- Tenants visited and Regional Manager demonstrated awareness of protected areas and native habitats.
- Sites maintain ecologically important sites including waterways by keeping buffers well-maintained, planting grasses and filter strips, entering areas into CRP, and avoid nearby spraying.
- UBS has sites within its portfolio that maintain Fish Friendly Farming Certifications. Fish Friendly Farming is a program showing a management system's ability to restore fish and wildlife habitat and improve water quality on agricultural properties.
- CRP pollinator areas are planted with a mix of native seeds to serve as a filter for nearby waterways.

Result: In Conformance, Notable Practice

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Objective 7: Conservation of Biodiversity (Continued)

7.3 Avoided Conversion

Conformance Evidence

- Farm Tour Booklet
- Statement on Nature

Auditor Notes

- Sites selected have not retired land from production and have not converted forestland to farmland on land within the UBS portfolio. In the UBS Statement on Nature, UBS specifies forestland as areas they will not conduct any business.
- UBS's Statement on Nature clarifies its refusal to engage in certain activities that endanger animal species and contribute to deforestation and forest degradation.
- Properties in UBS's portfolio have been certified to minimize impacts to local wildlife and/or aquaculture.

Result: In Conformance

7.4 Crop Diversity

Conformance Evidence

- Management interview

Auditor Notes

- Crop rotations on UBS properties are dependent on the region. Regions selected rotate corn and soy to support yield and soil health.

Result: In Conformance

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Objective 8: Protection of Special Sites

8.1 Site Protection

Conformance Evidence

- Purchase proposal letter

Auditor Notes

- Tenants of sites selected are trained how to properly report and handle artifacts found on properties.
- UBS aims to maintain a 90% minimum of tenable farmland. Additional acreage is not intentionally held within the portfolio.
- UBS's due diligence and underwriting process involves boots on the ground to visit properties prior to purchase and the review of deeds and water sources. UBS management is aware of relevant governing bodies regarding agricultural properties and relevant Indigenous populations, and special sites identified during underwriting and ongoing management processes.
- UBS sites demonstrate their willingness to support community involvement and the preservation of sites with cultural or historic significance. UBS provided a letter from a community member proposing the purchase of a historic cemetery.
- UBS takes third-party managers' existing knowledge into consideration during the underwriting process to determine their ability to recognize and preserve the unique qualities of sites.
- UBS maintains properties within Indigenous reservations.

Result: In Conformance

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Objective 9: Local Communities

9.1 Economic Wellbeing

Conformance Evidence

- Approach to Tax Matters document

Auditor Notes

- UBS obtains contracted legal services to provide support for internal audits. UBS has designated management to ensure all taxes are appropriately paid by the determined responsible party in leases.
- UBS's Asset Management Team and contracted accountants ensure property taxes are paid.
- UBS is committed to complying with tax laws, rules, and regulations in each jurisdiction it operates.

Result: In Conformance

9.2 Community Relations

Conformance Evidence

- Leadership Idaho Agriculture program sponsorship

Auditor Notes

- UBS selects agricultural leaders to attend classes and events to support the selected farmers' ability to represent themselves within the industry, and further develop grower and farmer relationships.
- UBS sponsors multigenerational tenants, employees, and students to grow within local communities.
- UBS supports Washington Ag Forestry through recurring donations and have developed relationships with their members.
- UBS purchased a property managed by a tenant dependent on H2A labor. While employee relationships are solely the responsibility and liability of the tenant, UBS toured the facility to ensure H2A labor housing was adequate, and UBS built additional housing on the property to provide more space to H2A staff.
- Tenants of sites selected maintain Future Farmers of America (FFA), YMCA, and Illinois Fertilizer Chemical Association memberships. Site selected hosts an antenna on property to facilitate emergency responder communication at no charge and donated five acres for the local fire department to build a new fire station.
- Sites make donations to local parks, fundraisers, and participate in local volunteer opportunities and agronomy meetings.
- UBS conducts on-farm research activities to support more sustainable farming practices.

Result: In Conformance

Objective 9: Local Communities (Continued)

9.3 Local Communities and Indigenous Peoples

Conformance Evidence

- Management interview
- Human Rights Statement

Auditor Notes

- UBS maintains a Human Rights Statement that highlights UBS's responsibility to uphold the International Bill of Human Rights and the principles located in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- UBS maintains investor relationships with Indigenous Tribes.
- Farms have signage posted including UBS's phone number. Calls are distributed to the most appropriate point of contact.
- Sites selected are often operated by local family farmers who are active in their communities and maintain open communication with neighbors.
- Tenants escalate issues to Property Managers, Regional Managers, and other relevant UBS management.

Result: In Conformance

9.4 Public Health

Conformance Evidence

- Health and Safety Statement

Auditor Notes

- UBS maintains a Health and Safety Statement that states compliance with health and safety standards and relevant restrictions.
- Tenants and their employees are responsible for applications. UBS confirms compliance with relevant health and safety policies and consistency with regional best management practices. UBS does not dictate on-farm practices but remains informed on how operational safety is upheld and documented.
- Leases require tenants to act in compliance with Federal and State regulations and consider safety regulations to be inherently implied.

Result: In Conformance

Objective 10: Employees and Farm Labor

10.1 Safe and Respectful Working Environment

Conformance Evidence

- Diversity, Equity, and Inclusion (DEI) Impact Report
- Code of Conduct
- Responsible Supply Chain Standard

Auditor Notes

- UBS is an Equal Opportunity Employer (EOE) and has established goals to increase female and racial and ethnic minority representation at the Director level and above within certain divisions.
- UBS maintains a Responsible Supply Chain Standard that states its expectation for suppliers to provide equal opportunity and advancement opportunities for all employees.
- UBS's Code of Conduct establishes their commitment to maintaining a safe, gender equitable, and professional work environment. UBS expects its employees to treat all team members with respect, and firmly prohibits bullying, discrimination, or harassment.
- UBS's DEI Impact Report outlines hiring and onboarding programs to engage diverse talent and its talent development programs, including curated learning curriculums, reverse mentoring, senior sponsorship, and internal mobility opportunities.

Result: In Conformance

10.2 Occupational Training

Conformance Evidence

- Health and Safety Statement
- Code of Conduct

Auditor Notes

- UBS maintains a Health and Safety Statement and Code of Conduct that establishes UBS's commitment to providing a safe working environment.
- UBS ensures employees are properly trained on sustainable agriculture and use LH FMS to guide training.

Result: In Conformance

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Objective 10: Employees and Farm Labor (Continued)

10.3 Supporting Capacity for Sustainability

Conformance Evidence

- Organizational Chart
- Farmland Stewardship Commitment
- Code of Conduct
- DEI Impact Report
- Responsible Supply Chain Standard

Auditor Notes

- UBS's Farmland Stewardship Commitment establishes its commitment to LH FMS principles and their implementation on managed properties.
- UBS has staff dedicated to the implementation and administration of LH FMS principles on managed properties.
- UBS takes a full-team effort approach with a horizontal structure and defined roles to support LH FMS conformance. LH FMS drives daily decision-making.
- UBS is developing a formalized course for farmland asset managers and employees involved with farmland management on LH FMS objectives.
- UBS Managers attended a LH FMS conference in 2023 to support understanding and cultural integration of LH FMS objectives.

Result: In Conformance, Opportunity for Improvement (OFI)

10.4 Compensation

Conformance Evidence

- Management interview
- DEI Impact Report

Auditor Notes

- UBS is Equal Salary Certified. Certification requires UBS's ability to demonstrate they compensate their female and male employees equally for the same job or for jobs of the same value.
- Results from the survey showed no bias or discrimination regarding compensation.

Result: In Conformance

10.5 Farm Labor

Conformance Evidence

- Management interview

Auditor Notes

- Not applicable; No farm labor contractors employed by UBS.

Result: In Conformance

Objective 11: Legal and Regulatory Compliance

11.1 Legal Compliance

Conformance Evidence

- Management interview
- Human Rights Statement
- Code of Conduct

Auditor Notes

- UBS maintains a list of approved local legal counsel to provide guidance on local issues that may arise during due diligence.
- Human Rights Statement requires employees to annually affirm their understanding of the Code of Conduct and other key policies.
- UBS retains an inhouse legal counsel to address issues brought to them by local council.

Result: In Conformance

11.2 Legal Compliance Policies

Conformance Evidence

- Human Rights Statement
- Code of Conduct
- Management interview

Auditor Notes

- UBS employees provide annual attestations to Code of Conduct and UBS's compliance policies.
- UBS maintains a Human Rights Statement that outlines the company's responsibility to uphold (at minimum) the International Bill of Human Rights and the principles located in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
- Tenants are allowed and encouraged to operate the land as they see fit if practices are in alignment with regulatory requirements and agricultural best management practices (BMPs).

Result: In Conformance

Objective 12: Management Review and Continual Improvement

12.1 Farm Review and Continual Improvement

Conformance Evidence

- Annual Property Evaluations

Auditor Notes

- UBS brought on a new team member to further support third-party management.
- Annual performance reviews support compensation decisions.
- Property Evaluations are conducted annually and used to calibrate property values and operating efficiency.
- UBS has established a performance review program for Tenant Managers. Reviews are conducted twice per year, and performance is graded on a "red, yellow or green" basis to support LH FMS conformance.
- Third-party property management contractors provide regular inspection reports to UBS Regional Managers.
- Regional Managers communicate frequently with lessees on farm management issues, including the efficacy of third-party managers. Issues that arise are discussed internally and appropriate actions are taken to support progress in achieving LH FMS conformance.
- UBS distributes property improvement cards to be completed by tenants. Cards are completed annually, and UBS follows up in accordance with proposed improvements. Tenants identify opportunities for improvement and work with their Tenant Manager to pursue improved farming efficiencies or new markets and technologies.
- Managers support actionable items with regular tenant communication.
- Farm Management Program is used to support evaluations.
- UBS uses feedback from LH FMS audits to further enhance procedures.

Result: In Conformance, Notable Practice

12.2 Support for Sustainable Agriculture

Conformance Evidence

- Leadership Idaho Agriculture program sponsorship

Auditor Notes

- Tenants work with university extensions programs to revise BMPs.
- UBS supports sustainable farming practices through donations of time and monetary contributions to programs that support the expansion and implementation of sustainable farming practices.
- UBS invests in their employees' ability to network and demonstrate leadership in farming communities through sponsoring growth opportunities.
- UBS participates in on-farm trials and programs to improve operating efficiency and lessen their environmental impact.

Result: In Conformance

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Objective 13: Tenant-Operated Operations

13.1 Leased-Land Management

Conformance Evidence

- Lease and Security Agreement

Auditor Notes

- Managers frequently check in with tenants during the growing season for progress updates and outstanding issues that arise. Results of the LH FMS Certification audit guide necessary improvements.
- Lessees are required to farm properties in a good and farmer like manner, in accordance with regional best management practices.
- UBS is in the process of adding supplementary language to third-party farmland management agreements as leases renew to assist in the attainment of LH FMS certification (UBS Farmland Objectives and Commitment Statements/addendums).
- Lease turnover at UBS is less frequent due to long term leases.
- Farm evaluations capture LH FMS conformance efforts.
- Evaluations are completed with varying levels of assistance from farm tenants.
- Lease language allows tenants to demonstrate a commitment to operate safely, responsibly, and in compliance with applicable laws and regulations.

Result: In Conformance, Opportunity for Improvement (OFI)

13.2 Leased-Land Monitoring

Conformance Evidence

- Management interview
- Lease and Security Agreement

Auditor Notes

- Third-party managers collect data and information from the tenants and report to UBS twice a year. UBS Tenant Managers review this information to help with decision making and support needed on the respective sites.
- Third-party conducts annual evaluations that outline the practices, numerical data, and site maps from the current year. The evaluations come to UBS in report form and UBS can review yield results, issues that arose, progress on programs and potential needs for the next crop cycle.
- UBS conducts evaluations for each farm annually at a minimum.
- Practices identified in each evaluation are assessed. Findings are delivered to Tenant Managers to provide support and guidance.
- UBS seeks out responsible and reputable tenants with whom they can develop long-term relationships.
- UBS is considering multiple changes to tenant outreach initiatives, with LH FMS audits intended to help progress these considerations as a continual improvement initiative.

Result: In Conformance

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KEY FINDINGS

Previous Non-Conformances: Two (2) minor non-conformances were identified during the previous initial certification audit. Corrective actions in the interim period between initial certification audits and surveillance audits were deemed to be effective in bringing identified issues into conformance with the requirements of the Leading Harvest Farmland Management Standard 2020.

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

Minor Non-Conformances: Zero (0) minor non-conformance was identified during the audit.

Opportunities for Improvement (OFI): Three (3) opportunities for improvement were identified during the audit.

1. 7.1.1 Threatened and Endangered Species
 - a. UBS has communicated and demonstrated a commitment to protecting biodiversity and natural capital, which includes threatened and endangered species.
 - b. Demonstrating ongoing conformance in regions would be simplified by Regional Managers sharing documented information related to threatened or endangered species in the state, county, or other locations relevant to the farms.

2. 10.3.3 Employee Sustainability Training
 - a. Central management standards, statements, and reports are relied upon to determine initial certification.
 - b. As formalized courses on the LH FMS are developed, sharing annual updates would assist in demonstrating ongoing or continuing education.

3. 13.1.3 Communicating Leased-Land Objectives
 - a. It was noted by auditors that UBS's Associate Director of Sustainability is developing a lease addendum to clarify LH FMS principles and more clearly communicate UBS's sustainable ag goals with all tenants.
 - b. Communications of farm evaluations including self-assessments of LH FMS conformance should be shared with or distributed to all tenants equally.
 - c. In future audits, results of on-farm evaluations will be tested to determine successful communications with tenants.

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Notable Practices: Four (4) notable practices were identified during the audit.

1. 1.1.3 Farmland Conservation
 - a. UBS Management's defining feature to auditors is the long-term ownership of prime farmland. The term of leases and maintaining reliable results requires a commitment to sustainable agricultural practices.
2. 4.1.2 Crop Protection
 - a. Auditors observed proactive preventative practices related to scouting and pest identification.
 - b. Auditors observed the efficient use of technology including genetically modified seeds and John Deere See and Spray, which uses cameras and artificial intelligence (AI) for targeted agrochemical application.
3. 7.2.2 Ecologically Important Sites
 - a. Auditors noted existing external certifications on Ecologically Important Sites, including Fish Friendly Farming Certifications. Additional certifications are an excellent support mechanism for ongoing LH FMS conformance.
4. 12.1.2 Monitoring Performance
 - a. UBS maintains a rigorous performance review for tenant managers and includes tenant feedback in their reviews of third-party manager performance.

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Review of Previous Audit Cycle: The previous audit cycle identified two minor non-conformances. A corrective action plan (CAP) was proposed by UBS management and approved by Averum's Lead Auditor. Non-conformance Reports and approvals are documented and on file with Averum and UBS. One was resolved, and the other regarding the communication of leased-land objectives (13.1.3) was resolved and identified as an opportunity for improvement (OFI) during this year's surveillance audit. Please note continual improvement is necessary to avoid potential non-conformances in the future.

CONCLUSIONS

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

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Summary of Audit Findings			
Program User	UBS Farmland Investors LLC		
Audit Dates	October 26, 2023 – January 5, 2024		
Non-Conformances Raised (NCR):	Major	Minor	
	0	0	
Follow-Up Visit Needed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Date(s)			
Follow-Up Visit Remarks			
N/A			
Team Leader Recommendations			
Corrective Action Plan(s) Accepted	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
	01/05/2024		
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	01/05/2024		
All NCR Closed	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
	01/05/2024		
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
Audit Team Leader		Audit Team Members	
Matt Armstrong		Kyle Rusten, Linnea Rash, Jacques Werleigh,	
Scope of Audit			
Management of production farmland on direct and tenant operated properties.			
Accreditations	Approval by Leading Harvest to provide certification audits		
Number of Certificates	1		
Certificate Number	AVERUM-LHFMS-2023-0001		
Proposed Date for Next Audit Event	TBD		
Audit Report Distribution	Daniel Murray, Daniel.Murray@ubs.com		