



# Warakirri Asset Management

Melbourne, Victoria

LH AUS FMS INITIAL CERTIFICATION AUDIT SUMMARY REPORT

August 31, 2023





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Certification Audit    Re-Certification Audit    Surveillance Audit    Scope Extension

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### INTRODUCTION

This report summarises the results of the first certification audit conducted on production agriculture properties managed by Warakirri Asset Management (Warakirri Cropping, Warakirri Diversified Agriculture Fund and Warakirri Farmland Fund) and their lessees. The audit was led by Matt Armstrong, lead auditor for Averum. Matt Armstrong has had experience with Leading Harvest throughout its development and is an assurance provider for multiple sustainability programs. The audit activities were conducted by Field Auditor Jemma Lawrence, who has experience with Leading Harvest throughout its pilot in Australia and has expertise in sustainable production, varied agricultural production systems and many crop types in Australia. The audit process and reports were independently reviewed by Mel Rae, who has expertise with the Leading Harvest standard and varied agricultural production systems. All senior members of the audit team hold training certificates in *ISO 17021:2015 (Conformity Assessment)*, *14001:2015 (Environmental Management Systems)*, and/or *IAF MD-1:2018 (Certification of Multiple Sites)*.

### SCOPE AND OBJECTIVE

In 2023, Averum was engaged by Warakirri Asset Management (Warakirri) to perform an audit of sustainability performance on 21 of their managed and lessee-operated agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Australia Farmland Management Standard 2022 (LH AUS FMS). LH AUS FMS objectives 1-12 were covered during site visits on Warakirri Cropping properties in Queensland. LH AUS FMS objectives 1-13 were covered during site visits on lessee-operated properties in Queensland and Victoria. There was no substitution or modification of LH AUS FMS performance measures.

### COMPANY INFORMATION

Warakirri is a multi-boutique asset management firm, specialising in equities and agricultural management. Warakirri has enrolled three of their funds under the standard, Warakirri Cropping (WC), Warakirri Diversified Agriculture Fund (DAF) and Warakirri Farmland Fund (WFF). Warakirri Cropping properties are owner-operated, with Warakirri employed farm managers and staff responsible for day-to-day operations. Farm operating lessees are responsible for the day-to-day farmland management services for the DAF and WFF properties. Warakirri opted to certify 100 percent of their agricultural properties from the three portfolios (WC, DAF and WFF) in 2023, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

Warakirri were involved in the LH AUS FMS pilot program in 2022, and in 2023 contracted Averum to provide the initial certification audits on their properties across Australia. For the certification audits, five sites across New South Wales, Queensland and Victoria were selected, including both owner-operated and lessee-operated properties, with five different farm managers/operators. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions form a representative sample of current practices and management decision making. The primary agricultural production on sites included cereals, canola, legumes, cotton, leafy vegetables and viticulture.

## AUDIT PLAN

An audit plan was developed and will be maintained on file by Averum. Requests for information were issued throughout the audit process, and Warakirri coordinators were able to provide evidence and documentation for auditor review continuously throughout the audit. Opening meetings to review the management objectives (objectives 1, 9-13) were held on 27 and 30 June 2023, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in New South Wales, Queensland and Victoria were examined on 3-6 July and 3 August 2023. A closing meeting was held on 31 August 2023.

### Opening Meeting: Conference Call

27 and 30 June 2023

**Attendees:**

Warakirri Asset Management – Tim Smith, Hannah Lowe, Gavin Merriman, Ghazal Taghdir, Kristin Lamb  
Averum - Jemma Lawrence

**Topics:**

- Introductions of participants and their roles
- Introduction of audit team
- Review of Warakirri operations against LH AUS FMS management objectives (objectives 1, 9-13)

### Closing Meeting: Conference Call

31 August 2023

**Attendees:**

Warakirri Asset Management - Tim Smith, Hannah Lowe, additional personnel TBC  
Averum - Matt Armstrong, Jemma Lawrence

**Topics:**

- Opening remarks: Jemma Lawrence
- Statement of confidentiality: Jemma Lawrence
- Closing summary: Jemma Lawrence
- Presentation of the audit conclusion: Jemma Lawrence
  - Non-Conformances: 4
  - Opportunities for Improvement (OFI): 5
  - Notable Practices: 3
- Next steps: Jemma Lawrence

## MULTI-SITE REQUIREMENTS

Warakirri maintains operations on multiple properties in New South Wales, Queensland, South Australia, Tasmania, Victoria and Western Australia. Warakirri qualifies for multi-site sampling as the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Central management, working with regional and farm managers, is responsible for developing corrective action plans regarding LH AUS FMS conformance. Warakirri’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 AUS 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
Northwest New South Wales	Wheat, barley, canola, chickpeas, faba beans, sorghum	Two (2) sites visited during audit <ul style="list-style-type: none"> <li>- 28,503 gross hectares in production</li> <li>- Sites visited represent 12.5% of all acreage</li> <li>- Management population: One (1) regional manager, two (2) farm managers</li> <li>- Sites visited: Willaroo and Boolavilla</li> </ul>
Southeast Queensland	Cotton, cereals	One (1) site visited during audit <ul style="list-style-type: none"> <li>- 9,078 gross hectares in production</li> <li>- Site visited represents 4% of all acreage</li> <li>- Management population: One (1) regional manager, one (1) farm manager</li> <li>- Sites visited: Myobie</li> </ul>
Coast and tablelands Queensland	Leafy veg	One (1) site visited during audit <ul style="list-style-type: none"> <li>- 199 gross hectares in production</li> <li>- Site visited represents 0.09% of all acreage</li> <li>- Management population: One (1) internal manager, one (1) lessee operator</li> <li>- Sites visited: Drinnan Farms</li> </ul>
Northern Victoria Mallee	Viticulture	One (1) site visited during audit <ul style="list-style-type: none"> <li>- 582 gross hectares in production</li> <li>- Site visited represents 0.26% of all acreage</li> <li>- Management population: One (1) internal manager, one (1) lessee operator</li> <li>- Sites visited: Grande Junction</li> </ul>

## AUDIT RESULTS

Warakirri's agricultural operations generally conform to the objectives of the Leading Harvest Australia Farmland Management Standard 2022 (LH AUS FMS). Interviews and document reviews were performed to determine procedural and documentation conformance to the LH AUS FMS. Documentation of practices from multiple sites was supplied throughout the audit when requested. Field visits were performed on five operating sites, with two in New South Wales, two in Queensland and one in Victoria. Visit timing in the production cycle varied depending on the region, and included pre-planting, post-planting, mid-harvest and post-harvest, highlighting planting and harvesting efficiencies and soil management. Central and regional management representatives and operating lessees were present during audits and were interviewed to illustrate Warakirri's conformance and policy implementation. Central office staff with roles that impact LH AUS FMS conformance were interviewed to determine awareness of and support for LH AUS FMS conformance, and to illustrate company practices and procedures not performed by farm managers. Warakirri's asset managers served as guides and were available throughout the entire engagement, providing logistical support and honoring evidence requests wherever needed.

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

### OBJECTIVE 1: SUSTAINABLE AGRICULTURE

#### Performance Measure (PM) 1.1 Sustainable Agricultural Stewardship

##### Conformance Evidence:

- *Net Zero Briefing Paper*
- *Warakirri recognised at the Agri Investor 2022 Global Awards (Warakirri news article)*
- *WC 2022 and 2021 Sustainability Reports*
- *WC Operating Strategy - Sustainability Pillar*
- *WC Sustainability Strategy*
- *WC Sustainability Report*

*Auditor Notes: Warakirri Asset Management operates an established agricultural management system. There is an awareness of and attention to best management practices present throughout the organisation. Warakirri offers longer leases to encourage growth and relationships. The highest and best use assessment on farmland is the most important for Warakirri, and takes into consideration economic standpoints. Warakirri asset managers interact with lessees on an as-needs basis, including regular communication on challenges relating to properties during reviews and update meetings, or as needed when issues emerge. Properties are long-term farmland and owned by investors that are motivated to remain in production agriculture.*

**Result: In Conformance**

## **OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)**

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

Conformance Evidence:

- *Management interviews*
- *Capturing Sustainable Long Term Returns in Australian Ag - presentation*
- *CBRE presentation – DAF*
- *Internal Roundtable Session – ANZ Economic Outlook and Interest Rates*
- *Livestream event - Aither Water Markets Report: 2021-22 Review and 2022-23 Outlook*

*Auditor Notes: Audit risk committee operates at the Warakirri Asset Management (WAM) level, while board committees operate at the business unit (WC, DAF, WFF) level. The board committees consider risks such as climate change and input costs. A risk register is created, and a tolerance level is set by the board. From there, the risk owner has actions outlined that must be reported against. Unclear how these risks are incorporated into the budget planning process. For lessee operated businesses, the acquisition process identifies risks to business operations that drive investment decisions.*

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

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

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

Conformance Evidence:

- *Soil test records – Boolavilla, Willaroo, Myobie*
- *Amelioration application records*
- *AgWorld season reports*
- *Fertiliser application records*
- *Soil due diligence assessments*
- *Nutrient budgets*
- *Soil electromagnetic surveys*
- *Tissue test results*
- *Soil maps*
- *Harvest traffic management plans*
- *Interviews and observation*

*Auditor Notes: Warakirri focusses on maintaining and enhancing soil organic matter through minimum tillage, retention of crop stubble and the addition of compost or other ameliorates. Cover cropping is incorporated into the program where soil moisture allows.*

*Soil health and condition is assessed during the process of property acquisitions. This assessment includes soil pit profiling, or at a minimum, a full suite of soil testing is completed for each soil type. Mapping of soil types is done to ensure testing and input applications are applicable to the soil nutrient requirements.*

*Soil health is monitored at least every two years, though testing is completed annually for base nutrients (NPK) at a minimum in the cropping enterprises. Farm and regional managers work with external agronomists to create nutrient management plans for upcoming seasons. Tissue testing is completed annually for most properties, although it does not provide benefit in cotton operations.*

**Result: In Conformance**

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

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

#### **Conformance Evidence:**

- *Precision Agriculture Plan*
- *Electromagnetic survey results*
- *Harvest Traffic Management Plan*
- *Amelioration application records*
- *Interviews and practice observations*
- *Drainage upgrade plans*

*Auditor Notes: Stubble retention and cover cropping minimises risk of erosion during non-growing seasons. This is particularly important in areas where seasonal rainfall is more intense. Water erosion and compaction have been identified as issues in some areas due to flooding over the last couple of years. Drainage upgrades and soil management practices such as maintaining and enhancing soil organic matter are being used to rectify these issues. Controlled traffic farming practices are followed to reduce compaction on production areas. Some of the soils are shrink swell clays that can self-rectify the compaction over time.*

*Electromagnetic surveys have been completed across some of the properties to identify areas with additional soil management requirements. LIDAR data is also available for some of the properties that is used to inform drainage upgrades.*

**Result: In Conformance**



## **OBJECTIVE 3: Protection of Water Resources**

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

Conformance Evidence:

- *Dam compliance report*
- *Investment memorandum*
- *CAPEX investments for lessee-operated farms*
- *Farm Water Access Plan*
- *Water use records*
- *Weather station records*
- *Bore water licence*
- *Irrigation budget*
- *Telemetry upgrades*
- *Soil moisture probe readings*

*Auditor Notes: Properties operated under Warakirri Cropping are predominantly dryland, with limited or no irrigation occurring on farm. Stock and domestic bores are not metered, as is standard across the states for these takes. Irrigation bores or river takes are telemetered or telemetry is in the process of being upgraded where irrigation occurs across the cropping and lessee-operated properties. Water takes are recorded weekly to monthly in areas where irrigation occurs, which is reported to water regulatory agencies where meters are not telemetered.*

*In some areas, work is done with regional environment groups or government departments on water conservation efforts. This is highly dependent on the regional groups that are active in local communities. Some farm managers are involved with bore trusts.*

*Irrigation budgets are created at the beginning of the season based on predicted weather conditions and crop requirements. Soil moisture probes and/or spade tests are used to monitor soil moisture for irrigation. This information, as well as weather conditions, rainfall and evapotranspiration, is used to inform irrigation applications during the season. Irrigation systems on farm include pivot, set sprinklers and dripper irrigation. When managed well, these systems are water efficient.*

**Result: In Conformance**

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

Conformance Evidence:

- *Drainage upgrades*
- *Agronomist recommendations*
- *Application records*
- *ChemCert accreditation records*
- *Property inductions*
- *Weather station records*
- *Irrigation budget*
- *Groundwater monitoring analysis*
- *Interviews and observations*

- *Spraying safe work procedures*

*Auditor Notes: Input applications are applied as per agronomist recommendations, in line with safe work procedures, ChemCert accreditation requirements, and weather conditions. Weather stations are generally located on farm to inform spray activities.*

*There are riparian areas surrounding a few sites. Lessees are aware and prevent runoff from reaching these areas and are apart of water quality certification programs where applicable. Production areas are set back from riparian areas which along with input practices minimises any runoff from entering waterways.*

*Water quality testing is not commonplace unless there is an identified issue. Irrigation schemes often do water quality testing of the source water before it arrives on farm and this information is generally available online for farm managers. No water quality issues have been identified from the irrigation water sources.*

**Result: In Conformance**

#### **OBJECTIVE 4: Protection of Crops**

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

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

- *Visitor sign in records*
- *NDVI imagery*
- *Integrated pest management plan*
- *Pest monitoring records*
- *Pest control recommendations*
- *Spray rig safe work procedure*
- *Spray logs*
- *Spray application records*
- *Firearms permit*
- *Contractor accreditation*
- *Vertebrae control permit*
- *Bee communication*
- *Farm interviews and observations*

*Auditor Notes: Basic biosecurity practices are followed across the properties, including 'come clean, leave clean'. Washdown bays are generally available on farm. Signage on farm gates inform those entering of biosecurity and induction requirements.*

*Pest scouting is performed by crop consultants at least weekly during the production season. Farm managers are also in the fields daily and actively looking for pest issues (insect, disease or otherwise). Animal traps are used in some locations for vertebrae pests. Normalised Difference Vegetation Index (NDVI) imagery is used to identify areas that may be damaged by pest or disease impact so that control can be implemented.*

*To control vertebrate pests, baiting or culls are undertaken under permit conditions if numbers of feral animals or kangaroo numbers become too high.*

*Documented integrated pest management plans (IPM) are in place for some properties, but are not consistent across all properties. Thresholds for pest and disease pressure are discussed between the farm managers, and agronomists provide recommendations for pest and disease control based on these thresholds. Soft and targeted chemicals and biological controls such as Vivus are used where possible to assist beneficial insects to control the pest and disease in the first instance. Crop rotations are also used to assist with reducing pest and disease pressure.*

*Applications are completed internally or by contractor in accordance with safe working procedures, weather conditions and ChemCert training requirements.*

**Result: In Conformance**

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

Conformance Evidence:

- *Agronomist recommendations*
- *Spray logs*
- *Application records*
- *ChemCert accreditations*
- *Contractor induction*
- *SDS access procedure*
- *Interviews with lessees*

*Auditor Notes: Spraying applications are completed based on agronomist recommendations. Chemical storages on farm are audited annually and consist of sheds with concrete floors and bunding. Some chemical storages are being upgraded. All empty containers are triple washed and stored in a stockpile location before they are taken off farm to the local DrumMuster disposal area or IBCs are returned to the suppliers.*

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

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

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

#### Conformance Evidence:

- *Electricity and fuel usage records*
- *Solar installations and CAPEX proposals*
- *WC emission reduction*
- *WC Phase 2 Net Zero Emission Reduction Strategies*
- *Efficient machine use safe work procedure*
- *Farm manager and management interviews*
- *Site inspections*

*Auditor Notes: Energy usage is tracked through bills and diesel usage is tracked through QR codes, which are located on fuel storages on farm. Diesel usage is assessed to identify opportunities for further efficiencies. Autosteer and equipment's sensors assist with efficient implement usage. Camera technology sprayers are used for efficient spraying activities. Variable Speed Drives (VSDs) are installed on some pumps where applicable.*

*Renewable technology on farm is limited to one site assessed during the certification audit. Further solar opportunities are to be assessed during Phase 2 of Warakirri's net zero plan.*

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

### Performance Measure (PM) 5.2 Air Quality

#### Conformance Evidence:

- *Machine service history*
- *CAPEX proposals low emission technology*
- *Crop rotation records*
- *Interviews with lessees*
- *Interviews with management and on farm personnel*
- *Lease agreements*
- *Site inspections*

*Auditor Notes: Technology is purchased where required for increased efficiency of operations. Employees are trained in safe work procedures and efficient machinery use to reduce emissions. For example, tier 4 engines, GPS is installed on tractors and equipment to help create efficient routes and tracking. Machinery is serviced prior to sowing and harvesting where possible. Harvest traffic plans are developed to minimise dust and to reduce unnecessary passes. In some cases, water trucks are sourced to reduce road dust whilst harvesting.*

***Result: In Conformance***

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

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

Conformance Evidence:

- *WAM climate change statement*
- *Warakirri carbon neutrality strategies*
- *Climate change risk and opportunity inventory*
- *Investment memorandum*
- *Climate risk and GHG management report*
- *Climate acquisition modelling*
- *WC environmental plantings strategy*
- *Variable rate case study*
- *Fire safety plans*
- *Emergency response plans*
- *Tractor operation and efficient use safe work procedure*
- *Interviews with management*
- *Auditor observation*

*Auditor Notes: Stubble retention has been an important management practice implemented to mitigate against changes in climate. This increases soil organic matter and in turn the water holding capacity of the soil. Crop rotations and plantings are determined based on predicted conditions. GPS is installed on tractors and equipment to help create efficient routes and tracking. Machinery is serviced on the determined schedule to ensure they operate as efficiently as possible.*

*Warakirri has developed a strategy to be a net zero business by 2050. Phase 2 of this project will include further plantings to offset business emissions. Acquisition modelling assesses forecasts under different emissions scenarios for potential property purchases. Outside of this, there is little control over technology and emissions reduction efforts of lessees.*

*Planning for extreme events is scheduled in the Warakirri calendar annually to ensure farms are prepared for emergency scenarios.*

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

## OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- *Chemical invoices*
- *Fuel storage bunding requirements*
- *Waste disposal records*
- *Spill management plans*
- *Interviews with on farm personnel*
- *Lease agreements*
- *Auditor observation*

*Auditor Notes: Waste disposal varies depending on the location of the properties, as not all local councils offer waste disposal services. Skip bins are generally located on farm and are picked up approximately weekly. Recyclables are separated where possible.*

*Triple rinsed chemical containers are taken to local DrumMuster collection facilities. Fertiliser is sourced in trucks or Intermediate Bulk Containers (IBCs) which creates minimal waste as IBCs can be returned to suppliers. Waste oils are taken off farm with service mechanics or stored in a waste oil drum until it is collected by a local disposal agency. Fuel storages are self-bunded containers or traditional tank and concrete bunds. Tanks due for replacement are being transitioned to container storages including one farm visited during the certification audits.*

**Result: In Conformance**

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

Conformance Evidence:

- *Efficient tractor use safe work procedure*
- *Machine service history*
- *Fumigation records*
- *Harvest traffic management plan*
- *Interviews with lessees*
- *Interviews with management and on farm personnel*
- *Lease agreements*
- *Auditor observation*

*Auditor Notes: The regular scouting of crops by agronomists minimises loss to pests and disease. If a crop is damaged via an unforeseen event (e.g. fire) the crop is turned in if it is not suitable for harvesting.*

*Harvesting machinery is serviced prior to harvest to ensure minimal waste occurs during the harvest process. Crop stubble is retained and additional stalks are mulched back on the paddocks to increase soil organic matter. On lessee-operated farms any crop residue after harvesting or during prunings are mulched back into the soils.*

*Product is moved off farm as quickly as possible after harvest to minimise any crop waste. Stored seed is monitored for pest and disease pressure and fumigated if necessary.*

**Result: In Conformance**

## **OBJECTIVE 7: Conservation of Biodiversity**

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

Conformance Evidence:

- *Land clearing permits*
- *Biodiversity assessment*
- *Vegetation plan*
- *Due diligence process*
- *Management interviews*
- *Site observations*

*Auditor Notes: Assessments of threatened and endangered species are now included in the due diligence process for the acquisition of new properties. Steps are being taken to complete desktop assessments of potential threatened species located on current properties. Farm managers and lessee operators are currently not aware of all potential species on farm. There are currently no procedures to educate site operators on the potential species of concerns on sites already under management. This is being reviewed.*

**Result: Minor Non-Conformance (See Key Findings)**

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

Conformance Evidence:

- *Land clearing permits*
- *WC - on-site ecological assessment scope*
- *Management interviews*
- *Site observations*

*Auditor Notes: Assessments of vegetation communities and threatened vegetation communities are now included in the due diligence process for the acquisition of new properties. Steps are being taken complete desktop assessments of vegetation communities and potential habitat located on current properties. Vegetation and habitat is currently set back from production areas and a koala corridor is located on one of the properties. No formal protection policies are in place.*

*Wooded acres and nonproductive acres, setbacks from waterways, pollinator habitats are present on some sites. Low marshy areas are set aside for habitat, not farming. Warakirri does not pursue exclusively conservation opportunities. Most of the land purchased is long-term farmland.*

*Lease agreements require that no impact on vegetation occurs.*

**Result: Minor Non-Conformance (See Key Findings)**

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

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

**Conformance Evidence:**

- *Interviews with management*
- *Lease agreements*

*Auditor Notes: No greenfield investment (development of or conversion into farmland) is present in the portfolio. Warakirri's Sustainability Framework states that Warakirri has a 'policy of zero deforestation across the portfolio', though no standalone policy that meets the full requirements of the LH FMS exists to support this. The lease language also outlines that no impact to native vegetation should occur. Regular inspections and comparisons against the asset reports and condition assessments is required under lease agreements, however this is not always formalised in a set schedule. The internal policy around deforestation will be expanded to include reference to a cut-off date, regions of applications, and relevant forest type(s).*

*Some small-scale non-forest tree clearing has been completed in the past on a couple of properties (some historical, another in 2016) to square up paddocks for production efficiencies in line with relevant approvals. No further clearing has been completed since this time.*

**Result: Minor Non-Conformance (See Key Findings)**

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

**Conformance Evidence:**

- *Crop rotation plans*
- *Paddock records*
- *Interviews with farm and regional managers*

*Auditor Notes: Crops are on well-informed rotations that maintain soil profiles and health. Crop rotations include canola, cereals, cotton and various varieties of leafy veg. No crop rotations occur where there are permanent crops in place, however, multiple varieties of crops are grown across the properties.*

**Result: In Conformance**

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

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

**Conformance Evidence:**

- *Due diligence reports*
- *Due diligence process*
- *Management interviews*
- *Site inspections*



- *Management plans*
- *Interviews with lessees*
- *Lease agreements*

*Auditor Notes: Special sites are identified during due diligence/title research by state records or by prior operator/owners. Special sites identified on one of the properties visited in the certification audit.*

*Upon identification of a special site, appropriate authorities are contacted to understand management requirements. Management generally includes a do not disturb order and production is excluded from this area. No internal registers currently exist for special sites.*

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

## **OBJECTIVE 9: Local Communities**

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

#### Conformance Evidence:

- *Agriculture graduate program*
- *Local goods and services invoices*
- *Interviews of management and farm managers*

*Auditor Notes: There are admin/accounts people on farm and a centralised financial team that are responsible for payments. Payment requests for rates and payments that relate to the lessee operated properties are generally directed straight to the lessees, otherwise they are paid by Warakirri and a payment request is put to the lessee. Goods and services are sourced locally as much as possible, and labour is hired within the local community where possible.*

**Result: In Conformance**

## OBJECTIVE 9: Local Communities (Continued)

### Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- *Agricultural scholarship*
- *Community initiatives*
- *Field day communications*
- *Community sponsorships*
- *Interviews with management and farm managers*

*Auditor Notes: Farms are provided with a budget that they can direct to local community initiatives where they see fit. Local sporting clubs are regularly sponsored, host field days on farm, initiatives such as RU OK Day, support the local community in issues that affect the area including coal seam gas developments.*

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

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

Conformance Evidence:

- *Community Engagement newsletter update*
- *Local indigenous communities – education package*
- *Local sponsorships*
- *NAIDOC week initiatives*
- *Interviews with management and farm managers*

*Auditor Notes: The relationship Warakirri has with their local communities is captured in their sustainability and operational strategy, as well as HR documentation. The indigenous community is not currently included in this strategy, although work is underway on a statement of intention that will feed into this performance measure.*

*Management is currently in the early stages of educating employees on history of properties and regions in which they operate. Warakirri has provided support to indigenous schools to give career advice and support for CV development.*

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

## OBJECTIVE 9: Local Communities (Continued)

### Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- *Spray rig operation safe work procedures*
- *ChemCert accreditations*
- *Contractor inductions*
- *Farm maps*

*Auditor Notes: Safe work procedures are required to be followed on farm. Signage on farm entrances alert all people entering of safety requirements and restrictions. Weather and spray safe systems are monitored before engaging in spraying activities.*

**Result: In Conformance**

## OBJECTIVE 10: Employees and Farm Labor

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

Conformance Evidence:

- *Company policies*
- *Culture survey results*
- *WAM Diversity in Agriculture Pledge*
- *Management Interviews*

*Auditor Notes: Warakirri is an Equal Opportunity Employer. Warakirri holds training courses on anti-harassment and anti-discrimination. Applications are run through a gender decoder application to remove gender bias from the language of the applications.*

*Culture surveys are completed, and this information used to inform changes in policy or procedures in the business. There is leadership from the top down that drives a strong culture of safety and respect within the business.*

**Result: In Conformance**

### Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- *Training matrix*
- *Risk matrix safe work procedures*
- *Chemical user certificates*
- *First aid certificates*
- *Incident reporting procedure*
- *Management interviews*
- *Induction records*

*Auditor Notes: Warakirri hold training registers, matrixes and certificates for employees. Contractors and employees are required to undergo inductions before operating on farm.*

**Result: In Conformance**

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

Conformance Evidence:

- *Sustainability strategies*
- *Management interviews*
- *Ag conference records*
- *Training records*

*Auditor Notes: Warakirri is listed as a founding member for LH AUS FMS. Internal communications regarding LH membership have been shared and reviewed.*

*Additional mentions of LH have been incorporated into company town halls. At the national Warakirri Cropping Conference 2023 it was highlighted and used as a tool to educate employees on LH requirements.*

*Warakirri participates in industry conferences on direct and related topics (sustainable ag, renewable energy, etc.). They are currently determining routes of action on emerging topics like carbon. Warakirri prefers to gain a thorough understanding on sustainability topics before committing to a course of action.*

**Result: In Conformance**

### Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- *Management interviews*
- *Modern slavery statement*

*Auditor Notes: Warakirri staff are competitively compensated based on award and market rates. Salary bands are kept consistent across different states where possible to allow for employee movement across the business. Salary reviews are conducted twice annually in compensation meetings.*

**Result: In Conformance**

### Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- *N/A*

*Auditor Notes: N/A – No farm labor contractors on sites.*

**Result: In Conformance**

## OBJECTIVE 11: Legal and Regulatory Compliance

### Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- *SDSs access SOP*
- *Code of Ethics and Conduct*
- *Compliance Reporting Policy*
- *Annual policy survey reminder*

*Auditor Notes: Farm related licences are stored on farm and managed by farm admins including ensuring they are up to date. More farm admins are moving to a centralised, new risk system/database. Licence reporting requirements are generally annual. The audit risk and compliance committee meets quarterly, and licences are pulled up if they need renewal. Water licences are stored on the water licence register. The obligation of water licence maintenance reporting is passed onto lessee.*

*The new system provides alerts when licences are to expire. The due diligence process adds new properties to the compliance registers as required. The lease agreements require that compliance obligations are met.*

**Result: In Conformance**

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

Conformance Evidence:

- *SDSs access SOP*
- *Code of Ethics and Conduct*
- *Compliance Reporting Policy*
- *Annual policy survey reminder*
- *Farm welcome booklets*

*Auditor Notes: There is a compliance reporting policy in place, as well as a code of ethics and conduct and standard company policies.*

*Workplace law in Australia covers the ILO requirements for labour laws.*

*The legal compliance team and external legal teams review all lease agreements to ensure they meet all legal requirements.*

**Result: In Conformance**

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

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

Conformance Evidence:

- Annual review process
- On farm trial records
- Ag conference records
- Soil test records
- Interviews with management and farm managers
- Precision ag summaries
- Site observations

*Auditor Notes: Performance reviews are run through the HR system. Performance reviews begin in planning stage, business strategies and cascade to property strategies for 12 months. Managers have a performance plan including goals with dates, learning and development. Reviews are completed twice a year and the business performance is continually assessed by the financial team. Short and long term incentives for employees are based on property performance, group performance and individual performance.*

*Monthly reports are compiled for reporting to management and the board, and include key business metrics. From the monthly report, necessary actions can be identified and carried out as required.*

*Warakirri Cropping continually assesses opportunities for crop trials and new technology trials, at the senior leadership team level. Assessments allow the agronomy and on farm staff to identify and implement processes towards improvements.*

**Result: In Conformance**

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

Conformance Evidence:

- Soil test records
- Interviews with management and farm managers
- Precision ag summaries
- On farm trial records
- Site observations

*Auditor Notes: Warakirri Cropping engage in various trials in each region. A university soil carbon project is occurring in WA. Farms are offered to research partners for trialing new technologies and crop trials. Different citrus varieties are being trialed on farm in Queensland. Lessees are at liberty to determine what trials they would like to engage in.*

**Result: In Conformance**

## **OBJECTIVE 13: Lessee-Operated Operations**

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

Conformance Evidence:

- *Lease agreements*
- *Lessee review cycles*
- *Management interviews*
- *Lessee interviews*

*Auditor Notes: Warakirri' leases require "best efforts" and "best practices". LH AUS FMS will be incorporated into lease agreement language. Language in lease covers liability insurance by farm operator. Language in lease addresses safety and legal compliance explicitly.*

**Result: In Conformance**

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

Conformance Evidence:

- *Annual review and improvement policy*
- *Lessee review cycles*
- *Management interviews*

*Auditor Notes: LH AUS FMS audits will support the findings of internal operation reviews in the future. Asset managers are engaged with lessees on an ongoing basis to discuss any concerns, questions or CAPEX projects and the lease agreements outline inspection requirements for lessees. However, there is not a formalised process for these inspections to occur through.*

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

## KEY FINDINGS

**Previous Non-Conformances:** As this is the initial year auditing conformance to the LH AUS FMS, there are no previous non-conformances.

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

**Minor Non-Conformances:** Four (4) Minor Non-Conformances were identified during the audit.

NOTE: Certification may proceed in the case of Minor Non-Conformances only if a Corrective Action Plan (CAP) or Management Action Plan (MAP) has been proposed by the program user and accepted by the lead auditor of the engagement. CAPs and/or MAPs will be included in surveillance years and progress towards correction will be recorded.

1. 7.1.1 - Threatened Species
  - a. *Assessment of threatened species on existing properties has not yet been undertaken and employees are generally unaware of potential species likely to exist on farm. Desktop assessments have been scoped to occur.*
2. 7.1.2 - Endangered Species
  - a. *Assessment of endangered species on existing properties has not yet been undertaken and employees are generally unaware of potential species likely to exist on farm. Desktop assessments have been scoped to occur.*
3. 7.2.2 - Threatened Ecological Communities
  - a. *Assessment of threatened ecological communities on existing properties has not yet been undertaken and employees are generally unaware of potential threatened communities that could exist on farm. Desktop assessments have been scoped to occur.*
4. 7.3.2 - Deforestation
  - a. *Warakirri's Sustainability Framework refers to zero deforestation but does not include reference to a cut-off date, regions of applications, or relevant forest type(s). Small scale has been completed in the past to square up production areas.*

**Opportunities for Improvement (OFI):** FIVE (5) opportunities for improvement were identified during the audit.

1. 1.2.1 - Adapting to Critical External Factors
  - a. *It is unclear how the business risks that are identified are incorporated into the budget planning process.*
2. 4.2.1 - Application and Storage of Crop Protectants
  - a. *Some storages are in the process of being upgraded.*
3. 8.1.2 - Special Site Management
  - a. *No internal registers currently exist for special sites.*
4. 9.3.1 - Local Community and Indigenous Peoples Policy
  - a. *Engagement with the local indigenous community is not incorporated into the operational and sustainability strategies. Education and engagement with local indigenous communities demonstrates Warakirri's commitment to respecting the rights of indigenous peoples, hence why this has been classified as an opportunity for improvement rather than a minor non-conformance.*



## Warakirri Asset Management

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5. 13.2.1b – Verifiable Monitoring System
  - a. Asset managers are engaged with lessees on an ongoing basis to discuss any concerns, questions or CAPEX projects and the lease agreements outline inspection requirements for lessees. However, there is not a formalised process for these inspections to occur through.

**Notable Practices:** THREE (3) notable practices were identified during the examination.

1. 5.1.1 - Energy Conservation
  - a. Energy and diesel usage is tracked and this information used to inform practices on farm.
2. 5.3.1 – Greenhouse Gas Emissions
  - a. Warakirri is taking an active role in achieving its net zero emissions targets, with a carbon emission insetting program in place during phase 2 of the project.
3. 9.2.1 – Community Engagement
  - a. Warakirri is highly engaged with the local communities in which they operate and give on farm staff the ability to invest in and support initiatives in the local communities.

## Warakirri Asset Management

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

## CONCLUSIONS

Results of the audit indicate that Warakirri has implemented a management system that meets the requirements of and is in conformance with the Leading Harvest Australia Farmland Management Standard 2022.

Warakirri Asset Management's enrolled acreage is recommended for certification to the Leading Harvest Australia Farmland Management Standard 2022.

Summary of Audit Findings			
<b>Program User</b>	Warakirri Asset Management		
<b>Audit Dates</b>	27 June – 31 August 2023		
<b>Non-Conformances Raised (NCR):</b>	<i>Major</i>	<i>Minor</i>	
	0	4	
<b>Follow-Up Visit Needed?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<b>Date(s)</b> 31 August 2023
<b>Follow-Up Visit Remarks</b>			
N/A			
Team Leader Recommendations			
<b>Corrective Action Plan(s) Accepted</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	<b>Date</b> 31 August 2023
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	<b>Date</b> 31 August 2023
<b>All NCR Closed</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	<b>Date</b> 31 August 2023
Standard(s) Audited Against			
Leading Harvest Australia Farmland Management Standard 2022 (Objectives 1 through 13)			
<b>Audit Team Leader</b>		<b>Audit Team Members</b>	
Matt Armstrong		Jemma Lawrence Wade Bone	
Scope of Audit			
Management of production farmland on direct and lessee operated properties.			
<b>Accreditations</b>	Approval by Leading Harvest to provide certification audits		
<b>Number of Certificates</b>	1		
<b>Certificate Number</b>	CERT #AVERUM-LHFMS-2023-0009		
<b>Proposed Date for Next Audit Event</b>	TBD		
<b>Audit Report Distribution</b>	Warakirri Asset Management: Tim Smith ( <a href="mailto:tim.smith@warakirri.com.au">tim.smith@warakirri.com.au</a> ), Hannah Lowe ( <a href="mailto:hannah.lowe@warakirri.com.au">hannah.lowe@warakirri.com.au</a> )		