



# **GRAPEVINE CAPITAL, LLC**

**San Luis Obispo, CA**

**LEADING HARVEST FARMLAND MANAGEMENT PROGRAM 2020  
AUDIT SUMMARY REPORT: 2024 INITIAL CERTIFICATION**



**September 3, 2024**





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**Certification Audit**     **Recertification Audit**     **Surveillance Audit**     **Scope Expansion**

## **INTRODUCTION**

This report summarizes the results of the September 3, 2024, audit conducted on Grapevine Capital, LLC (Grapevine) managed production agriculture properties. The audit was conducted by Matt Armstrong, Lead Auditor for Averum. Matt Armstrong has 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 the United States. Site visits were conducted by Jacques Werleigh, Field Auditor. 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). 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.

## **SCOPE AND OBJECTIVE**

In 2024, Averum was engaged by Grapevine to perform an audit of sustainability performance on 10,000 – 50,000 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 12 were covered during site visits on properties in California. There was no substitution or modification of LH FMS performance measures.

## **COMPANY INFORMATION**

Grapevine Capital is an agricultural investment firm that specializes in asset improvement, vineyard management, and wine grape production, with numerous properties throughout California and Oregon. Farm operators and management contractors are responsible for the day-to-day farmland management services for Grapevine's properties. Grapevine opted to enroll 100% of their managed acres, allowing them to take advantage of sampling during their certification audits. Sampling procedures are identified in the International Accreditation Forum's Mandatory Documents (IAF MD-1:2018) and simplify the process of certifying a full portfolio of operating properties.

In early 2024, Grapevine contracted with Averum to provide a Readiness Review (or Stage 1 Audit) to assess Grapevine's initial readiness for certification activities. Results of the Readiness Review were shared with Grapevine's management and operations teams. During the certification audits, eight (8) sites in California were selected to represent the South Coast and Central Coast regions. Managers overseeing decision making and standard compliance for the 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 the sites is wine grapes.

## **AUDIT PLAN**

An audit plan was developed and is maintained on file by Averum. An online portal was established for Grapevine coordinators to upload evidence and documentation securely for auditor review. An opening meeting was held on July 18, 2024, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the South Coast and Central Coast regions were examined on July 25, 2024. A closing meeting was held on September 3, 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 auditee 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 meetings, conducting management interviews, follow-up interviews, and the 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**

July 18, 2024

#### **Attendees:**

(Grapevine) Jill Whitacre, Ray Shady, Rawley Hermreck, Ryan Scott, Fritz Helzer

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

#### **Topics:**

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

### Closing Meeting: Conference Call

September 3, 2024

**Attendees:**

(Grapevine) Jill Whitacre, Ray Shady, Gregg Hibbits, Matthew Newhall

(Audit Team) Matt Armstrong, Linnea Abel

**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 (OFIs): 2
  - Notable Practices: 4
- Report timing and expectations: Matt Armstrong

## MULTI-SITE REQUIREMENTS

Grapevine maintains operations on multiple properties in California and Oregon. Grapevine qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Grapevine management staff are responsible for developing corrective action plans regarding LH FMS conformance and communicating them with property management teams. Grapevine’s current review and monitoring process was documented and reviewed and 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
South Coast	Wine Grapes	One (1) site visited during audit. <ul style="list-style-type: none"> <li>- The South Coast region represents 4% of all acreage</li> <li>- Site visited: Edna Ranch</li> </ul>
Central Coast	Wine Grapes	Seven (7) sites visited during audit. <ul style="list-style-type: none"> <li>- The Central Coast region represents 50% of all acreage</li> <li>- Sites visited: Dry Creek, Four Palms, Goldfields, San Juan North, Shandon Hills, Shandon Valley, Sunnyslope</li> </ul>

## **AUDIT RESULTS**

Overall, Grapevine’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 was provided to demonstrate or support conformance with LH FMS requirements. Field visits were performed on eight operating sites, with one in the South Coast region and seven in the Central Coast region. Visits took place during the growing season, where wine grape production, soil, water, and nutrient management, and harvest planning were highlighted. Central and regional management representatives and contracted site managers were present and interviewed to demonstrate Grapevine’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. Grapevine’s Regional Managers served as guides, were available throughout the engagement, provided logistic support, and provided responses to evidence requests.

## **KEY FINDINGS**

**Previous Non-Conformances:** Not applicable during Initial Certification.

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

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

**OFls:** Two (2) OFIs were identified during the audit.

1. 8.1.1 Special Site Identification
  - a. Grapevine may consider providing records of physical and desktop surveys from independent biologists to further illustrate Grapevine’s special site identification processes and effectiveness.
2. 8.1.2 Special Site Management
  - a. Grapevine may consider providing documentation of communications with Vineyard Managers regarding identified special sites to demonstrate special site management communications.

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

1. 3.1.2 Regional Water Conservation
  - a. Grapevine is collaborating with the city of San Luis Obispo (SLO) to develop infrastructure that will facilitate excess water to be pumped into irrigation ponds, collected, and reused to contribute to available groundwater. Grapevine’s contributions to water availability may alleviate water shortage stressors.
2. 5.3.1 Greenhouse Gas Emissions

- a. Grapevine responded to investor requests for GHG Inventories by using a third party to calculate baseline inventories for agricultural properties using Science Based Targets Initiative (SBTI) methodologies.
- 3. 9.2.1 Community Engagement
  - a. Grapevine's central management participates in extensive community engagement, and collaborates with groundwater sustainability agencies, water districts, local universities, multiple educational institutions, and agricultural organizations.
- 4. 10.3.2 Employee Roles and Responsibilities for Sustainability
  - a. Grapevine quickly incorporated LH FMS objectives and assigned staff to support conformance efforts. Management demonstrated collaboration and dynamism to begin embedding LH FMS into a sustainability culture.

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



## **AUDIT FINDINGS BY PERFORMANCE MEASURE**

The following are summarized findings organized by LH FMS performance measure. Specific non-conformances, OFIs, and notable practices have been described in the “Key Findings” section.

<b>Objective 1: Sustainable Agriculture Management</b>
<b>1.1 Sustainable Agriculture Stewardship</b>
<b>Conformance Evidence</b>
<ul style="list-style-type: none"><li>- Leading Harvest written commitments</li><li>- Sustainability In Practice (SIP) Certifications</li><li>- Conservation Plan template</li><li>- Erosion Control Measures Map</li><li>- Sustainable Vision Workshop Certificate</li></ul>
<b>Auditor Notes</b>
<ul style="list-style-type: none"><li>- Grapevine maintains a multi-year budget and long-term redevelopment plans for vineyards supported by sustainable management practices and a Conservation Plan that is updated every five years.</li><li>- Grapevine has provided a written commitment statement and list of goals. Grapevine strives to achieve long-term profitability through high quality winegrape production, stewardship of natural resources, adherence with applicable laws and binding international regulations, and fostering collaborative work cultures that allow employees to thrive.</li><li>- Grapevine responds to weather events such as unusually excessive amounts of rainfall and subsequent weed pressure, increased threats from heat and frost with additional management such as disking to control while prioritizing plant nutrition.</li><li>- Grapevine focuses on environmental and social aspects of growing grapes. Grapevine places an emphasis on fair labor practices and fulfillment of social responsibilities on properties, creating a desirable work environment.</li><li>- Production from sites are marketed to grape buyers at prices reflective of growing practices in place. Efficiencies in crop production enable competitive pricing.</li><li>- Sites visited have been in production agriculture for decades, either in wine grapes or other crops prior to acquisition.</li><li>- Grapevine's investment thesis heavily features farmland stewardship and conservation, and correlates farmland sustainability with maintaining the highest value products.</li><li>- Wine grape varieties are selected based on what resources are available on properties, primarily water availability and terroir, or factors that describe wine region characteristics.</li><li>- Acreage is fallowed when profitability drops below acceptable levels. Crop production is relocated to a region with fewer stress factors.</li></ul>
<b>Result: In Conformance</b>

## **Objective 1: Sustainable Agriculture Management (Continued)**

### **1.2 Critical External Factors**

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

- SIP Certification
- SIP responses
- Conservation Plan template
- Water Quality and Treatment Recommendations
- Water Due Diligence
- Water and Nitrogen Use Report

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

- Sites visited maintain SIP Certified Conservation Plans that identify goals for natural resources, production, and economic aspects of agricultural production.
- Water availability and quality is tested regularly and considered during property acquisitions.
- Grapevine conducts cultural and biological assessments on managed properties.
- Review processes are tailored to each site, which may have different water availability and infrastructure.
- On new developments, management conducts archeological and biological assessment prior to acquisition.
- Grapevine staff serves as President of the California Association of Wine Grape Growers (CAWG).
- Property Managers also serve on boards and committees, providing insight into greater industry, market, and policy trends.
- Grapevine staff participates in the Technical Advisory Committee for SIP.
- Due diligence and review processes and schedules have been included in documentation for review by auditors.
- Review meetings are scheduled quarterly.
- Primary external factors are market conditions and mitigation of risks related to weather conditions, water availability, and disease/pest pressures.

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

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

### **2.1 Soil Health**

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

- SIP Certifications
- SIP Responses
- Vineyard and vegetation maps
- Soil data records
- Cover crop site photos
- Fertigation records
- Compost application records

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

- Due Diligence Process includes soil testing if deemed necessary. Soil tests include testing soil for nutrition, nematodes, and disease.
- SIP Certified properties conduct soil and petiole samples every three years at a minimum. Pre-planting and testing requirements and soil testing guide deficiency corrections to support vine health. SIP acts as a guide for farm management companies without being prescriptive, although cover crops are required.
- Sites apply compost to enhance soil fertility, provide nutrients, and improve organic matter.
- Property Managers have a Certified Crop Advisor (CCA) / Horticulturalist on staff to conduct annual soil testing in preselected locations on farms.
- Cover mixes are planted, allowed to establish, and worked into the soil as green manure to increase soil organic matter (SOM), along with fertilizers, humic acid, and prunings that are mulched back into rows.
- Property Managers interviewed avoid using consultants from chemical companies. Vineyard Managers consult with internal and external experts.
- Nutrient Management Plan (NMP) maintenance is covered in SIP Certifications. NMPs are reviewed by the Grapevine team and implemented by farmland management.
- Fertilizer applications with dates, rates, and total usage are recorded in NMPs.
- Vineyard rows have established vegetation and cover crops in rows.
- Compost (grape pomace) from industry is reapplied on select sites.
- Compost application is selected to add macro and micronutrients and soil organic matter and are applied post-harvest.

***Result: In Conformance***

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

### **2.2 Soil Conservation**

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

- SIP Responses
- Cover crop site photos

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

- SIP certifications require operators to participate in conservation soil management.
- Wattles, straw bales, sandbags, and cover crops are implemented to control against erosion. Native cover crop is established in rows.
- Newer vineyards observe 50-ft setbacks from creeks and waterways. Existing vineyards that were improperly planted through sensitive areas were redeveloped to remove incursions into sensitive areas.
- Sites restrict heavy equipment usage during wet conditions and minimize the number of passes by using multiple implements to combat soil compaction, which is a significant issue on sites.
- Sites also use over-the-row equipment to apply fungicides, limiting compaction.
- Vineyard Managers use fertilizers with low salt content whenever possible and apply gypsum through fertigation to reduce and manage salinization. Soil testing provides continued monitoring.
- Occasional ripping or shanking breaks up compacted soil and promotes increased root growth.
- Sulfuric acid injected into irrigation water to increase root uptake of nutrients and reduce buildup in drip tape.
- No soil has been rested due to mismanagement since Grapevine has owned the properties.
- Goats are used to clear out drainage creeks. Their hoof action helps with water retention and manure provides additional nutrients.

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

## **Objective 3: Water Resources**

### **3.1 Water Use**

#### **Conformance Evidence**

- Salinas Valley Basin Groundwater Sustainability Agency Committee website
- Water sampling
- Watershed maps
- Site photo of water diversion
- Irrigation System Maintenance Protocol
- Year End Water Use, Nitrogen Use, and Efficiency Report

#### **Auditor Notes**

- SIP certifications require water monitoring, maintenance, and conservation.
- Grapevine Manager serves on the Salinas Valley Basin Groundwater Sustainability Agency Committee.
- Soil moisture probes at 0-12, 12-24, 24-36 inches. Tule system monitors real time evapotranspiration (ET) rates, and forecasts expected ET for next 5-7 days. Irrigation needs are based on ET.
- Irrigators scout every day and provide maintenance and repairs to lines as needed. Vines are observed for stress via aerial imagery to detect less obvious leaks.
- Drip irrigation on sites with pressure compensating emitters allow operators to control irrigation. Flow meters and timers record irrigation amounts.
- Flowmeters on all wells and soil moisture sensors have transducers that inform management of quantity and effectiveness of water use. Sites are not currently limited on amount of water that can be used, although Groundwater Sustainability Agency (GSAs) create groundwater sustainability plans for medium and high priority basins, including selected Grapevine sites.
- Sites use Variable Frequency Drives (VFDs) on wells to support better control over water application and reduce water use.
- Participation in Groundwater Sustainability Committee keeps Grapevine management informed of opportunities to collaborate with other landowners.
- Grapevine sites maintain irrigation system maintenance records, applied irrigation reports, and regularly test water to determine compounds and water quality.
- Grapevine flushes irrigation lines and cleans and inspects filters both at the beginning of and regularly throughout the growing season, ensuring optimal irrigation and fertilization.
- Irrigation needs are dependent on the stage of vine growth. Irrigation drops by half in September and October compared to summer rates. No irrigation occurs during rainy months, typically November through March.
- Grapevine is working with the city of SLO to develop infrastructure collect discharged water to be collected and used to increase available groundwater. Basins are considered high priority due to declining groundwater levels and this project may support replenishment.
- Grapevine has worked with the Shandon GSA to pump high storm flows from the river into nearby vineyards to promote groundwater recharge.

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

### **Objective 3: Water Resources (Continued)**

#### **3.2 Water Quality**

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

- Vineyard Suitability Study
- SIP Certifications
- Cover crop site photos
- Analytical Report for Water

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

- Grapevine conducts soil and tissue tests to guide irrigation application rates and times.
- Water quality is highly regulated in California. Sites conduct water quality testing every 5-years as required by state regulatory agencies.
- Water source interpretations are included during due diligence.
- Grapevine provided a water suitability study, which includes recommendations for cover cropping, water analysis, soil amendments and tillage to support soil condition improvement.
- Grapevine works with Preservation Inc., which is a cooperative effort to maintain high water quality management standards.
- Water quality protections and practices are included in SIP Certifications.

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

## **Objective 4: Crop Protection**

### **4.1 Integrated Pest Management**

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

- SIP Responses
- Secondary containment on ranch map
- California Association of Pest Control Advisers (CAPCA) subscription

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

- Pest monitoring, crop protection, and integrated pest management (IPM) practices are required to maintain SIP Certifications.
- Third-party agronomists and CCAs provide scouting reports and recommendations on pest management. Application timings are determined by scouting and threshold testing. Pest control products are prescribed by licensed Pest Control Advisers (PCAs).
- Grapevine uses a platform to track and file Pesticide Use Reports monthly, as required by state of California and wineries prior to harvest.
- Grapevine maintains a CAPCA subscription to support pest management.
- Canopies are thinned to allow light and air movement. This helps interrupt the life cycle of powdery mildew, along with fungicide applications.
- Grape leaf hopper, vine mealybug, and spider mites are controlled with agrochemicals and/or beneficial insects, especially in the organic blocks.
- Nonchemical pest control includes the use of beneficial insects, pheromone disruption, and encouraging natural predators such as raptors with bird boxes to protect against common pests. Beneficial insects include parasitoid wasps, predatory mites, and green lacewings. Organic ant bait is used on sites to control populations.
- Rootstocks are selected to tolerate salt and drought on sites with heavier clay soil.
- Goats are used to clear out drainage creek as opposed to trenching.
- Operators worked with Fish and Wildlife to use deer gates deer (one-way gates near range land) to push deer through gates so they cannot return. Capsaicin is applied on leaves to deter deer.

***Result: In Conformance***

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

**4.2 Crop Protectant Management**

***Conformance Evidence***

- SIP responses
- Secondary containment on ranch map
- Chemical shed site photos
- Safety meeting attendance records

***Auditor Notes***

- Farm management companies and staff with appropriate licensing apply agrochemicals on sites. External service providers are occasionally hired to conduct applications.
- SIP Certification requires vineyards to prevent pollution from reaching storm drains and streams. Chemicals and fertilizers must be handled, labeled, stored, and disposed of properly.
- Applicators receive annual training on pesticide handling and safety and participate in safety meetings. Copies of training and annual yearly schedule were provided for review.
- Site management staff participates in Santa Barbara County safe spray event training.
- Crop protectants are stored and secured appropriately with safety data sheets (SDS) available and spill kits available.

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



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

**5.1 Agricultural Energy Use and Conservation**

***Conformance Evidence***

- SIP Responses
- Energy Use Assessment
- Monthly Equipment Log

***Auditor Notes***

- Sites reduce energy usage through monitoring pump usage, planning efficient passes of machinery, VFDs, software to track and manage equipment. Tractors have economy modes which can lower RPMs and reduce fuel use.
- Vineyards use multi-row sprayers that require fewer equipment passes to complete.
- Regular maintenance of equipment and tools supports operating efficiency. In-house staff or John Deere mechanics perform maintenance and repairs on-site.
- Sites have solar panels to power sensors and small equipment such as fuel pumps. Grapevine provided copies of proposals for solar projects that have been accepted by PG&E and regulators. Projects will power farm operations first and return excess power to the grid.

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

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

### **5.2 Air Quality**

#### **Conformance Evidence**

- SIP responses
- Spray and Air Quality Plan
- Cover crop site photos
- Monthly Equipment Log

#### **Auditor Notes**

- SIP Certification requires conservation plans that address air quality concerns.
- Sites are operating under California Air Resources Board (CARB) requirements. CARB sets ambient air quality standards and defines a maximum number of pollutants that can be present without posing a threat to the public.
- Site operators refer to a Spray and Air Quality Plan aimed to minimize emissions and control dust. Plans include guidelines for spray activities, such as the cessation of sprays when wind exceeds 10mph, targeted applications via spray cards and nozzles, and the use of adjuvants to reduce drift.
- Sites use maintenance schedules to service equipment fleets and use newer equipment with at least tier-3 engines that use global positioning systems (GPS) and diesel exhaust fluid (DEF).
- Vineyard floors are managed to maintain soil cover crops - mowing, disking several rows at a time.
- Diesel motors are registered with SLO AQCD (Air Quality Control District). Permitted motors need to meet Federal and State clean air standards.
- All equipment is inspected by drivers prior to using. Equipment in need of repair is not used until fixed.
- Sites keep dust from traffic down by implementing speed limits, water trucks, magnesium chloride applications, and cover crops.

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

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

### 5.3 Climate-Smart Agriculture

#### **Conformance Evidence**

- Water Due Diligence Report
- Applied Irrigation Reports
- Cover crop site photos
- Spray and Air Quality Plan
- Monthly Equipment Log

#### **Auditor Notes**

- Baseline inventories have been calculated to start carbon projections to meet investor requests. Baselines have been expanded to cover all properties and are provided by external consultants using SBTi methodologies.
- Sites use multiple types of climate-smart agriculture management practices, including the use of cover crops, livestock grazing, water, soil, and canopy management. Grapevine demonstrates extensive due diligence for site selection, including water analysis.
- Climactic impacts on sites include frost, elevated temperatures, high wind, excessive rainfall, fog, and dew. Increased moisture leads to higher mildew threats, but vineyard designs consider airflow and temperature to protect crops.
- Additional irrigation is applied to prevent frost damage on growing grapes.

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

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

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

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

- Hazardous Material Training
- Hazmat trainings
- SIP responses
- Waste and Recycling Plan
- Chemical shed site photos

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

- SIP Certifications require waste reduction efforts supported by recycling and responsible purchasing decisions. Written recycling programs and descriptions of training must be provided to maintain certifications.
- Sites are inspected by county officials for hazardous waste permits.
- Jugs are triple rinsed and slashed and sent for recycling. Batteries are recycled.
- Chipped vines and vegetative materials from block removal may be burned when the appropriate permits are acquired.
- Used equipment oil is removed by a third-party vendor to be recycled.
- Management and storage of agricultural chemicals are addressed in SIP certifications.
- Chemicals, fertilizers, amendments, and other products are safely stored and secured. SDS are available at storage locations.

***Result: In Conformance***

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

**6.2 Food and Agricultural Waste Resource Recovery**

***Conformance Evidence***

- Frost prevention emitter records
- Compost application records
- Organic compost label
- Recycling training log

***Auditor Notes***

- Crop loss has been experienced in the past from frost events early in the year or heat events before harvest. Property managers apply water to prevent frost damage and combat heat through additional irrigation.
- Harvested crops are shipped directly to processors to reduce the chance of crop waste.
- Sugar sampling is conducted, checking for brix degrees, acidity, and pH levels are monitored to support optimal harvest dates and reduce crop loss.
- Sites use hand-harvesting and mechanical picking, which has similar success rates and is more efficient.
- Compost is applied under the vines every other year.
- Prunings are mulched and reincorporated into soils to increase soil organic matter.
- Old drip hose, stakes and wire scrap metal, steel, cardboard, and filters are recycled, and chemical jugs are recycled with vendors. Growtubes are saved and reused. Grapevine management supports sites to maximize on recycling opportunities by communicating with waste management vendors.
- Sites create biochar, mix with mulched prunings, and reapply.

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

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

### **7.1 Species Protection**

#### **Conformance Evidence**

- Owl box site photos
- Wildlife map
- SIP Responses
- Conservation Plan Template
- Conservation Plans

#### **Auditor Notes**

- Species of concern (endangered, threatened, and at-risk) assessments are required in SIP certifications. SIP requires Conservation Plans to enhance and conserve biodiversity on sites.
- Due diligence processes include Phase I Environmental Site Assessments (ESAs) on properties to assess species of concern's potential of appearing or residing on sites.
- Grapevine works with the Natural Resources Conservation Services (NRCS) to complete natural resource assessments on sites. Findings are shared with Property Managers.
- No known incursions of endangered or threatened species were noted on sites visited.
- Sites use the California Department of Fish and Wildlife's Biogeographic Information Observation System (BIOS) that lists federal, and state threatened, endangered, and at-risk species. Grapevine created a list of species vineyard by vineyard, will update annually, and share with operators.

**Result:** *In Conformance*

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

### **7.2 Wildlife Habitat Conservation**

#### **Conformance Evidence**

- SIP responses
- Wildlife map
- Beneficial species poster

#### **Auditor Notes**

- Habitat conservation, ecologically important sites, and cropland for wildlife habitat are addressed in SIP Certifications. Due diligence includes research on ecologically important sites.
- Independent biologists conduct physical and desktop surveys to research plant and animal species on sites. Identified ecologically important sites are shared with Property Managers, isolated, and buffered from production areas.
- Site selected has a seasonal vernal pool, which provides a habitat for numerous plants and animals including fairy shrimp, which may otherwise be unable to survive. Management avoids planting in the area.
- Rangeland areas are located on the property and not farmed. Areas are bordered by deer fence and a 20-foot buffer.
- Special interest sites (primarily seasonal creeks and wetlands) are isolated from production areas. Vineyard designs are updated during block redevelopment to create buffers around wetlands and rehabilitated to return to a more natural state.

**Result: In Conformance**

### **7.3 Avoided Conversion**

#### **Conformance Evidence**

- SIP compliant Conservation Plan templates
- SIP responses
- Leading Harvest Written Commitments

#### **Auditor Notes**

- Habitat conversion is addressed in SIP Certifications.
- Properties have been long-term production farmland.
- Vineyards that have been developed were converted from other types of production farmland, such as the Oregon properties that were converted from timber production (non-natural forest) into vineyards.
- Grapevine has committed to zero deforestation in regions they operate with identified natural forest types.

**Result: In Conformance**

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

**7.4 Crop Diversity**

**Conformance Evidence**

- SIP responses
- Cover crop site photos

**Auditor Notes**

- Numerous varieties are cultivated with more than one type of grape on each site.
- Different varieties are grown based primarily on climate and soil type but are heavily influenced by market demands. Grape types are grafted onto preselected rootstocks with disease resistance and heat tolerance traits included.

**Result:** *In Conformance*

**Objective 8: Protection of Special Sites**

**8.1 Site Protection**

**Conformance Evidence**

- Special Site Identification and Management Policies
- Management interviews

**Auditor Notes**

- Special sites are included in research during due diligence prior to purchase.
- Grapevine uses independent biologists to produce physical and desktop surveys to determine the presence of cultural and historic significance on sites. Auditors were not able to review copies or examples of surveys or communication regarding special site identification.
- Identified sites are shared with Property Managers, isolated, and buffered from production areas.

**Result:** *Opportunities for Improvement (OFI) 2*



## **Objective 9: Local Communities**

### **9.1 Economic Wellbeing**

#### **Conformance Evidence**

- Management interviews
- Process walkthroughs

#### **Auditor Notes**

- Grapevine management handles legal, financial, and social compliance matters. Grapevine partners with accountants and farm management companies to ensure taxes are appropriately paid.
- Fertilizer and chemicals are locally sourced from Nutrien, Buttonwillow, Helena, and Simplot.
- Operators have their own staff and team to deal with legal, financial, and social compliance.

**Result:** *In Conformance*

### **9.2 Community Relations**

#### **Conformance Evidence**

- SIP Certification
- Salinas Valley Basin Groundwater Sustainability Agency Committee website
- CAPCA subscription

#### **Auditor Notes**

- Grapevine staff are members of California Regional marketing groups, ground water sustainability agencies, and participate in water district engagements.
- Grapevine engages with regional sustainability programs (SIP) and continuing education at the organizational level. Grapevine hires interns from local universities.
- Grapevine sponsored the purchase of a weather station in collaboration with the UC Cooperative Extension Farm Advisor. The weather station benefits growers in the region.
- Grapevine participates with the Vineyard Team and community ag events.
- Grapevine farm management teams are members of CAPCA, Farm Bureau, are a part of the Paso Robles Wine Country Alliance, and are engaged with local grower communities.

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

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

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

#### **Conformance Evidence**

- SIP responses
- SIP Certification
- Local Community and Indigenous Peoples Policy

#### **Auditor Notes**

- Grapevine has prepared and provided a written policy that specifies regions where Grapevine operates and states their commitment to recognize and respect Indigenous treaty rights, and values the history, customs, and cultures of Indigenous Peoples.
- Due diligence process includes research into the presence of culturally and historically significant sites.
- Preliminary applications for reservoir permits were revised upon discovering that a potential significant site for the Chumash people was in proximity to a property. Grapevine revised their plans for reservoir locations to avoid the site.
- Signage on sites identifies site managers, farm labor contractor (FLC) providers, and phone numbers.

**Result: In Conformance**

### **9.4 Public Health**

#### **Conformance Evidence**

- Farm labor training letter and license
- Workplace Health and Safety training records
- Vineyard Management Health and Safety Packets
- Chemical storage signage
- Spill Prevention and Response Plan

#### **Auditor Notes**

- Grapevine requires continuing education to support public health and safety and maintain SIP certifications.
- Fencing is installed to increase security and deter trespassers on properties.
- Grapevine provided training records, health and safety packets, and a Spill Prevention and Response Plan to demonstrate aspects of training in place to protect public health.
- Operators use adjuvants with anti-drift additives to reduce the threat of chemical drift.
- Property Managers check weather and time spray activities for times with the lowest risk of drift.
- Operators give notice of spray activities to neighbors and community members near properties.
- Signs are posted during and after spray events to bar entry to areas with potential exposure.

**Result: In Conformance**

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

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

#### **Conformance Evidence**

- Employee Handbook
- Training records
- Alliant Loss Control training letter
- Anti-harassment training records

#### **Auditor Notes**

- Equal Opportunity Employment (EOE) statements are included in Employee Handbooks.
- Trainings are in place to avoid harassment and encourage staff safety.
- Gender equity and transgender rights are addressed in sexual harassment trainings.
- All staff receive injury and illness training. Vineyard Management Companies require and provide trainings for safety, anti-harassment, anti-discrimination, and gender equity awareness.

**Result:** *In Conformance*

### **10.2 Occupational Training**

#### **Conformance Evidence**

- SIP Certification
- Training records

#### **Auditor Notes**

- Personnel and contract worker training is included in SIP Certifications.
- Monthly updates on accidents and injury reporting is required.
- Training records provided for review along with Health and Safety Policies.

**Result:** *In Conformance*

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

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

#### **Conformance Evidence**

- Management interview
- Training records
- SIP Certification
- Leading Harvest Written Commitments
- SIP responses
- Vineyard Team podcast subscription

#### **Auditor Notes**

- Grapevine prepared and provided a Leading Harvest commitment statement that outlines its approach to corporate responsibility and the care and preservation of natural and human resources.
- Commitments are communicated throughout Grapevine and is shared by all staff.
- Roles and responsibilities for LH FMS conformance are appropriately assigned and responsible parties have demonstrated an effective understanding of LH FMS requirements.
- Employee sustainability training is addressed in SIP Certifications.
- Staff responsible for LH FMS conformance hold post-secondary degrees and are experienced in sustainable farm management.
- Regular trainings for on-farm management and staff include a variety of sustainability concepts, such as soil health, water management, responsible chemical management, and safe operations.

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

### **10.4 Compensation**

#### **Conformance Evidence**

- Wage Surveys
- Wages and Pay Policy Statement

#### **Auditor Notes**

- Grapevine staff are fairly compensated and are paid competitive salaries.
- Farm management are employed by farm management companies and are out of the scope of this certification.
- All hand labor is managed through farm managers relationships with FLCs.

**Result:** *In Conformance*

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

**10.5 Farm Labor**

***Conformance Evidence***

- Employee Handbook
- Vineyard Management Employee Handbooks
- Vineyard labor costs spreadsheet

***Auditor Notes***

- Social equity is a core tenet of SIP Certification, and requires all workers, including contractor-provided labor, to receive fair compensation.
- FLCs are regulated by state agencies. FLCs set wages for farm labor, and typically establish base wages slightly higher than prevailing wages to attract labor.
- Farm management companies use H2A and FLC labor and maintain records for job orders.
- Grapevine does not interface with the FLCs or the selection of labor providers.
- Properties have multiple repeat staff from season to season.
- Employee Handbooks prohibit harassment and discrimination of all workers.

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

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

### **11.1 Legal Compliance**

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

- Training meeting logs
- Employee Handbook
- Commitment statement
- Vineyard Management Employee Handbooks
- Training records
- New Employee Safety Checklist
- Heat Illness Prevention Safety Poster

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

- Grapevine provided an Employee Handbook for their vineyard team. The Handbook includes relevant laws and regulations and information on relevant topics including wages and anti-harassment.
- Grapevine contracts with consultants to inform and assist Grapevine on emergent issues.
- SIP Certifications require access to compliance information. Grapevine is committed to complying with all social laws, including those that address civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, workers' compensation, and occupational health and safety.
- Grapevine management holds memberships on local conservations boards and groups and industry peer groups.
- Farm management is active with Regional Water Control Boards and Farm Bureau. Participation keeps management and staff apprised of existing and anticipated legislation.
- Occupational Safety and Health Administration (OSHA) and safety posters are located on sites and in Grapevine offices.
- Applicator licenses are available for review on sites with equipment storage.

***Result: In Conformance***

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

**11.2 Legal Compliance Policies**

***Conformance Evidence***

- Employee Handbook
- Vineyard Management Employee Handbooks
- New Employee Orientation
- SIP Certification
- LODI Rules Certification

***Auditor Notes***

- Employee Handbooks and management oversight address the requirements of the standard to comply with social laws, including employer policies as well as policies required by LH FMS.
- New Hire Orientations cover wages, personal protective equipment, work hours, breaks, heat illness, and accident reporting to support legal compliance.
- Labor rights are addressed in SIP and sustainability certifications such as LODI Rules.
- The four International Labor Organization (ILO) principles and rights to work are addressed through legal compliance.

***Result: In Conformance***

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

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

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

- Training records
- SIP Certification
- SIP responses
- LODI Rules Certification
- Energy Use Assessment
- Site photos of ATVs and wells
- Pump efficiency test results

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

- Annual SIP and LODI Rules audits support farm reviews. Grapevine reviews audit results to identify previous achievements and challenges to foster a culture of continuous improvement.
- GHG inventories are calculated and collected post-harvest.
- Budget and Injuries Reports are prepared monthly.
- Grapevine management communicates regularly with farm management companies to remain informed of farm operations.
- Grapevine holds annual meetings with farm management teams to discuss successes and challenges from the previous year and goals and resource management priorities for the upcoming year.
- Grapevine reviews energy use to determine where improvements can be made. Equipment is inspected and upgraded when necessary.
- Annual budgets and internal review processes help Grapevine determine opportunities to deploy improved technologies.
- During annual reviews in the first quarter of the year, LH FMS performance will be included for consideration.

***Result: In Conformance***



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

**12.2 Support for Sustainable Agriculture**

***Conformance Evidence***

- LODI Rules Certifications
- Subscriptions and continuing education sessions
- Attendance roster from Sustainability Presentations
- LODI Rules Certification

***Auditor Notes***

- Support for agricultural research is addressed in SIP and LODI Rules Certifications.
- Grapevine is collaborating to support research for vine “sunblock”, hydrogeology and groundwater sustainability in Paso Robles and surrounding areas, and robotically applied ultraviolet light to prevent powdery mildew.
- Grapevine management has implemented autonomous electric equipment.
- Property managers present on wine grape sustainability and research topics at events.

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

## **CONCLUSIONS**

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

## **CERTIFIED STANDARD USER GUIDANCE**

**Leading Harvest Logo Usage:** Program users in good standing who are enrolled in the Leading Harvest Farmland Management Program 2020 for all, or a portion of their operations, may use the Leading Harvest logo. Any express or implied claim that a program user is in conformance with the Leading Harvest Farmland Management Standard 2020 must be substantiated by a current, valid certification by a certification body recognized by Leading Harvest.

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**Summary of Audit Findings**

<b>Program User</b>	Grapevine Capital, LLC	
<b>Audit Dates</b>	July 18, 2024 – September 3, 2024	
<b>Non-Conformances Raised (NCR):</b>	<b>Major</b> 0	<b>Minor</b> 0
<b>Follow-Up Visit Needed Date(s)</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	N/A

**Audit Report Executive Summary**

Grapevine performed well and was able to demonstrate the maturity of their management system and conformance to the Leading Harvest Farmland Management Standard. Grapevine was able to leverage their existing sustainability certifications to assist with and benefit their Leading Harvest conformance demonstration. Grapevine management delivered a robust package of conformance evidence to illustrate management practices. The properties we visited were managed by qualified staff and able to address challenges and emerging issues on sites. Interview subjects were transparent and expansive in their responses, and documentation was provided by appropriate personnel in a timely manner.

**Team Leader Recommendations**

<b>Corrective Action Plan(s) Accepted</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	September 3, 2024
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	September 3, 2024
<b>All NCR Closed</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	September 3, 2024

**Standard(s) Audited Against**

Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 12)	
<b>Audit Team Leader</b>	<b>Audit Team Members</b>
Matt Armstrong	Jacques Werleigh, Kyle Rusten, Linnea Abel

**Scope of Audit**

Management of production farmland on direct and tenant operated properties.	
<b>Accreditations</b>	Approval by Leading Harvest to provide certification audits
<b>Number of Certificates</b>	1
<b>Certificate Number</b>	AVERUM-LHFMS-2024-0018
<b>Proposed Date for Next Audit Event</b>	TBD
<b>Audit Report Distribution</b>	Jill Whitacre: jill@grapevinecap.com