

US Agriculture

Carmel, Indiana

LH FMS AUDIT SUMMARY REPORT

August 12, 2022





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Certification Audit Re-Certification Audit Surveillance Audit Scope Extension

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INTRODUCTION

This report summarizes the results of the first certification audit conducted on US Agriculture (US Ag) managed production agriculture properties. The audit was conducted by Matt Armstrong, lead auditor for Averum. Matt Armstrong has had experience with Leading Harvest throughout its development, is an assurance provider for multiple sustainability programs, and has expertise in production agriculture on multiple crop types in North American regions. Site visits were also performed by Field Auditors Andrew Zetterberg and Ethan Smith. The audit process and reports were independently reviewed by Kyle Rusten, who is a certified public accountant in the state of California and has expertise on multiple crop types in the United States. All senior members of the audit team hold training certificates in *ISO 17021:2015 (Conformity Assessment)*, *14001:2015 (Environmental Management Systems)*, as well as *IAF MD-1:2018 (Certification of Multiple Sites)*.

SCOPE AND OBJECTIVE

In 2021 Averum was engaged by US Ag to perform an audit of sustainability performance on 49,593.4 acres of managed agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS). LH FMS objectives 1 through 13 were covered during site visits on properties in Indiana, Idaho, and Florida. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

US Ag is an independent agricultural investment firm. Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for US Ag's properties. US Ag opted to certify 100 percent of their agricultural properties in 2022, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

US Ag contracted with Averum to provide a Stage 1 audit (or Readiness Review) on properties at tenant operated sites and their headquarters in Indiana. Results of the readiness review were shared with US Ag. On the certification audits, ten (10) sites in the Corn Belt, Southeast and Mountain regions combined were selected, for site visits. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary crop production on sites is corn, soybean, potato, wheat, peanuts, and blueberries.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for US Ag coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on June 17, 2022, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in Indiana were examined on June 20, 2022. Field sites in Florida were examined on June 30, 2022. Field sites in Idaho were examined on July 19, 2022. A closing meeting was held on August 12, 2022.

Opening Meeting: Conference Call

June 17th, 2022; 10:00 am

Attendees:

(US Agriculture) David Martin, Kyle Maple, Drew Bridges, Matt Harmon

(Audit Team) Matt Armstrong, Andrew Zetterberg, Ethan Smith, Kyle Rusten

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

August 12th, 2022; 11:30 am

Attendees:

(US Agriculture) David Martin, Kyle Maple, Drew Bridges

(Audit Team) Matt Armstrong, Andrew Zetterberg, Ethan Smith, Kyle Rusten

Topics:

- Opening remarks: Matt Armstrong
- Statement of confidentiality: Matt Armstrong
- Closing summary: Matt Armstrong
- Presentation of the audit conclusion: Matt Armstrong
 - Non-Conformances: 0
 - Opportunities for Improvement (OFI): 1
 - Notable Practices: 10
- Report timing and expectations: Matt Armstrong

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MULTI-SITE REQUIREMENTS

US Ag maintains operations on multiple properties in Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Michigan, Nebraska, North Carolina, Washington and Wisconsin. US Ag qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Regional managers are responsible for developing corrective action plans regarding LH FMS conformance and reporting them to US Ag management. US Ag's current review and monitoring process is effective and ongoing.

Field visits and observations are conducted based on a sample of regions each year. Sampling methodology is provided in the LH FMS. In accordance with International Accreditation Forum Mandatory Documents (IAF-MD) methodology, all sites were initially selected at random with consideration of any preliminary examinations and then coordinated to ensure representative coverage of the complexity of the portfolio, variance in sizes of properties, environmental issues, geographical dispersion, and logistical feasibility.

Region	Crop	Properties Examined During Engagement
Corn Belt	Corn, soybean, wheat	Four (4) sites visited during audit <ul style="list-style-type: none">- 7,340 gross acres in production- Corn Belt region represents 13.17% of all acreage- Management population: One (1) regional manager, four (4) tenant operators- Sites visited: Luzadder, Wright Farm, DeSutter Farm, Cline Farm
Mountain	Corn, soybean, wheat	Three (3) sites visited during audit <ul style="list-style-type: none">- 12,804 gross acres in production- Mountain region represents 22.98% of all acreage- Management population: One (1) regional manager, three (3) tenant operators Sites visited: Cross Farm, Harris Farm, Pinnacle Blueberry
Southeast	Corn, soybean, wheat	Three (3) sites visited during audit <ul style="list-style-type: none">- 7,323 gross acres in production- Southeast region represents 13.14% of all acreage- Management population: One (1) regional manager, three (3) tenant operators Sites visited: Larson, Walker, Northflow

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AUDIT RESULTS

Overall, US Ag's agricultural operations conform to the objectives of the Leading Harvest Farmland Management Standard 2020 (LH FMS). Interviews and document reviews were performed to determine procedural and documentation conformance to the LH FMS. Documentation of practices was continuously supplied throughout the audit when requested. Documentation from multiple sites was provided to auditors. Field visits were performed on ten operating sites, with four in Indiana, three in Florida and three in Idaho. Auditor visits took place mid-season, where crop health, irrigation practices, and other production practices were observable. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate US Ag'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. US Ag's Regional Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

The following are summarized findings, per LH FMS performance measure. Specific non-conformances, opportunities for improvement, and 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:

- Operating Policies and Procedures Overview
- Critical External Factors meeting minutes
- Annual operator questionnaire
- ESG Policy statement

Auditor Notes: US Ag objective language addresses the requirement for operators acting as good stewards. ESG policy addresses commitments and goals of sustainable management of properties.

US Ag sends an annual operator questionnaire that is thorough, well designed, and relied upon heavily for non-intrusive information gathering. Management has an aggressive meeting schedule dedicated to emerging issues and topics of interest, meeting weekly to discuss current issues on sites.

Due diligence research determines long term designations regarding land use. Items are discussed at annual review meetings, buy/sell analyses, and in response to answers on questionnaires.

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

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OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

Performance Measure (PM) 1.2 Critical External Factors

Conformance Evidence:

- Operating Policies and Procedures Overview
- Critical External Factors meeting minutes
- Annual operator questionnaire
- ESG Policy statement
- Management and tenant interviews

Auditor Notes: Periodic and continuous conversations with tenants identify needs on sites. Tenants report critical areas of concern to US AG directly. Annual review of farm performance reinforces issues that have been reported. Investors do not have discretion over new investments, nor can they report issues to US AG. The line of communication is open, from either certified mail, phone calls, and website inquires.

Result: In Conformance

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OBJECTIVE 2: Soil Health and Conservation

Performance Measure (PM) 2.1 Soil Health

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaire
- Global GAP audit results
- Management and tenant interviews

Auditor Notes: Soil quality testing methods and timing was variable based on the site the auditor visited. In the Southeast and the Mountain region, soil samples are taken one to two times per year by qualified consultants or the tenant themselves. In the Midwest, samples are taken in a three-to-four-year cycle. One site uses a progressive method of testing on soil health like the Haney test, PLFA testing, and other soil biological testing. No-till or minimum till practices are in place in each region visited.

Soil health is monitored by a variety of qualified consultants hired by tenants or by the tenant themselves. Select sites follow the five principles of soil health (soil armor, minimizing soil disturbance, plant diversity, continual live plant/root, and livestock integration) in a multiple year transition program. Transitioning to this progressive practice can take up to five years on harder to manage areas (overly wet or dry, or poor nutrition areas).

Nutrient management plans are held by each tenant in diverse ways. Recommendations and planning are done using prior year yields and tests, plus any current year projections or changes. Variable rate applications are done on each site. Organic site is all organic and avoiding disturbances including till and chemical applications, with nitrogen, phosphorous and potassium made available with cover and other plants in field.

Crop residues are left out or reincorporated into the soil. Cover crops are used on select sites in the Midwest and Southeast.

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

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OBJECTIVE 2: Soil Health and Conservation (Continued)

Performance Measure (PM) 2.2 Soil Conservation

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaire
- Global GAP audit results
- Management and tenant interviews

Auditor Notes: In areas where Highly Erodible Land (HEL) is present, cover crops are planted and no till or minimum till practices are implemented. Compaction is managed by a reduction in tillage, resulting in reduced passes and pressure on soil. Organic sites implement year-round live roots to increase soil structure and protect against damage like erosion and compaction.

Drain tile is put in place on select sites, which is designed and planned with software assistance. There are native species planted in swales, waterways, and buffer areas that are not planted with crop. Acreage has been used for production agriculture continually since classification as farmland.

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

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OBJECTIVE 3: Protection of Water Resources

Performance Measure (PM) 3.1 Water use

Conformance Evidence:

- Annual operator questionnaire
- Global GAP audit results
- Management and tenant interviews

Auditor Notes: The water use varies on the locations visited. There is no irrigation in place on the midwestern properties in the sample. The Southeast and Mountain region both have automation software installed on pivots, which allows for up-to-date info accessible on a cell phone, as well as controls on the pivots. The Southeast uses moisture probes at 8-24 inches for moisture testing. The Mountain region uses a hand probe daily to check moisture levels, as water restrictions are tight.

Water use is monitored by local districts for sites where water is scarce. Tenants are monitoring flow meters in these districts to track usage and implementing water-efficiency practices. Pivots are equipped with low pressure nozzles, drops, and remote access software.

On the Harris site, AGOX is being used. AGOX is a liquid oxygen induced into irrigation water, designed to improve plant consumption of water. Water quality samples are taken annually from wells in the Mountain region. In the Midwest, drain tile is installed on farms with the ability of being shut off in the warmer summer months to retain water.

Result: In Conformance

Performance Measure (PM) 3.2 Water Quality

Conformance Evidence:

- Annual operator questionnaire
- Global GAP audits
- Management and Tenant interviews

Auditor Notes: All sites visited are scouted regularly. The scouts vary from hired consultants, interns, or the tenant themselves. Some application is done at a straight rate, but most tenants use variable rates when soil maps and landforms permit. Petiole or tissue tests are performed when a scout trip identifies some tissue that looks unhealthy. Organic sites rely on constant monitoring and vigilance against threats that can emerge quickly due to less chemical control. Alternative products are applied on organic sites, such as green manure and compost, molasses, and humic acids.

Ditches and buffer strips surround and protect open water sources. Conservative Reserve Program (CRP) acreage is present on some sites. Entry into CRP acreage is avoided by tenants.

Result: In Conformance

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OBJECTIVE 4: Protection of Crops

Performance Measure (PM) 4.1 Integrated Pest Management

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaires
- Global GAP audit
- Management and tenant interviews

Auditor Notes: Pests are monitored through field scouting and bug traps. Thresholds are set to inform tenants when treatments are appropriate. Tenants and consultants monitor weather systems in the immediate forecast and the neighboring farms for the safest time to spray. Neighbors are notified prior to any spraying.

Traps are used for measuring insect pressures. Tenants in the Mountain region use a crop seed that deters pests. Tenants on conventional sites did not report significant pressures to require extra treatments. Tenant on organic site relies on constant monitoring due to managing issues that can emerge quickly. Tenants enlist assistance from students and other groups to assist with scouting.

Chemical treatments are applied by tenants, staff, and consultants. Tenants who spray have obtained proper licensure and staff are trained yearly on application safety. Most sites have a documented IPM with records of applications from year to year.

Organic sites use alternative products to control for pests that are organic approved (molasses, dispel) but avoids products with increased ecotoxicity in addition to enhancing diversity on fields and density of living roots in soil structure. Organic sites leverage knowledge and guidance from a wide range of experts from recognized regenerative agriculture leaders to peer groups.

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

Performance Measure (PM) 4.2 Crop Protection Management

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaires
- Global GAP audit
- Independent manager agreement
- Management and Tenant interviews

Auditor Notes: No empty containers are stored on US Ag sites. Some applications of bacterial products on organic sites were noted. Chemicals are both self-applied by tenants and third-party service providers. All applicators are appropriately licensed. Tenants provide employees with training programs for safe application of chemicals. Investment has been made in new sprayers that have two sets of booms to apply two separate chemicals to the rows, reducing the number of passes required for full applications.

Result: In Conformance

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

Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaires
- Management and Tenant interviews

Auditor Notes: Tenant vehicles have DEF fluid and tier 4+ engines. Row shutoffs are used to save fuel and reduce emissions. Temperature cables are used on grain bins to save power and protect grain quality. Maintenance schedules are kept up to date. Sprayer passes are reduced by implementing a threshold for triggering a chemical spray. Rollers are used on passes to reduce impacts to soil conditions. Autopilot and GPS technologies are also present on equipment being used in harvest. No renewable energy sources are used in US Ag farmland.

Result: In Conformance

Performance Measure (PM) 5.2 Air Quality

Conformance Evidence:

- Annual operator questionnaire
- Management and Tenant interviews

Auditor Notes: Tenants implement procedures and practices to reduce the number of passes. This is accomplished by GPS technologies and autosteer on equipment, training staff on how to operate equipment efficiently and use efficient routes, implementing minimum and no-till practices, and monitoring water use to use pumps efficiently. Cover crops are planted to enhanced soil quality and prevent dust.

Result: In Conformance

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

Performance Measure (PM) 5.3 Climate Smart Agriculture

Conformance Evidence:

- Annual operator questionnaire
- Management and Tenant interviews

Auditor Notes: Residues are left out in field and reincorporated into soil profile, and Organic Matter (OM) is increasing year over year. Equipment is current generation (with DEF fluid, tier 4 engines, and regen filters) and maintained on schedule. Equipment use is kept efficient with GPS and autosteer, with pass planning and recording in FieldView.

Select organic sites are fully regenerative with the stated strategy of increasing soil health through the implementation of the Five Principles of soil health. No heavy equipment passes occur on regenerative sites.

Plantings have been delayed due to cold, wet Springs, but crops have tended to meet heat unit requirements and growth expectations later in the season. Tenants use FieldView software to assist with planting decisions. Weather stations are on some sites to assist in decision making. Drain tile systems are in place to manage water retention on field. Precision planting heads read OM and moisture levels in soil. Equipment is on GPS and autosteer systems.

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

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OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaires
- Global GAP audit
- Management and Tenant interviews

Auditor Notes: No waste is stored on the sites visited. Chemical containers are returned to suppliers or recycled in accordance with the appropriate county and state regulations. All crop waste is reincorporated back into the soil. No storage or disposal of regulated materials on sites visited.

Result: In Conformance

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

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaires
- Global GAP audit
- Pre-op checklist for harvesting operations
- Management and Tenant interviews

Auditor Notes: There are large silos/bins and dryers on select sites. Local grain bins are provided for intermediate storage of grain. On organic sites ground cover is managed to control against corn competing for space/nutrients. Excessive crop loss has not been an issue when storing harvested crop.

Corn stubble is left out on sites, and other residues are chopped and reincorporated into soil profile. Totes are held for reuse on aerobic compost tests. In the Southeast, pasteurized manure is used to build up farm fertility. Pivot Bio amendments are being used to improve microbial activity. Seaweed and yeast extract have been used, as has humic acid at fruit set on vegetables.

Result: In Conformance

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OBJECTIVE 7: Conservation of Biodiversity

Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- Endangered species / Special Sites Evaluation process in due diligence process checklist
- Management and Tenant interviews

Auditor Notes: Sellers, operators, and outside resources are leveraged to identify risks of endangered, at-risk, and special status species on sites. US Ag processes state the methods used to avoid or mitigate risks in the case they are present. Assessments are performed during the due diligence process using resources such as US Fish and Wildlife to help delineate any special species on sites. One site visited had bats listed in areas of production. Tenants are aware, observe, and do not spray late in the day during bat season.

Result: In Conformance

Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- Endangered species / Special Sites Evaluation process in due diligence process checklist
- Annual operator questionnaire
- Management and Tenant interviews

Auditor Notes: US Ag has an evaluation process in its due diligence checklist to research special status sites. Native habitats are specifically mentioned in the annual operator questionnaire. Wetland and forest determinations are included in the due diligence process. There are no special status sites noted on site visits. Tenants specifically leave grassed areas out of production to help with water protection. Waterways and buffer areas are mowed infrequently to allow for wildlife use/bird nesting.

Result: In Conformance

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OBJECTIVE 7: Conservation of Biodiversity (Continued)

Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- Acquisition checklist
- Due diligence checklist
- ESA Phase I and II
- Natural Habitat Assessment
- Special Sites Assessment (Due Diligence)
- Annual operator questionnaire
- ESG Policy Statement
- Management and Tenant interviews

Auditor Notes: Sites are long term and multi-generational farmland. One site in the Southeast was converted from timber and forest plantation (not natural forest). A deforestation commitment has been added to ESG Policy Statements. No areas of natural forest encroach on production acreage.

Result: In Conformance

Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- Amended lease language
- Management and Tenant interviews

Auditor Notes: Crop rotation varies by site and region visited. The Mountain region has a rotation of potato, corn and wheat. The Midwest primarily rotates corn and soybean, with wheat in recovery years. The Southeast rotates corn, peanuts and a mix of vegetables (carrots, sweet potato). Crop rotation is driven by market conditions, maintaining soil profiles, and soil health determined through testing and evaluations pre-season. Tenants are aware of negative soil health effects when a poorly planned rotation is present.

Result: In Conformance

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OBJECTIVE 8: Protection of Special Sites

Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- Due diligence checklist
- Annual operator checklist
- Management interviews

Auditor Notes: Special sites (unused natural habitat) are covered in operator questionnaire. Level I and II ESA reviews, Threatened and Endangered (T&E) species review, wetland and forest review, and protected sites are included in due diligence processes. Due diligence was able to identify land in Idaho to be on a lava flow, which has been marked off limits by signage. These areas are monitored for overspray and irrigation.

Result: In Conformance

OBJECTIVE 9: Local Communities

Performance Measure (PM) 9.1 Economic Well-Being

Conformance Evidence:

- Amended lease agreements
- Management interviews

Auditor Notes: Payment of taxes and legal compliance addressed in lease language. Management has an appropriate due diligence process in place on property acquisition, requiring general council sign off. US Ag emphasizes purchasing from local dealers and suppliers whenever possible.

Result: In Conformance

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OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaire
- Tenant interviews
- Management and Tenant interviews

Auditor Notes: Tenants are engaged with the local community. Tenants have assisted neighbors with clearing out plants of concern (poison hemlock). Examples of engagement include Lions Club, churches, and community funds, raising money for fire departments for grain bin entrapment training, 4-H Boards, assisting with local fairs, and monetary donations. Also, tenants sponsor tours for migrant worker families as well as tours to local FFA and school organizations.

Organic tenants host events and tours for researchers and students to observe regenerative practices in place. Tenants are willing and enthusiastic participants in regenerative ag education programs. The Natural Resource Conservation Service (NRCS) conducts soil health testing demonstrations on US Ag managed sites.

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

Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

Conformance Evidence:

- ESG policy statement
- Due diligence checklist
- Tenant interviews
- Management and Tenant interviews

Auditor Notes: ESG policy describes US Ag's commitment to local communities and recognizing the treaty rights of Indigenous Peoples. Activities in due diligence checklist to examine area surrounding properties. One cemetery has been identified on site under US Ag management and was promptly designated as off-limits.

US Ag is listed as the owner of land on all County and title information. Community members' typical outreach is solicitation and offers to purchase land. US Ag is responsive to all inquiries, with public outreach being directed to appropriate parties.

Result: In Conformance

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OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- Lease language
- Legal compliance documents
- Management interviews

Auditor Notes: Public health and safety issues are covered explicitly in the lease agreements and employee handbook. Tenants hold mandatory trainings on chemical spraying and hold proper licenses. Tenants are also properly trained on handling/driving machinery. None of the sites visited participate in the burning of waste.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor

Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- Employment application
- Employee document packet
- Annual operator questionnaire
- Annual tenant questionnaire
- Agricultural preparedness and response plan for COVID-19
- Employee housing agreements
- Employment document packet template
- Visitor, Media, and Inspector Policy
- Visitor logs
- Pre-op checklist for harvesting operations
- Illness and injury guidelines
- Illness reports
- Blood incident report
- Daily operations inspection log
- Management and Tenant Interviews

Auditor Notes: US Ag's employment applications and employment packets contain Equal Opportunity Employment statements. Content from the employee handbook is reinforced in operator questionnaires. COVID protocols are established for all personnel and visitors on sites. Housing contracts are in place and well designed. Anti-discrimination and anti-harassment policies are included in employee handbook. Visitor policy standardizes expectations for non-employees on farm sites. Pre-harvesting checklist controls against waste and safety hazards during harvest.

Result: In Conformance

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OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- Agricultural preparedness and response plan for COVID-19
- GLOBAL GAP results
- Employee training log
- Management and Tenant Interviews

Auditor Notes: US Ag established COVID protocols for all personnel and visitors on sites. Global GAP audits address numerous factors included in personnel and contract worker training (health and safety procedures, training logs, hazard training, PPE, safety equipment, etc.). Training log exists primarily to document practices in place for GAP / GMP audits.

Result: In Conformance

Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- ESG policy statement
- Management interviews
- Annual operator questionnaire
- Annual tenant questionnaire
- Employee training log
- Management and Tenant Interviews

Auditor Notes: US Ag's ESG policy clearly establishes commitments to the LH FMS. David Martin and Kyle Maple are assigned with establishing teams that will manage and address sustainability issues. Employee training covered in operator questionnaire. A Training log for employees is included in preparation for GAP and/or GMP audits.

Result: In Conformance

Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- Management interviews
- Employment document packet template

Auditor Notes: Managers report successful staff retention and have returning labor year over year. H2A labor is used through a negotiator, who sets the minimum pay rate for staff. US Ag sets touchpoints and reviews to ensure that wages are competitive for the area where staff is operating.

Result: In Conformance

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OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- Management interviews

Auditor Notes: Negotiators research and establish relationships with FLCs and H2A negotiators, solicits bids, and checks references as well as legal standing. Performance reviews occur post-harvest for consideration the following year, documented through emails or direct communications. Management contracts include FLC review processes.

Result: In Conformance

OBJECTIVE 11: Legal and Regulatory Compliance

Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- Due diligence checklist
- Legal compliance posters in communal areas
- Management interviews

Auditor Notes: Legal compliance officer monitors for issues and manages responses within US Ag. Due diligence checklists lay out all steps involved in the acquisition of property. General council addresses any issues that arise in an acquisition. Compliance-related topics are added to the weekly meetings. US Ag places OSHA posters on sites for display in communal areas.

Result: In Conformance

Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- ESG policy statement
- Employee document packet
- Amended and restated lease

Auditor Notes: US Ag's ESG Policy addresses requirements to operate properties in a socially responsible manner. Employee document packets address civil rights, equal employment opportunities, anti-discrimination and anti-harassment measures, workers compensation, health and safety, and wage levels. Employee document packet addresses rights in the ILO declaration on fundamental principles and rights to work. Employee handbook relates to section 7 of the National Labor Relations Act (covering right to organize and occupational health and safety). Lease language reflects the covenant of quiet enjoyment directly and by name.

Result: In Conformance

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OBJECTIVE 12: Management Review and Continual Improvement

Performance Measure (PM) 12.1 Farm Review and Continual Improvement

Conformance Evidence:

- Farm visit reviews
- Global GAP audits
- Global GAP certificates
- Occidental Food Safety Certificates
- Primus GFS audit reports and certificates
- Management interviews
- Tenant interviews
- Annual operator questionnaires
- Annual review cycle
- Management Interviews

Auditor Notes: Farm visit documentation reviews progress, practices, and resource use on properties. Global GAP audits record efforts in a number of areas (management system, document control, corrective actions, internal and external expectations).

Widespread implementation of FieldView software was found on Indiana sites. High speed planters are used for increased efficiency during planting and fertilizer application. Tenants vary their pass patterns to test application rates and products side by side. Organic tenants constantly monitor production and retools approaches to address emerging issues and opportunities. AgSense is installed on pivots in the Mountain region to help monitor and control water use.

An annual review cycle on sites and properties starts near the end of the calendar year. External factors are reviewed on a per farm basis. Hold/sell analysis is conducted on properties to identify required projects during CAPEX and budget discussions.

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

Performance Measure (PM) 12.2 Support for Sustainable Agriculture

Conformance Evidence:

- Management interviews

Auditor Notes: NRCS Soil Health trials are conducted on sites, and tenants host regenerative ag education events. Organic tenants have conducted an impressive amount of research into non-chemical trials for the past five years. Test plots for new hybrids are located on multiple sites, in partnership with multiple commercial partners. Test plots are also used on corners of the Mountain region sites. Tenants report that US Ag has supported them in research endeavors. University of Georgia test/research projects are conducted on sites. Select tenants are currently working on Nematode mitigation trials.

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

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OBJECTIVE 13: Tenant Operated Operations

Performance Measure (PM) 13.1 Leased Land Management

Conformance Evidence:

- Amended and restated agricultural lease
- ESG policy statement
- Farm visit records
- Management interviews
- Tenant interviews

Auditor Notes: Good stewardship practices are required by leases, and reenforced by farm visits. Good practices are informed by universities and research organizations. Responsible practices are an expectation on production sites. US Ag tenants are well experienced and have networks with best practice resources at their disposal.

Section 37 of the amended lease states a required tenant commitment to ESG in all aspects of its business. US Ag's ESG policy lays out goals for leased farmland. The objectives of LH FMS are included in leases as directives for operations. Section 37 of the amended lease states the required tenant commitment to social responsibility by tenants.

Result: In Conformance

Performance Measure (PM) 13.2 Leased Land Monitoring

Conformance Evidence:

- Annual operator questionnaire
- Annual tenant questionnaire
- Tenant farm visit records
- Management interviews

Auditor Notes: US Ag's annual operator questionnaire is used to monitor the tenants' practices in place. Farm visits and reviews by management are well documented and occur frequently. Farm related certification programs (GAP, Primus) are covered in the annual operator questionnaire. Farm visits are performed by US Ag management and reports are completed on properties for review and documentation. External factor discussions are informed by questionnaire responses to drive improvements.

Result: In Conformance

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KEY FINDINGS

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

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

Minor Non-Conformances: No minor non-conformances were identified during the audit.

Opportunities for Improvement (OFI): One (1) opportunity for improvement was identified during the audit.

1. 2.1.3 Nutrient Management program
 - a. Nutrient management plans were developed and held by tenants in diverse ways. Nutrient management plans could be standardized in the future, or templates could be provided as a value-added service.

Notable Practices: Ten (10) notable practices were identified during the examination.

1. 1.1.2 Farmland Stewardship
 - a. Tenant questionnaires are thorough, well designed, and relied upon for non-intrusive information gathering. Management has an aggressive meeting schedule dedicated to emerging issues and topics of interest.
2. 2.1.1 Soil Quality
 - a. Sites with organic regenerative practices in place were found using progressive methods of testing on soil health like the Haney test, PLFA testing, and other soil biological testing.
3. 2.1.2 Soil Health Monitoring
 - a. Regenerative organic sites fully implement the five principles of soil health (soil armor, minimizing soil disturbance, plant diversity, continual live plant/root, and livestock integration) in multiple year transition programs. Transitioning to this progressive practice takes at least five years in harder to manage areas (overly wet or dry, or poor nutrition areas). The willingness to continue pursuing improvements through potential yield reductions was noted by auditors.
4. 2.2.1 In-field Soil Management
 - a. Regenerative organic sites implement year-round live roots to increase soil structure and protect against damage like erosion and compaction. Soil structure and organic matter content on soil profiles was impressively elevated.

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5. 4.1.3 Pest Control Practices
 - a. Tenants use of organic compliant but low ecotoxicity pest control options was well implemented. US Ag's permission for tenants to customize what best management practices they implement (even in the case that it temporarily impacts annual yield) is notable.
6. 5.3.1 Greenhouse Gas Emissions
 - a. Well implemented regenerative practices were found on sites in the sample. Notable increases in soil organic matter were reported on sites with regenerative practices in place.
7. 5.3.2 Climate Change Adaption and Resilience
 - a. Fully regenerative sites were notably equipped for adapting to changing and more difficult weather patterns. Preventing the negative effects of climate change are a stated strategy on regenerative sites.
8. 9.2.1 Community Engagement
 - a. Tenants were reported to host events and tours for researchers and students to observe regenerative practices in place. Tenants were willing and enthusiastic participants in regenerative ag education programs.
9. 12.1.4 Annual Review and Improvement
 - a. US Ag engaged in an extended effort to ensure that Leading Harvest principles and objectives were fully integrated into operations, employing outside consultants and ongoing internal review efforts over the course of at least a year.
10. 12.2.1 Support for Agricultural Research
 - a. NRCS Soil Health trials are conducted on sites, and tenants host regenerative ag education events. Regenerative Organic tenants conduct an impressive amount of research into non-chemical trials in multi-year trials.

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Review of Previous Audit Cycle: N/A

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CONCLUSIONS

Results of the audit indicate that US Agriculture has implemented a management system that meets the requirements of and is in conformance with the Leading Harvest Farmland Management Standard 2020.

US Agriculture's enrolled acreage is recommended for certification to the Leading Harvest Farmland Management Standard 2020.

Summary of Audit Findings	
Program User	US Agriculture
Audit Dates	June 17 th , 2022 – August 12 th , 2022
Non-Conformances Raised (NCR):	Major 0 Minor 0
Follow-Up Visit Needed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Date(s)
Follow-Up Visit Remarks	
N/A	
Team Leader Recommendations	
Corrective Action Plan(s) Accepted Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	Date
Proceed to/Continue Certification Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Date 08/12/2022
All NCR Closed Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	Date
Standard(s) Audited Against	
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)	
Audit Team Leader	Audit Team Members
Matt Armstrong	Andrew Zetterberg, Kyle Rusten, Ethan Smith
Scope of Audit	
Management of production farmland on direct and tenant operated properties.	
Accreditations	Approval by Leading Harvest to provide certification audits
Number of Certificates	1
Certificate Number	AVERUM-LHFMS-2022-0016
Proposed Date for Next Audit Event	TBD
Audit Report Distribution	US AGRICULTURE: David Martin (david.martin@us-agriculture.com)