



CERES PARTNERS

South Bend, IN

LH FMS AUDIT SUMMARY REPORT: 2023 SURVEILLANCE

August 31, 2023





A SUBSIDIARY OF PINION, LLC

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

SCOPE AND OBJECTIVE

In 2023, Averum was engaged by Ceres to perform an audit of sustainability performance on 156,617 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 the Corn Belt and the Northeast. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

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

During the surveillance audits, twenty three (23) sites in the Corn Belt and the Northeast were selected, with three tenant managers included. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on sites is corn, soybeans, alfalfa, wheat, rye, tomatoes, and potatoes.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for Ceres coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on May 26, 2023, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the Corn Belt and Northeast were examined on May 31, and August 3, 2023. A closing meeting was held on August 31, 2023.

Opening Meeting: Conference Call

May 26, 2023

Attendees:

(Ceres) Nate Kaehler, Grant Otte, Luke Drachenbearg

(Audit Team) Matt Armstrong, Andrew Zetterberg, Jacques Werleigh

Topics:

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

Closing Meeting: Conference Call

August 31, 2023

Attendees:

(Ceres) Nate Kaehler, Travis Alexander

(Audit Team) Matt Armstrong, Linnea Rash

Topics:

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

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MULTI-SITE REQUIREMENTS

Ceres maintains operations on multiple properties in the Corn Belt and Northeast. Ceres qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional portfolio management, with regular monitoring activities. Portfolio managers are responsible for developing corrective action plans regarding LH FMS conformance and report them to Ceres management. Ceres' 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
Northeast	Corn, soy, alfalfa, wheat	Seven (7) sites visited during audit <ul style="list-style-type: none">- The Northeast represents 1.6% of all acreage- Management population: One (1) Portfolio manager, Two (2) tenant operators- Sites visited: Rookery, Fraser, Simpson, Sovocool, Linder, Street-Strong, and Boldt-Wooton Farms.
Corn Belt	Corn, soybean, wheat, rye, tomatoes, potatoes	Sixteen (16) sites visited during audit <ul style="list-style-type: none">- The Corn Belt represents 58% of all acreage- Management population: One (1) Portfolio manager, One (1) tenant operator Sites visited: Wallace, Howell, Norris, Pendleton, Ross, Guthrie, Tom Krieger, Henry Miller, Ridge, Glaser, Smith, Gregory, Bowman, Midwest, New Lisbon, and Pinney Farms.

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AUDIT RESULTS

Overall, Ceres'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 twenty-three operating sites, with seven in the Northeast and sixteen in the Corn Belt. Visits took place during the growing season, so irrigation and crop protection strategies were highlighted. Central and Portfolio management representatives, as well as operating tenants, were present and interviewed to illustrate Ceres' 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. Ceres' Portfolio Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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

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Objective 1: Sustainable Agriculture Management

1.1 Sustainable Agriculture Stewardship

Conformance Evidence

- Ceres Farms / Ceres Partners Sustainability and Governance Policy

Auditor Notes

- Ceres Partners maintains a Sustainability and Governance Policy.
- Ceres presents flex leases and crop share agreements with tenants to provide multiple options to fit tenants' needs. Leases with longer terms encourage land stewardship, growth, and stronger relationships.
- Evergreen funding reduces conflicts between tenants' long term interests and turnover at the end of a fund.
- Ceres encourages and prefers multi-generational tenants to farm properties. Tenants are given the flexibility to make operation decisions with Ceres' support. Ceres has found that allowing tenants to have autonomy encourages a sense of ownership and greater care taken for the land, and tenants are more likely to become long-term stewards.
- Sites selected in the Corn Belt are facing irregular weather conditions this year. Farms are balancing irrigation needs between drought and heavy rains from month to month.
- Ceres works with state and local governments to conduct highest and best use analyses on properties that consider economic impacts. Some properties within the portfolio have built renewable energy projects onsite if the acreage was not as productive in agriculture.
- Ceres commits to maintaining farmland for long-term production and not selling properties for market advantages.
- Sites selected are in close proximity to population centers and industrial areas. As industrial areas encroach on production acreage, Ceres considers converting land from agriculture if it serves the local community, does not present negative environmental impacts, and addresses the highest and best use of the land.
- Site selected in the Northeast has a conservation easement to preserve natural area.

Result: In Conformance

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Objective 1: Sustainable Agriculture Management (Continued)

1.2 Critical External Factors

Conformance Evidence

- Ceres Farms / Ceres Partners Sustainability and Governance Policy
- Soil tests

Auditor Notes

- Ceres management communicates frequently with tenants to identify needs and address critical tenant concerns.
- Ceres management visits are scheduled annually. Additional visits occur as needed or are impromptu if a manager happens to be in the area.
- Ceres conducts annual reviews of farm performance to revisit issues that are reported throughout the year.
- Ceres communicates with investors, tenants, and neighbors through certified mail, phone calls, and responses to website inquires. Ceres receives multiple inquires per day about operations, opportunities, or permission to enter farms.
- Critical external factors are communicated with tenants using ShareFile. Documents are sent and received by Ceres on topics such as yield data, capital expenditure suggestions, current issues on sites, and compliance with farm programs.
- Ceres' Sustainability and Governance Policy supports Ceres' ability and expectations to regularly connect with tenants and address issues arising on farms. Ongoing soil tests are used to monitor soil health and long-term productivity of the soil.

Result: In Conformance

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Objective 2: Soil Health and Conservation

2.1 Soil Health

Conformance Evidence

- Lease agreement
- Soil tests
- Ceres Partners Sustainability Commitment

Auditor Notes

- Site selected applies dairy manure as a nutrient.
- Sites selected installed drainage tiles to alleviate water saturation of soil.
- Crop rotations on select sites include corn and alfalfa. Triticale, rye, oats, clover, and winter wheat are used as cover crops. Rotations are on a seven-year cycle.
- Tenants use chemical and biological inputs to manage soil quality. Cover crops are used to control erosion and support soil health.
- Highly erodible land (HEL) is not tilled. Strip till is used on crop flats and less erodible areas. Vertical tillage passes are preferred to reset fields. Full-tillage is used after tomato crops.
- Crop residues are left out to decompose or are reincorporated to support soil health and increase soil water retention and organic matter. Residue practice expectations are included in lease language.
- Soil sampling frequency varies between tenants. Tenants conduct tests every three or four years at a minimum on a grid. Some sites selected test soils annually. Tenants share soil fertility reports with Ceres upon receipt.
- Tenants work with Certified Crop Advisors (CCAs) to analyze nutrients and requirements to achieve intended yields. Fields are rated as A, B or C in relation to productivity. Tissue testing takes place on all fields during the growing season, and A-rated fields are tissue tested weekly to ensure plants are getting the right nutrients.
- Tenants within sample maintain a Nutrient Management Plan (NMP). Tenants work with consultants to create plans based on soil testing, nutrient application records, and nutrient removal rates. Removals are calculated at harvest. NMPs consider variable rate application in response to soil testing and mapping results.
- Interim testing informs corrective actions needed during the growing season. Most adjustments are made to correct pH levels.
- Tenants work with CCAs to determine application decisions and yield maps. Nitrogen is split applied to control over-application.

Result: In Conformance, Notable Practice

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Objective 2: Soil Health and Conservation (Continued)

2.2 Soil Conservation

Conformance Evidence

- Tile repair and maintenance
- Tile maps

Auditor Notes

- Tenants use cover crops to support crop health and reduce erosion and compaction. Cereal rye is planted after beans and rye and clover are planted after corn with vertical tillage.
- Tenant of site selected uses cover crops on every property except after a soybean harvest. Tillage practices are reduced to mitigate erosion. Tenant has carefully considered how NMP, crop rotations, and tillage practices impact soil and crop health. No signs of significant erosion were observable onsite.
- Rotational grazing is allowed on cover crops to support a selected tenant's grass-fed beef business lines (outside of Ceres management). Cover crop foraging has been successful and the tenant wishes to expand the practice. Ceres is open to this arrangement as long as crop and soil health are maintained.
- Tenants mitigate over-application of amendments through tissue sampling throughout the growing season. pH levels of water used in product mix and soils are actively tracked and corrected with micronutrients.
- Tenants participate in strip till and no till practices to reduce land-use emissions.
- Tenants of selected sites have no farmland conversions to report. Some acreage is enrolled in Conservation Reserve Program (CRP) due to water accumulation.
- Wheat or barley are grown in strips to control water runoff.
- HEL areas are left out of production and allowed to remain fallow.

Result: In Conformance

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Objective 3: Water Resources

3.1 Water Use

Conformance Evidence

- Water Withdrawal Request
- Water withdrawal permit issuance
- Protection of Waters Program
- Tile repair and maintenance
- Tile maps
- Flow meter invoices
- Pivot invoices

Auditor Notes

- Selected Northeast sites use surface water from rivers to irrigate crops.
- There are no active water usage restrictions in the Corn Belt given the amount of rainfall. The state of Indiana requires well and groundwater usage to be reported with the Department of Natural Resources.
- Ceres coordinates interactions with tenants in states with agencies that regulate and oversee water usage. Well usage records are required on farms subject to regulatory oversight.
- Tenants participate on Water Boards and Farm Bureaus.
- Tenants with irrigation on site use FieldView software to control water usage remotely and compile water usage data.
- Sites within Ceres' portfolio use tensiometers (soil probes) on sites to measure soil moisture. Soil moisture readings are taken in addition to shovel tests and daily grading to assess soil moisture.
- Wells are registered and reported with appropriate regulatory agencies.
- Pattern tile is installed on sites selected to remove excess water.
- Ceres may fund tile installation on newly acquired farmland. Tenants can submit a request for capital and use yield maps to support their claims. Ceres will coordinate and contribute to tile installation if drainage proves to be an issue.
- Most locations in the Corn Belt are non-irrigated. Pivots on irrigated sites are maintained.
- Tensiometers measure and consultants make recommendations regarding irrigation schedules.

Result: In Conformance

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Objective 3: Water Resources (Continued)

3.2 Water Quality

Conformance Evidence

- Lease agreement

Auditor Notes

- Sites are scouted weekly by crop consultants. Farmer of selected site scouts fields daily.
- Water quality testing is conducted annually to monitor and control infiltration of nutrients. Water quality is tested on new wells and pumps.
- Water tests are conducted on pivots to measure uniformity of application.
- NMPs consider soil test results, crop health needs, and wetlands.
- Applications are applied at variable rates to mitigate over-application.
- Farm implements are equipped with global positioning system (GPS) and auto tracking technology to create efficient routes and prevent over spraying.
- Sites selected are bordered by riparian areas. Buffers surround riparian areas to capture runoff to avoid nutrient infiltration into riparian space.
- Tenant of selected curves rows around field perimeters and grassed waterways to slow down water flow from sites and retain nutrients in fields.

Result: In Conformance

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Objective 4: Crop Protection

4.1 Integrated Pest Management

Conformance Evidence

- Ceres Partners Sustainability Policy
- Crop insurance settlement

Auditor Notes

- Crop consultants and tenants scout for pest presence to prevent pest populations from becoming established.
- Tomatoes are scouted more often than corn, soybeans, or wheat crops.
- Traps, pesticides, and insecticides are used as recommended by crop consultants. Traps are used to relocate troublesome wildlife. Lethal force is not used on mammals.
- Crop applications are conducted by properly licensed tenants, employees, and crop consultants in response to pests identified during scouting. Integrated Pest Management (IPM) plans guide applications. Simpler chemical burn down applications are performed by staff, with select staff performing more intense spraying activities.
- Applications are coordinated with weather and as conditions allow to address identified pest threats and prevent unintended drift.
- IPM plans are created by crop consultants and updated annually.
- Tenants receive annual safety training on safe chemical applications and handling.
- Insecticides and fungicides are applied simultaneously to reduce the number of passes and inputs required.
- Sprayers record amounts of product used and type of solution sprayed. Records are reported to food grade buyers for suitability.
- CCAs create treatments with mixed modes of action and multifaceted vectors to treat multiple identified threats and avoid overly broad or unnecessary applications.

Result: In Conformance

4.2 Crop Protectant Management

Conformance Evidence

- Lease agreement

Auditor Notes

- Sites selected fence off chemical containers stored onsite with clear warning signs.
- Empty containers are triple rinsed and stored in a fenced area.
- Containers are returned to vendors or thrown away.

Result: In Conformance

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

5.1 Agricultural Energy Use and Conservation

Conformance Evidence

- Solar lease
- Wind lease assignments

Auditor Notes

- Newly constructed Ceres structures are built to "green" codes with higher energy efficiency standards.
- Energy usage on sites is recorded and reported to Ceres.
- New farm implements are equipped with autosteer, GPS, and sensors to increase efficiency.
- Variable frequency drives (VFDs) are installed on well pumps.
- Grain bins and silos are outfitted with high efficiency dryers. Bins use automatic moisture and temperature sensors to reduce power requirements.
- Tenant of site selected collects vegetative waste and feeds it to a biodigester to create energy.
- Sites within Ceres' portfolio have wind and solar energy operations onsite.
- Ceres conducts highest and best use analyses on sites and have found there may be opportunities to further pursue onsite renewable energy operations.

Result: In Conformance, Notable Practice

5.2 Air Quality

Conformance Evidence

- Ceres Partners Sustainability Policy

Auditor Notes

- Newer equipment on sites use Tier 4 engines and diesel exhaust fluid (DEF) to increase energy efficiency.
- Site selected upgrades equipment annually to increase efficiency. GPS is installed on tractors and equipment to map efficient routes and reduce emissions.
- Airborne dust is not an issue on sites selected.

Result: In Conformance

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

5.3 Climate-Smart Agriculture

Conformance Evidence

- Ceres Partners Sustainability Policy

Auditor Notes

- Ceres operators use cover crops and crop residues to support soil health. Residues are reincorporated to increase soil organic matter using vertical tillage.
- Sites selected use strip-till and no-till on sites to minimize greenhouse gas emissions and support soil health. Full tillage is relegated to resetting fields after tomato harvests. Reduced tillage minimizes greenhouse gas emissions and mitigates soil disturbance.
- Drought tolerant seeds are selected on non-irrigated farms to reduce impacts of warmer weather and lower rainfall.
- Regional climate issues are excessive wind and excessive rainfall in late spring. Hybrid seed selections are made to adapt to changing conditions on the farms. Seeds are resistant to pests and disease, tolerant to extreme weather, and maturity timing to prevent excessive crop loss.

Result: In Conformance

Objective 6: Waste and Material Management

6.1 Management of Waste and Other Materials

Conformance Evidence

- Ceres Partners Sustainability Policy

Auditor Notes

- Sites selected have replaced disposable trays for tomatoes with reusable hard trays.
- Tenant uses vegetative waste as biodigester fuel to create an additional energy source.
- Tenant of selected site carefully purchases inputs to avoid excessive waste.
- Drip tape used to irrigate tomato crops and used oil are recycled.
- Operators of selected sites in the Corn Belt do not have county or private recycling programs available.
- Chemicals onsite are kept in a fenced area to protect employees, farm labor, and the environment.

Result: In Conformance, Opportunity for Improvement (OFI), Notable Practice

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Objective 6: Waste and Material Management (Continued)

6.2 Food and Agricultural Waste Resource Recovery

Conformance Evidence

- Ceres Partners Sustainability Policy

Auditor Notes

- Regularly scouting fields minimizes loss to pests. When crops are damaged, operators attempt to dehydrate and sell as feed or repurpose into compost to support soil health.
- Reels are used to pick up and restore fallen corn crops. Harvests are organized to follow planting orders that promote efficient collection. Soft potatoes are reused.
- Harvested tomatoes are shipped from field to canneries directly and processed within 24 hours.
- Crop residues that are not reincorporated or left to armor the soil are repurposed as animal feed for local dairy farms.
- Manure applied on farmland to provide nutrients to non-food grade crops, such as crops that grow straw for dairies.

Result: In Conformance

Objective 7: Conservation of Biodiversity

7.1 Species Protection

Conformance Evidence

- Ceres Partners Sustainability Policy
- Highly Erodible Land Determination
- Certified Wetland Determination

Auditor Notes

- Assessments capture information on threatened and endangered species presence to conform with FSA requirements. The Natural Resources Conservation Service (NRCS) conducts bat audits and supports operators with identifying the potential for other threatened species in production areas.
- Ceres' due diligence process includes collecting historical information about a property from the tenant or landowner.
- The United States Department of Agriculture (USDA) will communicate the presence or possibility of endangered or at-risk species to Ceres upon property acquisition. The USDA will provide guidance on how to address threatened and endangered species.
- Sites selected in the Northeast have a conservation easement and host a 7-acre lagoon that provides natural habitat for wildlife.
- Ceres properties are designated as production agriculture land by the USDA.

Result: In Conformance

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Objective 7: Conservation of Biodiversity (Continued)

7.2 Wildlife Habitat Conservation

Conformance Evidence

- Leading Harvest Sustainability Commitment
- Ceres Partners Sustainability Policy
- HEL determination

Auditor Notes

- Ceres hired a former NRCS employee to track and maintain conformance with Farm Service Agency (FSA) requirements, Conservation Reserve Program (CRP) requirements, and other applicable requirements for Ceres and tenants. CRP areas have clearly defined borders.
- Features of production land such as trees, ditches, and newly determined wetlands are regularly reviewed. Wetland determinations are appealed if necessary to appropriately conserve natural areas and production land.
- Ceres is establishing wetland mitigation banks (replacement of wetland functions through the creation or restoration of wetlands) on sites within their portfolio to prepare for new wetland determinations on production land. Wetland mitigation banks will offset adverse impacts on newly defined wetlands.
- The NRCS provides wetland determinations and delineations as part of the purchasing process.
- Ceres properties are designated as production agriculture land by the USDA.
- Sites selected to not have ecologically important areas. Wooded areas are present on multiple sites and are left out of production. Hunting leases are permitted on wooded areas.
- Ceres operators create wildlife habitat by leaving wooded acres undisturbed, observing setbacks from waterways, and establishing pollinator habitats to create temporary wildlife habitats. Low marshy areas provide enhanced water removal from production land and are not farmed.
- Ceres does not pursue investments purely for conservation. The majority of land purchased within Ceres' portfolio was farmland prior to acquisition.

Result: In Conformance

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Objective 7: Conservation of Biodiversity (Continued)

7.3 Avoided Conversion

Conformance Evidence

- Leading Harvest Sustainability Commitment
- Ceres Partners Sustainability Policy
- HEL determination

Auditor Notes

- Environmental Site Assessment (ESA) Phase I assessments are conducted during property acquisition to determine which activities are allowed on investment properties.
- Ceres does not engage in farm development investments. Properties acquired are long-term farmland. Many sites are operated by multi-generational farm tenants.
- Written policy submitted and reviewed.
- Ceres is committed to preventing the deforestation of natural areas. Ceres does not purchase natural forest acreage.
- Production land does include stands of trees that are grown and cut for timber.
- Adjustments to natural forest tree lines were completed prior to Ceres' property ownership.

Result: In Conformance

7.4 Crop Diversity

Conformance Evidence

- Ceres Partners Sustainability Policy
- Cover Crop Contract

Auditor Notes

- Ceres has over 20 crops grown on sites within their portfolio and is committed to increasing genetic diversity. Rotations of sites within this year's sample include corn, soybean, wheat, rye, tomatoes, and various cover crops. Rotations are well-informed and designed to maintain soil and crop health.
- Crop selections are made in response to soil characteristics and drainage. Single sites contain more diversity than typical corn and soybean sites.
- Tomatoes are rotated out every four years to prevent disease risks.

Result: In Conformance

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Objective 8: Protection of Special Sites

8.1 Site Protection

Conformance Evidence

- Leading Harvest Sustainability Commitment
- Ceres Partners Sustainability Policy

Auditor Notes

- Special sites are identified during due diligence. Title research, conversations with operators and landowners, and state records are reviewed when applicable. Cultural assessments are conducted during acquisition of land involved with NRCS contracts or solar leases.
- Sites selected do not have special sites on properties.
- Ceres operators are trained to inform the appropriate authorities if special sites are identified. No sites have been identified while under Ceres management.
- Regional Indigenous populations assist with special site identification. Cultural assessments must be conducted on land being considered for solar options.

Result: In Conformance

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Objective 9: Local Communities

9.1 Economic Wellbeing

Conformance Evidence

- Ceres Partners Sustainability Policy
- Tax bill

Auditor Notes

- Office managers ensure local taxes are paid. Ceres payroll is performed by a third-party payroll firm.
- Ceres engages Deloitte to audit Ceres financial statements and provide K-1 tax forms for investors.
- Ceres has a Financial Controller who performs the bookkeeping duties and financial reporting compliance.

Result: In Conformance

9.2 Community Relations

Conformance Evidence

- Management interviews
- Ceres Farms / Ceres Partners Sustainability and Governance Policy

Auditor Notes

- Ceres supports local county fairs through monetary donations and purchasing farm animals.
- Ceres does not co-brand sponsorship efforts with tenants. Tenants can bring local issues or causes to Ceres management and request financial support.
- Ceres works with regional governments to identify highest and best uses for agricultural conversion projects.
- Tenants of selected sites are involved with county 4-H projects, educational community agriculture days, local chapters of the FFA, and boards related to agricultural trade issues and local community service.
- Tenants host educational school tours.

Result: In Conformance, Opportunity for Improvement (OFI)

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Objective 9: Local Communities (Continued)

9.3 Local Communities and Indigenous Peoples

Conformance Evidence

- Ceres Partners Sustainability Policy
- Leading Harvest Sustainability Commitment

Auditor Notes

- Ceres maintains a written commitment to recognize and respect the rights of local communities and treaty rights of Indigenous Peoples.
- Ceres acreage is registered as production agriculture land with USDA and is not community or Indigenous owned.
- Ceres' website gives community members an avenue to submit inquiries.
- The Portfolio Manager will contact the party that submitted the inquiry.
- Community requests to tenant operators are considered by management.

Result: In Conformance

9.4 Public Health

Conformance Evidence

- Ceres Partners Sustainability Policy

Auditor Notes

- Lease language clarifies tenant liability for injuries on or off the property.
- Ceres cautiously considers requests for public access to the properties. Permission is denied if an accident risk is identified.
- Bulletins are posted on sites by crop consultants to keep tenants informed of safety issues.
- Sites selected are in close proximity to residential and community areas.
- Spray activities are closely controlled and neighbors are informed of activities on sites.
- Few concerns have been raised from the community, and are filed using Ceres' website.

Result: In Conformance

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Objective 10: Employees and Farm Labor

10.1 Safe and Respectful Working Environment

Conformance Evidence

- Ceres Partners Sustainability Policy
- Leading Harvest Sustainability Commitment

Auditor Notes

- Ceres maintains an Equal Opportunity Employer Statement.
- Ceres provides anti-harassment and anti-discrimination training through global advisory firm, Kroll (formerly Duff and Phelps). Training complies with state standards.

Result: In Conformance

10.2 Occupational Training

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres maintains a continuing education policy.
- Staff are trained on safety plans and farm emergency plans that are kept on file for employee reference.

Result: In Conformance

10.3 Supporting Capacity for Sustainability

Conformance Evidence

- Leading Harvest Sustainability Commitment
- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres maintains a commitment statement to LH FMS and provides internal communications regarding LH membership.
- Ceres designated staff to be responsible for achieving LH FMS conformance.
- Ceres staff participates in industry conferences related to sustainable agriculture topics including renewable energy, wetland mitigation, and organic conversion.
- Ceres works to understand emerging agricultural practices, trends, and technologies including and regenerative agriculture prior to making formal commitments.

Result: In Conformance

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Objective 10: Employees and Farm Labor (Continued)

10.4 Compensation

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres staff are paid competitive wages and provided bonus structures and incentives.
- Salary reviews are conducted annually during compensation meetings.
- Compensation levels are based off of conversations with peers in the financial field across the country and are met by Ceres management.

Result: In Conformance

10.5 Farm Labor

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres management and tenants do not use Labor Contractors on sites.

Result: In Conformance

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Objective 11: Legal and Regulatory Compliance

11.1 Legal Compliance

Conformance Evidence

- Lease agreement
- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres' Assistant Controller is responsible for legal compliance documentation and bookkeeping.
- Ceres' has designated staff to coordinate with the USDA and other agricultural regulatory bodies to achieve compliance with appropriate laws, statutes, and regulations.
- Ceres employees internally share relevant updates such as Supreme Court decisions that impact production agriculture and best practices.
- Ceres has designated legal counsel to provide guidance and address legal challenges.
- Ceres managers monitor compliance with FSA and NRCS.
- Required soil testing and water quality tests are submitted to Ceres.
- Every year, Ceres employees attend a company-wide meeting and go over employee handbook topics that address compliance with regulatory agencies such as the USDA and Securities and Exchange Commission (SEC).
- Ceres participates in Financial Industry Regulatory Authority and SEC audits.
- Ceres financials are audited by Deloitte.

Result: In Conformance

11.2 Legal Compliance Policies

Conformance Evidence

- Lease agreement
- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Ceres maintains a written policy demonstrating commitment to compliance with social laws that govern and support anti-harassment, anti-discrimination, and workers' compensation and rights to a living wage.
- Purchased acreage is long-term farmland designated by the USDA per the 1985 Food Security Act.
- Ceres's Sustainability Policy commits to uphold the social welfare of its employees and staff.
- Ceres's Employee Handbook supports the rights of workers in alignment with the International Labour Organization.
- Lease language secures tenants' right to peacefully and quietly hold, have, occupy, possess, and enjoy the property for the duration of the lease as long as rent is paid and other lease obligations are fulfilled.

Result: In Conformance

CERES PARTNERS

LH FMS AUDIT SUMMARY REPORT

August 31, 2023

Objective 12: Management Review and Continual Improvement

12.1 Farm Review and Continual Improvement

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook
- Soil tests
- Ceres Farms / Ceres Partners Sustainability and Governance Policy

Auditor Notes

- Ceres reviews operations with management and portfolio managers and hosts biweekly meetings to review commitments and opportunities, external environmental factors, and upcoming activities.
- Ceres cross trains personnel to provide support for all Portfolio Manager positions.
- Ceres' Sustainability and Governance Policy ensures employees receive annual performance reviews and establish goals. Annual performance reviews of Portfolio Managers are supported by data collected from farms.
- Ceres uses an internal database system to organize farm data from tenants. Data is used to identify and support farm issues, production, and best management practices in place.
- Portfolio Managers collect multiple supporting documents from tenants, including soil maps, topography maps, tile maps, harvest tickets, and yield maps.
- Ceres evaluates capital expenditure for each location. Successful practices are identified and shared with other tenants. Improvements projects on properties include electric pumps, generators, and irrigation systems that may be operated remotely.
- Ceres' management frequently attends agricultural conferences to learn new techniques and solutions. Topics include land appraisal and management, building relationships with growers, and land-use opportunities such as solar projects.
- Research plots are in place on multiple sites within Ceres' portfolio, including research into Pivot Bio's proprietary "PROVEN" microbial technology designed to reduce inputs.
- Results from tenant personal projects may lead the tenant to implement new practices on Ceres-owned land.
- Ceres contracts Granular to calculate the return on investment of management practices in place to support continual improvement.
- Management decisions and policy changes are communicated across the entire portfolio.
- Sites up for lease renewal are closely reviewed to ensure Ceres is cultivating sustainable partnerships with growers.
- Ceres maintains goals that directly align with and support LH FMS conformance.

Result: In Conformance

CERES PARTNERS

LH FMS AUDIT SUMMARY REPORT

August 31, 2023

Objective 12: Management Review and Continual Improvement (Continued)

12.2 Support for Sustainable Agriculture

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook

Auditor Notes

- Farmers on Ceres properties engage in crop varietal trials.
- Ceres engages in capital expenditure conversations and arrangements with tenants to support sustainable land management and crop production.
- Ceres participates in programs endorsed by local conservation groups and universities.
- Projects in the Corn Belt include water table research on water quantity and quality, as well as a sustainable agriculture project with Notre Dame.
- Tenants are at liberty to engage in research opportunities on sites they lease.
- Sites selected use test plots to determine crop health and yields of seed varieties from dealers.

Result: In Conformance

Objective 13: Tenant-Operated Operations

13.1 Leased-Land Management

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook
- Leading Harvest Sustainability Commitment
- Lease agreement

Auditor Notes

- Ceres shares LH FMS commitments with tenants.
- Ceres' commitment to LH FMS objectives and conformance expectations are included in lease agreements.
- Lease requires tenants to use regional best management practices.
- Reductions in soil health can result in termination of leases.
- Ceres maintains a Leading Harvest Sustainability Commitment and clearly defines sustainable agriculture goals.
- Lease language addresses tenant expectations to operate safely and in compliance with applicable federal, state, and local laws, statutes and regulations.

Result: In Conformance

CERES PARTNERS

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Objective 13: Tenant-Operated Operations (Continued)

13.2 Leased-Land Monitoring

Conformance Evidence

- Ceres Partners Policy and Ethics Employee Handbook
- Leading Harvest Sustainability Commitment
- Lease agreement
- Management interviews

Auditor Notes

- Ceres tenants are assigned to a Portfolio Manager who handles outreach and program participation with agricultural programs.
- Portfolio Managers host calls to discuss practices in place and current issues throughout the year.
- Ceres management conducts farm visits at least once every year.
- Visits are scheduled more frequently when needed or during active improvement projects.
- Ceres Partners and tenants use ShareFile software to provide documentation and collaborate.
- Tenants are required to upload documents such as field maps, applicable USDA documentation, and yield results.
- Managers discuss improvement processes with tenants who are not meeting performance expectations prior to lease renewal.
- Ceres tracks issues on farms and reviews and prioritizes mitigation strategies. Farm data, including capital allocation, is saved and used to conduct reviews and assessments prior to capital expenditure approval.
- Previous results of LH FMS audits support continual improvement and conformance.

Result: In Conformance, Opportunity for Improvement (OFI)

CERES PARTNERS

LH FMS AUDIT SUMMARY REPORT

August 31, 2023

KEY FINDINGS

Previous Non-Conformances: N/A

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

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

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

1. 6.1.2 Resource Recovery

- a. Assistance in identifying recycling opportunities could be offered to tenants. Indiana Office of Program Support (OPS) has an Agricultural Liaison Service, and private programs have received grant funding to recycle ag waste in Indiana.

2. 9.2.1 Community Engagement

- a. Positive relations are in place with neighbors and in communities, but neither directly by Ceres nor regarding Sustainable Agriculture. Ceres could explore cobranding opportunities and support tenants in their local outreach or enact their own community outreach initiatives to reinforce this indicator.

3. 13.2.1a Process for Monitoring

- a. The frequency and schedule of tenant site reviews were evident, but not entirely predictable. The frequency of site visits could be standardized across portfolio managers (PM). Additionally, the frequency of site visits could be increased, annual reviews may not catch emerging challenges.

Notable Practices: Three (3) notable practices were identified during the audit.

1. 2.1.4 Crop Residues

- a. Residue practice expectations are included in lease requirements. A Notable Practice was determined due to the rarity of explicitly requiring conservation practices in leases, demonstrating the commitment of Ceres Partners to soil health and the preservation of soil biodiversity.

2. 5.1.2 Renewable Energy

- a. Various opportunities for renewable energy generation are present on sites. Biodigesters are a less common but promising addition to production sites.

A Notable Practice determination was due to Ceres Partners' accepting of renewables on production sites as supportive of highest and best use analyses. There was no defensiveness or hesitation from tenants when considering energy production on sites. The full support from Ceres in capturing the properties maximum potential through multiple strategies was impressive.

CERES PARTNERS

LH FMS AUDIT SUMMARY REPORT

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3. 6.1.1 Waste Disposal

- a. Waste and cost reduction strategies in place by Tomato growing tenants are voluntary and well executed. Ceres Partners demonstrated a commitment to tenants to allow them flexibility when identifying waste reduction strategies.

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Review of Previous Audit Cycle: Ceres Partners' managed acreage was certified in conformance with the Leading Harvest Farmland Management Standard in 2022. During the certification audit, there were zero (0) major or minor non-conformances, five (5) OFIs, and two (2) notable practices identified. Opportunities for improvement from the previous certification cycle were followed up on during the surveillance audit interviews, site visits, and documentation reviews.

CONCLUSIONS

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

CERES PARTNERS

LH FMS AUDIT SUMMARY REPORT

August 31, 2023

Summary of Audit Findings	
Program User	Ceres Partners
Audit Dates	May 26, 2023 – August 31, 2023
Non-Conformances Raised (NCR):	<i>Major</i> <i>Minor</i>
	0 0
Follow-Up Visit Needed?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>Date(s)</i>
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"/>
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> 2023/08/31
All NCR Closed	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>
Standard(s) Audited Against	
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)	
Audit Team Leader	Audit Team Members
Matt Armstrong	Jacques Werleigh, Linnea Rash, Andrew Zetterberg, Kyle Rusten
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-2022-0015
Proposed Date for Next Audit Event	TBD
Audit Report Distribution	Attn: Nate Kaehler