



Peoples Company
Clive, Iowa

LH FMS AUDIT SUMMARY REPORT: SURVEILLANCE 2022

September 20, 2022





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INTRODUCTION

This report summarizes the results of the first surveillance audit conducted on Peoples Company 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 Field Auditor Andrew Zetterberg. 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)*, *14064:2019 (Greenhouse Gases)*, *14001:2015 (Environmental Management Systems)*, as well as *IAF MD-1:2018 (Certification of Multiple Sites)*.

SCOPE AND OBJECTIVE

In 2022, Averum was engaged by Peoples to perform an audit of sustainability performance on 66,398 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 Midwest and Delta regions. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

Peoples Company is an independent agricultural investment firm. Farm operating tenants and management personnel are responsible for the day-to-day farmland management services for Peoples' properties. Peoples opted to certify 100 percent of their agricultural properties in 2021, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

Eleven (11) sites in the Midwest and Delta combined were selected for site visits, with two 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 rice, corn, soybeans, and cotton.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for Peoples coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held on July 8, 2022, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the Midwest were examined on July 13, 2022. Field sites in the Delta were examined on August 10, 2022. A closing meeting was held on September 20, 2022.

Opening Meeting: Conference Call

July 8, 2022; 10:00AM

Attendees:

(Peoples Company) Mollie Aronowitz, Eric Geiger, George Baird

(Audit Team) Matt Armstrong, Andrew Zetterberg

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

September 20, 2022; 10:00AM

Attendees:

(Peoples Company) Mollie Aronowitz, Eric Geiger, George Baird

(Audit Team) Matt Armstrong, Andrew Zetterberg, 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): 3
 - Notable Practices: 3
- Report timing and expectations: Matt Armstrong

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MULTI-SITE REQUIREMENTS

Peoples maintains operations on multiple properties in Arkansas, Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma, South Dakota, Oregon, and Washington. Peoples qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Regional managers are responsible for developing corrective action plans regarding LH FMS conformance and report them to Peoples management. Peoples' 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
Midwest	Corn, Soybeans	Five (5) sites visited during audit <ul style="list-style-type: none">- 3,336 gross acres in production- Nebraska represents 7% of all acreage- Management population: One (1) regional manager, two (2) tenant operators- Sites visited: Oil Field Farm, East 80 Farm, M&T North Farm, M&T Northwest Farm, Hedburg Farm
Region	Crop	Properties Examined During Engagement
Delta	Corn, Soybeans, Rice, Cotton	Six (6) sites visited during audit <ul style="list-style-type: none">- 16,268 gross acres in production- Arkansas represents 29% of all acreage- Management population: One (1) regional manager, two (2) tenant operators- Sites visited: Pine Tree, Hitch: Mallard, Hitch: Cicero, Hitch: Bell, Hitch: Burgess, Hitch: Indian Bayou

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AUDIT RESULTS

Overall, Peoples' 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 eleven operating sites, with five in the Midwest and six in the Delta. Visits were held mid-season, where crop health, irrigation practices, and other production activities were observed. Central and regional management representatives, as well as operating tenants, were present and interviewed to illustrate Peoples' 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. Peoples' Regional Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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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:

- *Socially Responsible Farmland Investment White Papers*
- *Farmland Stewardship Commitment*
- *Land management proposal*
- *Bid packets*
- *Management agreements*
- *mAgma brochure*
- *Ag Capital Advisors flyer*
- *Alternative Equity Advisors brochure*
- *Management services flyer*
- *Receivership services flyer*
- *Cover crop initiative flyer*
- *Cover crop application records*
- *Soil maps*
- *Financial performance reports*
- *Farm inspection videos*
- *Leading Harvest Policy Manual*

Auditor Notes: White paper on Socially Responsible Farmland is thorough on Peoples Company's commitment to farmland stewardship. Stewardship and conservation practices are promoted by management to tenant operators. Guidance and support programs for integrating stewardship practices are available from farm managers. Multiple reports are sent per year to tenant and landowners promoting best practices and innovation ideas. A standalone Farmland Stewardship Commitment policy has been created. Leading Harvest objectives are explicitly stated and agreed to in leases.

Delta regional managers have started bringing in younger tenants with less resistance to changing practices. Creative and energetic tenants make informed decisions regarding production practices to enhance property values and production. Peoples Company has expanded their Cover Crop Initiative outside of Iowa in partnership with Stein Seed, covering parts of the cost of cover crop seed and providing support on the integration and application of cover practices.

Community facing ag projects continue to grow and gain public attention, with public and private events at production ag properties. Diligence is performed on zoning and rezoning decisions, but never on properties that would fit the definition of Prime Farmland.

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

OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

Performance Measure (PM) 1.2 Critical External Factors

Conformance Evidence:

- *Farm inspection templates*
- *Operator inputs worksheet*
- *Property business plans*
- *Due diligence reports*
- *Soil testing summary reports*
- *Farm Service Agency (FSA) Maps*
- *Soil maps*

Auditor Notes: Inspection reports are due to be updated with LH FMS objectives and/or performance measures when a working process is developed. Managers comment on critical factors on each site in inspections and during the reporting process. Example critical factors include water withdrawal, soil structures, and water pH (balancing pH between wells and surface water).

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation

Performance Measure (PM) 2.1 Soil Health

Conformance Evidence:

- *FSA Compliance on Highly Erodible Land (HEL) soils*
- *Site business plans*
- *Organic soil sample results*
- *Soil sample results*
- *Operator input application reports*
- *Fertilizer application records*

Auditor Notes: Soil testing is done by grid sampling every three or five years, depending on the tenant site. General sampling is done every two years. Minimum tillage is performed when corn is in rotation, but full tillage is performed when soybeans are planted.

In the Delta, soil amendments have exceeded soil tests requirements and recommendations to provide a safety margin in lieu of implementing variable rate application. Agronomists are currently seeking concordance on the method as an acceptable best management practice (BMP), with involvement of Peoples management.

Consultants are hired for soil health management. Consultants are certified crop advisors (CCA) as are tenant operators on sites. Consultants provide recommendations for fertilizer use. Select sites apply fertilizer at a variable rate, based on prior year use and current year needs (NMP). Some sites in the sample apply a full broadcast yearly, with guidance from agronomists.

In the Delta, testing is performed in the Spring either behind the combine or in zones, and again post-harvest. Results are compared over multiple years to identify trends in soil conditions. Grid testing is avoided in most sites due to high variation of soil types. Caution is taken when testing to ensure that recommendations are not taken from outlier areas, but corrections are made in areas that test outside of tolerances. Multiple independent and co-op PCAs and CCAs assist with developing recommendations. Scouting on fields is performed two times a week.

Nutrient application records are kept containing all applications and rates used. Tenants apply higher than recommended amounts in cases to push soil fertility, still within acceptable tolerances. Straight rate applications are preferred to variable rates on many sites due to soil nutrient retention rates and variations in soil quality. Tenants report that variable rate can add financial pressures and be challenging to implement. Managers assist in finding alternative strategies that have the same effect of variable rate over a longer period in response to crop and soil needs. Peoples Company requires nutrient application records, and tenant managers assist with development on 50/50 owned farms.

Crop residues are reincorporated into the soil to support soil fertility and organic matter. Deep till is performed every five years on select sites to prevent compaction.

In the Delta, vertical tillage and residues behind combines are reincorporated into soil profiles. On rice properties, all residues are reincorporated except for rice straw.

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation (Continued)

Performance Measure (PM) 2.2 Soil Conservation

Conformance Evidence:

- *Aerial maps*
- *Field scouting reports*
- *Direct observation of practices*
- *Soil loss reports*
- *Lease language*
- *Farm inspection reports*
- *FSA Compliance on HEL soils*
- *Site business plans*
- *CSR records*
- *Soil loss reports*

Auditor Notes: There are no erosion issues on the sites visited. The land profile is flat, and water moves into designated buffer zones on the perimeter of the farm. Compaction is prevented by reducing passes and staying off the soil when it is wet.

In the Delta, care must be taken to dig waterways due to the bordering water resource areas. Peoples uses outside service providers to perform work on waterways. Grading and shaping for levees and ditches are performed on sites. Corrections for mismanagement by former tenants has been performed by new tenants, restructuring and rebalancing soil nutrition. V-tillage during bed prep reduces passes and compaction risks. Nearly no organic material is found in soil profiles in the region due to sand content. Natural Resources Conservation Service projects are underway for capture and re-lift on multiple sites.

No land is rested from production, although acreage is entered into CRP programs when the opportunity presents itself. Cover crops are in place where possible and economically feasible. Water management on irrigated sites and grading controls against erosion factors. Improved results have been found on sites employing zero grade practices on rice production sites.

Result: In Conformance

OBJECTIVE 3: Protection of Water Resources

Performance Measure (PM) 3.1 Water use

Conformance Evidence:

- *FSA Compliance documents*
- *Farm inspection reports*
- *Lease language*

Auditor Notes: Farms visited in the Midwest were non-irrigated. Multiple irrigation strategies were in place on Delta farms, with tenants selecting methodologies that are most appropriate and efficient for the landform and soil types on sites. Methods include alternative wetting strategies (row rice), traditional contour levees (flooding), zero grade (triple ditches), and precision leveling. Only surface water is used whenever possible since Delta sites are located on critical watersheds. Irrigation practices have been improved to reduce watering days. Multiple inlets are provided on sites.

Groundwater is becoming a more carefully monitored resource in regions that have historically had openly available water sources. Properties in the Delta region are adopting tail water recapture systems and on-site reservoirs at scale. Re-lifts have been installed at reservoirs to reuse captured water. "Pipe Planner" software is used to design drainage projects. Zero grade irrigation sites are reported to use 1/3 less water. Hybrid rice varieties are more resistant to reduced water.

Sample sites have tile installed to help remove water in a timely manner. Each farm has terraces to control runoff. In the Delta, watersheds are becoming critical, triggering increased EQIP funding for water conservations efforts such as water reservoirs, tail water recapture, ditch drains, etc. Farms with tenants that are designated "new farmers" get up to 90% cost shares on water developments, leading to a preference for younger tenants when possible. Ground water use is reported to the state. Conversion to zero grade irrigation practices have reported a 1/3 reduction in water usage. No state restrictions have been instilled on sites in the Delta yet, but managers keep tenants and operators informed on current changes in the regulatory environment.

Result: In Conformance

OBJECTIVE 3: Protection of Water Resources (Continued)

Performance Measure (PM) 3.2 Water Quality

Conformance Evidence:

- *Fertilizer input records*
- *Site business plans*
- *Lease language*
- *Direct observation*
- *Lease language*
- *Farm inspection reports*

Auditor Notes: Fields are scouted monthly during growing season. Scouting is done by both the tenants and consultants. Fertilizer is applied based on recommendations from consultants, except on sites where a predetermined broadcast is applied yearly.

Delta tenants report some drift issues from neighbors and are bringing in chemical experts to assess and track damage sources. Consultants employed are independent. Some cover crops are implemented where possible and economically feasible. Tenants report that crops do not seem to be responding to weed control products (Glyphosates) as much as in the past and are working with managers and agronomists on identifying alternatives.

Runoff is prevented by terraces implemented on the borders of the land. Select sites have tile systems installed and are looking to expand in future years. In the Delta, surface water conservation systems have increased buffers surrounding the area. Swath controls on sprayers control against overspray. Runoff is worse with rain events than after irrigation events. Tenants control against runoff by checking weather before spraying activities.

Result: In Conformance

OBJECTIVE 4: Protection of Crops

Performance Measure (PM) 4.1 Integrated Pest Management

Conformance Evidence:

- *Lease language*
- *Operator input requests*
- *Managers handbook*
- *Inspection templates*

Auditor Notes: Pest monitoring is done by regular field scouting by consultants. Tenants also factor in weather patterns over the last year to determine which pests can be present in the current year. Scouting frequency increases during pest heavy seasons. Scouts update tenants with news from around the farm, to spread awareness of imminent threats.

A pest-preventative seed is used yearly which has worked well. Consultants will recommend spraying when pests are detected. Tenants that apply pest control products themselves are properly trained and licensed for application, as required in leases. The tenants are aware of surrounding creeks when spraying to avoid chemicals traveling into the water. In the Delta spraying activities are informed by the requirements of the local plant board.

Pest control products are applied via plane when consultants recommend a spray. Tenants have found success with crop rotation as a pest-preventative practice. Sites have Integrated Pest Management (IPM) plans with recommendations, applications, and communications with consultants recorded.

Result: In Conformance

Performance Measure (PM) 4.2 Crop Protection Management

Conformance Evidence:

- *Operating reporting examples*
- *Lease language*
- *Farm inspection reports*

Auditor Notes: Pest control is done by the tenants and consultants. All tenant staff are properly trained and licensed, as required in the lease. Plane application is implemented at times. All empty containers are taken offsite immediately and returned to the supplier. Spray equipment has anti-drift tips. Broad application of glyphosate is employed on sites for grass control, and to control against infiltration on rice fields. Chemical storage sites, when found, were well maintained and organized. Pesticide trainings are conducted on sites for staff.

Result: In Conformance

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

Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation

Conformance Evidence:

- Lease language
- Direct observation
- Energy team announcement

Auditor Notes: Minimum till practices help reduce equipment hours and emissions. All tractors except one site in Nebraska utilize diesel exhaust fluid (DEF) engines, auto steer technology, and GPS. Each site follows a maintenance schedule on their equipment. Passes are minimized and activities are combined when possible - tillage and field prep passes, for example. Updated irrigation practices on sites reduce time spent in field, and number of passes, further reducing energy consumption.

Sites in the Delta had solar panels on support equipment (tensiometers, well monitors, safety lights, etc.). A solar array at a single Delta site offsets a portion of well and silo energy use. Peoples Company has a new energy management team that will act as a resource for all energy management projects in the future, including wind and solar project management. There is no solar being used on midwestern sites.

Result: In Conformance

Performance Measure (PM) 5.2 Air Quality

Conformance Evidence:

- Lease language
- Direct observation

Auditor Notes: Practices in place to reduce air emissions are reducing passes in harvest and planting which is done by training staff properly and minimizing tillage. One site in Nebraska does not have GPS or autosteer, and equipment is older on tier-3 or lower engines and no DEF in engines. Older equipment is well maintained and on schedule. Managers are available to assist in identifying fleet upgrade opportunities when they are desired by tenants.

There are no dust control issues in the Midwest or Delta.

Result: In Conformance

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

Performance Measure (PM) 5.3 Climate Smart Agriculture

Conformance Evidence:

- *Lease language*
- *Direct observation*
- *Energy team announcement*

Auditor Notes: A maintenance schedule is kept on sites. Implement dealers are used when certain maintenance and repairs are required. Equipment was from a variety of ages, both well maintained older equipment and newer more efficient equipment.

In the Delta, inhibitors are used on Nitrogen to avoid volatilization into the atmosphere.

Tile is installed on select sites. Plantings and harvest timings have varied to compensate for delays and other changes in annual schedules. Equipment is being purchased at the "right size" to get jobs completed quickly when the opportunity presents itself. Tenants identify alternative irrigation strategies and water sources to stay ahead of changing water access regulation.

Peoples Company has a new energy management team that will act as a resource for all energy management projects in the future, including carbon credit management.

Result: In Conformance

OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- *Lease language*
- *Managers handbook*
- *Farm inspection templates*

Auditor Notes: All waste on Midwestern sites is produced is organic and reincorporated into the soil.

In the Delta, jugs and totes are reused wherever possible, others go to the dumpster. Select sites are recycling all their waste via chemical dealers or third parties. Managers are permitted to make recommendations on third party waste management companies where the potential need is found.

Jugs and totes are reused as much as possible in the Delta. Pesticide and other hazardous wastes are stored and recycled once per year. Third-party services recycle products at select sites, or chemical dealers take totes back for reuse.

Third parties pick up waste oil for safe disposal or reuse. Storage of chemicals when found on sites were well managed and clean.

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

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

Conformance Evidence:

- *Lease language*

Auditor Notes: No excessive crop loss has occurred on the properties. Bins and silos are located on most sites, to time grain sales to market opportunities. Water applications are timed to conserve water while protecting growing crops.

Crop residue is left in field and reincorporated into the soil. Corn stalk is also used as a feedstock on neighboring cow fields. Select sites utilize litter and manure from neighboring operations annually.

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity

Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- *FSA and Soil Maps*
- *Annual reports*
- *Seasonal reports*

Auditor Notes: In the Delta, tenants were aware of species in area and the rate of incursion on sites. NCRS assessments are triggered when new projects are started. None were noted on sites in the Midwest.

Threatened, endangered and at-risk species occurrences are mapped and reported in Summer reports.

Result: In Conformance

Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- *Site business plans*
- *Farm inspection reports*
- *Lease language*
- *Seasonal Reports*

Auditor Notes: Wetlands bordering sites on the Delta are managed via the University extension office. Tree lines are left in place to set back production bayous and riparian areas. None noted by tenants in the Midwest.

In the Delta, rivers, creeks, wetlands, bayous, and swamps run alongside sites. Woodlands (non-natural forest) on sites are used by wildlife for habitats. Tenants provide buffers, setbacks, and former CRP areas with trees to avoid any sensitive areas and allow wildlife use in these zones. There were no such delineations in the Midwest.

Native habitats, conservation areas and wetland inventories are mapped and reported in Summer reports.

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity (Continued)

Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- *Leading Harvest Policy Manual*
- *Farm maps*
- *Delineation maps*
- *Management interviews*
- *Tenant interviews*
- *Lease language*

Auditor Notes: Crop acres are set at the onset of the lease term. Some tenants expressed interest in dragging drain line through nearby swamps. Managers assist with insuring tenants develop plans with the appropriate regulatory agencies before proceeding with approved plans.

A deforestation policy is current and on file. No natural forestland is present on sites, wooded areas have been planted as part of timber operations or CRP acreage. Tree stands are left in place near waterways and bayous. CRP areas are provided for some waterways.

Result: In Conformance

Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- *Lease language*
- *Farm inspection reports*
- *Site business plans*

Auditor Notes: In the Midwest, there is a rotation of corn and soybeans each year unless market demand is favorable for corn on corn. The rotation is in place to help with soil health and pest mitigation.

In the Delta, multiple crops are rotated on sites: rice, corn, beans, and cotton. Rotation depends on layouts of fields. For example, rice wouldn't be in the rotation for a hilly parcel.

Result: In Conformance

OBJECTIVE 8: Protection of Special Sites

Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- *Site business plans*
- *Soil surveys*
- *Site maps*
- *Site business plans*

Auditor Notes: Cultural resource assessments are triggered by NRCS projects. NRCS actively monitors projects that are on or nearby culturally or historically sensitive sites. On one site in the Delta historic artifacts have been located and identified.

Historic artifact sites are given wide clearance and secluded in wooded areas. Intermediate and buffer areas are avoided by farm staff.

Result: In Conformance

OBJECTIVE 9: Local Communities

Performance Measure (PM) 9.1 Economic Well-Being

Conformance Evidence:

- *Lease language*
- *Management interviews*
- *Cash rent bid packets*

Auditor Notes: Tenants buy supplies and services from local and regional suppliers. A shared purchasing co-op exists in Iowa for collective bargaining on seeds and chemicals. Local taxes on the farm sites are paid by tenant, as required in the lease. Property and other taxes are handled by the team at Peoples on behalf of the landowner. Staff on sites, where applicable, are from local communities. Employment of local community varies from farm to farm, with the sites either being family-run or outside hires.

Result: In Conformance

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- *Direct observation*
- *Press coverage of Peoples Company*
- *Landowner bootcamp*
- *Blog postings*
- *CIBO Partnership announcement*
- *Newsletters*
- *ASFMRA binders*
- *Webinar flyers*
- *Land Investment Expo information*

Auditor Notes: The Middlebrook "Agrihood" property continues to garner attention, with public and private events on sites. A community mercantile has opened across the street to take advantage of the increased attention to local agriculture. Peoples is testing a model of expanding one-on-one engagement with non-farming landowners through "bootcamps" to address sustainability opportunities and potential tools or resources to make progress in the area. As the program develops it will be handed over to other groups such as Practical Farmers of Iowa.

Midwest tenants engage in monetary donations to the local FFA and 4H branches. Donations also made to local fire and rescue departments.

Delta tenants engage in volunteer work, the ARSAW Rice Federation, Plant Board membership, Cotton Board membership, Farm Bureau, and FSA Board memberships.

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

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

Conformance Evidence:

- *Direct observation*
- *Press coverage of Peoples Company*
- *Managers handbook*
- *Internal memos*
- *Leading Harvest Company Policy Update Memo*
- *Indigenous Peoples Policy*
- *Social Responsibility Policy*

Auditor Notes: Peoples Company maintains a written Social Responsibility Policy that meets the LH FMS requirements. Employment of local community varies from farm to farm, with the sites either being family-run or outside hire. Some sites have long-term tenant managers who maintain direct relationships with neighbors.

Title, deed, and operating agreement research on the land being purchased is completed during client onboarding phase to confirm ownership status and comply with FSA PoA requirements. Peoples maintains a written Indigenous Peoples Statement addressing the rights of indigenous populations explicitly.

Peoples continues to be a local presence as noted in Performance Measure 9.1 and 9.2. Contact information is publicly displayed on select sites to allow the community to contact site managers directly with issues, concerns, or questions. Otherwise, managers remain available for tenants to contain with emerging issues. Cultural resource assessments are triggered during NCRS projects.

Result: In Conformance

Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- *Lease language*
- *Tenant interviews*

Auditor Notes: Sites visited are tenant operated, with no farm labor contractors on site. Leases require appropriate licensing for chemical application including safety training and performance. Signs are posted during sprayings by roads to inform the public of chemical presence.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor

Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- *Job listings*
- *Employer reviews*
- *Direct observations*
- *Peoples Company policy manual*
- *Peoples Company Positional Contracts*
- *New Employee Orientation*
- *Peoples Company Policy Manual*
- *Management Handbook*

Auditor Notes: W-2 employees are full-time and well experienced, tested through resumes, background checks, and appropriate licensing. All job listings include Peoples Company's Equal Opportunity Employer (EOE) status.

Staff are kept small on farms, or family operations. Peoples Company corporate office is diverse and gender equitable. Processes have been improved at Peoples Company to regulate staffing selections and onboarding. HR Directors have been hired. Each specialized team has their own director that oversees ongoing operations and compliance.

Result: In Conformance

Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- *Management handbook*
- *Lease language*
- *Site business plans*
- *Addendum to Management Handbook*
- *Policy manual*
- *Positional contracts*

Auditor Notes: Safety precautions are explicitly covered in lease language and policy manual via appropriate licensing. Peoples Company's sponsored cover crop education program has been expanded beyond Iowa to other states. Site inspections require a review that facilities appear safe and clean. A new HR Director has been hired and is tasked with improving training internally. Staff are mostly Accredited Farm Managers (AFMs) and working on attaining their Accredited Ag Consultant (AAC) certification.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- *Management Handbook*
- *Lease language*
- *Site business plans*
- *Social responsibility policy*
- *Goals and Objectives Statement*
- *Business plans*
- *Cross-selling talking points*
- *Sales meeting invites*
- *Summer training agendas*
- *Internal newsletter*
- *Management handbook*

Auditor Notes: Peoples Company's Sustainability Director is responsible for all sustainability facing projects and management. Commitments to Leading Harvest are documented in policy language, and repeated multiple times across company communications, both internal and external. Examples include employee onboarding materials, manager handbooks, goals and objectives, business plans, and site visit binders.

Peoples Company provides AFM training for managers along with a cover crop education program. Some sites operated by Peoples contain multiple sustainability consultants and conservation consultants. Staff are required to become AFMs and real estate brokers, with many managers working on additional accreditations.

Result: In Conformance

Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- *Management interviews*
- *Living wage commitment statement*

Auditor Notes: Peoples staff are a mix of W-2 employees and 1099 hires. Peoples maintains a living wage commitment statement to attract and retain talent. An HR Director was hired in the current year and manages wages and benefits.

Result: In Conformance

Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- *N/A*

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

Result: In Conformance

OBJECTIVE 11: Legal and Regulatory Compliance

Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- *FSA Compliance documents*
- *Site business plan*
- *Farm inspections*
- *Lease renewals*
- *Notices of lease terminations*

Auditor Notes: Conservation plans on file include HEL plans and wetland determination plans. Managers handle FSA compliance for each farm. Team directors manage compliance issues for their designated specialty. No existing workplace complaints have been filed.

Peoples commitment to legal compliance is included in business plans. Newly hired directors manage compliance considerations for each of their teams.

Result: In Conformance

Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- *Managers handbook*
- *Site business plans*
- *Lease language*
- *Social Responsibility Policy*
- *EOE status*
- *Indigenous Peoples Policy*
- *Company Policy manual*
- *Leading Harvest Policy Manual*

Auditor Notes: Peoples Company maintains and upholds policies on Social Responsibility, EOE, and Indigenous Peoples. Peoples' policies are consistent and in conformance with the International Labor Organization.

Quiet enjoyment is addressed in tenant expectations and manager right of entry and inspection portions of lease.

Result: In Conformance

OBJECTIVE 12: Management Review and Continual Improvement

Performance Measure (PM) 12.1 Farm Review and Continual Improvement

Conformance Evidence:

- *Site business plans*
- *Annual reporting*
- *Inspection reports*
- *White papers on ag innovation*
- *Soil testing summary reports*
- *Business plans*
- *Document definitions*
- *Operator input requests*
- *Operator reporting example documentation*
- *Operator inputs worksheets*

Auditor Notes: Employees generate their own performance and business plan, then have a mid-year review schedule. A template of performance plans review meetings has been provided. Managers' report their "rocks" (most critical needs and activities) quarterly and provide updates in weekly calls on their progress. Core values provide a code of ethics that employees follow. Peoples sponsors ASFMRA membership, as well as Accredited Agriculture Consultant, Certified Agricultural Consultant, and other accreditations. As Peoples Company expands outside of their original region, awareness has formed around what local expertise and region-specific knowledge new managers will be required to demonstrate.

Sustainable Management Plans and annual business plans are reviewed to address LH FMS appropriateness. Certifications are kept on record; managers are expected to work toward AFM certification. Licensing as real estate agents require ethics and legal reviews every 3 years.

Delta sites reported tests using See and Spray technology to minimize amounts of chemicals applied and time spent spraying. Peoples is testing a model of expanding one-on-one engagement with non-farming landowners through "bootcamps" to address sustainability opportunities and potential tools or resources to make progress in the area. As the program develops it will be handed over to other groups such as Practical Farmers of Iowa.

Annual business plans report on Wetland determinations, HEL, CRP contracts, certified acres, fertilizer application, crop protection, soil testing, goals for year, soil testing, commodity pricing, regional Corn Suitability Ratings (CSR), Sustainable Management Cycle. 2023 Business Plans are expected to be improved with expanded information and are under development.

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

OBJECTIVE 12: Management Review and Continual Improvement (Continued)

Performance Measure (PM) 12.2 Support for Sustainable Agriculture

Conformance Evidence:

- Management interviews
- Tenant interviews
- Webinar flyers
- Land investment expo information
- CIBO Partnership Announcements

Auditor Notes: Delta tenants partner with extension offices to manage projects such as: water usage and management of water projects. Tech partnerships are in place to research data capture in field and centralize information across the company.

Result: In Conformance

OBJECTIVE 13: Tenant Operated Operations

Performance Measure (PM) 13.1 Leased Land Management

Conformance Evidence:

- *Site business plans*
- *Internal business plans*
- *Lease language*
- *Management handbook and addendums*
- *Goals and objectives statements*
- *Social Responsibility Policy*

Auditor Notes: Leases include the requirement to operate farms in accordance with generally recognized and approved agricultural practices. Annual business plans report on conformance to the objectives of the Leading Harvest Farmland Management Standard. Newer tenant managers are trying to elevate annual reports to match the quality, content, and style of Peoples Company's annual business plans.

Lease language includes the requirement to operate farms in accordance with generally recognized and approved agricultural practices as well as following all legal compliance requirements.

Tenants that apply products themselves are required to maintain appropriate licensing, which requires safety trainings and continuing education. Materials are submitted annually for business plan creation.

Result: In Conformance

OBJECTIVE 13: Tenant Operated Operations (Continued)

Performance Measure (PM) 13.2 Leased Land Monitoring

Conformance Evidence:

- *Lease language*
- *Site business plans*
- *Management handbook*
- *Farm inspection reports*

Auditor Notes: Tenant managers check in with tenants multiple times per month, more often during heavy activity periods such as planning and planting.

Guidance is provided to tenants during project development and during check ins. Managers provide information while letting tenants self-direct and remain available for questions.

Tenants are on longer flex leases with rent floors. Tenants have been replaced in the past for mismanagement or failure to improve environmental conditions on sites. Younger tenants have been brought in to quickly make improvements to farm assets.

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

KEY FINDINGS

Previous Non-Conformances: No previous non-conformances were identified in the previous audit.

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

1. 6.1.1 Waste Disposal
 - a. Tenants were mixed in their responses on using third parties to manage and responsibly dispose of waste, with some reporting dumping potentially recyclable materials. While waste management is well regulated in leases, integrating Leading Harvest content into site inspections or other reporting methods may assist managers in knowing where they are able to assist tenants and make recommendations for service providers.
2. 13.2.1b Verifiable Monitoring System
 - a. Certain tenants have reported challenges with conservation practice selection and timing. Training materials or addendums to manager handbooks could detail methods for qualified management staff to act as educators and provide guidance on resolving issues without testing the limits of a tenant's quiet enjoyment.
3. 13.2.2 Improvement of the Verifiable Monitoring System
 - a. Peoples Company is reevaluating their processes for capturing data in the field and developing a reporting platform. The stated goal of the platform is to reduce managers reporting workload, increase contact with tenants, and capture information regarding farm performance as well as Leading Harvest conformance. While no non-conformances were identified in the areas, improvements to the reporting process and platform development could improve conformance demonstrations for at least 13 indicators:
 - i. 2.2.2
 - ii. 3.1.3
 - iii. 3.2.1
 - iv. 4.2.1
 - v. 7.1.1
 - vi. 7.1.2
 - vii. 7.2.1
 - viii. 7.2.2
 - ix. 8.1.1
 - x. 9.1.1
 - xi. 10.3.1
 - xii. 11.1.2
 - xiii. 12.1.4

Peoples Company

LH FMS AUDIT SUMMARY REPORT

September 20, 2022

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

1. 1.1.2 Farmland Stewardship
 - a. The cover crop program has been expanded outside of Iowa, despite challenges with tenants adopting new practices and seed providers. This program is internal to Peoples Company but appears to be very much in line with multiple Climate-Smart programs recently funded by the USDA. Peoples' willingness to accept the initial burden of program startup, execution, and growth through the most difficult operating period is notable.
2. 9.2.1 Community Engagement
3. 12.1.3 Agricultural Innovation
 - a. Peoples is testing a model of expanding one-on-one engagement with non-farming landowners through "bootcamps" to address sustainability opportunities and potential tools or resources to achieve agricultural innovation in the area. As the program develops it is expected to be handed over to other groups. Peoples Company's willingness to leverage their connections and involve partners in a discovery process is notable.

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The Leading Harvest logo cannot be used on product labels. The use of the Averum logo is not allowed without expressed permission from Averum.

Review of Previous Audit Cycle: In 2021, Peoples Company engaged Averum to perform their initial certification audit and were issued their inaugural certificate. Peoples Company successfully demonstrated their conformance to the LH FMS standard, with two opportunities for improvement and eight notable practices. One of the opportunities for improvement became in-conformance in this year's audit. One new notable practice was found during site visits in 2022.

CONCLUSIONS

Results of the audit indicate that Peoples Company has implemented a management system that continues to meet the requirements of and has maintained conformance with the Leading Harvest Farmland Management Standard 2020.

Peoples Company's certification to the Leading Harvest Farmland Management Standard 2020 is recommended to remain in good standing.

Peoples Company

LH FMS AUDIT SUMMARY REPORT

September 20, 2022

Summary of Audit Findings			
Program User	Peoples Company		
Audit Dates	July 8, 2022 – September 20, 2022		
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"/> <i>Date</i>
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/> <i>Date</i>
All NCR Closed	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
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	
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	2021-0003		
Proposed Date for Next Audit Event	TBD		
Audit Report Distribution	Peoples Company: Mollie Aronowitz (mollie@peoplescompany.com)		