

Vineyard Professional Services

Paso Robles, CA

LH FMS AUDIT SUMMARY REPORT

November 5, 2021





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Certification ID#	2021-0008

Certification Audit Re-Certification Audit Surveillance Audit Scope Extension

Vineyard Professional Services

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INTRODUCTION

This report summarizes the results of the first certification audit conducted on Vineyard Professional Services (VPS) managed production agriculture properties. The audit was conducted by Matt Armstrong, lead auditor for Averum. Mr. 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 and observations were collected by Jenna Nichol. Ms. Nichol has extensive experience with wine grape production in California, and a thorough understanding of best management practices in the field. The audit process and reports were independently reviewed by Kyle Rusten, who is a certified public accountant in the state of California and has expertise on multiple crop types in the United States. All senior members of the audit team hold training certificates in *ISO 17021:2015 (Conformity Assessment)*, *14001:2015 (Environmental Management Systems)*, as well as *IAF MD-1:2018 (Certification of Multiple Sites)*.

SCOPE AND OBJECTIVE

In 2021, Averum was engaged by VPS to perform an audit of sustainability performance on the entirety of their managed properties and determine conformance to the principles, objectives, performance measures, and indicators of the Leading Harvest Farmland Management Standard 2020 (LH FMS). LH FMS objectives 1 through 12 were covered during site visits on properties in California. There was no substitution or modification of LH FMS performance measures.

COMPANY INFORMATION

VPS is an independent agricultural management firm. Farm operating managers are responsible for the day-to-day farmland management services for VPS's properties. VPS 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.

VPS contracted with Averum to provide a Stage 1 audit, or Readiness Review, prior to engaging in their certification audit. Results of the readiness review were shared with VPS. On the certification audits, six (6) sites in California were selected for visits. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on sites is wine grapes.

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AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for VPS 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 15, 2021, preceding site visits. Following the meeting, a document review of all provided evidence was conducted by Averum. Field sites in California were examined on July 19, 2021. A closing meeting was held on November 5, 2021.

Opening Meeting: Conference Call

July 15, 2021

Attendees:

(VPS) Oliver Matthews

(Audit Team) Matt Armstrong, Jenna Nichol

Topics:

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

Closing Meeting: Teleconference

November 5, 2021

Attendees:

(VPS) Oliver Matthews

(Audit Team) Matt Armstrong, Jenna Nichol, Kyle Rusten

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: 5
 - Opportunities for Improvement (OFI): 2
 - Notable / Exemplary Practices: 1
- Report timing and expectations: Matt Armstrong

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MULTI-SITE REQUIREMENTS

VPS maintains operations on multiple properties in California. VPS qualifies for multi-site sampling since the volume of sites within the management system is 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 VPS management. VPS's current review and monitoring process is effective and ongoing.

Field visits and observations are conducted based on a sample of sites 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
California	Wine Grapes	Six (6) sites visited during audit <ul style="list-style-type: none">- 2,785.63 gross acres in production- 764.72-acre sample represents approx. 27.5% of all acreage- Sites visited: Shandon Vineyards A and B, Gateway Vineyard, ONX Vineyard, Woodland 2 Vineyard, Parrish Templeton Vineyard

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AUDIT RESULTS

Overall, VPS'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 were continuously supplied throughout the audit when requested. Documentation from multiple sites was provided to auditors. Field visits were performed on six operating sites. Visits were mid-harvest, so efficiency practices and harvesting processes were observable. Central management representatives were present and interviewed to illustrate VPS's conformance and policy implementation. Central management 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 directly by farm managers. VPS's Managers served as guides and were available throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

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

OBJECTIVE 1: SUSTAINABLE AGRICULTURE

Performance Measure (PM) 1.1 Sustainable Agricultural Stewardship

Conformance Evidence:

- *HR planning and goals documents*
- *Integrating sustainability into business guide*
- *Knowledge of wine quality guidance documents*

Auditor Notes: VPS operates an established agricultural management system. There is an awareness of and attention to best management practices present throughout the organization. Managers react to existing purchase contracts and prepare for the growing season accordingly. Managers weigh benefits of crop production against effects on soil health and farm productivity and amend or repair soil as needed. VPS managers address challenges related to properties during reviews and update meetings, or as needed when issues emerge. Properties are long-term farmland or owned by investors that are motivated to remain in production agriculture.

VPS engages with the American Society of Farm Managers and Rural Appraisers (ASFMRA) regularly to update meeting agendas and maintain current information. Regularly held core values meetings address vineyard design and production approaches.

Non-conforming items of concern: Written commitment statement is currently not developed. Management is developing VPS's sustainability integration documents into a formal commitment statement.

Result: Minor Non-conformance (See Key Findings)

OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

Performance Measure (PM) 1.2 Critical External Factors

Conformance Evidence:

- *Mite training reports*
- *HR planning and goals documents*
- *Integrating sustainability into business guide*
- *Knowledge of wine quality guidance documents*

Auditor Notes: Growing years on properties are broken into planning phases and production phases (plan → plant → plan → harvest). During planning phases, purchase contracts and forecasted conditions are considered and activities are planned. Management engages in frequent continuing education and training, as well as engagement with ASFMRA on current events.

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation

Performance Measure (PM) 2.1 Soil Health

Conformance Evidence:

- *Nutrient reports (Plans and soil tests)*
- *Manager interviews*
- *Auditor Observation*

Auditor Notes: Soil health is consistently measured and managed, with annual soil and tissue tests (some sites with multiple tests per year). Sulfuric acid injections are added to water supplies to lower soil pH. Current priorities include increasing organic matter in topsoil and increasing the density of soil on sandier soil types. Organic matter efforts are primarily provided through chopping and reincorporating all trimming and ag product water into the soil. Soil testing and sampling informs soil amendment needs, while tissue testing informs the need for mid-season amendments. Removals at harvest (yield) partially determines baseline corrections for the following year.

Result: In Conformance

OBJECTIVE 2: Soil Health and Conservation (Continued)

Performance Measure (PM) 2.2 Soil Conservation

Conformance Evidence:

- *Nutrient reports (Plans and soil tests)*
- *Manager interviews*
- *Auditor observation*

Auditor Notes: Soil health and erosion control is maintained on sites through cover crops between rows, spreading straw, diversion ditches, and mowing 3-4 times per year. Tillage is reduced on soils with gravel content, while areas with new plantings are tilled in order to eliminate competition for the vines being established. On some properties, every other row is disced to provide future cover crop areas. After establishment, rows are filled with a mix of 50% permanent cover and 50% rotational cover. Legumes are planted for nitrogen fixation and Verma compost is applied for increases in available organic matter. Healthy soils programs provide outside advice on soil health maintenance. Recent droughts have caused the need for increased tillage on some sites, to eliminate competition for water resources.

Soil sampling and removals (yield) inform correct levels for nutrients and amendments. Compost tea is applied to sites at a recommended rate (10 gallons per acre) and produced by VPS at a designated site. Cultivation has been eliminated as much as possible with the stated goal of enhancing soil profiles and root structures. Weed pressures such as cheese weed / malva and Russian thistle are controlled by allowed grass blends to become established. Some oats and barley are mixed into grass blends but not harvested.

Result: In Conformance

OBJECTIVE 3: Protection of Water Resources

Performance Measure (PM) 3.1 Water use

Conformance Evidence:

- *Irrigation reports*
- *Water irrigation assessment*
- *Interviews with management*
- *Auditor observation*

Auditor Notes: VPS has implemented Tule sensor systems on most ranches. This practice allows farm managers to identify plant stress at any time on mobile phones and make informed irrigation decisions. Provided irrigation reports identified ways to decrease water usage and made recommendations to decision makers. Irrigation systems are highly automated. Micro sprinklers are installed on some sites to assist in reducing water usage. Telemetry and soil moisture probes communicate with irrigation systems. Weather stations onsite further inform irrigation decisions and have assisted in determining micro-climates on sites. Irrigation plans are developed for separate micro-climates.

Result: In Conformance

Performance Measure (PM) 3.2 Water Quality

Conformance Evidence:

- *Water analysis reports*
- *NRCS water conservation documents*
- *Watershed policy*
- *Interviews with management*
- *Auditor observation*

Auditor Notes: Inputs and applications are reduced wherever possible to cut costs. VPS participates in NRCS Estrella Watershed Conservation Security Programs. VPS is involved with various groups that address the conservation of the Estrella Basin. The issues with the basin are known to VPS management, and efforts have been made to invest in irrigation forecasting technology in order to minimize the irrigation needed to sustain the vines on properties. VPS has taken steps to correct the poorer water quality of the watershed by treating irrigation water with an environmentally neutral buffer solution and limit the poor-quality water's effects on the vineyard. Water samples are taken at least annually to monitor quality conditions.

Result: In Conformance

OBJECTIVE 4: Protection of Crops

Performance Measure (PM) 4.1 Integrated Pest Management

Conformance Evidence:

- *Scouting reports*
- *Product recommendations and use reports*
- *Spray records and spray storage information*
- *Sign-in sheet for pesticide trainings*
- *Interviews with management*
- *Auditor observation*

Auditor Notes: Weekly scouting on all sites by qualified consultants provides risk identification and correction requirements. Management personally scouts in addition to crop consultants at least weekly.

Trapping of pests is utilized for pest control. Pest baiting is not preferred, to reduce chemical usage. Rows of insectary (insect attracting) plants are established to provide habitat for beneficial and pollinator species. Weeding has been mechanized to reduce chemical usage on sites.

Following scout recommendations, application timing can be adjusted in response to the weather. Cats are allowed on equipment storage sites to reduce pests (rodents) that can damage equipment.

Virus loads are not a threat on any sites planted after 2014, only the older plantings. Newer root stocks and modern approaches to vineyard design defend against viruses on their own due to genetic enhancements and natural defenses.

Result: In Conformance

Performance Measure (PM) 4.2 Crop Protection Management

Conformance Evidence:

- *Fungicide work order*
- *Field reports*
- *Pesticide handler training documents*
- *Spray records and spray storage information*
- *Sign-in sheet for pesticide trainings*
- *VPS Waste Policy*
- *Interviews with management*
- *Auditor observation*

Auditor Notes: Equipment is stored at the Home Ranch site for use by multiple other sites. Chemical storage was observed at the Home Ranch site and was appropriately secured. In the case of required spraying, notice is given three days before activities begin.

Result: In Conformance

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

Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation

Conformance Evidence:

- *Interviews with management*
- *Auditor observation*

Auditor Notes: Most equipment is not tiered, due to the preference for utilizing fully depreciated equipment on farms. Farm managers reduce machine hours and passes by increasing the time between fungicide passes. Irrigation equipment is all electric. Dual harvesters / multi-row sprayers are being utilized to further reduce the number of machines and passes. Over the row sprayers are utilized to further reduce soil compaction on sites.

Solar energy panels were observed on multiple sites for power generation.

Result: In Conformance

Performance Measure (PM) 5.2 Air Quality

Conformance Evidence:

- *Dust prevention plan*
- *Farm maps*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: The reduction of machine hours, and thus emissions, are primarily controlled through technologies that allow multiple rows to be worked simultaneously.

Dust control on sites is primarily achieved through cover crops, grasses, and crop waste reuse. Water trucks are used to control dust during periods of activity.

Result: In Conformance, OFI (See Key Findings)

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

Performance Measure (PM) 5.3 Climate Smart Agriculture

Conformance Evidence:

- *Documentation for Objectives 2, 3, 4, and 5*
- *Interviews with management*
- *Auditor Observations*

Auditor Notes: Climate smart agricultural practices on sites include minimized machine hours, minimized spray applications, and cover crops when feasible. Vine trimmings and production waste are reincorporated into topsoil. Due to the use of VPS's brewed compost tea organic matter in soil is elevated and trending upward.

VPS makes efforts to communicate best management practices to other vineyard managers via interaction with ASFMRA and hosting education events on their own. In addition to reducing climate threats related to soil, water, chemical use, or air emissions, VPS is changing grape varieties to select for higher heat and drought tolerances. Freedom and Harmony root stocks are being phased out of production due to root stock failures and collapse across the industry.

Result: In Conformance

OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- *VPS waste policy*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: All agrichemical waste containers are triple rinsed and slashed for disposal. No direct disposal is allowed on VPS sites. Waste is collected and stored for recycling wherever possible. Solid waste, such as used oil is picked up by Independence Environmental Services for recycling. Leftover pesticides are stored for priority use the next time the product is applied. Chemical inventories are maintained to track what is available and how much product needs to be ordered to complete the prescribed spray order and eliminate waste. Fuels such as gas and diesel are stored in tanks with secondary containment and is properly measured and labeled.

Result: In Conformance

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

Conformance Evidence:

- *VPS waste policy*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: Yields are closely tracked and analyzed in real time to alert harvesters to potential issues. All trimmings, residue, and ag product waste are chopped and reincorporated into the soil profile. Harvest timing is selected by targeting sugar levels and meeting required sweetness ("degrees brix").

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity

Performance Measure (PM) 7.1 Species Protection

Conformance Evidence:

- *Biological resource assessment*
- *Kit Fox habitat protection purchases*
- *Special status species reviews*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: VPS employs biological resource assessments on sites in the due diligence process to identify endangered, threatened, and at-risk species. Managers expressed awareness of special status species on sites. Territories of Kit Fox identified on sites have been protected by purchasing barriers and eliminating entry into sites.

Result: In Conformance

Performance Measure (PM) 7.2 Wildlife Habitat Conservation

Conformance Evidence:

- *Biological resource assessment*
- *NRCS watershed program documents*
- *Woodland preservation activities*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: Native vegetation on properties is left in place unless it presents itself as overly competitive with production vines. Root trimming is used on mature dry oaks on properties to reduce competition and maintain habitat. On sites with non-productive areas, native and ornamental vegetation is provided. Woodland preservation activities resulting from VPS's participation in the Estrella Watershed Conservation Program Woodland program are documented and reviewed annually. Cropland for wildlife habitat is provided via cover crop between rows, selective mowing, owl boxes on sites, and insectary rows for beneficial species.

Result: In Conformance

OBJECTIVE 7: Conservation of Biodiversity (Continued)

Performance Measure (PM) 7.3 Avoided Conversion

Conformance Evidence:

- *Biological resource assessment*
- *NRCS watershed program documents*
- *Woodland preservation activities*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: Wetland determinations are performed during due diligence and title research of prospective properties. Non-productive areas of farms are set with native and ornamental vegetation. On some sites, significant amounts of native vegetation were found. Properties do not run "fence to fence" and allow for biodiversity areas. VPS has a commitment to never plant over oak trees or old growth. Warnings have been communicated to managers that any deforestation would threaten VPS's ability to manage the site.

Non-conforming items of concern: A written deforestation statement is currently not developed. Management is developing VPS's existing due diligence and assessment documents into a formal deforestation policy.

Result: Minor Non-Conformance (See Key Findings)

Performance Measure (PM) 7.4 Crop Diversity

Conformance Evidence:

- *Interviews with management*
- *Auditor Observation*

Auditor Notes: VPS managers oversee the production of over 40 types of wine grapes, primarily French traditionals (Merlot, Cabernet Sauvignon, Syrah, etc.). Italian and Spanish varieties are coming into production as purchasing contracts come into place. 450 acres are currently being developed with new varieties over the next three years. Acres are replanted due to underperformance or emerging pest and disease pressures, which are continually monitored.

Result: In Conformance

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OBJECTIVE 8: Protection of Special Sites

Performance Measure (PM) 8.1 Site Protection

Conformance Evidence:

- *Farm maps*
- *Biological resource assessment*
- *Special status species reviews*
- *NRCS conformance reviews*
- *Participation with watershed groups*

Auditor Notes: All locations are thoroughly mapped. Biological resource assessments are conducted during the due diligence process to identify areas that are designated as protected areas. Projects that engage with the NRCS for conservation projects must undergo a cultural heritage assessment. NRCS assessments are in conformance with requirements. Issues identifying special status and protected areas are actively managed.

Result: In Conformance

OBJECTIVE 9: Local Communities

Performance Measure (PM) 9.1 Economic Well-Being

Conformance Evidence:

- *Interviews with management*
- *Auditor Observation*

Auditor Notes: Farm managers have relationships with local fertilizer, pesticide, and equipment suppliers and opt to buy local whenever possible. Irrigation projects are performed by local companies when possible. Trellis and fencing materials are provided by local suppliers. Management, mechanics, and staff are full time employees and locally based, with the farthest living a half hour away.

Result: In Conformance

OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.2 Community Relations

Conformance Evidence:

- *Promotions for public events*
- *News coverage and media*
- *Interviews with management*

Auditor Notes: VPS has been noted by the Ag Commissioner for their community responses. VPS engages in multiple areas of public outreach, such as their work with Vineyard Team, ASFMRA, and podcasts on sustainable wine grape production. Sites managed by VPS are used for vineyard tours and agritourism for the public, hosting large groups.

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

Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

Conformance Evidence:

- *Biological resource assessment*
- *NRCS conformance reviews*
- *Signage on sites*
- *Interviews with management*
- *Auditor Observation*

Auditor Notes: VPS does not currently own or operate any Indigenous land. There are neighboring indigenous populations on some sites. VPS adheres with local regulations for neighboring communities and other public groups like schools. Farms are thoroughly mapped, parcels are clearly identified, and delineation maps are well documented. VPS has signage posted at ranches, which identify the Farm Labor Contractor (FLC) number, ranch managers name, and the contact information for the ranch manager.

Non-conforming items of concern: A written social responsibility commitment is not developed. Management is developing VPS's existing policy documentation into a formal social commitment policy.

Result: Minor Non-Conformance (See Key Findings)

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OBJECTIVE 9: Local Communities (Continued)

Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- *Interviews with management*
- *Auditor Observation*

Auditor Notes: Select sites back up to local schools. Managers communicate with principals and parents on a regular basis and give notifications regarding spray dates. There are significant tours and tastings held at the ONX site, which is located in the middle of a neighborhood. Neighbors are contacted three days before spray dates. Sprays are restricted within a quarter mile of schools, neighborhood, or public areas. Schools are given additional outreach with longer lists of contacts and extra details regarding spraying.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor

Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- *Employee handbook*

Auditor Notes: VPS's employee handbook includes policies for anti-harassment, disability, medical leave, benefits, and filing complaints and suggestions. The handbook is available in both English and Spanish and includes a signed acknowledgement form.

Result: In Conformance

Performance Measure (PM) 10.2 Occupational Training

Conformance Evidence:

- *Pesticide handler training document*
- *PTO policy*
- *Implements and mowing safety document*
- *Spray Safe certification*
- *Heat illness prevention document*
- *Spill kit training documents*

Auditor Notes: Sign-in sheets for formal trainings, annual safety trainings, Spray Safe, heat illness, and tailgate trainings were reviewed for completeness. Ranch inspection sheets were reviewed and include PPE reviews.

Result: In Conformance

OBJECTIVE 10: Employees and Farm Labor (Continued)

Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- HR manual
- Training sign-in sheets
- Staffing and recruiting strategy documents
- Registrations for Sustainable Ag Summit and ASFMRA conferences

Auditor Notes: VPS's HR manual catalogs responsibilities for each role, including training and continual improvement. VPS staff engage in monthly trainings covering a variety of topics. VPS registers for and sponsors events, such as the Sustainable Ag Expo put on by Vineyard Team. VPS donates equipment and facilities for trainings. Oliver Matthews plans multiple trainings for industry groups that will trickle down to neighboring growers and industry peers.

Non-conforming items of concern: A written LH FMS commitment statement is currently not developed. Management is developing VPS's existing public documentation into a formal commitment statement.

Result: Minor Non-Conformance (See Key Findings)

Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- Interviews with Management

Auditor Notes: Junior tractor drivers are reported as the lowest paid full-time employees at VPS. The other staff, approximately 90%, are paid at levels that would be considered living wages using the accepted current definition (appropriate compensation to avoid reliance on public assistance programs).

Result: In Conformance, OFI (See Key Findings)

Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- FLC contract
- FLC training sign-in sheets
- FLC certification documents
- Interviews with management

Auditor Notes: FLC contracts, training records, and certifications were reviewed with VPS management. FLC contact numbers are shared with the public and VPS is transparent about the FLCs that they work with. Regular reviews and short-term contracts with FLCs help to ensure that contractors comply with applicable federal, state, and local legal requirements. FLC policies, practices, and trainings were found to be in conformance with LH FMS indicator 10.5.1.

Result: In Conformance

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OBJECTIVE 11: Legal and Regulatory Compliance

Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- OSHA posters
- CAL OSHA posters
- Safe handling training
- Chemical permits
- Interviews with management

Auditor Notes: OSHA and CAL OSHA posters are posted at each ranch that employees report to daily. Posters are provided via VPS's insurance provider. VPS' COO is tasked with legal compliance on operations and production, with multiple safety trainings throughout the year. Vineyard managers are responsible for legal compliance on safety and chemical permits. Insurance providers supply annual updates on legal compliance issues. Pesticide regulations including new laws for the coming year are covered every year at the Sustainable Ag Expo by Vineyard Team (a non-profit coalition of vineyard managers that provide trainings and education). Ag Safe members provide oversight and regular updates on safe operating procedures. VPS staff hold a five-minute session before shifts to ensure compliance with new regulations and night work standards.

Result: In Conformance

Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- FLC contract
- FLC certification documents
- Employee handbook
- Interviews with management

Auditor Notes: Only FLCs in good standing with the state are selected for contracts. VPS conducts due diligence checks on FLCs to assess risk of association before contracting with labor providers. Employee handbooks contain legal compliance policies for employees.

Non-conforming items of concern: A written legal compliance policy is currently not developed. Management is developing VPS's existing policy documentation into a formal commitment statement.

Result: Minor Non-Conformance (See Key Findings)

OBJECTIVE 12: Management Review and Continual Improvement

Performance Measure (PM) 12.1 Farm Review and Continual Improvement

Conformance Evidence:

- *Client management files*
- *Interviews with management*

Auditor Notes: Every ranch managed by VPS has a budget set at the beginning of the growing season. The budget is reviewed monthly by VPS management. Emerging issues that impact budgets are examined and explained before causing material impacts to budgets, such as when acreage needs to be replanted due to underperformance, lack of marketability, or disease. VPS has discretion for decisions under a set amount, yet practices to not move forward on any significant changes without prior approval from clients.

Client management files were reviewed with management, and included information related to water, photos of sites, grants on sites, permits, lab testing results, irrigation management records, harvest and yield records, fertility, client communications, replants and insurance. Clients receive weekly budget updates for all ranches, with some including written clauses establishing the threshold of what amount of budget adjustment would require additional client contact.

Result: In Conformance

Performance Measure (PM) 12.2 Support for Sustainable Agriculture

Conformance Evidence:

- *Interviews with management*

Auditor Notes: VPS engages with Cal Poly University for research and recruiting purposed such as ag innovation programs and cost analysis investigations. Trials with partner from Vineyard Team are conducted at both VPS and partner locations.

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KEY FINDINGS

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

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

Minor Non-Conformances: Five (5) minor non-conformances were identified during the audit.

1. 1.1.1 Farmland Stewardship Commitment
2. 7.3.2 Deforestation
3. 9.3.1 Local Community and Indigenous Peoples Policy
4. 10.3.1 Sustainability Policy Commitment
5. 11.2.1 Written Legal Compliance Policy
 - a. Written policies were not identified or submitted for review during the audit period. These indicators require a written statement or policy. Observed and described practices did not increase the risk of further nonconformance, however the required written policies were missing.
 - b. **Corrective Action Plan:** Design and draft company policies / statements for review in the VPS's 2022 surveillance audit. Refer to Leading Harvest guidance documents if needed.

Opportunities for Improvement (OFI): Two (2) opportunities for improvement were identified during the audit.

1. 5.2.1 Air Emissions
 - a. Documentation on air emissions reduction technology was not recorded. Records reporting the purchase or use of low emissions equipment will assist in demonstrating conformance to this indicator.
2. 10.4.1 Wages and Pay:
 - a. It was noted in interviews that approximately 90% of VPS staff compensation is set at a level that would be considered a living wage. In surveillance audits, documentation of salary surveys, compensation reviews, etc. will be of assistance when demonstrating conformance to this indicator. Progress toward achieving 100% of staff compensation that meets the definition of a living wage should be reflecting in future surveillance audits.

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Exemplary Practices: One (1) exemplary practice was identified during the examination.

6. 9.2.1 Community Engagement

- a. VPS has been recognized by Ag Commissioners for community engagement on sites. Additionally, VPS's engagement with the Vineyard Team and the Sustainable Ag Expo is a commendable level of outreach regarding sustainable wine production.

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

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: N/A

CONCLUSIONS

Results of the audit indicate that Vineyard Professional Services has implemented a management system that meets the requirements of the Leading Harvest Farmland Management Standard 2020. Outstanding minor non-conformances have been addressed with Vineyard Profession Services, and corrective action plans have been reviewed and found to be appropriate. Otherwise, Vineyard Profession Services is found to be in conformance with the Leading Harvest Farmland Management Standard 2020.

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

Vineyard Professional Services

LH FMS AUDIT SUMMARY REPORT

November 5, 2021

Summary of Audit Findings					
Program User	Vineyard Professional Services				
Audit Dates	July 15, 2021 – November 5, 2021				
Non-Conformances Raised (NCR):	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"><i>Major</i></td> <td style="width: 40%;"><i>Minor</i></td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">5</td> </tr> </table>	<i>Major</i>	<i>Minor</i>	0	5
<i>Major</i>	<i>Minor</i>				
0	5				
Follow-Up Visit Needed?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>Date(s)</i>				
Follow-Up Visit Remarks					
Follow up visits deemed unnecessary; all non-conformances were related to written policy documentation. Follow up on written policies during 2022 surveillance audit.					
Team Leader Recommendations					
Corrective Action Plan(s) Accepted	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> <i>Date</i> 11.02.2021				
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> <i>Date</i> 11.05.2021				
All NCR Closed	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> <i>Date</i> 11.02.2021				
Standard(s) Audited Against					
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 12)					
Audit Team Leader	Audit Team Members				
Matt Armstrong	Jenna Nichol 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	2021-0008				
Proposed Date for Next Audit Event	TBD				
Audit Report Distribution	Vineyard Professional Services: Oliver Matthews (omatthews@vineyardpro.com)				