



## **Hancock Natural Resource Group**

Boston, Massachusetts

LH FMS Surveillance Audit:  
Summary Report

Direct Operated Properties

June 2, 2021



# Hancock Natural Resource Group

## 2021 LEADING HARVEST SURVEILLANCE AUDIT: SUMMARY REPORT

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<b>Recertification Due Date</b>	October 30, 2023
<b>Cert. ID#</b>	2020-0001

Certification Audit		Re-Certification Audit		Surveillance Audit	X	Scope Extension	
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### Introduction

This report summarizes the results of the first surveillance audit conducted on Hancock Natural Resource Group's Directly Operated 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 AA1000AS provider, and has expertise in production agriculture on multiple crop types in North American regions. Mr. Armstrong was assisted by Auditor-in-Training Jenna Nichol, who has expertise in viticulture and permanent crop production and harvest. 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 western region of the United States. Mr. Armstrong and Mr. Rusten 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)*.

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#### **Scope and Objective**

Hancock Natural Resource Group's (HNRG's) conformance to the Leading Harvest Farmland Management Standard (LH FMS) was certified in 2020. In 2021, Averum was engaged by HNRG to perform surveillance audits of sustainability performance on 72,822 acres of direct managed agricultural operations and determine the maintenance of their conformance to the principles, objectives, performance measures, and indicators of the LH FMS. LH FMS objectives 1 through 12 were covered during site visits on properties in California and Washington. There was no substitution or modification of LH FMS performance measures.

#### **Company Information**

Hancock Farmland Services (HFS) is the property management subsidiary of HNRG, a global agriculture investment manager. HFS is responsible for the day-to-day farmland management services for HNRG's direct operated properties in California, Washington, and Wisconsin. HNRG's California properties are split into three "sub-regions"; North, Central, and South, spanning from north of Sacramento to south of Bakersfield. Due to the abundance of property in California, one of the three sub-regions will always be included in HNRG's annual sample. Washington and Wisconsin selections alternate depending on any unique criteria in the given year.

HNRG's direct operated (DO) properties span a wide variety of terrain, from the rain shadow east of the Cascades in Washington, throughout the central valley of California, to the wetlands and bogs of central Wisconsin. The audit was conducted in Southern California (Tulare Corona, Tulare County Line, Kern Palm, Kern Bell, and PA 15/PV3) and Washington (Kays (KHA) parcels – Dekker and Highland, and Konnowoc parcels – Riggs, etc.) regions. Wisconsin properties were visited in 2020 during certifications audits and no nonconformances were noted. Additionally, personnel overseeing safety and compliance for all 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 consists of almond, pistachio, walnut, apple, grape (table and wine), and cranberry varieties.

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#### Audit Plan

Site visits were coordinated with HNRG staff to manage logistics and increase efficiency. An audit plan was developed and is maintained on file by Averum. An online portal was established for HNRG coordinators to upload evidence and documentation securely for auditor review. Evidence was continuously uploaded throughout the audit. An opening meeting was held at 9:00am on May 5<sup>th</sup>, 2021, via conference call. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites on the California properties were examined on May 5<sup>th</sup>, 2021. Field sites on Washington properties were examined on May 18<sup>th</sup>, 2021. A closing meeting was held at 1:30pm on June 2<sup>nd</sup>, 2021.

#### Opening Meeting: Conference Call

May 5, 2021; 9:00 am

**Attendees:** (HNRG) Holly Evers, Brett Calhoun, Dewey Holliday, Carl Evers, Brandon Spain, Ty Alexander, Austin Williams, Arnoldo Barajas, Manuel Reyes, Natasha Wise, David Bergvall, Matthew Bonham, Yasenia Gomes, Samantha Lopes, Casey Hubbs, Boyd Corkins  
(Audit Team) Matt Armstrong, Jenna Nichol, Kyle Rusten

**Topics:**

- Introductions of participants and their roles: Holly Evers
- Introduce audit team: Matt Armstrong
- Status of findings of the previous audits: Matt Armstrong
- Audit plan: Matt Armstrong
- Work safety and emergency procedures: Holly Evers
- Expectations of HNRG staff: Matt Armstrong
- Method of reporting: Matt Armstrong

#### Closing Meeting: Teleconference

June 2, 2021; 1:30 pm

**Attendees:**

(HNRG) Holly Evers, Boyd Corkins, Carl Evers, Brandon Spain, Manuel Reyes, Arnoldo Barajas, Samantha Lopes, Austin Williams, Ty Alexander, Dewey Holliday, Brett Calhoun, Casey Hubbs, Yasenia Gomez, Natalie Gomez, Roman Ochoa, Israel Valladares-Farais, Agustin Dominguez-Lopez, Brian Kernohan, Matthew Bonham, David Bergvall, Kevin Wright, Natasha Wise  
(Audit Team) Matt Armstrong, Kyle Rusten, Jenna Nichol

**Topics:**

- Opening remarks: Holly Evers
- Statement of confidentiality: Matt Armstrong
- Closing summary: Matt Armstrong
- Presentation of the audit conclusion: Matt Armstrong
- Non-Conformances: 0
- Opportunities for Improvement (OFI): 1
- Exceptional practices: 5
- Reporting timing and expectations: Matt Armstrong

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#### Multi-Site Requirements

HNRG, through HFS, maintains operations consisting of a central office in Turlock, CA and five regions, with multiple sites within each region. HNRG qualifies for multi-site sampling because sites within the management system are centrally controlled and directed by regional managers, with regular monitoring activities. Additionally, HNRG has dedicated resources overseeing risk and compliance across the organization monitoring on an on-going basis. Regional managers are responsible for developing action plans regarding Leading Harvest conformance and report them to the Sustainability Coordinator and central office. HNRG's current review and monitoring process is effective and on-going.

Field visits and observations are conducted based on a sample of regions each year. Sampling methodology is provided in the Leading Harvest Farmland Management Standard. 7.8% of HNRG's total DO properties were selected for physical inspection. In accordance with IAF-MD methodology, all sites were randomly selected with consideration to previous year's audits and coordinated to ensure representative coverage of the complexity of the portfolio, variance in sizes of properties, environmental issues, geographical dispersion, and logistical feasibility. Additionally, due to the COVID-19 pandemic, site visits were planned and coordinated to ensure the highest level of safety for both HNRG staff and auditors.

Region	Crop	Properties Examined During Engagement
West (North)		
West (Central)		
West (South)	Almonds, Pistachios	Tulare Corona, Tulare County Line, Kern Palm, Kern Bell, PA15/PV3 <ul style="list-style-type: none"><li>- 5 of 46 properties</li><li>- 10.9% of regional properties</li><li>- 4.9% of total DO properties</li></ul>
Pacific Northwest	Apples	Kays (KHA) parcels – Dekker & Highland, Konnowoc parcels - Riggs <ul style="list-style-type: none"><li>- 3 of 14 properties</li><li>- 21.4% of regional properties</li><li>- 2.9% of total DO properties</li></ul>
Midwest		

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#### Audit Results

Overall, HNRG's agricultural operations continue to demonstrate conformance 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, as well as more detailed sets of data from single sites. Field visits were performed on eight operating sites, five primarily producing almonds and pistachios, and three primarily producing apples. Central and local management representatives were present and interviewed to illustrate HNRG policy creation and 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. Stewardship coordinators were available as guides throughout the entire engagement, providing logistic support and honoring evidence requests wherever needed.

The following are summarized findings, per LH FMS performance measure, for the audit across all regions. 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: Ag Stewardship Commitment, HAIG Stewardship Policies, HAIG Stewardship Principles, HFS Community Engagement Procedures, HFS Integrated Pest Management Procedure, HFS Nutrient Management Plan, HFS Sediment and Erosion Control Procedure, HFS Soil/Tissue/Water Analysis, HFS Waste Management Policy, HNRG 2021 SRI toolkit, Global GAP results, farm maps, Risk Management Matrix, Social Responsibility Policy, Training documentation, sustainability talks recordings, yield reports, verbal overviews of how environmental, social, and environmental synergies are managed in balance with profitability, verbal descriptions of activities to avoid conversion of prime farmland

*Auditor notes: HNRG operates a mature agricultural management line of business. Commitment to, awareness of, and attention to sustainable ag practices are present throughout the organization. Properties are in conformance with the Global GAP (Good Agricultural Practices) standard where applicable.*

**Result: In conformance, notable practice (see key findings)**

##### PM 1.2 – Critical External Factors

Conformance Evidence: Critical External Factors form, verbal overview of the process for identifying and addressing critical external factors, key risks, and opportunities

*Auditor notes: Issues that require increased awareness of management vary from region to region. The most reported material management issues are water security, increasing efficiency, and adapting to changing conditions on sites. In addition to due diligence practices, HNRG has systems and policies in place to support regional and farm managers in negotiating issues as they arise. Yield records are reviewed and aligned with planned yields.*

**Result: In conformance**

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#### **OBJECTIVE 2 – SOIL HEALTH AND CONSERVATION**

##### PM 2.1 – Soil Health

Conformance Evidence: Verbal descriptions of application of regional BMPs, descriptions of soil health monitoring systems, verbal descriptions of approaches to nutrient management, verbal descriptions of crop residue management, visual confirmation of practices, Nutrient Management Plans, sampling and testing procedures, soil productivity policy, yield reports, soil tests, tissue tests, fertilizer use reports, sanding records, application summaries

*Auditor notes: Properties test soil health and leaf tissues and maintain nutrition plans that hold soil productivity and health as the primary concerns. Tests are geographically varied and are performed on a myriad of crops. Nutrition plans are informed and modified through testing and professional crop consultant analysis. Crop consultant recommendations are reviewed for lack of care or attention. Consultant recommendations and product use reports are prepared and stored.*

**Result: In conformance, opportunity for improvement (see key findings)**

##### PM 2.2 – Soil Conservation

Conformance Evidence: Verbal description of in-field application of regional BMPs to minimize soil erosion and damage, verbal description of process to avoid the loss of lands to soil mismanagement, visual confirmation of practices, sediment and erosion control procedures, dust control practices, sediment and erosion control plan

*Auditor notes: HNRG strives for efficient production to enhance sustainability efforts as well as reduce operating costs. Organic material is added at the beginning of growing season and with new plantings. Cover and grasses are in place where feasible to secure and enhance soil health while ensuring harvest disruptions are minimized. Biological waste and biomass is reincorporated into soils wherever possible. Properties are rested to recharge soils between redevelopments.*

**Result: In conformance**

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#### **OBJECTIVE 3 – PROTECTION OF WATER RESOURCES**

##### PM 3.1 – Water Use

Conformance Evidence: Verbal descriptions of processes for avoiding available groundwater depletion beyond recharge capacity, verbal description of participation in regional water use conservation programs, verbal descriptions of programs to conserve water and manage pests, salinization, and other impacts, verbal description of application of regional BMPs, visual confirmation of practices, demonstration of technological advancements in field, water use and management policy, well maps and meter readings, status tracking of groundwater, SGMA (CA) planning, irrigation records, daily ETOs, total water use by bed, total water use by month, Nitrite data requests, water meeting minutes, Global GAP results, Nitrogen management plans, water schedules, water analysis results, pump tests, surface recharge maps, weather reports, soil moisture monitoring reports

*Auditor notes: Surface water is actively managed and well usage is reduced where possible. Soil moisture probes are utilized throughout the properties, as well as manually digging test holes. Remote control irrigation technology has been implemented, and water usage reports and graphs are employed to help inform decisions. Additionally, investment has been made into custom advance pump stations with integrated temperature monitoring that operates continuously. External water advisors have been contracted to assist with efficiency projects. Properties are in conformance with the Global GAP (Good Agricultural Practices) standard where applicable.*

**Result: In conformance**

##### PM 3.2 – Water Quality

Conformance Evidence: Verbal description of application of regional BMPs to protect groundwater from agricultural inputs, verbal description of application of regional BMPs to protect wetlands and resources from runoff, visual confirmations of practices, structures to control and direct waterflow, water recapture points, water use and quality management policy, nitrogen management plans, pesticide use reports, water test results, riparian site management policy

*Auditor notes: Riparian areas are respected and protected through a variety of practices, including generous buffers. Fertilizer injection pumps are installed throughout the properties and are actively managed. No evidence of run off, soil erosion, or over-application of nutrients was observed on sites.*

**Result: In conformance, notable practice (see key findings)**

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#### **OBJECTIVE 4 – PROTECTION OF CROPS**

##### PM 4.1 – Integrated Pest Management

Conformance Evidence: Verbal descriptions of pest monitoring efforts and practices, descriptions of threshold application amounts to prevent crop loss, verbal descriptions of processes to achieve crop protection, verbal descriptions of pest management routines to avoid crop protection resistance and pest build up, verbal description of lowest risk product selection process, visual confirmations of practices, Agricultural Chemical Use Policy, IPM Policy and Procedure, monthly reports, PCA reports, ranch inspections, pre-harvest inspections, IPM reports, Worker Protection Standard (WPS) postings, pesticide and herbicide recommendations, pesticide use reports, total pesticide use, trap counts, consultant reports

*Auditor notes: Product usage reports show chemical use below consultant recommendations in some areas. Pest Control Advisors (PCAs) are local, independent, and make recommendations on pest management. Additionally, non-chemical control mechanisms (pheromones, predators, sand application, etc.) are in place where possible, and new methods of non-chemical controls are tested on sites. Regional managers partner with research organizations and universities to share knowledge and develop reduced chemical or non-chemical practices. Spray timing and amounts are managed to maximize effectiveness and minimize chemical loss and drift. Managers adapt to voluntary chemical bans by identifying alternative treatments that allow similar or improved results.*

**Result: In conformance**

##### PM 4.2 – Crop Protection Management

Conformance Evidence: Verbal description of crop protectant storage, application, and responses to regulatory requirements, visual conformation of practices, Agricultural Chemical Use Policy, pesticide training records, pesticide safety training, Worker Protection Standard (WPS) postings, Qualified Application Licenses (QAL) on file

*Auditor notes: Chemical containers are stored according to Environmental Health and Safety guidelines and depleted containers are washed and recycled. Labor on sites is trained in safe material handling and procedures.*

**Result: In conformance**

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#### **OBJECTIVE 5 – ENERGY USE, AIR QUALITY, and CLIMATE CHANGE**

##### PM 5.1 – Agricultural Energy Use and Conservation

Conformance Evidence: Verbal description of energy conservation technology and practices, verbal description of renewable energy on sites and considerations on renewable energy use, visual confirmations of practices, Energy Efficiency and Air Quality Policy (HAIG Stewardship policies combined), Climate Smart Fact Sheet, VAS New Project Practices, VAS Leading Harvest Renewable Energy information, Solar Project flowcharts, VFD pump tests, climate smart tailgate trainings, pump tests, well reports,

*Auditor notes: Smaller, more efficient equipment is used when larger equipment is unnecessary. Pump stations have been upgraded to “soft start” variable frequency drives, and some are triggered by tensiometers to run only when needed.*

**Result: In conformance**

##### PM 5.2 – Air Quality

Conformance Evidence: Verbal descriptions of low emission technology upgrades and maintenance with lower emissions as a stated goal, verbal descriptions of dust control practices, visual confirmations of practices, Energy Efficiency and Air Quality Policy (HAIG Stewardship policies combined), documented dust control policies, burn permits, tractor inspections

*Auditor notes: Equipment is current, with Tier 4 engines, DEF systems, and ReGen filters. Equipment engines are maintained as recommended by manufacturers by qualified mechanics. Maintenance shops keep maintenance, service, and usage logs. Employees are trained for three days on equipment use without exception. Equipment passes are reduced through trained operators and GPS/autopilot systems. Dust is managed in a variety of ways: water trucks, sanding, wood chipping, grass on roads, and running equipment on the inside of rows to keep soil on the property. Cover crops are grown on new plantings in the second-year trees are established. Grasses are allowed to grow in orchards.*

**Result: In conformance**

##### PM 5.3 – Climate-Smart Agriculture

Conformance Evidence: Verbal description of application of regional BMPs to minimize greenhouse gas emissions (GHG), verbal description of Climate-Smart BMPs, discussion with employees regarding potential impacts and risks of climate change to agriculture in regions, visual confirmation of practices, Energy Efficiency and Air Quality Policy (HAIG Stewardship policies combined), Climate Smart Fact Sheet, climate-smart tailgate training

*Auditor notes: New automated prototype equipment is tested to reduce passes and increase efficiency. Cover and grasses are allowed where possible. Weather stations, thermal core images, and fly over scans are used to manage applications and practices.*

**Result: In conformance**

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#### **OBJECTIVE 6 – WASTE AND MATERIAL MANAGEMENT**

##### PM 6.1 – Management of Waste and Other Materials

Conformance Evidence: Verbal descriptions of universal, hazardous, and solid waste handling and disposal practices, verbal description of repurpose and recycling practices, verbal description of management, use, and storage of agricultural chemicals, gases, fluids and fuels, visual confirmation of practices, Hazardous Materials and Waste Management Policy, Waste Management Procedure, California Environmental Reporting System (CERS), used oil treatment, universal waste management training certifications, universal waste tailgate trainings, containment and control plans, waste management accounts, petroleum spill prevention, containment, and control plan, hazardous material reporting, waste invoices and trainings

*Auditor notes: Chemical containers, metal, plastics, and office waste are all recycled when possible. Waste and recycling storage is clean, organized, and in conformance with environmental health and safety guidelines. Engine oil is saved and recycled or sent to be “scrubbed” and reused by others. Properties are in conformance with the Global GAP (Good Agricultural Practices) standard where applicable.*

**Result: In conformance**

##### PM 6.2 – Food and Agricultural Product Waste Resource Recovery

Conformance Evidence: Verbal description of efforts to prevent losses of food crops during harvest and storage, verbal description of practices to reuse, repurpose, and recycle product, crop residue, and agriculture waste, visual confirmation of practices, waste management procedure document

*Auditor notes: Plantings that have been pulled or retired, as well as post-harvest plant materials, are shredded and reincorporated into soil on regional properties.*

**Result: In conformance**

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### **OBJECTIVE 7 – CONSERVATION OF BIODIVERSITY**

#### PM 7.1 – Species Protection

Conformance Evidence: Verbal description of threatened, endangered, and at-risk species assessments to determine presence, verbal description of practices when at-risk species are identified on site, visual confirmation of bulletins and posters, At-Risk Species Management Policy, Biodiversity Policy, HAIG Due Diligence Procedures, tailgate trainings - element of occurrences, threatened and endangered species lists, biodiversity plans, threatened and endangered species bulletins, biological assessments,

*Auditor notes: HNRG operates and supports biodiversity programs on properties. In each region, information regarding threatened and endangered species and species of concern is collected by a staff biologist and shared with management. Tailgate trainings are held to inform labor, including contracted labor, what species are in the area, and what to be aware of. Protected species are identified and presented in common and break areas.*

**Result: In conformance**

#### PM 7.2 – Wildlife Habitat Conservation

Conformance Evidence: Verbal descriptions of efforts to assess native habitats and natural communities, verbal descriptions of practices for managing native habitats and natural communities, verbal descriptions of programs and practices for managing Ecologically Important Sites, verbal description of application of regional BMPs on cropland to create wildlife habitats, visual confirmation of practices, Biodiversity Policy, native habitat sites maps, biodiversity plans, HAIG due Diligence Procedures, pollinator habitat logs

*Auditor notes: Beneficial and non-invasive wildlife is allowed access to properties. Riparian areas are protected, pollinator habitats are established, and mutually beneficial predatory species are encouraged on properties. Partnerships are established with water districts and non-governmental organizations (NGOs) to support native species wellbeing.*

**Result: In conformance**

#### PM 7.3 – Avoided Conversion

Conformance Evidence: Verbal description of practices and decision making to avoid land use conversion and fragmentation of Natural Communities and Ecologically Important Sites, identified sites on maps and GIS layers, verbal description of due diligence processes to avoid purchasing farmland converted from natural forest, visual confirmation of practices, HNRG Zero-Deforestation Policy, Biodiversity Policy, biodiversity plans, HAIG Due Diligence Procedure

*Auditor notes: When purchasing investment property, HNRG's due diligence procedures identify ecologically important sites. Relationships are managed with Army Corps of Engineers to maintain delineation between properties and protected sites to avoid unnecessary, erroneous, or illegal land conversion.*

**Result: In conformance**

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#### PM 7.4 – Crop Diversity

Conformance Evidence: Verbal descriptions of varieties of crop species and companion crops, verbal description of crop species alternatives and changes, visual confirmations of practices, Agricultural Biotechnology Policy, Biodiversity Policy, biodiversity plan, variety maps

*Auditor notes: Crop species are varied and based on specific criteria, including benefits to biodiversity plans. Working groups are established to determine ideal variety mixes of crop species.*

***Result: In conformance***

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#### **OBJECTIVE 8 – PROTECTION OF SPECIAL SITES**

##### PM 8.1 – Site Protection

Conformance Evidence: Verbal description of procedures to access information from natural heritage data or use of experts that identify special sites, HAIG Due Diligence Procedure, ALTA Survey Bid Letter Requests, biodiversity plans, wetland surveys, biological assessments, SRI Toolkit

*Auditor notes: Protected sites requiring special consideration are identified during due diligence with the assistance of third-party engineers, local consultants, and the Army Corps of Engineers. When potential archeological sites are identified, regional management will contact local indigenous populations to ensure it is handled appropriately and respectfully.*

**Result: In conformance**

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### **OBJECTIVE 9 – LOCAL COMMUNITIES**

#### PM 9.1 – Economic Well-Being

Conformance Evidence: Verbal confirmation of tax payments, visual confirmation of local employment and talent procurement, verbal description of local vendors, confirmation of local suppliers and vendors

*Auditor notes: HNRG management maintains preferred vendor lists and bid with local companies wherever possible. There have been no price or budgeting issues reported, and farm managers prefer to buy local. Labor is locally sourced, and their wages are higher than the local average, using prevailing wage as a starting point.*

**Result: In conformance**

#### PM 9.2 – Community Relations

Conformance Evidence: Verbal descriptions of community engagement activities with local communities, Social Responsibility Policy, community outreach activities log, holiday giving programs, contributions summary, high school program projects

*Auditor notes: Logs are prepared by regional managers, displaying public outreach, volunteer efforts, donations, and programs with public institutions. Managers work with neighbors to coordinate efforts along fence lines and have offered to buy supplies for neighbors to help with pest control issues. HNRG managers work with neighbors to execute easements and avoid conflicts. Farm managers engage in or plan community clean up days and volunteerism.*

*HNRG has engaged in programs to advance research and education in sustainable agriculture and efficient management practices. Stewardship partner programs detail financial and non-financial contributions that have been approved and supported by central management. Employees attend local workshops and host pollinator workshops. Stewardship coordinators have presented on sustainable agriculture to local high schools, as well as providing materials for wood shop classes to build owl and bat boxes for use on properties. Managers are in leadership positions on local ag boards and councils.*

**Result: In conformance, notable practice (see key findings)**

#### PM 9.3 – Local Communities and Indigenous Peoples

Conformance Evidence: Social Responsibility Policy and review with new staff, verbal description of due diligence procedures regarding Indigenous Peoples tenure rights, verbal descriptions of contact methods available to the local communities and Indigenous Peoples, visual confirmations of contact information on signage and in public, public outreach logs, HAIG Due Diligence Procedure, Social Responsibility Policy, ALTA Survey Bid Letter Requests

*Auditor notes: HNRG addresses the rights of indigenous populations and community outreach in their social responsibility policy. Area managers provide regional management's contact information to members of the public when requested. Office contact information is posted at entry points to properties. Burn permits are coordinated with local indigenous communities.*

**Result: In conformance**

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#### PM 9.4 – Public Health

Conformance Evidence: Verbal descriptions of health and safety regional BMPs, visual confirmations of health and safety BMPs, Social Responsibility Policy, Safety tailgate trainings, Safety themed events, Good Agricultural Practices documentation, injury incident reports, inspection reports

*Auditor notes: Safety is a top priority in HNRG's culture. Labor has access to safety information and safety data sheets (SDS) information at any time for any product being applied. Managers inform neighbors of planned spraying and signage is placed in public entry and exit points. Area managers provide regional management's contact information to members of the public when requested.*

**Result: In conformance**

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### **OBJECTIVE 10 – EMPLOYEES AND FARM LABOR**

#### PM 10.1 – Safe and Respectful Working Environment

Conformance Evidence: Verbal descriptions of hiring, interviewing, and onboarding practices, verbal descriptions of health and safety regional BMPs, safety and worker rights postings, Equal Opportunity Policy, Standards of Behavior and Performance, HFS Safety Principles, HFS Safety Manual, Safe Work Environment Policy, Workplace Violence Policy, Social Responsibility Policy, Wildfire Smoke Policy, Wildfire Smoke tailgate training, Diversity and Inclusion trainings and materials, Training agendas – March Managers Meeting, Weekly Safety Meeting Attendance Sheet

*Auditor notes: Safety is a top priority throughout HNRG's entire operation. Safety compliance is managed on site and by the compliance manager. Safety calls are held every Friday with regional managers and FLCs hold trainings addressing safety issues every Monday. All employees are encouraged to report any safety concerns.*

*Harassment and similar behaviors are considered unsafe behaviors in HNRG's code of contact. Labor has multiple avenues to report and remedy complaints and concerns, from direct supervisors to central office personnel.*

**Result: In conformance**

#### PM 10.2 – Occupational Training

Conformance Evidence: Verbal descriptions of health and safety regional BMPs, safety and worker rights postings, HFS Safety Principles, HFS Safety Manual, Wildfire Smoke tailgate training, Diversity and Inclusion trainings and materials, Training agendas – March Managers Meeting, Weekly Safety Meeting Attendance Sheet, stewardship training, facility inspections, regional best practices support documents, employee and contact training,

*Auditor notes: HNRG management is required to complete 40 trainings per year, many times more than state requirements. Training schedules and attendance are documented on paper and stored electronically. SDS information is supplied to staff before any application, and multiple licensed qualified applicators (QAL) are on staff. Annual meetings are held with vendors, universities, and pest contractors to discuss emerging issues.*

**Result: In conformance**

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#### PM 10.3 – Supporting Capacity for Sustainability

Conformance Evidence: HRNG CEO Commitment letter, HNRG Sustainability Officer’s Leading Harvest announcement, Sustainability coordinator’s email briefing on Leading Harvest, verbal commitments across spectrum of employees, verbal confirmations of roles and responsibilities for Leading Harvest conformance, confirmations of professional training to ensure the objectives of the Leading Harvest standard can be conformed to, Pesticide training documents, Training agendas – March Manager’s Meeting, Weekly Safety Attendance Sheets

*Auditor notes: The President/CEO of HNRG issued a letter to the public stating HNRG’s commitment to conforming to the sustainable operations, and the Chief Sustainability Officer of HNRG issued a letter specifically committing to the LH FMS. Roles and responsibilities to conform to the objectives of the LH FMS are communicated and understood throughout the organization through an internal evidence summary and audit preparedness document.*

**Result: In conformance**

#### PM 10.4 – Compensation

Conformance Evidence: Verbal description of wage setting procedures, 2020 Salary ranges, Understanding Your Pay document, US Salary Range regions, MIT Living Wage Calculator (for comparison)

*Auditor notes: Compensation is set at an appropriately competitive level in all regions.*

**Result: In conformance**

#### PM 10.5 – Farm Labor

Conformance Evidence: Verbal description of Farm Labor Contractor (FLC) monitoring program, FLC Audit Policy and FLC Audit Update – 2020

*Auditor notes: FLCs are audited by HNRG for compliance with labor laws. FLCs are required to maintain documentation on hiring, onboarding, and compliance policies. Regional managers communicate and negotiate compensation and labor needs with FLCs annually. Labor through FLCs is compensated at a competitive wage, with wages based on prevailing wage as a starting point in negotiations with FLCs.*

**Result: In conformance**

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#### **OBJECTIVE 11 – LEGAL AND REGULATORY COMPLIANCE**

##### PM 11.1 – Legal Compliance

Conformance Evidence: Verbal descriptions of methods by which employees have access to legal information, interviews with managers and risk management regarding legal compliance, employment rights legal postings for employees and FLC labor, HNRG Interior Contractor Audit Spreadsheets, Wildfire Smoke Policy, Wildfire Smoke tailgate trainings, Work Protection Standard (WPS) postings, restricted materials permits, training attendance sheets

*Auditor notes: Compliance information is posted and accessible for all employees.*

***Result: In conformance***

##### PM 11.2 – Legal Compliance Policies

Conformance Evidence: Safe Work Environment Policy, Anti-Harassment Policy, Domestic Legal Matters Policy, Equal Opportunity Policy, Workplace Violence Policy, Social Responsibility Policy, Verbal confirmations of policy review in onboarding, Verbal commitment to respect principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work from compliance officer, global risk register

*Auditor notes: Compliance with legal and regulatory action is demonstrated through dedicated senior staff positions engaging in continuous monitoring and oversight.*

***Result: In conformance***

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#### **OBJECTIVE 12 – MANAGEMENT REVIEW AND CONTINUAL IMPROVEMENT**

##### PM 12.1 – Farm Review and Continual Improvement

Conformance Evidence: Verbal descriptions of performance review systems, diagrams of review and continual improvement processes and schedules, HAIG Performance Measures Surveys, Action Register, Continual Improvement Process, HFS Management Reviews, Management System Description Documents, Re-Development Process, Leading Harvest commitment statement, monthly expense budget reports, monthly facility inspection reports, monthly manager reports, quarterly inspection reports, sustainability surveys, Annual “all manager” meeting notes, bi-weekly staff call agendas, Verbal description of innovation programs, improved technology, and new markets on HNRG properties, bin counts, “Investing in Ag” presentation

*Auditor notes: The design and implementation of internal controls related to continuous improvement and management review was reviewed with leadership responsible for enforcement. The control environment was determined to be well designed and planned. Monitoring is continuous on sites. An action register is maintained that is explicitly tied to the LH FMS, with corrective action plans descriptions (when needed), assignments to personnel, and timelines estimated. Regular and annual manager meetings with all regional managers are held to review performance and address emerging management issues. Surveys, inspections, and quarterly/monthly activity reports were provided and reviewed by auditors.*

**Result: In conformance, notable practices (see key findings)**

##### PM 12.2 – Support for Sustainable Agriculture

Conformance Evidence: Verbal description of participation in agricultural research with universities and growers’ associations, test plots for new varieties and trials, visual confirmation of researchers active on test plots on site

*Auditor notes: Area managers engage with land grant universities and research groups. Additionally, multiple examples were observed of public outreach and education regarding sustainable agriculture. Advances in the field of sustainable agriculture are directly attributable to research conducted on HNRG properties.*

**Result: In conformance**

### Key Findings

#### Previous Non-Conformances:

There were no previous non-conformances identified in previous audits.

#### Major Non-Conformances:

No major non-conformances were identified during the examination.

#### Minor Non-Conformances:

No minor non-conformances were identified during the examination.

#### Opportunities for Improvement (OFI):

One (1) opportunity for improvement was issued during the audit.

1. Performance Measure (PM) 2.1 *Soil Health*: In the interest of increasing conformance to the standard, a more concentrated effort towards increasing organic matter (or sequestering carbon) via innovative means would be beneficial. Leveraging some of the research that HRNG has been employing on properties could be a feasible solution. The silicon-based fertilizers and nutrient charged biochar research we were alerted to in Washington could allow for rewarding work increasing organic matter at scale, which would play well into any carbon strategies HNRG may be considering.

#### Exceptional Practices:

Five exceptional practices were identified during the examination.

1. Indicator 1.2.1 *Farmland Stewardship Commitment*: The build-up of the team in Washington is indicative of the investment and commitment that HNRG making toward farmland stewardship. Their management work, and the forward-looking work by their compliance and quality control team continue to improve HRNG's sustainability practices.
2. Indicator 3.2.1 *Input Application and In-Field Practices*: Auditors note that other program users tend to avoid irrigation systems with dual lines and center fans due to the complexity of managing them. The HFS team did not describe any challenges with the system. The audit team found this was representative of the management team's skill in overseeing complex systems.
3. Indicator 9.2.1 *Community Engagement*: While on audits with the management team, a local real estate agent bought lunch for the entire HFS team and the auditors. The audit team found this noteworthy as a sign that HFS management is obviously a respected presence in the community.
4. Indicator 12.1.3 *Agricultural Innovation*: The Washington team has a promising mix of projects and research taking place on the Washington properties, thanks to the work by the compliance and quality control team. Research projects such as silicon-based fertilizers and nutrient charged biochar appeared particularly promising for future operations.
5. Indicator 12.1.4 *Annual Review and Improvement*: As Leading Harvest has expanded, there have been a variety of other management styles and approaches that the audit team has been able to work with and measure against. HNRG has internalized the LH FMS standard to a notable and exemplary extent. The objectives and performance measures of the standard have been integrated into many levels of the organization and the overall strategy of HNRG.

## **Hancock Natural Resource Group**

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#### **Review of Previous Audit Cycle**

In 2020, HNRG engaged Averum to perform their initial certification audit and issue their inaugural certificate. HNRG successfully demonstrated conformance to the LH FMS standard, with no nonconformances found, four opportunities for improvement, and five exceptional (notable) practices noted. Opportunities for improvement from the previous cycle were followed up on during the surveillance audit interviews, site visits, and documentation reviews.

### **Conclusions**

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

Hancock Natural Resource Group's certification to the Leading Harvest Farmland Management Standard 2020 on direct operated properties is recommended to remain in good standing.

# Hancock Natural Resource Group

## 2021 LEADING HARVEST SURVEILLANCE AUDIT: SUMMARY REPORT

Summary of Audit Findings							
Program User: Hancock Natural Resource Group							
Audit Dates:	From: May 5, 2021 (HQ – Remote) May 5, 2021 (CA) May 18, 2021 (WA)			To: June 2, 2021 (HQ – Remote) May 5, 2021 (CA) May 18, 2021 (WA)			
Non-conformances raised (NCR)	Major:	0		Minor:	0		
Follow-up Visit Needed?	Yes		No	<input checked="" type="checkbox"/>	Date(s)		
Follow-up Visit Remarks:							
N/A							
Team Leader Recommendations							
Corrective Action Plan(s) Accepted	Yes		No		N/A	<input checked="" type="checkbox"/>	Date:
Proceed to / Continue Certification	Yes	<input checked="" type="checkbox"/>	No		N/A		Date: <b>06/02/2021</b>
All NCR Closed	Yes		No		N/A	<input checked="" type="checkbox"/>	Date:
Standard(s) Audited Against:							
Leading Harvest Farmland Management Standard 2020 (Objectives 1 – 12)							
Audit Team Leader	Audit Team Members						
Matt Armstrong	Jenna Nichol						
	Kyle Rusten						
Scope of Audit:							
Management of production farmland on direct operated properties							
Accreditations	Approval by Leading Harvest to provide certification audits						
Number of Certificates	1						
Proposed Date for Next Audit Event							
Date	TBD						
Audit Report Distribution							
HNRG: Natasha Wise ( <a href="mailto:nwise@hnrng.com">nwise@hnrng.com</a> ), Certifications Management							
HNRG: Holly Evers ( <a href="mailto:HEvers@hnrng.com">HEvers@hnrng.com</a> ), Program Coordinator							