



**Westchester Group**  
**Investment Management**  
Champaign, IL

LH FMS AUDIT SUMMARY REPORT

**August 20, 2021**





A SUBSIDIARY OF K-COE ISOM, LLP

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Certification Audit     Re-Certification Audit     Surveillance Audit     Scope Extension

# Westchester Group Investment Management

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### INTRODUCTION

This report summarizes the results of the first certification audit conducted on Westchester Group Investment Management 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. 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 2020, Averum was engaged by Westchester Group Investment Management (Westchester) to perform an audit of sustainability performance on 25,792 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 California. There was no substitution or modification of LH FMS performance measures.

### COMPANY INFORMATION

Westchester is the property management subsidiary of Nuveen, operating as a global agriculture investment manager. Management company tenants and contractors are responsible for the day-to-day farmland management services for Westchester's wine grape growing properties. Westchester opted to certify their winegrowing properties only in 2021, with plans to expand their Leading Harvest certification to alternative business segments (horticulture, commodity crops, etc.) in forthcoming years.

The audit was conducted solely in California on properties from San Benito to Santa Barbara Counties. Personnel overseeing safety and standard 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 sole agricultural production 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 Westchester coordinators to upload evidence and documentation securely for auditor review, and evidence was continuously uploaded throughout the audit. An opening meeting was held at 8:00 am on August 3rd, 2021, immediately preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in California were examined on August 3, 2021 and August 4, 2021. A closing meeting was held at 11:00 am on August 20, 2021.

#### Opening Meeting: Conference Call

August 3, 2021; 8:00 am

**Attendees:**

(Westchester) Eric Pooler

(Audit Team) Matt Armstrong, Jenna Nichol

**Topics:**

- Introductions of participants and their roles: Eric Pooler
- Introduce Audit Team: Matt Armstrong
- Status of findings of the previous audits: N/A
- Audit Plan: Matt Armstrong
- Work Safety and emergency procedures: Eric Pooler
- Expectations of program user staff: Matt Armstrong
- Method of reporting: Matt Armstrong

#### Closing Meeting: Teleconference

August 20, 2021; 11:00 am

**Attendees:**

(Westchester) Andre Chaves, Christina Hastings, Eric Pooler, Mark Coelho, Matthew Parker, Michael Stockburger, Leta Spencer, Steven Piggott

(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
  - Non-Conformances: 0
  - Opportunities for Improvement (OFI): 2
  - Notable / Exemplary Practices: 6
- Report Timing and Expectations: Matt Armstrong

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### MULTI-SITE REQUIREMENTS

Westchester maintains operations on multiple wine grape growing sites in California and Oregon. Westchester 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. Additionally, Westchester has dedicated resources overseeing risk and compliance across the organization that monitors operations on an ongoing basis. Regional managers are responsible for developing corrective action plans regarding LH FMS conformance and report them to the Director of Sustainability and central office. Westchester's current review and monitoring process is effective and ongoing.

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

Region	Crop	Properties Examined During Engagement
California	Wine Grapes	10 sites sampled – each representing a primary fund <ul style="list-style-type: none"><li>- 25,792 gross acres in wine grape production</li><li>- CA represents 97% of all wine grape acreage</li><li>- Management: 9 direct, 1 tenant</li><li>- Monterey County Sites: La Estancia, Stonewall, Alta Loma, Marsino, Oasis (2762.19 acres total)</li><li>- San Luis Obispo County: Sunbelt, Estrella, Five Hills (1287.14 acres total)</li><li>- Santa Barbara County: Rancho Los Alamos, Los Alamos (756.78 acres total)</li><li>- 4,806.11 acres total (18.6% of total acreage)</li></ul>
Oregon	Wine Grapes	Hold for surveillance <ul style="list-style-type: none"><li>- 3% of total acreage</li></ul>

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### AUDIT RESULTS

Overall, Westchester's agricultural operations conform to the objectives of the Leading Harvest Farmland Management Standard 2020 (LH FMS). Interviews and document reviews were performed to determine procedural and documentation conformance to the LH FMS. Documentation of practices was continuously supplied throughout the audit when requested. Documentation from multiple sites was provided, as well as more detailed sets of data from single sites. Field visits were performed on ten operating sites, all in wine grape production. Visits were mid growing season, so soil health practices and processes were observable. Central and regional management representatives as well as tenants were present and interviewed to illustrate Westchester 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. Westchester's VP of Viticulture served as guide and was 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:

- Westchester Sustainability Policy
- "How We Invest in Farmland" document
- Farmland Report 2021
- Lodi Rules scorecards
- SIP Scorecards
- CSWA Certificates and Signage

*Auditor Notes: Westchester operates a mature agricultural management line of business. There is an awareness of and attention to sustainable agriculture present throughout the organization. All sites have preexisting certifications to a number of sustainability wine grape standards, such as Lodi Rules, Sustainability in Practice (SIP) and California Sustainable Winegrowing Alliance (CSWA). Westchester has defined the tradeoffs and synergies and effects on yields, sustainability, and decision making on managed properties. Soil conservation efforts (no tillage, cover, and crop rotation) are established and widespread. No reported or discovered land use change to non-agricultural uses.*

**Result: In Conformance, Exemplary Practices (See Key Findings)**

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### OBJECTIVE 1: SUSTAINABLE AGRICULTURE (Continued)

#### Performance Measure (PM) 1.2 Critical External Factors

##### Conformance Evidence:

- Climate AI reports
- Westchester Iberia Check-in

*Auditor Notes: Westchester is already phasing out usage of glyphosates in anticipation of clients' wishes. Virus threats are managed by having nurse labels at the end of each block. Risk assessments are performed for all properties, agronomic baselines, and yield models are developed for regions under management. Risk assessments are prepared regarding ideal water and temperature requirements for crop, as well as sensitivities for critical drivers of yield*

**Result: In Conformance**

### OBJECTIVE 2: Soil Health and Conservation

#### Performance Measure (PM) 2.1 Soil Health

##### Conformance Evidence:

- Cover crop management documents
- Fertilizer program documents
- Plant analysis samples
- Soil fertility plan
- Photos of cover crop crimping

*Auditor Notes: Soil is conserved through a combination of conservation tillage, sowing, maintaining cover-crops, and the use of compost and other soil amendments. Soil health is monitored via ongoing visual observation, soil testing annually, and plant tissue analysis (3/4 times a year). Extensive use of certified crop advisors (CCA) and agronomists to determine required soil amendments on sites. CCAs and Agronomists are varied and differ per location. Residue from vineyard prunings is mulched and re-incorporated into O horizon, and vineyard cover crops are maintained via mowing, crimped, or re-incorporated into O horizon on a rotational basis.*

**Result: In Conformance, Exemplary Practices (See Key Findings)**

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### OBJECTIVE 2: Soil Health and Conservation (Continued)

#### Performance Measure (PM) 2.2 Soil Conservation

##### Conformance Evidence:

- Fertilizer applications
- Cover crop management documents
- Soil fertility plan
- Mulching and pruning plans
- Cover crop crimping documentation

*Auditor Notes: Soil porosity is maintained through continued addition of organic matter (Composting and Biochar). Soil erosion is prevented by contour planting, engineered drainage, permanent cover-cropping, and the installation of erosion control structures when necessary. No till practices are in place to reduce weed pressures and the threat of erosion on hillsides. Trellis setups are being changed to reduce waste and tillage on future replants. Soil erosion risks are further minimized by contouring vineyard blocks to natural slopes. Waddles combat erosion on slopes. Significant numbers of trees between certain blocks are conserved due to native vegetation and wildlife traffic in the area.*

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



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### OBJECTIVE 3: Protection of Water Resources

#### Performance Measure (PM) 3.1 Water use

##### Conformance Evidence:

- Irrigation summaries
- Water application records
- Pump tests
- Water infrastructure reports
- Salinas Basin Ag Stewardship Group Meeting notes
- Soil moisture readings
- Water management strategy doc
- Water usage breakdown.

*Auditor Notes: Groundwater depletion is prevented through well monitoring, strategic irrigation based on plant requirements per PCA and water consultants, and the development of efficient water storage structures. Water is pumped to reservoirs and then gravity fed to irrigation points. Irrigation efficiencies are evaluated annually by professional water consultants.*

*Efforts to preserve Regional, State or National groundwater are made by participation in public and private conservation organizations, ongoing education, and engaging in collaborative preservation projects which include independent but common water users. Cover crops increase capillary action on soil layers for water conservation benefits.*

*On-farm water conservation is achieved by selecting drought resistant plant materials, monitoring plant and soil water statutes, practicing deficit irrigation, evaluating, and improving irrigation timing, enhancing soil structure, preserving ground cover, maintaining efficiency with water conveyance systems, and developing water storage structures to reduce or eliminate pumping when water basin is under greatest strain.*

**Result: In Conformance**

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#### OBJECTIVE 3: Protection of Water Resources (Continued)

##### Performance Measure (PM) 3.2 Water Quality

###### Conformance Evidence:

- Irrigation summaries
- Water application records
- Pump tests
- Water infrastructure reports
- Ag Stewardship Group Meeting notes
- Soil moisture readings
- Drought tolerant rootstocks
- Soil samples
- Erosion control maps and plans
- Straw distribution
- Waddle usage
- Photos of natural slope and planting layout (pre-site visit)
- Photos of conservation tillage and cover crop buffers (pre-site visit)
- Photos of erosion control structures (pre-site visit)

*Auditor Notes: Prevention of pesticide and fertilizer leaching into groundwater is achieved through continuous training, informed locations of mixing and loading sites, the installation of reverse-flow prevention valves, maintaining groundcover and soil porosity, and planting buffer strips. Soil moisture sensors are in place. Tule leaf water potential systems are in use on sites. Irrigation is not automated to avoid the risk of over watering or watering at inappropriate times. Strategic decisions to prioritize the quality of fruit over the amount of yield. Soil erosion risks are minimized by contouring vineyard blocks to natural slopes, the use of cover crops, minimizing tillage and installing erosion control structures on sensitive areas. SIP certification covers Water Board requirements.*

**Result: In Conformance**

**OBJECTIVE 4: Protection of Crops**

**Performance Measure (PM) 4.1 Integrated Pest Management**

Conformance Evidence:

- Disease listing
- Pest identification reports
- Pest findings reports
- Vertebrate findings report
- Weed findings reports
- Pesticide / product usage reports
- Pesticide and PPE trainings notes and attendance

*Auditor Notes: Pest and pathogen monitoring is ongoing and multiple times a week on certain sites. Pest scouts and other employees are continually trained to ensure that their knowledge levels are contemporary, pests and pathogens are identified effectively, and pest and pathogen populations are tracked.*

*Pesticide applications take place with consideration for monitoring results, seasonal pressures, and economic thresholds. Pesticides are chosen to be single vector when possible. Modes of action are rotated to avoid resistance buildup. Beneficial species are leveraged where possible, and mating disruption is utilized on sites.*

*Pesticides of lowest risk to humans and the environment are prioritized. Pesticide applicators and other employees who may need to enter fields during restricted-entry-periods are continuously trained on pesticide safety (including but not limited to pesticide label interpretation, Personal Protective Equipment, decontamination procedures, sanitation) to ensure that their knowledge is contemporary and consistent.*

**Result: In Conformance**

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## OBJECTIVE 4: Protection of Crops (Continued)

### Performance Measure (PM) 4.2 Crop Protection Management

#### Conformance Evidence:

- Pesticide / product usage reports
- Hazard communications program
- Accident prevention protocols
- Safety training records
- Equipment training records
- Proper use of PPE training records
- Speed in the field training records
- Starting inspections
- Weevilcide application training records

*Auditor Notes: Pesticides are stored in line with regulations in California, including but not limited to security, signage, Personal Protective Equipment availability and ventilation. Signage is posted during sprays to protect the public and others from entering restricted-entry areas. After spray re-entry boards are posted in shops.*

*Variable application equipment is on sites, with color sensing technology to minimize applications. Periods with more intense spray schedules are planned as a proactive measure against mealy bugs and mildew threats. Native grasses and cover are promoted to reduce weed pressures.*

**Result: In Conformance**

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

**Performance Measure (PM) 5.1 Agricultural Energy Use and Conservation**

Conformance Evidence:

- Electricity consumption monitor readings
- Solar panels on shops

*Auditor Notes: Reduced emissions technologies are continuously assessed and adopted as part of an equipment replacement plan (Tier 4 engines, DEF, Regen filters, etc.), in-field efficiencies are developed, and opportunities to diminish the impact of energy used for farms are actively sought out. Electric equipment is prioritized, and pumps are almost all transitioned to electric motors. Variable frequency drives (VFD) and “soft start” technology is on lift pumps. Service logs are well documented and thorough.*

*Renewable technologies are implemented where feasible. Some solar was on shop structures, and electric trucks and jeeps were found on sites. Where electric equipment is found to be unfeasible, natural gas equipment is used.*

**Result: In Conformance**

**Performance Measure (PM) 5.2 Air Quality**

Conformance Evidence:

- Equipment inspections
- Dust control trucks and evidence of use
- Dust control roadway images
- Photos of chip-sealing ag roads

*Auditor Notes: Technology upgrades are in line with guidance from the Environmental protection Agency (EPA) and California Air Resource Board (CARB). Staff are engaged with Air Quality boards locally. Dirt roads are minimized for dust control, water trucks and magnesium chloride are used when dirt roads must be used. Notable use of electric vehicles and equipment on sites, with an enthusiastic staff looking forward to getting more as equipment is replaced.*

**Result: In Conformance, Exemplary Practices (See Key Findings)**

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

**Performance Measure (PM) 5.3 Climate Smart Agriculture**

Conformance Evidence:

- Narrative of current practices
- Interview responses

*Auditor Notes: Potential impacts of climate change are considered while developing and operating vineyards. Compost and/or biochar are used to enhance soil organic matter in O horizon layer of soil. Techniques to enhance carbon sequestration in the soil are implemented, such as cover crops, minimized tilling, native grasses, and reincorporation of prunings. Fertilizer formulations and methods and timing for fertilizer applications are managed to minimize volatilization, and agricultural equipment is continuously updated to reduce GHG emissions.*

*Steps are taken to buffer vineyards from the potential effects of climate change, including selecting drought tolerant plant materials and vine selections, developing protective trellis setups, training staff on trellis styles, designing efficient manual irrigation systems, and adapting cultural practices to maintain productivity and grape quality under higher ambient temperatures.*

**Result: In Conformance**

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### OBJECTIVE 6: Waste and Material Management

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

Conformance Evidence:

- Recycling training records
- Secondary containment images
- Chemical shed images

*Auditor Notes: Chemical jugs are triple rinsed and slashed, then returned to chemical companies or recycled. Third parties and dealers handle waste oil removal and disposal. Agricultural chemicals and other materials are stored in a manner consistent with the regulations established by the presiding regulatory agency. Employees undergo regular training to ensure current knowledge of proper methods of waste material storage.*

**Result: In Conformance**

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

Conformance Evidence:

- Grape maturity sampling records for winery clients,
- Photos of vineyard prunings cut by flail mower

*Auditor Notes: Grape maturity is monitored on an ongoing basis to ensure grapes are harvested in alignment with optimal ripeness parameters. Trellis improvements decrease waste and reduce tillage on new plantings. Wherever safe and possible crop residue is recycled within cropping systems.*

**Result: In Conformance**

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#### OBJECTIVE 7: Conservation of Biodiversity

##### Performance Measure (PM) 7.1 Species Protection

###### Conformance Evidence:

- Risk Matrix reports,
- Native plant assessment

*Auditor Notes: Surveys and biological resource assessments are conducted to identify sensitive species prior to acquisition of farmland or in advance of operations that may disturb sensitive species. Awareness of potential special status species on sites was displayed by managers on sites, with protocols in place for what to do in the case of a sighting. No special status species had been observed by managers or neighbors.*

**Result: In Conformance**

##### Performance Measure (PM) 7.2 Wildlife Habitat Conservation

###### Conformance Evidence:

- Owl boxes and raptor stands
- Deforestation risk assessments
- Photos of set-aside areas

*Auditor Notes: Measures are taken to preserve natural habitats potentially influenced by vineyard production. Insectary rows are provided for beneficial pests, and owl boxes are on site. Cattle are utilized in canyon areas for site preparation on new plantings. Ecologically important sites around vineyards are identified during due diligence and preserved in concordance with farmland production. Vineyards are managed with consideration for members of the broader ecosystem identified during due diligence, and controls are in place to prevent infringement of production on protected or sensitive areas.*

**Result: In Conformance**



**OBJECTIVE 7: Conservation of Biodiversity (Continued)**

**Performance Measure (PM) 7.3 Avoided Conversion**

Conformance Evidence:

- Maplecroft platform reports with deforestation risk highlighted
- Emails between ESG and investment teams considering deforestation risks during due diligence phase
- Deforestation policy (Brazil example)

*Auditor Notes: Native vegetation is present and maintained to preserve wildlife populations in compliance with the Department of Natural Resources. Ecologically Important Sites are identified in due diligence, none identified on visited sites.*

*There is no biome specific or geography -specific deforestation protocols Westchester follows in the United States outside of the applied environmental legislation. Deforestation is a key concern for Westchester's clients, and the concern is addressed by ensuring that the entire farmland portfolio is used as land exclusively approved for agricultural use. Properties are long term farmland with no history of forested areas. Westchester uses the Maplecroft platform to identify areas where deforestation is a concern and discusses the risk during the due diligence process.*

**Result: In Conformance, OFI (See Key Findings)**

**Performance Measure (PM) 7.4 Crop Diversity**

Conformance Evidence:

- Cover crop management plan

*Auditor Notes: Vineyards consist of varying plant selections which serve to broaden biological diversity within vineyard ecosystems. Grape varieties are diverse and determined by client demands and overall strategy of each ranch. Cover crop and native grasses are present on sites, as well as pollinator species. Risks from reusing root stalks are controlled via replanting on root stalks selected for health and potential production following the previous varieties.*

**Result: In Conformance**

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### OBJECTIVE 8: Protection of Special Sites

#### Performance Measure (PM) 8.1 Site Protection

*Conformance Evidence:*

- Oak woodland conservation areas information
- Suscol mountain resources management plan
- Resources management plan

*Auditor Notes: Special sites and ecological important sites are identified during due diligence and preserved in a manner consistent with the regulations established by the presiding regulatory agency in the state or region. No special sites were identified on sample sites. Features of identified special sites on sites outside of the sample are documented, marked, and mapped for preservation in accordance with regulatory agencies presiding over the identified type of special site (wetland, etc.)*

**Result: In Conformance**

### OBJECTIVE 9: Local Communities

#### Performance Measure (PM) 9.1 Economic Well-Being

*Conformance Evidence:*

- Pay stubs of local management
- Resumes from management

*Auditor Notes: Employees are local talent and known in the community. Site management are full time employees of contract management companies, and regional management are employees of Silverado / Westchester. Supplies are procured from local dealers (within 250 miles).*

**Result: In Conformance**

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### OBJECTIVE 9: Local Communities (Continued)

#### Performance Measure (PM) 9.2 Community Relations

##### Conformance Evidence:

- Agricultural training offered to grower community, developed by Westchester staff
- Donation receipts

*Auditor Notes: Neighbors who will be affected by vineyard operations are engaged during planning to maintain a tranquil coexistence. Site managers contribute to local charities and youth programs. Site managers maintain a Donor Advisory Fund that has supported the development of new baseball field and batting cages for youth in Greenfield. Site managers participate in a program which provides opportunities to those in the community who otherwise may not have opportunities to work due to mental or physical handicaps. Site managers make accommodations for differently abled workers to allow them to perform the tasks required of their jobs. Site managers also provide speakers on boards, buy animals at Mid-State Fair, donations, and participate with the Ag Expo.*

**Result: In Conformance**

#### Performance Measure (PM) 9.3 Local Communities and Indigenous Peoples

##### Conformance Evidence:

- "Principles for Responsible Investment (PRI) in Farmland" report
- Farmland Report with contact information
- Global Thoughts Newsletter with contact information

*Auditor Notes: Westchester's Local Community and Indigenous Peoples Policy is contained within the "PRI in Farmland" report, and requires investment managers to respect the existing use and ownership rights of land and other resources, implement processes that are culturally appropriate and transparent, and for investments with potential significant adverse impacts on affected communities to implement processes to ensure their free, prior and informed consultations to establish whether a project has adequately incorporated affected communities' concerns.*

*100% of Westchester's properties verify titles and ownership prior to acquisition and maintain compliance with federal and local laws protecting aboriginal heritage and indigenous community rights.*

*Westchester's team members are active in shaping the wine grape industry in California and nationally. Managers serve as board or committee members for national groups – including the National Grape Research Commission and American Vineyard Foundation – and many regional and state-wide organizations (Sonoma County Winegrape Growers; Russian River Valley Winegrowers; Sonoma County Winegrape Commission; Napa County Farm Bureau; Sonoma County Viticultural Working Group; and California Rootstock Commission). Additionally, team members lend their knowledge to the Napa County Agriculture in the Classroom program, which educates youth about the importance of agriculture in their daily lives. Signage with farm managers names and personal cell number are posted at all sites.*

**Result: In Conformance**

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### OBJECTIVE 9: Local Communities (Continued)

#### Performance Measure (PM) 9.4 Public Health

Conformance Evidence:

- PCA certifications
- CAL licenses

*Auditor Notes: Spraying is planned and performed by PCAs and staff with Certified Applicator Licenses (CALs), to avoid drift and overspray. Signage is posted at locations during spray days, and restricted entries areas are clearly marked with signage.*

**Result: In Conformance**

### OBJECTIVE 10: Employees and Farm Labor

#### Performance Measure (PM) 10.1 Safe and Respectful Working Environment

Conformance Evidence:

- Employee handbook
- Job listings
- Coworker respect training
- Anti-harassment training
- Supervisor responsibilities trainings
- Anti-discrimination policy
- New hire packet and orientation

*Auditor Notes: Westchester is an Equal Opportunity Employer. Safe work environment, Anti-harassment, and anti-discrimination policies are in place in Employee Handbook. Surveys are issued to employees regarding employee satisfaction annually. Voluntary employee housing is on sites. Employee gardens are present on site.*

**Result: In Conformance**

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## OBJECTIVE 10: Employees and Farm Labor (Continued)

### Performance Measure (PM) 10.2 Occupational Training

#### Conformance Evidence:

- Oil and clean cooling training
- Safety training records
- Daily dozen training records
- Wet road training records
- Defensive driving training records
- Electrical safety trainings records
- Emergency procedures
- Employee handbooks
- Maintenance procedures
- Safety equipment training records
- Fork-lift training records
- Harvester driving training records
- Heat training records
- Pesticide training records
- Lift training records
- PPE training records

*Auditor Notes: Employees are provided regular trainings to maintain current knowledge pertaining to professional roles and responsibilities. Heat safety and hydration practices observed. Coolers at all sites. Staff released from activity at 95 degrees. Managers commented on the efficiencies gained from utilizing repeat H2A workers. Annual trainings for domestic and H2A workers include chemical applications, harvest safety and procedure, safety practices, and anti-harassment. Trainings and surveys are conducted by site managers to measure employee satisfaction.*

**Result: In Conformance**

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### OBJECTIVE 10: Employees and Farm Labor (Continued)

#### Performance Measure (PM) 10.3 Supporting Capacity for Sustainability

Conformance Evidence:

- Sustainability Policy for Leading Harvest
- Continuing Education (CE) Hours for senior management
- Goal plan for Westchester sustainability director

*Auditor Notes: A commitment to LH FMS is documented in the current Sustainability Policy, and leadership of Westchester has spoken publicly regarding the LH FMS. Managers check on farm operations monthly, or more during capital improvement projects. Westchester has a dedicated Head of Sustainability and a Sustainability Director who take responsibility for the adoption of Leading Harvest at an organization level. Westchester demonstrates an environment of collaboration between Viticulture leadership and site management. Westchester is developing an equivalency between Leading Harvest and its internal ESG Framework for internal sustainability trainings in the future.*

**Result: In Conformance, OFI (See Key Findings)**

#### Performance Measure (PM) 10.4 Compensation

Conformance Evidence:

- Payroll records

*Auditor Notes: Compensation is set at an appropriately competitive level in all regions. Wages paid to employees are at or above the regional living standard. Workers at some sights are paid a piece-rate, typically averaging \$18/hr.*

**Result: In Conformance**

#### Performance Measure (PM) 10.5 Farm Labor

Conformance Evidence:

- FLC Audit checklists

*Auditor Notes: Oversight of farm labor contractors performing services within vineyard operations is maintained to ensure that farm labor contractors are operating in conformance with labor regulations.*

**Result: In Conformance**

### OBJECTIVE 11: Legal and Regulatory Compliance

#### Performance Measure (PM) 11.1 Legal Compliance

Conformance Evidence:

- Employee handbooks
- SDS binders
- CA / Fed Labor and OSHA posters
- New hire training records
- Local groundwater participation meeting minutes
- Farmland Report with KPIs.

*Auditor Notes: Employees have access to all relevant legal and regulatory information. Appropriate signage is in place and clearly displayed. Trainings are conducted for employees to identify their rights as established by OSHA and CALOSHA.*

**Result: In Conformance**

#### Performance Measure (PM) 11.2 Legal Compliance Policies

Conformance Evidence:

- Farmland Report with KPIs
- Code of practices (labor category)
- Tenant leases

*Auditor Notes: In 2021, Westchester is releasing a new ESG measurement process, a monitoring and benchmarking framework that aims to enhance how sustainability performance is tracked and measured. The framework uses three components to incorporate information relating to farms and their agricultural practices:*

- I. Code of Practice – Farm contractors and tenants identify which sustainable farming practices they implement and indicate their progress.*
- II. Farm Profile – Quantitative data on inputs and outputs related to the geographical, environmental, infrastructure and socioeconomic aspects of the farm.*
- III. Performance Indicators – KPIs to measure operators’ and portfolio progress from year to year. These KPIs will be linked to the United Nations Sustainable Development Goals (UN SDGs).*

*Westchester utilized the International Labor Organization (ILO) guidelines as a reference to write their Code of Practice.*

*Covenants of quiet enjoyment are in place in leases with tenant site managers.*

**Result: In Conformance**

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### OBJECTIVE 12: Management Review and Continual Improvement

#### Performance Measure (PM) 12.1 Farm Review and Continual Improvement

##### Conformance Evidence:

- Farmland reports
- ESG annual reports and statements
- BECROP report (Soil Assessment)
- Emails between managers and tenants regarding site visits
- Site visit schedules

*Auditor Notes: Westchester has a process to periodically review operational functions within leased vineyards annually. Information gathered is used to promote continuous improvement during annual reviews and future planning. Viticulture managers visit and review performance with site managers on a quarterly basis and produce farmland reports on current operations. In addition, Viticulture Managers have more casual meetings with site managers at least monthly. Site managers reported that their suggestions and ideas have been received by Westchester and progress has been made.*

*Westchester has a strategic approach to agricultural innovation and carry out research on their own operational properties. Innovative projects include biochar research and application, bee habitat projects, grant funded biodiversity projects, planting mixed varieties of vines for disease indication (red vines indicate infection more clearly), and creating nutrient rich compost mixtures to increase microbial content in the soil.*

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

#### Performance Measure (PM) 12.2 Support for Sustainable Agriculture

##### Conformance Evidence:

- Biochar testing results and reports
- Oasis virus indicators
- Weed trial reports

*Auditor Notes: Westchester pursues relationships with public and private research institutions in order to promote operational innovations in vineyards. Studies are currently underway regarding biochar, chemical application reductions, cover crops, permanent soil cover and impacts on soil health, weed pressures, and yield. Westchester has been involved in the further development of the Sustainability in Practice (SIP) wine grape sustainability standard. Westchester collaborates with AgExtension at UC Davis on researching the decline of the Freedom root stalk type to avoid coinfections.*

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



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## OBJECTIVE 13: Tenant Operated Operations

### Performance Measure (PM) 13.1 Leased Land Management

Conformance Evidence:

- Tenant leases
- Tenant Social Responsibility Commitment

*Auditor Notes: Vineyard tenants are bound by agreements which require adherence to regional best management practices (BMP). BMPs are addressed in lease language explicitly. Lease language includes sustainability goals for leased farmland. Tenant managers have issued Social Responsibility Commitments.*

**Result: In Conformance**

### Performance Measure (PM) 13.2 Leased Land Monitoring

Conformance Evidence:

- Quarterly Inspection Reports
- Communication records with tenants
- Performance reviews
- Site visit reports

*Auditor Notes: Site visit reports serve as the primary function of the verifiable monitoring system. Leading Harvest Farmland Management Standard language is being added to site visit reports. Managers engage in regular meetings with site managers and tenants regarding a variety of current issues. Quarterly inspections, performance reviews, and site visit reports formalize the review process.*

**Result: In Conformance**

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### KEY FINDINGS

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

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

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

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

1. 7.3.2 Deforestation:
  - a. Westchester has demonstrated their approach to deforestation concerns and illustrated their risk approaches as well as the requirement for all land being approved for agricultural use. However, Westchester does not currently have an explicit deforestation policy for the United States.
  - b. Westchester could simplify their conformance demonstration for this indicator by preparing a concrete deforestation policy for the United States.
2. 10.3.3 Employee Sustainability Training
  - a. Westchester is in the process of developing an equivalence comparison between Leading Harvest and its internal ESG function, in order to develop training specific for the Leading Harvest program.

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**Exceptional Practices:** Six exceptional practices were identified during the examination.

1. 1.1.2 Farmland Stewardship
  - a. Auditors noted a remarkable level of preexisting certifications on sites and were impressed by the agility with which managers added and changed certification programs to align with buyer demands. The existing certifications added to the efficiency of interviews and documentation reviews during field audits. Management was transparent with sharing scorecards and results from the different programs.
  
2. 2.1.2 Soil Health Monitoring
  - a. Aggressive and regular annual soil sampling was described on sites, and soil test results were reviewed. Annual sampling (opposed to multi-year gaps) is recognized as a best practice.
  
3. 2.2.1 In-field Soil Management
  - a. Implementation of cover crops and grasses were observed across almost all locations. Additionally, the use of additional organic matter, especially biochar, was noted on multiple visited sites.
  
4. 5.2.1 Air Emissions
  - a. In addition to renewables in place on some sites, electric vehicles were in use. Additionally, there are plans for electric tractors to be used on sites in the near future.
  
5. 12.1.3 Agricultural Innovation
  - a. Auditors noted the planned and existing implementation of Biochar on sites. Biochar is a promising mechanism for efficient and easy to use organic matter, but its use at scale is rare. Westchester's work to use biochar at the scale they propose is a promising way to improve soil health and conservation results.
  
6. 12.2.1 Support for Agricultural Research
  - a. Westchester's use of grant funded research in a variety of projects, in addition to their work with biochar listed above, is notable. Illustrative studies such as the "side by side" comparative studies on targeted spraying and effects of native grasses on production are a creative way to easily share results and offer clear guidance to operators.

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**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 Westchester Group Investment Management has implemented a management system that meets the requirements of and is in conformance with the Leading Harvest Farmland Management Standard 2020.

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

# Westchester Group Investment Management

## 2021 LH FMS AUDIT SUMMARY REPORT

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Summary of Audit Findings			
<b>Program User</b>	Westchester Group Investment Management		
<b>Audit Dates</b>	August 3, 2021 – August 20, 2021		
<b>Non-Conformances Raised (NCR):</b>	<i>Major</i>	<i>Minor</i>	
	0	0	
<b>Follow-Up Visit Needed?</b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	<i>Date(s)</i>
<b>Follow-Up Visit Remarks</b>	N/A		
Team Leader Recommendations			
<b>Corrective Action Plan(s) Accepted</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
<b>Proceed to/Continue Certification</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/> <i>Date</i>
<b>All NCR Closed</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/> <i>Date</i>
			08.20.2021
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
<b>Audit Team Leader</b>	<b>Audit Team Members</b>		
Matt Armstrong	Jenna Nichol Kyle Rusten		
Scope of Audit			
Management of production farmland on direct and tenant operated properties.			
<b>Accreditations</b>	Approval by Leading Harvest to provide certification audits		
<b>Number of Certificates</b>	1		
<b>Certificate Number</b>	2021-0004		
<b>Proposed Date for Next Audit Event</b>	TBD		
<b>Audit Report Distribution</b>	Westchester: Andre Chaves (achaves@WGIMglobal.com)		