



INTERNATIONAL FARMING

Raleigh, North Carolina

LEADING HARVEST FARMLAND MANAGEMENT PROGRAM 2020
AUDIT SUMMARY REPORT: 2024 RECERTIFICATION



October 15, 2024





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Certification ID#	AVERUM-LHFMS-2024-0022

☐ Certification Audit ☒ Recertification Audit ☐ Surveillance Audit ☐ Scope Expansion

INTRODUCTION

This report summarizes the results of the October 15, 2024 Recertification audit conducted on International Farming managed production agriculture properties. The audit was conducted by Matt Armstrong, Lead Auditor for Averum. Matt Armstrong has 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 the United States. Site visits were conducted by Jacques Werleigh, Field Auditor. 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). The audit process and reports were independently reviewed by Holly Salisbury, who is a certified public accountant in the state of California and has expertise on multiple crop types in the United States.

SCOPE AND OBJECTIVE

In 2024, Averum was engaged by International Farming (IF) to perform an audit of sustainability performance on 10,000 – 50,000 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.

Following management interviews and site visits, it was determined by Averum that there were no areas of concern that would require the audit team to conduct outreach, meetings, or correspondence between the audit team and government agencies, community groups, or affected Indigenous Peoples.

COMPANY INFORMATION

IF is a privately owned institutional investment management firm, with a significant portfolio in agricultural properties. Farm operating tenants and management contractors are responsible for the day-to-day farmland management services for IF's properties. IF initially achieved certification for 100 percent of their agricultural properties in 2022, allowing them to engage in broader sampling and simplifying the process of maintaining their certification in the future.

During the recertification audit, four (4) sites in California were selected, with three tenants included. Managers overseeing decision making and standard compliance for sample regions were contacted for evidence requests and interviews. The properties in these regions are a representative sample of current practices in place and management decision making. The primary agricultural production on the sites are tomatoes, peaches, pistachios, almonds, rye grass, and alfalfa.

AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. An online portal was established for IF coordinators to upload evidence and documentation securely for auditor review. An opening meeting was held on July 18, 2024, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in California were examined on July 23rd, 2024. A closing meeting was held on October 15, 2024.

Throughout the audit engagement, information and communication technology (ICT) was employed for a variety of tasks. An online portal was provided and made available for auditee to supply documentation for review, provide feedback on observation and notes, and for multiple levels of audit team reviews and signoffs. Throughout the audit engagement, conference calling technology (including Zoom, Microsoft Teams, etc.) was leveraged for meetings, conducting management interviews, follow-up interviews, and the opening and closing meetings. As LH FMS engagements are geographically decentralized, the use of ICT was deemed not only appropriate, but necessary.

Opening Meeting: Conference Call

July 18, 2024

Attendees:

(IF) Logan Yonavjak, Gabriele Onorato, Blake Gray, Nicholas Kenny, John Kruse, Bryce McAteer (Audit Team) Matt Armstrong, Jacques Werleigh, Linnea Abel

Topics:

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

Closing Meeting: Conference Call

October 15, 2024

Attendees:

(IF) Logan Yonavjak, Bryce McAteer, John Kruse, Blake Gray, Nicholas Kenny, Gabriele Onorato (Audit Team) Matt Armstrong, Linnea Abel

Topics:

- Opening remarks: Matt Armstrong
- Statement of confidentiality: Matt Armstrong
- Closing summary: Matt Armstrong
- Presentation of the audit conclusion: Matt Armstrong
 - Major Non-conformances: 0
 - Minor Non-Conformances: 0
 - Opportunities for Improvement (OFI): 2
 - Notable Practices: 8
- Report timing and expectations: Matt Armstrong

MULTI-SITE REQUIREMENTS

IF maintains operations on multiple properties in California. IF qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Regional Managers are responsible for developing corrective action plans regarding LH FMS conformance and reporting them to IF management. IF'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	Alfalfa, tomatoes, peaches, pistachios, almonds, rye grass	Four (4) sites visited during audit. <ul style="list-style-type: none">- Sites visited represent 24% of total sites- Three (3) tenant operators interviewed.- Sites visited: Roberts Island, Great Canal, Lincoln Avenue, and Luckey Ranch

AUDIT RESULTS

Overall, IF'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 was provided by IF management to demonstrate or support conformance with LH FMS requirements.

Field visits were performed on four operating sites in California. Visits took place during the growing season, so ongoing crop management, irrigation efficiencies, potential yield maintenance, and crop protection were highlighted. Central and regional management representatives and tenants hosted site visits and were interviewed to demonstrate IF's conformance and policy implementation.

Central office staff with roles that impact LH FMS conformance were interviewed to determine awareness of and support for LH FMS conformance, and to illustrate company practices and procedures not performed by farm managers. IF's Regional Managers served as guides, were available throughout the engagement, provided logistic support, and provided responses to evidence requests.

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KEY FINDINGS

Previous Non-Conformances: IF achieved initial certification to LH FMS in 2021. No major or minor non-conformances were identified during the previous audit cycle. Opportunities for improvement (OFIs) have been addressed in surveillance years and this year's recertification audit.

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

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

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

1. 7.3.2 – Deforestation

- a. Due Diligence demonstration aligns with indicator 7.3.2b and supports partial alignment with the requirement. IF's Sustainability Policy outlines the importance of protecting natural resources but does not provide specific details on due diligence processes to prevent acquiring farmland converted from natural forests after specific cut-off dates. IF's statement on Conservation and Restoration of Biodiversity states IF's commitment to avoiding the conversion of natural forests. Policy language should be expanded upon to identify relevant natural forest types, cutoff dates, and geography-specific deforestation protocols or regions of application.

2. 10.2.1 – Personnel and Contract Worker Training

- a. Compliance training records and other supporting information provided do not address occupational health and safety directly. Leases and ESG Lease Addendums do not directly address health and safety expectations outside of legal compliance, insurance requirements (Liability insurance, worker's compensation, fire and extended property insurance, crop insurance, and excess liability insurance), and Notice of Claims requirements.

Notable Practices: Eight (8) notable practices were identified during the audit.

1. 1.1.3 – Farmland Conservation

- a. IF provided three applications for Agricultural Conservation Easements. These permanent easements preserve farmland and show IF's intent to keep farms intact.

2. 2.2.2 – Degradation of Agricultural Lands

- a. IF's Agronomy Department supports proactive and extensive research and trials that support soil health innovation and data-driven decision-making.

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3. 3.1.2 – Regional Water Conservation

- a. IF's tenants participate in a considerable number of groundwater sustainability projects that positively impact critical water availability issues.

4. 5.1.2 – Renewable Energy

- a. IF continues to successfully implement renewable energy projects to support on-farm operations.

5. 5.3.1 – Greenhouse Gas Emissions

- a. IF takes advantage of production agriculture's potential for carbon capture and storage (CCS) solutions. IF's lease with the CCS company shows their commitment to maximizing measurable CCS solutions and supporting data-driven solutions.

6. 6.2.1 – Food and Agricultural Product Waste

- a. IF properties growing food grade crops divert rejected food and provide sourcing for UglyFood's direct farm purchases while reducing food waste.

7. 9.2.1 – Community Engagement

- a. IF collaborates with multiple groups focused and committed to sustainable agriculture education. Their Top Trials program, educational alliances, and opportunities to educate farmers on soil health, shows a significant amount of effort toward sustainable agriculture education and building alliances that benefit communities.

8. 12.1.3 – Agricultural Innovation

- a. IF continues to demonstrate a culture of innovation. A strategic initiative is in place to engage in a high number of academic and infield research projects. Trials cover a wide variety of topics that have the potential to increase environmental stewardship across a wide variety of crops.

Review of Previous Audit Cycle: IF has completed Initial Certification, followed by two years of surveillance. During the most recent surveillance audit, no major or minor non-conformities were identified.

FINDINGS BY PERFORMANCE MEASURE

The following are summarized findings organized by LH FMS performance measure. Specific non-conformances, opportunities for improvement, and notable practices have been described in the “Key Findings” section.

Objective 1: Sustainable Agriculture Management

1.1 Sustainable Agriculture Stewardship

Conformance Evidence

- IF's Tracking Sustainability at Scale
- Sustainability Policy
- Sustainability Report
- Investment Committee Reports (ICRs)
- List of executed leases with LH Addendums
- Top Trials tracking and evaluation

Auditor Notes

- IF's company-level sustainability commitments are communicated throughout the organization. Goals are identified and reflect LH FMS priorities.
- IF reviews their Sustainability Policy annually to ensure it is reflective of their current priorities. The Policy outlines their commitment to ESG practices across the business, principles focused on maximizing long-term investment performance, and describes focus areas of protection and improvement of natural resources, sustainable agricultural practices, fair, respectful, and inclusive labor practices, and community respect and resilience.
- IF's Sustainability Report provides a written commitment to sustainable agriculture practices and outlines specific goals and actions taken to support agricultural stewardship of farmland.
- IF's Sustainability at Scale report outlines their reporting mechanisms, due diligence and underwriting processes, monitoring and testing, strategic partnerships, and key performance indicators (KPIs).
- IF is a signatory of the United Nations Principles for Responsible Investing (UN PRI) to support sustainable farmland investment.
- IF leases are amended to reflect LH FMS objectives and are retroactively applied to existing agreements.
- Conceptual budgets are prepared prior to purchase to support the underwriting process. IF considers the investment return, the economic health of tenants, and long-term productivity.
- IF sites use conservation measures that provide multifaceted benefits. For example, drip line irrigation reduces overall water use, energy use, and associated costs. Drip line irrigation facilitates fertigation, which can increase input efficiency.
- IF's Top Trials program is an internal research program to evaluate new practices, products, technology, and varieties that increase yield, decrease resource use, and reduce potential negative impacts associated with agricultural operation.
- IF provided ICRs to illustrate how IF communicates investment requests after considering property characteristics, such as financial metrics, labor availability, soil scores, crop yields, fixed assets and more to support long-term profitability and responsible investment. ICRs show IF invests in properties to improve water management and the highest and best use of properties to support long-term productivity.

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Objective 1: Sustainable Agriculture Management (Continued)

1.1 Sustainable Agriculture Stewardship (Continued)

Auditor Notes (Continued)

- IF works with the California Ag Land Trust, which preserves and protects agricultural land and open space. Selected sites are enrolled in a tax provision made available by the Williamson Act, which is a voluntary agreement between landowners and local governments to restrict land use in exchange for reduced property taxes.
- IF has several properties under management with conservation easements in place and uses conservation easements to strategically preserve farmland.

Result: *In Conformance, Notable Practice (1.1.3 – See Key Findings)*

1.2 Critical External Factors

Conformance Evidence

- Tenant Evaluations
- Investment Committee Reports (ICRs)
- Due Diligence Checklist
- Agronomic Evaluations
- Sustainability Report

Auditor Notes

- Some external critical factors are identified by IF through the initial evaluations of properties during acquisition. Farm Evaluations identify erodibility, agricultural history of the site, the highest and best value crop for the land.
- Management compiles data related to long-term weather patterns and climate change for insight on long-term climate risk.
- Traceability and data capture have emerged as priorities from investor requests and supply chain analysis. Data captured in Farm Advisor assists in identifying trends on farms that may require special attention and additional management.
- ESG working group and Ag Services hold weekly meetings to identify operations trends.
- IF's Sustainability Report details processes that identify critical external factors and how they leverage quantitative metrics. The report documents key performance indicators (KPIs) and water conservation efforts, which is a critical issue in areas of IF's portfolio.
- Tennant evaluations and agronomic reports were provided for auditors to review. Evaluations support strategic decision-making and identification of critical external factors such as managing water risks.
- Due diligence checklists are used to support Due Diligence Summaries. IF provided Summaries that identify critical external factors, such as drought conditions. Agronomic evaluations provide insight on current conditions and offer specific management recommendations.

Result: *In Conformance*

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Objective 2: Soil Health and Conservation

2.1 Soil Health

Conformance Evidence

- Farm lease
- Soil Fertility Reports
- Soil core sampling
- ESG Lease Addendum
- Variable rate material recommendations
- Nutrient Management Plan (NMP)

Auditor Notes

- Leases require tenants to test soil at least once every two years. Operators may decide to do additional soil or tissue testing. Site visited works with an ag tech company to provide recommendations based on samples.
- Fertility Reports share comprehensive soil fertility data, including electroconductivity. Sites conduct several types of soil tests to glean insight on soil health.
- Sites use variable rate applications to provide targeted nutrients to crops.
- Selected site is leveled and planted with cover crops to prevent erosion. Cover crops reduce wind and rain erosion and aid in nutrient management cycling and microbial health.
- Sites use biochar, humic acid, or compost to build soil organic matter (SOM).
- Residue and prunings are shredded and reincorporated into rows.
- Soil and tissue samples are to provide application recommendations by testing labs and Pest Control Advisors (PCAs). Tissue samples are taken 2-3 times per year, and tenants consult with external agronomists and PCAs. Soil, tissue, and leaf sap samples inform NMP.
- Selected site is part of the Irrigated Lands Regulatory Program, which requires growers to maintain a certified nitrogen management plan.
- Site visits occur regularly, at least once a month. Growers share results and reports with IF Management. Managers submit data to appropriate regulatory agencies to support compliance.
- ESG Lease Addendums address aspects of sustainable agriculture, including practices that enhance soil health, manage erosion, and improve water retention and drainage.

Result: In Conformance

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Objective 2: Soil Health and Conservation (Continued)

2.2 Soil Conservation

Conformance Evidence

- Irrigation records
- Agronomic Evaluation Report

Auditor Notes

- Sites visited are no-till to reduce soil disturbance and increase soil stability.
- Cover crops further mitigate compaction. Tenants stay off the ground when wet to avoid compacting the soil. Gypsum and lime applications are used to improve soil conditions.
- Sites visited have berms or levies at the end of rows to prevent water loss and overflow.
- Select site has subsurface drains installed to facilitate the movement of water and salts and maintain soil health. River water used to irrigate select sites is saline and requires management. Sites visited use calcium, sulfur, and gypsum amendments to improve soil pH, and have no significant issues with salinity in resulting soil tests.
- IF has an Agronomy Department that focuses on soil fertility solutions and innovation. Staff are highly qualified to use data to support decisions that may help IF balance economic productivity with soil conservation.

Result: *In Conformance, Notable Practice (2.2.2 – See Key Findings)*

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Objective 3: Water Resources

3.1 Water Use

Conformance Evidence

- Irrigation records
- Memo on Water Availability Analysis
- Water quality and well tests
- IF Water Stewardship White Paper

Auditor Notes

- Soil moisture probes, crop loads, crop stages, time of the year, tensiometers, and images from Ceres Imaging support irrigation decisions.
- Ceres provides aerial imagery to help farmers optimize water use and avoid excess nitrogen applications. Images are obtained by operators four times per year and provide a detailed bird's eye view of fields. Images can be used to detect crop stress.
- Site will be converted from flood irrigation to drip irrigation, which will support conversion to specialty crops (figs) that are less water intensive.
- Irrigator is on-site daily and is responsible for scouting to identify signs of water stress in plants, broken or clogged irrigation parts, and to ensure efficiency of the irrigation system.
- IF provided water quality and well tests for auditor review.
- IF provided a Memo regarding Water Availability Analyses conducted during due diligence.
- IF published a paper in 2023 on water stewardship. The paper lays out the importance of water stewardship in agriculture and shares IF's best management practices (BMPs), including managing properties with the view that water is a limited resource and will be treated as such to achieve basin sustainability.
- The Groundwater Sustainability Agency (GSA) that manages a selected site recently adopted a policy that requires agricultural wells in the district to have flowmeters installed. The GSA applied for a WaterSMART Grant on-behalf of growers and provides rebates to growers for installing flowmeters.
- Selected site is a part of the McMullins GSA, which has a water bank. The water bank project is a system of canals, basins, and agricultural land to use as on-farm recharge sites and allows growers within the community to store and access groundwater.
- Tenant selected is enrolled in the On-Farm Efficiency Conservation Program (OFECP) which pays tenants or landowners for adopting practices that reduce water usage. Payments are issued per acre/foot of delivered water reduction. The Imperial Irrigation District are the administering entity of OFECP, and require written approval from a landowner to participate.
- The irrigation district serving select farms pays a defined rate for every acre foot saved, which incentivizes capital expenditure projects such as land leveling, which increases water efficiency.
- IF sites have made irrigation system upgrades, installed drain tile, and sloped fields to irrigate more efficiently. Site visited converted 170 acres of almonds from flood irrigation into dual line drip systems.
- IF repaired and refurbished seven irrigation wells across the site to increase efficiency and ensure adequate water for crops.
- Sites visited have filter stations to remove potential pollutants. Drip irrigation systems are flushed annually to clear system of any potential debris and ensure efficiency.

Objective 3: Water Resources (Continued)

3.1 Water Use (Continued)

Auditor Notes (Continued)

- Site visited uses sulfuric acid with the irrigation system to address issues associated with pH and calcium buildup.

Result: *In Conformance, Notable Practice (3.1.2 – See Key Findings)*

3.2 Water Quality

Conformance Evidence

- Application records
- Irrigation records
- Agronomic review of crop inputs (email)
- Natural Resource Assessment
- Water Stewardship article
- Well tests

Auditor Notes

- Sites do not have issues with flooding due to leveling, berm maintenance, subsurface drains, and cover crops.
- IF provided water quality tests and lab reports for well water quality. Water quality testing supports quality control to protect groundwater.
- IF provided a well permit from the County Health Department for a new well.
- An email exchange was provided and shows agronomic consideration of historical agricultural inputs including herbicides, insecticides, fertilizers, and crop adjuvants. Experts consider timing and conditions when products can be safely used.
- Ceres imagery is layered to identify water quality issues.
- Sites visited use cover crops to improve infiltration. Soil types swell when wet and can prevent penetration.
- IF's Water Stewardship paper highlights the use of soil testing, precision agriculture, and sustainable practices to promote water quality and prevent groundwater contamination.

Result: *In Conformance*

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Objective 4: Crop Protection

4.1 Integrated Pest Management

Conformance Evidence

- Agronomic review of crop inputs (email)
- Pesticide Use Reports

Auditor Notes

- Sites use traps for peach tree borer and navel orange worm. Scouting is conducted weekly to monitor other pests, such as mites and leaf diseases. Scouting reports inform pest management practices.
- Tenants monitor pest life cycles based on degree days and use UC Davis guidelines to schedule applications.
- Tenants refer to Ceres imaging to inform targeted field inspections.
- Sites practice border sprays to reduce disturbance of beneficial species. Beneficial species are considered the best combatants for mites, which are common pests.
- Selected tenants apply preventative pesticides based on moisture and temperature, when pest threats are highest.
- Sites use a crop management platform that collects environmental data, such as chill hours, heat units, weather, evapotranspiration (ET), and pest data, including trap counts and degree days to inform pest management programs.
- Fungicide efficacy charts and alternating chemistry prevents crop protectant resistance.
- Sites trialed and now use a product that contains *Steinernema carpocapsae*, a predatory nematode, which is used to manage peach tree borers. This product has a less harsh chemistry than alternative treatment options. Product was a result of the Top Trials program.
- Pheromone mating disruptors and resistant rootstocks are used on sites as pest controls.
- IF provided agronomic reviews of crop inputs to ensure crop protection for selected site was safe and effective. Review included the agronomist's review of Pesticide Use Reports.

Result: In Conformance

4.2 Crop Protectant Management

Conformance Evidence

- Site visits and tenant interviews

Auditor Notes

- Applications are done by in-house staff. Aerial sprays are conducted by a licensed third-party.
- Site visited also used autonomous vehicles to apply agrochemicals, which reduces overall labor hours associated with application. Vehicles also facilitate tracking and monitoring of where and what was applied.
- Operator interviewed is a licensed applicator and trains employees on equipment and chemical safety.
- Chemical containers are triple rinsed, punctured, and segregated until disposal.
- Sites use a third party to conduct safety training, including safe chemical handling and use as well as injury prevention.

Result: In Conformance

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

5.1 Agricultural Energy Use and Conservation

Conformance Evidence

- Water Stewardship paper
- Top Trials tracker
- Renewable energy update
- Sustainability Report
- ESG Lease Addendums

Auditor Notes

- Some of the pumps used for irrigation are on Variable Frequency Drives (VFDs).
- Operators use equipment with global positioning systems (GPS) to help operators increase operating efficiency by planning efficient routes.
- Site visited installed four electric booster stations and three power meter stations to support efficiency and monitoring.
- The Top Trials spreadsheet documents conservation technology including the use of electric vehicles for agricultural purposes and remote frost fans to reduce energy used for frost prevention.
- IF's Water Stewardship paper describes how they use improved data management systems to support energy conservation through optimized workflows.
- IF sites use precision technologies such as irrigation sensors to reduce input needs.
- IF's Sustainability Report shares some of their regional BMPs and climate-smart technology, including the use of natural predators for pest control, a fermentation system to grow and apply native algae to the soil to promote soil health, nutrient cycling, and carbon storage, and remote sensing technology that supports improved water usage.
- ESG Lease Addendums require tenants to make a good faith effort to implement ESG initiatives, and provides examples.
- IF has agreed to three new solar development proposals in the last year and has construction agreements for two new sites that will generate solar to offset electricity used for irrigation.

Result: *In Conformance, Notable Practice (5.1.2 – See Key Findings)*

5.2 Air Quality

Conformance Evidence

- 2023 Research Examples PowerPoint
- Site visits and practitioner interviews

Auditor Notes

- Operators use farm equipment with GPS to enable more efficient passes and reduced emissions.
- Equipment is outfitted with autosteer, Tier 4 engines, DEF, regen filters, and other accessories such as specialized tires and tracks to increase efficiency.
- Crop consultants guide product selection and application methods to reduce chemical volatilization and reduce emissions.
- Operators use water tanks during harvest to mitigate airborne dust.

Result: *In Conformance*

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

5.3 Climate-Smart Agriculture

Conformance Evidence

- Research Examples PowerPoint
- Renewable energy updates
- Top Trials tracker
- Easement Agreement for Carbon Dioxide Sequestration

Auditor Notes

- IF is engaged with large-scale CCS energy and carbon management companies, solar, and wind developers. IF has a five-year lease for carbon storage for the company to conduct a feasibility study.
- Operators use diesel exhaust fluid (DEF) to reduce emissions and increase equipment efficiency and keep maintenance logs to ensure equipment is serviced appropriately.
- Trials are implemented that focus on practices that would allow farmers to reduce nitrogen usage and create a better understanding of soil microbial health. Restoring soil quality can allow farmers to reduce inputs and subsequent volatilization and emissions.
- Sites visited are impacted by hail, summer rains, and frost, especially during bloom. Some climatic impacts are mitigated with the use of wind machines and irrigation to generate and/or circulate warmer air in orchard.

Result: *In Conformance, Notable Practice (5.3.1 – See Key Findings)*

Objective 6: Waste and Material Management

6.1 Management of Waste and Other Materials

Conformance Evidence

- Lease agreement
- ESG Lease Addendum

Auditor Notes

- Leases forbid tenants to commit any form of waste on or to the property and require environmental compliance. Tenants may not generate, treat, store, dispose, or discharge any hazardous waste as defined in the Resource Conservation and Recovery Act.
- Operators triple rinse and recycle chemical containers with a third-party.
- ESG Lease Addendums inform tenants that IF may request waste management plans to be provided.
- Universal and solid waste is hauled off sites by contractors.
- Used oil is recycled with the provider.

Result: In Conformance

6.2 Food and Agricultural Waste Resource Recovery

Conformance Evidence

- Nutrient Management Plans (NMP)
- Lease agreement
- ESG Lease Addendum

Auditor Notes

- Site visited is building a facility for unloading and loading peaches to reduce potential for crop loss during transit.
- Sites visited transport harvested crops directly to the packing house or cold storage.
- Harvested produce that is rejected at the packing plant due to subpar grading is sold to UglyFood, a retailer who sells unaesthetic produce. This practice reduces overall food waste while providing safe and healthy produce to the public.
- NMP considers all potential nutrient sources, including crop residues, compost, animal manure, organic byproducts, and wastewater.
- Sites visited chip trees during block redevelopment. Chipped material is reused on another block or site as mulch.

Result: In Conformance, Notable Practice (6.2.1 – See Key Findings)

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Objective 7: Conservation of Biodiversity

7.1 Species Protection

Conformance Evidence

- Eco-Cultural Assessment
- Due Diligence Checklist
- Conservation and Purchase Option Proposal

Auditor Notes

- IF provided Eco-Cultural Assessments that identify the potential presence of any threatened or endangered species on or near properties. Assessments also consider rare species.
- IF uses Due Diligence checklists to review environmental aspects of property acquisition. Eco-Cultural Assessments support environmental research.
- IF provided a proposal that outlines a conservation easement and purchase proposal. Conservation easements are recognized strategies to conserve habitat.
- Due diligence providers coordinate with various environmental and conservation resources, including the California Department of Fish and Wildlife, U.S. Fish and Wildlife Service, and the National Wetlands Inventory that may alert IF to the presence of rare species.

Result: *In Conformance*

7.2 Wildlife Habitat Conservation

Conformance Evidence

- Conservation and Purchase Option Proposal
- Agricultural Conservation Easement Project Award Letter
- Management interview
- Conservation and Restoration of Biodiversity Overview

Auditor Notes

- IF uses conservation easements as a strategy to protect native habitats and natural communities. These easements prohibit non-agricultural uses and protects native habitats. Significant land use changes are prohibited and support conservation efforts.
- Operators follow Farm Service Agency (FSA) maps to guide farming practices. Non-listed or unclassified areas are left alone.
- Water asset calculator tools are being developed for assessing the actual cost of capital expenditure of potential investment for water infrastructure.
- IF has established strategic targets to protect or regenerate habitat on non-tillable areas of all Core Fund properties.
- Biodiversity assessments above and underground, assessments regarding climate change, and water assessments are completed prior to acquisition.
- Wetlands held for mitigation bank usage are present on sites within IF's portfolio and managed by the Bureau of Reclamation.

Result: *In Conformance*

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Objective 7: Conservation of Biodiversity (Continued)

7.3 Avoided Conversion

Conformance Evidence

- Due Diligence Checklist
- Abbreviated 156 Farm Records
- Management interview
- Irrigation Easement
- Conservation and Purchase Option Proposal
- Conservation and Restoration of Biodiversity Overview

Auditor Notes

- IF maintains conservation easements on select sites. Conservation easements help prevent habitat fragmentation by permanently restricting the use of land from commercial or residential development.
- IF cartographers digitize aerial photos and overlay with FSA maps to confirm which tracts of land are tillable farmland.
- Due Diligence Checklists are used to confirm title work and identification of properties.
- IF is committed to avoid the purchase of any properties that have not been classified as production farmland or have natural forests present.
- A commitment to biodiversity and limiting negative impacts on the natural resources of a property is reflected in IF's Sustainability Policy.
- New trees planted on permanent crop properties are monitored via satellites and aerial imagery.
- Provided policy and Eco-Summaries do not provide details or address deforestation, due to IF's practice of avoiding properties with any presence of natural forest.
- Natural forests are assessed during ecological surveys of potential acquisitions.
- IF shares in their Conservation and Restoration of Biodiversity initiative that they avoid the conversion of natural forests, natural communities, and ecologically important sites.

Result: *In Conformance, Opportunity for Improvement (7.3.2 – See Key Findings)*

7.4 Crop Diversity

Conformance Evidence

- Site visits

Auditor Notes

- Sites visited cultivate different varieties of crops to improve disease resistance and mitigate risk.
- Males are planted alternately (on row ends) and provide pollination support for permanent crops.
- Permanent crop varieties are planted on disease resistant root stock with acceptable production potential.
- Agronomic reviews provide support for production trends and assist in identifying possible corrective actions.

Result: *In Conformance*

INTERNATIONAL FARMING

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Objective 8: Protection of Special Sites

8.1 Site Protection

Conformance Evidence

- Due Diligence Summaries
- Due Diligence Report
- Abbreviated 156 Farm Records
- Due Diligence Checklist

Auditor Notes

- Due Diligence Summaries include consideration for cultural, historical, and archaeological research.
- Due Diligence Reports use existing natural heritage data from the US Department of Agriculture (USDA) Soil Web Survey and Google Earth historical imaging to support the determination of historic land use.
- IF uses FSA form 156 to identify the presence of special sites near properties and maintain site maps.

Result: In Conformance

Objective 9: Local Communities

9.1 Economic Wellbeing

Conformance Evidence

- Tax records

Auditor Notes

- IF provided tax documentation including withholding information, tax assessments, and historic property taxes.
- IF Managers encourage tenants and operators to buy from local suppliers and establish relationships with local consultants.

Result: In Conformance

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Objective 9: Local Communities (Continued)

9.2 Community Relations

Conformance Evidence

- Sustainability Report
- Management interview

Auditor Notes

- Operator visited supports agricultural education by hosting interns from Fresno State, sponsoring scholarships to Madera Community College, and involving students in fig planting processes.
- IF collaborates with water district boards, the California Fresh Fruit Association, and Fig Board.
- Operator visited sponsors the training of local pastors in Mexico, and is a member of the local Stimulating Innovation for Global Monitoring of Agriculture (SIGMA) Board and blueberry association.
- Community outreach projects are democratically selected within IF. Staff vote on which charitable opportunities to pursue.
- IF is conducting a community partnerships assessment to look at philanthropic donations and other ways to partner with agriculture organizations that support local communities.
- IF Management engages with multiple water conservation districts in the regions of their farms.
- IF's Sustainability Report outlines several community alliances. Ally organizations focus on food security, accessibility to healthy foods, waste reduction, agricultural apprenticeship for military veterans, Indigenous environmentalism, and more.

Result: *In Conformance, Notable Practice (9.2.1 – See Key Findings)*

9.3 Local Communities and Indigenous Peoples

Conformance Evidence

- IF Sustainability Policy
- Due Diligence Checklist
- Abbreviated 156 Farm Records

Auditor Notes

- IF's Sustainability Policy contains a commitment to support the economic resilience of local communities and recognize distinct legal rights and cultural interests of Indigenous Peoples. IF considers potential impacts their activities may have on these and other stakeholders.
- Third parties conduct Eco-Cultural Assessments during due diligence.
- Third party Eco-Cultural assessments identify local populations and areas of concern.
- FSA records support due diligence processes, which include title research, surveys, and reviewing delineation maps.
- Contact information is available online. Property information is available via public record.

Result: *In Conformance*

Objective 9: Local Communities (Continued)

9.4 Public Health

Conformance Evidence

- Site visits
- IF Employee Handbook
- Lease agreement
- ESG Lease addendum

Auditor Notes

- Site visited is restricted from using compost due to the proximity of existing dairy and poultry operations to the property.
- Occupational Safety and Health Administration (OSHA) and safety posters are posted on sites.
- Lease language requires compliance with legal requirements regarding chemical and other product use.
- Aerial applications of products are provided by licensed and regulated aerial applicators.

Result: In Conformance

Objective 10: Employees and Farm Labor

10.1 Safe and Respectful Working Environment

Conformance Evidence

- Inclusion Code of Conduct
- IF Respectful Workplace Training
- Annual Compliance Training
- IF Employee Handbook

Auditor Notes

- IF is an Equal Opportunity Employer (EOE). Their Inclusion Code of Conduct shows a commitment to equal opportunity in employee recruitment and occupations by promoting diversity, equity, and inclusion through comprehensive policies, training, and support systems. It establishes mechanisms for reporting and addressing violations.
- Employment agreements require employees to support and maintain a safe, gender equitable, and professional work environment.

Result: In Conformance

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Objective 10: Employees and Farm Labor (Continued)

10.2 Occupational Training

Conformance Evidence

- Sustainability Policy
- Farm leases
- IF Employee Handbook

Auditor Notes

- IF's Sustainability Policy emphasizes the development and retention of skilled individuals and the importance of continual learning and improvement.
- Safety equipment such as respirators is supplied in and around areas requiring additional safety practices.
- It is unclear how frequently safety training is conducted, and which topics are covered to support occupational safety.

Result: *In Conformance, Opportunity for Improvement (10.2.1 – See Key Findings)*

10.3 Supporting Capacity for Sustainability

Conformance Evidence

- Lease agreement with ESG Appendix
- Respectful Workplace Training
- Vice President (VP) of Agronomy Position Objectives

Auditor Notes

- Leading Harvest commitments are shared via leases and IF's Sustainability Report. The Sustainability Report and commitments are distributed throughout the organization and made public where appropriate.
- IF has designated individuals to support LH conformance. IF's Vice President of Agronomy has key responsibilities defined that support LH FMS objectives.
- IF requires annual training, including ongoing legal compliance, sustainability, and conservation topics.
- IF's Sustainability Policy outlines their intent to employ professionals with specific sustainability expertise.

Result: *In Conformance*

10.4 Compensation

Conformance Evidence

- Compensation assessments

Auditor Notes

- IF conducted a compensation assessment with a third party to support the development and implementation of a comprehensive compensation structure.

Result: *In Conformance*

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Objective 10: Employees and Farm Labor (Continued)

10.5 Farm Labor

Conformance Evidence

- Site visits

Auditor Notes

- Farm Labor Contractors (FLCs) are used by operators to source for domestic agricultural labor. IF uses licensed FLCs that are in good standing with the state.
- One of the operators interviewed was also a certified FLC and can use in-house talent to source labor.

Result: *In Conformance*

Objective 11: Legal and Regulatory Compliance

11.1 Legal Compliance

Conformance Evidence

- Annual Compliance Training
- Due Diligence Report
- Due Diligence Checklist
- Abbreviated FSA 156 Records

Auditor Notes

- IF has legal counsel on staff and an in-house compliance officer who serves as the Chief Commercial Officer (CCO).
- IF uses internal chats to remain up to date on time-sensitive regulatory updates.
- IF is compliant with Security and Exchange Commission (SEC) compliance requirements and conducts annual compliance training.
- OSHA and labor rights posters are posted on sites visited.
- Due diligence procedures indicate IF conducts thorough research to understand property characteristics and comply with regulatory requirements, including water rights.
- FSA records support compliant land management.

Result: *In Conformance*

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Objective 11: Legal and Regulatory Compliance (Continued)

11.2 Legal Compliance Policies

Conformance Evidence

- Inclusion Code of Conduct
- Respectful Workplace Training
- Sustainability Policy
- IF Employee Handbook

Auditor Notes

- IF's Inclusion Code of Conduct expresses a commitment to comply with social laws.
- IF conducts training to support a respectful workplace. Training covers anti-harassment, anti-discrimination, bullying, and anti-harassment.
- IF's Sustainability Policy mentions fair, respectful, and inclusive labor practices, and considers them a key focus area of their sustainability strategy.
- IF's Employee Handbook states, "we all have the responsibility to maintain a safe and efficient working environment" and outlines the company's commitment to following guidelines related to maintaining a legally compliant workplace.
- IF reserves the right to conduct pre-employment background checks to ensure a safe and productive work environment.
- IF meets workforce regulatory compliance to align with SEC requirements.
- Lease language shows respect for tenants' rights.

Result: In Conformance

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Objective 12: Management Review and Continual Improvement

12.1 Farm Review and Continual Improvement

Conformance Evidence

- Top Trial Tracker
- Farm lease
- Management interview

Auditor Notes

- IF's Agronomy Department evaluates soil fertility by pulling soil samples every year on 50% of the asset. The department has a committed budget to pay for CERES Imaging and other services to ensure and facilitate monitoring of farmland stewardship.
- IF Agronomy Department manages Top Trials Program with the aim of solving a specific issue or introducing a new technology, such as the use of seaweed extract using sargassum, a macroalgae to support increased yields.
- Issues on properties are identified and addressed via monitoring documentation stored in Farm Advisor and Crop Track software.
- IF management uses data from monitoring system to inform and educate growers during regular meetings, capital expenditure conversations, and for Top Trials Program implementation.
- IF has a Research and Development Committee that vets new projects and innovations to ensure projects are valuable.
- Regional Agronomic Area Managers (RAAMs) interface informally with growers at least monthly, especially during harvest season, and formally at least once a year to negotiate lease, and review capital expenditure and Business Plans with grower. RAAMs assist with the Top Trials Program coordination and implementation.
- Relevant and supporting documentation are uploaded by RAAM and includes geo-referenced assets, such as pivots and agrochemical storage units.
- IF's Sustainability Report includes descriptions of projects that evaluate conservation and practice improvement opportunities.
- IF considers agricultural innovation a strategic initiative and support several research projects with the potential to increase environmental stewardship across multiple crop types.
- IF conducts Risk Analyses to identify risks to land management, such as flooding.
- Regional experts lead farm management in particular geographies, and central management supports continuity across IF's regions. Agronomic reviews provide improvement recommendations.

Result: *In Conformance, Notable Practice (12.1.3 – See Key Findings)*

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Objective 12: Management Review and Continual Improvement (Continued)

12.2 Support for Sustainable Agriculture

Conformance Evidence

- Top Trials tracker
- Top Trials and Technology Evaluations
- All Top Trials document
- Top Grower Application (draft)

Auditor Notes

- IF tracks all trials, and focuses on trials that are scalable and have the highest potential to improve environmental stewardship, efficiency, and reduce costs.
- Trials are evaluated and IF documents trial partners and relevant parties, products, crops, and regions that may be impacted.
- IF hosts a Food Summit to discuss agriculture and food security with over 100 attendees.
- IF is developing an application to allow their growers to achieve a "Top Grower" status. Top Grower status will be awarded to growers who are able to demonstrate their alignment with IF's sustainability initiatives.

Result: *In Conformance*

Objective 13: Tenant-Operated Operations

13.1 Leased-Land Management

Conformance Evidence

- Lease agreements
- List of Executed Leases with ESG Addendums
- IF Sustainability Policy
- Leading Harvest Summary

Auditor Notes

- ESG Lease Addendums share information regarding LH FMS and BMPs. The Addendum states IF's intent to engage with tenants who implement policies of LH FMS.
- IF has trademarked their Responsible Stewardship Promise, which is to "Leave the Land Better Than We Found It", which underscores their commitment to stewardship, innovation, and grower education.
- Leases state tenant requirements for insurance coverage including workers' compensation and compliance with all applicable laws and regulations.

Result: *In Conformance*

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Objective 13: Tenant-Operated Operations (Continued)

13.2 Leased-Land Monitoring

Conformance Evidence

- Management interviews
- Tenant Evaluations
- Investment Committee Reports (ICRs)
- Farm budgets
- Yield maps
- Newsletter: Tracking Sustainability at Scale
- Agronomy Farming Practice Evaluations

Auditor Notes

- IF's Compliance Committee reviews insurance, financial statements, and farm data including soil tests, crop performance, and water quality tests.
- IF Management monitors agricultural practices through annual reviews and regular visits and calls with tenants.
- Tenants are selectively chosen for professionalism and innovative behaviors.
- IF managers complete farm visit notes and reports in Farm Advisor software. Records are maintained and accessible to the Management team.
- Property visit notes indicate visits have a structured process for monitoring agricultural practices, address compliance, and are intended to address potential issues.
- IF Managers provide feedback to tenants and take notes on site quality and conditions during site visits.
- IF reviews current and historic performance of all aspects of land management during the annual tenant review process. Financial and ground operations are included in annual reviews.
- Farm management practices are coordinated with tenants from the beginning of the season. Capital expenditure needs are captured early in the growing cycle so IF Management can support tenants.
- IF's Asset Management Committee oversees tenant requests, provides analysis on an asset's contribution to overall sustainability goals, and provides approval to appropriate tenant requests for capital expenditure.
- IF updates tools and software to increase information sources and performance data. Recent efforts have been focused on implementing Farm Advisor and Crop Track software.
- IF Managers react appropriately to changing situations and assist tenants to locate consultants or experts to address farm's needs when necessary.
- IF's asset management committee includes representatives from farm management, agronomy, investor relations including sustainability leadership, and finance to review the leasing procedure and content. The committee meets monthly and as needed.
- Reporting and notes from farm visits are increasingly recorded in Farm Advisor software in addition to visual information provided by satellites and drones and conservation opportunities.
- Crop Track enhances the information in Farm Advisor by monitoring on farm purchases and activities.

Result: *In Conformance*

CONCLUSIONS

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

STANDARD USER GUIDANCE

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.

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SPECIFIC FOCUS AREAS FOR NEXT AUDIT

IF's Surveillance audit in 2025 will review ongoing conformance efforts, including the results of this Certification audit's findings regarding at-risk species identification and a program to protect identified at-risk species and policy language that expands upon zero deforestation practices in place. Averum and IF will coordinate next year's site visit(s) in early 2025 after applications are received. Audit activities are estimated to take place in June of 2025.

INTERNATIONAL FARMING

LH FMS AUDIT SUMMARY REPORT

October 15, 2024

Summary of Audit Findings			
Program User	International Farming		
Audit Dates	July 18, 2024 – October 15, 2024		
Non-Conformances Raised (NCR):	Major	Minor	
	0	0	
Follow-Up Visit Needed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Date(s)		10/15/2024	
Audit Report Executive Summary			
IF performed well and was able to demonstrate their continued conformance to the Leading Harvest Farmland Management Standard. IF delivered responses to auditor interviews as well as an illustrative package of conformance evidence documenting the company's commitment and conformance to the Leading Harvest Farmland Management Standard. The properties we visited were professionally managed, and Managers are qualified for their roles and take initiative to address challenges and emerging issues. Interview subjects were transparent and expansive in their responses. All parties have been generous with their time and are appreciated.			
Team Leader Recommendations			
Corrective Action Plan(s) Accepted	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	10/15/2024	
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	10/15/2024	
All NCR Closed	Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	10/15/2024	
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
Audit Team Leader		Audit Team Members	
Matt Armstrong		Jacques Werleigh, Linnea Abel, Holly Salisbury	
Scope of Audit			
Management of production farmland on direct and tenant operated properties.			
Accreditations	Approval by Leading Harvest to provide certification audits		
Number of Certificates	1		
Certificate Number	AVERUM-LHFMS-2024-0022		
Proposed Date for Next Audit Event	TBD – June 2025		
Audit Report Distribution	Logan Yonavjak: lyonavjak@intlframing.com		