

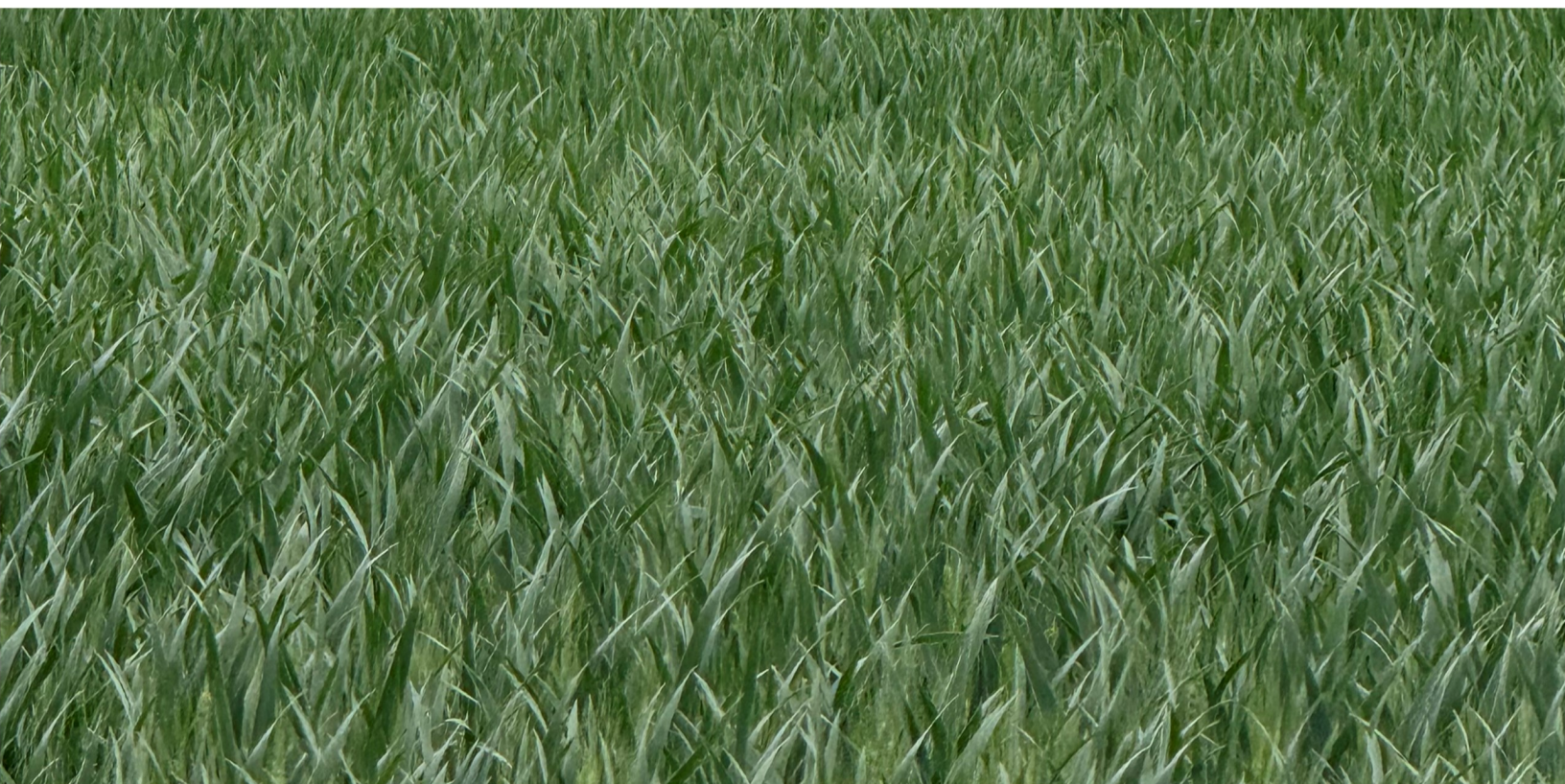


Ceres Farms, LLC

South Bend, Indiana

**LEADING HARVEST FARMLAND MANAGEMENT PROGRAM
2020 AUDIT SUMMARY REPORT: 2025 RECERTIFICATION**

May 30, 2025



Ceres Farms, LLC

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Certification Date:

June 2, 2025

Recertification Due Date:

June 2, 2028

Certification ID Number:

AVERUM-LHFMS-2024-0029

☐ **Certification Audit**

☒ **Recertification Audit**

☐ **Surveillance Audit**

☐ **Scope Expansion**



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This report summarizes the results of the Recertification audit conducted on Ceres Farms LLC's (Ceres') managed production agriculture properties. The audit was conducted by Matt Armstrong, Lead Auditor for Averum. Matt Armstrong has had experience with Leading Harvest throughout its development, is an assurance provider for multiple sustainability programs, and has expertise in production agriculture on multiple crop types in the United States. Site visits were conducted by Linnea Abel, 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 2025, Averum was engaged by Ceres to perform an audit of sustainability performance on 100,000–250,000 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 the Lake States region. There was no substitution or modification of LH FMS performance measures.

Throughout the course of our engagement, it was determined that gathering additional information via meetings or correspondence with government agencies, community groups, affected Indigenous Peoples and conservation organizations was not required. Information provided during the course of our audit was determined to be sufficient to address relevant indicators of the LH FMS.

COMPANY INFORMATION

Ceres is an agricultural investment firm. Farm operating tenants are responsible for the day-to-day farmland management services for Ceres' properties. Ceres 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 audits, twenty (20) sites managed by the same tenant in the Lake States region were selected for site visits. Managers overseeing decision making and standard compliance for the sample region and central management were contacted for evidence requests and interviews. The properties in this region are a representative sample of current practices in place and management decision making. The primary agricultural production on the sites are corn, soy, and wheat.

AUDIT PLAN

An audit plan was developed and is maintained on file by Averum. Ceres provided access to an online portal established to share supporting evidence with Averum. Audit personnel were authorized to securely review evidence. An opening meeting was held on May 16, 2025, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in the Lake States region were examined on May 20, and May 21, 2025. A closing meeting was held on May 30, 2025.

Throughout the audit engagement, information, and communication technology (ICT) was employed to conduct remote meetings including interviews. Ceres created an online portal and made it available for auditors to obtain documentation for review. 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 support geographically dispersed functional management units, the use of ICT was deemed not only appropriate, but necessary. Stage 2 audits (certification, surveillance, and recertification) are required by the LH FMS to include in-person observations to verify farming activities, due to the risks associated with the limitations of remote technologies in capturing information regarding on-farm practices.

Opening Meeting: Conference Call**MAY 16, 2025****Attendees**

Ceres Farms, LLC:

Nathan Kaehler, Travis Alexander, Tara Wolfe

Audit Team:

Lead Auditor: Matt Armstrong

Auditor: Linnea Abel

Topics

The following topics were discussed and presented by Lead Auditor Matt Armstrong during the Opening Meeting:

- Introductions of participants and their roles
- Introduction of audit team
- Status of the previous audits
- Audit plan
- Expectations of program user staff
- Method of reporting

INTRODUCTION

(Continued)

Closing Meeting: Conference Call

MAY 30, 2025

Attendees

Ceres Farms, LLC:

Nathan Kaehler, Travis Alexander, Tara Wolfe

Audit Team:

Lead Auditor: Matt Armstrong

Auditor: Linnea Abel

Topics

The following topics were discussed and presented by Lead Auditor Matt Armstrong during the Closing Meeting:

- Opening remarks
- Statement of confidentiality
- Closing summary
- Presentation of the audit conclusion
- Major Nonconformances
- Minor Nonconformances
- Opportunities for Improvement (OFIs)
- Notable Practices
- Report timing and expectations

Audit Time (Days)	Activity	Responsible
1	Opening and closing meetings	Auditor, Lead Auditor, Team Leader
1.5	Management interview	Auditor
2.5	Sit visits	Auditor
2	Engagement workpapers	Auditor
3	Evidence (document) review	Auditor
3	Audit summary report, review, and certification decision	Auditor/Lead Auditor

MULTI-SITE REQUIREMENTS

Ceres maintains operations on multiple properties in 13 states in the United States. Ceres qualifies for multi-site sampling since the properties within the management system are centrally managed and directed by Portfolio Managers, with regular monitoring activities. Portfolio Managers are responsible for developing corrective action plans regarding LH FMS conformance and reporting them to Ceres' management. Ceres' current review and monitoring process is sufficient 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.

AUDIT RESULTS

Ceres has performed well in demonstrating its management system's conformance to the LH FMS.

Ceres has effective due diligence practices and reporting requirements in place to understand physical characteristics and verify properties are being appropriately maintained.

Ceres has a culture of efficiency that extends to the support given to farmers while meeting stakeholder expectations.

Ceres follows regulatory requirements in place to protect watersheds in the various regions and states where they own properties and collect sufficient information to determine if corrective actions should be implemented on sites to maintain soil health and productivity.

Ceres continues to be a leader in the adoption of renewable energy options on sites and demonstrates positive professional relationships with skilled growers.

Ceres' leases and websites are transparent about their use of Leading Harvest Objectives and Principles to guide and support their sustainability efforts.

Ceres is well positioned to implement minor adjustments to practices and demonstrate continual improvement in their management system's ability to conform with LH FMS.

Region

Lake States

Crop

Corn, soy, and wheat

INTRODUCTION

(Continued)

Ceres Farms, LLC

LH FMS AUDIT SUMMARY REPORT

Properties Examined During Engagement

Twenty-two (22) sites visited during audit¹.

- Tucker Farm
- Hill Farm
- Denniston Farm
- Postula Farm
- Papranec Farm
- DeLong Farm
- Hartenburg Farm
- Stimson Farm
- Snow Farm
- Wiltse Farm
- S&P Spuds Farm
- Garvey Farm
- Wolfrom Farm
- Stowe Farm
- Parker Farm
- Grulke Farm
- Miller-Ramos Farm
- Husted Farm
- Kiacz Farm
- Machala Farm
- Brosserd Farm
- Morrell Farm

¹ Twenty (20) sites were required based on sampling methodology. Two additional sites were visited since they were within the site visit region and offered additional attributes for auditor review. Additional sites were not visited as a result of increased risk.

FINDINGS IDENTIFIED DURING THE AUDIT	
PREVIOUS NONCONFORMANCE	Zero (0)
MAJOR NONCONFORMANCE	Zero (0)
MINOR NONCONFORMANCE	Two (2)
OPPORTUNITIES FOR IMPROVEMENT	Eight (8)
NOTABLE PRACTICES	Five (5)

MINOR NONCONFORMANCE

7.1.2 AT-RISK SPECIES

After acquisition, it is not a common practice for management to conduct further diligence to gain awareness of the possibility of threatened, endangered, or at-risk species on or near sites operated by Ceres’ tenants. Ceres should develop a standard operating procedure (SOP) to identify potential species and socialize the findings with their tenants in their respective regions. Ceres could leverage available data from resources, such as NatureServe, to support species identification.

7.3.2 DEFORESTATION

Ceres' Sustainability and Governance Policy states their commitment to avoiding unnecessary deforestation. Ceres should expand upon protocols in place to avoid deforestation within their Sustainability and Governance Policy or develop a standalone Policy.

Policy language should clarify the distinctions between timber harvests that support healthy ecosystems and increased farmland productivity from deforestation as it is defined in the LH FMS. Cut off dates, as well as natural forest types and regions of applicability, should be defined.

OPPORTUNITIES FOR IMPROVEMENT

3.2.2 WATER QUALITY PROTECTION

Ceres could consider encouraging the adoption of water quality testing, especially in watersheds that have reported persistent issues with water quality. Water quality testing in tandem with site improvements may encourage the continued adoption of beneficial practices that enhance property values.

Ceres could consider researching available programs relevant to the properties they manage throughout their portfolio to further incentivize the adoption of conservation practices that support soil health and water quality. Examples of available programs relevant to the sites visited during this year's recertification include the Saginaw Bay Watershed Regional Conservation Partnership Program for the adoption of practices including cover crops and the seeding of grass waterways.

7.1.1 THREATENED AND ENDANGERED SPECIES

Results of research conducted by or shared with Ceres regarding relevant species could be shared with tenants to increase awareness and support tenants' ability to identify and protect (or avoid) species of concern and their habitats.

10.1.1 EQUAL OPPORTUNITY EMPLOYMENT

Ceres could develop an Equal Opportunity Employment statement or provide further documentation of practices that support equal opportunity in the workplace, such as agendas or training materials from compliance training.

10.2.1 PERSONNEL AND CONTRACT WORKER TRAINING

Lease language could be expanded to clarify lessees are responsible for ensuring their staff are appropriately trained and qualified for the roles they are assigned.

11.1.1 ACCESS TO COMPLIANCE INFORMATION

Ceres could clarify the lessee's obligations to provide access to relevant health and safety information in lease language.

11.2.2 CONSISTENCY WITH INTERNATIONAL LABOR ORGANIZATION (ILO) CONVENTIONS

Ceres could expand upon policies or lease agreements to clarify expectations that align with International Labor Organization Conventions that are not fully covered by U.S. law. Such conventions include workers' right to organize and collective bargaining.

**12.1.4 ANNUAL REVIEW AND CONTINUAL IMPROVEMENT &
13.2.1B VERIFIABLE MONITORING SYSTEM**

The absence of a standardized property inspection form or SOP to evaluate Leading Harvest Objectives may create inconsistency in Objective application and evaluation and make it more difficult to track improvement in practices over time. Consistency could better support annual review and continual improvement and the effectiveness of the Verifiable Monitoring System.

NOTABLE PRACTICES**1.1.2 FARMLAND STEWARDSHIP**

Ceres allows their tenants agency in decision-making while verifying land management practices and impacts at least annually through document reviews of reasonable reporting requirements. Ceres continues to demonstrate effective, professional relationships with their tenants based on trust and collaboration and quickly responds to tenant inquiries.

5.1.2 RENEWABLE ENERGY

Ceres maintains positive relationships with several renewable energy developers in most states throughout their portfolio. Renewable energy options generate revenue for Ceres while supporting clean energy initiatives. Ceres conscientiously collaborates with developers to minimize interference with farming operations on potential project sites.

5.2.1 AIR EMISSIONS

Ceres updates pivot irrigation systems as a SOP. Ceres' Portfolio Managers have organized and executed several conversions of pivot irrigation systems on sites within the portfolio to convert pivot irrigation systems from diesel to more efficient electricity, which contributes to emissions reductions.

9.1.1 ECONOMIC CONTRIBUTIONS

Ceres maintains properties featuring renewable energy options and properties with executed options in most states where properties are managed. Renewable energy projects have significant impacts on regions in terms of job growth and economic impact.

Ceres also maintains positive relationships with trusted contractors and service providers, and socializes their network with their tenants to support local procurement of goods and services.

9.3.3 LOCAL COMMUNITIES AND INDIGENOUS PEOPLES' INQUIRIES

Ceres' website offers transparency to communities through the availability of property maps and clear descriptions of property locations and acreage.

KEY FINDINGS

(Continued)

Ceres Farms, LLC

LH FMS AUDIT SUMMARY REPORT

REVIEW OF PREVIOUS AUDIT CYCLE

Ceres was initially certified to LH FMS in 2022. During their first audit cycle, Ceres demonstrated consistency in their ability to attract and retain skilled growers across their regions. Farmland lease agreements were adapted to include expectations for alignment with Leading Harvest Objectives, and Ceres had effective monitoring practices in place, dependent on frequent communication with tenants and regular site visits.

Ceres has consistently demonstrated a commitment to renewable energy production and investing in site improvements to maximize efficiency. Intermittent OFIs within Performance Measure 7.2, Species Protection and 13.2, Leased-Land Monitoring have been identified.

Ceres' management team demonstrates a commitment to responsible land ownership, efficiency, and remains well positioned to continue the adoption of practices that support LH FMS Objectives and Principles and pursue continual improvement.

The following are summarized findings organized by LH FMS performance measure. Specific nonconformances, 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

Sustainability and Governance Policy
Site visit photos
File demonstration
Consumer's Energy Scoping documents
Lease agreements

Auditor Notes

- Ceres maintains a Sustainability and Governance Policy that states their commitment to environmental, social, and economic sustainability. The commitment statement provides descriptions to overarching sustainability commitments and descriptions of procedures that support each Leading Harvest Objective.
- Ceres’ properties are managed by tenants who have dedicated Portfolio Managers assigned to manage those relationships. Tenants are assigned a primary and secondary Portfolio Manager who are available to respond to inquiries and provide support. Secondary Portfolio Managers are available to provide coverage when primary Portfolio Managers are not immediately available.
- Ceres' due diligence process includes thorough title research and site mapping to understand site features and potential income. Maintaining soil health and productivity to support bountiful yields is a key priority of Ceres.
- Ceres provided a demonstration of how Portfolio Managers, Acquisitions staff, and Operations Associates coordinate and establish files for each property and tenant. Due diligence processes within the filing system consider relevant aspects of properties and show consideration for long-term profitability and maintenance of soil health and productivity.
- Ceres invests in site improvements to maintain long-term productivity and soil health, reduce GHG (Greenhouse Gases) impacts, and reduce the chances of crop loss. Improvements include infrastructure additions, improvements, and maintenance to irrigation and drainage systems and grain bins and dryers.
- Ceres provided Scoping Documents for projects related to irrigation systems. Projects are in states that require permits for well water withdrawal. Ceres follows all regulatory requirements to implement site improvements that responsibly increase yield, and requires tenants to maintain soil health and fertility in their lease agreements. Ceres allows their tenants agency in decision-making while verifying land management practices and impacts at least annually through document reviews of reasonable reporting requirements.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					1.1.2	1.1.1 1.1.3

Objective 1: Sustainable Agriculture Management

1.2 CRITICAL EXTERNAL FACTORS

Conformance Evidence

Consumer's Energy Scoping Documents

Auditor Notes

- Ceres' properties are appraised annually. Appraisals are reviewed by their Review Committee and fluctuations are addressed.
- Ceres provided Scoping Documents related to a site improvement project. Ceres is receptive to tenant inquiries for capital improvements.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						1.2.1

Objective 2: Soil Health and Conservation

2.1 SOIL HEALTH

Conformance Evidence

Soil maps
Site maps
Application records
Fertilizer application records
Certified Crop Advisor recommendations

Auditor Notes

- Sites visited are comprised of loam, sandy loam, and muck soils. Tenants in the region use soil amendments to raise the pH of acidic soils and applications of dairy and hog manure to improve soil organic matter and combat soil compaction.
- Site visited recently had a ditch pump fail. Tenant of the site serviced the pump a few weeks prior, and noted the pump failed shortly after. Ceres' Portfolio Manager took photos to provide to service providers to obtain quotes and also proposed drainage tile to improve soil aeration and remove excess water from site impacted by the failed ditch pump.
- Tenant interviewed is not currently implementing cover crops, but is researching appropriate cover crop mixes and has identified a seed vendor. Tenant double crops soybean after spring wheat and leaves crop stubble over winter. Crop residues are disced into the soil to increase the rate of decomposition and increase soil organic matter.
- Leases require tenants to maintain soil fertility with the use of appropriate soil amendments. Tenant interviewed has been working to correct soil pH on sites they manage for Ceres to reduce acidity with lime applications.
- Ceres provided soil maps for auditor review. Soil maps and site maps are maintained for each site within Ceres' portfolio and are shared with tenants.

Objective 2: Soil Health and Conservation *(Continued)*

2.1 SOIL HEALTH

Auditor Notes

- Tenants conduct soil tests every two–four years for each Ceres’ property at a minimum, and conduct soil tests more frequently for highly productive sites to ensure continual nutrient balance.
- Tenant interviewed uses Nutrien Ag Solutions to conduct soil testing and provide appropriate nutrient recommendations. Tenant maintains records of applications in John Deere Operations Center (JD Ops Center) and maintains paper farm records that date back several years. Paper records document macronutrient applications.
- Farm Service Agency (FSA) Form 156s are completed and provided to Ceres annually. These abbreviated farm records share relevant information about properties, such as acreage, land ownership, and yields.
- Tenant interviewed uses tillage systems appropriate for soil types and structure. Prior to planting, crop residues are disced into soil to build soil organic matter.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						2.1.1
						2.1.2
						2.1.3
						2.1.4

Objective 2: Soil Health and Conservation

2.2 SOIL CONSERVATION

Conformance Evidence

Wind lease
Lease agreement
Site photos of grassed waterways

Auditor Notes

- Several sites visited had drainage ditches and ditch pumps. Drainage ditches were clear with water freely flowing and free of saplings or other accumulated organic materials. Once sites are dredged, dredge is applied as a soil amendment to fields.
- Tenant interviewed seeded grass alongside drainage ditches to provide greater stability and serve as a filter strip.
- Sites visited have soil types that range from sandier loams to muck soil. Tenant interviewed has an equipment inventory, which supports the use of the most appropriate farm equipment based on the site's soil type and topography, including tracked and wheeled tractors. Crop rotations include corn, wheat, and soybeans.
- Sites visited with topography are prone to erosion during heavy rainfall events. Tenant interviewed uses conservation tillage methods including reduced till on sites with highly erodible land (HEL) designations.
- Sites with renewable energy projects have leases that require compensation for damages to soil structure to generate income for site restoration if necessary.
- Sites visited have had improvements to drainage ditches including planting grass filter strips that reduce erosion and sediment runoff.
- Sites visited mostly appear to be well-draining with additions of drainage tile. Portfolio Manager addressed the presence of standing water with tenant interviewed during site visit on a particular site. Portfolio Manager began reaching out to service provider in the area for a quote to install drainage tile and provide service to a failed ditch pump.
- Ceres' tenants are required to provide yield information or FSA Form 156EZs, which track crop and yield information to Ceres annually.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						2.2.1
						2.2.2

Objective 3: Water Resources

3.1 WATER USE

Conformance Evidence

Irrigation Use Reports
Water Withdrawal Engineer's Report
Site visit photos

Auditor Notes

- Sites visited are dryland or source their water from permitted wells or surface water. Wells are flow-metered and water usage reports are provided by the tenant to the landowner and the state of Michigan.
- Ceres requires tenants to submit water usage reports annually.
- Ceres provided an engineer's report that demonstrates thorough consideration for all available irrigation options and potential impacts to watersheds. The report indicates appropriate measures are taken, including the use of flowmeters and installation of modern irrigation technology to efficiently deliver irrigation water.
- Tenant interviewed maintains water usage records, which are provided to Ceres annually and the state of Michigan. Wells are permitted and registered with the Michigan Department of Environment, Great Lakes, and Energy.
- Sites visited are dryland and pivot irrigated. Select site uses surface water from the Grand River. All other sites use groundwater sourced from registered wells. Wells are metered to support appropriate water usage reporting.
- Sites visited with pivot irrigation use systems with software that supports remote management. Irrigation can be turned off and on, scheduled, and automated. Software provides pressure monitoring along pivot towers to ensure highest operating efficiency and allow the tenant to identify if nozzles or other pivot features need to be serviced.
- Sites visited with pivot irrigation systems use metered wells to support accurate water usage reporting.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						3.1.1
						3.1.2
						3.1.3

Objective 3: Water Resources

3.2 WATER QUALITY

Conformance Evidence

Application records
Lease agreement
Protection of Waters Program description
Irrigation Permit: Protection of Waters Program

Auditor Notes

- Tenant uses variable rate applications and adjuvants during applications to reduce the potential for nutrient leeching and drift.
- Tenant interviewed maintains 120-foot buffers from drainage ditches, waterways, and wetlands to protect water quality.
- Tenant uses precision spray with the support of a third-party scouting vendor who prescribes applications. Third-party service provider gives the tenant a thumb drive for their equipment, which automates applications. Advanced ag technology supports conservative nutrient and chemical applications.
- Tenant uses split nitrogen applications and adjuvants to reduce volatilization and overall nutrient inputs.
- Tenant has planted grass filter strips along drainage ditches to reduce erosion, sediment load, and mitigate potential nutrient runoff. Tenant does not currently conduct water quality analysis of drainage. Sites visited are near the Grand River and Looking Glass Rivers.
- Ceres complies with regulations in place, including permitting regulations in place, as part of the Protection of Waters Program in New York. Ceres provided a program description as an example of the regional goals these regulations support.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				3.2.2		3.2.1

Objective 4: Crop Protection

4.1 INTEGRATED PEST MANAGEMENT

Conformance Evidence

Scouting Reports
Application recommendations
Application records
Drone demo video footage

Auditor Notes

- Tenant interviewed provided scouting reports for auditor to review. Scouting reports that take place during the growing season include descriptions of pest presence and are accompanied by recommended actions.
- Sites visited are scouted at least biweekly by a third-party vendor who provides application recommendations.
- Tenants maintain application records, and uses a variety of ag software to support recordkeeping.
- Tenant interviewed retains paper logs in addition to tracking applications in JD Ops to track applications.
- Ceres provided a season summary of applications that includes the date, time, product, and rates of application maintained in FieldView software.
- Ceres provided video footage from a site visit where Portfolio Managers observed their tenant using a drone to conduct aerial applications. Drone applications support precise application of pesticides and reduced inputs.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						4.1.1
						4.1.2
						4.1.3

Objective 4: Crop Protection

4.2 CROP PROTECTANT MANAGEMENT

Conformance Evidence

Application records

Auditor Notes

- Ceres does not have any sites within its portfolio with chemical storage. Ceres does have storage sheds that may be leased to tenants to store nonchemical equipment, such as tractors and combines.
- Leases require tenants to comply with all federal, state, and local laws, ordinances, and regulations applicable to fertilizers, chemicals, and pesticides.
- Tenant interviewed uses personal protective equipment, conducts their own applications, and uses adjuvants to reduce the possibility of pesticide drift during applications.
- Tenant interviewed conducts their own applications and maintains licensure with the Michigan Department of Agriculture and Rural Development (MDARD).

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						4.2.1

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

5.1 AGRICULTURAL ENERGY USE AND CONSERVATION

Conformance Evidence

Water Withdrawal Engineer's Report
Site visit photos of solar panels
Solar lease
Wind lease
Michigan Electric Transmission Company project overview

Auditor Notes

- Ceres supports tenants and improves site efficiency by converting pivot irrigation systems to electric from diesel whenever possible.
- Tenant interviewed uses JD Ops to track equipment maintenance.
- Tenant uses modern farming equipment with GPS (global positioning system) and satellite imagery map overlays to plan and perform efficient passes of equipment machinery. Tenant also focuses on reducing equipment idle time, and uses equipment with engine shut-off after a short period of time if it is left to idle.
- Ceres provided a Water Withdrawal Engineer's Report that describes the implementation of modern pivot irrigation systems that facilitate fertigation, which reduces the number of passes required using large farm equipment and saves fuel.
- Ceres maintains relationships with several solar developers to identify solar options for potential developments. Sites within Ceres' portfolios may be selected to execute the solar options and are under construction or in production.
- Sites visited have executed solar options and support larger solar projects that benefit local communities.
- Ceres is working with the Michigan Electric Transmission Company to determine the feasibility of supporting the construction of the Helix Project. The Helix Project involves the construction of a major electricity transmission line to improve connectivity and reliability of Michigan's energy grid and infrastructure. Ceres demonstrates understanding of potential implications to irrigated sites, such as pivot patterns and is seeking clarity on proposed location of towers.
- Ceres provided examples of executed solar options for projects that support the generation of 150 mwh, roughly the equivalent to power 25,000 homes.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					5.1.2	5.1.1

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

(Continued)

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

5.2 AIR QUALITY

Conformance Evidence

Site visit photos

Auditor Notes

- Ceres makes significant investments in technology and site infrastructure that reduces overall emissions. Improvements include the conversion of fuel sources for pivot irrigation systems from less efficient sources, such as diesel.
- Airborne dust is not an issue on sites visited. Sites are accessed via gravel drives or grassways.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					5.2.1	5.2.2

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

5.3 CLIMATE-SMART AGRICULTURE

Conformance Evidence

Lease agreement
Site visit photos

Auditor Notes

- Tenant interviewed uses precision agriculture to reduce inputs and overall emissions.
- Ceres' Portfolio Managers thoroughly review site features and infrastructure to determine the potential for improved efficiencies. Site improvements include removal of old fence rows and volunteer trees within tillable acres to reduce the number of turns required by farm implements and create more efficient passes.
- Tenant uses treated seeds and seeds with genetic traits that provide resistance to common pests.
- Leases include LH FMS Objectives and encourage the adoption of climate-smart practices.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						5.3.1
						5.3.2

Objective 6: Waste and Material Management

6.1 MANAGEMENT OF WASTE AND OTHER MATERIALS

Conformance Evidence

Lease agreement

Auditor Notes

- Sites visited do not have waste disposal on sites.
- Site visited was located next to a busy roadway, and auditor observed a discarded mattress. Tenant interviewed has a trailer and frequently removes litter from site for proper disposal.
- Leases require lessees to keep sites free of debris and dispose of any chemical containers lawfully. Tenant interviewed orders chemical in bulk, which reduces the number of containers and waste generated.
- Ceres will reuse salvageable materials from retired pivots whenever possible. Ceres transported towers from one site to another to reduce costs and reuse steel towers.
- Tenant interviewed has contracts with recycling vendors to collect and recycle used oil and oil filters from their shop on their home site. In return, the shop provider services the tenant’s farm equipment.
- Sites within Ceres' portfolio do not have any chemical storage on sites. Ceres’ leases require tenants to comply with all applicable laws and regulations in order to provide a safe working environment.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						6.1.1
						6.1.2
						6.1.3

Objective 6: Waste and Material Management

6.2 FOOD AND AGRICULTURAL WASTE RESOURCE RECOVERY

Conformance Evidence

Site visit photos

Auditor Notes

- Tenant interviewed markets crops to a variety of buyers within the region and maintains their own fleet of trucks and grain bins.
- Ceres makes improvements to grain bins including the addition or updates to dryers to improve efficiency, storage capacity, and crop longevity.
- Tenant interviewed uses dairy manure applications from his brother's operation to increase soil organic matter. Crop residues are left in fields after harvest to protect and retain soil.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						6.2.1
						6.2.2

Objective 7: Conservation of Biodiversity

7.1 SPECIES PROTECTION

Conformance Evidence

Lease agreement
Sustainability and Governance Policy
Bat Survey Notification

Auditor Notes

- Tenant interviewed was not aware of any threatened or endangered species within the area and was not able to identify relevant species with a potential for occurrence. Tenant has not used the Bulletins Live Two program available through the Environmental Protection Agency.
- Lease agreements require Phase I Environmental Site Assessments to be shared if they are conducted on Ceres' properties by an external agent. Significant developments require a Phase I to be conducted, such as executed solar options.
- During construction, engineers are consulted to understand what can and cannot be farmed during and after construction.
- Ceres' Sustainability and Governance Policy states their commitment to the conservation of biodiversity.
- Tenant interviewed was not aware of at-risk species or species of concern within the area and was not able to identify relevant species with a potential for occurrence.
- Ceres' Sustainability and Governance Policy states their commitment to protecting threatened, endangered, and at-risk species on or around owned properties. Ceres coordinates with the Natural Resources Conservation Service (NRCS) to support research, such as surveys for potential relevant species.
- Ceres provided communication regarding a survey that took place on their properties designed to detect the presence of bats. The survey was conducted by an energy partner during site maintenance.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
			7.1.2	7.1.1		

Objective 7: Conservation of Biodiversity

7.2 WILDLIFE HABITAT CONSERVATION

Conformance Evidence

Site maps
Site visit photos
Hunting Lease

Auditor Notes

- Ceres maintains and provided satellite maps, soil maps, and collects FSA Form 56s from tenants annually. Provision of FSA records are a lease requirement. Maps clearly indicate tillable and nontillable acres, including wetland determinations.
- Ceres uses a third-party service provider to manage hunting leases for nontillable acreage. Hunting leases specify land management requirements, such as keeping sites clear of all litter and require licensees to comply with all federal, state, and local regulations regarding hunting and harvesting. Game species include white tail deer, which can cause significant damage to crops. Michigan has the second highest white tail deer population in North America after Texas, and managed hunting is an important factor to keep populations balanced and healthy.
- Tenant interviewed maintains 120-foot buffers from drainage ditches and riparian areas.
- Sites visited have erosion control structures in place, including grass waterways that can provide habitat for waterfowl.
- Ceres provided photos from sites within their portfolio that have been planted with vegetation to support pollinator and wildlife habitats.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						7.2.1
						7.2.2
						7.2.3

Objective 7: Conservation of Biodiversity

7.3 AVOIDED CONVERSION

Conformance Evidence

Site visit photos of grassed waterways and waterway improvements
Site photos of wildlife habitat
Sustainability and Governance Policy
Timber Projects Log
File demonstration
Site maps

Auditor Notes

- Ceres' due diligence process includes several steps to understand site history. Due diligence includes obtaining site maps that depict physical characteristics, and obtaining FSA records and wetland determinations.
- Ceres' Sustainability and Governance Policy includes a commitment to avoid deforestation. The policy should be expanded upon to include descriptions of relevant forest types, prohibitions, and allowances in identified regions, and clarify commitment to refrain from clearing.
- Ceres has agreements in place to allow selective harvests of mature trees. Ceres believes general timber maintenance enhances the value of nontillable acreage. Ceres' Timber Projects Log documents allowed timber harvests that do not contribute to deforestation.
- Ceres allows select harvests of mature trees to maintain wooded areas on properties, which can have positive ecosystem impacts.
- Ceres allows trees to be removed from fence lines or volunteer trees to be removed to increase efficiency in crop management including during tillage, planting, fertilization, and harvest. Ceres delimbs trees along tree lines that shade properties and have a negative impact on yields.
- Tree management procedures are demonstrable using site aerial maps and the Timber Projects Log provided, and do not appear to contribute to deforestation. Protocols regarding allowable tree removal should be documented.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
			7.3.2a			
						7.3.1

Objective 7: Conservation of Biodiversity

7.4 CROP DIVERSITY

Conformance Evidence

File demonstration

Lease agreement

Auditor Notes

- Ceres' sites rotate crops. Tenant interviewed rotates crops annually between corn, soy, and wheat. Tenant may double crop or grow two crops within one growing season if time allows a short-season bean to be grown after a spring wheat.
- Ceres' leases specify allowable crop types and collect farm records from tenants. Ceres provided a walkthrough demonstration of servers and an applications used to maintain files on farm properties. Portfolio Managers and Operations are able to review crop types grown and yield information for each property.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						7.4.1

Objective 8: Protection of Special Sites

8.1 SITE PROTECTION

Conformance Evidence

File demonstration

Lease agreements

Site maps

Soil maps

Auditor Notes

- Ceres maintains records for farms and tenants in an application and on a server that supports due diligence procedures.
- Ceres maintains aerial site maps, soil maps, and other maps when applicable, such as drainage tile maps that indicate site features.
- Ceres conducts due diligence during property acquisitions to understand site history and order wetland determinations for sites to avoid potential issues during site improvements. Due diligence includes mapping, appraisals, communication, farm records, leases, and storage of reports that leases require are provided annually to Ceres.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						8.1.1
						8.1.2

Objective 9: Local Communities

9.1 ECONOMIC WELL-BEING

Conformance Evidence

File demonstration
Solar Lease agreements
Site visit photos of solar projects

Auditor Notes

- Ceres maintains tax records for all properties.
- Ceres maintains positive relationships with a robust network of local contractors and service providers. Portfolio Managers socialize their relationships with their trusted contractors and with their tenants, and support a wide range of projects that have positive impacts on local communities.
- Ceres has acreage under renewable energy options in the majority of the states where they manage properties. Acreage with executed renewable energy projects have significant positive regional impacts on job markets and clean energy growth.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					9.1.1	

Objective 9: Local Communities

9.2 COMMUNITY RELATIONS

Conformance Evidence

Site photos of solar projects
Community Support and Engagement statement
Drone demo video footage

Auditor Notes

- Ceres annually supports county 4-H fairs through livestock purchases from the St. Joseph County Fair.
- Portfolio Managers coach and support local youth sporting events, including local little league teams.
- Ceres’ Portfolio Manager attends the Edwardsburg Community Sports Complex Gala to support the development of Edwardsburg's little league fields.
- Portfolio Managers share knowledge of sustainable agriculture and investment practices through annual presentations at Notre Dame and the University of Wisconsin, and presentations at the Economic Club of Michiana.
- Ceres’ employees were hosted by one of their tenants to participate in a day at a blueberry farm. Families were invited to harvest blueberries and gain hands-on agricultural experiences.
- Ceres’ Portfolio Managers positively engage with tenants, and observed an aerial drone application demonstration a tenant performed. The use of drones may offer farmers an opportunity to significantly reduce input costs and apply targeted applications. Video footage from the demonstration was provided for auditor review.
- Ceres supports tenants in attending events, such as farm equipment expos.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						9.2.1

Objective 9: Local Communities

9.3 Rights of Local Communities and Indigenous Peoples

Conformance Evidence

Sustainability and Governance Policy
Ceres' website

Auditor Notes

- Ceres' Sustainability and Governance Policy provides a written commitment statement to respect the rights of communities and treaty rights of Indigenous Peoples in all areas of their operation.
- Ceres' due diligence includes title research and mapping. All farmland acres are certified with the United States Department of Agriculture (USDA).
- Ceres' Sustainability and Governance Policy states their commitment to adhere to all laws and best practices surrounding the discovery of cemeteries, native burials, and other sensitive historical remains.
- Ceres' website includes maps of all of the sites within their portfolio. The site is easy to navigate and visualize the locations and features of sites. The addition of these maps along with contact information on the website lend significant transparency to community members and Ceres' stakeholders alike.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					9.3.3	9.3.1 9.3.2

Objective 9: Local Communities

9.4 PUBLIC HEALTH

Conformance Evidence

Lease agreement

Auditor Notes

- Tenant interviewed uses adjuvants to mitigate drift and maintains 120-foot buffers from drainage ditches and sensitive neighboring properties, including an apple orchard and neighboring properties with honeybees onsite.
- Ceres lease agreements require tenants to operate sites in a safe and responsible manner and use chemicals that are approved by federal, state, and local governments.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						9.4.1

Objective 10: Personnel and Farm Labor

10.1 SAFE AND RESPECTFUL WORKING ENVIRONMENT

Conformance Evidence

Policy and Ethics Employee Handbook
Sustainability and Governance Policy
Screenshot of compliance meeting calendar event

Auditor Notes

- Ceres does not have an Equal Opportunity Employment (EOE) statement, but does maintain policies that support EOE. Ceres' Sustainability and Governance Policy states their commitment to a safe and healthy working environment for all employees. Ceres offers reimbursement for professional designations for every employee. The Policy and Ethics Employee Handbook includes a procedure for filing a harassment complaint.
- Ceres' Policy and Ethics Handbook outlines parental leave policies. Paid leave is granted for mothers and fathers, with mothers being granted six additional weeks of paid leave.
- Ceres uses a third-party service provider for semi-annual compliance training.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				10.1.1		10.1.2

Objective 10: Personnel and Farm Labor

10.2 OCCUPATIONAL TRAINING

Conformance Evidence

Lease agreement

Auditor Notes

- Ceres leases require lessees to operate sites in a safe and responsible manner. Leases state lessees assume the risk of accidents subject to the hazards of operating a farm and must hold a certificate of insurance for the activities of lessees and its agents.
- Tenant interviewed is experienced and maintains relevant licensure with MDARD. Tenant interviewed has a small staff and hires few additional seasonal employees. Tenant does not provide ongoing training. Lease language could be expanded to clarify lessees are responsible for ensuring their staff are appropriately trained and qualified for the roles they are assigned.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				10.2.1		

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

(Continued)

Objective 10: Personnel and Farm Labor

10.3 SUPPORTING CAPACITY FOR SUSTAINABILITY

Conformance Evidence

Lease agreement
Ceres website

Auditor Notes

- Written commitments are contained within lease agreements. Ceres has a small team of Portfolio Managers who work closely with tenants.
- Ceres' website describes how they use Leading Harvest to support sustainability in farmland management.
- Ceres works with a third-party consulting agency to provide semi-annual compliance training. Compliance training includes coverage pertaining to anti-harassment policies and reporting procedures.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						10.3.1
						10.3.2
						10.3.3

Objective 10: Personnel and Farm Labor

10.4 COMPENSATION

Conformance Evidence

Management interview

Auditor Notes

- Tenant interviewed provides a starting wage well above minimum wage in Michigan. Starting wages are comparable to adverse effect wage rates, but have provided highly competitive salaries to skilled employees who have proven their ability.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						10.4.1

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

(Continued)

Ceres Farms, LLC

LH FMS AUDIT SUMMARY REPORT

Objective 10: Personnel and Farm Labor

10.5 FARM LABOR

Conformance Evidence

Lease agreement

Auditor Notes

- Ceres' tenant interviewed during site visit does not participate in H-2A program or use farm labor contractors to source labor.
- Leases require tenants to adhere to all federal, state, and local laws and regulations.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						10.5.1

Objective 11: Legal and Regulatory Compliance

11.1 LEGAL COMPLIANCE

Conformance Evidence

Policy and Ethics Employee Handbook

Screenshot of compliance meeting calendar event

Code of Ethics

File demonstration

Auditor Notes

- Ceres receives semi-annual compliance training from a third-party service provider.
- Leases require tenants to provide copies of yield maps, water usage reports, completed crop insurance forms, and records of chemical applications annually. Leases also share Ceres' Leading Harvest commitment and require tenants to apply regional best management practices, comply with relevant laws, statutes, and regulations, and manage sites safely and responsibly.
- Ceres' employees are required to acknowledge a Code of Ethics annually to support continued compliance.
- Ceres maintains a Policy and Ethics Employee Handbook, which includes policies and procedures to support compliance regulations relevant to Ceres' management roles and responsibilities.
- Ceres maintains records on properties, including HEL designations and wetlands determinations to ensure farmland is managed appropriately.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				11.1.1		11.1.2 11.1.3

Objective 11: Legal and Regulatory Compliance

11.2 LEGAL COMPLIANCE POLICIES

Conformance Evidence

Sustainability and Governance Policy
Policy and Ethics Employee Handbook
Compliance Manual
Lease agreement

Auditor Notes

- Ceres' Sustainability and Governance Policy states their commitment to the social welfare of their employees and staff, and abide by all applicable rules and regulations, including those of the USDA and NRCS prior to making any material changes to farms.
- Ceres maintains a Policy and Ethics Employee Handbook and a Compliance Manual. Employees are required to adhere to regulations and Ceres' Code of Conduct. Consideration of some ILO Conventions are missing that go beyond federal, state, and local governmental regulations, such as the freedom of association and right to collective bargaining, are not addressed.
- Leases guarantee the rights of lessees to peacefully hold and occupy leased land as long as lease obligations are met.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				11.2.2		11.2.1 11.2.3

Objective 12: Management Review and Continual Improvement

12.1 FARM REVIEW AND CONTINUAL IMPROVEMENT

Conformance Evidence

File demonstration
Lease agreement
Video footage of drone demonstration

Auditor Notes

- Ceres collects annual farm records from tenants. Leases require tenants to maintain soil fertility and productivity.
- Ceres maintains ShareFile access for all tenants to submit annual reporting. Ceres supports tenants' understanding of Leading Harvest Objectives during annual reviews of flex rates or lease renewals.
- Ceres' Chief Investment Officer accompanies Portfolio Managers on site visits to meet with tenants at least once a year.
- Ceres uses multiple filing systems to maintain records on properties, tenants, and site attributes, such as grain bin storage capacities and irrigation systems. Portfolio Managers have the ability to access relevant site information to support capital expenditure considerations and respond appropriately to tenant inquiries. Properties are visited annually at a minimum by the primary Portfolio Manager.
- Portfolio Managers collect and review soil fertility grids along with other reporting provided by tenants. Reports include FSA farm records, applications, yields, and water usage reports.
- Ceres has converted several pivot irrigation systems to electric energy from diesel to increase efficiency.
- Ceres participates in and attends events such as the National Farm Equipment Expo, to stay up-to-date on current and emerging agricultural practices.
- Ceres attended a demonstration for aerial drone applications.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				12.1.4		12.1.1 12.1.2 12.1.3

Objective 12: Management Review and Continual Improvement

12.2 SUPPORT FOR SUSTAINABLE AGRICULTURE

Conformance Evidence

File demonstration

Weekly Flash Newsletter

Auditor Notes

- Tenant interviewed works with seed companies to trial different products and treatments.
- Ceres' Portfolio Managers compile interesting research and articles into a Weekly Flash Newsletter, which is published weekly and shared with Ceres' staff.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						12.2.1

Objective 13: Tenant-Operated Operations

13.1 LEASED-LAND MANAGEMENT

Conformance Evidence

Lease agreement

File demonstration

Auditor Notes

- Ceres' Portfolio Managers maintain close professional relationships with tenants and encourage tenants' agency to apply regional Best Management Practices (BMPs).
- Lease agreements share Ceres' commitment to Leading Harvest Objectives. The collection and review of annual farm records supports Ceres' ability to determine land management efficiency. Deficiencies in soil nutrients and yield reports support Ceres' evaluation.
- Lease agreements require tenants to apply regional BMPs and share Ceres' commitment to managing farmland in a manner that meets or exceeds Leading Harvest sustainability principles.
- Lease agreements require tenants to provide a safe working environment and accept the risks and hazards inherent in farming operations.
- Leases require lessees to hold liability insurance for themselves and their agents.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						13.1.1
						13.1.2
						13.1.3
						13.1.4

Objective 13: Tenant-Operated Operations

13.2 LEASED-LAND MONITORING

Conformance Evidence

Lease agreement
File demonstration

Auditor Notes

- Ceres' review practices are effective at ensuring alignment with several Leading Harvest Objectives, including Soil Health and Conservation. Ceres could develop SOPs to be leveraged during lease oversight that enumerate and support evaluation of all Leading Harvest Objectives and Principles.
- Farm records retained by Ceres include Improvement Summaries. Improvement Summaries are often related to the prevention of soil degradation and improved farming efficiency.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
				13.2.1b		13.2.1a 13.2.2

CONCLUSION

Results of the audit show that Ceres Farms, LLC has a management system that continues to meet the requirements of, and is in conformance with, the LH FMS 2020. Ceres' enrolled acreage is recommended for recertification after the provision, approval, and acceptance of corrective actions related to minor nonconformances.

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.

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

SPECIFIC FOCUS AREAS FOR NEXT AUDIT

During the first surveillance audit of Ceres' second audit cycle, Performance Measure 7.1, Species Protection will be a key focus area. Implementation and effectiveness of the corrective action plans will be reviewed.

Ceres' first surveillance audit should be completed prior to June 2, 2026.

SUMMARY OF AUDIT FINDINGS

Program User	Ceres Farms, LLC		
Audit Dates	May 16, 2025 – May 30, 2025		
Nonconformances Raised (NCR):	Major	Minor	
	0	2	
Follow-Up Visit Needed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Date(s)	N/A		
Audit Report Executive Summary			
<p>Ceres' management continues to demonstrate the ability to support and implement sustainable farmland management practices while encouraging tenant agency in decision-making. Ceres develops relationships with trusted tenants and treats them as an asset and a key component of successful farmland management. Tenants have primary and secondary Portfolio Managers assigned to them so there is always a manager available to respond to their needs. Leases are thoughtfully designed to provide flexibility to tenants. Ceres' management has established minimum reasonable reporting requirements to support their ability to appropriately monitor farmland productivity and on-farm management practices. Established relationships with trusted service providers supports economic development opportunities within communities and maximizes income potentials for acreage. Ceres has implemented an efficient and principled management system capable of continual improvement.</p>			
Team Leader Recommendations			
Corrective Action Plan(s) Accepted	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	06/02/2025	
Proceed to/Continue Certification	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	06/02/2025	
All NCR Closed	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	06/02/2025	
Standard(s) Audited Against			
Leading Harvest Farmland Management Standard 2020 (Objectives 1 through 13)			
Lead Auditor	Audit Team Members		
Matt Armstrong	Linnea Abel, Holly Salisbury		
Scope of Audit			
Management of production farmland on grower supplier-operated properties.			
Accreditations	Approval by Leading Harvest to provide certification audits		
Number of Certificates	1		
Certificate Number	AVERUM-LHFMS-2024-0029		
Proposed Date for Next Audit Event	Surveillance to be completed by June 2, 2026. Recertification due June 2, 2028		
Audit Report Distribution	Nathan Kaehler: nkaehler@cerespartners.com		