

Kylix Vineyards, LP

San Luis Obispo, California

LEADING HARVEST FARMLAND MANAGEMENT PROGRAM
AUDIT SUMMARY REPORT: 2025 SURVEILLANCE I

September 3, 2025



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EXECUTIVE SUMMARY

Kylix Vineyards, LP Jill Whitacre PO Box 12958 San Luis Obispo, CA 805.215.2949 Jill@kylixvineyards.com	Certification Date: September 3, 2024 Recertification Due Date: September 3, 2027 Certification ID Number: AVERUM-LHFMS-2024-0018
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Averum has completed Kylix Vineyards LP's (Kylix's) first surveillance audit. Averum held an additional meeting with responsible management staff to determine continuity in management system structure and function apart from its business name change. Kylix has performed well in demonstrating its management system's conformance to the Leading Harvest Farmland Management Standard (LH FMS). The properties we visited were well managed with professional management staff and support from central management. Vineyard managers (VMs) are well qualified and experienced on sites, take initiative when needed, and assume responsibility to address challenges and emerging issues. The Kylix team's and site operators' willingness to share information, supply supporting documentation, and discuss regional issues was greatly appreciated by the audit team. Documentation was illustrative and provided by responsible staff. Interview subjects were transparent and expansive in their responses. All parties have been extremely generous with their time.

EXECUTIVE SUMMARY

(Continued)

Kylix Vineyards, LP

LH FMS AUDIT SUMMARY REPORT

TEAM LEADER RECOMMENDATIONS

Audit Dates: June 24, 2025 – September 3, 2025

Corrective Action Plan(s) Accepted: N/A

Date: September 3, 2025

Follow-Up Visit Needed?: No

Date: September 3, 2025

Proceed to/Continue Certification: Yes

Date: September 3, 2025

All NCR Closed: N/A

Date: September 3, 2025

AUDIT STAFF

Audit Team Leader:

Matt Armstrong

Lead Auditor:

Linnea Abel

Audit Team Members:

Jill Brodt, Field Auditor

Holly Salisbury, Independent Reviewer

AUDIT SCOPE

Standard(s) Within Scope:

Leading Harvest Farmland Management Standard 2020

Surveillance of Kylix's management system conformance of managed production farmland and to monitor conformance with LH FMS Objectives 1–12, performance measures, and indicators therein.

Accreditations: Approval by Leading Harvest to provide certification audits

Number of Certificates: 1

Proposed Date for Next Audit Event: Surveillance should be completed prior to September 3, 2026

Audit Report Distribution: Jill@kylixvineyards.com

INTRODUCTION

This report summarizes the results of the 2025 audit conducted on Kylix's managed production agriculture properties. The audit was conducted by Linnea Abel, Lead Auditor for Averum. Linnea Abel has experience with Leading Harvest, 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 Jill Brodt, 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 Kylix to perform an audit of sustainability performance on 0–10,000 acres of managed agricultural operations and determine conformance to the principles, objectives, performance measures, and indicators of LH FMS 2020. LH FMS Objectives 1 through 12 were covered during site visits on properties in Santa Barbara and San Luis Obispo (North) Counties in California. There was no substitution or modification of LH FMS performance measures. Objective 13 was not included in the scope of the audit since Kylix does not manage tenant agreements.

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 our audit was determined to be sufficient to address relevant indicators of LH FMS.

COMPANY INFORMATION

Kylix (formerly Grapevine Capital, LLC) is a capital investment firm. Farm operating management contractors are responsible for the day-to-day farmland management services for Kylix's properties. Kylix initially achieved certification for 100% of its agricultural properties in 2024. Enrollment and certification scope was adjusted during this surveillance audit. Reduction of enrolled acreage did not have a material impact on the audit activities.

During the surveillance audits, two (2) sites in Santa Barbara County and two (2) sites in San Luis Obispo (North) County were selected, with four vineyard managers 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 is wine grapes.

AUDIT PLAN

Averum developed an audit plan, which is maintained and on file. An online portal was established for Kylix coordinators to upload evidence and documentation securely for auditor review. An opening meeting was held June 24, 2025, preceding site visits. Following the meeting, a document review of the provided evidence was conducted by Averum. Field sites in Santa Barbara and San Luis Obispo (North) Counties were examined on July 1, 2025. A closing meeting was held September 3, 2025.

Opening Meeting: Conference Call

June 24, 2025

Attendees

Kylix:

Jill Whitacre, Matthew Newhall, Gregg Hibbits, Ray Shady, Kevin Merrill, Bruce Jordan

Audit Team:

Matt Armstrong, Linnea Abel

Topics

The following topics were discussed and presented by Lead Auditor, Linnea Abel, 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

September 3, 2025

Attendees

Kylix:

Jill Whitacre, Ray Shady

Audit Team:

Matt Armstrong, Jill Brodt

Topics

The following topics were discussed and presented by Audit Team Leader, 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
1	Site visits	Auditor
3	Engagement workpapers	Auditor
1	Evidence (document) review	Auditor
.5	Audit summary report review and certification decision	Lead Auditor

MULTI-SITE REQUIREMENTS

Kylix maintains operations on multiple properties in California and Oregon. Kylix qualifies for multi-site sampling since the properties within the management system are centrally controlled and directed by regional management, with regular monitoring activities. Sampling was based off the total number of enrolled properties. Properties from various counties within the state of California were selected. Responsible management staff, including Kylix’s Sustainability Manager, are responsible for developing corrective action plans regarding LH FMS conformance and reporting them to Kylix management. Kylix’s current review and monitoring process is effective and ongoing.

INTRODUCTION

(Continued)

Kylix Vineyards, LP

LH FMS AUDIT SUMMARY REPORT

Field visits and observations are conducted based on a sample of regions each year. Sampling methodology is provided in 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

Overall, Kylix's agricultural operations conform to the objectives of LH FMS. Interviews and document reviews were performed to determine procedural and documentation conformance to LH FMS. Documentation was provided to demonstrate or support conformance with LH FMS requirements. Field visits were performed on four operating sites in Santa Barbara and San Luis Obispo (North) Counties in California. Visits focused on irrigation management and community relations. Central management representatives and vineyard management (site operators) were present and interviewed to demonstrate Kylix'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. Kylix's Regional Managers served as guides, were available throughout the engagement, provided logistic support, and provided responses to evidence requests.

Region

California represents 88% of enrolled acreage.

Crop

Wine grapes

Properties Examined During Engagement

Two (2) sites visited in Santa Barbara County during audit.

- Nielson
- Rancho Sanja Cota

Two (2) sites visited in San Luis Obispo (North) Counties during audit.

- Aquilon North
- Aquilon South

KEY FINDINGS

FINDINGS IDENTIFIED DURING THE AUDIT	
PREVIOUS NONCONFORMANCE	Zero (0)
MAJOR NONCONFORMANCE	Zero (0)
MINOR NONCONFORMANCE	Zero (0)
OPPORTUNITIES FOR IMPROVEMENT	One (1)
NOTABLE PRACTICES	Six (6)

PREVIOUS NONCONFORMANCE

Not applicable

MAJOR NONCONFORMANCE

Not applicable

MINOR NONCONFORMANCE

Not applicable

OPPORTUNITIES FOR IMPROVEMENT

7.1.1 THREATENED AND ENDANGERED SPECIES

Kylix could consider providing lists with photographs or sharing compiled species lists of relevant species to support operators' ease of potential species identification.

NOTABLE PRACTICES

4.1.3 PEST CONTROL PRACTICES

A vineyard management company budgeted for the purchase of a Dual Action ERO for canopy management with a single pass to efficiently manage the threat of powdery mildew.

5.3.1 GREENHOUSE GAS EMISSIONS

The Kylix team continues their work to develop baseline greenhouse gas (GHG) data in efforts to establish targeted reductions.

KEY FINDINGS

(Continued)

Kylix Vineyards, LP

LH FMS AUDIT SUMMARY REPORT

9.2.1 COMMUNITY ENGAGEMENT

Kylix supported the purchase and installation of a weather station to provide publicly accessible weather data through California Irrigation Management Information System (CIMIS). Accurate weather data can enhance the ability of site operators and other growers in the region to make calculated management decisions.

9.3.3 LOCAL COMMUNITIES' AND INDIGENOUS PEOPLES' INQUIRIES

Operational changes were made at Rancho Sanjo Cota when neighbors expressed concern regarding spray materials and asked the Vineyard Manager (VM) to farm organically close to their home. The practice of organic farming in the block adjacent to the home was adopted and supported by Kylix's team.

10.2.1 PERSONNEL AND CONTRACT WORKER TRAINING

Vineyard management crew and the VM maintain first aid and CPR/AED (cardiopulmonary resuscitation/automated external defibrillator) certification. These certifications can enhance emergency preparedness in potentially hazardous environments.

10.4.1 WAGES AND PAY

Clarifying language regarding employees' rights to discuss wages and compensation can support employees' ability to achieve fair wages and mitigate wage disparity potential. Language is repeated in relevant locations within Employee Handbooks and is supportive of employees' rights to negotiate wages.

REVIEW OF PREVIOUS AUDIT CYCLE

No nonconformances were identified during Kylix's initial certification or this surveillance audit. OFIs did not worsen or appear persistent or consistent, and Kylix demonstrates commitment and willingness to align with Leading Harvest program requirements.

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

The following are summarized findings organized by the LH FMS performance measure. Specific nonconformances, OFIs, and notable practices have been described in the “Key Findings” section.

Objective 1: Sustainable Agriculture Management

1.1 SUSTAINABLE AGRICULTURE STEWARDSHIP

Conformance Evidence

Farmland Stewardship Commitment Statement

Employee Handbook

Site Maps

Soil Maps

Site Plans

Conservation Plan

Auditor Notes

- Sustainability Commitments (Farmland Stewardship Commitment, Local Communities and Indigenous Peoples Policy, Compliance Policy) are included in Kylix’s Employee Handbook.
- Kylix’s Farmland Stewardship Commitment focuses on achieving long-term profitability by producing high quality winegrapes and conserving and enhancing natural resources.
- Site maps and soil maps of vineyards depict grape varietal, number of acres, areas of interest, and site features. Sites visited were acquired in the early 2020s by Kylix. Kylix has collected thorough property information during due diligence and ongoing management.
- Kylix provided conservation plans and a site plan that outlines opportunities to implement conservation practices to preserve long-term productivity and enhance soil health. Plans align with Kylix’s Stewardship Commitment Statement.
- Kylix considers site suitability for wine grape production a top priority, including climate, soil, and water. Kylix conducts environmental investigations to ensure there were no previous contamination or water issues. Research is conducted, in addition to standard title work, with surveys and easements.
- Kylix will allow land to rest if pest issues require a longer fallow period to disrupt populations.
- Sites are managed with consideration to their feature and productivity capabilities. Site visited is at the convergence of two hill sites and has some acreage that is not suitable for high quality grape production. Farm Managers will use different methods to manage, including goats to clear out brush that would be considered a fire risk.

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

Objective 1: Sustainable Agriculture Management
1.2 CRITICAL EXTERNAL FACTORS

Conformance Evidence
Management Interview

Auditor Notes

- Kylix shared difficult economic conditions in the wine grape industry are a challenge. Kylix has made purchasing water resources an initiative to address long-term risk management concerns.
- Kylix recently added an irrigation system to a property in Oregon.
- Current version of risk management does not interfere with operations happening on the ground. Kylix develops an annual plan at the beginning of the year that is compatible within their five-year plan. Kylix adjusts plans as needed to ensure critical projects are still implemented during tough economic conditions to preserve long-term profitability and sustainability.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						1.2.1

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

(Continued)

Objective 2: Soil Health and Conservation

2.1 SOIL HEALTH

Conformance Evidence

Fertilizer Budgets
Custom Soil Resource Report
Soil Maps
Site Visit Photos
Soil Analysis Reports
Tissue Analysis Reports
Year-End Summary (Water and Nitrogen applied)
Compost Purchase Receipt
Agri-West Nutrient Management Program Spreadsheet

Auditor Notes

- All sites visited have permanent cover crop. Barley mixtures have been suitable for the sites to provide erosion control and ground cover.
- Kylix conducts soil testing prior to acquisition of new sites to assess soil condition. Soil pits are dug and mapping is performed.
- Sites conduct soil tests annually to monitor nutrient loss and conditions at the start of the growing season. Vineyards use third-party labs for soil analysis.
- Sites visited use minimum tillage and disc between rows to alleviate soil compaction and shred crop residue.
- Site visited has very rocky soil with many large rocks throughout. From time to time, crews may need to manually move rocks so equipment is not damaged.
- Irrigation Nutrient Management Plans (INMPs) are created annually for each site and developed by third-party service providers.
- Tissue analysis is conducted annually to monitor plant nutrient status and help determine amendment needs.
- Fertilizer budgets are created for each calendar year. Total pounds of nitrogen applied and fertilizer applications are recorded.
- Soil amendment recommendations are made based on most recent soil analysis. Recommendations are made on a block-by-block basis allowing the VM to make decisions tailored to the site.
- Sites visited apply liquid compost dependent on analysis results and third-party consultant recommendations. Compost-biochar blend was applied to Aquilon during the early growth phase to support rootstock development.
- Sites visited use minimum tillage and no-till to conserve soil health and reduce soil disturbance.

Objective 2: Soil Health and Conservation (Continued)

2.1 SOIL HEALTH

Auditor Notes

- Sites visited shred crop residues and leave them between rows to armor the soil and 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

Site Visit Photos
Soil Analysis Reports
Tissue Analysis Reports
Fertilizer Budgets

Auditor Notes

- Vineyards manage erosion with wattles, strategic hay placements, and seeding of cover crops to stabilize the soil.
- Sites visited do not use equipment on wet soil and use right-sized equipment to prevent soil compaction.
- Kylix times vineyard removal and redevelopment projects to minimize erosion potential, especially on hilly areas. Some areas may be fallowed if timing allows.
- No sites visited received runoff from other farms.
- Kylix conducts soil analysis during the acquisition phase to determine soil health conditions.

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

Water Use Records
Santa Ynez Water Group Board Application
Santa Barbara County 2024 Rainfall and Reservoir Summary Report
Meter Readings Spreadsheets
Irrigation Logs

Auditor Notes

- Kylix built a water capture system with a newly constructed reservoir. The site is located in a region where fewer than 50% of vineyards are irrigated. The water capture system will increase available surface water and support groundwater withdrawal reductions.
- Sites visited conduct scouting of irrigation systems regularly.
- Vineyards included in this year's site visit samples source water from groundwater wells that are recharged by the Santa Ynez River and the Lake Cachuma Water Basin. Groundwater usage is reported to water districts bi-annually. There are currently no limits on water usage.
- Vineyards measure water usage with flow meters. Readings are taken monthly.
- Site visited uses reservoirs to retain groundwater.
- Site management will add acid or carbonates to keep irrigation lines clear of buildup.
- Kylix has relined a reservoir on a site visited, and has plans to construct fencing around the reservoir. Reservoir lining can prevent water loss via seepage and improve irrigation efficiency.
- Resource conservation districts conduct distribution uniformity testing every 3–5 years. Data is uploaded to the Sustainability in Practice (SIP) portal to meet program requirements.
- The VM interviewed makes the majority of irrigation decisions and works with a water consultant to make informed decisions.
- Operators upload water usage reports to the SIP portal. Reports are accessible for Kylix and VMs to review.
- The VM of a site visited is an active member in the local Groundwater Sustainability Agency (GSA).
- The Kylix team and VMs use regional Rainfall and Reservoir Summary Reports, soil moisture sensors, visual observation, and weather data to inform irrigation decisions.
- The vineyard management crew interviewed expressed knowledge of regional challenges related to water conservation and makes a conscious effort not to use more water than what is necessary.

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
Irrigation Water Analyses
Rancho Sanja Cota Watershed Map
2024 Product Use Reports

Auditor Notes

- Third-party service providers scout sites weekly during the growing season. They provide treatment recommendations.
- Vineyard management companies oversee repairs needed to maintain irrigation efficiency.
- The VM will direct applications on a block-by-block basis and follow threshold standards as needed.
- Site operators use minimal tillage to reduce soil disturbance and erosion, which can have negative impacts to water quality.
- Sites visited are SIP certified sites. Regional Water Quality Control Boards (RWQCBs) rely on this certification program to ensure good stewardship in relation to groundwater protection. Water quality is tested and reported annually.
- VMs supply operational data including water usage and nitrogen applications to Kylix's Sustainability Manager to support SIP certification and RWQCB reporting requirements.
- Some river areas are near the Nielson site, but there is not a lot of surface water during the year (only a few weeks a year during heavy rains); river bed remains mostly dry throughout the year.
- The Kylix team and vineyard management company team demonstrate awareness of the watershed where ranches are located. Watershed maps are referenced in planning, and teams work to comply with local regulatory authorities, including the GSA and water quality control boards.
- Ranches visited are SIP certified and must adhere to the Prohibited Materials List when choosing application materials. Annual Product Use Reports are reviewed during the SIP certification process each year.

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

Objective 4: Crop Protection

4.1 INTEGRATED PEST MANAGEMENT

Conformance Evidence

Scouting Reports
2024 Product Use Reports
Site Photos of Owl Boxes
Vine Mealybug Trap Count Log
Vineyard Management Spray Policy

Auditor Notes

- Sites visited use third-party scouts who visit weekly during the growing season. Reports are provided to vineyard management staff.
- The VM uses chemical application and cultural practices for pest control. Sites use economic management thresholds to determine a pest management approach. Nonchemical methods include pheromone disruptor tags and canopy management.
- Sites use sticky traps to monitor pest presence, including vine mealybugs, which can require treatment.
- Sites use canopy management to provide powdery mildew control, which is a concern in the region.
- Sites that have shown presence of nematodes will be fallowed prior to redevelopment to disrupt pest life cycles.
- Arborists regularly survey tree health and oversee any necessary removal processes needed due to disease.
- The VM of the site selected purchased a Dual Action ERO for mechanical canopy management. The Dual Action ERO is a piece of equipment that facilitates leaf and thin shoot removal with one pass to open the canopy and mitigate potential for mildew. Kylix negotiated with the vineyard management company to budget for the piece of equipment.
- The vineyard management company uses a falconer each year to scare other birds to leave the property that feed on wine grapes.
- Limited small-scale replanting is required each year. Kylix delegates small replanting processes to the vineyard management company. Third-party Pest Control Advisors (PCAs) provide recommendations and visit the nursery prior to plant delivery to monitor for disease.
- Kylix provided a copy of the vineyard management company's Spray Policy, which states its intention to only make necessary, safe, and effective agrochemical applications. No application will be made by an employee without prior training.

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

Objective 4: Crop Protection
4.2 CROP PROTECTANT MANAGEMENT

Conformance Evidence
Spray Policy
Record of Spray Safe Course Completion
Chemical Storage Site Photos

- Auditor Notes
- Vineyard management crews perform all applications when conditions are ideal. Applications are typically conducted at night to maximize spray efficacy, when potential for drift is lowest and potential to harm beneficial insects is limited.
 - VMs communicate with local homeowners and homeowners associations prior to applications.
 - The vineyard management company's Spray Policy is included in the Employee Handbook. Crews are made aware of any updates or changes to procedure.
 - Application materials are stored appropriately. Purchasing is limited to site-specific needs to minimize excess inventory. Containment areas are clean, organized, and free of clutter.
 - The VM maintains appropriate Continuing Education (CE) hours including "Spray Safe" courses.
 - Kylix prefers that vineyard management companies work with independent PCAs that are not chemical company representatives.

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
Equipment Maintenance Log
PG&E Solar Projects Applications

Auditor Notes

- Vineyards provide energy and fuel usage to Kylix’s Sustainability Manager annually.
- Sites use equipment maintenance schedules and log maintenance events. Each piece of equipment has its own file and is entered into AgCode; hours of operation and maintenance are logged.
- The VM interviewed chooses more energy efficient equipment when possible, and knows the Kylix team is open to suggestions.
- Vineyards use some pieces of equipment enabled with global positioning system (GPS) monitoring which facilitates more efficient equipment passes and reduces fuel miles.
- The VM trains crews to make efficient passes and addresses the team if outliers are detected on fuel usage records.
- The VM will inform Kylix of noticeable energy usage increases.
- Kylix does not currently have renewable energy on any sites as a primary power source, but is investigating the feasibility of adding solar arrays. Site plans have been conducted and provided for review.

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

Objective 5: Energy Use, Air Quality, and Climate Change
5.2 AIR QUALITY

Conformance Evidence
2023 Air Pollution Control Board Draft Permit

Auditor Notes

- The vineyard management company has an in-house mechanic that rotates to different shop sites. External service vendors may also be used.
- Only trained staff operate equipment helping to ensure that efficient passes are made.
- The vineyard management company and Kylix discuss equipment purchases during budget planning.
- Ownership of equipment varies depending on the ranch site. The vineyard management company makes sure to request upgrades or purchases during budget meetings, and the Kylix team demonstrates a positive reception to requests made.
- The VM complies with and obtains permits to operate from the regional air pollution control district.
- One well pump was converted from a diesel engine to an electric motor.
- Gravel and water are applied to roadways to maintain road conditions and mitigate airborne dust.

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
Greenhouse Gas Inventory Spreadsheet Data
2025 Crop Year Insurance Policy

- Auditor Notes
- Kylix’s Sustainability Manager is working with external consultants to compile a complete GHG inventory for Kylix properties. Inventory accounting will support internal emissions reduction goals.
 - Kylix collects fuel usage, electricity usage, and fertilizer applications from properties to support GHG emissions data.
 - Biogenic emissions are given a score based on soil type.
 - Operators use equipment with blue diesel exhaust fluid to optimize equipment efficiency.
 - Sites visited maintain INMPs to support judicious nutrient management and are developed with the support of an external consultant.
 - Kylix purchases crop insurance and maintains records to mitigate potential crop loss from weather events.

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

2025 Recycling Training Log
Ranch Sanja Cota California Environmental Reporting System Spreadsheet
Vineyard Management Company California Environmental Reporting System Compliance

Auditor Notes

- Standard farm trash is produced at the site. All sites have recycling bins and trash dumpsters available for crew to use. Lids were observed closed during the site visit and containers were marked with signage indicating allowable contents.
- Safety Data Sheets (SDS) binders are available in shop areas for crews to review. SDS are required for certain chemicals to comply with the Occupational Health and Safety Administration’s (OSHA’s) Hazard Communication Standard (HCS).
- Used oil is collected and picked up by a third party for disposal about once a year. Secondary containment is used for storage of hazardous materials and waste.
- Sites featured locked storage areas for restricted materials.
- The vineyard management company has invested in purchase of reusable grow tubes for multiple planting projects, and will occasionally re-sell if no longer needed.
- Empty application containers are triple-rinsed and disposed of in recycling dumpsters.
- During block removal, vine material may be incinerated with a valid burn permit. However, waste is not burned as a standard practice.
- Crews are trained on proper waste separation including recyclables and green waste.
- Application materials and fuel are stored at the sites in locked areas. Sites are protected by locked gates, and storage containers were observed locked.
- The vineyard management company provides records of hazardous materials through the California Environmental Reporting System (CERS) Data Registry and updates as required.
- The vineyard management company provided records of up-to-date compliance with CERS.

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

Management Interview

Auditor Notes

- Sites transport harvested crop off-site immediately to avoid crop loss. It is loaded into trucks on a set schedule and delivered directly to wineries.
- Vine trimmings and crop residues are chipped and left on the ground as mulch.

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

Relevant Species Lists

Auditor Notes

- Kylix's Sustainability Manager emails site-specific lists for relevant threatened, endangered, and at-risk species each year. VMs interviewed during site visits demonstrated awareness of the lists, willingness to monitor for sensitive species, and improve support communication for training their crew members.
- Kylix could consider providing identification cards or equivalent to support VM's ability to easily identify relevant species to expand upon their current program.
- Kylix uses California's Department of Fish and Wildlife Biogeographic Information and Observation System and information published by the Oregon Department of Fish and Wildlife to maintain and update lists for relevant species of concern in specific regions.
- Kit foxes are endangered under the federal and California Endangered Species Acts, and may pass through vineyards during dispersal. Kit foxes do not habitate on vineyards and are left alone.
- VMs are aware of the risks and biological study findings. If there is ever a concern for a potential sighting, they will report to Kylix. The VM interviewed understands the importance of habitat conservation for relevant species.

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

Objective 7: Conservation of Biodiversity
7.2 WILDLIFE HABITAT CONSERVATION

Conformance Evidence
Site Plans
Vineyard Maps
Conservation Plans

- Auditor Notes
- Kylix has a site in its portfolio with an identified vernal pool. Vernal pools can be potential habitats for fairy shrimp, so that area was not developed.
 - Kylix uses multiple firms to conduct biological studies during due diligence. Studies identify potential wetlands, habitats, vernal pools, and other ecological features.
 - Sites visited maintain SIP certifications, which have habitat conservation requirements. Kylix provided conservation plans for auditor review. Plans list wildlife observations and short- and long-term goals for vineyards.
 - Site plans are developed during the acquisition phase. Applications for developments must be filed with the local county and local resource conservation districts.
 - Swale areas are mostly left alone; some mowing is performed for wildfire prevention.
 - The vineyard management company takes a minimalist approach to managing buffer zones and areas with many trees in order to let the natural habitat remain.
 - Tree trimming has been performed as needed; plantings have been designed with adequate buffer areas so vines are not in the drop zone of trees.

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
Deforestation Commitment Statement

Auditor Notes

- Kylix has not developed wildlife habitat areas into production acreage.
- Kylix conducts biological and environmental surveys during acquisition phases to ensure no biological species would be disturbed with development.
- A written commitment to abide by California and Oregon deforestation protocols has been created and adopted. Kylix recognizes relevant natural forest types in the regions it operates.

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

Objective 7: Conservation of Biodiversity

7.4 CROP DIVERSITY

Conformance Evidence
Site Plans

Auditor Notes

- Vineyards are permanent crops. Cover crops are seeded regularly. Vineyards grow a variety of wine grapes.
- Kylix makes intentional rootstock and clone pair selections for the vines going in for agronomic aspects during block redevelopment.

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

Vineyard Suitability Study
Special Sites by Vineyard Spreadsheet

Auditor Notes

- Site visited was converted from row crops with some irrigation infrastructure on site. The site was selected due to access to an aquifer with strong recharge capacity.
- Kylix conducts due diligence during acquisition phases for new properties. Cultural and biological resource assessments are performed by third parties to identify any special sites.
- Vineyard suitability reports consist of compiled data from analytical reports, survey reports, and available water evaluations, developed by the Kylix team to assess the sites prior to acquisition and/or development.
- Kylix will have a paleontologist on-site during a reservoir development project to monitor fossil presence.
- The Kylix team develops and maintains logs and maps of any special sites. The list is provided to VMs so management is aware of any special sites. When a special site is identified, the standard practice is to notify site staff to leave the area alone and refrain from planting or disturbing the area.

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
2024 Kylix Vendor Purchase List

Auditor Notes

- Kylix reviews farm labor contractor (FLC) agreements if there are updates to labor laws or when working with a new FLC. The vineyard management company’s Chief Legal Officer works with specialist attorneys outside of the company for updated information, and FLCs update the contracts to remain in compliance.
- The Vineyard Management company has a low turnover rate and tends to hire family members of employees.
- Kylix provided a list of vendors with local vendors identified. Many purchases are made locally to Central California.
- Tax payment supporting statements were provided for review.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						9.1.1

Objective 9: Local Communities
9.2 COMMUNITY RELATIONS

Conformance Evidence
Scholarship Donation Receipt
California Irrigation Management Information System Email Exchange

Auditor Notes

- The Kylix team and vineyard management company engage with local community groups.
- The VM interviewed has been a part of the Sustainable Groundwater Management Act (SGMA) process since 2014, and frequently communicates with the local Chumash Tribe regarding water use.
- The VM interviewed serves on local and state farm boards, the Central Coast Water Quality Preservation Inc., and various local water boards. They were previously a board member of the Santa Maria Fair.
- In 2024, Kylix donated \$5,000 to the "Juan Nevarez Memorial Scholarship" fund through the vineyard team. The scholarship was created to award first generation students of farm workers going to college.
- The Mesa VM and Kylix have donated to live stock auctions at local 4-H fairs.
- Kylix has worked to foster positive relationships with its neighbors. Site visited has an easement for neighbors to pass through the vineyard.
- Kylix provided written commitment statements regarding community engagement support.
- Kylix was approached by a local University of California contact to help fund a weather station at a site visited in collaboration with CIMIS. Kylix purchased and installed the weather station—the data gathered from the equipment is freely available to the public and can be used by other local farmers who may not have the funds to install their own weather stations.

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
Local Community and Indigenous Peoples Policy

Auditor Notes

- Kylix provided its written commitment to be receptive to local communities and Indigenous Peoples inquiries and concerns.
- Kylix provided a copy of their "Local Community and Indigenous Peoples Policy," which is included in the Employee Handbook.
- Site visited received an inquiry from a neighbor regarding chemical use. Kylix adopted an organic production system on the blocks near the neighboring property.
- Vineyards do not use wind machines unless necessary to prevent frost damage to remain respectful of neighbors. When fans are turned on, the team will notify neighbors ahead of time and have made adjustments to rotor equipment to reduce the noise from fans.
- Kylix is involved in the wine grape industry and participates in local fundraisers. Kylix makes donations to support scholarship funds and provided donation receipts.
- Kylix agreed to change the location of a reservoir development in response to a request from a member of the Chumash Tribe. The individual who made the request suspected the original site location may be where their ancestors were interred. Kylix gave the Tribe access to the property for their inspection and agreed to develop an alternative feasible location. No artifacts were discovered on the property.
- VMs are the first point of contact for inquirers. They make a point to touch base with neighbors to provide clarity if issues arise. Simple issues are directly managed by Farm Managers. More complex issues are brought to Kylix's VM and visited with the rest of the Kylix management team.
- Kylix's Sustainability Manager emailed LH FMS commitments to all farm managers.
- Kylix remains in close communication with VMs and exchange industry updates such as SGMA issues or updates from the Chumash Tribe. The VM for site closest to the Chumash Tribe is in contact a few times a year.
- Farm management and FLC information is posted on vineyards. Kylix or VMs reach out to neighbors whenever there is a change in site management to facilitate good communication and exchange contact information.

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

**FINDINGS ORGANIZED BY
PERFORMANCE MEASURE**

(Continued)

Objective 9: Local Communities

9.4 PUBLIC HEALTH

Conformance Evidence

2025 Safety Training Logs

2024 Adult First Aid/CPR AED Certification

Auditor Notes

- Sites visited use Farm Employee Labor Services (FELS) for safety training, conducted in English and Spanish.
- The VM interviewed provides make-up safety trainings for crew members that may have been absent during FELS tailgates.
- All sites visited have locked gates at entry, reducing the risk of trespassers. Good relationships with neighbors help increase security.

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

Employee Handbook

Commitment Statement

Kylix Harassment, Discrimination, and Retaliation Prevention Policy

Auditor Notes

- Kylix is an equal opportunity employer. Commitment statement is contained within its Employee Handbook.
- Kylix's Employee Handbook includes information about safety and health including ergonomics, heat illness prevention, and security. Harassment is prohibited and details are included in handbook.

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

2025 Safety Training Attendance Logs

Auditor Notes

- Kylix provided records of safety training from sites visited for auditor review.
- Sites maintain safety training calendars that align relevant safety topics throughout the year with crop life cycles and employment position. Safety tailgate meetings are held for all staff members in harvest months.
- Vineyard management crews receive CPR and first aid certifications to support occupational health and safety on sites visited.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					10.2.1	

Objective 10: Personnel and Farm Labor

10.3 SUPPORTING CAPACITY FOR SUSTAINABILITY

Conformance Evidence

Farmland Stewardship Commitment
Kylix Vineyards, LP Organizational Chart
Continuing Education Renewal Summary

Auditor Notes

- Kylix’s Employee Handbook includes a written Farmland Stewardship Commitment.
- Kylix’s management team works together to support vineyard management, sales, GHG accounting, risk management, corporate strategy, due diligence, and provides an organizational chart that identifies responsible persons.
- Sites visited support research projects that often stem from relationships with farm teams (third-party management providers).
- Kylix will review additional opportunities to support research projects and receives inquiries from universities such as Cal Poly.

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

FINDINGS ORGANIZED BY PERFORMANCE MEASURE

(Continued)

Objective 10: Personnel and Farm Labor

10.4 COMPENSATION

Conformance Evidence

Employee Handbook
Commitment Statement

Auditor Notes

- Kylix uses regional and industry compensation information to determine wages for employees.
- Kylix has clarifying language in its Employee Handbook related to employees' rights to discuss wages and compensation.
- Kylix maintains a commitment statement that all internal employees are paid wages at or above comparable rates for work provided and relative to similar positions within the area and industry.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
					10.4.1	

Objective 10: Personnel and Farm Labor

10.5 FARM LABOR

Conformance Evidence

Farm Labor Contractor Agreement

Auditor Notes

- FLCs are used on almost all sites. FLC agreements specify that safety training must be conducted.
- The Kylix team reviews agreements between vineyard management companies and FLCs.

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

Employee Handbooks
Commitment Statement
Continuing Education Record Renewal Summary
Air Quality Control Board Permit to Operate
Site Observations
Commitment Statement

Auditor Notes

- Kylix and contract management providers maintain employee handbooks that support staff's ability to access relevant regulatory and compliance information.
- Kylix provided a Continuing Education Record Renewal Summary for a PCA who supports site visited. CE is a requirement to maintain certification.
- Kylix provided copies of required permits to demonstrate compliance with relevant regulatory bodies.
- Vineyard shops have OSHA and labor law posters.
- Kylix maintains a commitment statement to comply with all social laws, including those that address equal employment opportunities, anti-discrimination and anti-harassment measures, civil rights, workers' compensation, prevailing wages, workers' and communities' right to know, Indigenous Peoples' rights, workers' rights to organize, and occupational health and safety.

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

Written Compliance Policy
Employee Handbook

Auditor Notes

- Kylix’s Employee Handbook includes a compliance policy commitment statement and a diversity, equity, and inclusion statement.
- Both Kylix and the vineyard management company rely on California labor laws to address labor conventions.
- Kylix acknowledges workers’ rights to organize in the Written Compliance Policy.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						11.2.1 11.2.2 11.2.3 (N/A)

Objective 12: Management Review and Continual Improvement

12.1 FARM REVIEW AND CONTINUAL IMPROVEMENT

Conformance Evidence

Kylix's Review Process Policy
2024 Sustainable Ag Expo Receipt
Farm Team Survey Template

Auditor Notes

- Kylix's annual review policy involves third-party farming teams, prior-year performance, and goals for the next harvest year. Kylix's Farm Team Manager communicates with VMs regularly and consistently throughout the growing season.
- Kylix communicates with farming teams in-person, via text, and email to establish records of communication.
- Kylix team members are actively involved with the vineyard team group and provided proof of registration for the 2024 Sustainable Ag Expo.
- Kylix's Farm Team Manager serves as the chair of the California Association of Winegrape Growers.
- In April, Kylix conducted its first Farm Team Survey, which produced a low volume of immediate responses. Inquiries mostly related to operations such as irrigation, spray cycles, financial reviews, regulatory requirements, and crop sales handling.

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

Objective 12: Management Review and Continual Improvement

12.2 SUPPORT FOR SUSTAINABLE AGRICULTURE

Conformance Evidence

Cal Poly San Luis Obispo Barn Owls Summary Report

Auditor Notes

- Kylix's Sustainability Manager uploaded a flyer for the ongoing research project related to vertebrate pest management using owls. 81% of nesting boxes on vineyards within the study that focuses on San Luis Obispo County are occupied.
- Kylix hosted a site visit for Leading Harvest staff members on one of its vineyards.
- Site visited is trialing a robot that uses ultraviolet light to provide mildew control.

RESULT	NONCONFORMANCE			OFI	NOTABLE PRACTICES	IN CONFORMANCE
	PREVIOUS	MAJOR	MINOR			
						12.2.1

CONCLUSION

Results of the audit show that Kylix has a management system that continues to meet the requirements of, and is in conformance with, LH FMS 2020. Kylix's enrolled acreage is recommended for continued certification.

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 LH FMS 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

Kylix's second surveillance will include Performance Measures 7.1 Species Protection and 12.1 Farm Review and Continual Improvement as key focus areas.