Green Tier Annual Report
Jon-De Farm Inc., Baldwin, WI
2/23/09

INTRODUCTION/EXECUTIVE SUMMARY

Jon-De Farm, Inc. strives to produce the highest quality milk by using environmentally friendly practices throughout our business. To help us facilitate this process we have worked to become a Green Tier business. We have set and met many objectives to improve the working conditions on the farm as well as make environmentally sound choices that enhance profitability. We have found there are many benefits from using an environmental management system, such as cost reductions, long-term sustainability, public acceptability and improved health and safety. This has been a learning process and we continue to make improvements as well as educate ourselves on how to make this a better place to work.

To maintain excellence Jon-De Farm, Inc. will continue to make future plans to improve our facilities in an ever-changing agricultural environment.

The following report highlights the improvements we have already made to our Farm as well as those we will continue to work on.

Bio-security:

Communication with farm vendors is a priority for Jon-De Farm. During the last four years Jon-De has implemented several bio-security strategies to ensure the health of our animals and decrease the risk of off-farm diseases reaching our animals. These include:

- Letters to all vendors informing them of our new bio-security protocols,
- Maintain log books in all offices for vendors and visitors to sign as they arrive and as they leave.
- Requiring plastic boots for visitors and vendors/contractors/consultants are required to wear clean boots and clothing when entering our farm,
- Prohibiting non-farm vehicles from entering animal housing areas and requiring all equipment coming on-farm to be clean.
- Formulating a bio-security disaster plan in the event of a major disease outbreak, including both contact information and actions for staff to take.
- Creating seasonal wash stations to further create a clean and safe environment for staff and livestock.

Going forward, Jon-De will evaluate the cost and benefit of additional bio-security measures. These include:

- Possible use of identification badges for employees,

- Whether or not to install a fence that would encircle the farm, requiring an access code during non-business hours. This fence would prevent non-farm employees from entering the farm without an appointment and deter other wildlife from coming in contact with the cattle.

Employee Safety:

At Jon-De, our personal safety is a higher priority than animal safety and job performance. All managers and key employees at Jon-De Farm have participated in Emergency Response Training and First Aid Training conducted by the local EMS services.

In addition to Emergency Response and First Aid Training, Jon-De has accomplished several additional safety measures. All of these efforts were done to make sure employees and managers have the tools and knowledge to maximize safety and in the case of an accident to insure that proper actions are taken. These actions include:

- A total of 14 staff is now trained in emergency response and first aid.
- Jon-De Farm participated in a mock fire drill recently as well as received fire suppression training using spent fire extinguishers.
- Purchased first aid equipment for all the offices and the dorm.
- Installed an eye wash station.
- Purchased safety glasses and dust masks for employees.
- Installed a new guard was installed on the hammer mill.
- Enlarged the feed bunker and modified procedures for filling and working around the bunker.
- Installed an air purifier to improve air quality in the Agronomy Shop, and
- Placed charcoal air filters in the sprayer to reduce the risk of chemical exposure to machinery operators

On-going training is also important to Jon-De Farm. Farm managers monitor which employees have been trained in each area, including safety training, animal movement, chemical use, or heavy equipment. Records of injuries that do occur; what happened to whom, how the incident occurred and action taken. These reports help identify the root-cause and to make sure we take steps that can help to minimize the chance of reoccurrence. All employees are encouraged to report any equipment malfunction or area they feel is unsafe.

Employee Training:

We have continued to improve our training program both for full-time employees and temporary employees. During the hiring process, each new employee is informed of our handbook, safety protocols and the managers they can go to with any problems. We have new employees fill out training sheets when they first begin to record any experience they may have gained before coming to our farm. These skills are then accessed by managers before they are allowed to use them on any task at the farm. As employees go through training for specific jobs and are deemed experienced enough by

the manager doing the training, they sign a training sheet which is kept on file. We also retain weekly meeting sheets on file, identifying the topics discussed, problems identified and the signatures of the employees whom have attended.

Chemical Use:

Ecolab supplies our farm with the majority of our chemicals and because safety is a priority for Jon-De. Ecolab provided a chemical safety course with two of our managers and all of our employees that are exposed to these chemicals. This course was bilingual; both in English and in Spanish. Jon De has taken several steps to ensure better handling and accident prevention for chemicals. These include:

- Installed an eye wash station and taught the employees proper usage.
- Purchased full and partial safety masks and glasses for anyone handling chemical.
- Installed automatic meters for nearly all the on-farm chemicals the farm regularly uses.
- Researched alternatives to using copper sulfate in footbaths and as a result we have reduced copper usage from 50 lbs a day to 10 lbs a day for only 4 days of the week.

External Communication:

At Jon-De communication with our neighbors is just as important to communications with our vendors. In fact, at Jon-De we send out bi-annual newsletters to all of our neighbors and vendors to keep them abreast of projects at the farm. We always welcome input from neighbors and visitors and we also host numerous tours throughout the year to help educate people about our farm and our industry.

Once a year we hold a farm picnic where all our neighbors, vendors and sales representatives are invited. This is an invaluable event as it is a perfect way to get both positive and negative feedback from community members we affect most. We work hard to try and make it a learning experience for everyone. We keep a log to record any complaints but until recently we have not been keeping a log of positive comments made. We have changed our external communication logs to allow for positive feedback as well. We think this is an area where we could continue to improve.

Environmental Habitat:

In the spring of 2007 we asked Baldwin-Woodville High School Industrial Art teacher to make us 30 bird houses. The farm paid for all supplies. When the bird houses were finished the Agronomy crew installed them throughout our grassy areas by the woods.

Use of Chemicals during Application (Cropping):

Our objective is that no employee, animal or non-target organism would be affected by chemicals used in cropping systems. To meet that objective we ensure that all employees applying chemicals to crops must be Department of Agriculture, Trade and Consumer Protection (DATCP) certified. All employees must follow the agronomic chemical rates so we do not exceed label recommendations. At Jon-De, we have also taken additional measures to ensure safe use of chemicals. These include:

- Employees responsible for applying chemicals have been trained to prepare and inspect all equipment prior to application.
- Chemicals used during cropping in bulk to ensure less exposure to employees.
- Keeping chemicals in self contained locked storage unit.
- Providing protective gear to employees using chemicals.
- Installed a flow meter on the sprayer which in turn is controlled by a monitor to control application rates.
- Installed a fresh water tank to the sprayer so equipment can be cleaned at application site and thus eliminate the chance of chemical spilling/leaking in a non-controlled area.
- Clean-up procedures for employees to follow after chemical use/exposure.

As per DATCP regulations, all chemical applications are recorded in a spray manual/log and kept on site for three years. No injuries, accidents or illnesses have been reported. A visual inspection is done our manager and a crop consultant to assess the impact and area that received application. Analysis is also conducted on crop yields to assess the success of application.

Nutrient Management (Manure Storage- Air Pollution:

Jon-De has set an objective to reduce the odor from manure storage to eliminate any possible negative comments and reduce our impact to air quality. To meet this objective we installed an Integrated Separation Solution (ISS) water purification system in 2008. This process will reduce the amount of liquids to be spread as well as reduce odor. In the future we can add more stages to the ISS system. This system has the possibility of producing water clean enough for drinking water. Dean Doornink has worked with Integrated Separation Solution, LLC to design and install this system.

We continue to incorporate liquid manure into fields to decrease the potential of run-off and decrease air pollution. This process allows for less anaerobic processes which creates odor. Using this type of application there is 95% less loss of Nitrogen and Sulfur. We have also eliminated using starter fertilizer with this technology. A manager at Jon-De continues to work with crop consultants to make certain the farm is efficiently and effectively applying manure to our fields.

Since we have incorporated our liquids we have had very few negative comments about the odor we produce. It is our intention with the ISS system and other new technology that is becoming available to eliminate all odors from our manure storage. Since we are

still in the planning and research phases of this objective we cannot fully measure our success.

The partners of Jon-De are also researching the possibility of installing a digester. A digester will decrease the amount of ammonia from the pit and entering the atmosphere. A digester can then take the methane that is produced and provide heating fuel or electricity for a neighboring fuel/electric company to benefit the farm.

Dairy Use of Pharmaceuticals (Human health hazards):

One objective set by our management team is to have a more controlled use of pharmaceuticals on our operation. We strive for no loss of inventory due to misuse or theft. To date, Jon-De has experienced no employee accidents associated with pharmaceuticals.

To further this objective we have pharmaceuticals-use-protocols posted in all areas where pharmaceuticals are stored and keep all major pharmaceuticals in locked storage with labeling. Access to pharmaceuticals is limited to only specific employees and inventory is regularly checked. Furthermore, all used syringes and needles are recycled through the Steri-Cycle program.

In the future, Jon-De plans to identify additional measures we can take to protect vaccinations, including additional security measures. At Jon-De we also continue to work with our Vet to reduce and possibly eliminate all pharmaceuticals that could be toxic to humans, as well as to always make sure any antibiotic or vaccine is being used according to our protocols.

Since implementing the new protocols, we have not witnessed any loss of pharmaceuticals due to theft and have experienced no injuries or accidents. We will continue to train and monitor employees who handle pharmaceuticals.

Recycling:

Jon-De has implemented a whole-farm recycling protocol. We have separate bins for recycling paper, cardboard, aluminum and tin. We also pay for containers to recycle all light bulbs, both fluorescent and those which contain mercury as well as scrap metal. All employees have been trained in the protocol and are reminded during Jon-De's weekly meetings of how important recycling is to the farm. Jon-De has also sent recycling protocol notices to vendors and contractors and in so doing have reduced garbage by 8 yards per month.

Energy Reduction:

In the past, Jon-De had been using older appliances for washing and drying towels and work clothes at the dairy. It was decided recently to purchase new, energy efficient equipment to replace the older washer and dryer. A secondary benefit was realized with

the purchase of new washing and drying equipment; towels last longer because the new equipment is less abrasive on the towels. This provides a two-fold benefit: less energy and less cost for replacing old towels.

The older dairy barn recently had new a new lighting system installed. This system provides much more light during the day which improves employee efficiency and safety. It is also set on timers to reduce energy use by 66% in the evening.

We have continued to train employees to reduce energy usage as much as possible. From turning off lights when they leave a room to turning off heaters when not needed, every little bit helps.

GPS navigation was installed on the sprayer to reduce risk of overlapping while spraying. This tool has been deemed extremely beneficial to the agronomy department. We recently reviewed a "use vs. purchase study" created by one of our employees that illustrates what was used and what was expected to be used. The results suggest there was no waste.

Staff has also evaluated equipment for energy savings and replaced radiators in three of the four forage trucks; each now runs cooler and uses less fuel. Additionally, a new air delivery fill system was installed for the mixing truck, reducing the number of motors from 4 to 1.

Preventive Actions:

Often the farm makes changes not just to fix safety or environmental issues but to avert situations from becoming issues. The farm has recently converted its older facility from a flush barn bedded with shavings to a scraped barn bedded with sand. These conversions have significantly reduced the possibility of manure spills. The flush system was getting older and the farm was experiencing small equipment failure.

Daily inspection of the new system is a responsibility of every employee and as a precautionary measure, the farm has also installed alarms to automatically call contact managers if there is a problem with any manure system during the evening hours.

Soil Compaction:

The farm has decided to reduce soil compaction in fields during planting, manure application and harvesting. Reducing soil compaction ensures better yields, better water retention, less soil erosion and in many cases less fuel consumption. On much of our equipment we have installed flotation tires. We have also purchased a hay merger to reduce trips on the fields, reduce compaction and reduce fuel use. We will continue to retrofit equipment as cost allows and ensure equipment we purchase is fitted with wider tires. The farm is deep ripping any fields that show a 200-300 units when measured with a ½ soil probe. We are already seeing fewer tracks and in the next 1 to 3 years we expect to see additional improvement. Our hope is that we will see fewer fields requiring ripping in the coming years.

Theft Protection:

The farm has invested in security cameras and a recording system that can be reviewed at any time. These cameras have been placed to view the shop and hazardous chemical storage, the dairy parlors, the more remote storage location and the main entrance to the farm. We have used these cameras on several occasions to help identify vehicles, investigate minor accidents in the dairy parlors and help resolve conflicts.
The farm has also installed key locks on all trucks and tractors stored at the dairy.

Pest and Disease Vectors:

Tire racks were designed and made by our Agronomy shop to store our tire side walls when not being used on the bunker. This not only makes dealing with the tires safer and easier but eliminates nesting and hiding sites for pests. Waste feed is cleaned up daily from the feed center to minimize draw for pests.

Scouting in fields for infestation is done routinely and when an issue is identified on a particular field the farm applies to concentrations prescribed by our certified crop advisor. We also use narrower rows, higher plant density, irrigation and crop rotation to reduce our pest and disease vectors.

We also hire an independent company to assist with birds and rodents through out the year and help with fly control in the summer.

Limiting the spread of disease is important. By controlling the number of pest's we reduce disease, but it also helps minimize feed waste. We have seen both fewer pest-birds and rodents since we began these practices and have seen less damage done by rodents.

Water and Leachate Runoff:

The main feed storage bunker was repaired, enlarged and installed a runoff system for leachate. The floor of the bunker was blacktopped so all runoff is funneled to the drainage system. All leachate from the silage drains to a tank which is then pumped to the lagoons.

We also have a large stacking pad at the back of our ISS system building. This gives us room to stack the manure solids and store them for short periods of time. This pad also drains into a leachate tank which pumps back into our lagoon. This system also keeps runoff of manure laden water

Jon-De Farm, Inc. recently had an EMS audit conducted by an independent company, Validus. This was in partnership with the Wisconsin Department of Natural Resources. During this audit we had several non-conformances as would any company undergoing the project we are tackling. Of these non-conformances we were able to correct half within the first two weeks after our audit. The other half are being worked on at this time and all will be finished and submitted to Validus by their due date on March 13th. Liz Doornink and Sarah Kreft will continue to perform internal audits to ensure our EMS is working effectively. We will also be holding EMS management review meetings with key managers to discuss any changes and to re-rank farm-wide to decide what new objectives we would like to work on.