



March 10, 2008

Mr. Mark McDermid
DNR Bureau of Cooperative Environmental Assistance
PO Box 7921
Madison, WI 53707-7921

Re: Letter of Intent to Apply for Tier 2 of the Green Tier Program

Dear Mr. McDermid,

I would like to take this opportunity to inform you of Serigraph's intentions to participate at Tier II of the Green Tier program. You will find the application form and all the necessary attachments enclosed with this Letter of Intent.

Eligibility Requirements

We submit that Serigraph, Inc. meets all of the eligibility requirements for Tier 2 of Green Tier. Attachment two (2) of this application demonstrates Serigraph's long-standing commitment to superior environmental performance.

Summary of recent accomplishments:

- Since 2000, over 180 tons of VOC have been prevented from being discharged into the air by using the Bio Filter.
- Serigraph operates a corporate-wide recycling program, which resulted in the recycling of 1.5 million pounds of plastic in 2006
- Serigraph has a 100 - acre main campus, of which 75 acres are kept natural.
- Screen reclamation water consumption was reduced to 2,432,360 gallons /year from 6,949,600 gallons, a 65% improvement.
- Scrap as a percent of cost has been reduced from 29% in FY 2002 to 21% in FY 2008. Conversely, yields have improved from 80.6% to 85%. Yield, which is the percentage of good parts yielded from a quantity of raw material, provides a powerful environmental measurement since less material is produced, wasted, and recycled for the same quantity of good parts. This significant improvement in yield saved approximately 1,674,330 parts from having to be recycled as scrap in FY 2007.

- Serigraph established a natural prairie of 25 acres at its corporate headquarters. One of Serigraph's employees guides a program to prevent the spread of invasive species on its properties.
- Serigraph's property includes a sediment capture pond that contains run-off soils before it empties into Milwaukee River.
- Serigraph has removed lead from its inks.
- Serigraph is in negotiations with the Ozaukee –Washington Land Trust (OWLT) to donate a large tract of land along the Milwaukee River. That donation will be completed in 2008.
- Officers of Serigraph were leaders in bringing OWLT to Washington County. Its chairman and chief financial officer serve on the land trust board. The company donates its financial expertise to manage the financial affairs of the trust. The wife of chairman served four years as president of OWLT. Officers of the company lead the redevelopment efforts of West Bend, which put an emphasis on in-fill development, and its staff has been used as more than a dozen brown field sites were cleaned up in the city.
- The company donates the time of its people to many civic activities. One manager, for example, served on the board of Riveredge. One spouse headed its fund-raising bike ride for three years. Serigraph has been a major sponsor of the bike ride for more than a decade. Up to 50 of its co-workers participate in that fund-raising event every year. Serigraph's chairman serves on the board of the Wisconsin chapter of the Nature Conservancy.
- A walking path on company grounds encourages health and fitness for co-workers. It will be expanded to the company's 40 acres along the Milwaukee River in 2008.
- The company has worked to promulgate "The Kettle Moraine Ethic" for two decades. It is an effort that honors the glacial topography of Wisconsin and Washington County and aims to protect the Milwaukee River water shed. To that end, it uses its resources, financial and human, to protect and preserve the land and water resources of Southeastern Wisconsin. One of the projects to promote the Kettle Moraine Ethic has been the commissioning of prominent artists to depict the glacial topography as they see it. The first artist was Arthur Secunda, who uses torn paper collage as a medium. Serigraph introduced him to the Kettle Moraine and then bought five of his originals. It then reproduced the original, using its cutting edge printing technologies. Those prints have been spread across the state, including the state capitol and the Washington County board room. Secunda, personally signed four prints over four years. In 2007, Serigraph commissioned Reggie Baylor, a Milwaukee artist for another service of four originals and prints. They will be used to promote the virtues of the Kettle Moraine and the Milwaukee River water shed. Fifty prints were donated to OWLT for use in its fund-raising. Many Serigraph co-workers worked on the prints. (See attached print). Dan Sackett, who supervised the printing used the printing in the company's patented printing technologies to make the print. The new prints are now being sent all over the region and the state.
- Serigraph served as the lab in 2006 and 2007 for the efforts to pass a referendum in Washington County to preserve prime farmland. The company donated many of the campaign materials. Its co-workers were heavily involved in the campaign, which, unfortunately failed to produce a positive outcome in April, 2007. At the same time, its CEO served on the Working Lands Initiative and authored the provisions to endorse

preservation of development rights (PDRs) at the state level. To date, it has not been acted on.

- Serigraph serves as an incubator for a wide range of environmental initiatives. A group, begun at Serigraph, gave birth to West Bend Trailblazers, a group dedicated to the expansion of the trail system in West Bend and Washington County. Currently, Serigraph is the site for a group of business people, city representatives, and environmental groups (Wisconsin Wildlife Federation, Friends of the Milwaukee Rivers, The Wisconsin River Alliance, and The Wisconsin Wetlands Association) to find a way to expand the West Bend Airport without damage to adjacent wetlands. Serigraph is the heaviest business user of the airport and its adjoining property.
- In 2006, the company agreed to go on an interruptible power plan. That means less need for power at peak loads for WE Energies, and, long term, less generating capacity. In short, Serigraph agreed to shut down operations during peak load demands, if necessary.

Serigraph has implemented an environmental management system (EMS) in 2005. Serigraph performs a management review that includes internal audits results of its quality and environmental systems including corrective actions. An external audit was performed in 2007 by a certified ISO 14001 Lead assessor which resulted in several minor areas for improvement, all of which are being addressed by corrective actions that will be completed in the next 30 days.

Involvement of Interested Persons

Serigraph has not historically involved stakeholders in environmental affairs, but a new course has been charted with this Green Tier application. Since the establishment of our EMS and in developing our proposal, a series of discussions have been held involving employees at all levels of the company. Employees were asked to provide their thoughts and ideas for environmental improvement. In addition, two key suppliers and two key customers were engaged in discussions to improve the quality and delivery and whether they would attach any value to working with a Green Tier company. All of these discussions helped shape the application and these stakeholders will have an important role in ongoing environmental improvements.

It is Serigraph's intention to further these efforts by including other stakeholders from the community and/or representatives of environmental groups provided that all parties are dedicated to a positive and constructive dialogue. Serigraph's EMS has very specific procedures for communicating with the public, but Serigraph, Inc. is committed to go beyond simple communications by hosting regular meetings with outside stakeholders, if the interest is there.

Please review Attachment 4 which shows a list of some of the stakeholders that we think will take an interest in our Green Tier participation. The names, roles or interests represented, and addresses for each person or group are listed. The list includes a City of West Bend official, Serigraph employees, an interested customer, and an active statewide environmental group.

Proposed Provisions of the Participation Contract

Serigraph would like to propose a participation contract that is premised upon the following list of environmental performance commitments and incentives. If and when negotiations begin for

participation at the Tier II level, Serigraph is amenable to being flexible in the types of incentives offered as well as the benefits delivered.

A. Proposed Commitments to Improve Our Superior Environmental Performance:

1. Waste minimization (including recycling) - Reduce scrap as a percent of cost by 5% at a minimum.
2. Minimizing solvent usage – Reduce usage of part / tool clean up solvents by 10% at a minimum.
3. Reduction in electrical consumption – Review Plant 2 / 4 consolidation to determine new levels and develop reduction goals for FY 2008
4. Prairie restoration and maintenance – Keep current acreage at or above natural prairie state using native vegetation around the majority of Serigraph facilities and eliminate known invasive species on Serigraph land and to reduce green gas emissions.
5. Water use reductions - Review Plant 2 / 4 consolidation to determine new levels and develop reduction goals for FY 2008
6. Low VOC coatings to replace conventional ink – Increase UV ink construction conversions from conventional solvent based constructions by 5% annually at a minimum.
7. Increase the number of screens reclaimed per pound of centrifuge solvent by 5% at a minimum.
8. Complete mixture Design of Experiment to determine if cleaning solvent blend can be reformulated with 10% less VOC component percentage

Note: Environmental incentives and commitment will be measured against FY 2002 as a baseline.

B. Requested Incentives:

1. Numbered certificate of recognition;
2. Identify Serigraph, Inc. as a Tier 2 participant on DNR's Green Tier Internet site;
3. Annually notify the West Bend News and Milwaukee Journal Sentinel of Serigraph's participation in Tier 2 of the program;
4. Permission to use the Green Tier logo on written materials produced by Serigraph Inc.;
5. A single point of contact at DNR assigned to Serigraph, Inc. who can field all of our questions and communications related to Green Tier participation, DNR regulatory approvals, or technical environmental issues;
6. DNR will conduct any required inspections of Serigraph, Inc. at the lowest frequency permitted under chs. 29 to 31, 160, or 280 to 299, Wis. Stats., except in cases where DNR has reason to believe that Serigraph, Inc. is not complying with the terms of any DNR approval or other environmental requirement;
7. DNR to issue a performance based, cross media permit that would serve as its Air Pollution Control Operation Permit. This permit would contain facility-wide VOC and hazardous air

pollutant emission caps and allow new construction and modification of air pollution emitting equipment as long as emissions remain under this cap.

8. Line-by-line variance from several applicable RACT rules (found in chs. NR 422, 423, and 424, Wis. Adm. Code) removed to simplify recordkeeping and reporting requirements.
9. The Wisconsin Department of Natural Resources collaborates with Serigraph, Inc. to explore opportunities for an environmental equivalence of the Integrated Spill Prevention Control and Countermeasures (ISPCC) Under EPCRA.
10. As a final flexibility, Serigraph would like to explore other options for shutting down its biofilter at a later date.

Explanation of Proportionality

Serigraph, Inc. believes that the proposed measures to improve environmental performance are proportional to the requested incentives. Of the ten incentives proposed, B.1 - B.6 are afforded automatically to Green Tier participants even at the Tier 1 level. Incentive B.7 is justified based upon Serigraph's proven record of superior environmental performance and the confidence that results from our EMS. Incentive B.8 saves enough money to pay for some of the environmental improvements, and it is predicated upon the requirement that the company's air emissions will not increase. In summary Serigraph, Inc. is requesting operational flexibility that makes the company more competitive without posing any additional risks to human health or the environment. In return, Serigraph, Inc. is pledging to make real and significant improvements across a range of high-priority environmental issues. The net result of this proposal is a clear win-win situation for the environment and Wisconsin's economy.

Next Steps

I'd like to add that Serigraph, Inc. is proud of its environmental performance record. We look forward to your response and our future efforts with the DNR in making Wisconsin both an economically and environmentally better place to live.

Sincerely,

Nicholas Leifeld
Vice President Quality & Compliance

Enclosures:

- Form 4800-022 (Green Tier Application)
- Attachment 2 - Environmental Performance and annual report
- Attachment 3 – Functional Equivalency Determination
- Attachment 4 - Stakeholder Information

Attachment 2

Serigraph's Environmental Performance

For nearly two decades Serigraph Inc has maintained a steadfast commitment to the environment. Serigraph was one of the first printers to recover solvent from used wipes in order to minimize air emissions. The company was a pioneer in the use of no Volatile Organic Compounds (VOC) UV inks for offset printing on plastic substrate. In 1997, Serigraph installed a bio filtration system to control VOC from its screen printing operation. This system uses bacteria that "eat" VOC at 80-90% efficiency rate and was the first system of its kind to convert 25 compounds simultaneously. Since 2000, over 180 tons of VOC have been prevented from being discharged into the air by using the Bio Filter. This has helped improve air quality in SE Wisconsin by reducing ozone levels. Internally, the company has reduced VOC emissions over the years by 75%.

Serigraph operates a corporate-wide recycling program which resulted in the recycling of 1.5 million pounds of plastic in 2006. This equates to a 90 mile path of plastic four feet wide and 1/8" thick. In addition, almost 70 tons of scrap metal was recycled over the past two years which is enough metal to build 65 cars. In 1999, Serigraph received the DNR's Partners for Clean Air award and was a recipient of the Wisconsin Manufacture and Commerce's Business Friends of the Environment award in 2003.

In addition to the installation of a bio filtration system at Plant 2, Serigraph has engaged in a number of other environmentally friendly programs. In 2001, Serigraph incorporated the use of a plate and frame heat exchanger to reduce air conditioning loads during the winter months. This project reduced electrical consumption by about 280,000 KW per year. Since that time, the company has continued to fine tune the system in order to increase the reduction to 450,000 KW per year. Assuming an average house consumes 9,000 KW per year, this equates to saving enough electricity to power 50 homes.

During 1997, Serigraph re-landscaped its Plant 2 site to incorporate a natural prairie theme. Thirty to forty native prairie species were planted as well as a variety of native trees which provide food and shelter for native birds. This natural border of plants was planted around the pond to minimize salt run off and to prevent fertilizer and pesticide application. Serigraph has a 100 acre main campus of which 75 acres are kept natural. Carbon credits can be allocated to land at the rate of .4 tons/acre in SE Wisconsin if kept in a natural state to absorb Carbon Dioxide (CO₂) from the atmosphere. This means 30 tons of CO₂ are absorbed every year by plants surrounding Serigraph to reduce this Green House Gas.

A project was completed during April 2006 to dramatically reduce water usage. Screen reclamation water consumption was reduced to 2,432,360 gallons /year from 6,949,600 gallons (65% improvement). This project involved pumping reclamation water into the bio-filter instead of fresh water. This not only reduced water consumption, but it also saves energy since less

water is sent to the city of West Bend's water treatment plant. A typical household uses 36,000 gallons of water per year; therefore, enough water is saved to provide water to 125 homes. Additional projects are evaluated and selected each year that have a positive impact on the environment. This process of continuous improvement will keep Serigraph at the leading edge of being an environmentally friendly company that pursues operational excellence in every aspect of its business.

For FY 2008, Serigraph has selected the following environmental goals for plant 2:

Measurement	Actual	Objective	Goal/Target
Ratio of # Screens reclaimed / lbs of Centrifuge Solvent	.80	.85	.90
Ratio of # Screens reclaimed / lbs of wipes	.70	.75	.80
Conventional Ink hazardous waste shipments	14,562 lbs	13,500 lbs	12,000 lbs
Scrap as % of Cost (Less scrap saves energy by not making as much raw material and less material has to be recycled)	21%	20%	18%

1. Plant 2 and 4 water consumption levels will be reviewed after consolidation to establish goals for FY 2008

Summary

Serigraph wishes to remain on leading edge of environmentally friendly processes. Serigraph has asked the DNR to issue a performance based cross media permit that would serve as it's Air Pollution Control Operation Permit. This permit would contain facility-wide VOC and hazardous air pollutant emission caps and then allow new construction and modification of air pollution emitting equipment as long as emissions remain under this cap. It would be preferred to have the line-by-line limitations from several applicable RACT rules (found in chs. NR 422, 423, and 424, Wis. Adm. Code) be removed to simplify recordkeeping and reporting requirements. Beyond air rules, a conditional waiver of the Integrated Spill Prevention Control and Countermeasures (ISPCC) Under EPCRA is requested. As a final flexibility, Serigraph has agreed to have an extra VOC reduction goal in its permit with the understanding that, upon meeting this goal, the facility would be allowed to permanently shut down its bio-filter

Annual Green Tier Report 2006
May 25, 2007



BUSINESS OVERVIEW

Serigraph Inc. is a manufacturer of decorative components for a wide range of OEM customers as well as the Point-of-Purchase advertising industry. In short, Serigraph decorates all kinds of products and stores for a wide range of very demanding global customers.

The products range from the graphics for the instrument cluster in a car, the control panel on a dishwasher or office copier, an outboard marine engine or a golf club shaft, or for advertising french fries and soft drinks in a fast food store. Serigraph's basic technologies revolve around a variety of printing processes, but include many other methods of adding decorative effects for products and stores. Serigraph can be thought of as a "high tech" printer.

Serigraph's Mission: "To market and produce exciting decorating solutions for our customers' products and displays".

Serigraph's Environmental Policy: "1. Serigraph believes that environmental stewardship is a corporate responsibility. 2. Serigraph shall manage its operations in a manner that reflects continual environmental improvement of the air, land and water".

Introduction

On May 27, 2005, Serigraph Inc submitted an application for its Plant 4 facility located at 2230 Stonebridge Circle West Bend Wisconsin to join the Department of Natural Resource's Green Tier I program. On November 28 of the same year, the Company notified the DNR that it wished to amend its application to include its Plant 2 facility located at 3801 E. Decorah Road. This report shall cover the activities that transpired from the date of application(s) to February 7, 2007. Serigraph's Environmental Health & Safety Department (EH&S) served as the coordinating unit for the 2005 – 2006 Green Tier project. The following objectives were established for the 2006 year.

1. Develop an environmental management program (system) EMS
 - a. Create an EMS manual
 - b. Develop an EMS operating system that reflects the requirements of Wis. Stats. §299.83(1)(dg)
2. Restructure environmental procedures
3. Identify environmental improvement opportunities.
4. Complete one or more projects that improve the environment

History

Serigraph has always kept pace with changing requirements by being proactive through its strategic planning process which looks at the strengths, weaknesses, opportunities and threats of markets, customers, regulations, and global economics. Serigraph made a pioneering effort in 1997 to bring in Biofiltration technology to reduce VOC emissions by 30 tons. This was followed up with a conversion to alcohol-free fountain solutions for UV offset printing which reduced 23 tons of air VOC's annually in 2000. In 2003, Wisconsin received the Wisconsin Business Friends of the Environment Award for its efforts in reducing VOC air emissions. In 2004 Serigraph committed to replacing solvent-based inks with low-VOC coatings and is working with its customers to get approvals for the new ink constructions.

Serigraph's environmental ethics extend beyond meeting and exceeding regulated and unregulated edicts. Serigraph has voluntarily undertaken a number of projects that have improved the environment. When the company headquarters was built in 1997, a prairie restoration was undertaken to preserve green space in a natural state. Serigraph has a 100 acre main campus of which 75 acres are kept natural. The roof discharge from the 165,000 sq ft main building is routed to a natural plant filtration system that minimizes nitrification of a pond in front of the building. A natural border of plants around the pond minimizes salt run off and fifty acres of natural prairie is maintained to prevent fertilizer and pesticide application. When the headquarters building was built, an agreement was made with the city of West Bend to widen the road from the city with a bike lane so that employees could ride bicycles and/or walk to work safely. For two decades, Serigraph and its leaders have promoted the "Kettle Moraine Ethic" and have led a county wide effort for land and water preservation.

The establishment of an Environmental Management System and pursuing Green Tier has reinforced the role of an EMS system that involves suppliers, employees and customers. By working together with suppliers and customers, significant reductions have been made to reduce lead content in inks to a level where it is non existent for new inks. Serigraph's senior leadership

team feels that more results will be forthcoming with Green Tier. Serigraph has spent \$50,000 over the last 5 years in permit fees which can be eliminated. Savings from future Green Tier projects in FY 2007 are projected to be \$25,000. Green Tier has become part of the management review system, which has helped senior leadership make more informed decisions about environmental issues as well as measure progress on goals and objectives. Several customers have requested that a documented, verifiable EMS based upon ISO 14001 be implemented by their suppliers. Our EMS satisfies this important requirement. Serigraph has a long history of taking proactive approaches to reduce pollution and improve the environment as evidenced by the accomplishments listed in Appendix A.

Activity Report

a. Using the Screen Graphics Imaging Association (SGIA) template, Serigraph developed its EMS manual. A steering committee comprised of members of EH&S and the participating facilities were convened for the purpose of identifying and quantifying environmental aspects and impacts. The areas evaluated were:

- Recycling
- Ink room
- Screen room
- Printing
- Post printing

Areas that will be evaluated in FY 2007 are:

- Receiving – Completed 4-07
- Shipping
- Maintenance
- Buildings and grounds – Completed 4-07

Criteria used to evaluate the feasibility of alternative actions included volume of the aspect, impact of the aspect with respect to the environment as well as health and safety, cost, return on investment, and ability to complete the alternative in a timely manner. For 2006, a considerable amount of weight was given to the ability to complete alternative approaches.

b. The Functional Equivalency Determination (FED) submitted by Serigraph demonstrated that the EMS is functionally equivalent to ISO 14001. The EMS FED was submitted to the DNR on February 8, 2007. Serigraph agreed to the following examples of superior environmental performance.

1. VOC and Air Toxic Emissions Reductions
2. Waste minimization (including recycling)
3. Minimizing solvent usage
4. Reducing energy consumption
5. Prairie restoration and maintenance
6. Water use reduction
7. Low VOC coatings to replace conventional inks
8. Greenhouse gas emissions reductions
9. Using native vegetation around Serigraph grounds and eliminating invasive species on Serigraph land

1. VOC and Air Toxic Emissions Reductions

a. Serigraph researched the use of Soy inks for use in the Specialty Graphics markets; however, none of the inks could be processed effectively. The ink supplier could not resolve the quality problems and decided to stop producing the ink. R&D continues to look for alternative ink systems with suppliers and as they are developed, operations and the reliability lab test the inks to ensure they meet internal and external customer expectations.

b. The pressroom tested three different wash solutions for rollers and blankets over a three month period as a low VOC replacement to the current wash solution. None of the three replacement solutions worked effectively, however, and none are viable alternatives. The

pressroom supervisor continues to test new wash solution formulas that may result in reduced VOC emissions.

c. The pressroom reduced fountain solution VOC levels 75% by using a VOC free solution. Close cooperation with suppliers helped to make this project a success.

d. The technical services department supports the 4 pillars of Serigraph’s strategic plan through various actions and developments. One strategic focus is on operational excellence which includes identifying and developing low VOC ink systems.

2. Waste minimization

a. Plastic Pail Recycling

Serigraph’s screen printing process uses relatively small quantities of ink for each printing sequence. As a result the coatings are contained in one and three gallon pails. These pails cannot be repeatedly used due to residual contamination. An analysis indicated that if Serigraph was using and disposing of about 44,000 one gallon plastic pails annually. Once used, the pails were being land filled. A goal was established to rinse the pails and send them to a vendor for recycling. The Company had a custom washer built for processing the pails generated at Plants 2, 3, and 4. The project was fully implemented in November. Currently Serigraph is recovering pails at an annual rate of 30,000 units.

b. Stainless Steel Recycling

During 2006 EH&S gave a Green Tier presentation at the quarterly General Co-worker meetings. Subsequently, a co-worker who had attended one of the sessions asked if used stainless steel mesh could be recycled. A follow up found that the local scrap metal dealer would take the material. Serigraph instituted a stainless steel recycling program in Plants 2, 3, and 4. The company is currently recycling about 1,200 pounds of mesh annually.

c. Recycling stations

Glass, plastic, aluminum cans and scrap paper are all recycled. In addition, polycarbonate, styrene, polyester, and metal flake are recycled. Charts illustrating the amount and types of material being recycled are found in Chart A under Historical trends.

Material	2005	2006	% Change
	Pounds	Pounds	
POLYCARBONATE	1,047,817	914,407	-14.6%
STYRENE	422,157	638,928	33.9%
PAPER	861,821	837,453	-2.9%
METALS	150,013	156,460	4.1%
Grand Total	2,481,808	2,547,248	2.6%

3. Minimizing solvent usage

A task team has been organized to research alternative low VOC solvents which can be used to replace current clean up solvents used in printing and pre-press.

4. Reducing Energy Consumption

a. Electrical Energy Reduction

During 2006, Serigraph entered into an interruptible power agreement with WE Energy. This program is designed to lessen the electrical drain during peak demand periods. In turn, it reduces the number of backup generation units that need to be built. Serigraph also purchased a power monitoring and energy shed program for its building management system. The program is designed to limit peak demand power. The reductions from these projects have yet to be determined. Energy efficient frequency drive motors have been installed for the cooling towers, Bio-filter and circulating pumps to reduce power consumption and extend motor life.

b. Lighting Project

All new energy efficient lighting fixtures were installed throughout the plant when it was built in 1997 and plant lighting is replaced every three years or the wattage is automatically reduced.

GAS (Therms)		ELECTRIC (kwh)
FY 2005	373,411	14,577,872
FY 2006	395,480	15,362,069
FY 2007 YTD	229,010	10,313,226

5. Prairie restoration

When the company headquarters was built in 1997, a prairie restoration was undertaken to preserve green space in a natural state. Serigraph has a 100 acre main campus of which 75 acres are kept natural. Special efforts were taken using controlled burning to ensure invasive species were not introduced to the land surrounding the facilities. A natural border of plants was planted around the pond to minimize salt run off and fifty acres of natural prairie is maintained to prevent fertilizer and pesticide application.

6. Water Use Reduction

An evaluation of water usage at Plant 2 revealed that the highest water consumption activities were:

- Bio filtration 2,627,700 gallons
- Cooling tower 2,375,650 gallons
- Screen reclamation 6,949,600 gallons
- Total 11,952,950 gallons**

While a cooling tower process is based upon evaporation to create cooling, a portion of the water is used for blow down in order to maintain water quality. This water, which is of relatively good quality, was being discharged to drain. Further investigation of the screen reclamation process found that two rinse booths were operating almost continuously irrespective of what was required for the process. In addition, the quality of the waste water exceeded the city sewer treatment plant limits for biological oxygen demand (BOD). A Green Tier goal was developed to reduce the amount used in during screen reclamation and route the remaining water to the bio filter along with the entire blow down water discharged by the cooling towers. The project was completed during April 2006. The results were as follows:

- a. Screen reclamation water consumption was reduced to 2,432,360 gallons for a savings of 4,517,240 gallons (65% improvement).
- b. Make up water for bio filtration humidification was virtually eliminated (100% improvement).
- c. BOD from screen reclamation water was reduced through the bio filtration system from 12,300 to 307 units (97% improvement).

7. Low VOC coatings to replace conventional inks

Serigraph has made significant progress in converting to UV ink coatings from conventional solvent based chemistries. Partnerships have been developed with suppliers to jointly develop coatings which meet customer specifications. The customer approval process has been steady, but slow. Chart B under Historical trends demonstrates the steady improvement over the past several years.

8. Greenhouse Gas Emissions Reductions

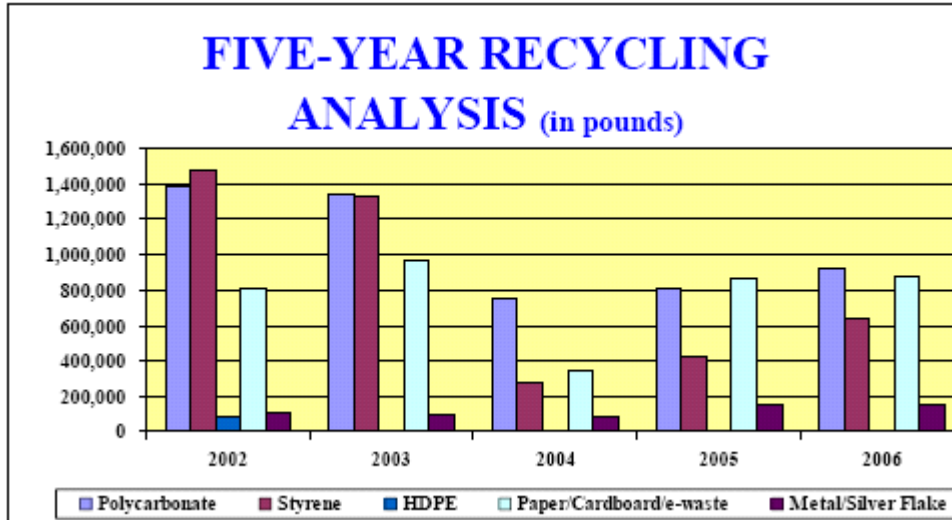
By keeping most of the land owned by Serigraph in a natural state, CO₂ is absorbed by the native plants to reduce greenhouse emissions. The Bio-filter used at Serigraph operates at over 85% efficiency to remove hydrocarbon VOC's from emissions. Chart D illustrates the improvement reducing the tons of VOC's as a percent of sales.

9. Using Native Vegetation and Eliminating Invasive Species

Serigraph has a 100 acre main campus of which 75 acres are kept natural. Special efforts were taken using controlled burning to ensure invasive species were not introduced to the land surrounding the facilities.

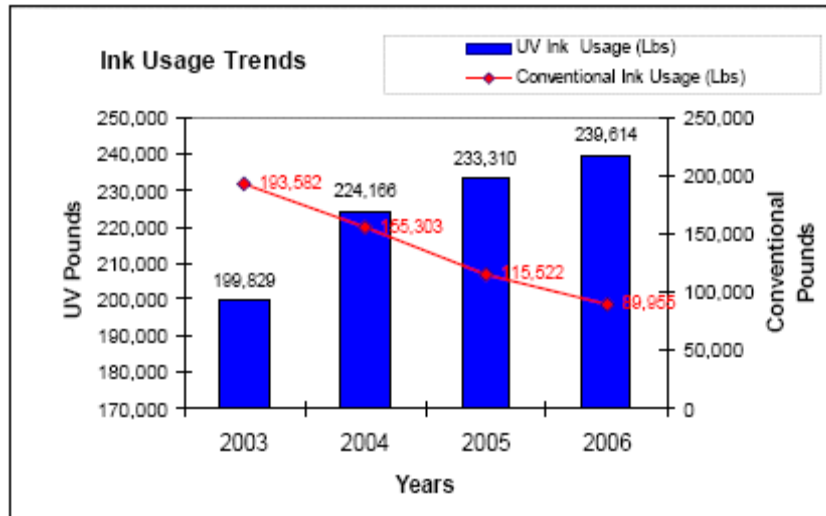
Historical Trends for Environmental Performance Indicators

Chart A



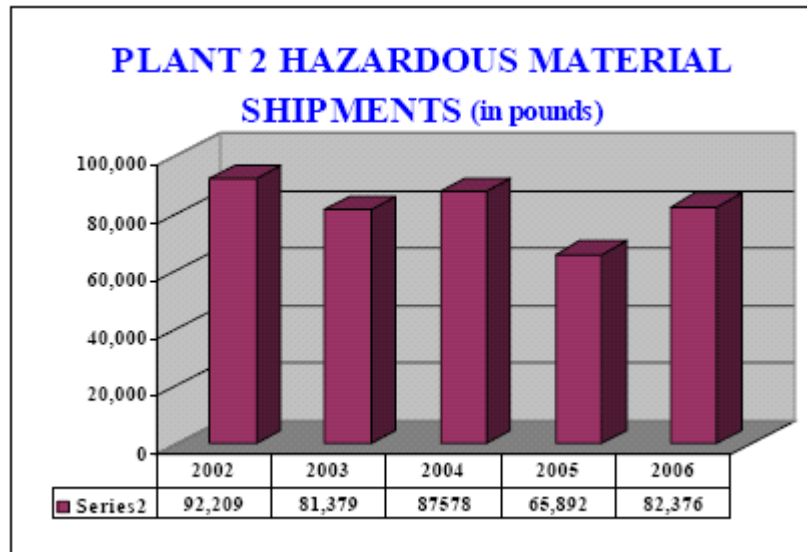
Serigraph has made significant improvements in reducing scrap using Lean and Six Sigma, which has reduced the amount of material being recycled. The volumes of the different types of materials being processed are dependent upon customer requirements.

Chart B



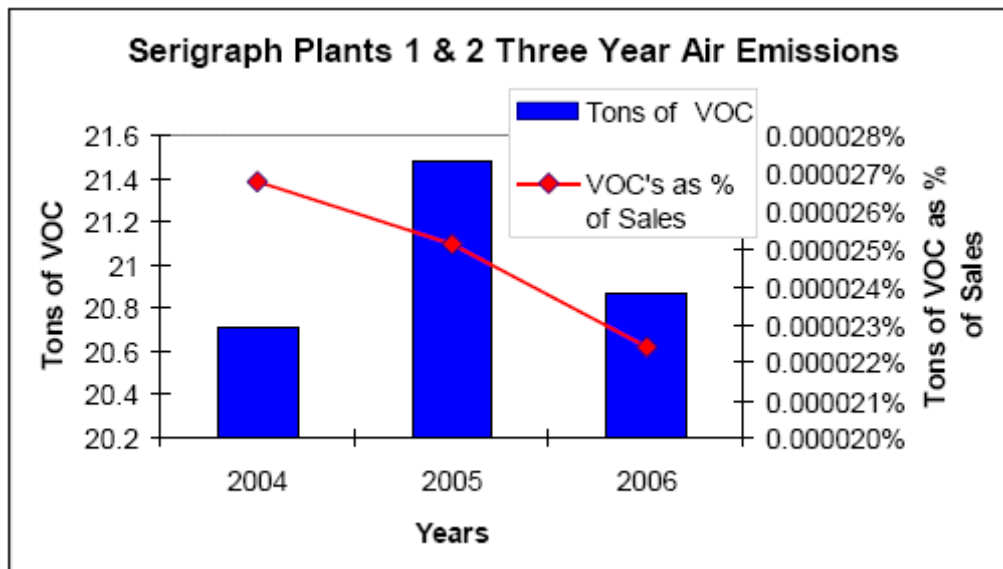
Serigraph has partnered with ink suppliers to develop UV ink systems that meet demanding OEM performance specifications. This has resulted in reduced usage of conventional solvent based inks to more environmentally friendly UV inks. This equates to a 20% increase in the use of UV inks.

Chart C



Pounds of hazardous material being shipped have steadily improved over the past five years. Hazardous materials include conventional inks, centrifuged solvents from wipes, and combustible liquids. There was a slight increase in 2006 due to a shipment of centrifuged solvents that did not ship in late 2005, but instead shipped in 2006. With this adjustment, the trend would be a steady improvement.

Chart D



Air emissions have improved as a percent of sales due to several factors. 1) Reduced conventional solvent based ink usage, 2) Increased use of UV inks, and 3) Reduced scrap due to improved process controls, lean and six sigma efforts which result in fewer parts that have to be produced as planned overrun for scrap.

Continuous Improvement

1. As part of the strategic planning process, environmental goals and objectives will be established and reported in the TS 16949 management review process for FY 2008.

A. Number of Spills

CY 2005 - 3

CY 2006 - 3

CY 2007 – 0

2. A timeline has been developed to complete Green Tier 2 actions

3. Green Tier projects for 2007:

A. Reduce wipe usage ratio of 65/screen to 40/screen

B. Complete mixture Design of Experiment to determine if cleaning solvent blend can be re-formulated with less VOC component percentage

Appendix A

11-YEAR ENVIRONMENTAL REPORT

1995 Serigraph completes Greenlight program, installing high-efficiency lighting. This program reduces our electrical energy consumption by 580,000 KW/hrs/year.

Serigraph introduces waterborne coatings, reduces our VOC emissions for the company by 16%.

1996 Serigraph expands the recycling program for solid materials. Program diverts 4,000,000 pounds of product waste which is converted to renewable materials used in recycled garden products such as plant containers, park benches, and garden trellises.

Fountain solution system is purchased for the offset printing facility, which reduces alcohol concentration by 20%.

Serigraph receives the Partners for Clean Air Award by the Department of Natural Resources for continuous progress in reducing emissions through technology, employee alternative transportation program, and prairie grass renewal programs.

1997 Biofiltration system is installed at the new automotive facility. The installation of this new technology in the printing industry is expected to reduce company's emission by 30 tons.

1998 Serigraph achieves a 10-year low in air emission levels.

1999 Serigraph participates in EPA's Design for the Environment/Environmental Management System Printer's Pilot Project. Serigraph establishes framework for an Environmental, Health & Safety management system.

2000 Serigraph converts to alcohol-free fountain solution for UV offset printing on plastic substrates. New process eliminates 23 tons of air VOC's annually.

2001 Serigraph achieves a 15-year low in air emissions.

2002 Serigraph re-permits its Plant 1 facility from major to minor source for air pollution.

Serigraph reduces VOC emissions from five plants at four sites to 46.7 tons, a 63% reduction since 2000.

2003 Serigraph reclassifies three of its four sites from large-quantity to small-quantity generator for hazardous waste.

Serigraph receives Wisconsin Business Friends of the Environment Award for its efforts in reducing VOC air emissions.

Serigraph initiates a lead phase-out program for all products.

2004 Company commits to replacing solvent-based inks with low-VOC coatings.

Serigraph reduces VOC air emissions in two plants, which results in reclassification from Part 70 status to a FESOP.

2005 Serigraph's EH&S Manager, J. Thomas Ravn, receives the 2004 William D. Schaeffer Environmental Award in recognition of his pioneering efforts, original developments, and investment of time and personal and organizational resources that result in cost savings, more reasonable regulations, improved community relations, and a more wholesome workplace.

2006 Serigraph accepts the Green Tier Award from the DNR for its reduction of hazardous waste and emissions, as well as other efforts to work toward environmental improvements.

Attachment 3



Mr. Mark McDermid
Bureau of Cooperative Environmental Assistance
Wisconsin Department of Natural Resources
PO Box 7921, CO/7
Madison, WI 53707

Reference: 2007 Green Tier Functional Equivalency Submission

Dear Mr. McDermid,

I have reviewed the Serigraph Inc. functional equivalency submission. I find that Serigraph's Green Tier Program conforms to each of the 12 requirements in Wis. Statutes §299.83(1)(dg) as a functionally equivalent management system. Serigraph will schedule an annual audit by an approved third party environmental auditor and will submit an annual report on the environmental management system audit that is in compliance with (6m) (a).

Signed: _____ Date: _____

Linda H. Buntrock
Sr. VP Human Resources & EHS



Program Scope

Serigraph has developed and is maintaining an EMS in order to ensure that the company continues to supply a high-quality product to our customers while providing a safe, healthy workplace for our employees, and acting as a responsible member of our community. Serigraph's EMS is designed to help the company identify and understand its environmental impacts and, through proactive management, reduce the risks that operations pose to its co-workers and to the environment. The EMS is also the means through which we follow through on the commitments expressed in our environmental policy.

Serigraph's EMS presently covers its operations on all sites owned or operated in the West Bend, Wisconsin area. The management of the EMS commences at the point of entry of raw materials and ceases at the point of exit of manufactured product. This policy also covers the management of all byproducts produced as the result of manufacturing operations, which go offsite, including but not limited to, wastes and recyclables. This policy shall also cover all real estate owned and/or under the direct control of Serigraph in the West Bend area. The EMS policy excludes activities that are beyond the control of Serigraph including customer requirements, designs, and materials mandated by Serigraph customers. This policy shall also exclude, at this time, materials shipped by Serigraph to other company-controlled sites or partnerships outside of the West Bend area. The scope of Serigraph's EMS may be modified at any time as corporate management deems necessary. Modifications shall be incorporated into this document.

Environmental Policy

Serigraph Inc. believes that environmental stewardship is a corporate responsibility. Serigraph shall manage its operations in a manner that reflects continual environmental improvement of the air, land, and water. To achieve this, Serigraph shall establish a framework for setting and reviewing environmental objectives and targets.

Serigraph shall endeavor to:

Maximize the efficient use of raw materials

Manage its waste products in a responsible manner

Maintain and improve the environment in a feasible manner

Serigraph shall maintain compliance with respect to all local, state, and national environmental requirements.

Serigraph shall involve the community as necessary in an advisory manner.

This policy and its intent shall be communicated to all Serigraph co-workers.

Goals FY 2008:

1. Recycle 100% of all materials identified as recyclable
2. Reduce wipe usage ratio of 65/screen to 40/screen
3. Complete mixture Design of Experiment to determine if cleaning solvent blend can be re-formulated with less VOC component percentage from current formula.
4. Reduce VOC's as a percent of sales to .000020%.



2006 Green Tier Functional Equivalency Documentation February 7, 2007

Introduction

Green Tier is a collaborative system of contracts and charters crafted jointly by participating businesses and the Department of Natural Resources designed to streamline environmental requirements and encourage new environmental ideas. On May 27, 2005, Serigraph, Inc. submitted an application for its Plant 4 facility located at 2230 Stonebridge Circle, West Bend, Wisconsin, to join the Green Tier I program. On November 28 of the same year, the Company notified the DNR that it wished to amend its application to include its Plant 2 facility located at 3801 E. Decorah Road, West Bend, Wisconsin. One of the criteria of Tier I is to install an environmental management system (EMS) that meets the requirements of ISO 14001:2004 or has been determined by the Department to be functionally equivalent.

Tier I allows for the use of one of two options for demonstrating that an EMS has been established. Option A allows the applicant to submit documentation substantiating the installation of an EMS, and Option B consists of a third party audit. Serigraph, Inc. chooses at this time to utilize Option A. Wisconsin Statute §299.83(1)(dg) outlines the specific criteria that a Green Tier applicant must address in order to be considered to have a function EMS.

The following material in this document is for the purpose of supporting Option A:

1. Adoption of an Environmental Policy

During 2006, Serigraph amended its Environmental Policy, placing greater emphasis on sustainability. A copy of the policy can be found in the appendix.

2. Analysis of Environmental Aspects and Impacts

During 2006, Serigraph developed a system to identify environmental aspects and evaluate their impacts. The process involved a steering committee which included co-workers from Environmental Health & Safety (EH&S), production supervisors and hourly co-workers. A numerical ranking system was used for evaluating both aspects and impacts. The evaluation criterion for aspect impact includes:

- Frequency of the activity
- Volume of the activity
- Severity of the environmental implications
- Co-worker health and safety hazard

Each of the elements was assigned a numerical number based on intensity. The numbers were summed for each aspect which then allowed for a ranking system of all the aspects.

Serigraph decided to limit its identification of aspects to certain areas where the high's impacts were most likely to occur. These areas included ink and screen rooms, printing, post printing, and recycling. Areas that were deferred for evaluation to a later date were receiving, maintenance, buildings & grounds, vendors, and customers. Samples of aspect and impact evaluations are located in the appendix.

3. Plans and Procedures for Compliance

Serigraph has several written programs for the management of air emissions, waste, and water related issues. The company maintains a daily record keeping system for VOC activities. Records are reviewed on a weekly basis for accuracy and a monthly emission summary is developed. Semi-annually Serigraph reviews its VOC program and submits an air emission compliance demonstration report to the DNR and EPA. EH&S reviews all capital purchasing requests with respect to permitting requirements and if a permit is necessary, proceeds accordingly. The company maintains a protocol for accumulating storing and shipping of its hazardous and non-hazardous wastes. Waste water is sampled semi-annually with test results being provided to the local POTW. Serigraph maintains a non-contact status for storm water and has a written program for its management along with an SPCC program. During the establishment of the EMS, compliance plans and procedures were reviewed by EH&S to assure that they conformed to EMS expectations.

4. Identification of All Pertinent Environmental Requirements

Serigraph has reviewed codes and regulations to identify those that may be relevant to the company. The Company believes that it has, to the best of its ability, identified those requirements that are pertinent. A list of those applicable requirements is contained in Serigraph's EMS Manual.

5. A Process for Setting Objectives and Action Plans

Serigraph's EMS manual contains a method for the evaluation of environmental impacts by the EMS steering committee so that objectives and actions plans can be established. The plan ranks the environmental aspects according to their environmental impact numerical rating. The steering committee then identifies alternative approaches. The approaches are then evaluated for environmental impact, economic feasibility, and implementation ability. For Serigraph, one of the primary driving factors is the ability to implement a project in order to achieve continual environmental improvement. During 2006, Serigraph implemented three projects, wastewater recovery and reuse, plastic pail recycling, and stainless steel screen mesh recycling. A summary of each project is located in the appendix.

6. Operational Control Structure

As part of EMS development, EH&S reorganized its written plans, work instructions, and forms. The new structure divides the EMS program into the following categories:

- Corporate Wide – Programs that affect the company corporate wide
- Pre-printing – Programs that affect those activities prior to or support the printing process
- Printing – Programs directly associated with the printing process
- Post Printing – Programs that affect post printing operations and other ancillary support groups.

Within each of the categories are the sections:

- Written Plans
- Work Instructions
- Forms

7. Employee Training Plan

Serigraph's training plan is divided into the following categories:

- Orientation for new co-workers
- General awareness which is presented periodically all co-workers at Quarterly Meetings
- Specific training provided as a part of the co-worker's job function
- Retraining which is provided in the event of changes in procedures or in the event that an infraction is uncovered.

The training section of Human Resources is responsible for the training program.

8. Emergency Response and Corrective Action

Serigraph's emergency action plan is divided into several parts:

- Tornado

Fire/Explosion
Utility Failure
Chemical Spill

Serigraph utilizes the uniform command system for responding to emergency situations. The Company maintains a Level B hazardous materials response team which is on call 24 hours per day. In addition, various co-workers receive first Responder / Spill training. Serigraph has written plans for Spill Prevention Control and Countermeasures, releases of hazardous materials, and malfunction abatement prevention for its bio filter. Corrective action measures are incorporated into various management plans and the training program.

9. Communication Plan

Serigraph communicates with its co-workers through general co-worker meetings, periodic bulletins, and when necessary departmental meetings. The company has developed a procedure for addressing inquiries initiated by the public. Serigraph regularly communicates with the DNR on various matters. The company's EMS plan provides for an annual report to be developed and made available.

10. Procedures for Document Control

During the development of the operation control structure, EH&S created an alpha-numeric system for its documents. The following illustrates the control method.

	Plan / Procedure	Work Instruction	Form
Corporate Wide	CWP xxx	CWI xxx	CWF xxx
Preprinting	PPP xxx	PPI xxx	PPF xxx
Printing	PTP xxx	PTI xxx	PTF xxx
Post Printing	PSP xxx	PSI xxx	PSF xxx

11. Environmental Management Systems Audit

Serigraph's EMS manual contains a process for conducting internal audits. In general, the format conforms to ISO 9001 structure. The process contains elements for corrective action and follow up. Internal audits shall be conducted at a minimum of annually. Audits will be performed by Serigraph's internal ISO auditors.

12. Continual Improvement of Environmental Performance

Serigraph's EMS program provides for an annual review of environmental activities. This includes the following elements:

- Review of previously identified environmental aspects and impacts
- Identification and evaluation of any environmental aspects
- Establishment of annual targets and goal
- Plan development and implementation
- Evaluation of annual activities

The process involves hourly and salaried co-workers and is coordinated by EH&S.

Management Review

EH&S shall create an annual report which will be reviewed by senior management. In addition, quarterly updates describing current activities shall be prepared and reviewed with management by EH&S staff.

ISO 14001 / Green Tier Audit Schedule

o = audit scheduled

+ = results completed satisfactorily

x = audits with corrective action

1,2,3 = shifts audited

	Feb	Mar	Apr	May Start ISO 14001 / Green Tier2	Jun	Jul	Aug	Sep	Nov	Dec
Processes & Activities										
Management Review				o/1,B+			o/1,A+			
EMS Responsibilities				o/1,B+			o/1,B+			
1.Environmental Policy				o/1,B+						
2. Identification of Environment Aspects			o/1,B+							
3. Review of compliance demonstration records			o/1,B+							
4. Identification of Environment Requirements			o/1,B+							
5. Environmental Objs in Management Review				o/1,A+						
6. Operational control of Env performance in MR		o/1,B+								
7. Hazmat / FRO / Env Training			o/1,B+							
8. Environmental Emergency response process			o/1,B+				o/1,B+			
9. Communication plan with Employees and public				o/1,A+			o/1,A+			
10. Environmental Doc control procedure			o/1,B+							
11. EMS audits completed as scheduled				o/1,A+						
12. Management Review Process for CI of Env Objs			o/1,B+				o/1,A+			
SPCC-Spill Prev Control Countermeasures			o/1,B+				o/1,A+			