

Energy Efficiency is Veridian

Veridian's philosophy is to use less. The less energy used, the less resources used. The goal is to reduce waste and use energy more efficiently in order to reduce pollution and conserve natural resources. Veridian recycles more material than any other home builder in Wisconsin and also devotes time and resources to land planning, habitat restoration and water conservation in order to restore harmony between communities and their environment. Veridian also believes in continual improvement. In 2004, members of the executive leadership team traveled to Germany with the **Green Development Coalition** to learn best practices and policies and how they might be valuable for Wisconsin to adopt.

Veridian specializes in building homes and neighborhood communities dedicated to Smart Growth and green-built practices.

The Veridian Homes **mission statement** guides decisions in the organization from strategic leadership down to the purchase of products and materials. The statement reads, "We build great homes by never losing sight of what is important: our customers, our employees, our communities and the environment in which we live." Within the mission statement, there is a category devoted to the environment. It states that Veridian will "use certified energy-efficient designs and green environmentally sound practices." True to the mission, with each home that is built, Veridian incorporates green features that result in homes constructed with high-quality materials, improved durability, low ongoing maintenance costs and a reduced impact on the environment.

Background

Veridian was officially recognized as a Green Tier Participant in October 2005. Veridian had been engaged in implementing an environmental management system (EMS) for several months prior to submitting an application. We also had a functional ISO 9001 quality system and an operating OHSAS 18001 safety system. The quality and safety systems had been audited by the National Association of Home Builders (NAHB) for two years prior to our entry into Green Tier.

Building upon existing systems was very important from both efficiency and a familiarity perspective. In addition, many of the improvements that were planned had an environmental component that interacted with the safety or quality objective. By interconnecting the environmental piece with the other objectives we were able to obtain improvement in all three for the same investment. Often the return on investment was significantly better than would have been realized in the absence of this connection.

The Veridian QHS system was already built upon a foundation of Plan-Do-Check-Act so internal and external auditing was a natural activity. What was and is a challenge is to instill this model into the operations of our trade partners where their activities affect the EMS Objectives and Targets. The key challenge is to do this without implementing enforcement or penalty systems that are similar to governmental enforcement. Veridian has found that by setting clear expectations, contractual agreements, or clear performance measures, trade partners will achieve the performance agreed upon and at times suggest improvements beyond expectations.

Below are some of the auditing techniques and their impacts.

Section 1-Auditing and Checking

EXTERNAL AUDIT PROCESSES

Three official external audits have been performed since our entry into Green Tier. They are:

1. National Association of Home Builders Research Center (NAHBRC) Housing Quality Program.

The NAHB audits encompass both the functioning of the quality system and the performance of that system with regard to defect management and prevention. In 2005 the NAHB audit began to see the EMS as a part of quality operations and in 2006 its auditors performed their first review of the integrated program (QEHS).

While the auditors are still coming up to speed regarding the form and function of an EMS, it is important to note that Veridian has pushed them to include this aspect of auditing and has achieved a beginning of the program implemented on a national level.

Through this external audit Veridian has achieved a (qualified) measure of performance and has achieved external acceptance of the EMS by the National Association. The audit is normally a three-day review process. No EMS operational exceptions were noted by the 2006 audit.

2. Functional Equivalency auditing for Green Tier qualification.

In October 2006 Veridian homes enlisted the assistance of Natural Resource Technology to review the EMS operation and compile evidence Veridian could submit to prove functional equivalency (FE) of their EMS. The FE determination was a new experience for Veridian and some of the details were still being determined by the WDNR.

What further complicated the issue was the integrated nature of the QEHS approach Veridian used. Veridian did not have a stand-alone EMS but rather had it combined with safety, quality, and building performance procedures and specifications. A data base of several hundred procedures and processes were review to pull out environmental links within the business process. From this review a large document was compiled that was prefaced with procedures in the ISO 14001 format. These procedures were cross referenced to the binder documents such as checklists, work instructions, contracts, events, training, and performance specifications within the QEHS. This method provided the evidence linked to each procedure communicated to the WDNR in the familiar ISO format.

Through compilation of this reference document NRT was able to perform an audit of the Veridian system. When the “self-certification” document was submitted it was communicated from WDNR that NRT was eligible to perform the third-party audit of Veridian in lieu of the self-certification approach. Subsequently NRT submitted a third party certification on behalf of Veridian.

The audit of the Veridian EMS found it to be functionally equivalent to ISO 14001. There were no corrective actions recommended from this audit.

3. Construction site rainfall event auditing.

In 2004 Veridian based its erosion and sediment control program upon thorough placement of erosion control materials in accordance with best management practices (BMP's). Sweepers and scraping equipment was deployed to provide early release clean up and site mitigation. These practices did not prove sufficient as a number of citations were levied and the cost of the program continued to rise. In 2005 Veridian started the EMS implementation and began to change our focus toward the root causes of the erosion. A new plan was developed to manage deliveries, on-site tracking, and driving over curbs by machinery. How excavations were done was also reviewed as were the trade partner practices leading to sediment release. In 2005 improvement was demonstrated and fine situations were reduced. Veridian's EMS implementation was nearly completed. As Veridian reviewed the 2005 results management determined that it was necessary to add additional focus to the program to non-conformance and root cause. Non-conformance is a normal activity of our building process that when done without planning "could" lead to sediment loss. Root cause is the reason why a non-conformance happens in the business process. Veridian wanted to identify where in the process of developing the land and building the home there were issues that could or did result in erosion and sediment loss.

To accomplish this task took two actions. First we implemented daily and weekly checks at each site to see when practices were happening that could lead to erosion control. Photos of each site were taken as inspections and corrections occurred to show management the conditions that were happening. The photos were also shared with WDNR, Dane County, City of Madison, and the City of Sun Prairie. These agencies were a part of the Clear Water Initiative Charter as is Veridian.

In addition to self-inspection and photo documentation to the Charter Board, Veridian contracted with Natural Resource Technology (NRT), an independent third-party, to perform independent site audits in all Veridian neighborhoods. The audits were to be performed in conjunction with one-inch rainfall events. The audits had to be performed within 24 hours of the end of the rainfall event with data reported to Veridian within an additional 24 hours.

In 2006 all photographs and compiled reports were received by Veridian within 24 hours of the rainfall event on a Compact Disc (CD). Veridian re-burned the data and report to CD's without modification and sent it to the various Clear Waters Charter members (WDNR, Sun Prairie, Madison, Etc.) within 24 hours of Veridian receiving the data to fulfill our voluntary role.

A variety of measures were used in 2006 to see which were the most useful to effect changes and measure improved performance. In section 2 of this report you can review some of the statistics involved with this activity.

The combination of internal review and external review of erosion control proved to be a winning combination to achieve high performing erosion prevention and management. The elimination of fines was important for a short term financial measure but the identification and elimination of several of the conditions that caused erosion to happen was the true performance improvement. Trade partner training and cooperation was significantly improved, drive-over and knock-down of erosion fences, curbs, and socks was nearly

eliminated. The use and repositioning of erosion socks meant that the protective devices were replaced whenever access was needed. Excavation processes were done carefully to assure only the needed amount of soil disturbance was done and erosion devices were on-site before the first soil disturbance took place. The rainfall review changed from taking place after the rainfall to being done during the rainfall. By using this technique, the origins of erosion problems could be seen and often managed or corrected before the rainfall was done. Veridian feels that this modification of the auditing process prevented release situations while improving our ability to manage our site activities. Overall the engagement of our associates and trade partners resulted in a very significant increased environmental performance toward our goal of minimizing erosion and preventing sediment from being released from our sites.

INTERNAL AUDIT PROCESSES

Veridian uses a series of internal auditing methods to identify performance of the EMS and to measure performance in the field. These methods are:

1. Internal interdepartmental auditing.

The internal auditing process reviews the functionality of Veridian business systems utilizing individuals not normally associated with the audited departments function. This program has been functional for quality objectives but is just starting to include EMS aspects. The training of these individuals (beyond their current awareness level) and compilation of non-conformances will be part of the 2007 report.

2. Internal checklist auditing

Each construction site has several stages of production beginning with the first excavation through occupancy that are captured on checklists and sign-off documents, There are also some post-occupancy checklists.

In 2006 all checklists were updated to include the significant aspects to which Veridian committed. They include aspects of recycling, site traffic, erosion maintenance, and many more task level items of responsibility. For sign-off sheets, the Veridian quality inspector must sign off that a particular task has been successfully completed in order for the trade partner to receive payment for the work. Veridian crews and trade partners are engaged each week in “build” meetings to discuss both problems and opportunities for improvement. Based upon internal and external audits, the checklists are updated to include significant tasks that will prevent or correct non-conformances and failures.

Trade partners are given the opportunity to become certified for Veridian. This includes many aspects of the particular service such as plumbers, flat work and concrete installers, insulation installers, etc. At this time Veridian has 17 certified trade partners and another 63 are fully trained with implemented systems working their way to certification.

3. Daily and weekly site auditing

Each active Veridian construction site has a CM (Construction Manager) and a PM (Production Manager) associated with its activities. The CM is on site daily and is

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responsible to not only inspect operations but to make corrections when needed. The CM inspects the erosion control and material use aspects of the site daily. The CM may also take photographs of rainfall events for the site.

The PM is responsible for each worksite on a weekly basis. The PM takes at least two photographs of the erosion control measures at each site on a weekly basis. These photographs assure that the site managers are reviewing the environmental aspects of the site daily and have the authority to make corrections as needed. The photographs are also labeled, compiled at the headquarters, and distributed to the agency contacts for the GTCWI Charter.

The use of photographs constitutes an audit mechanism signaling to the agency that Veridian is reviewing the erosion control needs of each site daily and making corrections. The photos also allow agency inspectors to view each site and see what is happening on a basis that is several times more efficient and frequent than they would otherwise be able to do in person. This program is called the virtual inspection process.

As a result of the adoption of this process within the EMS Veridian has achieved a year where only two relatively minor notifications were communicated to Veridian for storm water issues, neither of them resulting in a fine or penalty. Veridian has also had the lowest cost year since Veridian was formed regarding remedial and clean-up services from storm events.

In 2007 Veridian will be looking to stream line this inspection process and work with the GTCWI group to provide more real time posting and distribution of data and photographs for a wider scope of stakeholders review.

AUDITING SUMMARY

In 2006 many new methods of review and auditing were implemented with regard to environmental performance. All methods achieved performance beyond that which compliance programs and objectives would have obtained.

Besides cost reductions we achieved sites and neighborhoods that were attractive to owners and buyers, protection of storm water devices from siltation, safety on roads and sidewalks no longer impacted by mud and silt, and a number of other advantages we can all agree are of value to the environment without exhaustive measurement.

In 2007 Veridian will continue to refine auditing and inspection techniques and continue learning and training events with Veridian employees and trade partners to allow them to make appropriate environmental business decisions at the point where the work occurs. We look at this activity to be the most productive prevention method we will employ

Section 2- Tangible Improvement Measures

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Veridian's recycling efforts in 2005 and 2006 resulted in the following positive impacts to the environment:

2005	Total Volume Cubic Yards	Total Weight tons
Wood	11,823.91	1,833.73
Cardboard	18,600.00	465.00
Vinyl	100.00	7.76
Total Recy.	30,523.91	2,306.49
Trash	31,048.00	1,552.40
Recy. Rate	49.57%	59.77%

2006*	Total Volume Cubic Yards	Total Weight tons
Wood	16,239.91	2,540.29
Cardboard	24,680.00	617.00
Vinyl	880.00	69.01
Drywall	511.02	71.46
Total Recy.	42,310.93	3,297.76
Trash	41,184.00	2,059.20
Recy. Rate	50.67%	61.56%

*It is notable that Veridian increased its recycling rate and expanded the categories of materials it recycled since 2005. This occurred even though the number of houses dropped to 438 completed homes in 2006.

Rainfall Event Monitoring Statistics

Veridian initiated a Third-party review to help determine what practices could be done or changed to prevent sediment loss during rain fall events. Sixteen rainfall event audits were performed in 2006 along with two more comprehensive performance audits. The rainfall event audits focused upon sediment and erosion control practices, non-conformances leading to site problems and sediment releases, and root cause analysis of construction activities and policies that lead to non-conformances.

In 2006 Veridian had approximately 190 active construction sites at any one time being constructed in 11-12 neighborhoods.

In 2006 our Third-party partners performed the following activities on randomly chosen active lots:

- 667 lot inspections were performed
- 3002 criteria were reviewed related to these lots and neighborhood areas
- 1089 site photographs were taken, labeled, and distributed
- 16 inspection reports were compiled and distributed
- 4 neighborhoods were reviewed at each event (on average)

It is important to note that our the baseline number of homes/lots in our voluntary Clear Water Initiative Charter agreement was to review 10% of the neighborhoods and then 10% of the active construction sites within the neighborhoods inspected. That generally means that one neighborhood and 7-8 homes within the neighborhood were the agreement. Based

upon that agreement Veridian would have only had to inspect 128 lots and one neighborhood (per rainfall) in 2006.

Veridian believed this activity coupled with internal site inspections was the key to improved performance. Instead of approaching the requirement as a minimum with which to comply, we viewed it as an opportunity to improve performance and learn how to better manage. This means that Veridian inspected 5.2 times more sites than required and reviewed 3 more neighborhoods (on average) than we voluntarily agreed to do in each inspection. We did this to develop a trust relationship with our stakeholders and to provide information we could trend and analyze to determine root causes for problems. The data also gave us the opportunity to reinforce the good practices we had implemented with our associates and our trade partners.

In general the data shows the following:

- Open lot management for erosion control, litter and reduced driving over curbs improved by over 95%.
- Erosion control being available and in place before first construction disturbance improved by over 99%.
- Erosion control non-conformances (practices that lead to failures) like delivery issues, material piling and movement on site, pad, sock, and fence maintenance, etc.) occurred over 70% less frequently. Drivers stayed on the track pad more than 80%.
- Final cover releases decreased by over 50% and their severity by volume released decreased by more than 60% (estimated by third-party).
- Serious non-conformances or failures* (failure is used to describe release past controls in any amount) were reduced by over 95%. The time it took for serious issue response was reduced from 5-8 hours to 15-45 minutes. Most issues were corrected while the rain event was still occurring.
- Veridian employees and trade partners are actively looking for non-conformances and problems that may lead to a release. As the season progressed four trade partners and several framing crews sought feedback to improve performance. Others moved immediately to correct non-conformances discovered during onsite inspections. A solid foundation of awareness has been built.
- Any situation where a significant release could occur observed during the inspection was immediately communicated to Veridian. Making observations while it was still raining proved to be very beneficial to prevention, correction, and learning.

WORKSITE SATISFACTION SURVEY

Every 18 months Veridian Homes conducts a survey of our Trade Partners to gain feedback on how we can improve. Some results that reflect how Veridian has been focused on improving the cleanliness of sites, ensuring accurate delivery and storage of materials i.e to eliminate waste and measure how we live our vision and mission to focus on the environment.

All scores 1-6 scale (1=Never; 6=Always)

2004: 50 completed survey 2006: 69 completed survey

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- Veridian's job sites are clean:
2004: 4.74 2006: 5.14
- Scheduling allows our company to manage its time/resources effectively:
2004: 4.63 2006: 4.82
- Veridian values land as a limited resource and accepts responsibility for sculpting it into neighborhoods that meeting our customers' changing needs:
2004: 4.88 2006: 5.01

RECYCLING AND CONSERVING NATURAL RESOURCES

- **Blown cellulose attic insulation** and contains more than 75% recycled material to further reduce home construction impact on the environment. (Ongoing **blower door tests** have improved insulation inspections and code approval)
- **Wood conservation:** use of engineered wood products reducing the need for 2" x 10" or greater dimensional lumber.
- Pioneered a **vinyl siding recycling** program with WasteCap and has diverted over 69 tons of scrap vinyl from landfills.
- New programs include **drywall and concrete recycling**
- **Reducing off-gassing:** Low VOC (volatile organic compound) paints used throughout the home's interior to reduce off-gassing. (*saving the earth's atmosphere!*)
- Veridian has sourced a **lower-cost high efficiency furnace** with ECM motor to provide a wider appealing and energy saving option to consumers.
- In 2005, Veridian converted all fireplace installations to **non-standing pilot systems** (Intellifire™) to save natural gas.

TEST RUNS OF ENERGY/ENVIRONMENT FRIENDLY PRODUCTS

Energy Savings of over 40% in Welcome Home

The Welcome Home (Whitman) demonstrates Veridian's commitment to resource-efficient building as evidenced by Veridian's inclusion in the U.S. Department of Energy (DOE) Building America and Zero Energy Home Programs in partnership with the Consortium for Advanced Residential Buildings (CARB). This home was built as an innovative new concept and boasts energy savings of over 40 percent, or approximately \$1,000 in savings annually, compared to a standard Wisconsin home built to code. This home is a benchmark in energy-efficient and environmentally-friendly home building.

LEED Homes

Veridian is currently building six LEED homes, which is a program established by the U.S. Green Building Council and incorporates smart growth and green building into residential design by: (1) reducing waste; (2) promoting the health of the future homeowner; (3) increasing energy efficiency; (4) improving the environment. An independent LEED consultant performs an inspection based on criteria such as site selection, water reuse, humidity control and much more.

Q.A. Duct

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Veridian has recently built a test home in which we have incorporated Q.A. Duct. QA Duct is a plastic based ducting system that, for the first time, passes the stringent **UL-181 requirement** for use as an above ground heating and cooling distribution system. The impacts of this are as follows:

- Improved indoor air quality – the plastic-lined interior surface is fully washable and will not promote mold or bacteria growth. Loose dust and particles are eliminated.
- Lower energy bills – the installation method, using both a heavy gage plastic and a mechanical gasket/clamp, ensures virtually zero leakage
- Cutting edge technology - a plastic duct system is simply the safest alternative to sheet metal and fiberglass, and as codes for insulating become more stringent, Q.A. Duct offers a “pre-insulated” product that meets or exceeds R8 values.

100% Fluorescent lighting in one model home

Veridian has converted an existing furnished model to fluorescent lighting, highlighting the savings homeowners can gain by selecting Energy Star lighting and compact fluorescent lighting.

100% ENERGY STAR® fixtures in one model home

A test home has also been completed with 100% ENERGY STAR® fixtures and florescent bulbs with plans for full production home application

Heat, energy, and water conservation and usage

- Veridian works with American TV & Appliance on promoting **ENERGY STAR** Whirlpool® and Frigidaire® appliances to our homebuyers in **all standard appliance packages**. Buyers choosing Whirlpool® appliances were eligible for an ENERGY STAR rebate.
- Veridian installs **Energy Star furnaces and AC units**.
- Veridian homes include **programable thermostats, low flow faucets and showerheads, exhaust ventilation timers and thermal breaks** in the concrete basement walls.
- Improvements in the home’s thermal performance by minimizing heat loss through the use of **Energy Star high performance windows**.
- **Blown cellulose attic insulation** in 2005. The University of Colorado at Denver reported a cellulose-insulated home may use 20% to 40% less energy than a fiberglass insulated home,
- Veridian purchases **renewable energy** to provide power at our furnished models.
- All Veridian homes are properly wrapped and taped using DuPont Tyvek® to reduce energy-wasting air and water infiltration.

Indoor Air Quality

- All **carpet** has the Carpet and Rug Institute IAQ (Indoor Air Quality) label.
- Veridian Homes WES certified homes have an average **air infiltration** rate of 0.183CFM @ 50 per square foot of exterior surface area, down from 0.19CMF in 2004. This translates into a tightness performance number that is 26.8% better than the program requirement.

Reducing Erosion

- Veridian Homes is the first home builder to receive an exemption from the Wisconsin DNR to allow grinding of oriented strand board with dimensional lumber. In conjunction

with silt fencing, ground wood is used for erosion control on construction sites as ground cover and in erosion control socks.

- Veridian also uses a special erosion tube. This alternative to silt fencing for erosion control is an 8” diameter sock, which is filled with 75% compost and 25% wood chips. Made with recycled materials, it disintegrates in approximately six months and the compost can be spread on the lawn. The tube does a superior job of controlling sediment from runoff water at the construction site and is also less intrusive than the traditional black plastic silt fence.
- Green common areas often include **rain gardens** that are used to collect run-off and infiltrate water back into the ground.

Section 3-Intangible Value Derived from Management Techniques

SYSTEMATIZING IMPLEMENTATION OF ENERGY FEATURES INTO THE HOME

The key to ensuring the consistent and effective achievement of energy improvement in all Veridian Homes (552 in 2005) is the **Even Flow production schedule** and our **NHQ Builder Certification**. These programs systematize homes being built to ENERGY STAR® and Green Built standards, exceeding erosion and storm water control requirements and continuously improving material management and recycling programs. Veridian's Certification program represents an integrated Quality, Environmental, Health and Safety Management System that currently engages 7 trade partners with a 8th about to come onboard. Veridian has detailed “Scopes of Work” for all of our trade partners which details all aspects of construction with a particular focus on ensuring energy efficiency details are achieved. Over 1000 action plans have been developed and implemented, 65% of which control processes to design and build the home. More than 20 process maps have also been developed to help detail and communicate our processes. We have multiple inspection points during the building of the home for our trade partners to self inspect. Our Construction Managers also conduct 22 inspections and use a 314 point final inspection checklist. This is of course in addition to Code Inspections. This combined with the NHQ Award program used to evaluate the company, ensure that operationally and strategically the company strives for continual improvement. Ongoing training and education is provided to the sales team, construction managers and the customer relations team by various members of the Wisconsin Focus on Energy Program and WES team members.

TRADE PARTNER PROGRAMS

Veridian works closely with its suppliers and trade partners with every home that it builds to raise awareness of green building techniques and materials. Veridian conducts an annual **Trade Partner Conference** (150 attend each year) with presentations, information, guest speakers, dinner and brainstorming sessions to outline and discuss best practices. Veridian has also created a Trade Contractor Advisory Council that includes 15 partners and meets monthly. Each home building function is represented by a different trade partner. At these monthly meetings, energy-efficient building is always included on the agenda. Trade partners are encouraged to bring to the table new product recommendations and innovative green building techniques. For example, Marshall Towne Millwork, Veridian’s custom cabinetmaker, introduced Veridian to wheatboard shelving, which is created from recycled content materials.

Ideas that are generated at the **Advisory Council** are then shared at weekly BUILD meetings where representatives from all 85 trade partners are in attendance. This forum is also used to announce new green building techniques that Veridian would like its trade partners to incorporate. On a monthly basis an ENERGY STAR® consultant attends the meetings and discusses current green practices, how improvements can be made and shows examples of techniques that could be used to provide a more energy-efficient product.

VERIDIAN OUTREACH

Veridian Presentations to Educate on Green Tier

1. Leonard, D (2006) Innovation Through Collaboration: The Veridian Homes Experience In Achieving Green Tier and the Clean Waters Charter, Madison Area Quality Improvement Network's 19th Annual Hunter Conference on Quality. Inspiration from Unusual Sources: Integrating Innovation into your Work, University of Wisconsin-Madison, November 9, 2006, Madison, WI
2. Leonard, D (2006) Aligning Environmental Management Systems to Strategic and Continuous Improvement Systems for Performance Excellence, National Resource Technology, EMS Seminar, Milwaukee Yacht Club, November 1, 2006, Milwaukee, WI
3. Leonard, D (2006) The Synergy of Baldrige/WFA and Green Tier, Madison (WI) Metropolitan Sewerage District, April 26, 2006, Madison, WI
4. Esposito, D. (2006) Green Tier and New Environmental Governance (with Ambs, T. and Speerschneider, T.), Presentation to WAPA/WASLA Conference, April 6-7, 2006, Wisconsin Dells, Wisconsin
5. Leonard, D (2006) Baldrige, Using Quality to Drive Innovation in Management, Product, Design and Customer and Supplier Relationships, Presentation to the Madison Chapter 1217 of the American Society for Quality, March, 2006, Madison Wisconsin USA
6. Esposito, D (2005) Green Tier Environmental Initiative (with Schlaefer, M and McDermid, M), Presentation to NAHB America's Land Stewards, September 30, 2005, Madison, WI
7. Leonard, D (2005) The Benefits of Integrating Environmental Management Systems with Quality, Health and Safety Management Systems: A Green Tier Case Study, Environmental Innovations Seminar, Federation of Environmental Technologists, 27, September 2005, Madison, WI,
8. Leonard, D (2005) Integrating Environmental Management Systems with Quality and Baldrige, Marshal Erdman Leadership Academy, July 12, 2005, Madison WI,

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9. Esposito, D. (2005) Smarter Streets and Traditional Neighborhood Development (with Munson, B. and McCormick, D.), Presentation to ITE Conference, June 23, 2005, Wisconsin Dells, Wisconsin
10. Zajicek, G & Danz, G (2005) Environmental Management System & Clear Waters Charter: Erosion Impacts, Annual Veridian Homes Trade Partner Quality Conference: Innovative Environments, Sheraton Hotel, February 16, 2005, Madison WI,

VERIDIAN BEST PRACTICE RECOGNITION

The following awards reflect Veridian's constant drive for excellence, benchmarking and continuous improvement:

2006

WasteCap Wisconsin, Partner of the Year Award

National Housing Quality Gold Award awarded by the National Association of Home Builders

US Environmental Protection Agency Energy Star® Sustained Excellence Award

Federation of Environmental Technologists' Governor's Award for Excellence in Environmental Performance

Executive Consumer Award for Favorite Residential Builder awarded by *In Business* magazine

Certification of Excellence from Habitat ReStore

"Next Generation Neighborhood" award from the 1,000 Friends of Wisconsin

2005

National Housing Quality Silver Award awarded by the National Association of Home Builders

US Environmental Protection Agency Energy Star® Partner of the Year

NAHB Green Building Project of the Year

Executive Consumer Award for Favorite Residential Builder awarded by *In Business* magazine

Governor's Award for Production Home Builder of the Year

2004

Best Design Center, Gold Award, awarded by the National Sales and Marketing Council

US Environmental Protection Agency Energy Star® Partner of the Year

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National Housing Quality Certification, awarded by the National Association of Home Builders

Wisconsin Business Friends of the Environment

Executive Consumer Award for Favorite Residential Builder awarded by *In Business* magazine

Building Renovation Award awarded by the city of Monona

2003

Green Built Supporter of the Year awarded by Madison Area Builder's Association

SUMMARY

Veridian has set a significant number of goals within the EMS for business improvement, transparency, relationship building, restoration, protection of natural resources, minimization of the use of resources, product substitution, and materials reuse.

Although superior environmental performance has resulted, the picture has become clear that there are continual opportunities for improvement in our business and in the engagement of those who work and live near to us. Veridian's focus in 2007 will be to innovate in new home building and land development techniques and to be thoughtful in how those activities add value to the environment and Veridian.

Veridian will continue to explore new management techniques to promote education and awareness of environmentally compatible building techniques. We will continue to innovate through programs such as LEED's and Green Built to combine the best features in our homes.

In addition, Veridian feels that many of the activities of superior performance can be related to reduction in CO₂ emissions. We are exploring how that relationship can be quantified and verified with our consultants. When we have made a plausible and verifiable determination, we will calculate those emission credits and submit a supplemental report to WDNR.

Please feel free to contact Veridian for further information about any aspect of this report.