State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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October 3, 2005

Kenn Buelow
Holsum Dairies LLC
N5701 Irish Road
Hilbert, WI 54129

Subject: Green Tier Acceptance Letter for Tier 1

Dear Mr Buelow:

Thank you for completing an application for a Tier 1 agreement. The Department of Natural Resources (DNR) is pleased to approve your application and accept you into the Green Tier program. This letter of acceptance covers all Holsum facilities and activities (identified in your application and attached to this letter of acceptance). This letter of acceptance is authorized by The Environmental Results Program Act, § 299.83, Wis. Stats., created by 2003 Wisconsin Act 276 (effective on May 1, 2004), which is commonly called the "Green Tier Law."

This letter of acceptance recognizes the work described in your application. Your participation in the Green Tier program is dependant upon your continuing commitment to superior environmental performance and continuous improvement. If future circumstances necessitate stepping back from this commitment, please notify us.

At a minimum, you have agreed to the following examples of superior environmental performance:

- Minimize the use of ground water,
- Minimize the generation of waste and recycle as much waste as possible,
- Minimize energy use and maximize production of renewable energy
- Build prevention of pollution into procedures and work practices.
- Build environmental protection into design
- Minimize environmental impacts of construction, operation and maintenance
- Develop and implement an environmental appraisal process
- Employ construction techniques to protect those environmentally special areas that are not avoidable
- Use native vegetation around the majority of Holsum facilities and eliminate known invasive species on Holsum land and rights of way

With this letter, you are authorized to use the Green Tier Program logo on written materials that are related to your facility. Attached to this Acceptance Letter is a unique certificate that recognizes you for participating in the Green Tier Program. The DNR will work with you to annually celebrate your participation in the Green Tier program through a joint press release to local newspapers and will maintain your company's name on a list of participants that is available on the DNR's website.

As a participant in the Green Tier program, you are entitled to Deferred Civil Enforcement, as described in §299.83(6m)(d). In brief this means that if you discover either a non-conformance in your EMS, or you discover a violation with an existing environmental requirement, and if you provide us notice of your discovery along with a corrective action plan that conforms to the requirements in the statute, and if you successfully and timely implement the corrective action plan, we will not seek to impose penalties on Holsum for the non-conformance or violation. You are reminded that nothing in this acceptance letter replaces any obligation that you have to report on, and correct, any violations of law or regulation.

In addition, once Holsum establishes either a functionally equivalent EMS, or an ISO 14001 certified EMS, the DNR commits to inspect Holsum facilities at the lowest frequency permitted by law, unless the DNR believes you to be out of compliance. If you choose not to certify your EMS under ISO 14000, please document that your EMS is functionally equivalent to an ISO 14000 EMS by following the guidance attached. As you know, Holsum needs to have in place within one year of this letter an EMS that either is demonstrated to be functionally equivalent to an ISO 14001 EMS, or is certified to ISO 14001. As a reminder, you also need to have audited your EMS by the end of the first year of this agreement.

You are also asked to update the DNR annually, beginning in January, 2006, on your consultation with interested persons in the area. You are also asked to update the DNR annually, beginning in January, 2006, on your progress in meeting your objectives and targets and implementing your EMS. Both of these requirements can be incorporated into your annual report to the DNR on your environmental performance accomplishments, and any EMS non-conformances or violations. Please also provide the DNR with documentation of your management review of your environmental management system at that time.

We would encourage you, as part of your annual report, to prepare an executive summary of your accomplishments over the last year that can be placed on the DNR's web site, and which could also be posted on Holsum's web site.

As a reminder, by the third year of your participation in the Green Tier program you must have your EMS audited by an outside environmental auditor. The results of this audit should also be reported to the DNR.

We also ask that you use the attached list of indicators to gather information on the overall success of the Green Tier program. The information that you gather on these broad indicators is designed to supplement any measures that you gather to demonstrate the effectiveness of your EMS. UPDATE: Ben Uvaas is Holsum's SPOC.
Phone: 920-303-5433 Email: Benjamin.Uvaas@wisconsin.gov

Finally, if you have any questions about your interaction as a Tier 1 participant with the DNR, ~~Dave Bougie~~ has been assigned as your single point of contact. Please coordinate with ~~Dave~~ on an annual meeting that will be used to brief the DNR on your environmental performance, and the progress made on the objectives and targets. This meeting shall also be used for the DNR to provide input on the objectives and targets to be set for the coming year.

Your acceptance into the Green Tier Program is good for 5 years, and your status as a Green Tier company can be extended for additional amounts that we mutually agree to. You may withdraw from the program at any time by notifying us of your decision to withdraw. We may also withdraw you from the program if we believe that it is in the best interests of the Green Tier program to end the relationship that is created with this letter.

We want to welcome you as a Tier 1 company and encourage you to work toward Tier II status in the future.

As of October 25, 2010 the five year acceptance provision for Holsum Dairies LLC has been lifted. Holsum Dairies LLC's acceptance into the Green Tier Program will extend indefinitely.

Sincerely,

/s/ Scott Hassett

Scott Hassett, Secretary
WI Department of Natural Resources

Attachment:
- Tier 1 Application
- Certificate of Recognition
- Environmental Results Program Logo
- Functional Equivalency Guidance
- Generic Suite of Green Tier Indicators

FUNCTIONAL EQUIVALENCY POLICY GUIDANCE

Final recommendations
As recommended by the Functional Equivalency Work Group

In making a determination that an applicant's Environmental Management System (EMS) is functionally equivalent to an ISO 14001 EMS, the following procedures are suggested as a basis for the Department making the statutorily prescribed decision:

Tier 1:
The applicant provides documents that demonstrate that the components in their EMS conform to each of the 12 components identified under Wis.Stats. 299.83(1)(dg). The applicant chooses the means of documentation and has the responsibility for supplying evidence that demonstrates conformance to each requirement. All of the documentation supplied under this option will be a matter of public record and may be put on the web site at the time of notice or prior to approval of the EMS, if that occurs after the company is initially enrolled in the program. The documentation is to be accompanied by a certification from the senior manager that signed the Green Tier application, that they have reviewed the documentation and, in their judgment, the EMS conforms to each of the 12 components.

Or;

The applicant shall submit, to a third party, evidence that their EMS conforms to the 12 components identified in the statute. The third party verifier must demonstrate to the DNR that they are both objective and competent*. The third party will then submit to the DNR a declaration, signed by a senior manager from the third party, that they have examined the evidence provided by the applicant and that the EMS conforms to each of the 12 components. This declaration shall include the following: "I have reviewed the information submitted by the participant, and as an independent third party, I find that the information provided conforms to each of the 12 requirements in Wis.Stats. §299.83(1)(dg) as a functionally equivalent environmental management system."

Tier 2:
The applicant provides objective evidence that each of the 12 components are present and the applicant demonstrates how the 12 components come together to produce environmental performance. The applicant is responsible for demonstrating how its system satisfies each component of the statute, and quantifying the results in support of that assertion. Baseline information must be provided, along with at least one year of additional results to show trends from the baseline information. All of the documentation supplied under this option will be a matter of public record and may be put on the web site at the time it is supplied or prior to approval of the EMS. The documentation is to be accompanied by a declaration from the senior manager that signed the Green Tier application that they have reviewed the documentation and in their judgment, the EMS conforms to each of the 12 components and that the results reported are true and accurate.

Or

The applicant shall provide evidence to an outside environmental auditor (299.83(9)(1)(dr) and 299.83(7m) that their EMS conforms to the 12 components identified in the statute. The outside environmental auditor shall then submit a verification report to the DNR, which includes a record of the evidence observed to make the functional equivalency determination. This report will be

signed by the outside environmental auditor stating that they have examined the evidence provided by the applicant and that each of the 12 components of a functionally equivalent EMS is satisfied. This declaration shall include the following: "I have reviewed the information submitted by the participant, and as an outside environmental auditor, I find that the EMS conforms to each of the 12 requirements in 299.83(1)(dg) as a functionally equivalent environmental management system."

Objective and Competent Third Party - RABQSA certified auditors have already produced evidence of competence to an objective third party and are considered qualified to make the functional equivalency determination. Others seeking to make the determination shall submit a demonstration of competence to WDNR or a Department designee (contractor, review board, volunteers, etc.) prior to the Department accepting a functional equivalence determination. A demonstration of competence shall include documentation of attendance at an accredited ISO 14001 lead auditor training session and documentation of training or experience in environmental laws that apply to the applicant. Knowledge and skills in the following areas will help demonstrate a third party's competence:

- environmental terminology,
- environmental management principles and their application, and
- environmental management tools (such as environmental aspect/impact evaluation, life cycle assessment, environmental performance evaluation, etc.).

If an objective and competent third party provides the declaration described above, and the DNR determines that the auditor knowingly made a false or biased determination, the DNR will not accept any additional declarations from that party.

Additional factors:

1. Green Tier is for entities that are superior environmental performers.
2. The entity or consultant is responsible for demonstrating to the department that each of the 12 points, described in the statute, is met.
3. If an applicant's system has a component to satisfy each of the 12 components, it shall be deemed "equivalent". A determination that a system is "Functional" comes from a demonstration of results.
4. If there is a question about the adequacy of the applicant's EMS, the benefit of the doubt should be given to a Tier 1 applicant. However, if there is a question, the applicant bears a greater burden to produce performance.
5. A Tier 2 applicant bears a higher burden for demonstrating how their EMS satisfies each of the components of the statute. This is because Tier 2 requires a demonstration of an effective EMS and a history of superior environmental performance. Failure to demonstrate how each of the 12 components is satisfied in an EMS may lead the DNR to recommend participation at the Tier 1 level.
6. In addition, for a Tier 2 applicant that is seeking some form of regulatory relief, a higher level of scrutiny of the effectiveness of the EMS is warranted. This may lead to a request from the DNR to use a (7m) auditor to review the functional equivalency of the applicant's EMS.
7. Those making the functionally equivalent decision should be objective and credible.
8. The relationship between green tier companies and the DNR should be based on trust, not distrust.

The following Environmental Indicators are proposed for all Green Tier participants. In addition to this Generic List, it is expected that other indicators/metrics will come out of the Environmental Management System and would be used to document accomplishments. This Generic List is useful for the DNR to document the relative success of the program.

Environmental Indicators

Some of the environmental indicators are already provided to the DNR. You would not be asked to report this information again if you have already reported it.

Water
Total water use
Total amount of phosphorous released into water
Total waste water produced

Air Emissions
Total greenhouse gas emissions
Total emissions of ozone-depleting substances
Total air emissions

Waste
Total solid waste produced
Total percentage of material ending up as waste
Amount/percentage of waste that is hazardous
Amount of mercury lost or released into the environment
Amount/percentage of waste recycled

Energy
Total energy used, listed by source
Amount/percentage of energy from renewable resources

Transportation
Total fuel consumption
Amount/percentage of vehicles using alternative fuels

Spills
Number of spills
Total amount of hazardous substances released due to spills

Land Use
Total amount of land owned and percentage that is permeable (not paved or covered)

TRI
Total TRI emissions