Memorandum of Agreement
Between
United States Environmental Protection Agency
And
Perdue Farms Incorporated

Perdue Clean Bays Environment Management Initiative

Preamble

WHEREAS, The Chesapeake Bay is North America's largest and most biologically diverse estuary, home to more than 3,600 species of plants, fish and animals. Its waters have historically provided unique economic and recreational opportunities for the residents of the Mid-Atlantic States. These waters, however, are under stress and its economic and recreational uses are threatened by increasing sediment and nutrient loads and,

WHEREAS, Agriculture is a significant source of nutrients entering the Chesapeake Bay (Bay), with animal manure and poultry litter contributing to the agricultural nutrient load. On the Delmarva Peninsula, poultry growing operations are the largest animal feeding sector, with over 2000 contract producers on the peninsula. Runoff from improperly managed poultry litter activities can adversely affect the water quality of the Bay and the Coastal Bays and,

WHEREAS, Due to the importance of estuaries to our region, Region III of the United States Environmental Protection Agency (EPA) has restoration and protection of the Bay and Coastal Bays as its highest priorities. To achieve this goal, EPA is pursuing numerous regulatory and voluntary efforts with a wide variety of partners. Our partners include individuals, businesses, communities, government, industry, and the agricultural community and,

WHEREAS, Perdue Farms Incorporated (Perdue) is the largest poultry integrator on the Delmarva Peninsula. Perdue has demonstrated consistent environmental leadership in its efforts to protect the Bay and Coastal Bays as demonstrated by its efforts to transfer litter off the Delmarva Peninsula through its litter pelletizing facility. Perdue has entered into Memoranda of Understanding with state agencies for the protection of the environment and to enhance compliance with federal, state, and local regulations and,

WHEREAS, Perdue intends to enhance its environmental leadership as well as its efforts to protect the Bay and coastal bays by offering education, training, and environmental assessments to its Producers and,

WHEREAS, EPA under RCRA 6002 and USDA under the Federal Biobased Products Preferred Procurement Program of the 2002 Farm Bill are developing rules that will support local, state and federal procuring agencies to create new markets to purchase designated biobased fertilizer or soil amendments made from the highest percentage of recovered material,

WHEREAS, the Chesapeake Executive Council in November 2005 signed an Adoption Statement based on the Comprehensive Manure Strategy that established as a planning target that by the year 2010, 20 percent of the total fertilizer, soil amendments, and compost used on state and federal lands will be comprised of poultry litter and animal manure nutrients derived from sources generated in the Chesapeake Bay watershed states, and

WHEREAS, In order to protect and to ensure the long-term viability of the Delmarva poultry industry, Perdue feels it is in the best interest of the industry to enter a partnership with EPA to develop an environmental leadership program.

IT IS THEREFORE AGREED, this 18th day of September, 2006, that

EPA and Perdue commit to work together to develop and implement the *Perdue Clean Bays Environment Management Initiative.* The purpose of this program is to provide training, assistance, and environmental assessments to Perdue's Producers to protect the waters of the Delmarva Peninsula, including the Bay and Coastal Bays, and to enhance Perdue's Producers' compliance, as it relates to poultry operations, with federal, state, and local environmental regulations.

Perdue Clean Bays Environment Management Initiative

The Poultry Program

Scope: The Parties plan to implement the Poultry Program in two stages. The first stage will be a pilot program directed toward the largest Perdue's Producers on the Delmarva Peninsula. The purpose of this pilot program is to develop and field test the necessary tools to implement a corporate-wide program. The pilot phase is expected to commence in January 2007. The effectiveness of the program will be assessed after one year. Based upon the results of the pilot program, Perdue and EPA plan to work together to develop and implement a corporate-wide program. The target date for implementing the corporate-wide program is June 2008.

Program Elements: The Poultry Program is designed to minimize environmental impacts to Delmarva Peninsula waters and to improve Producers' compliance with environmental requirements. Perdue and EPA have identified the following critical components of the program and plan to work together to refine these:

1. **Training and Assistance:** Proper training and assistance are critical to ensure that both employees of Perdue and Perdue's Producers have sufficient tools and knowledge to comply with environmental regulations and to take the necessary actions to minimize nutrient loads to the waters of the Delmarva Peninsula. Perdue and EPA, in consultation with other federal and state agricultural agencies, intend to develop a training program designed to:
    a. Provide Perdue flock supervisors training to ensure that thorough environmental assessments are conducted;
    b. Provide Perdue Producers knowledge of compliance and best management practices; and
    c. Provide Perdue Producers information and opportunities on technical and financial assistance to support implementing nutrient management plans.

2. **Producer Environmental Assessments:** Regular and thorough Producer Environmental Assessments (Assessments) are critical if the goals of this effort are to be achieved. Perdue and EPA intend to develop an Assessment program that Perdue will implement. The Assessments are expected to occur three (3) times per year during flock and whole house clean outs. These Assessments will determine that critical elements of the Nutrient Management Plan, as it relates to poultry operations, are being followed and that Best Management Practices are fully implemented.

3. **Deviation Response Plan:** During Perdue's Assessments, it is possible that deviations from the facility's nutrient management plan as it relates to poultry operations will be identified. It is important from both the compliance and environmental standpoints that these deviations be corrected in a prompt and appropriate manner. Perdue intends to develop and implement a program to enable the Producers to address deviations identified during the Assessments.

4. **Environmental Results:** Our shared goal in the development and implementation of the Poultry Program is the restoration and protection of the waters of the Bay and Coastal Bays. Toward that end, it is central that the program be designed and implemented to achieve environmental results. Perdue and EPA intends to work together to develop and implement a set of program measures designed to track progress in achieving environmental improvement and compliance.

5. **Program Evaluation:** In order to ensure that the program is accomplishing its intended results, Perdue and EPA plan to

conduct annual/periodic evaluations involving joint record reviews, environmental results analysis, and site assessments. Perdue and EPA intend to use the information obtained from these evaluations to judge the effectiveness of program implementations and make any necessary program modifications.

6. **Recognition:** EPA appreciates the efforts of its partners to improve water quality and compliance. EPA and Perdue intend to work with other agencies and organizations to develop a program designed to recognize those program participants who demonstrate environmental and compliance excellence, particularly those that are judged to be outstanding in their efforts to minimize nutrient loads to our waters. Perdue and EPA plan to use these program participants as a model to other poultry operations.

7. **EPA Compliance Assurance Activities:** The agricultural community is large and diverse. In order to maximize environmental benefits and utilize resources more effectively, it is important that EPA target its compliance assurance activities to those areas of high environmental and compliance risk. When targeting its compliance assurance activities, EPA intends to consider as a positive factor that Perdue and its Producers are effectively implementing Nutrient Management Plans and Best Management Practices pursuant to this MOA.

Limitations

All commitments made by EPA in this MOA are subject to the availability of appropriated funds and Agency budget priorities. Nothing in this MOA, in and of itself, obligates EPA to expend appropriations or to enter into any contract, assistance agreement, interagency agreement, or incur other financial obligations. Perdue agrees not to submit a claim for compensation for services rendered to EPA in connection with any activities it carries out in furtherance of this MOA.

EPA cannot endorse the purchase or sale of commercial products. Perdue agrees not to make statements regarding this MOA or otherwise that indicate EPA endorses the purchase or sale of Perdue products. However, Perdue may provide the public with information regarding the terms of this MOA and advise the public that Perdue and EPA are cooperating in efforts to protect human health and the environment. Perdue and EPA will consult in advance on the language of any public statements made regarding this MOA.

This MOA does not create any right or benefit, substantive or procedural, enforceable by law or equity against Perdue or EPA, their officers or employees, or any other person. This MOA does not direct or apply to any person outside Perdue or EPA.

Effective Term

This agreement may be terminated by either party upon a 90-day written notice to the other party.

James A. Perdue, Chairman
Perdue Farms Incorporated

Donald S. Welsh, Regional Administrator
United States Environmental Protection Agency
Region III