

About the

2013 U.S. Dairy Sustainability Report

A valuable resource for sharing our industry progress

ONLINE EXECUTIVE SUMMARY

U.S. DAIRY SUSTAINABILITY
COMMITMENT





2010



2011



2012

4th Annual Sustainability Report



2013 progress on shared industry goals and efforts

COMMITTED TO ACTION

SUSTAINABILITY VISION We commit to being leaders in sustainability, ensuring the health and well-being of our planet, communities, consumers and the industry.

THE GUIDING PRINCIPLES OF THE U.S. DAIRY SUSTAINABILITY COMMITMENT

The U.S. dairy industry supports socially responsible, economically viable and environmentally sound dairy food systems that promote the current and future health and well-being of:

OUR CONSUMERS
through access to safe, nutritious, high-quality products.

OUR COMMUNITIES
through contributing, participating and investing where we live and operate.

OUR COWS
through animal stewardship.

OUR EMPLOYEES
through ensuring a safe and respectful workplace.

OUR PLANET
through the stewardship and responsible use of natural resources.

OUR BUSINESSES
through a focus on long-term economic vitality.

We apply leadership, measurement, science, education, innovation and continuous improvement to enhance our stewardship of sustainable food and agricultural systems.

Sustainability Council

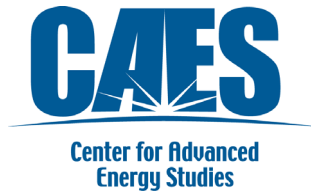
A pre-competitive stakeholder advisory group, the Sustainability Council directs our efforts to meet the U.S. Dairy Sustainability Commitment.



AGRI-MARK INC. | ALLIANCE DAIRIES | AMERICAN BIOGAS COUNCIL | AMERICAN FARMLAND TRUST | AMERICAN FEED INDUSTRY ASSOCIATION | BEL BRANDS USA | BEN & JERRY'S | C-AGG | CABOT CREAMERY COOPERATIVE | CALIFORNIA MILK ADVISORY BOARD | CENTER FOR ADVANCED ENERGY STUDIES | CHEMTREAT, INC. | CLAUSS DAIRY FARMS | CRYSTAL CREAMERY | DAIRY FARMERS OF AMERICA | DAIRYLEA COOPERATIVE, INC. | DARIGOLD, INC. | DEAN FOODS COMPANY | DELAVAL | DVO, INC. | ELANCO | ENSAVE, INC. | ENVIRONMENTAL DEFENSE FUND | FISCALINI FARMS & CHEESE | FOOD MARKETING INSTITUTE | FOREMOST FARMS USA | FOSTER BROTHERS FARM | GAR-LIN DAIRY FARM | GENERAL MILLS, INC. | GLANBIA USA | GLOBAL DAIRY PLATFORM | GRAYWOOD FARM | GUIDA'S DAIRY | HAUBENSCHILD DAIRY FARM, INC. | HDR ENGINEERING INC. | HIGHWAY DAIRY FARMS, LLC | HILMAR CHEESE COMPANY | HP HOOD LLC | IDAHO DAIRYMEN'S ASSOCIATION | INSINKERATOR | INTERNATIONAL DAIRY FOODS ASSOCIATION | KEMPS | KOOISTRA FARMS LLC | KRAFT FOODS INC. | LAND O'LAKES, INC. | LEPRINO FOODS COMPANY | MADDOX DAIRY | MANOMET CENTER FOR CONSERVATION SCIENCES | MAR-BEC DAIRY | MARYLAND & VIRGINIA MILK PRODUCERS COOPERATIVE ASSOCIATION, INC. | MCDONALD'S CORPORATION | MEDEIROS & SON DAIRY | MICHIGAN MILK PRODUCERS ASSOCIATION | MIDWEST DAIRY ASSOCIATION | MYSTIC VALLEY DAIRY LLC | NATIONAL COUNCIL OF FARMER CO-OPS | NATIONAL MILK PRODUCERS FEDERATION | NATIONAL MILK PRODUCERS FEDERATION | NESTLÉ | OAKHURST DAIRY | PEPSICO INC. | PINKBERRY, INC. | PRAIRIE FARMS DAIRY | PRAIRIELAND DAIRY FARMS | PROFESSIONAL DAIRY PRODUCERS OF WISCONSIN | PUBLIX SUPER MARKETS, INC. | RETAIL INDUSTRY LEADERS ASSOCIATION | ROVEY DAIRY | RUAN TRANSPORT CORPORATION | SAND COUNTY FOUNDATION | SARGENTO FOODS INC. | SCHREIBER FOODS INC. | SELECT MILK PRODUCERS INC. | SIMONSON DAIRY | SOLUTION DYNAMICS | SPRUCE HAVEN FARM LLC | STARBUCKS COFFEE COMPANY | STONYFIELD FARM, INC. | SYNGENTA | TETRA PAK INC. | THE DANNON COMPANY | THE KROGER CO. | THE SUSTAINABILITY CONSORTIUM | U.S. ENVIRONMENTAL PROTECTION AGENCY | UNILEVER | UNITED DAIRYMEN OF ARIZONA | UNITED SOYBEAN BOARD | UNITED STATES DEPARTMENT OF AGRICULTURE | UNIVERSITY OF ARKANSAS | UNIVERSITY OF WISCONSIN-MADISON | UPSTATE NIAGARA COOPERATIVE, INC. | WAL-MART | WATSON GREEN LLC | WERKHOVEN DAIRY INC. | WESTERN DAIRY ASSOCIATION | WESTERN UNITED DAIRYMEN | WISCONSIN MILK MARKETING BOARD | WORLD WILDLIFE FUND | ZOETIS INC.

Key Partnerships

Strategic partnerships provide valuable expertise and resources that lend credibility and strength to our efforts.



“Ultimately, meaningful progress will continue to come from a true commitment to collaborate with stakeholders both inside and outside the dairy industry.”

JED DAVIS
Director of Sustainability
Cabot Creamery Cooperative



Dairy in the 21st Century Food System

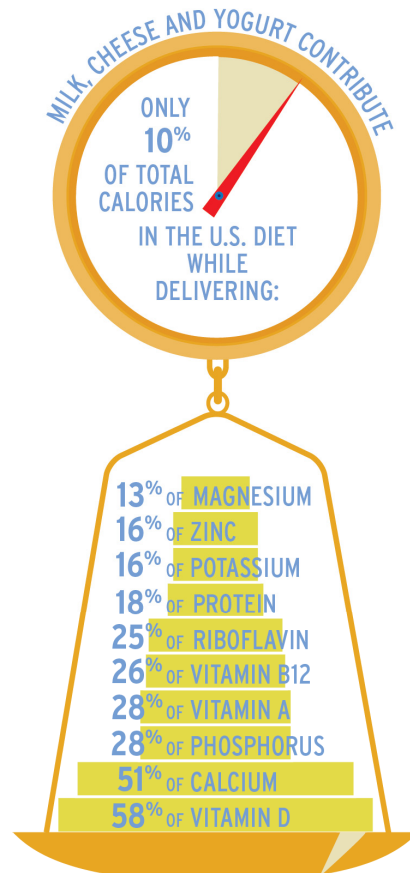
Milk and dairy foods play a vital role in a healthy diet.

Growing population

Urbanization

Food quantity and quality

Finite resources



Milk and dairy foods are affordable — for example, an 8-ounce serving of milk costs about 20 cents.

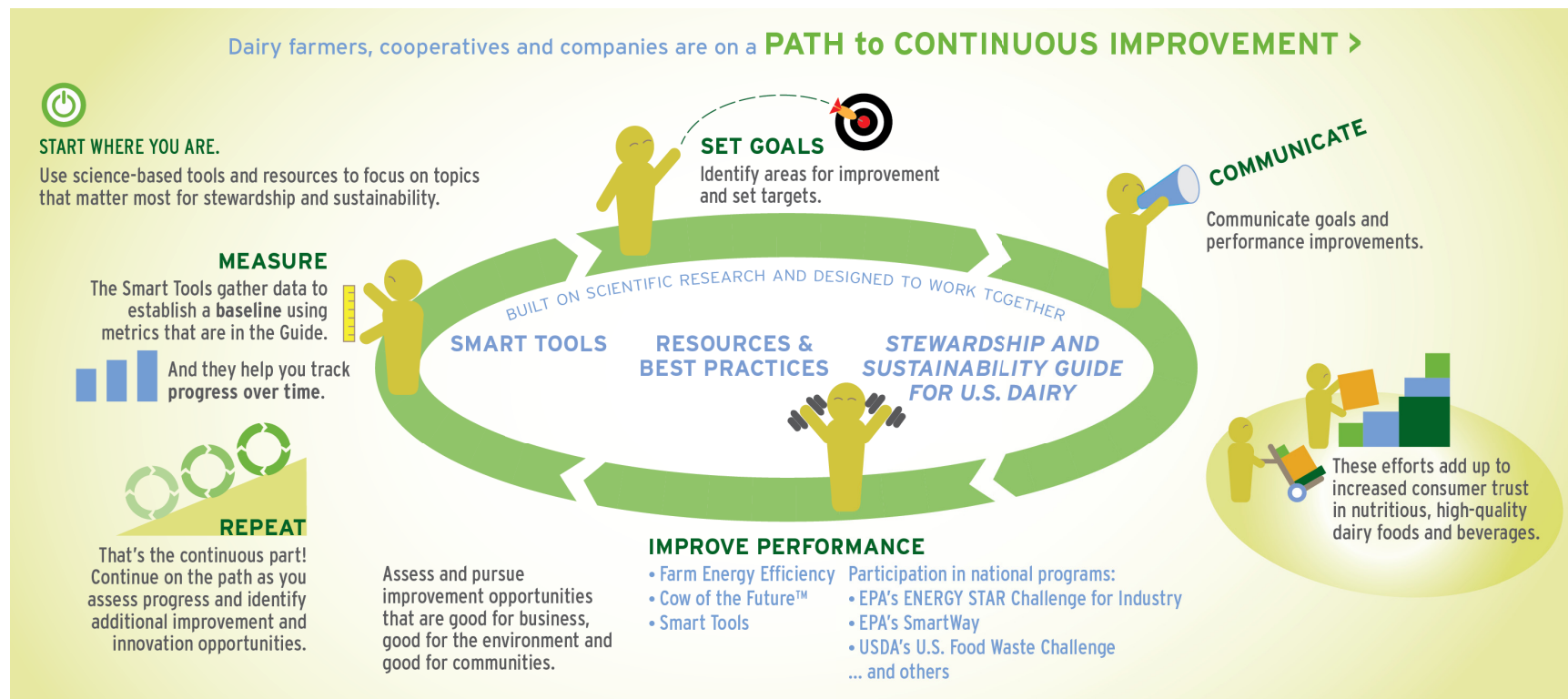


Dairy farmers and companies strive to conserve natural resources and minimize environmental impacts.

List includes nutrients for which dairy contributes 10 percent or more to the U.S. diet. Source: Dairy Research Institute®, NHANES (2003-2006). Ages 2+ years.

Continuous Improvement Path

We've invested several years of working across the dairy value chain to develop and test the science-based tools and resources we need to understand, measure and improve the dairy industry's sustainability impacts.





“Food insecurity and health are interconnected. Americans, especially growing and developing children, need and deserve quality nutrition for their well-being.”

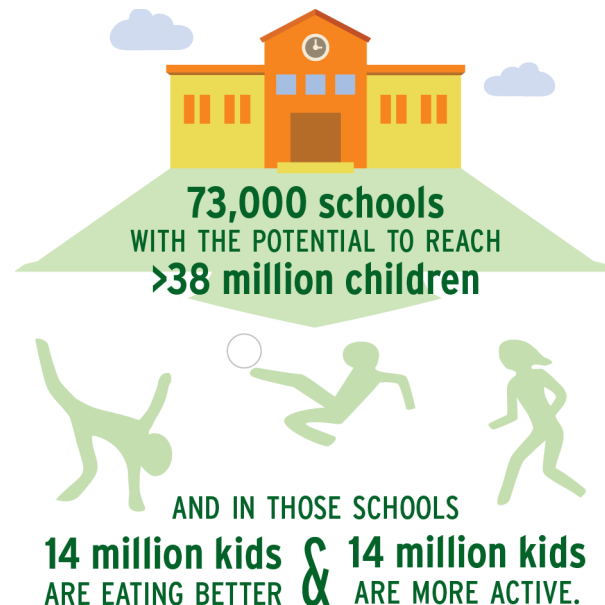
JEAN RAGALIE-CARR, RND
President
National Dairy Council

OUR CONSUMERS | Health and Wellness

Nutrient-rich milk and dairy foods help foster health and wellness among people of all ages.

Commitment to children's health

Fuel Up to Play 60 has been adopted by three-fourths of all the schools in the U.S.



OUR COMMUNITIES

Dairy families and businesses are committed to supporting local communities through community volunteerism, donations and education.



“When we start talking about community involvement and sustainability and an industrywide approach, we see all the things we can do to make a big difference.”

KENTON HOLLE
Owner
Northern Lights Dairy



2013 NATIONAL DAIRY FARM PROGRAM RESULTS



>70%

of the U.S. milk supply
is from participants in
the National Dairy
FARM Program.

OUR COWS

Dairy farmers work hard to ensure that their cows are healthy, comfortable and cared for at all phases of their life.



The National Dairy FARM Program: Farmers Assuring Responsible Management™ (FARM), is a voluntary, third-party-verified animal care and quality program created by the National Milk Producers Federation with the support of Dairy Management Inc.

In 2013, the Innovation Center endorsed the National Dairy FARM Program as the dairy animal care program for the U.S. dairy industry.

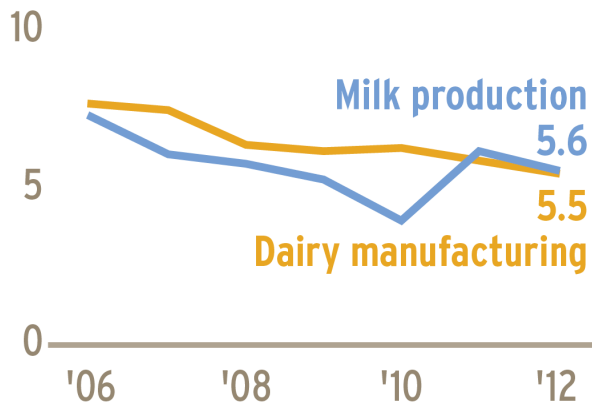
OUR EMPLOYEES

The dairy industry strives to ensure a safe and respectful workplace.

OSHA Incidence Rates (2006-12)

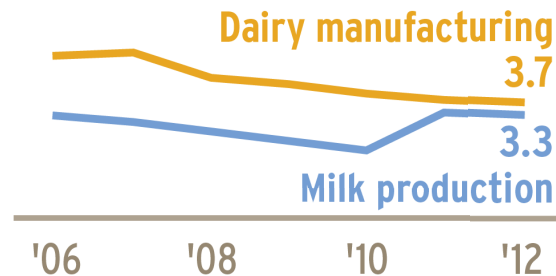
- Dairy cattle and milk production (NAICS code 11212), excludes farms with fewer than 11 employees.
- Dairy product manufacturing (NAICS code 3115)

Occupational Injury Incidence Rate
(injuries per 100 full-time workers)



DART Rate

(days away/restricted or transfers per 100 full-time workers)



See slide notes for sources.



**2012
EMPLOYMENT**

Milk Production
94,327 jobs

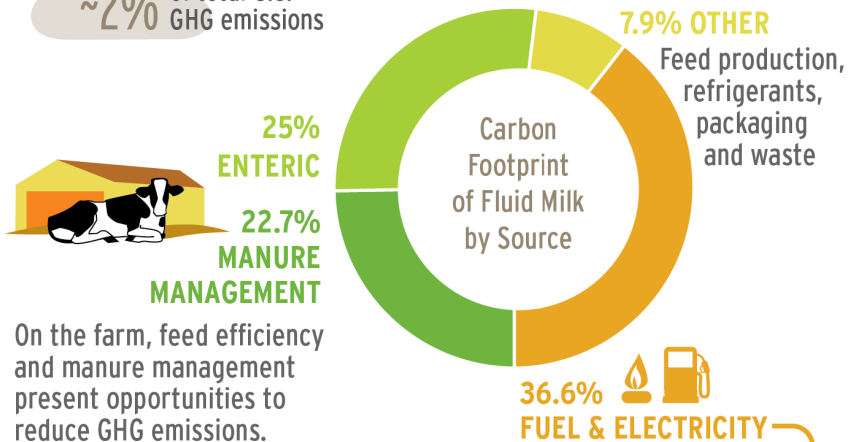
**Dairy Product
Manufacturing**
132,437 jobs

OUR PLANET | Environmental Priorities

GHG EMISSIONS

THE PRODUCTION OF DAIRY PRODUCTS
IN THE U.S. CONTRIBUTES

~2% of total U.S.
GHG emissions



ENERGY

ENERGY USAGE OCCURS ACROSS THE ENTIRE DAIRY VALUE CHAIN.

Opportunities to reduce energy use, GHG emissions and costs exist at every step from farm to fridge through conservation, efficiency and the use of renewable energy.

WATER

DAIRY-RELATED
WATER USE REPRESENTS

~5.1%
of total
U.S. water
withdrawal

Water Usage

93.5% crop irrigation for dairy feed

3.6% on-farm use
1.0% processing

Management opportunities include:


- Agricultural systems improvements
- Water conservation and recycling
- Wastewater treatment management


Opportunities for improvement exist at every step in the dairy value chain.


OUR PLANET | Sustainability Projects

Innovation Center sustainability projects deliver science-based decision-support tools and resources to help dairy farms and businesses manage their environmental impacts and reduce costs.

Selected 2013 Project Results

SINCE 2011,
667 farm energy audits
IDENTIFIED
>55,500 million MMBtu
IN POTENTIAL ENERGY SAVINGS.
RESULTING IN

>\$2 million
IN POTENTIAL COST SAVINGS

SINCE 2011,
digesters on dairy farms
REDUCED GHG EMISSIONS BY
>4.7 million MTCO₂e.
EQUIVALENT TO

999,096 cars
OFF THE ROAD FOR A YEAR

SINCE 2010,
29 dairy plants
ACHIEVED THE ENERGY STAR
CHALLENGE FOR INDUSTRY,
COLLECTIVELY CONTRIBUTING
>1.2 million MMBtu
IN EST. ENERGY SAVINGS.
ENOUGH TO POWER

27,818 homes
FOR A YEAR



2012 PRODUCTION
U.S. milk production and production of dairy products exceeded the 200-billion-pound mark for the first time.

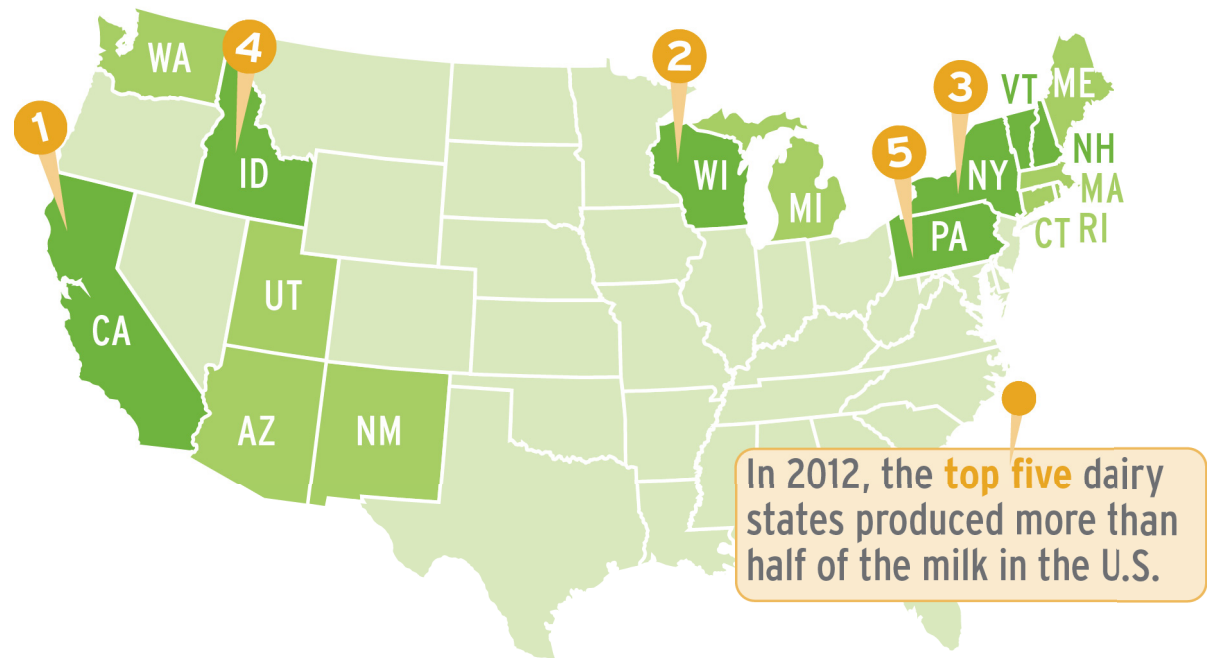
MILK PRODUCTION
200.3 BILLION POUNDS

PRODUCTION OF DAIRY PRODUCTS
203.4 BILLION POUNDS

OUR BUSINESSES

Milk and dairy foods create jobs and generate income, taxes and indirect economic impacts in every state.

Dairy is the **No. 1** or **No. 2** ranked agricultural commodity in 16 states.





**U.S. Dairy
Sustainability Awards**
Innovation Center for U.S. Dairy®

2014 Award Recipients

Recipients demonstrate results that are specific and measurable; learning, innovation and improvement; and initiatives that can be adopted by other dairy farms or businesses.

Outstanding Dairy Farm Sustainability

- Maddox Dairy of Riverdale, Calif.
- McCarty Family Farms of Rexford, Kan.
- Sensenig Dairy of Kirkwood, Pa.

Outstanding Dairy Processing & Manufacturing Sustainability

- Joseph Gallo Farms of Atwater, Calif.

Outstanding Achievement in Renewable Energy

- Vander Haak Dairy of Lynden, Wash.

Outstanding Achievement in Energy Efficiency

- Marshik Dairy of Pierz, Minn.

Industrywide Contributions

The report highlights some of the actions taken and commitments made by Sustainability Council member organizations to promote dairy sustainability.

Agri-Mark/Cabot Creamery Cooperative
Bel Brands USA
Dairy Farmers of America
The Dannon Company
Darigold, Inc.
Dean Foods
DeLaval
Foremost Farms USA
General Mills, Inc.
Glanbia USA
HDR Engineering Inc.
Hilmar Cheese Company
Kraft Foods Inc.
The Kroger Co.
Land O'Lakes, Inc.
Maryland & Virginia Milk Producers
Cooperative Association, Inc.
McDonald's Corporation
Michigan Milk Producers Association

Nestlé
Oakhurst Dairy
PepsiCo Inc.
Prairie Farms Dairy
Prairieland Dairy Farms
Publix Super Markets, Inc.
Reid Dairy Farm
Retail Industry Leaders Association
Safeway
Saxon Homestead Farm
Schreiber Foods Inc.
Starbucks Coffee Company
Stonyfield Farm, Inc.
Syngenta
Tillamook County Creamery Association
Triple A Farms
Unilever
United Dairywomen of Arizona
Wal-Mart



Each step is adding up to real progress across the industry.



SUPPLEMENTAL FUNDING (2008-13)



320% increase
from 2008 to 2013



2013 in-kind support
from **626** stakeholders

Supplemental Funding

Source	2011	2012	2013
Direct Funding	\$8,038,630	\$4,732,305	\$3,094,305
Partnerships	500,000	525,000	326,184
Grants/Awards	1,168,000	-	-
Sponsorships	165,000	253,892	290,000
In-kind Contributions	6,205,630	3,953,413	2,478,121
Indirect Funding*	-	\$840,000	\$3,008,915
Total Direct and Indirect Funding	\$8,038,630	\$5,572,305	\$6,103,220

**Tracking started in 2012 for grants and awards given to external organizations for efforts to advance a sustainable dairy industry.*

Looking Ahead



We are driving toward meaningful and lasting improvements for our businesses, our communities and our planet. Let's move forward together.



“We see the value in an industrywide standard for tools and reporting, and the work we’re doing with the Innovation Center is key to making that happen.”

DAVE LATTAN
Vice President, Engineering
Prairie Farms Dairy



Let us know what
you think of the
2013 report at
USDairy.com

[Learn More](#)



- Download the *2013 U.S. Dairy Sustainability Report* and access the Guide and Smart Tools at **USDairy.com/Sustainability**.
- Access graphics, photos and other communication resources in the Communication tools section of **USDairy.com/Sustainability/Commitment**.
- Follow the stories at **dairygood.org**.

Slide notes and sources

Slide 10. **OSHA results:** The DART rate is based on trending over 200,000 hours based on those injuries and illnesses severe enough to warrant days away/restricted and job transfers. Source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Milk production includes only producers covered by unemployment insurance.

Employment source: U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Milk production includes only producers covered by unemployment insurance.

Slide 11. **Farm Energy Efficiency:** Estimated audit results are updated as historical program data becomes available. The 2011 and 2012 audit results are restated from the 2012 report, and 2013 audit results are expected to be revised in future reports.

Dairy Power™: Data consolidated and converted to gigawatt hours and MMBtu reporting units by Innovation Center for U.S. Dairy. Source: EPA Anaerobic Digester Database, last updated January 2014, retrieved from <http://www.epa.gov/agstar/projects>.

Dairy Plant Smart™/ENERGY STAR Challenge For Industry: Data was provided by EPA ENERGY STAR Industrial Communications and Networking Manager (email communication, Feb. 11, 2014).