Welcome to the 2011 U.S. Dairy Sustainability Report Executive Summary, a condensed version of the full sustainability report, which is available at USDairy.com/Sustainability/Report. This report summarizes efforts led by the Innovation Center for U.S. Dairy® to support the industry’s sustainability commitment.

Over the years, we have been addressing sustainability challenges and identifying opportunities across the dairy value chain. Highlights of our 2011 efforts, which are described further inside, include:

- **Putting science into the hands of decision makers**: Building upon life cycle assessment (LCA) findings, we developed and tested a suite of tools that help dairy farms and companies adopt beneficial and sustainable outcomes.
- **Developing a measurement and reporting framework**: We launched the Sustainability Measurement and Reporting Framework for U.S. Dairy, an industrywide initiative to create a standard framework for measuring and communicating the environmental, social and economic aspects and impacts of the industry.
- **Recognizing innovation excellence**: We partnered with stakeholders to launch the U.S. Dairy Sustainability Awards program, which recognizes efforts that deliver outstanding benefit to business, community and the environment.

We are prepared and committed to build on the momentum we have established and look forward to hearing your thoughts about our progress at InnovationCenter@USDairy.com.

**Sustainability Vision**

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

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**HIGHLIGHTS OF 2011 EFFORTS**

- **What’s in this glass is at the heart of all we do.**
  - Milk is a valuable source of essential nutrients that promote good health: calcium, potassium, vitamins A, D and B12, protein, phosphorus, riboflavin, magnesium and zinc.

  **ENVIROMENTAL**
  - Innovations and efficiency improvements have enabled the industry to reduce the environmental impact of a gallon of milk.
  - **SINCE 1944:**
    - 65% less water
    - 63% less carbon
    - 76% less manure
    - 63% less nitrogen
    - 63% less greenhouse gas reduction

  **OUR FIRST GOAL**
  - 25% greenhouse gas reduction for fluid milk by 2020

  **SOCIAL**
  - A wholesome choice for a healthy, active lifestyle, dairy products taste great and deliver essential nutrients.
  - >90% of schools provide low-fat and/or non-fat milk
  - 18% of protein in American diet is provided by dairy products

  **HEALTH BENEFITS:**
  - Bone health
  - Weight management
  - Exercise recovery

  **ECONOMIC**
  - Low cost per serving
  - Dairy products are affordable and readily available.
  - Milk is the lowest-cost food source of dietary calcium.
  - Adequate dairy consumption can lower risk of certain chronic diseases, which has the potential to lower healthcare costs by as much as $200 billion over a five-year period.
  - Dairy farms support rural economies in all 50 states.

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Citations are provided in the full version of this report available at USDairy.com/Sustainability/Report.
As part of the Framework project, work is under way to identify indicators to measure and report on the social and economic dimensions of the dairy industry.

### SOCIAL

The dairy industry is an integral part of our nation's heritage: from the role that nutritious dairy products play in our diet to the strong ties with our communities.

> **Workforce:** One of dairy’s strongest community ties lies in the approximately 900,000 jobs created by our industry. As such, we place a high value on workforce availability and retention (an industry challenge), safety, training and employee benefits.

> **Animal Care:** In late 2010, the National Milk Producers Federation started the National Dairy FARM Program: Farmers Assuring Responsible Management™ (FARM), a nationwide verifiable program that addresses animal well-being. At year-end 2011, nearly half of the nation’s milk supply came from participating producers.

> **Community Contributions:** Individually and collectively, companies across the industry actively support charitable hunger relief and food aid efforts, and raise awareness of healthy lifestyle choices that help combat issues such as malnutrition and obesity. America’s dairy producers have pledged $250 million over five years to the Fuel Up to Play 60 program to improve children’s health.

### ECONOMIC

Dairy’s supply chain generates economic benefits at the local, regional and national levels through employment, local tax revenues and purchases of products and services. Every dollar spent locally by a dairy producer creates a multiplier effect of more than two and a half times the original dollar spent.

> The United States is the largest producer of cow’s milk in the world, and dairy is the fourth largest agricultural commodity in the U.S. Dairy’s on-farm revenues are $31.4 billion, contributing 10 percent of total receipts from sales of agricultural commodities.

> Farms and dairy processors operate throughout all 50 states.
Learn more about each project at USDairy.com/Sustainability and in the 2011 U.S. Dairy Sustainability Report.
2012 U.S. Dairy Sustainability Award Recipients

In 2011, the Innovation Center launched the U.S. Dairy Sustainability Awards program with award sponsors Elanco, U.S. Dairy Export Council® and the Center for Advanced Energy Studies/Idaho National Laboratory. The awards recognize efforts that advance the sustainability of the dairy industry by delivering benefits to business, community and the environment. Program supporters include World Wildlife Fund, USDA, MilkPEP and the Dairy Research Institute.®

We are honored to present the inaugural award recipients.

Elanco Award for Outstanding Dairy Farm Sustainability
Blue Spruce Farm | Bridport, Vermont
Holsum Dairies, LLC | Hilbert, Wisconsin
Werkhoven Dairy, Inc. | Monroe, Washington

U.S. Dairy Export Council Award for Outstanding Dairy Processing & Manufacturing Sustainability
Darigold, Inc. | Seattle, Washington
Honorable Mention
Oakhurst Dairy | Portland, Maine

Center for Advanced Energy Studies/Idaho National Laboratory Award for Outstanding Achievement in Energy
DF-AP, LLC | Gooding, Idaho
Brubaker Farms | Mount Joy, Pennsylvania

The Innovation Center for U.S. Dairy provides a forum for the dairy industry to work together pre-competitively to address barriers and opportunities to foster innovation and increase sales. The Innovation Center aligns the collective resources of the U.S. dairy industry to offer consumers nutritious dairy products and ingredients, and promote the health of people, communities, the planet and the industry. The Innovation Center was founded through the farmer-funded dairy checkoff program in 2008. For more information about the Innovation Center, visit USDairy.com.

For citations and references, and to view the full version of this report which follows the Global Reporting Initiative Reporting Framework V3.1, visit USDairy.com/Sustainability/Report.

We welcome your feedback on this report at InnovationCenter@USDairy.com.