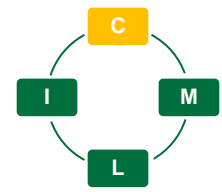

U.S. Dairy Sustainability Commitment

Update to C-AGG

Matthew Welch, Manager Sustainable Business Development
July 21, 2011

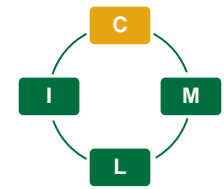
**We commit to being leaders in sustainability,
ensuring the health and well-being
of our planet, communities, consumers and the industry**





From farm to retail





Success to date

45

Founding members

CONVENED SUSTAINABILITY COUNCIL

Since 2007, leaders from across the dairy supply chain have been providing strategic direction to help the industry navigate challenges and capitalize on opportunities.

25%

GHG reduction

HOSTED SUSTAINABILITY SUMMIT

More than 250 stakeholders identified key opportunities for sustainable innovation and made a voluntary, industrywide commitment to reduce GHG emissions for fluid milk by 25 percent by 2020.

~2%

of U.S. GHG emissions

COMPLETED LIFECYCLE ASSESMENT OF FLUID MILK

U.S. dairy represents about 2 percent of U.S. GHG emissions, according to our carbon footprint study of fluid milk along with data from other studies. Additional studies are measuring impacts beyond carbon, including water, eco-toxicity and biodiversity.

2009

USDA MOU

FORGED STRATEGIC PARTNERSHIPS

We signed a Memorandum of Understanding with the USDA to streamline access to resources. We also formed key partnerships with environmental experts such as the World Wildlife Fund.

\$4.6

million value

LAUNCHED INNOVATION PROJECTS

More than 500 professionals from more than 300 organizations staff the projects, and the 116,000 hours of professional time they invested was valued at \$4.6 million.

LCA – Start with Carbon, Move to Water

Almost 70% of all available freshwater is used for agriculture.



■ Why water?

□ Water issues

- local at watershed level
- vary in space and time
- have social and economic nature

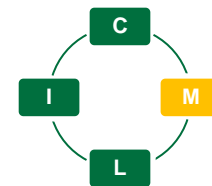
■ A survey of top global companies* found:

- 92% agree that a *water crisis is looming*
- 70% believe that the risks of *water scarcity are equal to those of carbon*

“If climate change is the shark, water is its teeth”

-- *Paul Dickinson, CEO Carbon Disclosure Project*

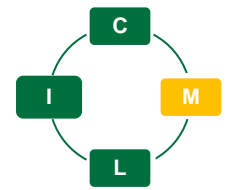




Water Impact Assessment

Current Findings – Completed Scan

- Where there is national water stress, the stress applies equally on dairy
- Feed dominates the water impact for dairy
 - Green water matters
 - Source of feed matters
- Blue water will induce water stress impact
- Water quality
 - N – impact in sea water eutrophication
 - P – impact in fresh water eutrophication
 - Grey water release will induce water quality reduction



Dairy Farm Smart

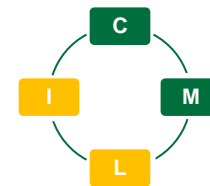


Dairy Farm Stewardship Toolkit

- Evaluate production techniques
- Generate analysis of stewardship practices
- Identify potential improvements to management practices
- Increase profitability or reduce costs on the farm
- Communicate to stakeholders

\$1.1 Million USDA Grant

\$2.3 Million Total Project Cost



Farm Energy Efficiency

**3 Step Farmer
“Call-to-Action**

**“SaveEnergy
Finder” Tool**

Get Solutions with SaveEnergy Finder



Act now! Take 3 steps to farm energy efficiency

1.

Conduct an audit.

Cut costs by saving 10-35% in energy use.

2.

Find funding.

View programs, funding and services in your state.

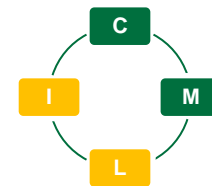
3.

Qualify for equipment.

Completed an audit? See if you qualify for funded upgrades.

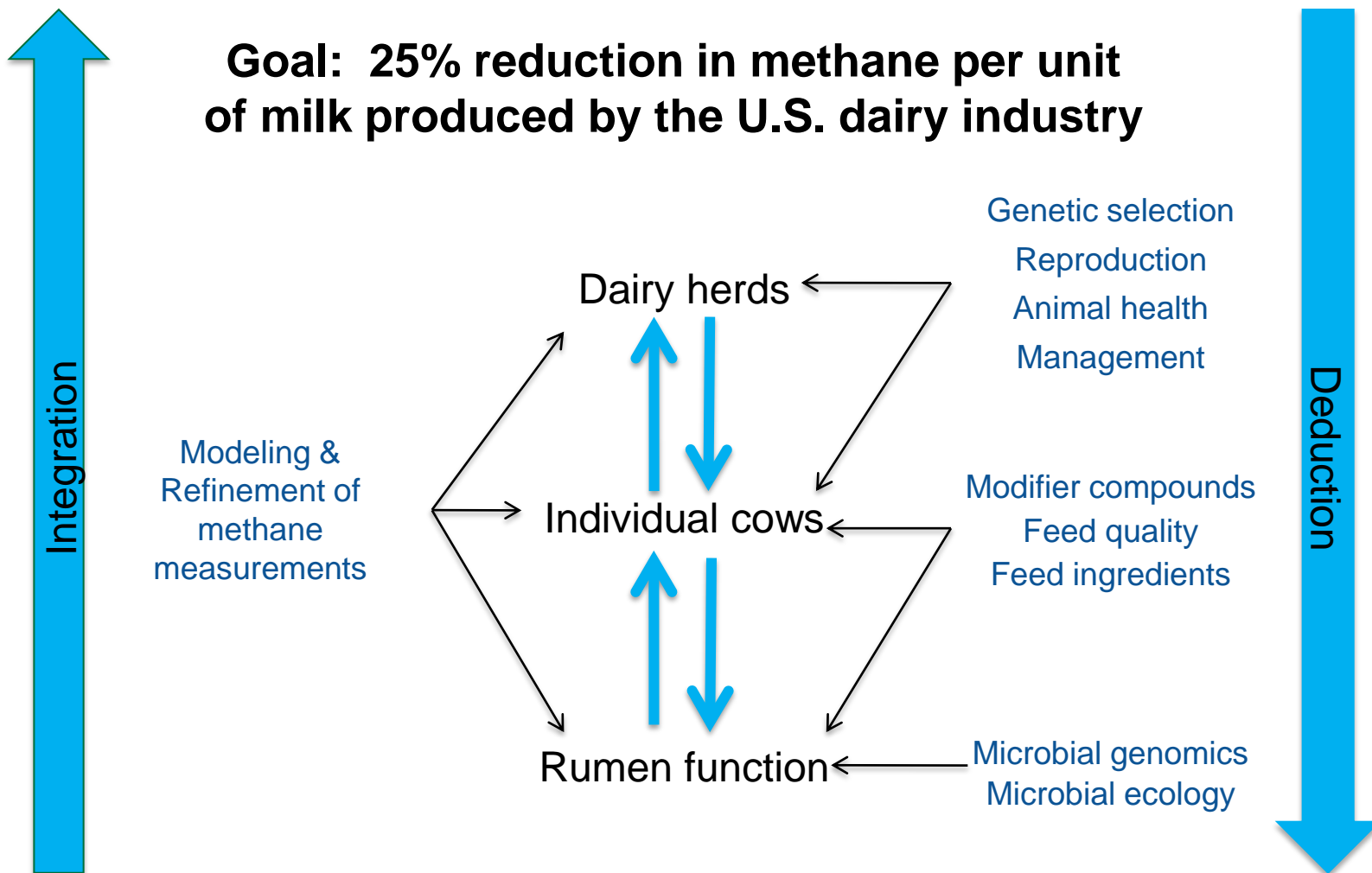
[Click here to get started](#)

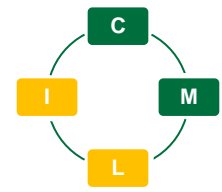
Or...Just call an expert 1-800-732-1399



Cow of the Future

Goal: 25% reduction in methane per unit of milk produced by the U.S. dairy industry

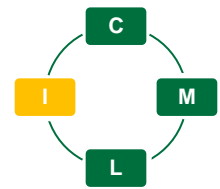




Dairy Power

A Business Model for Sustainable Dairy Digester Systems





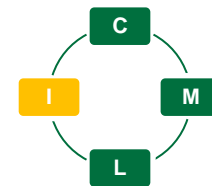
Dairy Fleet Smart

1. *What has been done already by EPA:*
Benchmarking
2. *What is proposed:*
Combined model with
improvement strategies



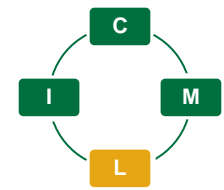
Characteristics of model:

- Information about amount to be reduced to meet emission targets of 25% GHG reduction by 2020.
- Guidelines to reduce – Variety of strategies displayed
- Location and company specific – Eg. Route optimization, Technology addition etc.
- Choice of options based on amount reduced and cost incurred



Sustainability Awards Program

Award Category	
<i>Outstanding Dairy Farm Sustainability Award</i>	<ul style="list-style-type: none"> • Recognizes outstanding efforts by a dairy farm operation • Three farms will be honored to recognize the range and diversity of successful dairy farm businesses and operations • Honorable mentions, at discretion of judges
<i>Outstanding Dairy Processing & Manufacturing Sustainability Award</i>	<ul style="list-style-type: none"> • Recognizes outstanding efforts by a dairy processor or manufacturer <ul style="list-style-type: none"> • Milk, cheese, ice cream, etc. • Honorable mentions, at discretion of judges
<i>Outstanding Achievement in Energy</i>	<ul style="list-style-type: none"> • Energy Conservation and/or Energy Generation • Applies across the dairy supply chain to: <ul style="list-style-type: none"> • Any farm or business in the supply chain • Any supplier to a dairy farm or business • Honorable mentions, at discretion of judges



A look ahead

Develop scientific base through life cycle assessments (LCA)

Create benchmarks, set the record straight and point to best- and next-generation practices through comprehensive LCAs for milk, cheese and processing and packaging.

Facilitate GHG mitigation and innovation projects across value chain

Accelerate momentum of projects estimated to help reduce GHG emissions for fluid milk by 25% and increase business value by \$238 million by 2020.

Enroll and engage dairy producers and thought leaders

Increase support for the Sustainability Commitment goals and strategies among dairy producers, key thought leaders and other stakeholders.

Shape sector reporting

Determine dimensions of sustainability (economic, environmental and social). Ensure the industry continuously improves and is a credible leader in sustainability reporting.

Accelerate the commitment

Maximize and leverage investment in the Sustainability Commitment from donors and partners.

Questions?

- Learn more at www.usdairy.com/sustainability
- Feel free to contact us with any questions or comments:
Matthew.Welch@RoseDMI.com
847-627-3725