

proAction[®]

**2021
PROGRESS
REPORT**





Behind the Blue Cow Logo

If Canadians could peel back the Blue Cow logo, they would see proAction® – the national quality assurance program that ensures Canadian milk is produced under some of the world's most stringent standards. The robust framework that is mandatory on all Canadian dairy farms demands excellence in six priority areas: milk quality, food safety, animal care, livestock traceability, biosecurity and the environment. proAction also carries the promise to continually evolve to reflect the latest research and demonstrate to consumers how dairy farmers meet program standards.

Thank you!

Thank you to the many farmers, experts, researchers and industry partners who have contributed to the development and implementation of proAction.

DFC is also grateful for financial support provided through the AgriAssurance Program under the Canadian Agricultural Partnership for proAction.

CANADIAN
AGRICULTURAL
PARTNERSHIP



Canada



CHAIR MESSAGE

Rigorous, Robust and Recognized

On behalf of Dairy Farmers of Canada (DFC), I am pleased to present our annual proAction Progress Report. 2021 marked a significant milestone as we launched the sixth module of this widely recognized

quality assurance program. The Environment module provides clear benchmarks and reflects the many ways dairy farmers already show leadership in this area. Goals such as enhancing soil health, protecting biodiversity and reducing our carbon footprint have long been part of our on-farm focus. Under the transparency of proAction, we are taking our stewardship commitment to the next level.

We were proud to once again be recognized by the Canadian Food Inspection Agency (CFIA). Reviewers confirmed that the Food Safety module continues to be effective and technically sound, as well as the overall registration system which supports all modules. Maintaining government recognition by CFIA signals that proAction continues to be respected, relevant and meaningful.

This relevancy is critical for our processing and retailer partners which are cognizant of consumer questions and concerns related to food. Thanks to the robust requirements and reporting under the program, proAction provides assurances to these important partners within the dairy supply chain. Our partners can be confident of both the quality of milk produced and the high production standards, including those related to animal care and environmental sustainability.

Mandatory reporting of animal identity and movement to a national database as well as improvements to cattle assessments are two more changes that came into effect in 2021 which enhance animal health and welfare on-farm.

Even though all six proAction modules have now been phased into the validation process, our work does not stop. We are committed to continuous improvement, to evolving the program to reflect the latest science and tools, and demonstrating to consumers how these standards are being applied to all dairy farms across Canada.

On behalf of the proAction Committee and my fellow dairy farmers, I would like to thank everyone for their dedication to this program. I look forward to seeing where it will take us next.

David Wiens
Chair
proAction Committee

Under proAction, dairy farmers show, in a transparent and demonstrable way, how we adhere to some of the most stringent standards in the world. proAction focuses on six areas, including milk quality, food safety, animal welfare, livestock traceability, biosecurity and environment.



Welcome to the 2021 proAction Progress Report. In the pages ahead, readers will find information and updates on the status of the program's delivery and implementation. This annual Progress Report also demonstrates the ongoing dedication of dairy farmers to meet the national standards for milk quality, food safety, animal care, livestock traceability, biosecurity and the environment.



PROACTION VISION

Through proAction, Canadian dairy farmers collectively demonstrate responsible stewardship of their animals and the environment, sustainably producing high-quality, safe and nutritious food for consumers.

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“Dairy Farmers of Canada’s proAction initiative provides the framework and standards that attribute to market access and consumer confidence in our dairy industry.”

Linda Markle
Manager, Herdbook and
Genotyping Services
Holstein Canada



PROACTION CONFORMANCE

Pandemic Perseverance

proAction was designed with checks and balances in place to ensure conformance, transparency and accountability. The program is mandatory for all Canadian dairy farms and its 82 requirements are measurable and verifiable. Not even the COVID-19 pandemic has stopped farmers from adhering to these program commitments.

While validations were temporarily halted during the first wave, DFC's provincial members put health protocols in place for independent validators to persevere throughout the pandemic. This allowed the industry to continue to ensure dairy farm conformance even during these challenging times. This is a testament to the resilience of the industry and the commitment of everyone involved in proAction.

Independent Validators and Assessors

Trained professionals perform independent validations to verify farm records and confirm dairy farmers are meeting proAction requirements. They observe animals and farm premises, interview farmers and staff, and verify farm records. They evaluate the farm according to proAction requirements and identify areas that require corrective actions.

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INDEPENDENT
VALIDATORS AND
ASSESSORS

ensure proAction
conformance.

Validations are completed in person, on each farm, at least once every two years to ensure that standards are being met. During the alternate year, farms are required to complete a self-declaration, and a random sample of 5% of these farms are also selected for on-farm validations after they submit their self-declarations.

Farmers have a specific timeframe to implement corrective actions, depending on the requirement. Continued non-conformance can generate a process of progressive sanctions. Provincial dairy organizations follow up to ensure farmers have implemented any necessary corrective actions to comply with proAction.

Cattle assessors are professionally trained, and re-trained every six months, to evaluate herds. They complete cattle assessments for the Animal Care module of proAction. This includes evaluating a statistically significant sample of each farm's lactating herd for body condition, hock, knee and neck scores as well as mobility, which are key indicators of animal care and comfort.

“proAction for Optimist Holsteins means business as usual. Many of the validation requirements are things we have always done. It is nice to be validated and confirm we are doing a good job, especially in animal care, where we recently got 100% on our cattle assessment.”

Hans Gorter and Nelleke VanderVliet
Dairy Farmers
Optimist Holsteins, Manitoba

Through independent validation, proAction proves how farmers continue to lead the way to meet clearly defined, world-leading standards to produce safe, high-quality milk.

PROACTION IMPLEMENTATION STATUS

All Modules Now Implemented in Validation Process

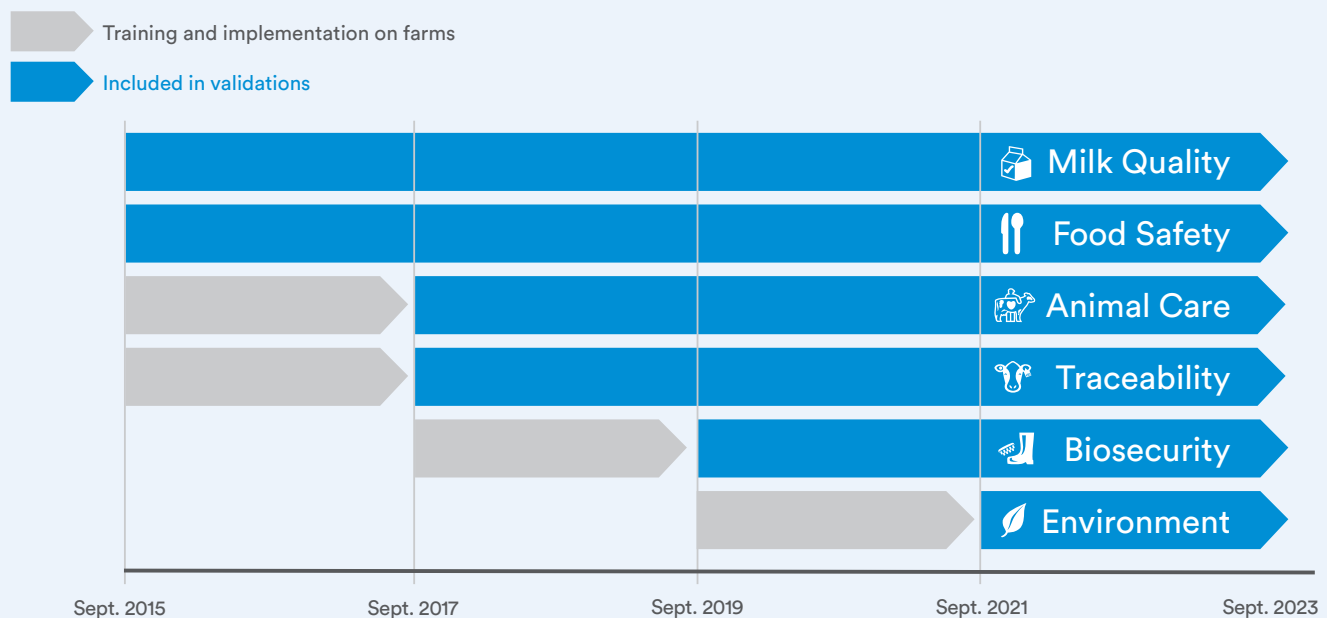
The Canadian dairy industry has a definite reason to be proud in 2021. By September, all proAction modules had been developed and implemented in the validation process, beginning the final roll-out to all dairy farms across Canada. The phasing-in that began in 2013 with all six modules will be finished in 2023 once every farm has completed the validation process.

A REASON TO CELEBRATE!



The proAction Committee toasts the implementation milestone.

Module Implementation Schedule



Continuous Program Updates

proAction modules and their requirements are carefully tested, evaluated and updated regularly based on the latest scientific evidence.

Although all modules are now designed and being implemented, program updates are ongoing based on a commitment by dairy farmers to continuous improvement and to meet evolving stakeholder and consumer needs. Changes also reflect any new science-based recommendations for best farm practices.



A new proAction Reference Manual and Workbook were introduced in July 2021, replacing the previous versions published in 2019. These documents help farmers to implement the program on their farms, and are available on the proAction website (www.dairyfarmers.ca/proAction).

To ensure appropriate familiarization and training, farmers also receive advance notice of any changes. Recent changes to the Animal Care and Livestock Traceability modules are noted on their respective pages in this report.



ENVIRONMENT

Farmers take their role as environmental stewards very seriously. They are motivated to farm in the most efficient and sustainable way. Doing more with less means improved productivity, reduced waste, and responsible use of resources.

Under this module, farmers are focused on:

- Environmental risk management
- Protection of water and soil
- Responsible resource use
- Positive action on soil health, greenhouse gases, biodiversity and plastic waste

Taking Stewardship to the Next Level

While farmers regularly take the initiative to implement environmental stewardship best practices, the Environment module formalized these initiatives and became part of the proAction validation process in September 2021.

This significant milestone completes years of work on the part of the industry and its stakeholders. In late 2020, DFC finalized the Environment module and corresponding on-farm materials. Provincial dairy associations communicated the module's requirements to farmers and offered training in various formats, such as workshops and webinars. In addition, the Environment Working Group developed validator materials and DFC trained all validators on the new requirements through a series of virtual sessions. The first round of validations across all farms will be complete by September 2023.

The module's requirements are designed to mitigate risks and promote positive action:

- The **Environmental Farm Plan (EFP)*** is a foundational element that enables farmers to develop and implement individual action plans, evaluating areas of strength while also addressing improvement opportunities.
- The **Environmental Questionnaire** allows farmers to assess the use of on-farm practices related to soil health, greenhouse gas emissions, biodiversity, silage seepage and plastic waste. Farmers can take note of their positive actions while also learning about new ideas. Aggregated results will help the industry further advance environmental stewardship.
- Three additional requirements aim to reduce the risk of contamination of soil, groundwater and surface water from wastewater and manure, and to make the best use of manure and other nutrients on the farm.

* In the province of Quebec, farmers meet this requirement by having an Agri-environmental Support Plan (*Plan d'accompagnement agroenvironnemental, PAA*) or PAA-equivalent.



Canadian dairy farmers are leading the way in sustainable milk production globally with one of the lowest carbon footprints per litre of milk in the world.¹

Leaders in Environmental Sustainability

Canadian dairy farmers continue to make meaningful progress in the area of sustainability. While proAction specifies a number of best practices, including manure and waste water management, dairy farmers continue to adopt technologies such as solar panels and biodigesters, as well as more detailed strategies for manure and water management. Each farm is taking different steps, but all of these measures add up to make a difference in the overall environmental footprint of dairy farms.

Between 2011 and 2016, the Canadian dairy sector reduced its carbon footprint by 7%, water consumption by 6% and land use by 11%. In 2017, 81% of dairy farms voluntarily had an Environmental Farm Plan (EFP), well before it became a mandatory requirement.² DFC will conduct another Life Cycle Assessment using data from 2021 to continue to monitor environmental progress.

The footprint of milk produced in Canada has decreased over time. Between 2011 and 2016:

7% LOWER
CARBON FOOTPRINT

6% LOWER
WATER CONSUMPTION

11% LOWER
LAND USE

“It has been a pleasure representing Ducks Unlimited Canada as a partner in the development of the Environmental Module of the proAction initiative. We believe that consumers are increasingly attentive to the environmental consequences of food production and are embracing sustainability programs like proAction, which target clear actions implemented on farms to lessen potential environmental impacts on the landscape. DUC commends the Dairy Farmers of Canada in developing this program and appreciates the opportunity to be engaged in the process.”

Deanne Drouillard
Manager, Eastern Region Partnerships
Ducks Unlimited Canada



¹ <https://dairyfarmersofcanada.ca/en/dairy-in-canada/news-releases/ageco-study-results-reveal-improved-environmental-impact-and-efficiency-canadian-milk-production>
² www150.statcan.gc.ca/n1/dailyquotidien/190426/dq190426b-eng.htm



MILK QUALITY

Farmers adhere strictly to provincially regulated milk quality standards to produce some of the world's highest quality milk. Regular sampling and monitoring are critical to achieving this target.

- Dairy farmers are licensed and inspected by their provincial regulatory authorities.
- All milk is inspected and sampled before it is picked up at the farm, and is also tested at processing plants and laboratories. Bacteria level, fat, protein and other quality criteria are regularly monitored.

Sector Surpasses Quality Standards

The Canadian dairy sector is meeting established milk quality standards and in so doing even lowered average somatic cell counts (SCC) across the country. From January to June 2021, all of the provincial average SCC results were under 200,000 cells/ml of raw milk, well below the national standard of 400,000 cells/ml.²



Milk quality standards allow consumers to be confident that every drop of milk they enjoy is safe, fresh and nutritious.



FOOD SAFETY

This module ensures the safety of Canada's milk supply. Farmers prevent, monitor and reduce on-farm food safety risks based on the principles of Hazard Analysis and Critical Control Points (HACCP) and Canadian Food Inspection Agency (CFIA) recognized requirements. This includes:

- Following standard operation procedures for milking, treating and preparing cattle for transport
- Minimizing the risk of accidental milk contamination
- Safeguarding against harmful bacteria
- Ensuring the safe use of antimicrobials

Renewed Recognition from CFIA

CFIA's Food Safety Recognition Program (FSRP) provides government recognition of food safety systems developed and implemented by national industry organizations in order to enhance food safety; maintain the confidence of Canadian consumers; and facilitate market access. Reviews occur every 20 months. DFC is proud to have successfully completed the first five-year cycle of CFIA recognition. The proAction Food Safety module and the proAction registration system was once again officially recognized by the CFIA to be effective and technically sound.

The Food Safety module has 42 requirements designed to maintain milk and meat safety on dairy farms.

² <https://agriculture.canada.ca/en/canadas-agriculture-sectors/animal-industry/canadian-dairy-information-centre/dairy-statistics-and-market-information/farm-statistics/somatic-cell-and-bacteria-counts>



ANIMAL CARE

Providing excellent animal care has always been a top priority for dairy farmers. The Animal Care module is based on the Code of Practice for the Care and Handling of Dairy Cattle, which is a science-based, nationally developed guideline. The module includes:

- ▶ Cattle assessments every two years through a trained professional assessor
- ▶ Standard Operating Procedures for animal health practices and managing vulnerable animals
- ▶ Best management practices for housing, feed and water, veterinary care and cattle handling

Advancements in Cattle Assessments

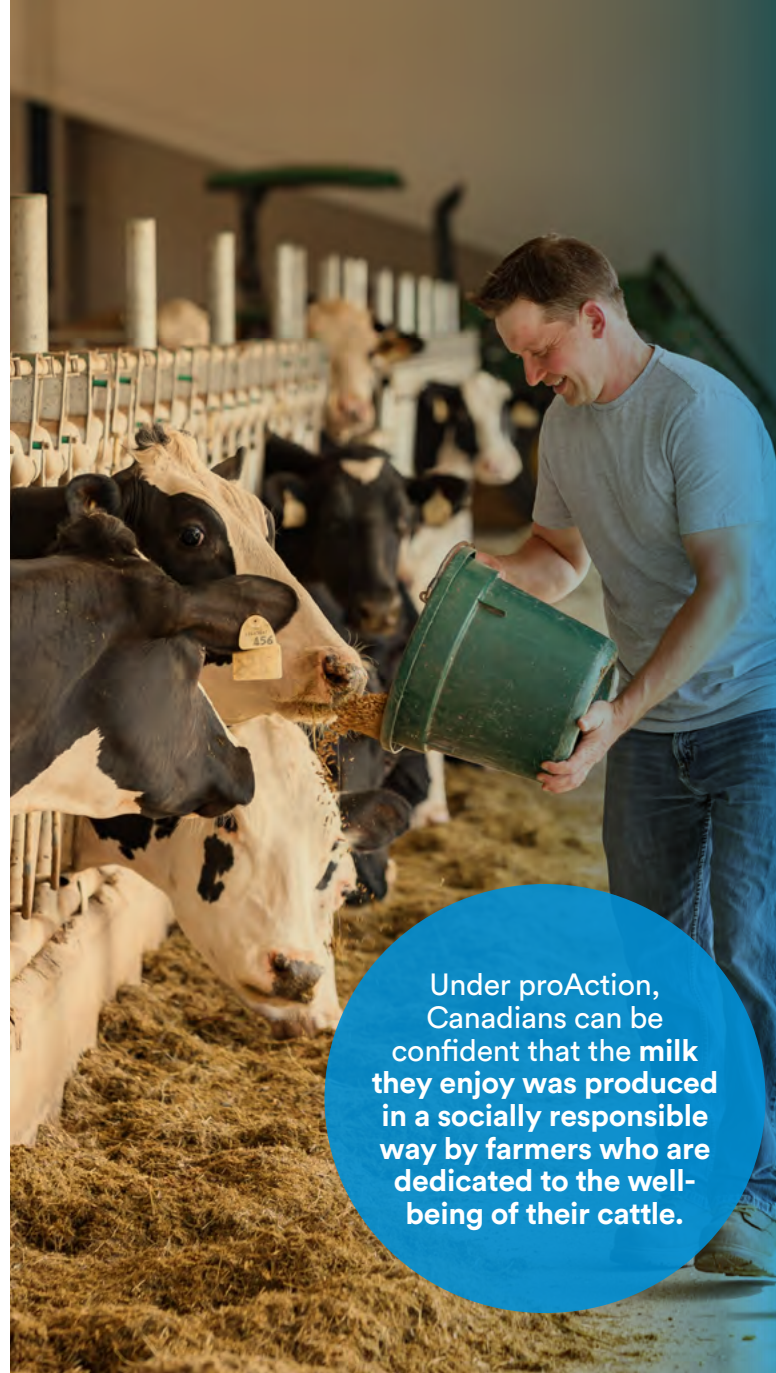
DFC has contracted Holstein Canada to provide cattle assessment services across Canada.

These assessments provide reference or benchmarks to identify potential areas for improvement for the farmer given each herd has a benchmarked and is regularly monitored for cow comfort indicators through independent cattle assessments.

Benchmarking is also the basis for continuous improvement of the Animal Care module itself. After evaluating the benchmark data, DFC, through the Animal Care Technical Committee and proAction Committee, revised the cattle assessment requirements, including a solution for continuous improvement expectations. The changes include:

- Fixed peer report zones – which indicate how the herd's scores compare to other herds across Canada – are now established through benchmark data, rather than zones based on percentiles. The Green Zone contains the previous Excellent targets, which are the results that farmers should be striving for, and the other zones indicate various levels of continuous improvement recommended or required.
- A template for corrective action plans, which is designed to help guide farmers and their dairy professionals determine the root cause of any problems and develop constructive plans to resolve them.
- Increased assessment frequency with more cattle assessed for farms with low scores, and these farms must demonstrate improvement over time to continue to meet proAction requirements.

After developing all communication materials and adjusting proAction-related software and Holstein Canada's software, DFC launched the changes in April 2021 with Holstein Canada and the provincial dairy associations. The new requirements are designed to help farmers achieve their goals, while continuing to drive excellent results.



Under proAction, Canadians can be confident that the milk they enjoy was produced in a socially responsible way by farmers who are dedicated to the well-being of their cattle.

Changes to Animal Care Requirements

Improvements to the Animal Care module effective September 2021, include:

- Revised cattle assessment requirement including new peer report zones, a corrective action plan template, continuous improvement expectations and an increased emphasis on cattle scoring and monitoring for mobility.
- Improvements to Standard Operating Procedures.
- Revised cattle assessment terminology to better describe the goals of dairy farmers.



LIVESTOCK TRACEABILITY

The Traceability module ensures all farmers are uniquely identifying their animals, as well as recording and reporting births, deaths and movements. This tracking helps protect animal health and public health, while limiting losses and maintaining market access through improved emergency management. As part of this module:

- All farms have a unique premise identification number
- Every dairy animal has a unique identification number and is double-tagged at birth
- Every time there is an animal birth or death, or a dairy animal enters a new site or is exported, the event is recorded and reported in the national traceability database

DairyTrace Elevates Emergency Response

Lactanet, on behalf of DFC, launched DairyTrace, the national dairy cattle traceability system, in October 2020, a significant milestone for Canadian dairy farms. Lactanet is recognized as the Responsible Administrator for dairy cattle traceability in Canada by the CFIA. The development and launch of DairyTrace involved a joint effort between Lactanet, DFC, Holstein Canada and other key stakeholders.

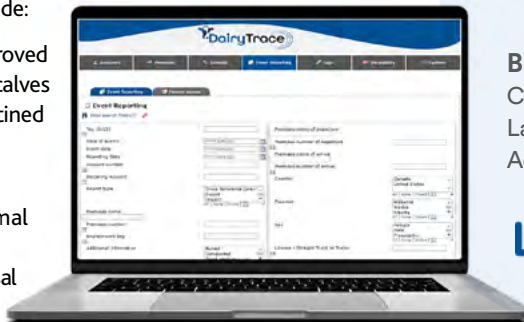
It provides a common database and platform for collecting and storing dairy animal identity and movement data, which allows industry to respond quickly in case of an emergency.

Effective September 2021, in order to meet proAction traceability requirements, all dairy farmers outside of Quebec* record and report animal identity, movement, location and custodianship information electronically to DairyTrace through a free web portal or mobile app.

Changes to Traceability Requirements

Improvements to the Traceability module effective September 2021, include:

- The development of an approved single white button tag for calves born on dairy farms but destined for purposes other than dairy production.
- Mandatory reporting of animal births, animal move-ins and tag retirements to the national traceability database.



Dairy farmers invest in robust traceability systems like DairyTrace so that all involved in the dairy chain, from the farmer to the consumer, can be confident in the industry's focus on animal health.

Lactanet Canada is very pleased with the outstanding adoption of the new DairyTrace program since it was launched in October 2020.

This major industry initiative is the result of great foresight of Dairy Farmers of Canada in establishing the DairyTrace vision alongside and in harmony with its proAction Traceability module. The high level of farmer participation in DairyTrace during this first year of operation is a strong testimony of their willingness to be responsible custodians of the dairy animals they keep and their understanding of the dairy cattle sector's desire to take the destiny of its industry into its own hands.

Brian Van Doormaal
Chief Services Officer
Lactanet Canada - National Responsible Administrator for Dairy Cattle Traceability



*Quebec has pre-existing regulations (p-42) that already require farmers to report on births, deaths and movement and so to respect provincial regulations, Quebec dairy farmers continue to report directly to Attestra using SimpliTRACE.



BIOSECURITY

Farmers are committed to managing risks and preventing disease introduction and spread within a herd. The Biosecurity module is based on the national standards recognized by the CFIA. It includes:

- Conducting a biosecurity risk assessment with a veterinarian every two years
- Implementing clearly documented procedures related to biosecurity such as meticulous recordkeeping; vaccination protocols; and visitor protocols
- Identifying points of entry and spread of disease on the farm



Focus on PPE Protocols

Canadian dairy farmers have been implementing biosecurity protocols long before 'Personal Protective Equipment' (PPE) and sanitizer became household words. In fact, dairy farms must have a Standard Operating Procedure in place to prevent the introduction of infectious diseases by family, employees, farm visitors and service providers.

Under proAction's Biosecurity module, employees and their guests must wear the following PPE upon arrival at a Canadian dairy farm:

- Disposable coveralls or farm-specific coveralls; and
- Disposable footwear or overshoes or washed and disinfected boots

In addition to wearing PPE, employees and their guests must also follow hygiene standards related to handwashing; strict protocols for where visitors can go on the farm; avoidance of direct contact with animals, their feed and excrement; and requirements for the disposal of PPE and disinfection at the conclusion of each visit.



Maintaining a rigorous and credible quality assurance program like **proAction** is **important to preserving and improving herd health and limiting the potential spread of disease.**

PROACTION & THE BLUE COW LOGO

Commitment Fuels Confidence

Research shows what matters to Canadian consumers is that dairy farmers remain committed to producing quality milk, following stringent standards, respecting the environment, innovating and taking care of their animals.

Amid the information pertaining to the Canadian dairy industry, standards is the theme consumers deem most surprising, credible and relevant to them. It is the topic that has the most potential to shift their attitude toward dairy. Standards are the reason to believe in the quality of Canadian dairy products. The proAction program is indispensable because it provides proof points for each of these standards that consumers increasingly look for in order to feel good about purchasing dairy. The commitment of dairy farmers to proAction's high-quality standards is what builds consumer trust and gives credence to the Blue Cow logo.

Nearly 90% of the population have an 'excellent to good' opinion of dairy products. There is, however, increasing tension between people's love of dairy products and their questions about dairy production. The proAction program is a significant asset in DFC's marketing toolbox as it provides quantifiable proof points that help alleviate consumer concerns over industry practices.

DFC Marketing will continue to build the message of high-quality Canadian standards under the trusted proAction program. This not only increases awareness of dairy production excellence but builds upon the positive reputation of dairy farmers and helps support DFC partners who carry the Blue Cow logo on their products. Ultimately, this focus implies an emphasis on driving consumption – when consumers see the Blue Cow logo they see products made with a process that is aligned to their values.

More than 8,600 dairy products from about 500 brands now feature the Blue Cow logo. When a consumer selects one of these products, they can trust their choice because of the 10,000+ farms committed to proAction. It's the commitment to excellence on the part of Canadian dairy farmers that fuels confidence in consumers.

As consumer expectations and concerns evolve, the dairy sector is dedicated to staying ahead of the curve. The Blue Cow logo embodies that leadership and commitment.



For more information on proAction and its progress, please visit dairyfarmers.ca/proAction.

2021 Marketing Highlights

Dairy Farming Forward - High Canadian Standards



The Dairy Farming Forward - High Canadian Standards campaign delivers the message of a steadfast commitment to innovation and to stringent production and safety standards. This campaign is an assertive, dynamic promotion of the dedication Canadian dairy farmers exhibit as they adopt some of the highest standards in the world. It highlights practices behind milk production that matter to consumers.

Dairy Farmers of Tomorrow



Younger millennials and Gen-Z are the target of Dairy Farmers of Tomorrow. This campaign showcases the next generation of Canadian dairy farmers and their work towards our shared future. The ads shine a light on farming practices, with a focus on animal care and environmental sustainability, all linking to high Canadian standards. The young, relatable farmers featured in the campaign bring to life a progressive and forward-facing industry, giving the target audience more confidence to consume dairy.

Hey Dairy Farmer - Sustainability



Hey Dairy Farmer – Sustainability demonstrates that Canadian dairy farmers continually adopt ways to reduce their impact on the environment. Working with organizations such as Ducks Unlimited Canada, CleanFarms and Tree Canada, some dairy farmers are conserving wetlands to help fight climate change and planting trees and plants for biodiversity. Some farms use innovative renewable energy, such as biodigesters and solar panels to reduce emissions. All of these efforts have contributed to reducing the Canadian dairy sector's contribution to Canada's total greenhouse gas emissions to just one percent — and we're not stopping there!