Sustainable Development Update

Nourishing a Sustainable Dairy Industry

DFC Contributes to Global Dairy Agenda for Action

DFC's participation in the International Dairy Federation (IDF) is paramount to ongoing development and action on multiple files at the international level. This October, the focus of the IDF's World Dairy Summit is sustainability and food security. A special session of the conference entitled "Real Achievements for a More Sustainable Dairy Sector – The Global Dairy Agenda for Action" will feature the first official reporting session for the Global Dairy Agenda for Action (GDAA) - the dairy industry's commitment to making a positive contribution to address climate change.

The session will be held on October 19, 2011 in Parma, Italy and will showcase the dairy industry's actions and progress to meet its voluntary commitments to create a more sustainable global dairy sector. The event will build on and highlight case studies catalogued by the IDF Green Paper. DFC has included its sustainability projects. The future evolution of the Dairy Agenda for Action will also be discussed.

Greenhouse Gas Calculator to be Piloted on Canadian Dairy Farms

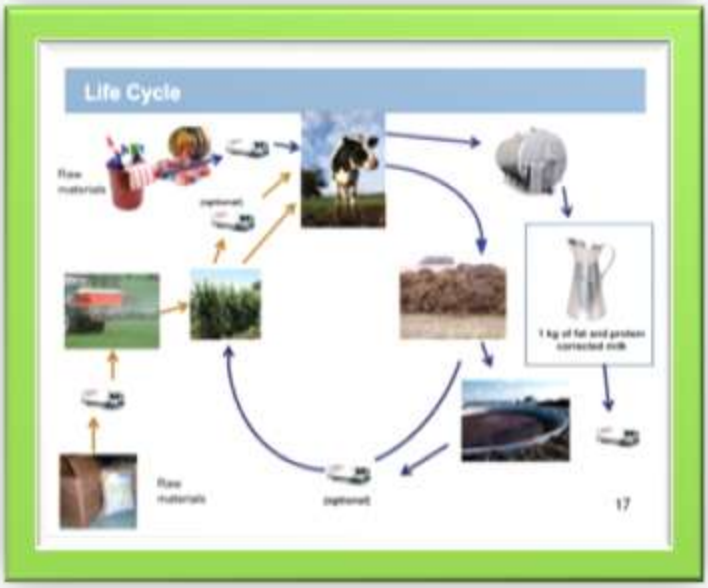
A greenhouse gas calculator will be tested on dairy farms beginning this year. Industry collaborators under the Atlantic Dairy and Forage Institute's Dairy GHG Pilot Project will assist dairy farmers in Alberta and New Brunswick take GHG measurements, quantify improvements in reducing GHG emissions and assess the potential to market reductions as carbon credits. The total value of the project is over $1.2 million with government funding of over $900,000 from the Canadian Agriculture Adaptation Program. The project is slated to end in 2013.

While the Canadian dairy industry has already reduced its GHG emissions by 12% between 1990 and 2003, the industry recognizes that more can be done to improve and be more efficient. A net reduction in GHG emissions can result from increased farm efficiency when more milk is produced with fewer inputs. As a result of adopting advanced farm management practices, the farm can then potentially generate carbon offsets (carbon credits) which may be sold.

The research team will be using the current accepted method to calculate GHG emissions from dairy farms. Called the "Quantification Protocol for Emission Reductions from Dairy Cattle", the protocol is accepted by the regulated Alberta Offset System. Experts working on the project will begin developing a baseline of the average GHG emissions for the pilot farms. Working from the baseline, they will calculate if a change in production practice might result in a reduction in GHG emissions from the farm.

Testing on pilot farms will begin in Alberta this summer and New Brunswick early next year. The participation of Alberta dairy farmers at this time is important so they can meet the deadline set under the Alberta Offset System to allow for the counting of carbon credits on a retroactive basis to 2002. The government of Alberta has indicated that as of January 2012, farmers will no longer be able to sell carbon offsets on a retroactive basis.

Partners in this project include: Dairy Farmers of Canada, Alberta Milk, Dairy Farmers of New Brunswick, CanWest DHI, Valacta, Agriculture and Agri-Food Canada, Environment Canada, New Brunswick Department of Agriculture, Aquaculture and Fisheries, New Brunswick Department of Environment and the Alberta Department of Agriculture and Rural Development.



Environmental and Socio-economic Lifecycle Assessment of Canadian Milk Production

Determining the environmental and socio-economic Lifecycle Assessment (LCA) of Canadian milk production is one of 13 sustainability-focused research projects funded in partnership with government under the Agri-Science Cluster Initiative for dairy.

Quantis, the Interuniversity Research Centre for the Life Cycle of Products, Processes and Services (CIRAIG) and Groupe AGÉCO are collaborating to develop the Canadian milk production LCA. Canada's approach is unique. The study will extend beyond calculating a carbon footprint for milk to include the socio-economic impacts, an assessment of opportunities in the carbon market and the potential payment for Ecological Goods and Services.

The U.S. completed their LCA study of milk last fall and calculated the overall footprint from the inputs used on the farm to the consumption and disposal of the product. The U.S. carbon footprint is 2.05 kilograms of CO_2 equivalent per kilogram of milk consumed.

Data from close to three hundred dairy farms from across the country will be used in the Canadian analysis, providing good geographical variability. Besides calculating the carbon equivalent of each kilogram of milk produced (farm level), the study will include an assessment of water use, land use, acidification, eutrophication and human toxicity. An easy-to-use footprinting tool will be created to assess the hotspots on farms and identify areas where improvements to best practices can be made to produce milk sustainably and economically. The LCA final report will be ready in early 2013.

The Conseil de l'industrie laitière du Québec also commissioned a study to establish a framework for an environmental and socio-economic LCA in the dairy products sector in Quebec.

Video Promotes DFC Commitment to the Environment

Members are encouraged to visit DFC's corporate site at **www.dairyfarmers.ca**/our - commitments where they can view a brief video explaining DFC's commitment to the environment. Targeting a general consumer audience, the website will have six videos featuring images and voice-over of dairy farmers explaining their actions and commitments.

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