




Dairy Sustainability Framework

Annual Review  
2017-18

Align

Progress

Connect



The Dairy Sustainability Framework (DSF) provides a means for the global dairy sector to demonstrate to consumers and other stakeholders the impacts of the continuous improvements the sector is making, producing healthy nutritious food in a sustainable and responsible way.

**Dairy Sustainability Framework Vision:**

A vibrant dairy sector committed to continuously improving its ability to provide safe and nutritious products from healthy cattle, while:

1. Preserving natural resources
2. Ensuring decent livelihoods across the industry



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## Message from the Chairman



I'm pleased to share with you the 2017/18 review of the work of the Dairy Sustainability Framework.

2017/18 has been a year of consolidation for the DSF as it focused on two key deliverables:

- Development of the Indicator Metrics required for reporting on the sector's progress against the DSF's 11 Criteria, and
- Membership support.

With the leadership of the University of Arkansas, the DSF has now completed all Indicator Metrics. The challenge of developing simple but meaningful measures for each of the DSF's Criteria benefited greatly from the pre-competitive and collaborative spirit with which the DSF membership engaged and supported the development of these measures. Completion of the Indicator Metrics enables the DSF to deliver what it was established to do – reporting on the continuous sustainability improvements of the global dairy sector.

The focus on member support was a key element of the DSF's plan over the past year. The addition of a mid-year DSF Member's meeting in Chicago afforded an opportunity for members to provide input on the development of the Indicator Metrics as well as to network with peers to share knowledge and seek solutions to common business sustainability challenges. The DSF has also worked to increase the tools and guidance to support members. The launch in late 2017 of the Theory of Change briefing paper and the development of a Materiality Assessment briefing paper will further help members with planning their sustainability programs.

As part of the collaboration agreement with Dairy Asia, the DSF supported the design and introduction of the Dairy Asia Sustainability Awards and has been able to share the Dairy Asia achievements with the wider DSF membership.

I would like to thank Mr. Ian Halliday (Dairy Australia), who stepped down from his role as Governor of the DSF this year and to welcome Dr. David Nation (Dairy Australia), Mr. Zhao Wei (Dairy Asia–China), Dr. Thanawat Tiensin (Dairy Asia–Thailand), and Mr. Daniel Pelegrina (World Farmers' Organization) as new members of the Governance Group.

I am excited about the coming year for the DSF as we complete the baseline measurement and commence tracking and reporting the continuous Improvements being delivered by the whole dairy sector.

In closing, I wish to thank the DSF Secretariat and Membership for the progress being made by the dairy sector on its sustainability journey.

A handwritten signature in black ink that reads "Donald Moore". The signature is written in a cursive, slightly slanted style.

Donald Moore, DSF Chairman

# High Level Indicator Metric Development— Delivering on DSF Promises!

## Completion of Indicator Development

With the active support of the DSF members, Indicator Metrics have now been developed for all 11 of the DSF's Global Criteria.

By mid-2019, the Baselines will have been established for all Criteria, allowing a comprehensive DSF reporting process to be fully active in 2020. The engaging and transparent process that has been implemented has ensured the development of Indicator Metrics that are accepted by both DSF members and stakeholders. Thanks go to Dr. Marty Matlock of the University of Arkansas for expertly guiding the DSF Members, Advisory Council and the public through this challenging exercise utilizing a rigorous, structured and science-based process.

## Reporting Comes to Life

In 2018 the DSF piloted reporting on the first of the DSF Global Criteria - Animal Care. The Indicator Metric established for Animal Care is Somatic Cell Count (SCC). Progress is quantified each year by reporting the delta against an established Baseline.

In early 2017, DSF's members submitted data to allow the establishment of a Baseline of 288,000 cells/ml. for SCC. In the pilot, 13 DSF members submitted 20 million individual observations of their SCC numbers for independent statistical analysis.

The results for the pilot sample showed a reduction of 80,025 cells/ml for the 2017-18 reporting year, indicating an overall improvement of the Animal Care Criteria.

With this relatively small sample of members the DSF is not able to draw any absolute conclusions, though the pilot is evidence that the DSF and its members have fulfilled an important commitment by developing a robust reporting methodology that will provide increasingly comprehensive progress reporting on an annual basis.

From 2019, DSF will begin reporting on the first seven of the DSF's Global Criteria, using the Indicator Metrics and associated Baselines.



## Product Safety & Quality

**Strategic Intent:** The integrity and transparency of the dairy value chain is safeguarded, so as to ensure the optimal nutrition, quality and safety of products

**Indicator Metric:** Product Safety & Quality (PS&Q) recall plan and reported recalls

**Measurement:** Number of organizations implementing a PS&Q recall plan and number of public product recalls



## Rural Economies

**Strategic Intent:** The dairy sector contributes to the resilience and economic viability of farmers and rural communities

**Indicator Metric:** Annual payments made to farmers for milk

**Measurement:** Annual Milk Tonnes Sold x Annual Average Milk Price



## Market Development

**Strategic Intent:** Members along the dairy value chain are able to build economically viable businesses through the development of transparent and effective markets

**Indicator Metric:** Process to inform on opportunities and challenges

**Measurement:** Number of processes implemented



## Waste

**Strategic Intent:** Waste generation is minimized and, where unavoidable, waste is reused and recycled

**Indicator Metric:** Farm Waste Management Plan (WMP) and processor Mass of Waste to Landfill per year

**Measurement:** Number of farm WMP's implemented and reporting of waste mass volumes



### Greenhouse Gas Emissions

**Strategic Intent:** GHG emissions across the full value chain are quantified and reduced by all economically viable means

**Indicator Metric:** GHG emissions using the IDF methodology

**Measurement:** Level of GHG emissions



### Soil Nutrients

**Strategic Intent:** Nutrient application is managed to minimize impacts on water and air, while maintaining and enhancing soil quality

**Indicator Metric:** Nutrient Management Plan (NMP)

**Measurement:** Number of NMP's implemented



### Soil Quality & Retention

**Strategic Intent:** Soil quality and retention is proactively managed and enhanced to ensure optimal productivity

**Indicator Metric:** Soil Quality Management Plan (SQMP)

**Measurement:** Number of SQMP's implemented



### Water

**Strategic Intent:** Water availability, as well as water quality, is managed responsibly throughout the dairy value chain

**Indicator Metric:** Effluent Management Plan (EMP) & Water Use Efficiency

**Measurement:** Number of EMP's implemented and number of liters of water required to produce a kilogram of product (processing level)



### Biodiversity

**Strategic Intent:** Direct and indirect biodiversity risks and opportunities are understood and strategies to maintain or enhance it are established

**Indicator Metric:** Biodiversity Plan (BP)

**Measurement:** Number of BP's implemented



### Working Conditions

**Strategic Intent:** Across the dairy value chain, workers operate in a safe environment and their rights are respected and promoted

**Indicator Metric:** Farm/Facility Safety Plan (FSP)

**Measurement:** Number of FSP's implemented



### Animal Care

**Strategic Intent:** Dairy animals are treated with care, and are free from hunger and thirst, discomfort, pain, injury and disease, fear and distress, and are able to engage in relatively normal patterns of behavior

**Indicator Metric:** Somatic Cell Count (SCC)

**Measurement:** 1000's of cells per ML of milk

The process of setting goals is hierarchical, and it comprises the key players in the global dairy sector. The DSF is responsible for establishing and maintaining the 'aspirational goals' for the sector through a consultative process.



Dairy Sustainability Framework

# Growth in Resources and Collaborations

The DSF Secretariat activity during 2017- 2018 was influenced by the Post Implementation Review (PIR) specifically targeting membership support.

This support came to life in three key areas:

- 1) **Membership connection opportunities**
- 2) **Expanding member services and resources**
- 3) **Collaborating with partners.**

Below are some examples of how the DSF is working to deliver on these three key areas.

## 1) Bringing Members Together

**Chicago Members Meeting of May, 2018:** DSF members had previously requested additional opportunities to connect with other members, to share their challenges, and to compare the strategies they are using to address these. The DSF arranged a two-day meeting in collaboration with The Innovation Center for US Dairy, the DSF Aggregating Member for the USA. This included a targeted development session on the remaining four Indicator Metrics: Waste; Market Development; Rural Economies, and; Product Safety & Quality.



## DSF Advisory Council (ADCO)

**Meetings:** The ADCO meetings are critical to the planning of the DSF activities and the consideration of new opportunities. The ADCO is made up of a mix of external stakeholders who have an interest in improving the sustainability of the dairy value chain.



## 2017 Belfast Members Meeting:

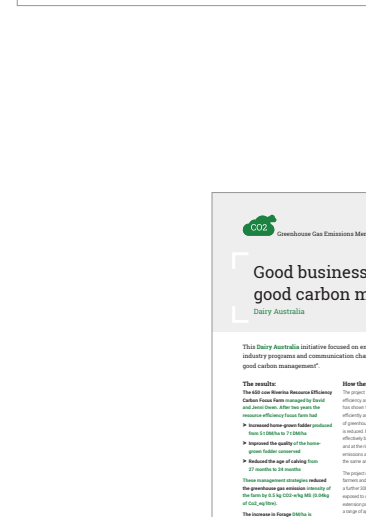
The 2017 DSF Members meeting held in Belfast saw 60 DSF members attending. The meeting included sessions on materiality assessment and associated prioritization, and how to establish effective local multi-stakeholder management groups, both of which are commitments associated with DSF membership. The meeting also saw the launch of the first 7 DSF Indicator Metrics that will be used to quantify the sector's sustainability progress.



## 2) Expanding Members Services and Resources

### Theory of Change (TOC) Briefing Paper:

This briefing paper, was developed with the assistance of the ISEAL Alliance. It provides a guide to the use of the TOC process, supported by a clear 'real world' example of how DSF member Nestlé applies the approach in their business sustainability planning.



**Materiality**  
Briefing Paper

**What is materiality?**  
A materiality assessment is the process of identifying and prioritizing the social, environmental and economic issues that are most significant to the business and its stakeholders. This process helps businesses focus their strategies and reporting on the risks and opportunities that matter most and to drive continuous improvement.

**Why should DSF members consider materiality?**  
Materiality assessment will be an invaluable tool for DSF members to understand the risks and opportunities that matter most to their business and to drive continuous improvement. It will also help members to understand the needs and expectations of their stakeholders and to align their strategies and reporting with those needs and expectations.

**Case studies:**  
- **Franklin/Consortio** Page 1  
- **Alfa Foods** Page 5  
- **Asahi Dairy Sustainability Consultative Forum** Page 5

**Materiality Assessment:** This briefing paper was developed in collaboration with consultancy firm SustainAbility. It analyses the theory of Materiality Assessment, shows how to conduct an assessment, and provides examples from DSF members on how they have applied the methodology to set their DSF sustainability priorities.

**Case Studies:** As part of the membership support process, two key case studies were developed, one under the Global Criteria for Greenhouse Gas Emissions and the second under Rural Economies. These case studies are not only exciting stories, they specifically measured the impact of the actions taken within each of the programs. Having a strong narrative supported by robust and quantified evidence is the objective of the DSF.

**Dairy Development Sri Lanka**  
Fontterra Co-operative

**The goal of this dairy development initiative is to improve the livelihoods of smallholders and farming communities through providing a channel to market via local milk processing. Fontterra works closely with key external stakeholders including the Sri Lankan Government and other New Zealand industry experts to achieve the desired outcomes?**

**The results:**  
- **Established a supply chain:** The supply chain has been established, allowing smallholders to access the market through Fontterra's processing plant.  
- **Improved the quality of milk:** The quality of milk has improved, meeting the requirements of the market.  
- **Increased the income of smallholders:** Smallholders have seen an increase in their income due to the improved quality of milk and access to the market.  
- **Reduced the risk of smallholders:** Smallholders have reduced their risk of market fluctuations through the supply chain.

**How they did it:**  
- **Established a supply chain:** The supply chain was established through the support of the Sri Lankan Government and other industry experts.  
- **Improved the quality of milk:** The quality of milk was improved through the support of the Sri Lankan Government and other industry experts.  
- **Increased the income of smallholders:** The income of smallholders was increased through the support of the Sri Lankan Government and other industry experts.  
- **Reduced the risk of smallholders:** The risk of smallholders was reduced through the support of the Sri Lankan Government and other industry experts.

**Key messages into existing dairy "good business management"**

**Executive activities included:**  
- **Established a supply chain:** The supply chain was established through the support of the Sri Lankan Government and other industry experts.  
- **Improved the quality of milk:** The quality of milk was improved through the support of the Sri Lankan Government and other industry experts.  
- **Increased the income of smallholders:** The income of smallholders was increased through the support of the Sri Lankan Government and other industry experts.  
- **Reduced the risk of smallholders:** The risk of smallholders was reduced through the support of the Sri Lankan Government and other industry experts.

**The Collaborator was developed to enable:**  
- **Established a supply chain:** The supply chain was established through the support of the Sri Lankan Government and other industry experts.  
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**Fontterra participating in activities to:**  
- **Established a supply chain:** The supply chain was established through the support of the Sri Lankan Government and other industry experts.  
- **Improved the quality of milk:** The quality of milk was improved through the support of the Sri Lankan Government and other industry experts.  
- **Increased the income of smallholders:** The income of smallholders was increased through the support of the Sri Lankan Government and other industry experts.  
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**3) Collaborating with Partners**

The DSF seeks partnerships which allow members to share their perspectives on relevant topics as well as enhance their knowledge on dairy sustainability issues, and importantly, to benefit by learning about solutions to sustainability-related challenges in different geographies.

**Dairy Asia:** The DSF continues to provide leadership support to Dairy Asia through its Steering Committee involvement and by speaking and facilitating sessions such as the recent multi-stakeholder meeting in Myanmar, November 2017. The publication of the annual report by Dairy Asia demonstrates the progress this valuable platform is making.

The DSF provided additional support to Dairy Asia for its inaugural Sustainability Award. Congratulations to the winner, National Dairy Development Board of India, whose project saw GHG emissions from dairy cows reducing by 12-15% through targeted feeding practices.



**Global Agenda for Sustainable Livestock (GASL):**

The DSF reinforced its collaborative commitment to GASL at the 8th Multi-Stakeholder Partnership Meeting which took place in Mongolia in June 2018. The DSF Chairman made the case for dairy as part of a panel on nutrition and food security. The DSF Director was a member of a panel of experts that debated the case for animal health and welfare.



**Launching a Sustainable Agenda for Dairy in Chile:**

Membership in the DSF and the launch of the DSF-aligned 'Agenda' in January 2018 has opened

further doors for Consorcio Lechero. The Chilean Agency for Sustainability and Climate Change has asked the Consorcio to drive a new program with the Chilean dairy processors entitled the Clean Production Agreement.

The value of the DSF model and approach is being increasingly recognized, thereby reinforcing the belief that the dairy sector is both innovating and leading in the sustainability space. The DSF Secretariat is pleased to be providing ongoing input and guidance to this and other initiatives that Consorcio Lechero is pursuing which are aligned with DSF aspirations.



**B2B model Development:**

The Sustainable Agriculture Initiative (SAI) Platform Dairy Working Group was commissioned by the DSF Governors to investigate how a suitable approach could be established for use in the commercial environment, building on the robust foundation of the DSF.

Encouragingly, this collaboration between dairy farming organizations, milk processors, co-ops and a range of dairy customers has progressed to the point of actively implementing pilots in Europe, Australasia, and the USA. The 5 pilots are developing and testing approaches that will increase efficiency in areas such as reduced surveys/audits and a mutual recognition of processes undertaken by suppliers. The pilots will conclude at the end of 2018, after which the outcomes will be evaluated, and a further round of development will take place with the aim of establishing a viable and robust working model.



## Growth in Resources and Collaborations



The October 2017 Members Meeting in Belfast saw the advancement of the Indicator Metrics for the DSF Global Criteria.



Consorcio Lechero launching the Agenda for Sustainable Development of the Dairy Sector.

DSF supported meetings with government officials to scope potential work areas.



GASL members met in Mongolia and benefited from the partnership with, and guidance from, DSF.

The FAO recognized the DSF model at a Global Dairy Platform regional meeting in China.



Future collaborative opportunities were explored at Dairy Asia's November 2017 Myanmar meeting.



# Governance and Advisory Council

**The DSF leadership welcomed three new organizations to the Governance Group during the past year**, Daniel Pelegrina (Argentina) from the World Farmers Organization; and Zhao Wei (China) and Dr. Thanawat Tiensen

(Thailand) representing the DSF's strategic partnership with Dairy Asia.

Guidance from these representatives will ensure the continued evolution of the DSF to address these key regions and stakeholders' viewpoints.

A revised Governance model has resulted in the development of an Executive Working Group of Governors that will meet more frequently to develop proposals for review and ratification by the full Governance Group at its meeting twice a year.

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## Governors

### Donald Moore

*Chairman*  
Global Dairy Platform

### Alexander Anton

European Dairy Association

### Dr. Judith Bryans

International Dairy Federation

### Adrian Greet

Sustainable Agriculture Initiative Platform

### Dr. Ariel Londinsky

FEPALE (Latin America)

### Dr. David Nation

Dairy Australia

### Peter Mwaniki Ngaruiya

ESADA (Africa)

### Barb O'Brien

Innovation Center for US Dairy

### Daniel Pelegrina

World Farmers Organisation

### Dr. Thanawat Tiensin

Dairy Asia (Thailand)

### Zhao Wei

Dairy Asia (China)

**The DSF Advisory Council (ADCO) continues to be a vital sounding board for the DSF and its Governors in setting future strategy.** The ADCO's input to the Indicator Metric development process was particularly valuable, assisting the DSF in exploring "what is possible" and "what is credible". The DSF is also

extremely appreciative of the doors that the individual members of the ADCO have opened for sharing of the DSF model with other stakeholders.

Based on the outcomes of the PIR, the Advisory Council Terms of Reference were revised and agreed. These changes have strengthened the

working relationship the DSF has with this important group. The commitment and advice of retiring members Erinch Sahan (OXFAM), Gert Van der Bijl (Solidaridad International), and Janet Helms (American Humane Association) is noted and appreciated.

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## Advisors

### Dr. Vinod Ahuja

FAORAP, Bangkok

### Kevin Bellamy

Rabobank

### Dr. Christopher Brown

ASDA Stores

### Dr. Robin Ganzert

American Humane Association

### Dr. Ephraim Mukisira

Global Forum on Agricultural Research

### Ioan Nemes

OXFAM

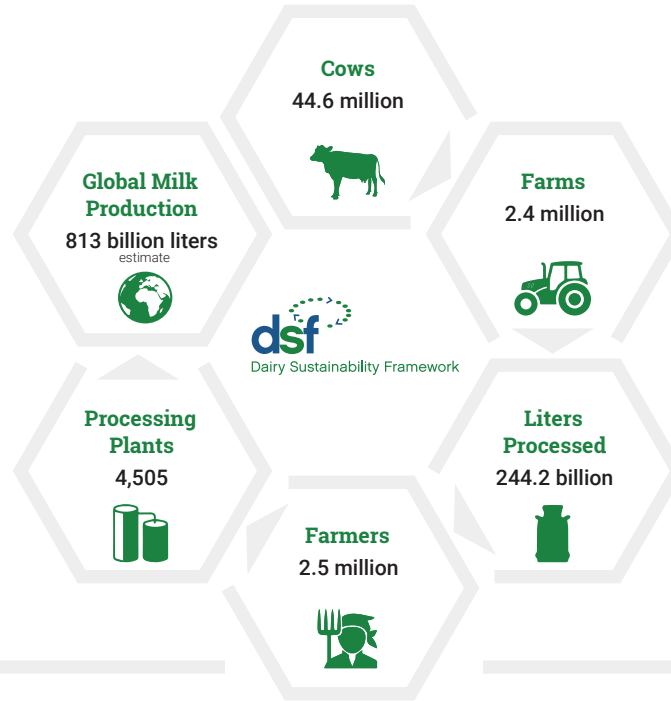
### Ruaraidh Petre

Roundtable for Sustainable Beef

### Catharinus Wierda

Solidaridad International

# Membership



## Aggregating Partners



## Implementing Partners



## Affiliate Partners





DSF members from around the world participate in an array of discussions and decision-making which promotes the dairy sector sustainability program.





Dairy Sustainability Framework

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