



Our Dairy Promise: To provide nutritious food for a healthier world

We are committed to:

- Creating a vibrant industry that rewards dairy workers and families, their related communities, business and investors
- Providing nutritious, safe, quality dairy food
- Striving for health, welfare and best care for all our animals throughout their lives
- Meeting the challenge of climate change and providing good stewardship of our natural resources

We measure and publicly report our progress against our commitments.

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Enhancing economic viability and livelihoods

- 1 Increase the future competitiveness and profitability of the Australian dairy industry
- 2 Increase the resilience and prosperity of dairy communities
- 3 Provide a safe work environment for all dairy workers
- 4 Attract, develop and retain a skilled and motivated dairy workforce

- ✓ Deliver RD&E farm business strategies
- ✓ Promote the dairy sector to investors
- ✓ Create career pathways for dairy people
- ✓ Drive RD&E to increase productivity/profitability
- ✓ Measure our contribution to communities
- ✓ Develop and implement programs to enhance worker safety



Improving wellbeing of people

- 5 All dairy products and ingredients sold are safe
- 6 Dairy contributes to improved health outcomes for Australian communities

- ✓ Promote responsible consumption of dairy foods as part of a healthy diet
- ✓ Develop products with less sugar, fewer additives
- ✓ Reward farmers for producing top-quality milk
- ✓ Help our communities have access to nutritious food
- ✓ Continue to focus on making high quality, safe dairy products



Providing best care for our animals

- 7 Provide best care for all our animals
 - All of industry complying with legislated Animal Welfare Standards
 - All of industry adopting relevant recommended industry practices:
 - Reduced use of routine calving induction
 - Don't dock tails
 - Disbud prior to 2 months of age
 - Have a lameness strategy
 - Have cool infrastructure
 - Bobby calves fed within 6 hours prior to transport

- ✓ Invest in RD&E programs that address disease and illness
- ✓ Help industry identify, prioritise and respond positively to key welfare issues
- ✓ Support farmers to adopt recommended animal welfare practices
- ✓ Build confidence in animal husbandry practices and welfare outcomes



Reducing environmental impact

- 8 Improve nutrient, land and water management
- 9 Reduce the consumptive water intensity of dairy manufacturers by 20%
- 10 Reduce greenhouse gas emissions intensity by 30%
- 11 Reduce waste to landfill by 40%

- ✓ Assist dairy farmers to adapt their production systems and respond to climate variability
- ✓ Strive to increase resource efficiency, water use intensity
- ✓ Measure and monitor carbon intensity in manufacturing
- ✓ Invest in RD&E to mitigate GHG emission
- ✓ Support farmers to calculate their greenhouse gas emissions
- ✓ Participate in food recovery and food donation programs
- ✓ Develop products and packaging that reduce food loss and waste

Dairy Industry Goals to 2020*

Key actions to support our commitments

Key issues and challenges

Industry profitability

- Volatile markets, rising input costs affect profitability
- Modest production increases and a changing global supply situation are continuing threats
- Banks, investors are more aware of business risks and challenges associated with sustainability, and the need for a proactive response
- Increasing focus on ethical investments
- Attracting and retaining capable people is challenging

Human health & nutrition

- Poor diet is the leading preventable health risk factor globally
- Only 10% of Australians are eating enough milk, cheese, yoghurt and/or alternatives
- People need more nutritious and less discretionary food — not necessarily more food
- The increasing proliferation of mis-information about the nutritional value of dairy foods

Animal health & welfare

- Farm activity depends on social licence to operate
- Dairy animals are farmed in a range of environments
- Intensively-managed indoor systems are emerging
- Dairy products are sourced from animals providing potential challenges, especially with the growth in dairy alternatives

Climate change

- Increased likelihood of heatwaves, storms and drought
- Water resources are under increasing pressure
- Up to \$129 million of milk either lost or wasted annually across farm, manufacturing and consumers
- Competition for natural resources worldwide is mounting

* The Framework is currently under revision and the revised goals, targets, indicators and baseline data for beyond 2020 will be reported in the 2017 Sustainability Report



Australian Dairy Industry Sustainability Report 2016: Progress Summary

The Australian Dairy Industry Sustainability Framework outlines the industry's commitment to enhancing livelihoods, improving wellbeing and reducing our environmental impact. We are pleased to share our progress against Framework's 11 goals to 2020.

In 2016 we have further enhanced the Framework with our Dairy Promise (see over). This Promise states our key commitments to industry profitability, human health and nutrition, animal welfare and adapting to climate change, and outlines the goals and actions aligned with each commitment.

To see the full report, visit: www.sustainabledairyoz.com.au

2016 performance



The legend for understanding the 2016 performance tracked against baseline

Key	Description
●	Progress towards target
●	Result maintained or marginal change
●	Regression
○	Under review (baseline)
○	Baseline not yet established
○	Under review (target)
-	Target not yet established
-	No data collected for target in this year

Note: 2016 sustainability performance is measured against the Frameworks' original targets and performance measures. From 2017, we will report against the new goals.

A summary of our 2016 progress

Goals	Target	Baseline	2014	2015	2016	2020 Target	Progress towards target against baseline		
Enhancing livelihoods	1 Increase the future competitiveness and profitability of the Australian dairy industry	1.1 % Profitable farms (rolling 3-year average)	55%	51%	47%	50%	Under review	●	
		1.4 % of farmers planning capital investment	40%	51%	52%	49%	Under review	●	
	2 Increase the resilience and prosperity of dairy communities	2.3 Community recognition	Dairy industry is an essential part of the community	71%	70%	68%	67%	78%	●
			People appreciate dairy farmers in our community	76%	76%	79%	78%	87%	●
	3 Provide a safe work environment for all dairy workers	3.1 OHS training	Dairy farming	46%	46%	-	-	100%	●
			Dairy manufacturing	100%	100%	100%	100%	100%	●
		3.2 Lost Time Injury Frequency Rate (LTIFR)	Dairy farming	5.8	8.9	6.7	14.3	3.6	●
			Dairy manufacturing	8.2	8.6	13	12.1	6.1	●
		3.3 Fatalities	Dairy farming	2	1	3	6 [^]	0	●
		Dairy manufacturing	0	0	0	0	0	●	
	4 Attract, develop and retain a skilled and motivated dairy workforce	4.2 Participation in development activities	Extension	20%	39%	-	-	40%	●
		4.3 Retain workforce		75%	75%	-	-	90%	●
4.4 Farmers have a well developed business transition plan			8%	8%	-	-	50% — under review	-	
Improving wellbeing	5 All dairy products and ingredients sold are safe	5.1 Chemical residues non-compliance	0	0	0	0	0	●	
		5.2 Product recalls	7	8	9	7	0	●	
		5.3 Consumer sentiment	Dairy products are safe	67%	69%	67%	68%	77%	●
	Dairy makes high-quality products		77%	74%	75%	74%	88%	●	
	6 Dairy contributes to improved health outcomes for Australian communities	6.1a Healthy diet	Dairy is essential for good health	72%	68%	69%	71%	85%	●
			Dairy food increases my weight	32%	30%	31%	32%	20%	●
		6.1b Maintain recognition as five food group foods in ADG	Recognised	Recognised	Recognised	Recognised	Ongoing recognition	●	
	6.2 Daily intake	Under review	-	-	-	Under review	-		
	7 Provide best care for all animals	7.1 All industry complying with legislated Animal Welfare Standards						100%	●
			Awareness of new Animal Welfare Standards	56%	56%	-	47%	100%	●
		7.2 All of industry adopting relevant recommended industry practices:	Reduce use of routine calving induction	80%	80%	88%	90%		●
			Don't dock tails	80%	85%	-	91%		●
			Disbud prior to 2 months of age	57%	63%	-	63%		●
			Have a lameness strategy	87%	95%	-	95%		●
			Have cool infrastructure	94%	98%	-	92%		●
Bobby calves fed within 6 hours prior to transport	97%	97%	-	96%		●			
7.3 Public recognition of caring for animals	60%	62%	59%	58%	75%	●			
Reducing environmental impact	8 Improve nutrient, land and water management	8.1 Exclusion of stock from waterways	73%	-	76%	-	90%	●	
		8.2 Nutrient management plans	30%	-	58%	-	80%	●	
		8.3 Irrigation automation	47%	-	54%	-	80%	●	
		8.4 Managing land for conservation and biodiversity		47%	-	45%	-	80%	●
			All dairy farmers actively managing noxious weeds where relevant	Noxious weeds identified as major land issue	37%	-	29%	-	Under review
			Actively managing noxious weeds where a problem	28%	-	28%	-	100%	●
	8.6 Recycle water on farm	50%	-	75%	-	100%	●		
	9 Reduce the consumptive water intensity of dairy manufacturers by 20%	9.1 Consumptive water intensity of dairy manufacturers (litres per litre of milk processed)	1.75	1.56	1.58	1.62 [^]	1.40	●	
10 Reduce greenhouse gas emissions intensity by 30%	10.1 Emissions from dairy manufacturers (tonnes of CO ₂ equivalent per ML milk processed)	178.7	153.6	152.5	140	125.8	●		
	10.2 Farm emissions abatement actions	Under review	-	-	-	Under review	-		
11 Reduce waste to landfill by 40%	11.1a Waste to landfill intensity of dairy manufacturers (tonnes of waste per ML milk processed)		2.69	1.63	1.45	1.39	1.61	●	
		Manufacturers: signatories to Australian Packaging Covenant (APC)	9	9	8	8	All manufacturers	●	
	11.2 Farm level waste reduction	Under review	-	-	-	Under review	-		

[^] The Safe Work Australia website shows 0 reportable incidents for 2014/15 (latest figures). Monitoring of media reports for farm related fatalities in 2016 shows 6 fatalities.

* In 2016, the scope of consumptive water was adjusted and has impacted the measure.