

2016

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ANNUAL  
REPORT



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# CHAIRMAN'S FOREWORD

**Dr David Dobbin**  
Chairman

**It is my pleasure to introduce the Dairy UK Annual Report for 2016, a milestone year which saw the Brexit vote and a much needed recovery in international dairy markets.**

Brexit will bring momentous changes which will have ramifications for our industry for generations to come. How we as an industry respond will be one of our greatest tests. Dairy UK is quite clear on its role in the evolving drama of Brexit which is to do what we can to ensure the industry emerges with a viable customer base and becomes more resilient and competitive. Achieving these goals will mean consumers can still enjoy the best of UK dairy products at home and abroad.

We were pleased to see a recovery in international dairy markets during the course of 2016 which in turn created improved trading conditions for dairy

processors and farmers alike. We remain committed to working closely with our supply chain partners, engaging with our farmers regularly through our Farmers Forum, as well as with the farming unions and AHDB Dairy, to explore new ways of managing the impact of volatility and build a positive future across the supply chain.

Dairy UK members operate both in domestic and international markets. Maintaining our successful record of growth in exports has been a major challenge for many of our members. Throughout the year, we rolled out our activities to help export UK dairy products to the world, first with our strategy for greater exploration of international markets followed by our 'Brexit and the Future of Dairy Exports' document, our view of where we want to be and what we need Government to do to help us maintain

a vibrant and growing UK dairy industry.

Dairy UK also continued its work on the international stage and in October, we were delighted to see our own Chief Executive Judith Bryans elected President of the International Dairy Federation (IDF), an appointment that reflects her contribution to our industry and her widely recognised expertise and knowledge.

Public health and nutrition have remained very prominent issues throughout the course of the year. Dairy UK, The Dairy Council and the British Cheese Board remain resolute in their task to educate consumers on the benefits of dairy foods in the diet and promoting quality British dairy produce. Our ultimate judges are the millions of people throughout the UK who place their faith in our industry's products every day. They must, at all times, remain our most important consideration.



**Dr Judith Bryans**  
Chief Executive

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# CEO'S INTRODUCTION

Against a challenging backdrop in 2016, Dairy UK focused on increasing the industry's visibility and making its voice heard with politicians and key stakeholders. Throughout the year, we showed how dairy makes a difference to all aspects of life.

Those of us who work in the dairy industry take great pride in how much dairy makes a difference – socially, economically and environmentally.

Our industry employs many thousands of people and provides the nation with great, nutritious foods. It spares no effort in meeting our environmental responsibilities around food production. However, it is clear that dairy has challenges, from the ever-changing political and regulatory landscape to volatile markets, competitor industries and anti-dairy groups.

At Dairy UK, we constantly ask ourselves how we can also make a difference as an organisation on behalf of an industry that contributes so much.

Our role is to help build a positive platform for dairy by ensuring the voice of dairy is listened to and acted upon for the good of the entire supply chain. The principles of representing the interests of the dairy industry remain unchanged but Dairy UK strives to be agile, adaptable and progressive in its operations.

This report details how Dairy UK has dealt with the myriad of issues encountered by the industry throughout an extraordinary year by any standards. We firmly believe our industry has a strong and vibrant future. Success may not be easily achieved or secured for all at any one time but the ethos of working diligently on behalf of the dairy industry is something to which we are wholly committed and hold dear.



# OVERVIEW

**Dairy UK's ongoing mission to help create a climate where the dairy industry can compete and thrive without undue regulation and where dairy foods are universally regarded as safe and integral to the UK diet is in itself a substantial task.**

## **Then came Brexit.**

The result of the EU referendum stopped the clock and led to an instant analysis and reassessment of the industry's and Dairy UK's priorities for the foreseeable future. Our general aims and objectives remain clear, but the industry needs to be clear on what it requires from Brexit as the UK prepares to exit the European Union.

Such a major issue reaffirmed the importance of Dairy UK being a key link between our members, Government, regulators and other stakeholders. While Brexit became the dominant emerging issue, familiar topics remained at the forefront of our activity and our in-house expertise has been important in addressing these on behalf of our members.

Exports are crucially important for the future of the UK industry. Our strategy 'Exporting Dairy to the World' has been welcomed by Government and engagement with Defra regarding implementation is ongoing.

On nutrition, Dairy UK undertook intensive work to convey to policy makers the importance of recognising the contribution dairy makes to the nation's diet.

We actively engaged with the UK Government, devolved administrations and industry partners on dairy policy and the need to find ways to manage market volatility.

The preservation of the reputation of dairy foods as safe and wholesome is vitally important and Dairy UK is involved in a range of initiatives and schemes to enhance supply chain integrity.

In the environmental arena, we helped members achieve significant savings via its administration of the Climate Change Agreements through our subsidiary Dairy Energy Savings (DES).

The challenges that must be met are formidable and varied but opportunity also beckons. With confidence and clarity in its approach, Dairy UK is committed to achieving success on behalf of one of the UK's great industries as we turn the page from 2016 to another eventful year in the making.

# FOCUS ON: SUPPLY CHAIN INTEGRITY

The dairy industry is committed to delivering safe and wholesome milk and dairy products to consumers in the UK and abroad. Dairy companies make every effort to ensure that the dairy products they offer are of the highest quality.

**In order to support dairy companies achieve excellence in terms of supply chain integrity, Dairy UK has set up several schemes and initiatives including the Due Diligence Scheme. Thanks to a short and efficient supply chain, the potential for fraud or contamination in the dairy industry is extremely low. However, dairy companies are not complacent and want to prevent potential risks.**

## MILKSURE

As antimicrobial resistance becomes a growing concern, Dairy UK wants to take industry standards even further and raise the bar for good practice on farm.

Dairy UK launched a package of new measures for the dairy industry as part of its ongoing commitment to the prudent use of antibiotics and to delivering safe and wholesome dairy products to consumers across the UK.

The package features three projects, including the brand new 'MilkSure' training programme for dairy farmers. Developed in conjunction with the British Cattle Veterinary Association (BCVA), MilkSure is a comprehensive programme covering all technical and practical factors relevant to the use of antibiotics on dairy farms which aims to safeguard residue free milk.

The two other major components of the package are a revamped teat sealant training programme and a guidance document on the use of test kits on farm to advise on their benefits and how results should be implemented.

These measures were designed to bring the industry together and improve the approach to the use of antibiotics on farm and reduce potential residues in raw milk. This will give consumers and customers even greater confidence that British milk is a pure and wholesome food.

Collaboration throughout the supply chain is essential to foster good practice on farm. Dairy UK strongly believes that a more informed use of antibiotics will lead to a reduced use and developed these new measures get vets, farmers and milk purchasers working together for optimal results.



# Our priorities in 2016

## ANTIBIOTIC STEWARDSHIP

In addition to the MilkSure programme and activities of the Dairy UK Antibiotics Working Group, Dairy UK reasserted its commitment to antibiotic stewardship and to the antimicrobial resistance (AMR) debate throughout the year.

From the O'Neill report on AMR to encouraging an increased collaboration with Red Tractor for data collection, Dairy UK focused on working towards the continuous improvement of the current testing regimes and the measures in place to guarantee the safety of dairy products.

Dairy UK also joined the new Responsible Use of Medicines in Agriculture Alliance (RUMA) task force which looks at how meaningful targets can be developed to replace, reduce and refine antibiotic use in UK agriculture. The task force will aim at identifying effective, evidence-based goals that work for the UK livestock sectors and protect animal welfare.

## REDUCING JOHNE'S DISEASE

Phase I of the Action Johne's Initiative drew to a successful close in 2016. Throughout Phase I, milk buyers accounting for just over 80% of milk supply in Great Britain signed up to the Initiative and around 50% of GB dairy farmers engaged in a form of surveillance. An analysis of Phase I showed that a close working relationship between dairy farmers and their vets could yield significant results through the effective application of the six control strategies developed by the Action Group on dairy farms.

Building on this success, the Dairy UK-led Action Group on Johne's completed an industry-wide consultation on Phase II.

The proposals for Phase II will chime in with the cattle industry's focus on BVD. The principles for tackling both diseases are fundamentally the same. In both cases, farmers need to assess the level of biosecurity and disease risk on farm, define the disease status of the herd, create an action plan and monitor progress. It is therefore logical that farmers should tackle both when they can. To guarantee that vets should have the expertise the industry needs for Phase II, the British Cattle Veterinary Association set up a mandatory online training course for vets to be able to sign-off activity on farms.

Phase II will be launched at a national conference in February 2017, looking at progress to date, case studies, strategies for winning farmer engagement and activity in other countries.

## INDUSTRY GUIDE TO GOOD HYGIENE PRACTICE

In line with its commitment to outstanding production standards, Dairy UK has been working with its Scientific and Technical Committee on a revision of the Industry Guide to Good Hygiene Practice. Initially drafted in 2010, the guide aims to assist milk producers, processors and all other dairy manufacturing establishments to meet the legal requirements of the EU Hygiene Package while helping enforcement officers with the interpretation of hygiene legislation.

In the past, numerous incidents in which businesses and authorities diverged in their interpretations of EU law resulted in avoidable food recalls and withdrawals. As a result, the guide's goal is to provide a consistent interpretation of the Regulations and to make sure that food businesses and food authorities share a common understanding of what the provisions entail.

The revised guide is due for publication and endorsement by the Food Standards Agency in 2017.

## MYCOBACTERIUM AVIUM SS. PARATUBERCULOSIS (MAP)

Dairy UK is actively participating in the International Dairy Federation action team tasked with analysing all available methods worldwide for detecting Mycobacterium avium ss. Paratuberculosis (MAP) in a range of samples (raw milk, finished product and environmental contaminants).

The goal of the review is to evaluate the quality and possible impact of published results of MAP detection in the past and the near future. The review will focus on pros and cons, sensitivity and specificity of existing methods.

A possible outcome of this evaluation will be the identification of a standard method for the detection of MAP in dairy products, information which can be used to provide evidence-based rebuttals to any future studies on MAP in dairy products.

**“FOOD SAFETY AND QUALITY ARE PARAMOUNT AND DAIRY UK MEMBERS STRIVE TO BE AHEAD OF THE GAME WITH EXEMPLARY TRACEABILITY AND STRINGENT TESTING MEASURES.”**

# FOCUS ON: NUTRITION & HEALTH

Nutrient-rich dairy products have a crucial role to play as part of a healthy and balanced diet and lifestyle. Milk, hard cheese and yogurt are the number one source of calcium in the UK diet. They also contain a wealth of other key nutrients such as protein, riboflavin, vitamin B12, iodine, phosphorus and potassium, all of which play an essential role in a healthy diet.

**Dairy UK is working hard to ensure that policy makers recognise the significant contribution that dairy foods make to the UK diet and to address many of the misconceptions which still linger in public policy.**

The dairy industry has a longstanding commitment to good nutrition and healthy diets. Our members provide a wide range of affordable, nutritious food and drinks with options for all consumers' tastes. Whether consumers want a standard product, low fat or no added sugar, there is a dairy product choice to fit every dietary need.

Nevertheless, dairy often finds itself caught in the crosshairs of public health policies which deal solely with the reduction of single nutrients. With almost two thirds of adults in the UK now classified as overweight or obese, it is not surprising that obesity continues to take centre-stage with public health professionals, consumers and media. We share the Government's aspiration for a well-nourished, healthy population and we also think dairy is part of the solution due to its nutrient rich nature.

Throughout the year, Dairy UK proactively engaged with Public Health England to restore a positive dialogue on sugar and dairy, submitting robust evidence for the agency's consultation on a sugar reformulation programme in light of the newly released 'Obesity Strategy'.

Dairy UK also submitted a comprehensive analysis of sugars in dairy products as part of the Soft Drinks Industry Levy consultation for the upcoming 'sugar tax'. In the document, Dairy UK supported the proposed 75% milk content threshold and the strict distinction between natural and added sugars, highlighting the nutrient-richness of dairy products and the role of dairy in a healthy and balanced diet. All points put forward by Dairy UK were taken into account in the draft legislation published in December.



**“AS OBESITY BECOMES A MAJOR HEALTH CRISIS FOR CHILDREN AND ADULTS ALIKE, NUTRIENT-DENSE WHOLE FOODS SUCH AS DAIRY PRODUCTS SHOULD BE PUT FRONT AND CENTRE IN DIETARY GUIDELINES.”**



# Our priorities in 2016

## NUTRIENT PROFILES

Dairy UK's sustained engagement with Members of the European Parliament came to a successful conclusion with the Parliament's decision to scrap nutrient profiles. With 402 votes for and 285 against, MEPs elected to remove nutrient profiles from Regulation (EC) No 1924/2006 on nutrition and health claims made on foods, as part of the vote on the Regulatory Fitness and Performance Programme (REFIT).

Under the current regulations, nutrient-dense products such as fruit yogurts or hard cheeses risked falling foul of a nutrient profiling scheme based on individual nutrients such as fat, sugar and salt. Yet, a nutrient-poor product such as a diet soft drink would have passed the profile while providing no nutritional benefits whatsoever.

The impact of such profiles on natural foods such as cheese and yogurt would be devastating and could jeopardise dairy's reputation with consumers, both at home and abroad. As demand for dairy in emerging markets grows steadily, a nutrient profile suggesting that UK or EU dairy foods are not nutritionally fit to bear claims would be highly detrimental, leaving the UK and other EU countries at a commercial disadvantage.

Ahead of the vote, the Dairy APPG called for the abolition of nutrient profiles, stating they would create 'an unnecessary burden on already stringent regulations and could be detrimental to natural, traditional foods, while leaving the door open for nutrient-poor foods.'

Dairy UK hailed the decision to scrap profiles as a welcome shift towards holistic nutrition policies in the EU and is gathering further evidence for an upcoming European Commission consultation.

## DIETARY GUIDELINES

Dairy UK led an outcry against the revised dietary guidelines published by Public Health England (PHE). The new 'Eatwell Guide' slashed the recommended dairy intake by half, ignoring the growing body of science backing dairy consumption as part of a healthy diet as well as dietary guidelines worldwide.

Supported by many public figures including Defra and the Dairy All-Party Parliamentary Group, Dairy UK denounced an opaque process and a decision flying in the face of

recent findings such as the Scientific Advisory Committee on Nutrition (SACN) report on carbohydrates and human health, the Dairy APPG's report on dairy and public health as well as the Government's recognition of dairy products' nutritional value through their exemption from the sugar levy.

## CAP CONSULTATION

Dairy UK took an active part in a Committee on Advertising Practices (CAP) consultation which could have wide-reaching implications in terms of advertising and promoting dairy products across media channels. The draft CAP proposals launched in November aim to introduce a new rule to the UK Code of Non-broadcast Advertising, Direct and Promotional Marketing (the CAP Code), limiting how and where food and drinks high in fat, salt or sugar (HFSS products) are advertised in non-broadcast media. The proposals rely on a Department of Health nutrient profiling model which Public Health England are currently reviewing.

Evidence presented by Dairy UK highlights how strict nutrient profiling can penalise nutrient-rich foods such as dairy products. Although high in calcium, protein and other key nutrients, cheese could be blacklisted according to a nutrient profiling modelling singling out individual nutrients. Dairy UK stressed the importance of considering the nutritional impact of whole foods and their role in a balanced diet instead of singling out 'good' or 'bad' nutrients.

## HOLISTIC APPROACH TO NUTRITION POLICIES

In a letter to Parliamentarians and Government, Dairy UK pressed home the importance of taking a holistic approach to nutrition policies in the UK.

Policies targeting individual nutrients do not always provide a balanced view of foods and can lead to a misunderstanding of the overall value of whole foods. Consumers do not eat nutrients, consumers eat foods. It is therefore essential to consider the nutritional impact of whole foods and their role in a healthy and balanced diet instead of singling out nutrients such as sugar, salt or fat.

Looking at the overall nutritional value of dairy products compared to other categories, it becomes clear that a blanket solution on all food categories may jeopardise the ability to favour healthier food choices.

A glass pitcher is pouring a thick stream of white milk into a tall, clear glass. The milk is captured mid-pour, creating a dynamic sense of movement. The background is a soft, out-of-focus light blue, which makes the white milk stand out. The lighting is bright and even, highlighting the texture of the milk as it falls.

# FOCUS ON: DAIRY POLICY

Dairy policies shape the environment dairy companies operate in and Dairy UK works around the clock to make sure it is an environment which facilitates growth and development in the industry and reduces the burden of regulation.

Dairy UK works closely with the UK Government, devolved administrations and all relevant organisations to promote the interests of the UK dairy sector and help steer our industry in the right direction. With volatility now an inherent part of the market, the dairy industry must focus on being more competitive and finding the right tools to manage the impact of volatility.

## **BOOSTING DAIRY EXPORTS**

In January, Dairy UK published a comprehensive Export Strategy, outlining key steps to improve the cost effectiveness and efficiency of the dairy export certification scheme to boost exports worldwide.

Building on the success of the report, Dairy UK worked with Defra to support the development of a range of options for the future administration of export health certificates, identifying short and long term opportunities for improvement. As part of the Dairy Certification Working Group, Dairy UK and Defra have looked at the creation of a one-stop-shop for all export certificates, remote certification by vets, plant authorisation and the greater availability of generic certificates.

Dairy UK is now working with Defra on a pilot project on remote certification. The system would allow certificates to be issued automatically once a plant has been inspected and approved. Dairy UK endorsed the project's specifications and will liaise with Defra on its implementation.

Dairy UK also pushed for the efficient and cost effective management of importing country audits, while safeguarding the UK dairy sector's food safety credentials and building confidence in the UK regulatory regime.

In its 'International Action Plan for UK Food & Drink 2016-2020', the Government recognised Dairy UK's contributions to food and drink exports, enshrining key recommendations in its own strategy and highlighting the dairy sector's aspirations for a 20-30% increase in exports over the next five years.

# Our priorities in 2016

## AGRICULTURAL POLICY

As part of its priority actions set after the EU referendum, Dairy UK has identified several key principles for the development of UK agricultural policy post-Brexit.

In a comprehensive briefing paper drafted with the support of the Farmers' Forum, Dairy UK stressed that protecting and enhancing the competitiveness of the dairy sector should be at the core of all aspects of agricultural policy.

Other essential questions revolved around an equitable treatment of dairy farmers compared to their European counterparts, a reconfiguration of direct payments taking into account the impact of and trying to mitigate price volatility, as well as a calculation of aid for public goods by income forgone.

The paper also tackles the need to maintain equivalent standards with the EU, to ensure the availability of trained labour and new entrants as well as to minimise distortions between the countries of the UK. Dairy UK strongly believes it is essential that agricultural policy should enable the UK dairy sector to compete in a challenging and market-driven environment.

## GROCERIES CODE ADJUDICATOR

Throughout the year, Dairy UK reiterated its views on the Groceries Code Adjudicator's (GCA) remit and called for an extension of the Adjudicator's remit to large food service companies, small retailers and wholesalers.

In parliamentary briefings and as part of a consultation launched by the Department for Business, Energy and Industry Strategy, Dairy UK explained that a horizontal extension of her remit would allow the Adjudicator to have a comprehensive oversight of the retail sector while benefiting the dairy industry as these outlets constitute an important and growing part of the market for dairy.

Conversely, Dairy UK argued that extending her remit down the supply chain to include contractual relations between farmers and purchasers would lead to unnecessary and excessive

regulation, hindering the industry's flexibility and ability to respond to the market place. Regulation of the dairy sector by the GCA would also raise the issue of why other agricultural sectors should not be included and would set a complex precedent.

## SCHOOL MILK SCHEME

Months of constructive engagement with MEPs proved successful as the European Parliament voted for a new and improved School Milk Scheme. MEPs approved the merging of the separate school milk and fruit schemes to boost the combined annual budget by €20 million to €250 million a year. The new scheme expanded the list of eligible products for EU subsidy to include a number of flavoured dairy products and increased the dairy-specific budget from €80 million to €100 million.

Dairy UK maintained a close dialogue with MEPs ahead of the vote, calling for the inclusion of flavoured milks and yogurts alongside plain dairy products as all can make important contributions to children's intakes of essential nutrients, particularly protein, calcium and vitamin B12.

Following the Brexit vote, Dairy UK secured a key role in an upcoming Defra working group on the future of the School Milk Scheme post Brexit.

## MANAGING VOLATILITY

With volatility now an inherent part of the market, Dairy UK is exploring new ways to help the dairy industry be more competitive and find the right tools to manage the impact of volatility.

Throughout the year, Dairy UK maintained a constructive dialogue with all dairy stakeholders including farming bodies and financial organisations to consider the development of futures markets for dairy.

Dairy UK also hosted a joint conference on volatility in Northern Ireland with the Ulster Farmers Union. The conference brought together UK and international speakers offering new insights and perspectives on the challenges of volatility and risk management tools such as the US Margin Protection Programme.

**“WITH STATE-OF-THE-ART INFRASTRUCTURES, SIGNIFICANT INVESTMENTS IN RESEARCH AND NEW TECHNOLOGIES AND A DEDICATION TO CREATE AND INNOVATE, THE UK DAIRY SECTOR IS IN A PRIME POSITION TO BE A LEADER OF THE MANUFACTURING INDUSTRIES.”**

# FOCUS ON: ENVIRONMENT & SUSTAINABILITY

Dairy UK's commitment to tackling the environmental challenges of food production is unwavering and our members' achievements in terms of sustainability show compelling evidence of that commitment.

Any type of food production comes at a cost, but dairy farmers and processors have taken huge strides in mitigating their environmental impact and looking after the planet's resources. Dairy UK has ambitious targets and our members have the drive to meet and even surpass them.

## WASTE PREVENTION & REDUCTION

Food and packaging waste is one of the key environmental and social challenges the dairy industry is determined to tackle under the Dairy Roadmap. 2020 targets include sending zero ex-factory waste to landfill and certifying up to 50% recycled material in HDPE milk bottles, or its carbon equivalent reduction.

In order to meet these challenges, Dairy UK signed up to the Courtauld 2025 Commitment, a WRAP-led campaign aiming to reduce food and drink waste and the the greenhouse gas emissions (GHGe) associated with its production by a fifth by 2025. A Dairy Working

Group was specifically set up to help the Roadmap meet its 2020 targets and identify where in the dairy supply chain particular work needs to be concentrated in order to avoid unnecessary food and drink waste.

Dairy UK joined the Grocer's Waste Not Want Not campaign to raise awareness of industry efforts to tackle waste prevention. Several dairy processing sites have also been working with foodbanks and companies such as FareShare to explore opportunities to increase waste redistribution, as well as opportunities to divert waste to animal feed.

Going further, Dairy UK has been exploring waste valorisation options for the sector, engaging in WRAP led workshops. There is an increased focus on the potential value of re-processing non-avoidable waste in the food and drink sector and there could be exciting opportunities for nutrient extraction in unavoidable dairy waste in the future.

**“THE DAIRY FOOD GROUP HAS OUTSTANDING SUSTAINABILITY CREDENTIALS AND WE SHOULD NOT BE AFRAID TO SHOWCASE THEM. DAIRY PRODUCTS TICK EVERY SINGLE BOX AND FEW OTHER FOOD GROUPS CAN SAY THE SAME SO CONFIDENTLY.”**



# Our priorities in 2016

## DAIRY ROADMAP

A joint initiative between Dairy UK, AHDB Dairy and the NFU, the Dairy Roadmap is a ground-breaking framework driving environmental improvement forward throughout the dairy industry. The Roadmap covers a wide spectrum of environmental criteria including GHGe, water, biodiversity and waste. Dairy UK took over the chairmanship in 2016 and committed to developing the Roadmap brand and showcasing the industry's sustainability credentials.

## BIODIVERSITY

The processor sub-group for the Dairy Roadmap was integrated into Dairy UK's Sustainability and Environment Committee (SEC). Following the launch of the Dairy UK Biodiversity Strategy in 2015, the Committee approached the Wildlife Trust to explore options to develop and implement the strategy. While the main biodiversity focus will be on the farming side, the Committee has been looking at ways in which processing sites can further their involvement, e.g. by increasing staff awareness. The committee will continue to engage with charities such as the WT in order to pursue its biodiversity ambitions.

## ENVIRONMENTAL POLICY

Dairy UK has been working with the European Dairy Association on the EU Emissions Trading Scheme, a cap and trade scheme for greenhouse gases. Under the EU ETS, dairy processing sites producing high energy intensity products are allocated sufficient allowances to ensure they are not put at risk of carbon leakage, meaning they do not relocate to countries with less stringent climate legislation.

Discussions are currently underway for Phase IV of EU ETS (2021–2030) which include modifying how allowances are distributed across the industrial sectors. The impact would result in certain dairy products losing their carbon leakage risk status, incurring significant financial costs as well as preventing a sustainable decarbonisation of the sector.

Dairy UK and EDA have urged the European Commission and the UK Government to reconsider the current methods used to determine carbon leakage status for products as these methods remain essential for a competitive and sustainable dairy production in the UK.

Dairy UK has also been working with Defra on the National Emissions Ceiling Directive (NECD), which details emissions targets to be met by 2030, ammonia being the critical pollutant to tackle.

## ENVIRONMENTAL BENCHMARKING REPORT

The 2016 Dairy Environmental Benchmarking Report showed that Dairy processors are making outstanding progress towards meeting their environmental goals. The highlights from the report include a 16% increase in energy efficiency, 15% increase in water efficiency, 18% decrease in the amount of waste sent to landfill and a 21% increase in the amount of waste recovered or recycled since 2008. This shows excellent progress considering the throughput of reporting sites increased by 23% in the same period.

Dairy UK also broadened the benchmark are also broadening our benchmarking requirements to include food waste as a specific category with sub-categories including by-products, animal feed and redistribution. This specific set of data will help develop the targets for the next Dairy Roadmap as well as provide a more robust indicator of where the dairy industry sits in comparison to other sectors.

The report shows that the sector is already halfway towards achieving a 30% reduction in water use, one of the 2020 manufacturer targets identified in the Dairy Roadmap, as well as exceeding its target of a 15% improvement in energy efficiency, well before the target date.

## DAIRY SUSTAINABILITY FRAMEWORK

Dairy UK is an Affiliate Member of the Dairy Sustainability Framework (DSF), an industry led consortium. The DSF sets out eleven key environmental criteria aimed at improving the sustainability of the dairy supply chain.

These include GHGe, soil nutrients, waste, water, soil, biodiversity, market development, rural economies, working conditions, animal care and product safety and quality. The framework focuses on collaboration and global reporting of environmental criteria. Dairy UK is looking to become aggregate members and join in reporting on the environmental criteria set out by the DSF using the agreed indicators.





# FOCUS ON: BREXIT

The UK referendum on EU membership sent shockwaves throughout the country as many industries pondered what the future would bring.

**“OUR ABILITY TO INNOVATE AND INVEST IN THE FUTURE IS SECOND TO NONE. THE UK DAIRY INDUSTRY HAS A TREMENDOUS POTENTIAL FOR GROWTH AND SUCCESS, AS LONG AS IT CAN OPERATE WITHIN AN APPROPRIATE AND FORWARD-LOOKING REGULATORY FRAMEWORK IN A POST-BREXIT UK.”**

As a politically neutral organisation, Dairy UK's role is to help ensure that dairy's voice is heard in the many debates around what the environment for UK food and farming sector post Brexit may look like. Whether our members' businesses are focused on exports or on the domestic market, they require an operating environment which allows them to thrive. Exiting the European Union is bound to have a profound impact on the dairy sector and the industry must ensure it takes all the right steps to become more resilient, competitive and profitable.

With so much yet to be negotiated and agreed, it is essential that the dairy industry should make its priorities clear and maintain a close and constructive dialogue with Government and Parliament throughout the negotiation process.

Following lengthy discussions with members and dairy stakeholders, Dairy UK set out five Brexit principles, essential for the sustainable competitiveness of the industry.

- Continued market access without tariff or non-tariff barriers.
- A clear relationship with the EU prior to the negotiations of FTAs with third countries.
- Access to skilled and unskilled labour from the EU.
- Fair food and drink regulations on par with EU partners, allowing a level playing field and avoiding the creation of non-tariff barriers.
- Measures to prevent any disadvantages for UK dairy farmers compared to their European neighbours.



# FOCUS ON: REGIONAL ACTIVITIES

## In Scotland

### SCOTLAND'S DAIRY GROWTH AGENDA

An active member of the Scottish Dairy Growth Board, Dairy UK provided input in the Board's activities throughout the year. The Board was set up by the Scottish Government alongside the Dairy Hub in response to the Ambition 2025 strategic report published in 2013 to encourage the development of the industry.

Central to the 2016 programme of work was the launch of the 100% Scottish milk brand to help consumers identify Scottish dairy products. 11 processors involving around 150 farmers have signed up to the brand so far, with 18 brands supplying 39 different products across three ranges – heritage, artisan and organic.

The Board has focused on attracting further processing investment to Scotland with a large range of projects under active development. Additionally, a promising export programme is being developed within the framework of Scotland Food and Drink.

The Dairy Hub, part of the AHDB Dairy structure, appears to be well established and valued by farmers. The Hub identifies the best sources of advice and training to improve dairy farm competitiveness, technical efficiency, sustainability and growth. With the level of enquiries running into the hundreds, there are ambitious plans to develop the Hub in 2017 and beyond.

### CABINET CONCERNS

Dairy UK joined a meeting convened by the Cabinet Secretary in March 2016 to consider the impact of the adverse economic conditions on the Scottish dairy sector. The key outcome of the discussions was the creation of a short term plan to address major challenges,



with a focus on mitigating the impact of price volatility.

The Scottish Government expressed serious concerns about the Scottish dairy sector losing critical mass should more farmers exit the sector, concerns compounded by the EU referendum.

A working group has been established to consider this issue in greater depth, aiming to increase the number of dairy producer organisations; review existing milk supply contracts and producer/processor relationships to identify best practice and; enhance transparency within the supply chain by identifying pricing formula that demonstrate a transparent link to global market returns.

The group will submit its conclusions to the Dairy Growth Board by April 2017, who in turn will advise the Cabinet Secretary on the way forward.

### RENEWED POLITICAL DIRECTION

Dairy UK is liaising with the Scottish Government on provisional plans for A Good Food Nation Bill drawing together all aspects of the Scottish Government's work on food and drink – including food standards, public procurement and food waste. The Government also intends to revisit the health and nutrition legislative framework for school meals to ensure that children have more access to healthy, Scottish produce both within and outside the school gates.





Dairy UK is part of the Executive Group of the Scotland Food and Drink framework, the primary interface between industry and Government. Dairy UK has also been involved in consultations about Deepening Collaboration within the Food and Drink sector in Scotland.

## In Wales

Dairy UK Policy Director Peter Dawson sits on the Welsh Dairy Leadership Board, established in 2015 by former Minister Rebecca Evans AM. The Leadership Board was set up to take forward recommendations and actions identified in the 2014 review of the Welsh dairy sector.

## In Northern Ireland

### **VOLATILITY WORKING GROUP**

Early in the year, Dairy UK NI joined forces with the Ulster Farmers Union (UFU) and the College of Agriculture, Food and Rural Enterprise (CAFRE) to explore new ways to tackle the impact of price volatility. The group aims to find tools to deal with the lows of price volatility cycles but also maximise opportunities when the cycle is returning high prices.

Two main questions were identified.

- If flexibility is a key element of managing dairy farming businesses now and in the future, are NI dairy farming systems fit for purpose?
- As the EU predicts that milk prices will oscillate around 32ct/l until 2020, what is needed to have sustainable dairy farming businesses that can survive at 32ct/l?

In addition to a successful conference in May, the working group is finalising a report which will outline priority areas and new options to help the industry manage the impact of volatility throughout the price cycle.

### **TACKLING CLIMATE CHANGE**

Dairy UK NI was at the forefront of the environment debate, providing in-depth and robust evidence on a proposal for NI Climate Change legislation.

Noting that a NI Climate Change Bill would come on top of existing EU and UK legislation, Dairy UK NI outlined progress already made by the NI agrifood sector. A GHG Stakeholder Group established in 2010 composed of agri-food representatives and DARD has led the way in terms of GHG reduction initiatives.

Dairy UK NI also stressed that legislation with specific targets would move the focus from efficiency gains to absolute emissions which, in turn, would be a major barrier to growth. Analysis carried out by AFBI has shown that Climate Change legislation for NI would result in a contraction of the NI agri-food sector by up to 14%. This contrasts with the planned growth, as set out in the AFSD Report, of 60% by 2020.

### **FOCUS ON BREXIT**

Dairy UK NI set out to protect the interests of the dairy industry and to ensure that the Brexit negotiations would not jeopardise the future of the industry.

In addition to meetings with Liam Fox, Secretary of State for International Trade and Shawn Morgan, UK Rep Ambassador to the European Commission, Dairy UK NI is part of the Brexit Business Liaison Group advising the NI First and Deputy First Ministers.

Dairy UK was also invited by DAERA Minister Michelle McIlveen and Economy Minister Simon Hamilton to join an industry Consultative Committee on Brexit.

Later in the year, Dairy UK submitted evidence to the NI Affairs Select Committee of the House of Commons as part of its inquiry into the Future of the Land Boarder with the Republic of Ireland. The paper outlines the implications of Brexit on the Northern Ireland dairy industry as well as the impact of a potential hard border on free movement of raw milk, staff and products across the island of Ireland.

# FOCUS ON: OCCUPATIONAL HEALTH & SAFETY

Employee health and safety is paramount to all who work in the dairy sector. The Dairy UK Occupational Health & Safety Committee is responsible for determining industry policy on occupational health and safety matters. It also promotes best practice, draws up industry guidance and combines health and safety debate with a strong occupational health profile.

## OCCUPATIONAL ILL HEALTH

Building on the success of previous guidance documents such as 'Safe Use and Movement of Milk Trolleys' and 'Prevention of Slips and Trips in the Dairy Industry', Dairy UK started compiling new guidelines on occupational ill health. The guide is part of the Committee's commitment to ensure risks to health are well known and provide a focus to reduce occupational ill health in key risk areas.

## HEALTH & SAFETY OUTCOMES

Dairy UK pledged to support the objectives set out in the new "Common Strategy for Improving Health and

Safety Outcomes in the Food and Drink Manufacturing Industry 2016-2021" document, released in November. Produced by the Food and Drink Manufacturing Forum, a partnership between trade associations, trade unions and the Health and Safety Executive, the strategy is a voluntary initiative to improve the health and safety performance of the food and drink manufacturing industry. Priority areas include reducing ill-health and injury rates, managing musculoskeletal disorders (MSD), managing slips and trips risks as well as setting up effective occupational health management systems.

## INJURY PREVENTION

Industry accident statistics submitted by Dairy UK members for the IOSH/FDF/ Dairy UK Benchmarking Report and Industry Accident Survey show significant improvements in accident frequency rates and accident injury rates. The data also shows a sharp drop in the dangerous occurrences section. A record number of companies contributed to the survey, representing 22,160 employees.

## GUIDANCE VIDEO

Slips, trips and falls and manual handling account for 50% of all lost time accidents in the food and drink sector and 55% in the dairy sector. Dairy UK's Occupational Health and Safety Committee is committed to reducing lost time injuries and promoting measures which can help dairy companies improve their health and safety culture.

To support members, Dairy UK teamed up with manual handling training specialists Pristine Condition to produce a 20 minute guidance video, primarily aimed at SMEs. The video contains essential advice and demonstrates the correct manual handling techniques that should be used to prevent these types of accidents.



# PUBLICATIONS & CONSULTATIONS

## UNITED KINGDOM: EXPORTING DAIRY TO THE WORLD

The Dairy UK Export Strategy aims to help the dairy industry unlock a 'new world of opportunity' on international markets. The strategy identifies a raft of actions and recommendations that will enhance the UK dairy industry's export performance.

The actions and recommendations include improving the export certification regime; creating a one-stop shop for dairy exporters; establishing world-class inspection and audit practices, and removing barriers to dairy trade.

Other dairy exporting countries have followed successful paths and set interesting examples in terms of industry-government cooperation to foster growth and develop exports. The UK industry can learn from these experiences and ensure that the UK has efficient and cost-effective systems that support export growth while preserving consumer confidence in the safety and quality of UK dairy products.



## BREXIT & THE FUTURE OF DAIRY EXPORTS

The UK dairy sector is an outstanding industry which has been steadily growing its exports of world-class products, supporting much needed rural jobs and employing people with the expertise, ambition and determination to succeed.

Yet the last six months have brought some of the most unexpected and singular challenges we have had to face. As the market began a slow but steady recovery, the EU referendum

forced us to take a step back, analyse our strengths and weaknesses, and try to anticipate what might come next.

We must remain internationally competitive and successfully exploit the dairy trade opportunities we have at home and abroad. This document outlines where we are, where we want to be and what we need from Government and Parliament to fulfil our potential.



## CONSULTATIONS

Throughout the year, Dairy UK submitted robust evidence to several official consultations including:

- Committee of Advertising Practices (CAP) consultation on food and soft drink advertising to children
- HM Treasury consultation on the Soft Drinks Industry Levy
- Public Health England consultation on sugar targets for yogurt
- 2017 Monitoring programme for pesticide residues in food
- Department for Business, Energy and Industrial Strategy (BEIS) review of Climate Change Agreements carbon buy-out price options
- Defra consultation on additional TB control measures
- Defra consultation on the EU Exceptional Aid Package
- Canadian Government's consultation on CETA TRQs
- Consultation on the AHDB Dairy Business Plan
- European Commission consultation on Product Environmental Footprint (PEF) category rules for dairy products

# OUR WORK IN PARLIAMENT

## Dairy All-Party Parliamentary Group

Dairy UK acts as secretariat for the Dairy All-Parliamentary Group, coordinating the group's programme of work and liaising with key stakeholders.



In March, the Dairy APPG released the Putting Dairy Back on the Daily Menu report, highlighting the key role dairy plays in leading a healthy lifestyle and looking at how Government can work more effectively with the UK dairy industry to ensure that dairy consumption is encouraged among all ages.

*From school milk schemes for children to nutrition and healthy ageing campaigns, the APPG gained a better understanding of the role played by dairy.*

**Heather Wheeler MP,**  
**Chair, Dairy APPG (2015/2016)**

*When it comes to promoting the benefits and strength of food products, all food sectors should have a robust evidence-base. We need a regulatory framework that allows industry to showcase the strengths of their products a bit more easily when the science is there to back the claim.*

**Margaret Ritchie MP,**  
**Vice-Chair, Dairy APPG**

*The Dairy APPG report is a welcome contribution to the debate on the links between dairy, health and nutrition. We fully support the APPG's recommendations for a cautious approach to reformulation programmes. We have been calling for a holistic approach to nutrition policies to ensure that nutrition policies take into account the effect of whole foods and dietary patterns on health outcomes.*

**Dr Judith Bryans,**  
**Chief Executive, Dairy UK**

In November, the Dairy APPG announced a new inquiry on skills and labour in the dairy industry and called for evidence from industry representatives. The inquiry will be completed in the spring of 2017.

*From farming to processing and manufacturing, from research to marketing and much more, there is something in the dairy sector for everyone. We must help the dairy industry strengthen its position as an attractive industry, with opportunities for all to build a successful and rewarding career.*

**Simon Hoare MP,**  
**Chair, Dairy APPG (2016/2017)**



**IN SPITE OF THE UNCERTAINTY CREATED BY THE BREXIT NEGOTIATIONS, THE UK DAIRY INDUSTRY IS READY TO RISE TO THE CHALLENGE AND STRENGTHEN ITS POSITION AS A GLOBAL DAIRY PLAYER.**

**Dr David Dobbin,**  
Chairman, Dairy UK

## Brexit & Dairy Exports roundtable

In November, Dairy UK brought together CEOs of major dairy companies and leading decision-makers to discuss the impact of Brexit on dairy trade in the UK.

Dairy UK set out its vision for the industry, demonstrating that the industry's path to global success relies on:

- Maintaining uninterrupted access to the EU market;
- Protecting existing trade agreements;
- Developing new Free Trade Agreements (FTAs);
- Avoiding border issues on the island of Ireland;
- Working with Defra for optimal results on health certificates, inspection visits and promotion of the UK brand.

*The negotiations with the European Union will be complex, however food and drink exports are a crucial part of our economy and we must make sure the Government uses all of its resources to promote and boost trade.*

**Neil Parish MP,**  
Chair of the Efra Select Committee

*The Government will not trade-off the interests of one sector against another when developing trade agreements with third countries.*

**Mark Garnier MP,**  
International Trade Minister



## Working with Westminster

Dairy UK submitted evidence to several inquiries throughout the year including the House of Lord's Energy & Environment Committee inquiry on agricultural resilience. Dairy UK also provided evidence to committees in the House of Commons including the Environment, Food and Rural Affairs Committee's inquiry on food waste and the Northern Ireland Affairs Committee's inquiry on the impact of Brexit on the land border with Ireland.

In addition to topical briefings ahead of Westminster Hall Debates or Chamber debates, Dairy UK held a series of one-to-one meetings with key MPs both at party conferences and in Westminster. Throughout the year, Dairy UK discussed essential dairy issues with cross-party MPs, including International Trade Committee Chair Angus MacNeil MP, Efra Committee Chair Neil Parish MP and Toby Perkins MP.



# IN THE MEDIA

## 340 PIECES

### OF MEDIA COVERAGE ACROSS...

#### NATIONAL PRESS

FINANCIAL TIMES **Daily Mail**

**METRO** The Daily Telegraph

THE TIMES

**THE Sun**

**theguardian** DAILY EXPRESS

#### TRADE PRESS

**The Grocer**

**Farmers Guardian**

**DAIRY**  
reporter.com

**FARMERS**  
AWARDS

**agranet**

**DAIRY**  
INDUSTRIES

THE SCOTTISH  
**Farmer**

**FOOD**  
manufacture

#### REGIONAL PRESS

**Burton Mail**

**Evening Mail**

**Herald**

**Daily Press**

**THE PRESS**

#### TV AND RADIO

**BBC**  
RADIO  Scotland

**BBC**  
RADIO DERBY

**itv NEWS**

**BBC**  
RADIO 

**BBC**  
RADIO 

# EVENTS

## Dairy UK Annual Dinner

**JUNE, LONDON**

Today more than ever before, we need to ensure that our dairy industry is market led and innovative, that it is internationally competitive and most important of all, that it is open for business wherever that business takes us.

**Dr David Dobbin, Chairman, Dairy UK**

The UK dairy industry is part of a billion strong global dairy community whose livelihoods and economic stability depend on dairy. We excel at what we do in the UK and we are – and will remain – a strong dairying nation playing its part on the world stage.

**Dr Judith Bryans, Chief Executive, Dairy UK**

The UK dairy industry is enormously important to us. That's why we are pursuing a host of measures to help the dairy industry so it is well placed to take advantage of the growing global demand for dairy produce.

**George Eustice MP,  
Food & Farming Minister, Defra**

The dairy industry has long played an important role in feeding the people of the UK, yet so many misconceptions still exist. We need to make every effort to encourage dairy consumption.

**Heather Wheeler MP,  
Winner of the Dairy UK Award**

I am a proud supporter of our British dairy industry and a strong believer that we must work together to reach our goals. I am optimistic about the industry's future and proud to be a part of it.

**Neil Parish MP,  
Winner of the Dairy UK Award**

As part of a balanced diet, dairy foods play an essential role to help us meet our daily calcium requirement – they're both nutritious and delicious.

**Catherine Collins RD,  
Winner of the Dairy UK  
Scientific Excellence Award**



## Dairy UK Seminar

**GOING GLOBAL:  
EXPORTS & DAIRY'S FUTURE**



Other dairy exporting countries have followed successful paths and set interesting examples in terms of industry-Government cooperation to foster growth and develop exports. We can learn from these experiences and ensure that the UK has efficient and cost-effective systems that support export growth while preserving consumer confidence in the safety and quality of UK dairy products.

*Paul Vernon, Vice-Chair, Dairy UK*

## Dairy UK Doorstep Conference & Awards

**SEPTEMBER, MERSEYSIDE  
#DOORSTEPDELIVERY**



There are few things more quintessentially British than our milkmen and women. Although the market has changed over the years, milkmen and women across the country are still cornerstones of their local communities.

*Dr Judith Bryans,  
Chief Executive, Dairy UK*

Charlie and Roseanne are great ambassadors for our industry. They demonstrate an unwavering passion and enthusiasm for their jobs and I have no doubt they have a great future ahead.

*Nigel Byham,  
BMB Representative, Dairy UK*



## Dairy UK NI / Ulster Farming Union Conference

**MAY, BELFAST  
MANAGING DAIRY VOLATILITY**

The dairy industry must find the right tools to mitigate the impact of price volatility instead of trying to manage volatility itself. We must find new ways to tackle this and avoid living with uncertainty.

*Paul Vernon, Chairman, Dairy UK NI*



# THE DAIRY COUNCIL

A subsidiary of Dairy UK, The Dairy Council is a non-profit making organisation which provides science based information on the role of dairy foods as part of a healthy balanced diet and lifestyle.

In December, Ash Amirahmadi was elected Chairman of the The Dairy Council to lead the team in their efforts to demonstrate the outstanding nutritional contribution of dairy and fight negative and ill-informed criticism of dairy.

Mr Amirahmadi succeeds industry veteran Sandy Wilkie whose dedication to The Dairy Council was recognised by the whole industry.

## OUTREACH PROGRAMME TO HEALTH PROFESSIONALS, UNIVERSITIES, SCHOOLS AND COMMUNITY GROUPS

The Dairy Council's series of evidence-based lectures for health professionals on milk, dairy, nutrition and health were

once again endorsed for continuing professional development by the British Dietetic Association, and were delivered in 12 workplaces over the year.

The Dairy Council also introduced a monthly university seminar series, with events generating video material for both consumers and health professionals, and significant social media engagement. The seminars focused on dairy fats, sports nutrition, iodine, working evidence and the media, performance nutrition, student budget recipes as well as nutrition and breast cancer.

The Dairy Council's school's programme on healthy eating was delivered in 32 schools across the country.

<b>'Dairy and the Fat Facts'</b>	Roehampton University	Dr Anne Mullen, RD
<b>'Dairy and Sports Nutrition'</b>	Kingston University	Dr Lewis James, RNutr
<b>'Dietary Sources of Iodine in the UK'</b>	University of Surrey	Dr Sarah Bath, RD
<b>'Working with Evidence and The Media'</b>	University of Leeds	Dr Anne Mullen, RD
<b>'Recovery from Rio: an insight into performance nutrition'</b>	Olympic Velodrome, Queen Elizabeth Park	Goldie Sayers, Philip Hindes, MBE, Dr Emma Cockburn, Dr Kevin Currell
<b>'Student Budget Recipes with The Angry Chef'</b>	Kingston University	Anthony Warner, the 'Angry Chef'
<b>'Milk, Dairy, Diet and Breast Cancer Risk and Survival'</b>	King's College London	Dr Anne Mullen, RD
<b>'Nutrition and Breast Cancer'</b>	King's College London	Kelly McCabe, RD



## NATIONAL & GLOBAL WORK

The Dairy Council took an active role in several national nutrition discussions throughout the year, including the revised Eatwell Guide, Public Health England's Fats Working Group, part of the Scientific Advisory Group on Nutrition and the Committee on Carcinogenicity's review of the role of dietary Insulin-like Growth Factor on human health.

At global level, The Dairy Council contributed to the Utrecht Group meeting, the International Dairy Federation Standing Committee on Nutrition and Health and is leading the development of the nutrition stream of the IDF World Dairy Summit 2017.

The Dairy Council was also an invited speaker at external events, on the topic of dairy, saturated fat and cardiometabolic

health, including the AHDB Outlook Conference, Food and Drink Innovation Network and Food Matters Live. The Dairy Council exhibited and distributed material at a number of other relevant consumer and professional events including the British Dietetic Association Live conference, and the BBC Good Food Show.

## SPORTS NUTRITION

In addition to the quarterly Dairy and Sport Matters e-magazine, The Dairy Council ran the second Sports Nutrition Award for university students in partnership with the Sports and Exercise Nutrition Register of the British Dietetic Association. Other work in the area of Sports Nutrition included a seminar at Queen Elizabeth Olympic Park with Olympic Champions Goldie Sayers and Philip Hindes MBE.



## MILK IT, SOCIAL MEDIA AND WEBSITE

The Milk It teen campaign reached more than 600,000 newsfeeds with 12,400 engagements on Facebook through posts and competitions as well as 1.1 million impressions and a 7% increase in followers on Twitter.

The Dairy Council produced more than 40 short form videos, uploaded to its YouTube channel and website, generating 5,000 organic video views to date.

The brand new Dairy Council website was launched at the end of the year, with a

major redesign, user-friendly navigation and a complete overhaul of image content.

## WORLD MILK DAY AND WORLD SCHOOL MILK DAY

The Dairy Council produced a short consumer video at the BBC Good Food Show to celebrate World Milk Day. For World School Milk Day, The Dairy Council invited school children to submit 'Milk Shake Moves' dance videos celebrating milk and physical activity on social media.



### AHDB DAIRY RESEARCH COLLABORATION

As part of its research collaboration with AHDB Dairy, The Dairy Council organised a series of seminars including the “Childhood Obesity: from Pregnancy to Playground” conference at the Royal Society, London, attended by 150 health professionals and academics. The programme featured Dr. Anestis Dougkas, Prof Berit Heitmann, Prof Lucilla Poston and Prof Paul Gatelyand. Later in the year, 50 health professionals gathered in London for the “Dairy and Healthy Ageing” conference which saw the launch of the soft copy of the Dairy and Healthy Ageing report, composed by an expert panel of academics. The programme featured Catherine Collins RD, Dr Tom Hill and Prof Luc Van Loon.

A major output of the Dairy, Saturated Fat and Cardiometabolic Health study was the successful publication of a review

“Dairy food products: good or bad for cardiometabolic disease?” by experts within the panel in Nutrition Research Reviews. This article in a high-impact journal concludes that policies to lower saturated fat intake by targeting dairy foods are likely to have limited and possibly negative health effects within a population.

### PUBLICATIONS

The Dairy Council launched a brand new ‘Iodine booklet’ outlining the role of iodine in the diet and dairy’s contribution to iodine intake. The team also held a series of focus groups with teenagers to collect information on the types and formats of health information teens require and respond to.

All publications produced by The Dairy Council and aimed at consumers and healthcare professionals carry the Information Standard certification of quality, awarded by the NHS.

### IN THE MEDIA

Sunday Post  
 BBC Radio 5 Live  
 The Times  
 The Telegraph  
 The Daily Mail  
 Metro  
 Mail on Sunday  
 The Big Issue  
 The Daily Express  
 Farmers Guardian  
 Farmers Weekly  
 Balance Magazine  
 New Food Magazine  
 Farming Life  
 Farming UK  
 Waitrose Magazine  
 Dairy Industries International  
 International Fat and Oils  
 The Scottish Farmer  
 Food Manufacture

### CEREMONY OF THE CHRISTMAS CHEESES

The Ceremony of the Christmas Cheeses dates back over 300 years and recognises the role of cheese in feeding the armed forces. The tradition began in 1692 when the Royal Hospital Chelsea asked a local cheesemonger to provide the in-Pensioners with cheese as a Christmas treat. Cheesemakers across the UK have continued this tradition ever since with the support of The Dairy Council.

The Dairy Council and the in-Pensioners were joined by the Military Wives Choir who helped to ring in the festive season with a series of Christmas songs including Jingle Bells and Winter Wonderland as well as the always popular Quartermasters song.

This year, Chelsea in-Pensioner Mary Johnston cut the ceremonial cheese during the ceremony, a 24kg Montgomery Cheddar donated by J.A. & E. Montgomery, which marks the first time a woman has ever cut the ceremonial Christmas cheese.





THROUGHOUT THE YEAR, BCB ENGAGED WITH CONSUMERS ON SOCIAL MEDIA, PROMOTING ENTERTAINING STORIES ABOUT CHEESE AND SHOWCASING THE VERSATILITY AND NUTRITIOUS VALUE OF GREAT BRITISH CHEESES.

# BRITISH CHEESE BOARD



The British Cheese Board (BCB) is a promotional and educational body for great British cheeses. As a fully integrated subsidiary of Dairy UK, BCB benefits from Dairy UK's technical and nutritional knowledge.

The British Cheese Board is the first port-of-call for all media queries on cheese. Throughout the year, the BCB team provided information, trivia and material for many press articles and TV shows.

**In November, BCB was a proud sponsor of the British Red Cross event "Call My Bluff" where guests enjoyed an evening of wine and cheese tasting.**

BCB has supported the British Red Cross' efforts for many years, supplying tasty and nutritious cheeses thanks to members' kind donations. This year was no exception with donations from Arla Foods, South Caerhafon Creameries, Quicke's Cheese, Lynher Dairies, Lubborn Cheese and Belton Cheese. For the 2016 edition, BCB helped the British Red Cross raise thousands of pounds for the organisation's humanitarian efforts at home and abroad.

**Cheese expert Nigel Pooley received the BCB Nantwich Show Cheese Industry Award in recognition of his invaluable contribution to the UK dairy industry.** Nigel has worked in the dairy

industry for 53 years, specialising in grading cheese to ensure that the product on the supermarket shelf is of the highest standard. Although he officially retired in April this



year from his role as Quality Development Manager, Nigel – affectionately known as "Nige the Nose" – is still lending his smelling power to family-run Somerset cheese-makers, Wyke Farms, who he has been employed by for almost 20 years. The award was presented by celebrity chef Sean Wilson at the Nantwich Cheese Show, the largest international cheese show in the world.

**Stephen Jones, founder of Somerdale International, won the BCB sponsored Cheese Industry Award, sponsored by BCB at the Royal Bath & West Show.**

The Award recognises those who have made a significant contribution to the cheese industry through their involvement in production, research, organisation, education, training and marketing. This Annual Award is a way of expressing gratitude to dedicated people who may have given a lifetime of effort, or made a serious impact as the result of a single innovative idea. Stephen was recognised for his on-going efforts to promote British cheeses in foreign markets.





# DAIRY ENERGY SAVINGS

The Climate Change Agreements (CCA) form part of Government policy to increase energy efficiency and reduce carbon dioxide emissions within industrial sectors.

**To support its members, Dairy UK set up Dairy Energy Savings, a fully integrated subsidiary company aiming to process the Climate Change Agreements on behalf of the dairy sector.**

The dairy sector was allocated energy efficiency targets for milk processing sites. Companies meeting these targets are entitled to a discount on the Climate Change Levy, a tax added to electricity and fuel bills which could add up to 15% on top of a company's energy bill each year.

Climate Change Agreements include two years of data collection followed by a reporting year. In 2016, the Government reviewed the CCA scheme and chose to keep it running until 2023 as it is generally viewed as an effective mechanism to decarbonise the industrial sectors.

On behalf of its membership DES undertakes the following:

- CCA data collection
- CCA data checking
- Reporting CCA data to the Environment Agency
- Collecting Environment Agency Fees
- Processing new applicants
- Processing changes to agreements

The DES membership comprises 65 members and 92 sites. The company

continues to help members process their CCAs in the run up to the end of Target Period 2 (2015/2016) and in preparation for the beginning of Target Period 3 in 2017. Over the last two years, over 50% of members are shown to be meeting their targets, with several sites making impressive improvements in terms of energy efficiency and decarbonisation.

Overall, the dairy processing sector has already achieved its target of improving energy efficiency by 15% between 2008 and 2020, reaching 16% in 2016.

As part of the CCA Review in 2016, the Government decided against calling sectors forward for a target review, concluding a limited potential for uptake of carbon abatement technology within the current target periods. The Government did decide however to go ahead with a review of the carbon buy-out price, for which an open consultation was held in September. Dairy UK responded to the consultation, advising the buy-out price should be kept at the current rate of £12 tCO<sub>2</sub>e (tonnes of carbon emissions). The outcome of the review is anticipated shortly. DES will continue to take part in future discussions, ensuring the optimum policy pathways are taken to secure sustainable decarbonisation for the dairy processing sector.

# TROLLEY TEAM

Trolley Team works in partnership with organisations that help reduce losses by recovering missing equipment and preventing further theft and misappropriation. Since the scheme's creation, over £75 million worth of assets have been returned to members.

Set up by Dairy UK over fifteen years ago, Trolley Team identifies repeat offenders and keeps track of any trolley theft, misappropriation or accidental misuse.

Activities include inspections at member and non-member processing sites, distribution depots, bottled milk buyers, airports, exhibition centres, shopping centres and metal recycling centres.

Trolley Team is a unique cost-saving initiative and an excellent example of industry collaboration with 20 members in 2016.

The scheme made its first visits to Northern Ireland during May with 1,613 trolleys counted at 43 retail sites and 3 processor sites.

In the summer, Trolley Team launched new resources to increase its visibility and help the industry save up to £1.45 million per year. The resources include a new website, brochure, and identification booklet, providing practical advice on how to identify and report missing trolleys and to spread the word about the team's activities and goals."

Bakers Basco undertook management of some misusers on behalf of the scheme which showed changes in their behaviour and a reduction in trolley misuse.

The scheme also recovered and sold 578 trolleys this year through the purchase of the remaining DFOB trolleys, creating a significant surplus.

The scheme expects to repatriate circa 33,000 trolleys this year with a total of 3,075 inspections being carried out.







# DAIRY TRANSPORT ASSURANCE SCHEME

The Dairy Transport Assurance Scheme provides assurance to milk purchasers that the transport of raw milk meets food safety requirements, recognised industry good practice and specific customer needs.

The scheme is based on annual inspections of the milk haulage depots operated by scheme members. The assessment is conducted against 56 standards covering haulage operations, vehicle hygiene, site and statutory requirements, HACCP, personnel and training, subcontractors and contingency procedures.

The scheme is administered by Dairy UK and is overseen by a Management Committee drawn from major milk purchasers in the UK. Membership of the scheme covers an estimated 80% to 90% of milk haulage capacity in the UK.

Alongside the Red Tractor Assurance Dairy Scheme and the British Retail Consortium standards, the DTAS scheme completes the farm to fork assurance of dairy production, processing and distribution.

DTAS membership increased by 40% in 2016, now covering 49 members, 82 depots and 10 associate members.

The average number of non-compliances per depot (items for which they fail to comply with the Scheme Standards) decreased by 13% to only 3.3%, demonstrating the ongoing improvement in the hygiene/safety of their depots and transport fleet.

New self-adhesive stickers are now available for scheme members, with large stickers for use on rear domes and smaller ones for cab doors. These can be used by members to promote awareness of the DTAS scheme and recognise members' efforts to comply with stringent standards.

A DTAS Awareness Course was launched in the autumn for dairy professionals wishing to gain a thorough understanding of DTAS Standards, without becoming assessors. The course aims to get managers, supervisors and new personnel of hauliers and milk purchasers involved to improve their knowledge of the standards and their application within their organisation. It covers all DTAS Standards, focusing on compliance requirements and practical elements. Courses can be arranged for individual businesses and can be tailored to specific needs.

An additional training course was developed for prospective assessors.

A number of annual Continuing Professional Development days took place throughout the year, focusing on food safety, legislation, food hygiene and standards as well as a practical session on inspecting milk tankers and cleaning in place (CIP). All auditors who undertake two or more audits a year are required to attend CPD training annually.



# INTERNATIONAL PRESENCE

Dairy UK plays a pivotal role both at European and global level through the European Dairy Association, the International Dairy Federation and the Global Dairy Platform. Thanks to privileged relationships with European institutions and international organisations, Dairy UK can engage with key partners and represent the UK dairy industry on the global scene.

## EUROPEAN DAIRY ASSOCIATION 2016 KEY ACTIVITIES

### EDA Trade Mission

Washington, US

### EDA Policy Conference

Brussels, BE

### EDA Annual Congress

Nice, FR

### Input and on-going work with EDA working groups:

- Board of Directors
- Scientific Advisory Board on Dairy Nutrition
- Trade & Economics Committee
- Food, Environment & Health Committee
- Input in EU consultations on wide-ranging topics

## IDF WORLD DAIRY SUMMIT 2017

In October, UK-IDF was proud to announce that the 2017 IDF World Dairy Summit would take place in the great city of Belfast.

## GLOBAL DAIRY PLATFORM

Dairy UK worked with its Global Dairy Platform partners on affinity groups and how the dairy industry can connect with them effectively, specifically via social media. The discussions focused on the different channels available in the social media world, their investment and consumption trends, as well as the pros and cons of both search functions and social media conversations.

The project included a highly informative session with Google thought leaders at the Google headquarters, with discussions on digital trends in today's food moments; YouTube as a destination for food and health; measuring the journey, and; the future of marketing communication.



# INTERNATIONAL DAIRY FEDERATION

The International Dairy Federation (IDF) is the leading source of scientific and technical expertise for all stakeholders of the dairy chain. IDF's mission is to help nourish the world with safe and sustainable dairy.

**IDF provides science-based expertise and consensus for the global sector and is the global voice of dairy to key intergovernmental organizations.**

Using the best available scientific and evidence-based information, IDF provides mechanisms for the dairy sector to reach global consensus on scientific and technical issues relating to all aspects of the dairy chain from farm to fridge.

IDF has helped define the environment in which the dairy supply chain operates by being at the forefront of the development and sharing of scientific and technical knowledge, best practices and guidelines.

Through IDF, the global dairy sector can speak in a clear and united voice on key dairy issues.

## 4 PRIORITIES

- Nutrition
- Sustainability
- Standards
- Dairy Safety & Quality

## NUTRITION

Nutrition is a key priority for IDF and the dairy industry. IDF proactively supports science-based nutrition policies that ensure dairy is an integral

part of the diet for all age groups and contributes to closing the nutritional gap.

## SUSTAINABILITY

IDF supports the dairy sector's commitment to continuously improve its ability to provide safe and nutritious milk and dairy products from healthy animals to consumers whilst preserving the planet's natural resources and ensuring decent livelihoods worldwide. This must be done by developing and promoting sustainable practices across the dairy supply chain.

## DAIRY SAFETY & QUALITY

Safeguarding the integrity and transparency of the dairy supply chain is paramount to ensure the dairy industry can deliver safe milk and dairy products of the highest quality.

## STANDARDS

Standards are essential for consumer protection and trade. IDF aims at shaping global regulatory frameworks through the development of policies, laws, regulations, protocols/codes of practice, specifications, guidelines and fact sheets. These address methods of analysis and sampling (MAS), food standards, animal health and welfare, environment, food safety and quality and nutrition.



## DAIRY DECLARATION

In 2016, IDF signed a landmark declaration with the Food and Agriculture Organization of the United Nations (FAO) in Rotterdam providing a common high-level purpose regarding the dairy sector's role for nutritional security, sustainability and socio-economic development.

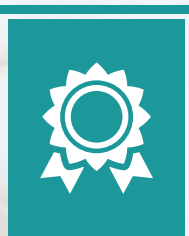
## IDF PRESIDENCY

**Dairy UK Chief Executive Dr Judith Bryans was elected President of IDF at the World Dairy Summit in October 2016.**

Dr Bryans took over from Dr Jeremy Hill of New Zealand who was elected at the 2012 World Dairy Summit. As IDF President, she will steer the work of IDF with the support of the Board, the Science Programme Coordination Committee (SPCC), the Head Office and National Committees.

"The work of IDF is essential in creating a positive future for the dairy industry. It has a unique structure and shows what can be accomplished through global cooperation. With an unrivalled network of experts, we can pool our resources and expertise together to ensure the role of dairy is recognised properly at every level. We want to secure a positive and sustainable future for the dairy industry across the world and build on previous successes to put dairy front and centre in the global debate."

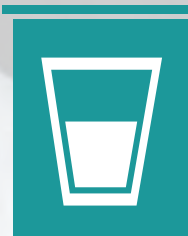
# IDF WORKING AREAS



STANDARDS



DAIRY SAFETY & QUALITY



NUTRITION



SUSTAINABILITY



ANIMAL HEALTH & WELFARE



DAIRY SCIENCE & TECHNOLOGY



ECONOMICS, MARKETING & POLICIES



ENVIRONMENT



FARM MANAGEMENT



FOOD STANDARDS



HYGIENE & SAFETY



METHODS OF ANALYSIS & SAMPLING



NUTRITION & HEALTH

# DAIRY UK BOARD



**Dr David Dobbin CBE**  
Chairman



**Tomas Pietrangeli**  
Vice-Chair  
Managing Director,  
Arla Foods UK



**Paul Vernon**  
Vice-Chair  
Chairman, Dairy UK  
Northern Ireland  
CEO, Glanbia Cheese



**Andrew McInnes**  
Treasurer  
Managing Director,  
Müller Milk &  
Ingredients



**Ronald Kers**  
Member  
CEO,  
Unternehmensgruppe  
Theo Müller



**Mark Allen**  
Member  
CEO, Dairy Crest



**Mike Gallacher**  
Member  
CEO, First Milk



**Mark Taylor**  
Member  
Group Managing  
Director,  
Lactalis McLelland



**Nick Whelan**  
Member  
Group Chief Executive,  
United Dairy Farmer



**Michael Hanley**  
Member  
Group Chief Executive,  
Lakeland Dairies



**Lyndon Edwards**  
Chair, Dairy UK  
Farmers' Forum  
Dairy farmer



**Arthur Fearnall**  
Vice-Chair, Dairy UK  
Farmers' Forum  
Dairy farmer



**Jane Haywood**  
Chair, Dairy UK Scotland  
Lactalis McLelland



**James Neville**  
Small processor  
representative  
CEO, Volac



**Robert Graham**  
Co-opted member  
Managing Director,  
Graham's the  
Family Dairy



**Nigel Byham**  
Bottled Milk Buyer  
Representative  
Director, H Byham & Sons

# DAIRY UK STAFF

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## **Dr Judith Bryans**

Chief Executive

## **Kirk Hunter**

Scotland Director  
Company Secretary

## **Dr Mike Johnston**

Northern Ireland Director

## **Peter Dawson**

Policy & Sustainability Director

## **Caroline Leroux**

External Affairs Manager

## **Luisa Candido**

Nutrition & Technical Manager

## **Chloe McGregor**

Environment Manager

## **Colin Buck**

Accountant

## **Ian Wakeling**

Information Manager

## **Aurelia Borenius**

Office Manager

## **Margaret Brennan**

Assistant Accountant

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## THE DAIRY COUNCIL

### **Dr Anne Mullen**

Director of Nutrition

### **Erica Hocking**

Senior Nutrition Scientist

### **Lydia Cooper**

Nutrition Scientist

### **Gary Cosby**

Community & Content Manager

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## TROLLEY TEAM

### **Adrian Yates**

Manager

### **Andy Walsh**

Investigator

### **Peter Dick**

Investigator

### **Ian Thompson**

Investigator

# COMMITTEES & WORKING GROUPS

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## COMMITTEES

Economics & Policy

External Affairs

Labelling & Composition

Nutrition & Health

Occupational Health & Safety

Scientific & Technical

Sustainability & Environment

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## INDUSTRY GROUPS

Due Diligence Scheme

Exporters' Group

Action Group on Johne's

Antibiotics Working Group

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Farmers' Forum

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# WORKING WITH







#### **MEDIA**

Trade press, national press, regional press.



#### **WHITEHALL**

Department for Environment, Food & Rural Affairs, Department for International Trade, Department of Health, Department for Business, Energy & Industrial Strategy, Department for Exiting the European Union.



#### **WESTMINSTER**

Dairy All-Party Parliamentary Group, Environment, Food & Rural Affairs Committee, Business, Energy & Industrial Strategy Committee, International Trade Committee, Health Committee.



#### **INDUSTRY PARTNERS**

AHDB Dairy, Red Tractor, British Retail Consortium, Responsible Use of Medicines in Agriculture Alliance, Cattle Health and Welfare Group.



#### **FARMING ORGANISATIONS**

National Farmers Union, National Farmers Union Scotland, Royal Association of British Dairy Farmers, Farmers Union Wales, Ulster Farmers Union



#### **GOVERNMENT AGENCIES**

Food Standards Agency, Public Health England, Environment Agency, Groceries Code Adjudicator, Health and Safety Executive, Advisory Committee on the Microbiological Safety of Food.



#### **EUROPEAN UNION**

European Commission, European Parliament.



#### **INTERNATIONAL DAIRY ORGANISATIONS**

European Dairy Association, International Dairy Federation, Global Dairy Platform.



#### **INTERNATIONAL ORGANISATIONS**

World Health Organisation, Codex Alimentarius, Food and Agriculture Organisations of the United Nations, Foreign embassies.



#### **DEVOLVED ADMINISTRATIONS**

Holyrood, Stormont, Cardiff.



#### **SUSTAINABILITY**

WRAP, Dairy Sustainability Framework.

# SPREADING THE WORD

In 2016, the Dairy UK team spoke at several national and international conferences, circulating positive messages about dairy.

**Semex Conference**

Glasgow, UK, January

**EDA Policy Conference**

Brussels, BE, March

**IDF Parallel Symposia on Cheese Science & Technology**

Dublin, IE, April

**Zenith Global Dairy Congress**

London, UK, June

**IDF South Korea World Milk Day Conference**

Seoul, SK, June

**Society of Dairy Technology Annual Meeting**

Nantwich, UK, July

**UN Committee on World Food Security Conference**

Rome, IT, October

**Global Dairy Platform Annual Meeting**

Rotterdam, NL, October

**International Dairy Federation World Dairy Summit**

Rotterdam, NL, October

**Latin America Dairy Vision Dairy Congress**

Curitiba, BR, November

**FSA Antimicrobial Resistance Workshop**

London, UK, November



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