

Emmi Sustainability Report 5

2017–2018



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Responsible waste management conserves resources and eases the burden on the environment . Emmi wants to utilise the potential for waste avoidance and recycling even more effectively and , by the end of 2020 , to reduce the amount of waste produced by one fifth compared with 2017 .			



There are many paths open to a company to promote its own sustainability . However , too much variety complicates management , control and communication . At Emmi , we are therefore focusing our sustainability commitment through to 2020 on four key areas , which have the greatest relevance and over which we can have the most influence .

The related focus topics affect all . Emmi knows the positions of experts and incorporates them into the company’s sustainability strategy . Today’s decisions on sustainability will affect future generations first and foremost .

Emmi therefore asked them what they found particularly important . The young generation is represented by children whose fathers or mothers work for Emmi .

About Emmi

Emmi is a major Swiss milk processor. The company dates back to 1907, when the Central Switzerland Milk Association in Lucerne (MVL) – the predecessor organisation of what is now Emmi – was founded by 62 dairy farming cooperatives from the canton of Lucerne. This association brought together 1,768 dairy farmers.

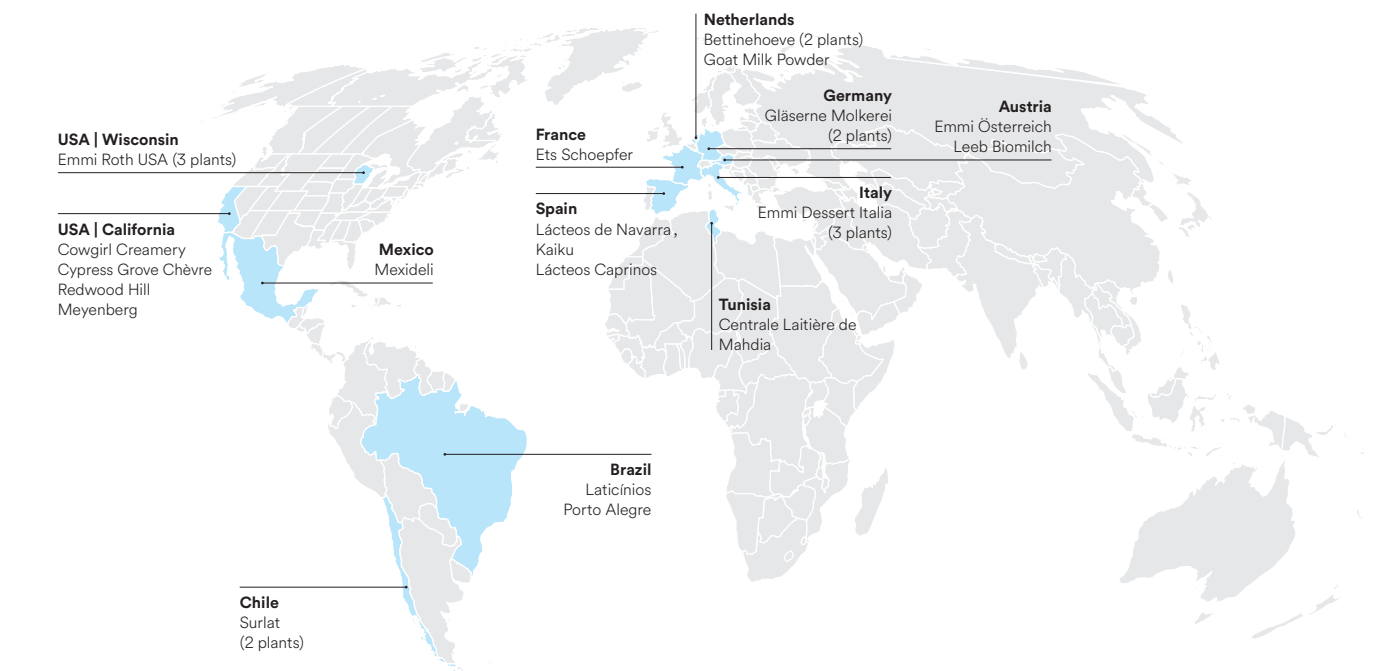
The name Emmi is derived from the municipality of Emmen on the river Emme, where the first production facility was located. At the outset (from 1947 onwards) Emmi was just a product brand, but in 1993 the sales side of the business was separated off from the association activities, creating the present-day Emmi with its headquarters in Lucerne.

Over the past 20 years, Emmi has grown from a medium-sized company into an international group. Emmi has been listed on the Swiss stock exchange since the end of 2004. However, the majority of the shares are held by the dairy farming organisation ZMP (formerly MVL). Over the past 20 years, Emmi has grown from a medium-sized company into an international, listed group.

Strategy

Since 2009, Emmi has been pursuing a successful strategy based on three pillars: strengthening its domestic market of Switzerland, international growth and cost management. Around half of its total CHF 3.5 billion in sales is generated abroad, and it has over 6,000 employees who are also spread equally between Switzerland and other countries.

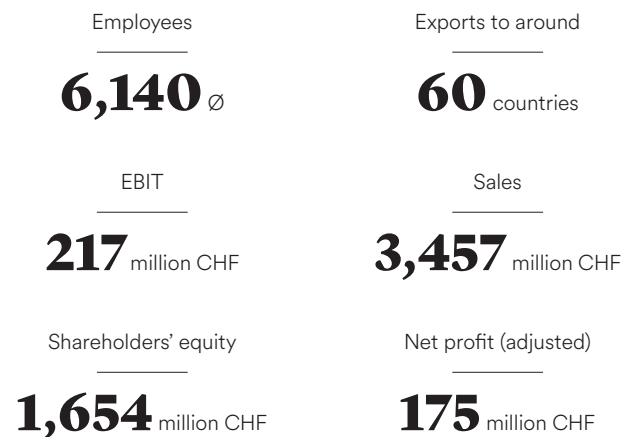
Global production locations of the Emmi Group



In its domestic market of Switzerland, Emmi manufactures a comprehensive range of dairy products for its own brands and private label products for customers. Emmi's most important customer segments in Switzerland are retail and the food industry (e.g. producers of chocolate and baked goods). Aside from the Emmi umbrella brand, its most well-known brands are Emmi Caffè Latte (milk and coffee-based drinks) and Kaltbach (cave-aged speciality cheeses). Emmi has 25 production facilities (employing between 3 and 600 employees) across German- and French-speaking Switzerland. In total, all the Emmi facilities in Switzerland process around 1 billion kilograms of milk per year. This corresponds to more than a quarter of all the milk produced throughout Switzerland as a whole (3.4 billion kilograms), making Emmi an important company in this heavily agricultural country.

Emmi key figures

2018



Outside Switzerland, Emmi has subsidiaries in 14 countries¹, with production facilities in 11 of these². Its business activities focus on the Swiss domestic market as well as western Europe and the American continent. Emmi's foreign subsidiaries differ widely from each other in every respect (size, strategy, products), but they do all have one thing in common: a strong position, either in a selected niche market or a specific region. Over recent years Emmi has also placed strategic emphasis on organic milk, goat's milk and desserts. Another important part of Emmi's international business is exports from Switzerland, servicing around 60 countries worldwide. Export business makes up around 20 percent of international sales. ■

¹ Austria, Belgium, Brazil, Canada, Chile, France, Germany, Italy, Mexico, Netherlands, Spain, Tunisia, UK, USA

² Austria, Brazil, Chile, France, Germany, Italy, Mexico, Netherlands, Spain, Tunisia, USA

Foreword

Dear Reader

Sustainability is a topic of much greater importance at Emmi today than it was five years ago. It is a strategic issue which we are tackling from a global perspective and in which we are currently investing significant financial and human resources. As you will discover in this sustainability report, our approach is pragmatic and focused. We are primarily addressing those issues on which Emmi's business activities have a relevant impact and where we can really make a difference.

Our sustainability strategy started out in 2016 with four focus issues, and we aim to have achieved the targets set for these issues by the end of 2020. This report is intended both to give an account of where we currently stand in relation to the achievement of our targets and to provide information on the next steps and the challenges we face. Such challenges can be found everywhere: in external framework conditions, in the attitudes of stakeholder groups and not least within the company itself. In a global group of heterogeneous companies, we are confronted with the fact that sustainability is not considered equally significant everywhere. Speaking plainly, it is true to say that in some countries there are other, more pressing issues from a local perspective. We believe that it is the job of the Board of Directors and Group Management to create an understanding of the importance of sustainability for Emmi across the entire organisation, irrespective of local preferences. This is challenging because we deliberately allow our foreign subsidiaries a lot of scope on many topics, and some of them have local minority owners. We want to preserve these local roots – which are a part of our recipe for success – but we also want to incorporate our ideas and our knowledge.



Despite these challenges, we have achieved a great deal in recent years and have made many decisions about sustainability. We owe this success to major projects such as the conversion of our Swiss and European production facilities to renewable energy. All our business divisions are achieving measurable improvements in the systematic analysis and reduction of energy consumption.

Recently, we have been focusing intensively on the subject of packaging, which is currently receiving a great deal of public attention. The need for action is clear, but unfortunately no solution yet exists which is ready to implement. It is certain, therefore, that this issue will be carried over into our next strategy period for 2020+. In addition, we would like to continue to develop our existing focus issues whilst also taking on new things, further consolidating our sustainable business processes and setting ourselves new targets.

Emmi has been working internally on its sustainability strategy for 2020+ since mid-2018. The Board of Directors and Group Management will finalise the strategy by the end of 2019, so that we can give you an outlook for the years to come by mid-2020. Of course, until that time we will continue to keep you up to date on our sustainability activities as usual.

Konrad Graber
Chairman of the Board

Urs Riedener
Chief Executive Officer

Sustainability at Emmi

For Emmi, sustainability is neither an onerous requirement nor a PR measure. To ensure that the company can continue to exist and develop over the long term, Emmi must progress consistently and continuously towards sustainability.

Milk is the foundation of Emmi's business activities. Numerous sustainability issues are linked to this natural raw material: biodiversity, sustainable land management, animal welfare, regionality, etc. Emmi sees itself as part of a system that can only function and be economically successful over the long term if sustainability is embedded at all levels.

Is it possible to guarantee that Emmi will be able to continue its business – the manufacture of dairy products – tomorrow and in the future? Without unnecessarily wasting resources or causing irreparable damage to people and the environment? These are the questions behind the term sustainability, which is constantly increasing in relevance. For stakeholders of the company – employees, customers, consumers, suppliers, investors and authorities – these issues are also becoming increasingly important.

For Emmi it is no longer a question of whether the company should act and develop in a sustainable way, but only how quickly and how comprehensively its own targets can be achieved. Sustainability offers a manufacturing company like Emmi the chance to enter new markets with clear positioning. It also helps to minimise risks and reduce costs.

Emmi commits itself to sustainability



25 % less CO₂

In order to reduce our CO₂ emissions, we are primarily looking to cut the power consumption of our production sites. First, we no longer invest in technologies that require fossil fuels. Second, we take care to ensure that the electricity we procure is generated sustainably.



20 % less waste

To achieve this goal, we have already begun making efforts to reduce packaging and raw materials waste in production. By-products such as whey from cheese production should be recycled to as high a degree as possible. We are also making a contribution to reducing the food waste of our customers and consumers.



100 % sustainable Swiss milk

The sustainability of dairy products hinges on the production of milk. Not only does agriculture have the greatest impact on the environment, it also influences other aspects of sustainability such as farmers' economic situation and animal welfare. That's why we at Emmi want to work with the most sustainable milk suppliers.



100 % supported employees

Our employees and the skills that they possess are some of our most important resources. That's why we are committed to continuously developing these further in view of future requirements. By 2020, all of our employees are to be assigned development targets to help them define their vision of how their professional future should look in concrete terms.

What does sustainability mean for Emmi? The company's understanding of sustainability is illustrated by the symbol of a tree, with three roots, the trunk and the crown with four branches: reducing greenhouse gases, avoiding waste, sustainable milk and employees. These are the relevant issues for Emmi where the greatest impact can be achieved.

The roots are the symbol of the three dimensions of sustainability: environment, economy and ethics. The big challenge is that every employee strives daily to achieve a balance between these different branches. Integration is time-consuming, but ensures over the long term that sustainability is truly put into practice.

The trunk is a symbol of daily optimisation processes. It represents our entrepreneurial ambition: Emmi wants to constantly improve and learn. The Emmi Operational Excellence optimisation programme is the tool that is helping the Group along this path.

Making people happy and contributing to a balanced diet is Emmi's vision. The company is aware that its business activities create an environmental footprint, and so it takes the responsibility – and the challenge of making

that footprint smaller – seriously. The Board of Directors is responsible for the sustainability strategy but delegates preparatory and operational tasks to a steering committee, which, among other duties, regularly analyses the environment and assesses risks in sustainability issues. The subject is also addressed directly on the production line: during day-to-day business, sustainability officers ask critical questions and contribute their specialist knowledge.

Sustainability is not something that can be achieved alone – it requires collaboration. Only together can the challenges be tackled appropriately and with the swiftness required. For this reason, Emmi is working intensively to build a stable, far-reaching network both internally and externally: with companies, associations, suppliers, customers, NGOs, schools and consumers. This way, all parties pool their knowledge and learn from each other how sustainability can become even more effective and a part of everyday life. ■



emmi.com/sustainability

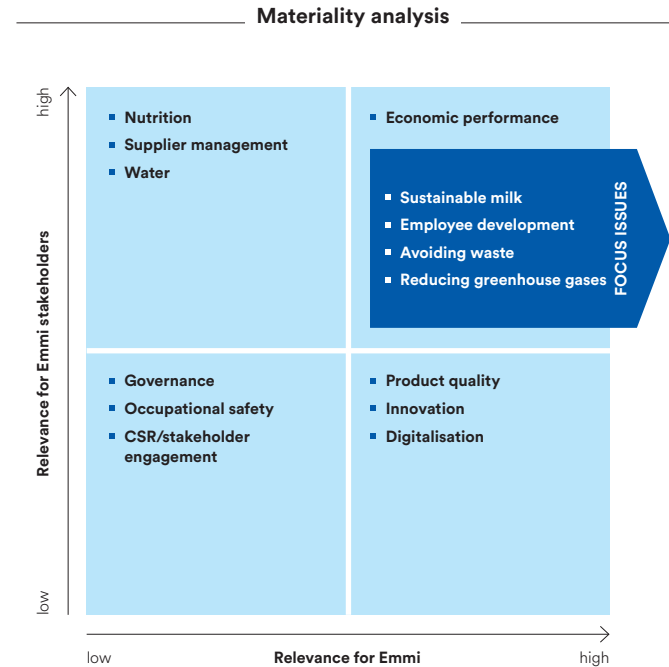
Materiality

GRI 102-44, 102-45, 102-46, 102-47, 102-48, 102-49

For Emmi, effective commitment to sustainability begins with the identification of key issues. Only by means of strategic focus can Emmi concentrate on issues that are of major relevance to the company and/or its stakeholders or have significant economic, social and environmental impacts.

In this edition of the sustainability report, at the request of various stakeholder groups, Emmi has expanded the scope of key issues and, correspondingly, the report content. In so doing, the principles of reporting were used to determine the content of the report and to ensure the quality of reporting met the standards of the Global Reporting Initiative (GRI).

In order to update its materiality analysis and the definition of key issues, Emmi has taken the following steps: Firstly, the company compiled a list of possible issues from various sources. To this end, Emmi took into account key issues from the last sustainability report and the latest developments in the strategy-defining process. The Milan Urban Food Policy Pact (MUFPP), the Sustainable Development Goals (SDGs) and an analysis of ratings, rankings and competitors were also used to add to the list of issues. The issues were grouped into ten different categories. Finally, a core group from Emmi discussed the issues in all categories with experts and identified those that are key from a variety of perspectives, where action needs to be taken and which should be included in the report.



In addition to the focus issues identified as key in the last report, Emmi has identified the following important topics: nutrition, supplier management, water, product quality, innovation, digitalisation, governance, occupational safety, CSR/stakeholder engagement. The materiality matrix depicts the updated materiality analysis and highlights the topics which Emmi is actively working on and discussing in this report.

Economic performance is of central importance to the company and all activities are linked to it. Since Emmi's Annual Report provides detailed information on economic performance, it is excluded from this sustainability report. Page 65 of the Annual Report shows the scope of consolidation, which is also applicable to this report.

Governance

Sustainability is part of Emmi's corporate culture. It is a matter of great importance to Emmi's management, and corporate governance is also becoming increasingly important to stakeholders.

For Emmi, responsible corporate governance includes a conscientious approach to customers, employees, society and other stakeholders, as well as to the environment. They are of major importance for the economic and sustainable development of the company. Over recent years, as the company has grown, requests and requirements concerning corporate governance (CG) have increased. Stakeholders such as financial institutions, non-governmental organisations (NGOs) and rating agencies are increasingly paying attention to CG. As the topic becomes more relevant, the company believes there is a need to create more transparency through targeted communications about governance.

The supreme controlling body of the company is the Board of Directors, which assigns leadership of the company to the CEO in his position as Chairman of Group Management. At Emmi, governance takes place at two levels, so guidelines and rules can be introduced at the Group level as well as at the country level. At the Group level, governance guidelines such as the Code of Conduct and the Modern Slavery Act are implemented. Across the company's international network, governance re-

quirements vary among the 15 countries in which Emmi operates. Thus it is important for the company to ensure that the national companies have the flexibility to respond to local requirements and circumstances.

Economic, environmental and social issues are dealt with during an annual self-evaluation by the Board. However, there is no specific procedure for assessing the performance of the Board of Directors on sustainability issues. At Group Management level, the Chief Supply Chain Officer is responsible for the company's sustainability management. The Sustainability Steering Committee is responsible for dealing with governance issues. The Chief Supply Chain Officer submits proposals made by the Sustainability Steering Committee to Group Management or delegates them directly to the Head of Sustainability.

Further developments have also been made regarding risk management, which provides significant support in relation to the management of governance issues. Risk management now also includes regular risk assessments on certain raw materials, materials and suppliers. Social and envi-

ronmental criteria have been integrated into the selection of suppliers. Emmi is also actively involved in the development of guidelines, such as by contributing to the development of an industry standard for sustainable milk which will come into force in Switzerland from September 2019.

Management implements the governance of the company through the Sustainability Steering Committee as well as through guidelines and regulations. There is currently no need to make any changes to the governance of the company. However, stakeholder requirements are regularly reviewed and re-evaluated by means of interactions. ■

Stakeholder Engagement and Corporate Social Responsibility

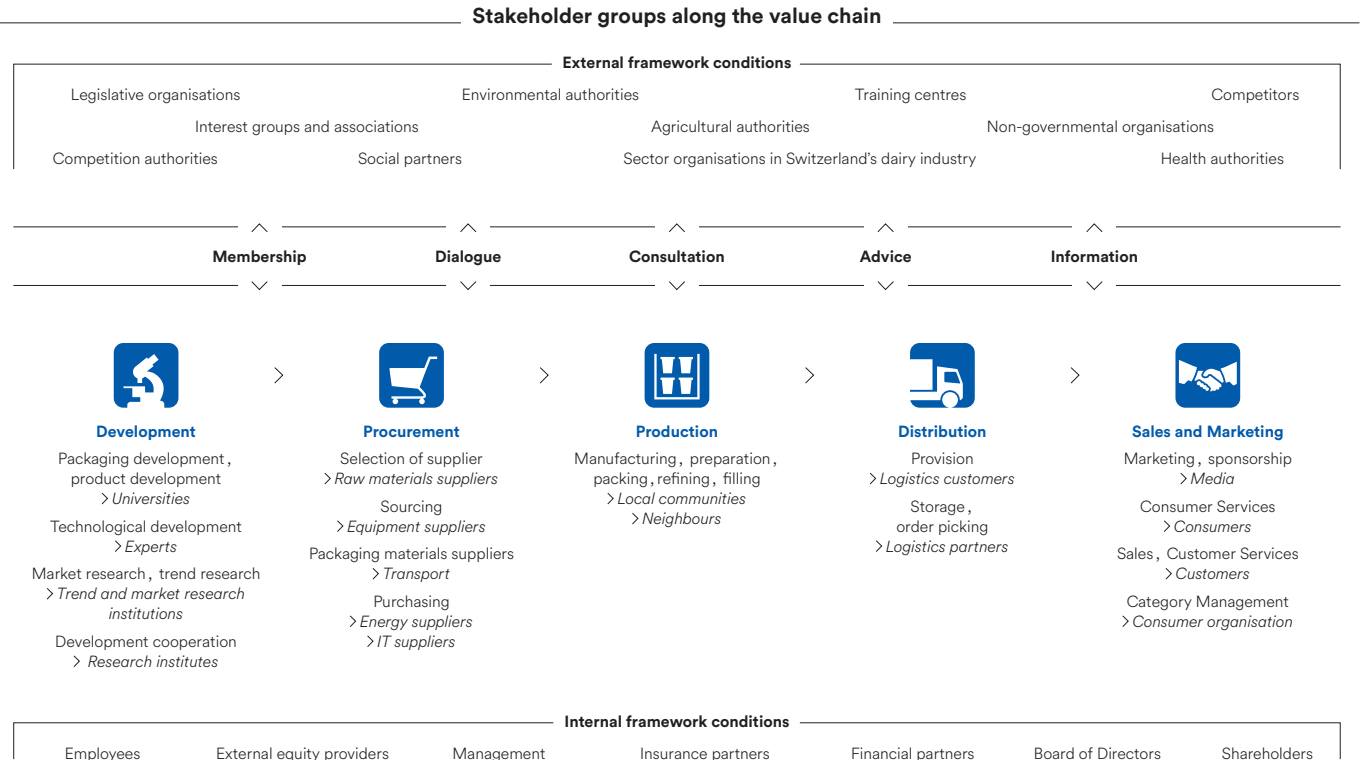
GRI 102-40, 102-42, 102-43

In dialogue with stakeholders: Emmi is developing its commitment to sustainability on behalf of and together with different stakeholder groups. Employees are some of Emmi's most important partners in this.

The company defines its key stakeholder groups through its business model, and regular contact with them is essential for Emmi's economic performance. The stakeholders are diverse, in accordance with the business model, and include employees, customers, consumers, suppliers, investors, shareholders and authorities. Due to their importance in Emmi's business model, stakeholder groups also have a significant influence on the development of the sustainability strategy, from the definition of key issues to the future orientation of the company.

The diversity of the stakeholder groups means that the consultation processes for the various groups take place differently. Emmi's employees are one of its most important stakeholder groups. They have an Employee Committee through which they can exert influence and which serves as a link between employees and the management of the company. Employee-related issues that are dealt with here include wages, workwear, the company pension fund and employment conditions.

Milk suppliers are another important stakeholder group. Current issues regarding sustainability in milk production in relation to animal welfare are discussed here. Emmi regularly engages with stakeholders such as the Swiss food industry, packaging suppliers, trade associations, local communities and consumers in relation to its key issues. A wide range of



topics are addressed and dealt with together with the various stakeholder groups. A list of memberships and affiliations to industry bodies and associations can be found in the appendix.

Communication with stakeholder groups and the way in which issues are handled will continue to characterise the further development of the sustainability strategy. This approach is having a very positive effect, so there is currently no need for any change in the strategy.

Corporate Social Responsibility strengthens partnerships and demonstrates appreciation

As part of its commitment to CSR, Emmi implements initiatives and projects directly related to its core activities. Emmi's CSR activities serve to strengthen partnerships and demonstrate appreciation. Generally speaking, the projects and measures are locally driven, in addition to one central national activity: Emmi is the official partner of the Swiss Ski Federation, Swiss-Ski.

Emmi's commitment to CSR is centred around sponsorship as well as local support for a variety of events and programmes. Sponsorship is mainly provided at the national level in Switzerland, with Emmi's core commitment to supporting the FIS Alpine Ski World Cup. Responsibility for sup-

port of local events and similar lies with the locations, which know the local conditions and can therefore initiate measures adapted accordingly. This includes support in the form of donations in kind, a variety of cultural, sporting and social events, local memberships or the targeted promotion of employee projects.

The events and programmes include around 1,000 sports and class camps each year and tens of thousands of products that Emmi provides free of charge. Examples of initiatives and projects implemented by Emmi and its subsidiaries in their respective countries:

Emmi UK: By supporting the organisation "GroceryAid", Emmi UK provides assistance to employees in the food industry who need financial help and social care. "GroceryAid" offers support and wide-ranging practical help. To raise money for these purposes, to network and to motivate employees, Emmi held its summer party at a festival organised by "GroceryAid". Further cooperation is planned for the future.

Surlat: Chilean subsidiary Surlat assists church and children's organisations with free food delivery. In addition, it provided the south Chilean city of Pitrufquén with an electric three-wheeled van, which helped with the collection of recycling in the community. Furthermore, when the commu-

nity was struck by disastrous forest fires, Surlat provided its cistern water, thus helping to put out the forest fires and to provide affected families with water.

Lácteos de Navarra: Spanish subsidiary Lácteos de Navarra recognises that some people still have limited access to healthy food. To improve this situation, Lácteos de Navarra supports the charitable foundation Fundación Banco de Alimentos de Navarra (BAN). Faulty products are donated to the charitable foundation, which distributes the food to the most needy people in Navarra. Products that cannot be sold to the supermarkets due to incorrect labelling, for example, thus find a meaningful use.

In addition, Lácteos de Navarra celebrated Family Day for the first time in 2018, opening the doors of the company to the families of employees. The company took the opportunity to organise environmental and recycling workshops. In particular, children learned how to re-use waste for games, pots, etc. This event was instrumental in improving the working environment and strengthening social relations.

Cowgirl Creamery: Cowgirl Creamery, a US subsidiary, serves on the board of directors of various non-profit organisations in the local community and sustainable agriculture organisations. Cowgirl Creamery also

supported three local dairies in their development and donated surplus food to a temporary housing organisation and a local retirement home.

Emmi Österreich: Emmi Österreich has had a cooperative partnership with Caritas in Austria for many years. For example, people with disabilities are involved in processing parts of the packaging material for production. Food that cannot be sold is given to “Tischlein deck dich”, which distributes it to needy people. Further projects are already planned for 2019, such as the manufacture of reusable shopping bags made from recycled PET bottles. In addition, care is taken to ensure that waste is separated for recycling at sponsorship events.

Gläserne Molkerei (Dechow): Correct nutrition is central to children’s physical and mental development. For this reason, Gläserne Molkerei is involved with Bio-Brotbox in various German cities. First graders receive an “organic breakfast box” containing healthy food when they start school. In addition, special tours of the dairy are organised for kindergartens and schools.

Emmi Deutschland: Emmi Deutschland donates food that cannot be sold to non-profit organisations, thus helping people in need, reducing waste and cutting down on food waste. In addition, any company ICT hardware which is no longer required is donated to people in need.

Cypress Grove: This subsidiary donates cheese to charitable organisations that address women’s and children’s issues. ■

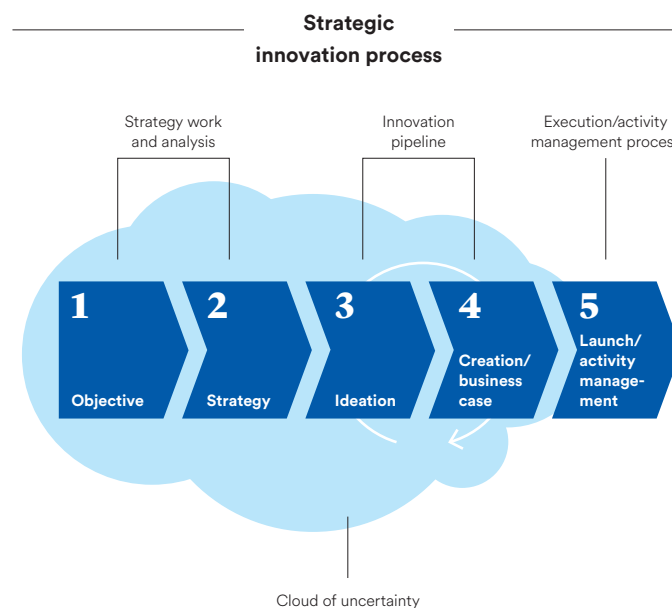
Innovation – an essential condition for success

Emmi has a feel for consumer trends and always responds to them with new products. All the other areas of the company are also in the process of continual development.

Globalisation, modern technologies and demanding consumers are driving an ever increasing pace of change that is a constant challenge for companies. Consumers are influenced in their purchasing decisions by a variety of sources, in particular by social and other online media. In this type of environment, an innovative attitude is essential for long-term success. Emmi does not limit its innovative approach to product development alone, but rather strives for innovation along the entire value chain. At Emmi, innovation includes technological advances, optimised processes, new means of collaboration, innovative marketing measures and, of course, products that are in tune with the latest trends. Emmi believes that this broad understanding of innovation is one of its key success factors.

Product innovation

The pressure to innovate is not the same in all industries. Food manufacturers are subject to a comparatively high level of pressure to constantly bring new products to market. Only then can they meet the changing requirements of consumers. A well-filled innovation pipeline and effective **product development** are essential to be able to continue to operate successfully in the years to come. Due to the fact that its products have shorter lifecycles, Emmi has to consider consumers and their needs at an earlier stage in the development process to design unique innovations



with real competitive advantages. Thanks to its deep understanding of consumers, Emmi can position its brands and products in such a way that they remain relevant in the market. Innovation management helps the company to organise, prioritise and implement ideas, taking market conditions into account. However, Emmi recognises that it is no longer enough simply to match products to consumers' changing habits and tastes. Rather, a coherent overall package is required that includes the product, packaging, marketing and the image of the manufacturer. This package must fit the lifestyle of the consumer. A product that simply tastes good is no longer sufficient to win customers over.

Process innovation

Innovation management is also central to **process innovation** to ensure that production processes undergo continuous improvement, thus having a positive impact on cost efficiency, competitiveness and sustainable production.

Innovative employer brand

To continue attracting the right workforce to the company in the future, it is important to have an innovative attitude as part of the overall **employer branding**. It is also important to be able to react quickly to change and to be receptive to new ways of working in order to retain employees.

At Emmi, a number of departments are involved in innovation as the issue is relevant across all areas of the company. In addition to the area of New Business & Innovation, which is part of Global Marketing, and the equally central Corporate Development, these departments include Production, Research & Development, Global Marketing in general, and the national marketing organisations.

The central element of innovation management at Emmi is the strategic innovation process. In the initial phase, Emmi defines a corporate objective and develops a strategy to achieve that objective. This is followed by brainstorming ideas and the creation of business cases to fill the innovation pipeline. Finally, the new products are launched and their success measured.

Emmi also organises international workshops on innovation, during which international teams work together and develop creative ideas. At the Executive Board level, regular meetings are held to review ongoing innovation projects with the Stage-Gate model.

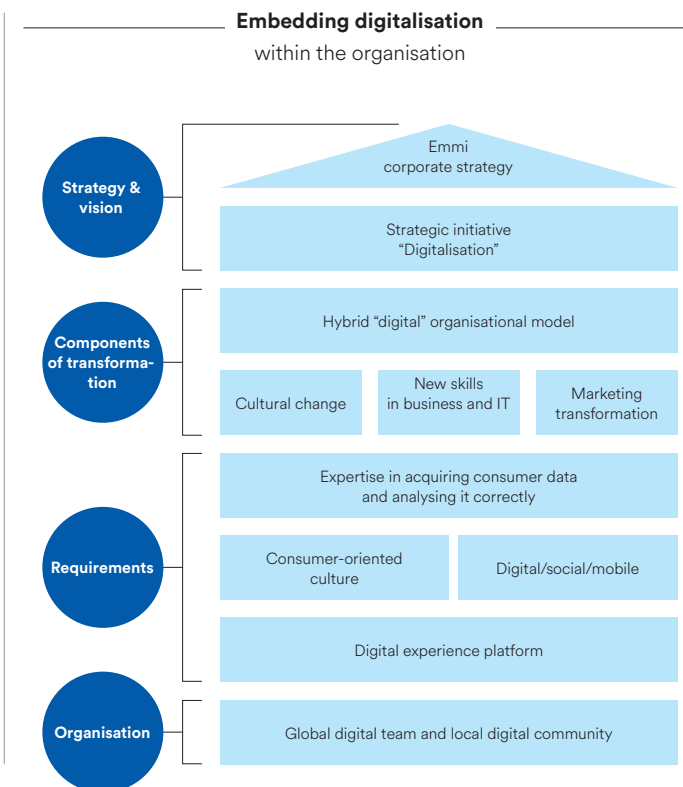
Emmi ensures that its innovation processes are continuously monitored and measures the monetary value of its innovation pipeline. The gross margin and EBIT of new product developments are also quantified. ■

Digitalisation – challenge and opportunity

Digitalisation makes processes effective and creates advances in knowledge. But it also requires reliable safety standards and a high degree of flexibility due to its fast-paced nature.

Digitalisation is constantly moving forward, leading to profound changes for operators in the world of business, including Emmi. In contrast to the automation of the last century, digitalisation is not altering the essence of milk processing but is still transforming relevant processes in and around the company. All areas, employees and processes along the value chain are affected, albeit not to the same extent. These developments are particularly marked in production, where the various elements of the supply chain are networked from supplier to customer, as well as in marketing & sales and in management-related aspects. The following three areas are therefore examined in more detail:

- **Back-end:** includes areas where employees and suppliers come into contact with digital innovations and systems in production.
- **Front-end:** includes interactions and contact with consumers and is mainly relevant to marketing and sales.
- **Corporate culture:** includes the individual challenges that arise for employees and managers as a result of the changes.



Back-end

Emmi is using digitalisation to optimise internal and external processes, to increase efficiency in the medium to long term and to save costs. In the area of logistics, this includes the right products reaching their destination more quickly, which also has a positive impact on shelf life and thus on the reduction of food waste. At the beginning of 2017, Emmi's most important IT project in recent years came to an end with the introduction of a standardised ERP system throughout Switzerland. On the basis of its in-depth knowledge, Emmi Switzerland was able to develop LeanERP for its international locations. This lean, ready-to-use solution is available to these locations to meet their potential needs in relation to overhauling their Enterprise Resource Planning (ERP) systems. The biggest challenge here is the marked heterogeneity of the locations with regard to their ERP system requirements, due to the fact that the locations use very different business processes and therefore also have differing requirements in relation to ERP. However, Emmi is confident that it will be able to introduce a standardised ERP system at some locations outside of Switzerland by the end of 2020.

Emmi has developed specialised software that enables automated error detection in master data entry. Master data is basic information such as the name, weight and barcode of raw materials and packaging materials. This information is absolutely key to the smooth operation of Emmi's systems. In the future, in addition to internal processes, external stages of the value chain – both upstream and downstream – will also be digitised as appropriate. Integrating customers and suppliers in planning should be achieved through improved communication between machines and lead to a new level of automation and efficiency.

Digitalisation opens up possibilities for collecting data about your own company and evaluating it to the company's advantage. With the help of demand planning, Emmi Switzerland can use the relevant software to predict future demand for products on the basis of historical data, which helps employees with planning. Because the software also qualifies its own predictions, employees can focus on the more complex cases.

Front-end

The way consumers find out about and buy food is changing because of the Internet and the information that is constantly available. Communities and social media are becoming increasingly important. When consumer data is evaluated in a targeted fashion, it permits valuable conclusions to be drawn regarding needs and habits. Emmi uses these results to inspire consumers, create an emotional bond with them and transform them into brand enthusiasts. For around two years, Emmi has been relying on an insourcing approach which reduces dependence on external service providers and enhances the knowledge of internal teams. Insourcing also allows Emmi to implement digital campaigns more quickly and to improve the agility of community management on social media.

The global Digital Consumer Experience Initiative aims to help Emmi's marketing organisations transition to data-driven, digital marketing. At the same time, the initiative implemented the European Union's General Data Protection Regulation (GDPR) and defined processes that guarantee maximum data protection.

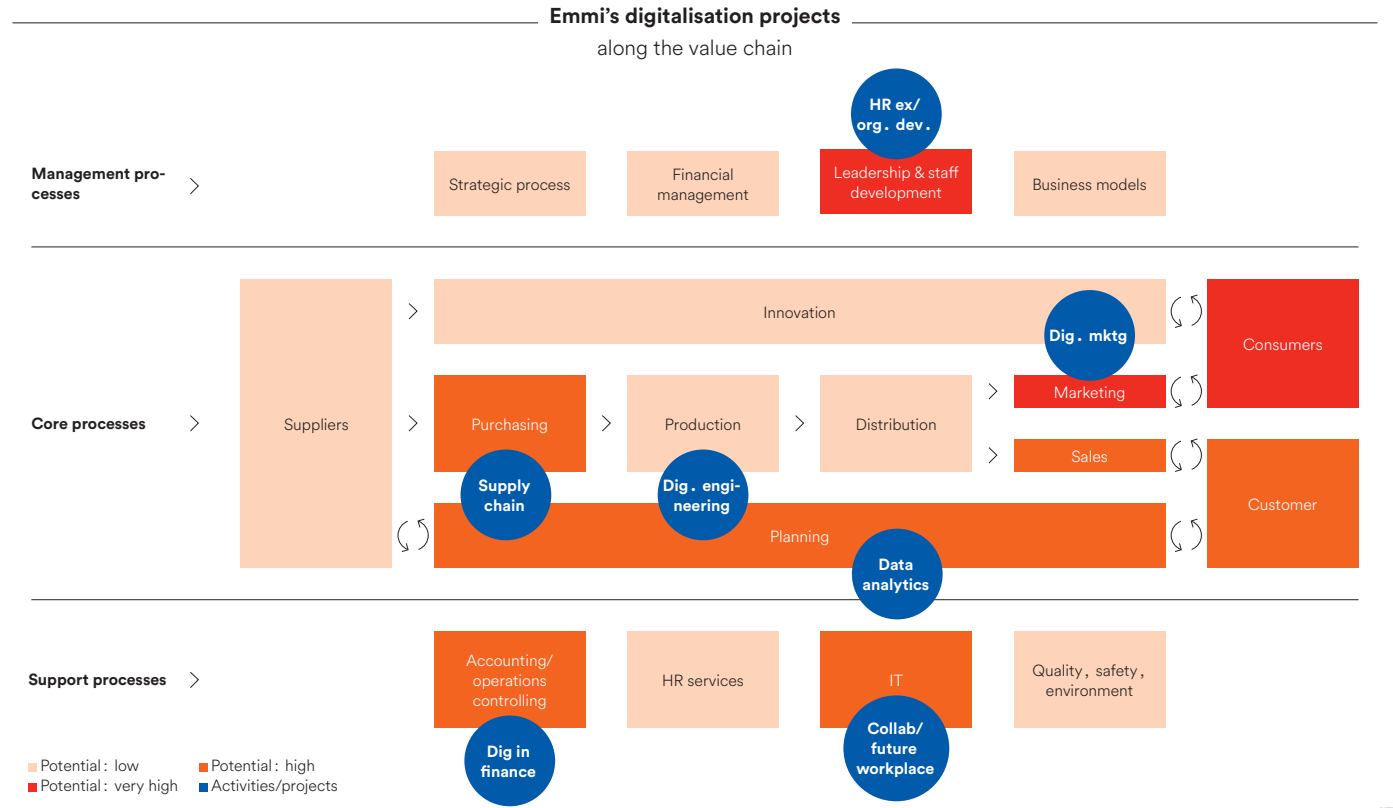
Corporate culture

Digitalisation opens up possibilities for increasing efficiency in many areas. If more information is available in the right place, decision-making processes can be improved. This topic is also of relevance for the company's management structure. Traditional hierarchies are no longer suited to the pace and complexity of modern business life and must be adapted. Emmi is actively addressing this issue and firmly believes that the company will gain a competitive advantage by making its corporate culture more modern and adapting it to the new working environment. For example, Emmi is making steady progress in the areas of Future Workplace and Unified Collaboration & Communication. Consequently, digital tools are increasingly being used across the Group for communication and the exchange of information. In order to train and develop its employees in relation to all things digital, Emmi organises "Smart Working Days" on one or two days a year. On these training days a particular issue is addressed in more detail with a kick-off presentation, and employees have the opportunity to ask questions about digital topics.

During the course of various digitalisation initiatives, Emmi has developed a digital heat map which highlights the areas in which Emmi sees the greatest potential for digitalisation measures. The following diagram shows how digitalisation is embedded in Emmi's organisation.

Regular reports are submitted to Group Management in order to measure the progress of digitalisation projects and to introduce corrective measures if necessary. Strategic initiatives and programmes are subject to standardised reporting or a quality assurance schedule.

Since there are no universal solutions, the issue remains challenging and requires continual management. The rapid pace of change and the high costs that can arise at the beginning of new projects are typical features of digitalisation, whereby flexibility is required of companies, processes and, above all, employees. Managers are also faced with challenges because they have to create the right framework within which their employees can act flexibly.





Emmi volume of milk
per year

1,645,300 t

Net sales by product group
2018



Cheese

31%



Fresh cheese

6%



Powder/concentrates

3%



Dairy products

31%



Fresh products

24%



Other products/services

5%

Products

Nutrition – health and enjoyment

Emmi addresses the latest nutritional trends – and health is a key issue here. In this context, Emmi has committed to reducing the sugar content of its products.

As a responsible food producer, Emmi is committed to healthy, balanced nutrition. Emmi is known for inspiring consumers and customers with innovations and enjoyment and wants consumers to enjoy its products without compromise. But the company maintains that, in principle, there are no healthy or unhealthy foods, only healthy or unhealthy eating habits. It believes that its main task is to inspire consumers and fulfil their wishes.

Emmi offers products that contribute to a balanced diet. To respond to new trends and consumer demands, Marketing initially creates concepts with product requirements and the desired product composition. The in-house Research & Development team then takes charge of practical realisation of the recipes, and is also responsible for developing technologies and recipes that help to reduce levels of sugar, fat and/or salt in food. Furthermore, Emmi supports its private-label customers with its knowledge of technology and recipes.

Jogurtpur is an example of a successful product that impresses with its simple composition. The PUR product line contains only three ingredients: yogurt, fruit and sugar. It contains absolutely no flavourings, thickening agents, colourings or preservatives.⁰¹

Emmi is continuously adjusting its recipes to help support a balanced diet. The addition of sugar to processed products is increasingly subject to criticism. Emmi is gradually reducing the sugar content of its existing products, and new products are already developed with a lower sugar content. Emmi also signed the “Milan Declaration” in 2015, committing itself to the revision of its product recipes and to the gradual reduction of sugar content where possible. Emmi reports its progress to the Federal Food Safety and Veterinary Office (FSVO) on an annual basis. The company also participates in research projects to reduce sugar in yogurt.

To make it easier for consumers to make healthy nutrition choices, Emmi provides clear and transparent information about the composition of its products. Customers, consumers and the general public can also obtain information from the company’s in-house nutritional advice centre. The nutritional advice centre also supports internal training courses, projects, position statements and product development. It gives information to external bodies on various topics such as proteins, product declarations, dietary intolerances and cholesterol. Emmi also provides a website with up-to-date nutrition-related content.⁰²

Emmi is also involved in research to identify the latest trends and to be prepared for the future. The company supports and works on various research initiatives, both in-house and external, in relation to nutrition, eating habits, alternative proteins and milk alternatives. Part of this work is carried out by Emmi in cooperation with universities. Emmi is also a member of the Nutrition Commission of the Federation of the Swiss Food Industries (fial). fial is a group of various Swiss food industry associations and represents the economic interests of its members.⁰³

The subject of nutrition will continue to be of great concern to customers and consumers in the future. This opens up challenges and opportunities for Emmi. The government and public authorities can exert influence over Emmi’s product alignment through reformulation strategies such as the Milan Declaration. In Switzerland, Emmi’s business activities are also influenced by the government’s nutrition strategy, which aims to enable all consumers to achieve a healthy, balanced diet and, among other things, targets the sugar, fat and salt content of food.



- 01 | emmi-pur.ch
- 02 | group.emmi.com/en/our-commitment/nutrition
- 03 | fial.ch

There is increasing demand among consumers and on the market in general for regional and sustainable products, as well as for products that offer an alternative to milk due to health-related and environmental concerns. Another subject under discussion which is of relevance for Emmi is front-of-pack nutrition labelling (FOPNL). FOPNL is intended to inform consumers about the nutritional quality of food in the simplest way. Emmi is actively involved in the discussion on nutrition and is therefore always well informed about the constantly changing requirements and the latest developments.

	Emmi products with added benefits									
Helps reduce cholesterol	✓									
Gluten-free	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lactose-free		✓	✓	✓		✓	✓	✓	✓	✓
Unsweetened			✓					✓	✓	✓
No added sugar			✓	✓	✓	✓	✓			
Probiotic		✓								
High protein					✓	✓	✓	✓		

**“Cows need
green grass,
exercise
and friends.”**

Janis, aged 8

 **Manuel Hauser, Coordinator of focus issue**

“Sustainable milk”: Milk – our most important raw material – must be at the centre of our sustainability efforts. Not only does it have the greatest impact on the environment, it is also critical to the wellbeing and welfare of many farmers and countless animals. At Emmi, our aim is to initiate improvements in all aspects of sustainability that the market – our customers and consumers – can and wants to support.





Sustainable milk – animal welfare and consumer protection

Emmi's most important raw material – milk – creates value in rural regions, but is also associated with many sustainability issues, primarily of an ethical and social nature, such as animal welfare, future viability and consumer protection.

The raw material milk is the most relevant sustainability issue for Emmi in relation to procurement. Sustainable dairy products can only be manufactured by a company if the milk it purchases is produced sustainably. The bulk of the environmental impact of dairy products is caused in the milk production process, which is also associated with significant ethical and social issues. For this reason, Emmi wants to exert greater influence on the production of its most important raw material,

but Emmi's ability to influence milk production depends on its importance as a milk purchaser. With the exception of its position in Switzerland, Emmi has at best local weight as a milk purchaser in the countries in which it has production sites. In the Mahdia region of Tunisia, Centrale Laitière de Mahdia is a major milk purchaser, and in California, USA, the equivalent is Meyenberg. The goat's milk processor Cypress Grove is a special case as it has its own livestock in California and sustainability is actively managed from production to delivery of the finished products to customers and consumers.

Emmi is one of the most important milk purchasers in Switzerland: Every year around 3.4 million tonnes of milk are processed here, of which more than a quarter passes through Emmi's facilities. Emmi is also the largest processor of organic milk in Switzerland. However, Emmi is neither a dairy farming cooperative nor does it have its own dairy herds, meaning that there are limits to its influence over milk production.

In 2015, Emmi defined "sustainable milk" as one of the four focus issues of its commitment to sustainability in order to consolidate the importance of milk as a raw material at a strategic level. The underlying strategy is based on wide-ranging stakeholder dialogue involving consumers, customers in Switzerland and abroad, milk producers, WWF Switzerland and Swiss Animal Protection (Schweizer Tierschutz, STS). The main shareholder and primary milk supplier "Zentralschweizer Milchproduzenten" (ZMP) as well as Emmi's direct suppliers were also involved in the development of this strategy. Emmi has defined four steps in its strategy for sustainable milk:

1. Groundwork

In cooperation with students from the Swiss Federal Institute of Technology (ETH) Zurich, Emmi has identified a number of sustainability issues in milk production. Based on this, a survey of consumers and milk producers was carried out to evaluate the relevance of the various issues from the consumers' point of view, as well as to assess the current situation and to analyse the available potential with milk producers. Emmi derived a number of recommendations for action from the survey results, the most important of which concern use of medications, access to pastures, animal life expectancy and feeding.

2. Dialogue with stakeholders

To validate the recommendations for action, Emmi conducted a competitor analysis and held targeted discussions with stakeholders including direct milk suppliers, WWF Switzerland, Swiss Animal Protection (STS), Emmi's largest Swiss customer Coop and representatives of Emmi's international business. The outcome of these discussions was a sustainability concept that set out the relevant sustainability topics for the sourcing of Swiss cow's milk – Emmi's most important raw material by far.

3. Definition of objectives

Based on the results so far, Emmi has developed a concept for sustainable milk production. In the initial phase, the focus will be on Swiss cow's milk as this covers the majority of the milk processed by Emmi and sustainable dairy products are in particular demand in Switzerland. Emmi strives to achieve a standard that exceeds the legal requirements, particularly in relation to animal welfare, i.e. husbandry and feeding. Sustainable milk production should mainly take the aspects shown on page Seite 23 into account.






Group Management and the Board of Directors reviewed and approved the 2016 concept. The first concrete target is: "By 2020 all Emmi's Swiss milk suppliers will meet a catalogue of sustainability criteria!"

4. Implementation

Since the beginning of 2017 the “sustainable milk” focus team and Emmi’s Procurement department have been working on implementing the strategy. Through questionnaires, regular surveys, face-to-face interviews and a presence at industry events, Emmi maintains a dialogue with its milk suppliers and other organisations involved. Currently, Emmi is working on a monitoring concept that will measure key sustainability issues, such as participation in animal welfare programmes. To compensate them for the extra work, Emmi has committed to paying its milk suppliers an above-average milk price. Emmi has met this commitment, paying the highest price in Switzerland for Swiss organic milk in 2018.

The discussion surrounding sustainability in milk production which was initiated by Emmi in 2016 has led to long, intensive debates in the industry. Over two years later, there is agreement that the standard for sustainability must be raised across the entire Swiss dairy industry so that it can continue to have a future in both domestic and foreign markets. The new industry standard for sustainable milk, which will come into effect on 1 September 2019, largely adopts the criteria proposed by Emmi:

Aspects of sustainable milk production

Emmi's proposal	New Swiss industry standard
 <p>Plenty of open pasture</p>	Cows must be included in at least one of the two government animal welfare programmes. BTS stands for “besonders tierfreundliche Stallhaltung (particularly animal-friendly husbandry systems), and RAUS stands for “regelmässiger Auslauf im Freien” (regular access to open pasture).
 <p>Mainly roughage</p>	Use of concentrated feed is limited to the minimum requirement of the daily allowance.
 <p>No antibiotic residues</p>	Without a veterinary prescription, animals may not be treated with any critical antibiotics, which are controversial because of the possible development of resistance in human medicine.
 <p>Certified soy</p>	If soy meal is used in feed, it must be proven that it comes from sustainable sources.
 <p>Above-average milk price</p>	For milk which meets the new sustainability criteria, a sustainability surcharge of 3 centimes per kilogram is paid.

Emmi supports the new industry standard and is therefore considering refraining from the introduction of its own sustainability standard. Instead, the company wants to assess its Swiss cow’s milk suppliers based on their compliance with the new industry standard. It will continue to do its best to raise the standard where it perceives that there are issues. Emmi has already stated that, after a four-year transitional period, it will only purchase Swiss cow’s milk that meets the industry’s new sustainability standard, at the minimum.

In addition to introducing the industry standard, Emmi will continue to support the following projects and organisations on specific sustainability issues:

KOMETIAN is an association that promotes a complementary animal medicine offering, with the aim of reducing the use of antibiotics in livestock farming.

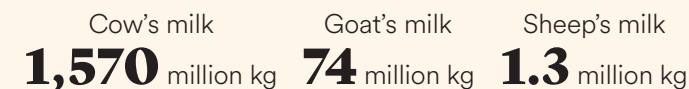
kometian.ch

AgroCleanTech acts as a contact point for agricultural energy and climate issues, and also provides information and implements development programmes for energy-efficient and environmentally friendly agriculture.

agrocleantech.ch



Milk volume processed by Emmi worldwide



NOVANIMAL is a research project focusing on innovations in the area of future-viable nutrition and food production. NOVANIMAL also concentrates on alternatives to resource-intensive milk, dairy product and meat consumption.

novanimal.ch

Soy Network Switzerland is committed to the responsible cultivation and sustainable procurement of soy used for feed. 98 % of the soy imported by the Network's buyers is responsibly produced.

sojanetzwerk.ch

Food-feed competition: Emmi has contributed financially to the development of indicators to assess the food-feed competition of milk. Food-feed competition arises when livestock animals graze on areas that can also be used directly for the production of food. The newly developed food-feed indicators have been tested on 25 Swiss dairy farms, and the balance of food-feed competition was found to be positive on each of them. In other words, more energy and protein available to humans in the form of milk and meat was produced than was contained in the feed used.

Preparatory work for the sustainability strategy for 2020+ has been underway at Emmi since mid-2018. For the focus issue "sustainable milk", the debate is about including both milk production abroad and goat's milk, which is strategically important to the company. The Sustainability Steering Committee, Group Management and the Board of Directors will make their decision on the basis of extensive data and information gathered up until the end of 2019. For example, in all countries where Emmi processes milk, animal welfare aspects will be assessed and compared with the Swiss standard and Emmi's own expectations. Emmi will communicate the objectives for its next sustainability strategy period no later than autumn 2020. ■

Target

By 2020, 100 % of Emmi's milk suppliers should meet a defined catalogue of sustainability criteria.

Progress

New Swiss industry standard created for sustainable milk. Enters into force in September 2019.

Next steps

By the end of 2020, all suppliers of Swiss cow's milk should meet the requirements of the new Swiss industry standard.

Product quality – without compromise

The high, consistent quality of Emmi's products is key to the success of the company. The Group wants to produce and distribute food which is enjoyable, safe and of high quality.

Emmi relies on the highest product quality to meet the expectations of great taste of its consumers and to differentiate itself on the market. Long-term success is only guaranteed if Emmi maintains trust in its brands and is perceived by consumers as a high-quality producer. Accordingly, quality management is important at Emmi. Emmi wants to produce and distribute food which is enjoyable, safe and of high quality, according to its mission statement:

"We delight our consumers with naturally better tasting dairy products. We satisfy our customers with successful and innovative solutions based on our Swiss heritage, our associates' expertise and our passion for quality."

At Emmi, quality is centrally embedded in all areas and organisational units, from artisanal, commercial enterprises to industrial plants. Emmi's quality policy states that all employees are responsible in their role for the quality of their work. Likewise, the concept of quality is paramount in the Emmi Group Code of Conduct. Quality is particularly required of employees all along the value chain – from development, purchasing, production, packaging, technology and logistics, as they have a direct influence on production processes. Emmi strives for a uniform understanding of quality throughout the company. For this reason, a Group-level, global quality management system has been in use in the country organisations since mid-2017.

To ensure food safety and high product quality at all times, Emmi operates a certified quality management system in accordance with the principles of ISO 9001:2018 and the GFSI standard (Global Food Safety Initiative) FSSC 22000 (Food Safety System Certification). The guidelines included in these standards are supplemented by a range of different requirements from Emmi's stakeholder groups, particularly its customers. The quality management system at Emmi is in active use on a daily basis, and is optimised and certified with regular internal and external audits. Emmi's quality policy also includes the continuous development of processes. The constant quest for improvement as a core function at all levels of the company is derived from this belief.

Food safety at Emmi is based on the Hazard Analysis Critical Control Points (HACCP) concept – a methodology for risk analysis, assessment and control in relation to food manufacturing and distribution. This methodology is also used for the release of new process facilities and procedures.

Emmi relies on an open and positive approach to errors for its ongoing development. This helps to identify the source of any errors and to introduce improvement measures. Continuous learning is central to quality assurance, and Emmi has a constructive culture of error management.

Emmi uses recognised and validated methods to test the quality of its products, although the criteria differ depending on the area. Processes for the production of food and for the provision of internal and external services are documented, and results are recorded and evaluated. Emmi already includes quality-related aspects in the development process. Generally speaking, Emmi's success in relation to quality is based on a great number of small individual measures. Well-trained employees and a functioning organisation that covers all relevant issues are essential.

In 2018 Emmi achieved the following successes with regard to quality:

- Emmi Switzerland and Emmi Roth in the US modernised their quality software: a new document storage system simplifies the search for documents and the success monitoring of measures arranged and pending items.
- In Italy, Emmi merged the quality organisation of three production sites, expanded Regulatory Affairs & Compliance (RAC) and intensified its efforts in relation to supplier quality.
- The new American Food Safety Modernization Act (FSMA) was implemented in the US and in countries from which Emmi exports to the United States (including Switzerland, the Netherlands and Italy). Other country organisations are preparing to implement this legislation.
- The Food Defense & Food Fraud guidelines have been improved in Switzerland.

- Emmi Switzerland optimised various processes in relation to supplier quality.
- In the Netherlands, process fluctuations were reduced, thereby further improving the quality of milk powder.
- Many colleagues from international sites took part in quality training courses in Switzerland. For example, Tunisian employees benefited from a longer training visit to Switzerland.

To evaluate the achievement of targets in relation to product quality, unit objectives are derived from the Group objectives. From these in turn, Emmi defines individual objectives for employees. The objectives are discussed at regular intervals, and measures for achieving the objectives are documented and tracked. The most important quality-related issues are summarised annually in a management review, which is presented to the Executive Board.

Emmi monitors product quality using numerous indicators, including the number of complaints, internal error analysis, the reduction of error costs, supplier assessments, hygiene indicators, analysis data, results of product tastings, number and content of feedback from internal and external audits, as well as direct feedback from customers and consumers.

The requirements placed upon Regulatory Affairs & Compliance (RAC) are constantly on the increase in the food sector. International food legislation is also increasing in complexity. For this reason, Emmi has set up a specialist area with experts who are constantly developing their knowledge, be it through learning on the job or external seminars. In 2018 Emmi further expanded the RAC team and raised awareness of the issue at all sites. This proactive approach is intended to ensure that Emmi is able to master future challenges quickly.

The international nature of Emmi also presents a challenge in relation to quality management. Within the various business divisions, seven different languages are spoken and employees come from around 100 countries. For this reason, Emmi is increasingly working with graphic representations that have a high recognition value. In addition, Emmi is standardising issues in order that the “same language” is spoken everywhere. Training courses help employees to use representations and pictograms correctly, and enable the abstraction of complex topics. ■

Supplier management – everything revolves around quality

Emmi works with selected suppliers to ensure high quality. New procedures for better coordination of cross-border purchasing are off to a successful start.

The supply chains within the Emmi Group are company-specific. Emmi purchases agricultural raw materials such as milk, sugar and fruit from distributors as well as directly from producers. Emmi knows its suppliers and is keen to ensure good, direct relationships. Suppliers or their contracted transport companies deliver the goods to Emmi's production facilities where they are processed into semi-finished or finished products and distributed to customers, mostly via Emmi's own logistics infrastructure.

A different procedure is followed in the cases detailed below:

Raw milk: As a rule, Emmi and its subsidiaries buy in their milk. US goat's milk processor Cypress Grove is a special case as it has its own herd of dairy goats, which produce some of the milk processed.

Cheese: Emmi is not only the largest milk processor in Switzerland, but also the most important distributor of Swiss cheese. However, the company produces only a small proportion of the cheese it sells in Switzerland. The majority is sourced from numerous commercial cheese dairies. This cheese is not only packaged and sold by Emmi; sometimes it undergoes further maturing and/or processing. Historically, Swiss cheese varieties such as Le Gruyère AOP and Emmentaler are the reason behind this business model.

In other countries, Emmi usually distributes Swiss cheese and/or cheese made by its local subsidiaries. Some of these companies supplement their product ranges with purchased cheese, buying finished cheese wheels, cutting and packaging them according to their customers' requirements and taking care of trading.

The supply chains of the Group companies are generally organised at the country level, and so responsibility lies with the respective managing directors. Since 2017 Emmi has also been using central supply chain management at the Group level, which enables central control of particularly important elements of the supply chain and thus optimises the entire value chain in terms of service, quality and costs. Contract manufacturing has helped to standardise cooperation with contract manufacturers. Furthermore, Emmi has launched the "procurenet" project to coordinate cooperation between purchasing departments in different countries. As larger purchasing volumes can be procured in this way, Emmi benefits from better conditions in some cases and a secure, high-quality supply.

A great deal of attention is paid to the inclusion of new suppliers as part of Emmi's risk management process. Potential suppliers must complete a self-disclosure form, sign contracts such as a framework agreement and general requirements for packaging and raw materials, and undergo a risk assessment. The decision on and approval of the inclusion of new

suppliers is made by a cross-functional team consisting of members of the Purchasing and Sustainability departments as well as Supplier Quality Management (SQM). The Sustainability department determines whether – and which – environmental and social criteria should be integrated into this decision.

Sustainability requirements for raw materials and products have been included in Emmi's purchasing strategy. As part of the revision of this strategy, however, the issue requires addressing more specifically. Sustainability criteria are being increasingly prioritised, especially in relation to milk procurement. Emmi's contribution to the "sustainable milk" industry standard promotes aspects of animal welfare, feeding, feed origin, processing and trade in milk production. (See also Emmi focus issue "sustainable milk" on Seite 22). As a next step, Emmi wants to use its newly created risk management process to analyse the potential risk associated with raw materials, materials and suppliers and, if necessary, define corrective measures. In addition, synergies will be used increasingly at a national and international level in the future to intensify and harmonise cooperation between individual companies. Emmi expects this to generate more efficient processes and cost optimisation. ■

100%

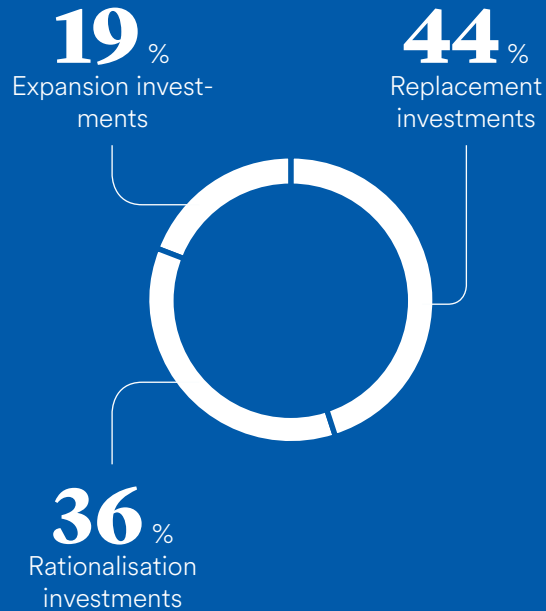
water power for Emmi plants
in Switzerland and Europe



175,000 m³

annual savings of fresh water in Tunisia
thanks to optimisation projects

**Proportions of replacement/rationalisation
and expansion investment**
2018



6,000

identified
opportunities for improvement




4,000

ideas from employees,
of which **90 % have been implemented**

Production

“I give old bread
to the cows.”

Yannick, aged 9

 **André Zbinden, Head of Environmental**

Management: Anyone looking for food waste at Emmi won't find it in the dustbin. Instead, it is produced in the form of unwanted by-products and residues that are left over in machines and pipes. Finding and eliminating this “food waste” requires a great deal of expertise and process knowledge. But it is worth the effort, as unsaleable by-products and residues in wastewater generate substantial costs.





Waste – avoid, reduce, recycle.

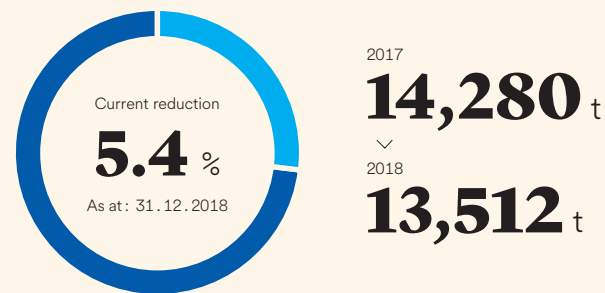
Responsible waste management conserves resources and eases the burden on the environment. Emmi wants to utilise the potential for waste avoidance and recycling even more effectively and, by the end of 2020, to reduce the amount of waste produced by one fifth compared with 2017.

Emmi addresses the focus issue of “waste” as part of its sustainability strategy. This includes food and packaging waste in addition to conventional waste. A circular economy approach to packaging is becoming more and more relevant to Emmi. Wasting materials and products can occur along the entire value chain – with suppliers, with Emmi itself, as well as with customers and consumers. Avoiding waste is relevant to Emmi for economic and environmental reasons. From a business perspective, savings on waste disposal costs are the most obvious; at the same time, avoiding losses in the production process saves valuable resources. Traditional waste management is dealt with in the production sites via environmental management. Emmi is focusing on the reduction of waste that goes to incineration or landfill.

The international structure of Emmi makes it difficult to have a standard waste management process. While the Swiss sites have long been using a professional, ISO 14001-certified waste management system, many foreign companies lack the basic control mechanisms and data for such an approach. Environmental management at the Swiss production sites also includes detailed waste monitoring. Since 2017 all Emmi Group companies have had to keep detailed records of their waste volumes. In many countries, the issue of waste is of little or no significance for the operational management and economic success of the individual company due

Waste reduction

Target: 20 % less waste



to the regulatory environment. For reasons of conviction, Emmi intends to implement pragmatic, successful waste management concepts and, if necessary, adapt them to local conditions.

Emmi’s motto for waste management is “avoid, reduce, recycle”. This means that the main priority is for unavoidable waste to be reduced or returned to the raw materials cycle. If recycling of materials is not possible, then these are recycled into energy – preferably in modern waste incineration plants. Organic waste is disposed of in biogas plants. Technological progress is also continually opening up new possibilities for profitably reusing residual materials that were traditionally disposed of. In addition, since 2017 food waste in Switzerland has been grouped according to the internationally recognised Food Loss and Waste Accounting and Reporting Standard (FLW), and these figures have been validated by an independent audit firm.

Waste by business division

in tonnes



Emmi is driving the avoidance of waste forward with its Emmi Operational Excellence (EOE) optimisation programme. For many years, every employee has been required to contribute to the prevention of waste. Emmi wants to recycle any unavoidable food waste in an appropriate manner and strictly avoid disposing of high-quality food products. Emmi also adopts unconventional methods to achieve these goals. These in-



Food waste in Switzerland per year

13,745 t

clude selling surplus or incorrectly packaged products at reduced prices in Emmi's factory shops. Emmi also donates zero-defect food products to non-profit organisations such as "Tischlein deck dich" and "Schweizer Tafel".

To identify losses and reduce them as quickly as possible, Emmi relies on dynamic product loss management. At the company's largest Swiss production site in Ostermundigen, for example, sensors in the wastewater register product losses or discrepancies in wastewater quality and report them immediately. Employees can then investigate the cause and remedy it using a defined procedure.

Emmi aims to optimise the consumption of packaging materials through a multi-faceted approach: Priority is given to the most efficient use of these materials to minimise losses. Emmi is also attempting to use more renewable materials, which can be returned to circulation after use. To drive innovation in the packaging industry, Emmi is involved in PRISMA⁰¹, an association for the promotion of the circular economy in Switzerland. The goal of PRISMA is to create a sustainable recycling system for all materials.

The waste monitoring process is a clear indicator of success: In the last ten years, the volume of waste in Switzerland has been reduced by more than half. This reduction is mainly attributable to lower product losses and greater efforts in waste separation and recycling.

Emmi has set itself the target of a 20 percent reduction in the amount of waste across the entire Group by 2020 in comparison with 2017. This includes both the production sites in Switzerland and the foreign production sites, which recorded basic data for the first time in 2017. This reduction target addresses waste that is sent to incinerators or landfill. Since the Group believes that more than 60 percent of such waste is generated at the Emmi site in Tunisia, improvement measures are a priority there. Emmi is also pursuing other local initiatives that will help it to reach this target. ■



01 | prisma-innovation.ch

Target

By the end of 2020, waste should be reduced by 20 % in comparison with the base year of 2017.
Emmi is promoting the circular economy approach for packaging materials.

Progress

The "Avoid waste" programme has been relaunched. Between 2017 and 2018, waste was reduced by 5 %, while food waste increased by 2 %.

Next steps

Efficient implementation is intended to ensure that the target is achieved by the end of 2020.

**“Cars and factories
make the climate
warmer.”**

Jil, aged 9



 **Martin Steiger, Coordinator of focus issue**

“Greenhouse gases”: Here at Emmi, we are committed to reducing our global CO₂ emissions by 25 percent by 2020. One of the ways we can achieve this is by avoiding the use of fossil fuels such as crude oil wherever possible. This is why we are using solar energy at more and more locations, for example in Saignelégier (Switzerland), Platteville (USA) and Nüziders (Austria).



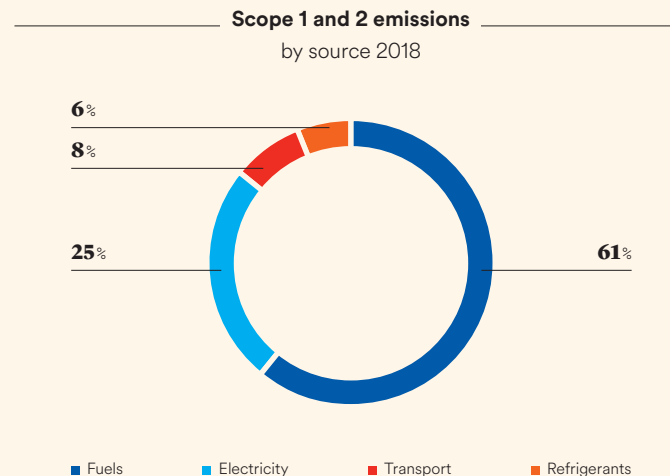
Greenhouse gases – a systematic approach to climate protection

Emmi is reducing its greenhouse gas emissions. The company aims to have achieved a 25 percent reduction in emissions by 2020 – and looks set to exceed this target.

The manufacture and distribution of dairy products is hygienically challenging and also energy intensive. In production, heating and cooling raw materials during the processing phase uses a great deal of energy; in transport and storage, it is maintaining the integrity of the cold chain that accounts for much of the power consumption. This significant energy use generates emissions that Emmi aims to minimise as a result of its responsible approach to the environment. As part of its efforts to improve climate protection, Emmi is focusing on measures relating to Scope 1 and 2 emissions in the current strategy period. Scope 1 refers to CO₂ emissions generated by the company itself, while Scope 2 refers to CO₂ emissions that are generated externally in the production of energy services provided to the company.

When looking at climate protection within the Emmi Group, a very diverse picture emerges. The importance of this issue for the different companies is primarily driven by two factors: firstly, the legal framework, and secondly, the positioning of the company.

Since 2008 Switzerland has levied an incentive fee on fossil fuels to help it achieve its climate protection targets. Companies in energy-intensive industries can be exempted from this levy if they guarantee a reduction in their greenhouse gas emissions by signing up to a CO₂ objectives agreement. Reducing emissions can therefore be economically worthwhile. In the US, on the other hand, there are hardly any incentives for climate



protection measures, although there are significant regional differences. This is one of the reasons why Emmi's Californian subsidiaries generally have a good environmental record. In addition, some of these companies use their comprehensive understanding of sustainability (environmental protection, animal welfare, corporate social responsibility) as a way of differentiating themselves.

Emmi is fully aware of this heterogeneity, and so it chose to take a pragmatic approach in the current strategy period. In Switzerland, development to date and future potential were analysed first, guided by the objectives agreement with the Swiss federal government. Subsequently, Emmi compared its ambitions with those of its competitors and other market players, and held discussions with external specialists such as the WWF. In the current target period, business division Switzerland will implement the lion's share of the 25 percent reduction in emissions. This decision was made taking into account the volume of emissions generated and opportunities for making reductions. Each business division then identified the sites that would be able to contribute to achieving the target and set a reduction target with them, to be achieved by 2020. For the international subsidiaries, Emmi primarily aims to lay the groundwork in the current strategy period. Reduction measures can then be planned for the future on the basis of detailed energy analyses. But here, too, Emmi is already working on the implementation of specific projects.

Reduction target for Scope 1 and 2 CO₂ emissions



Emmi continuously monitors the energy consumption and greenhouse gas emissions of all its production sites in order to check that they are reaching their target. At the Swiss sites, this is also ensured by means of the ISO 14001-certified environmental management system.

Emmi wants to reduce greenhouse gas emissions through improved energy efficiency and replacing fossil fuels with lower CO₂ alternatives. Efficiency measures include process optimisation, the use of more efficient pumps and motors, and heat recovery methods. District heating, solar energy and wood chips have proven to be good alternative energy sources. Emmi has also decided to stop investing in fossil fuel-based technologies. In addition, there are guidelines for handling refrigerants, which can have enormous greenhouse gas potential.

Emmi is aware that many parties need to be involved if climate protection measures are to be effective, and so it also supports initiatives outside its own company. One example is AgroCleanTech (agrocleantech.ch), an association which operates throughout Switzerland, acts as a contact point for agricultural energy and climate issues, and also provides information and implements development programmes for energy-efficient and environmentally-friendly agriculture. Emmi has supported the association financially since 2015.

By stating that it aims to achieve a 25 percent reduction in Scope 1 and 2 emissions across the Group by 2020, Emmi has set itself ambitious targets. In Switzerland, Emmi regularly checks to ensure that it is meeting its CO₂ objectives agreement with the federal government. Emmi is proud that it exceeded the requirements set out by the federal government for

the first commitment period from 2008 to 2012. In the second commitment period (from 2013 to 2020), the government has specified a CO₂ reduction of 20 percent compared with 1990. In 2018 Emmi was well on its way to meeting this requirement. However, the objectives agreement with the federal government applies only to fuels, i.e. a part of the Scope 1 emissions. In order to achieve its own, more comprehensive target, Emmi has been relying on hydroelectric power in Switzerland since the beginning of 2017. Furthermore, since 2018 all other Emmi sites in Europe have also been supplied with sustainable hydroelectric power. Other foreign sites are also contributing to the achievement of this target. For example, Emmi Roth in the US has built a photovoltaic system that generates around 600 megawatt hours of solar power per year. ■

Target

The company aims to have achieved a 25 % reduction in Scope 1 and 2 emissions by 2020 in comparison with the base year of 2014. Emmi looks very likely to exceed this target.

Progress

At the end of 2018 an 18 % reduction in greenhouse gas emissions had been achieved in comparison with the base year of 2014.

Next steps

Emmi is striving to achieve the reduction target by 2020.

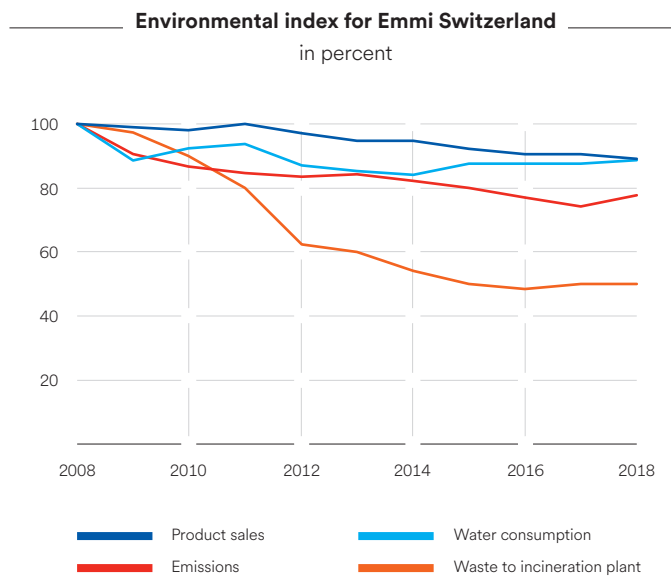
Water – protecting a valuable resource

Water is an essential resource in Emmi's value chain. The company can have an effect on the potential for savings at the production sites in particular by introducing more efficient cleaning methods to reduce water consumption, for example.

In many regions of the world, water is already a scarce resource. Advancing climate change and population growth continue to increase pressure and affect the quality and availability of water. Water is an essential resource along the Emmi value chain, from water use in agriculture to animal feed production to production in the company's facilities, where water is used as a product component and for cleaning.

Careful use of water and the analysis of water risks are essential for Emmi, as scarce or poor water availability has a negative impact on the manufacture of the products. Water risks vary greatly by region, so Emmi relies on differentiated, specific risk analyses. Some of Emmi's production facilities are located in water risk regions, notably California in the US, Tunisia and southern Spain.

A scarce supply of water can also jeopardise the availability of raw materials which are indispensable for the manufacture of Emmi's products. This mainly affects milk, but can also have an impact on cocoa, sugar, coffee and almonds. Emmi's locations in Switzerland, which make up a significant proportion of production and sales, are less affected because rainwater meets the sites' water needs. Due to the importance of water for products and production processes, targeted monitoring of the implementation of improvement measures and long-term efficient use is essential. Water



consumption and wastewater at the production sites are systematically recorded. In Switzerland these data have been collected since 2008, while at the foreign production sites, monitoring is now being driven forward.

For the efficient use of water in production, Emmi believes that the optimised use of cleaning water, new cleaning solutions and the cascade use of water can have a significant impact. Cascade use can be employed in the process of concentrating milk, for example, by utilising the water generated as a by-product for cleaning purposes. Identified areas of potential are recorded on a site-specific basis and measures drawn up to exploit them. In Tunisia, for example, in the production of Centrale Latière de Mahdia, measuring methods were improved first, and then cleaning processes were optimised. This resulted in savings of 175,000 m³ of fresh water per year. When implementing improvement measures, economic factors also pose a challenge. Analysis of water and cost savings shows that in many regions water is too cheap to exploit areas of potential in an economic way. The growing range of customer requirements is also a challenge. Having a wide product range increasingly means that reconfigurations are required in production, which drives up water consumption due to cleaning cycles.

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Nationalities
working at Emmi



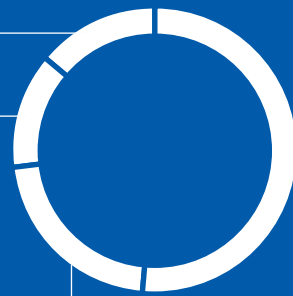
28% Female
72% Male

Workforce
by gender

Employees by region
2018

14%
Tunisia

52%
Switzerland



13%
North/South
America

22%
Europe

90

Top management with leadership
training



88

Apprentices at Swiss sites
in 2018

Employees

**“School teaches me
the things I need to
know in real life.”**

Jael, aged 9

 **Michael Lötscher, Coordinator of focus issue**

“Employee development”: Employee development at Emmi is not assessed in terms of how much we spend on courses and further training. We believe that regardless of country and role, all employees need personal goals in their daily work. Development goals are particularly valuable because they convey appreciation and trust.





Employee development – you never stop learning

Emmi's employees are able to tackle any challenge they may face, now or in the future, and are able to overcome them successfully. Ambitious and talented employees ensure succession planning at the Emmi Group and are supported accordingly. These days, lifelong learning is indispensable. Emmi supports and promotes lifelong learning by means of its strong focus on development.

Emmi's employees are the foundation of the company's success. As an international milk processor, Emmi needs a wide variety of technical, social and personal skills. The company's long-term survival depends on dedicated employees with the right skills and abilities for today and the future. Emmi's Human Resources team therefore has three central tasks: to attract, retain and develop employees.

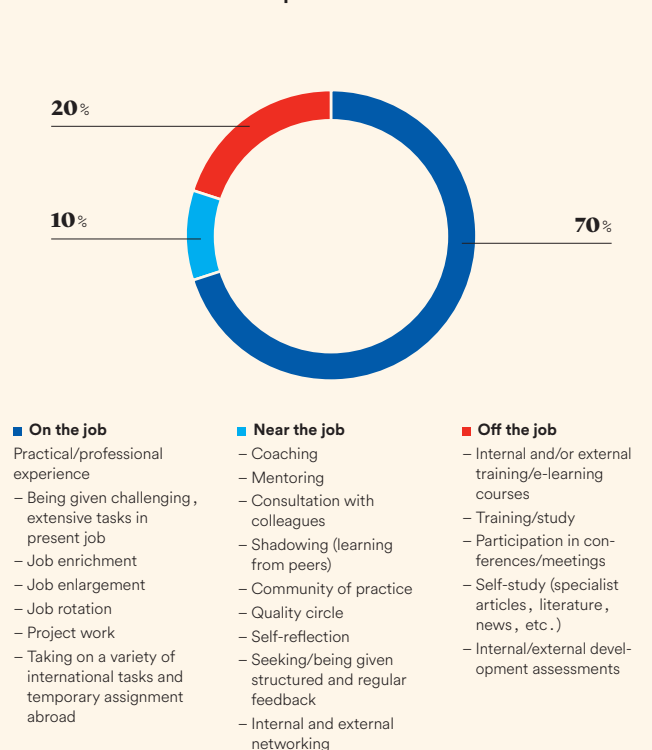
In this context, as a responsible employer, Emmi has a wider social duty to foster the employability of its staff and enable their continuous development. Offering varied prospects for employees also increases the attractiveness of Emmi as an employer and thus helps to counteract the shortage of skilled personnel that exists in many places.

Emmi's mission in Human Resources is the long-term retention of its employees' abilities. To achieve this objective, the focus is on professional management, clear target-setting, comprehensive skills management and a positive working environment.

Attracting employees

Emmi believes that apprenticeship is the surest way of recruiting young talent and training industry-specific skills. For some years, however, it has become increasingly difficult to find suitable apprentices. Emmi expects to fill 30 apprenticeships per year in Switzerland by 2020. For this rea-

Development measures



son, Emmi wants to illustrate the many development opportunities at the company to interested and ambitious young people as early as possible.

In the project "Berufswelt trifft Schule" (world of work meets school), year eight pupils are given a realistic insight into everyday work at Emmi. A role-playing game was created together with apprentices and enables various career opportunities to be presented. At Emmi, some apprentices are also trained in cooperation with other companies. Furthermore, apprentices will increasingly benefit from Emmi's international nature.

Emmi also has a growing need for employees with an academic background. For this reason, the company has been offering trainee programmes for university graduates since 2011. The main requirements are food science and business-related competences. The trainees have two years to combine their university knowledge with practical skills from various fields and international experience. Emmi has set itself the objective of ensuring all trainees stay with the company after completing the training programme.

Retaining and developing employees

To anchor employee development at a strategic level, Emmi has created the focus issue "Employee development". Emmi has defined key competencies and positions in this context, as the company wishes to fill these

with internal candidates. To do this, Emmi is taking a long-term view of succession planning and working with coordinated development programmes such as “Management Practice”. The aim of this programme is to develop managers so they can become the top management of the future, addressing skills such as “entrepreneurial and strategic thinking” and “managing complexity”. The company’s declared objective is to fill half of the vacant key positions with internal employees by 2020.

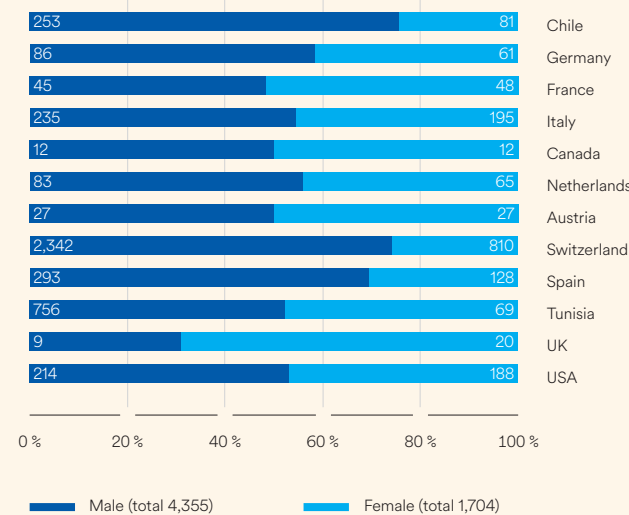
Emmi pursues balanced promotion of entrepreneurial, personal, social, technological and methodological skills, adopting a 70/20/10 approach to development: 70 percent of development takes place in the normal working day, 20 percent through targeted feedback and reflection, and 10 percent in training courses.

Emmi’s “Young Professionals Abroad” development programme offers specialists up to the age of 25 the opportunity to improve their language skills in one of its foreign production facilities while advancing their personal and professional development. Each year, the programme enables two employees to spend time abroad at one of Emmi’s subsidiaries.

Job satisfaction is a key concern for Emmi. It is influenced by many factors, including the design of work content, opportunities for joint decision-making, collaboration within teams and with line managers, and

Workforce by country and gender

2018



terms and conditions of employment and working conditions. Even though Emmi welcomes a certain amount of fluctuation, departures are assessed and reasons for giving notice are analysed. In particular, departures of key staff or upcoming managers and specialists who were showing promise must be countered in an even more targeted manner. To increase employee satisfaction in the long term, Emmi focuses on promotion programmes and measures to improve work-life balance. These include offering part-time employment in general and creating attractive jobs for working mothers and fathers.

In Switzerland, Emmi currently has 88 apprentices. The most common apprenticeship is dairy technologist, but logisticians, machine operators and polymechanics are also prominently represented. The number of apprentices today is well below the future demand for professionals, which is why Emmi wants to increase the proportion of apprentices who stay with the company to at least 80 percent by 2020. Emmi also keeps track of how successful its apprentices are – in other words, how many of them graduate as planned. In 2018 the success rate was a remarkable 100 percent.

Emmi achieved a great deal in terms of employee development in 2018: Currently, there are seven trainees in education; all trainees who graduated in 2018 will remain with Emmi, and of those who graduated in 2017,



Total number of employees in 2018²

6,059

Switzerland	International
52 %	48 %

this figure is 75 percent. Eleven employees completed the “Management Practice” programme and 90 top management members received further training on “Excellent Leadership”. At the same time, Emmi achieved an increase of 53 percent in internal succession planning for key positions.

Employee development is taking place in all areas. Emmi uses a “Quali-Matrix” to identify training needs, which ensures process efficiency and quality and covers 90 percent of production employees. As part of the objectives process, 63 percent of employees received a specific development goal.

Emmi measures the fluctuation rate to gauge the overall satisfaction of its employees. In 2018 the influenceable fluctuation rate was 5.9 percent.

In addition, details were recorded on collective agreements at 33 locations. At 18 of these 33 locations, 100 percent of employees are subject to a collective agreement. At two other locations, collective agreements apply to some of the employees. There are no collective agreements at the remaining 12 locations¹.

¹ 100 % collective agreements at the following locations: Emmi Schweiz, Emmi Österreich, Emmi Ambrosi France, Rachelli Italia, Eurogel, A-27, IFF, Admilac Servicios Profesionales S.L., Lácteos de Navarra S.L., Kaiku Internacional S.L., Tecnología y Calidad Láctea S.L., Kaiku Kmo S.L., Sda Catalunya, Sociedad Alimentaria SDA Gipuzkoa S.L., Sociedad Alimentaria SDA Vizcaya S.L., Kaiku Corporación Alimentaria, Llet Nostra Alimentaria, Lácteos Caprinos, Centrale Laitière de Mahdia S.A.
Partial collective agreements at the following locations: Emmi Benelux and Surlat Industrial S.p.A.

No collective agreements at the following locations: Emmi Deutschland, Gläserne Molkerei, Emmi UK, Bettinehoeve, AVH Dairy, SCM Canada, Emmi Canada, Redwood Hill, Cowgirl Creamery, Emmi Roth USA, Surlat Comercial S.p.A., Distribuidora de Alimentos Chile SpA.
[GRI 102-41](#)

² Database: Information was recorded for employees at the 33 most important locations. This represents a slight change in comparison with the previous report (2015–2016), which included 34 locations in its database.

Target

By 2020: a) half of the vacant key positions will be filled with internal employees; and b) 100 % of employees will be assigned development goals.

Progress

Currently, 53 % of key positions are filled with internal employees. In 2018 63 % of employees were assigned personal development goals.

Next steps

Maintaining the goal of filling 50 % of vacant key positions with internal employees each year.
The expansion of development goals to all employees is being driven forward.

Occupational safety – prevention is better

In addition to a safe working environment, the careful behaviour of employees is also crucial for occupational safety. Emmi relies on information, prevention and control to avoid risks.

As a responsible employer, Emmi believes one of its primary obligations is to provide a safe workplace for its employees and third-party employees working on behalf of Emmi. Emmi also guarantees that the relevant laws and standards are always adhered to.

The company combines a functioning safety organisation with event planning to protect people, the environment and infrastructure against damage. To prevent incidents from occurring, individuals and infrastructures are protected accordingly and the necessary precautions are taken. Ultimately, a holistic approach to safety ensures that the Group can maintain its capacity to function.

Emmi achieves its overarching safety objective by means of comprehensive safety management and preventive measures. Safety at Emmi is based on the following principles:

- **Passive safety:** People and infrastructures are protected by suitable conception, design and implementation.
- **Active safety:** Strict handling and control of processes and systems increases safety in the company.
- **Conduct-oriented safety:** With the active inclusion of employees, it is possible to avoid unsafe actions.

- **Emergency organisation:** In an emergency, defined procedures help to limit damage and manage the situation.

Emmi's safety management is based on laws, provisions and private-law agreements. Emmi's safety organisation is aligned with ISO 45001. There are many components to Emmi's safety management, including guidelines, instructions and forms. Incidents and near-miss events are analysed; a key performance indicator system records targets and aids the identification of potential for improvement. Changes are incorporated into safety management via the continuous improvement process and the company's ideas management system. Emmi defines targets in relation to safety, monitoring and periodically documenting compliance with these targets. Regular monitoring is carried out on safety management and its organisational structure, and these are reviewed as necessary. Periodic risk analyses in all relevant areas help to identify potential hazards and to take economically justifiable precautionary measures in a targeted manner.

Emmi uses various systems to maintain its safety management. **Share-Point** (EmmiNet) simplifies safety and environmental management and includes functions for efficient, safe and targeted handling of emergencies and crises. **IQ Soft** can be used for planning and tracking audits. In

addition, the system allows the implementation of measures to be monitored and ideas for improvement to be collected. In **UKA**, a software package for accident, illness and absence recording, all relevant data relating to employee accidents and illnesses are collected and evaluated.

Emmi also focuses on prevention to avoid occupational accidents. Employees should behave consciously and correctly, in line with the motto "Stay, Think, Act", which means: stop briefly, recognise possible hazardous situations, think about the right behaviour, and then act accordingly. Regular training sessions, discussions with colleagues and a focus on conscious and careful behaviour should enable hazardous situations to be identified at an early stage.

Responsibility for developing and continually reviewing safety management is centrally embedded in the company to ensure high standards and a common understanding. Detailed safety procedures set out the ways in which people and infrastructures are to be handled. The procedures for health management, occupational health and safety, "green office" and office equipment, and emergency organisation are particularly relevant for employees. Infrastructure safety is covered by the procedures for access and monitoring, fire and explosion protection, third-party influences and natural disasters.

The individual locations are responsible for implementing safety management and safety procedures. Situations at the different production facilities can vary greatly, but all locations carry out regular evaluation of the various safety procedures, assessing the different aspects for their relevance and their potential for improving internal processes. Each site appoints a safety officer who is responsible for the organisation of safety and the environment in accordance with local requirements.

Emmi regularly uses audits to evaluate its safety management, reviewing systems, procedures, processes and products, and evaluating the fulfilment of requirements and proofs. These audits are part of Emmi's continuous improvement process and are carried out by internal and external bodies.

In addition, Emmi's production sites report safety-relevant key performance indicators for which targets exist and which help identify potential for improvement. The key performance indicators include work-related accidents or illnesses requiring medical treatment (medical treatment cases, MTC) resulting in (temporary) incapacity to work (lost time cases, LTC) or work-related deaths.

Emmi aims to further reduce the number of work-related accidents in the future. The company wants to achieve this goal together with an external partner by means of benchmark analysis. A training concept will be created on the basis of this analysis, to raise awareness among managers and to embed safe behaviour even more deeply in all areas of the company. ■

Appendix

About this report

In order to meet stakeholders' requirements for transparency and to disclose the company's activities in relation to sustainability, Emmi has prepared the Sustainability Report 2017 – 2018 in accordance with GRI standards.

This Sustainability Report provides a detailed insight into the fundamentals of the company: production, products and employees. This report was created in accordance with the GRI standards: "Core" option. The Sustainability department was integrated into the newly created Group Supply Chain on 1 October 2017 and reports to the Chief Supply Chain Officer. Emmi creates detailed reports on sustainability issues over a two-year cycle. The current report refers to the years 2017 and 2018. The Sustainability Report 2017–2018 covers all sites and subsidiaries which are wholly owned by the Group, unless explicitly stated otherwise. There were no changes to the entities included in the Group during the reporting period. A new location will be added in Brazil in 2019, and this is already mentioned in the report.

The systematic identification of key issues for the Emmi Group and its stakeholders is described in the Materiality section on page 8. The key issues are relevant to the Emmi Group and its stakeholders and influence the company's sustainability strategy. The key issues were revised

and expanded in a workshop held with experts in 2018. As a result, the scope of reporting has increased in comparison with the previous report. Restatements of environmental and employee data are explained in the relevant sections of the report. Due to the expansion of the data collection, additional evaluations have been performed. Base years for specific environmental data have also been added. The remuneration report and the consolidated financial statements of Emmi AG were audited by the external auditors KPMG AG (see Annual Report 2018, pp. 46, 61, and 110). In the sustainability report, greenhouse gases (p. 33), energy and water consumption (p. 35), as well as the generation of waste (p. 30) and the use of materials were assessed by the external auditors SGS. The last sustainability report was published in November 2017. Emmi's Sustainability Report was subject to the GRI Materiality Disclosures Service, which was successfully concluded. ■

GRI Content Index



On behalf of the Materiality Disclosures Service, GRI Services checked that the GRI Content Index is clearly displayed and that the references in disclosures 102-40 to 102-49 are consistent with the relevant content in the report. The GRI Materiality Disclosures Service was carried out on the German version of the report.

GRI Standard	Heading	Reference / page / information ¹	Assurance	Exclusions
GRI 101:2016	Foundation			
GRI 102:2016	General Disclosures			
	Organizational profile			
102-1	Name of the organization	3		
102-2	Activities, brands, products, and services	3–4		
102-3	Location of headquarters	3		
102-4	Location of operations	4		
102-5	Ownership and legal form	Annual Report 21–23		
102-6	Markets served	4		
102-7	Scale of the organization	3–4		
102-8	Information on employees and other workers	3–4, 38–40		
102-9	Supply chain	17, 27–28		
102-10	Significant changes to the organization and its supply chain	Annual Report 12–15		
102-11	Precautionary principle or approach	9, 27, Annual Report 103–105		
102-12	External initiatives	8, 25		
102-13	Membership of associations	49–50		
	Strategy			
102-14	Statement from senior decision-maker	5		
102-15	Key impacts, risks, and opportunities	5–6, 9		

GRI Standard	Heading	Reference / page / information ¹	Assurance	Exclusions
	Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	8–11, 41		
102-17	Mechanisms for advice and concerns about ethics	9		
	Governance			
102-18	Governance structure	9, Annual Report 21		
102-19	Delegating authority	9, Annual Report 21		
102-20	Executive-level responsibility for economic, environmental, and social topics	9, 44		
102-21	Consulting stakeholders on economic, environmental, and social topics	8		
102-22	Composition of the highest governance body and its committees	Annual Report 21, 30–42		
102-23	Chair of the highest governance body	Annual Report 21		
	Stakeholder engagement			
102-40	List of stakeholder groups	10		
102-41	Collective bargaining agreements	40		
102-42	Identifying and selecting stakeholders	10		
102-43	Approach to stakeholder engagement	10		
102-44	Key topics and concerns raised	8		
	Reporting practice			
102-45	Entities included in the consolidated financial statements	8, Annual Report 106–109		
102-46	Defining report content and topic boundaries	8		
102-47	List of material topics	8		
102-48	Restatements of information	8, 44		
102-49	Changes in reporting	8, 44		

GRI Standard	Heading	Reference / page / information ¹	Assurance	Exclusions
102-50	Reporting period	1.1.2017 – 31.12.2018		
102-51	Date of most recent report	1.11.2017		
102-52	Reporting cycle	Every two years		
102-53	Contact point for questions regarding the report	2		
102-54	Claims of reporting in accordance with the GRI Standards	44		
102-55	GRI content index	45		
102-56	External assurance			
Economy				
GRI 201:2016	Economic Performance			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	3–4		
201-1	Direct economic value generated and distributed	3–4		
Environment				
GRI 301: 2016	Materials			
GRI 301:2016 103-1/103-2/103-3	Management approach disclosures	30–31		
301-3	Reclaimed products and their packaging materials	30–31		
GRI 303: 2018	Water and Effluents			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	35		
303-1	Interactions with water as a shared resource	35	✓	
GRI 305: 2016	Emissions			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	33–34		
305-1	Direct (Scope 1) GHG emissions	33	✓	

GRI Standard	Heading	Reference / page / information ¹	Assurance	Exclusions
305-2	Energy indirect (Scope 2) GHG emissions	33	✓	
305-3	Other indirect (Scope 3) GHG emissions	33		Preparation in development
305-4	GHG emissions intensity	33		Preparation in development
305-5	Reduction of GHG emissions	34	✓	
GRI 308:2016	Supplier Environmental Assessment			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	22–24, 27–28		
308-1	New suppliers that were screened using environmental criteria	27		
	Social			
GRI 403:2018	Occupational Health and Safety			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	41		
403-1	Occupational health and safety management system	41		
403-2	Hazard identification, risk assessment, and incident investigation	41–42		
403-3	Occupational health services	41–42		
403-4	Worker participation, consultation, and communication on occupational health and safety	41–42		
403-5	Worker training on occupational health and safety	42		
403-6	Promotion of worker health	42		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	41–42		
403-8	Workers covered by an occupational health and safety management system	41–42		Preparation in progress
403-9	Work-related injuries	41–42		Preparation in progress
403-10	Work-related ill health	41–42		Preparation in progress

GRI Standard	Heading	Reference / page / information ¹	Assurance	Exclusions
GRI 404:2016	Training and Education			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	38		
404-2	Programs for upgrading employee skills and transition assistance programs	38		
404-3	Percentage of employees receiving regular performance and career development reviews	40		
GRI 414:2016	Supplier Social Assessment			
GRI 103:2016 103-1/103-2/103-3	Management approach disclosures	27		
414-1	New suppliers that were screened using social criteria	27		Preparation in progress

¹ Page(s) in this report or in the Emmi Annual Report 2018

Membership of industry bodies and associations

Country	Name
Switzerland	AgroCleanTech
	KOMETIAN
	Swiss Milk Sector Organisation (BOM)
	Swiss Butter Sector Organisation (BOB)
	Swiss Milk Powder Sector Organisation (BSM)
	Federation of Swiss Food Industries (fia)
	Swiss Agricultural Industry Interest Group (IGAS)
	Swiss Mountain Products Interest Group
	PET Recycling Switzerland
	PRISMA
	Promarca
	Soy Network Switzerland
	Emmentaler Switzerland Organisation
	Gruyère Switzerland Organisation
	Switzerland Cheese Marketing
Swiss Dairy Industry Association (VMI)	
Germany	Bundesverband Molkereiprodukte
	Förderverein Food Akademie Neuwied eV
	Interessengemeinschaft für gesunde Lebensmittel eV (IG FÜR)
	Mittelständische Lebensmittel-Filialbetriebe eV (MLF)

Country	Name	
	MMM Club eV	
	Assoziation ökologischer Lebensmittelhersteller (AöL)	
	Bioland e.V.	
	Biosphärenreservat Schalsee	
	Demeter e.V.	
	Fördergemeinschaft Ökologischer Landbau Berlin-Brandenburg (FöL)	
	Gäa e.V.	
	ländlich fein e.V.	
	Naturland e.V.	
	Slow Food Deutschland e.V.	
	Spreewaldverein e.V.	
	France	ECOCERT
	United Kingdom	Recycle Pak
Paper Round		
On-Pack Recycling Label (OPRL)		
Italy	Assolatte	
	Centromarca	
Austria	ARGE Gentechnik-frei	
	ARGE Heumilch	
Spain	Federación Nacional de Industrial Lácteas (Fenil)	

Country	Name
USA	American Cheese Society (ACS)
	American Dairy Products Institute (ADPI)
	American Dairy Goat Association (ADGA)
	California Artisanal Cheese Guild
	Cheese Importers Association of America (CIAA)
	Center for Climate Protection
	Confrérie du Gruyère
	Center for Climate Protection
	Ceres Community Project
	Community Support Network (CSN)
	Daily Acts
	EcoFarm
	Food Research Institute (FRI)
	Food 4 Thought Foundation
	Foreign Type Cheesemaker Association Laboratory
	Guilde Internationale des Fromagers

Country	Name
	Humane Farm Animal Care (HFAC)
	International Dairy Bakery Association (IDDBA)
	International Dairy Foods Association (IDFA)
	International Editorial Foodservice (IFEC)
	Land Paths
	Marine Mammal Center
	National Historic Cheesemaking Center
	North Bay Food Industry Group (FIG)
	Product Development Summit
	Public Relations Society of America (PRSA) Madison Chapter
	Quality Certification Services (QCS)
	Sonoma 4C Community Child Care Council of Sonoma County
	Sonoma Green Business Program
	Sonoma Humane Society
	Sonoma Land Trust (SLT)
	Wisconsin Cheese Makers Association (WCMA)

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This sustainability report is available in German and English, in digital format only. The original version in German is authoritative.

You can find detailed information on Emmi's sustainability commitment in the online sustainability report (emmi.com/sustainability).

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