

Sustainability Report 2019/2020



The best dairy moments

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Foreword

Dear Reader,

For ten years now, we at Emmi have been reporting regularly on our commitment to sustainability, including in the form of a sustainability report that complies with the requirements of the Global Reporting Initiative (GRI). A lot has happened over these ten years.

Ten years ago, we – the Board of Directors and Group Management of Emmi – decided to take our understanding of sustainability, which had been growing over the decades, and formalise it. We created a sustainability mission, with eleven guiding principles to set it in the context of our daily work, and established a sustainability organisation, with committees on various corporate levels.

Time for a stopover

In 2016, we went one step further and, for the first time ever, set ourselves specific targets for sustainability work in areas that are particularly relevant to Emmi. The horizon for these targets was the end of 2020. This sustainability report is therefore not only the usual account of the last two years but also an opportunity to review the entire first period of our sustainability targets and to take a look at the future.

The results for the four focus areas of our commitment to sustainability vary. We made a significant reduction to our own emissions globally. Achieving our own targets is not the primary reason for our happiness – rather it's the fact that we have been able to embed the reduction of greenhouse gas emissions into our culture. This is the best possible starting point for future progress. We were also able to foster a shared understanding of how important employees, their knowledge and their development are to the success and progress of our company. We also reached our first milestone with our most important raw material: milk. Since 2019, there has been a Switzerland-wide standard for sustainable milk. Our ambition for waste reduction has failed. We have not yet managed to find a satisfying and permanent solution to central food waste problems, and a circular economy is still a long way off, far down a road paved with uncertainty.

The journey is the destination

Setting concrete goals was and is important to us – and not only when it comes to sustainability. The same applies to achieving these goals by their target deadline. However, the most crucial aspect is ensuring that the right path has been taken, and that these goals are integrated permanently into our daily lives.

We are convinced that our commitment to sustainability, which focuses on selected topics of particular relevance, is the right path for Emmi. Not least because it is understood and supported by our stakeholders – especially our employees. We are therefore sticking to this strategy and our focus topics, setting ourselves more ambitious goals and introducing just one new topic for the next strategy period: water. Targets with a comparatively short timeframe have also proved successful. They force us to focus and act quickly. In doing so, we rely increasingly on the cooperation between networks along our value chain – for example in our commitment to a circular economy.

Our new 2027 sustainability targets are complemented by our netZero 2050 vision, which we see as a commitment to climate protection that surpasses what at first glance appears to be a business imperative and, in particular, our direct sphere of influence. Although this vision extends past personal timeframes, we will continue to strive for that will bring immediate, measurable.

Konrad Graber
Chairman of the Board

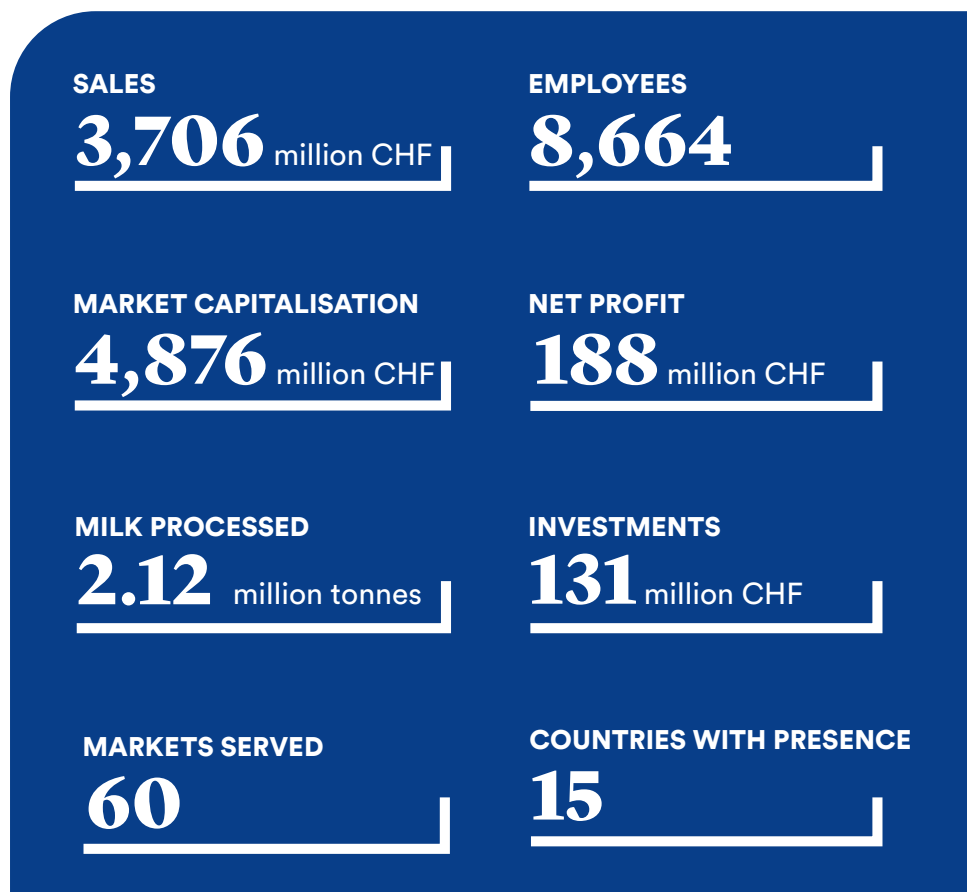
Urs Riedener
CEO

The best dairy moments – today and tomorrow

Emmi is an international group of companies – anchored in Switzerland, active worldwide. Our actions are guided by our passion for the best dairy moments and a business model geared towards sustainable growth.

We are the leading milk processor in Switzerland, a position we have earned thanks to a long-term corporate strategy, a geographically diversified business model aligned to sustainable growth, high-quality products and strong brands. Over the past 20 years, we have developed from a regionally active milk processor into an internationally successful group with a presence in 15 countries. We also export our products to around another 45 countries.

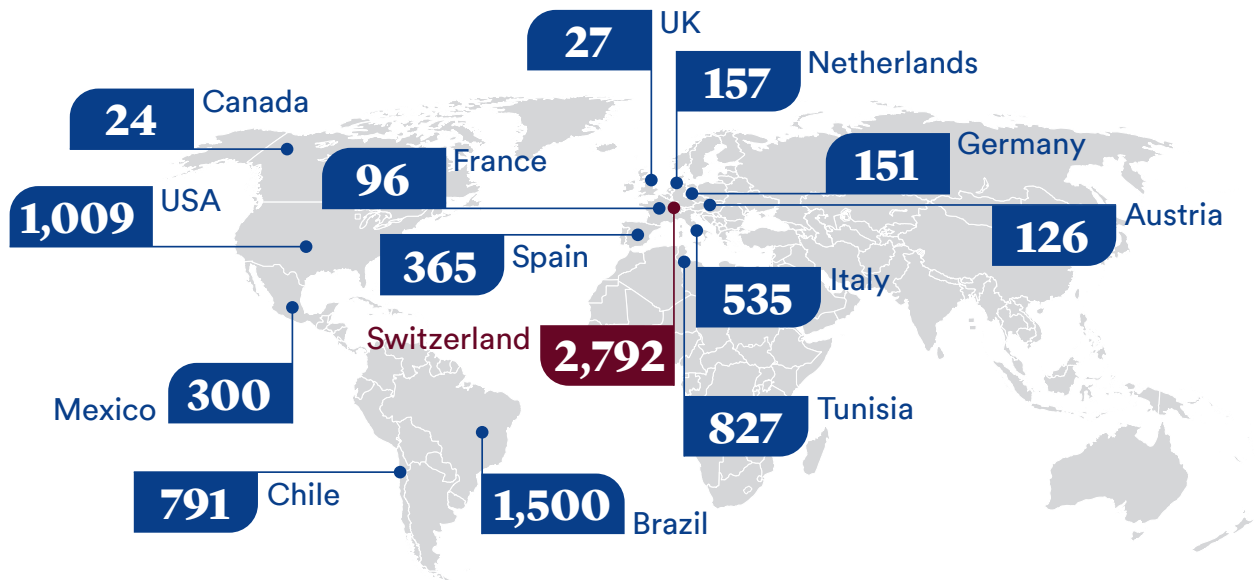
Emmi Group key figures (as at the end of 2020)



More information: [↪Link](#)

We employ just under 8,700 people worldwide, around two-thirds of them outside Switzerland.

Number of employees by country (as at the end of 2020)



Our vision

To create the best dairy moments. We are wholeheartedly committed to achieving this goal, with all our passion and expertise, and operate a spectrum ranging from small artisan businesses to state-of-the-art production facilities. Thanks to our local roots within the supply chain, we also help to create value in rural regions and thus remain true to the core of our products, with high-quality and increasingly sustainably produced milk.

More information: [Link](#)

Sustainability as part of the business model

True to our heritage dating back over 100 years, we manufacture our products with respect for our planet's natural resources and the needs of the people and communities where we operate.

Our roots go back over 100 years, when 62 dairy farming cooperatives in central Switzerland founded Emmi's predecessor organisation in order to market their milk jointly and thus secure their families' livelihoods. The Central Switzerland Milk Producers, Cooperative (ZMP) still holds the majority of Emmi shares today.

This heritage and our origins shape the way we develop our business and take responsibility for our actions. We want to help create value in our immediate environment and remain true to the origin of our products.

We see ourselves as an integral part of a complex dairy and food ecosystem. This can only work in the long term by ensuring the sustainable and careful use of resources of all kinds along all stages of the value chain. Accordingly, we see it as our joint responsibility to help find solutions to the collective challenges ahead – for example with regard to environmental protection and animal welfare ([↻ see page 11](#)) and to nutrition ([↻ see page 55](#)). This also enables us to prevent risks, avoid unnecessary costs such as those caused by wastage ([↻ see page 31](#)) and exploit opportunities with sustainable innovations ([↻ see page 49](#)), thereby helping us to further strengthen our reputation and people's trust in Emmi.

Our approach

Dairy products can make an important contribution to a balanced diet, while cows, as part of a biological cycle, convert grass that cannot be consumed by humans into valuable protein in a highly efficient way. To achieve this, their entire life cycle from milk production, processing and transport right through to consumption must be placed on a sustainable footing that is fit for the future. We want to play our part in this through measurable, time-bound and transparent goals coupled with defined plans and partnerships. We are driving the strategic and operational implementation of our goals across functions and countries. Our projects are subjected to regular evaluations and analyses of environments and risks, including by external partners such as WWF Switzerland.

We focus our activities on those areas in which we can achieve the greatest impact: sustainable milk production, careful use of resources, reduction of greenhouse gas emissions and the further development of our employees. Sustainable dairy and cooperation with our milk suppliers are particularly important in this regard, since milk production is not only responsible for the largest share of dairy products' environmental impact but also involves relevant social and ethical aspects. By working with our milk suppliers to drive progress in these areas, we are securing long-term access to high-quality and increasingly sustainably produced milk and thereby also meeting growing consumer demand.






Measurable progress

We set measurable targets for our sustainability commitment for the first time back in 2016. A deliberately short horizon of 2020 was set to encourage the rapid implementation of measures and allow us then to set an even more targeted course on the basis of our initial experiences. As at the end of 2020, it is clear that progress has been made with regard to all focus issues, but there are also areas where even greater efforts are needed.

We believe we are on track with our ambition to switch to sustainably produced milk. In the first few years, we have concentrated on our Swiss suppliers of cow's milk. The entire Swiss dairy industry has made very good progress in this area compared with other countries, establishing the "Sustainable Swiss Milk" industry standard and the associated "swissmilk green" label. 93% of the milk processed by Emmi in Switzerland is produced in accordance with the "Sustainable Swiss Milk" standard. With the horizon of 2027, we are actively committed to further developing this standard – for example with regard to climate protection – and are extending our commitment to our locations worldwide.

We are satisfied with the Group-wide reduction in greenhouse gas emissions, coming very close to achieving our target of a 25 % reduction compared with the base year 2014.

However, we did not achieve our waste reduction target (focus: waste, packaging, food waste). While we were able to reduce our food waste in Switzerland by more than 10 %, the reduction in waste volumes was below our expectations overall. We are also making only slow progress with regard to packaging and recycling systems. In terms of development plans for our employees worldwide, we see the glass as being two-thirds full. In many countries, the key task is to change traditions moulded by local cultures rather than simply implement HR systems and associated measures.

FOCUS ISSUE	2020 TARGETS	STATUS AT END-2020	2027 TARGETS
Sustainable dairy 	100 % of Emmi's suppliers of Swiss cow's milk to meet a defined catalogue of sustainability criteria.	The new "Sustainable Swiss Milk" industry standard was created and has been in force since September 2019. As at the end of 2020, 93 % of the cow's milk processed by Emmi in Switzerland met the requirements of the new industry standard.	100 % of Emmi's milk suppliers outside Switzerland produce to a local standard with above-average requirements. Further development of the Swiss industry standard.
Reducing greenhouse gases 	Reduce Scope 1 and 2 emissions by 25 % (compared with the base year 2014).	By the end of 2020, greenhouse gas emissions had been reduced by 24 % compared with the base year 2014.	Reduction of own greenhouse gas emissions (Scope 1 and 2) by 60 % (compared with the base year 2014). Reduction of greenhouse gas emissions in the value chain (Scope 3) by 25 % (compared with the base year 2019). Vision netZERO 2050.
Avoiding waste 	Reduce food and packaging material waste by 20 % compared with the base year 2017.	The waste generated by Emmi globally was reduced by 10 % (compared with the base year 2017). The food waste generated by Emmi globally was reduced by 11 % (compared with the base year 2017).	100 % recyclable packaging. 50 % less waste and food waste compared with the base year 2017. Zero waste disposal in landfills.
Water (from 2021) 			Reduce Emmi's own water consumption in risk regions by 50 % (compared with the base year 2019). Reduce Emmi's own water consumption in non-risk regions by 15 % (compared with the base year 2019). Reduce water consumption along the value chain.
Developing employees 	Fill 50 % of vacant key positions with internal employees. Ensure that 100 % of employees have personal development goals.	In 2019, 47 % of key positions were filled by internal candidates. In 2020, the figure was 82 %. In 2020, 59 % of employees had documented personal development goals. Note: As not all objective agreements were recorded in systems, the actual figure is higher.	100 % of Emmi employees have a development plan in place. 50 % of all vacancies are filled by internal candidates.

Outlook

To ensure that future generations will also be able to experience the best dairy moments, we are realigning our strategy to focus on employees, communities and the environment, three action areas each with their own clearly defined ambitions. This model incorporates the existing focus issues along with a specific reduction target for water consumption. At the same time, we have started to define other topic areas and will be able to merge both these and other relevant aspects that arise in future to create an effective model as an integral part of our approach.

Action areas of Emmi's sustainability strategy



We provide an environment where all employees feel welcome, valued and inspired and have opportunities for development.

We create shared added social value and make sustainable dairy the norm.

We aim to achieve netZERO by 2050 while at the same time driving circularity.

New targets with a horizon of 2027

We are extending our commitment to our “Sustainable dairy” focus issue to encompass all our activities worldwide. We want to work with our dairy suppliers, innovative partners and other stakeholders to accelerate efforts to develop sustainable solutions within the dairy and food industry and work towards systemic change ([↪ see page 8 “Sustainable dairy”](#)).

Since the majority of the emissions in the life cycle of our products occur outside our direct sphere of influence, we are extending our CO₂ reduction target to our entire value chain (Scopes 1 to 3) from milk production and raw material cultivation, through transport, processing and distribution, to consumption and recycling. Of particular significance is our ambition to put our carbon footprint on a net-zero reduction path by 2050. We plan to achieve this through our netZERO 2050 vision based on scientifically supported and independently validated CO₂ reduction targets from the Science Based Targets initiative (SBTi) ([↻ see page 8 “Reducing greenhouse gases”](#)).

We have set ourselves equally ambitious targets for avoiding waste. We want to further reduce food waste and rubbish at our own sites. Our overriding aim, however, is to finally close cycles across sectors and countries ([↻ see page 8 “Avoiding waste”](#)).

We will also stay on the ball when it comes to the individual development of our employees, a promise that still applies globally to all our employees. And we firmly believe that at the same time, we will increasingly be able to fill positions – including key positions – with internal candidates ([↻ see page 8 “Developing employees”](#)).

We are setting ourselves specific reduction targets for our new focus issue “Water”. In the interests of materiality, however, our commitment is consciously geared to regions where the supply of water is particularly critical ([↻ see page 8 “Water”](#)).

More information: [↪ Link](#)

Emmi sustainability targets with a horizon of 2027



Material issues

We conducted a materiality analysis that identified 14 issues of particular relevance for Emmi and its stakeholders. Based on their high level of significance and our ability to influence them, we defined “Sustainable dairy”, “Avoiding waste”, “Reducing greenhouse gases” and “Developing employees” as focus issues in terms of our sustainability strategy. Following a review of our sustainability strategy in 2020, we added “Water” as a further focus issue ([↪ see “Reporting practice” on page 81](#)).



Focus issue “Sustainable Dairy”

Milk is vitally important for Emmi. It is our most important raw material – and a significant economic factor for rural regions. The environmental impact of milk production also plays a key role alongside animal welfare. With this in mind, we are committed to making comprehensively sustainable milk production the norm, with the involvement of our milk suppliers and in association with other stakeholders.

As early as 2016, we set ourselves the goal of only processing sustainably produced cow’s milk in Switzerland. Our efforts contributed to the launch of the joint “Sustainable Swiss Milk” standard by the Swiss dairy industry in September 2019, which incorporated a large number of our considerations. Swiss dairy farmers must meet ten basic and two additional requirements by September 2023 at the latest.



“Sustainable Swiss Milk” basic requirements

Animal welfare

- Daily access to pasture (RAUS) or loose housing (BTS)
- Calves stay on the farm of birth for at least 21 days
- Regular milking
- Strict rules for livestock shows
- Pregnancy testing before slaughter

Feed

- If soy, only from sustainable cultivation
- No palm oil, no palm fat

Miscellaneous

- Promotion of biodiversity
- Every cow has a name

Further basic requirements

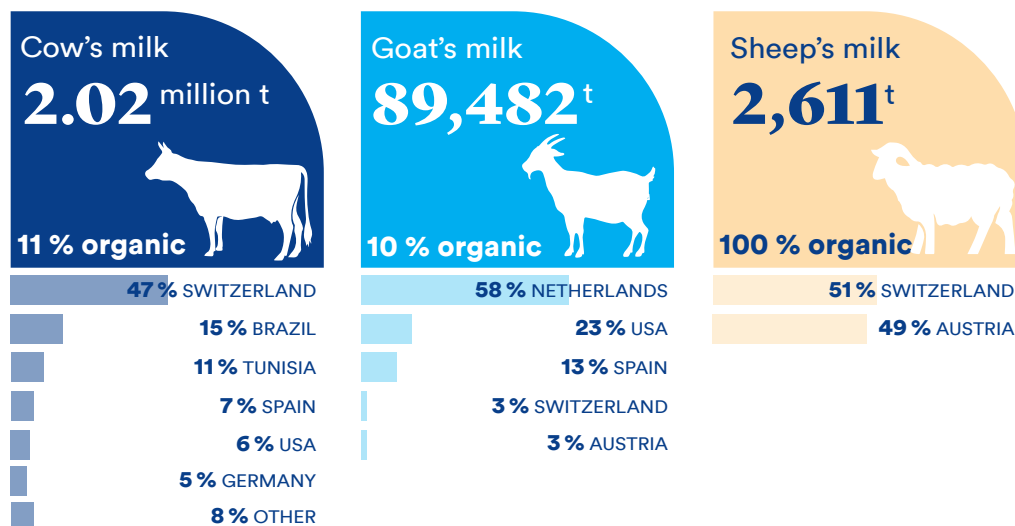
- Care with antibiotics

More information: [↪Link](#)

Since we are not a dairy farming cooperative and do not own our own dairy herds, our ability to influence milk production is naturally dependent on our importance as a buyer in the respective market. Emmi is one of the most important milk purchasers in Switzerland, with around a quarter of all milk produced nationwide – and about 40 % in the case of organic milk – processed at our sites.

Our subsidiaries in Tunisia and Chile also play an important role as milk purchasers. In the other countries where we operate production facilities, we have at most regional weight as a purchaser, which limits our ability to influence milk production in these countries, even though the more than 300 million kilograms of milk processed by Laticínios Porto Alegre in Brazil appears significant by Emmi-internal standards. The way that animals are kept also varies hugely from country to country. Emmi is therefore committed to developing solutions together with the industry in question, regardless of whether this makes coordination and processes more complex.

Milk volumes processed by Emmi worldwide (2020)



Developments 2019/2020

In Switzerland, we are well on the way to processing only sustainable milk. By the end of 2020, 93 % of the 822 million kilograms of milk processed by Emmi in Switzerland (excluding Bio Suisse, IP-Suisse, Demeter) already met the criteria of the new “Sustainable Swiss Milk” industry standard. The remaining suppliers are in the process of converting their operations. After a four-year transition period that will end in September 2023, we will buy only verifiably sustainable milk. For their efforts, farmers receive 3 centimes more per kilogram of milk. A further 141 million kilograms of milk met the higher sustainability requirements of Bio Suisse, IP-Suisse and Demeter in 2020.

Outside Switzerland, however, the situation is rather more complex. Emmi operates its own production facilities in 11 countries worldwide, generally processing milk produced in the local region. There is a lack of uniform sustainability standards, and in countries such as Brazil or Tunisia, there is little awareness of sustainable dairy. To address this, we are working with the School of Agricultural, Forest and Food Sciences at Bern University of Applied Sciences (HAFL) to develop a catalogue of criteria that is compatible with international standards such as those of the Dairy Sustainability Framework (DSF) in order to measure the sustainability of milk production in our production countries and thus create the basis for future development. Based on the findings of this assessment, we will then set country-specific priorities and targets to be achieved by 2027. Our aim is to guarantee above-average sustainability standards for milk production worldwide that take the local conditions of each country into account.

Activities of the business divisions

Business division Switzerland

We have continued to develop the “Sustainable Swiss Milk” Swiss industry standard in conjunction with milk suppliers, other processors and associations. We are focusing in particular on the inclusion of additional climate protection criteria in order to reduce greenhouse gas emissions from milk production. Further onus has been placed on the industry to step up its own sustainability efforts in the wake of the stalled further development of Swiss agricultural policy (AP22+).

Together with partners from the Swiss dairy industry, at the end of March 2021 we submitted a project to the government resource programme for the promotion of innovation in agriculture. The “Klimastar Milch” (Climate Star Milk) resource project aims to help up to 500 dairy farms with annual production totalling 100 million kilograms of milk reduce their greenhouse gas emissions between 2022 and 2027. One particular area of focus is the sustainable, location-adapted use of natural resources (especially feed). Efforts are also to be made to further reduce competition between land for animal feed and land for human food. The basis for this is the research project “Competition for land and food in milk production”, conducted under the direction of Agroscope and HAFL with financial support from a number of organisations including Emmi.

Animal health and the use of antibiotics are key aspects of sustainable milk production. With that in mind, from 2017 to 2020 Emmi offered interested farmers veterinary support for preventive health promotion for their cattle. This allowed them to reduce their use of antibiotics and also had a positive impact on the fertility of the animals. The majority of these dairy farmers therefore want to continue to benefit from this support.

More information: [↪ Link](#)

Emmi also continues to support the following projects and organisations in Switzerland with regard to specific sustainability aspects in milk production:

- The Swiss Soy Network is committed to the responsible cultivation and sustainable procurement of soy used for feed. www.sojanetzwerk.ch/en/
- KOMETIAN is an association that promotes a complementary animal medicine offering, with the aim of reducing the use of antibiotics in livestock farming. www.kometian.ch
- AgroCleanTech offers information on and assistance with implementing development programmes for energy-efficient and environmentally friendly agriculture. www.agrocleantech.ch

**Business division
Europe**

2020 saw the first “Future Workshop on Organic Milk” at Gläserne Molkerei in Germany. Together with our milk suppliers, Gläserne Molkerei will continue to work on sustainability aspects such as nutrient cycles, soil quality and biodiversity.

In the Netherlands, an industry-wide rating system for sustainable goat’s milk was established in 2018, with 87 % of all milk producers already participating by 2020. The focus is on animal welfare and animal health, as well as on energy and the climate. All 49 suppliers of goat’s milk to Emmi subsidiary Bettinehoeve are taking part. This enabled Bettinehoeve to achieve the third-best result among 12 participating milk processors.

**Business division
Americas**

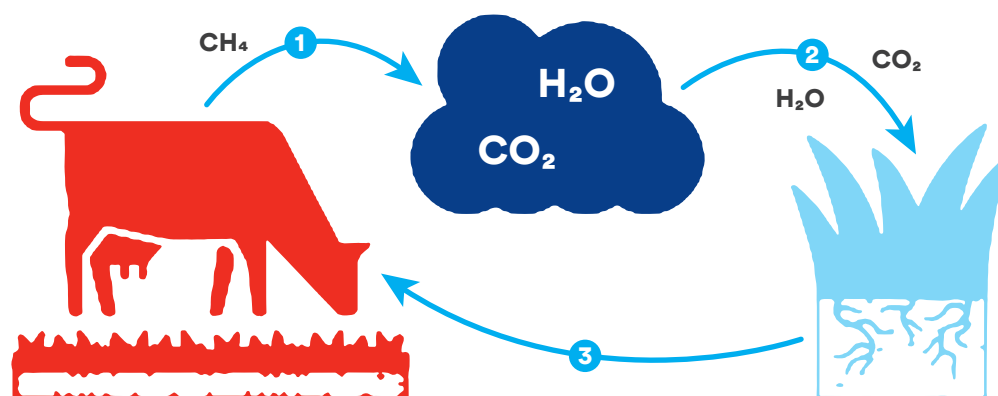
In Tunisia, small farmers in particular sell their milk to our subsidiary Centrale Laitière de Mahdia (“Vitalait”). Vitalait established a foundation in 2019 to support this arrangement and promote sustainable milk production in the region. Agricultural consultants visit the small producers and advise them on matters such as feeding, hygiene, animal husbandry and sustainable soil management. The foundation also contributes up to 30 % towards capital expenditure, for example for milking equipment. Since March 2019, 1,800 farmers have already received support.

Management approach disclosures

103-1

In many rural areas of the world, milk is a significant economic factor, creating jobs and adding value in general. Particularly for family-run farms in poorer countries, milk sales are an important source of income. However, milk production is also associated with major ethical and social issues and has a significant impact on the environment, not least due to the substantial greenhouse gas emissions it generates. Three main sources can be identified here: methane produced during cows’ digestive cycles, methane and nitrogen released through the use of farmyard manure and various greenhouse gas-active substances emitted during feed production. This is why we want to exert an even greater influence over the production of our most important raw material.

The natural biological carbon cycle in milk production



Cows are basically part of a natural biological carbon cycle. ① The methane that the animals release into the air after digestion is broken down into CO₂ and water (H₂O) within ten years. ② The plants in the meadow then take both of these up again during photosynthesis and release oxygen (O₂). ③ Cows in turn absorb carbon from the green fodder as they eat.

We have set ourselves the goal of leading dairy products into a sustainable future and therefore preserving them for future generations. This means, among other things, that milk production must gradually be steered towards a balance in which dairy farming respects the potential stresses of this natural biological cycle through location-appropriate husbandry methods – in particular with regard to feeding.

103-2

“Sustainable dairy” is a focus issue at Emmi. The Sustainability Steering Committee – composed of six members of Group Management and the Management Team – regularly reviews progress and the status of target achievement for all focus issues. The operational aspects of the focus issues are the responsibility of cross-divisional focus teams, with members chosen according to the relevant issues.

Our “Sustainable Milk” focus team – made up of sustainability and agricultural specialists – is responsible for implementing our strategy for more sustainable milk and coordinates activities across the Group. The team is supported by our Procurement department. Group-wide, our milk buyers meet every two months to share their experiences and are increasingly using these meetings as an opportunity to discuss sustainability aspects as well.

In Switzerland, we maintain a dialogue with our milk suppliers through questionnaires, regular surveys, personal conversations and attendance at industry events. There is also a tradition of close cooperation with the main shareholder and largest milk supplier, the Central Switzerland Milk Producers’ Cooperative (ZMP). We are also represented in the Swiss Milk Sector Organisation (BOM), where we work with other players to further develop the “Sustainable Swiss Milk” standard, contribute to research partnerships and share knowledge and ideas with other milk processors. We are also tackling the issue together with our customers by cultivating an open dialogue and implementing joint projects.

Our Group-wide goal is that by 2027, the milk purchased by our Group companies will be produced to higher sustainability standards than those applicable in the respective regions ([↪ see Developments 2019/2020, page 13](#)).

103-3

To assess our progress in processing sustainably produced milk, we record how many of our Swiss suppliers meet the criteria of the “Sustainable Swiss Milk” industry standard and the volume of milk this corresponds to. We also record the proportion of particularly sustainable milk (Bio Suisse, IP-Suisse, Demeter).

WWF Switzerland reviewed the “Sustainable Swiss Milk” industry standard and other Swiss milk production standards in 2019. The use of 100 % certified soya, the exclusion of palm fat and palm oil, and the requirement for sufficient outdoor space by means of particularly animal-friendly husbandry systems (BTS) or regular access to outdoor pasture (RAUS) were given a positive rating. However, WWF Switzerland sees a need for improvement in the areas of soil and water, biodiversity, climate and the use of concentrated feed. We therefore welcome the fact that the Swiss Milk Sector Organisation (BOM) is focusing on climate-related issues in the further development of the industry standard. We would also like to develop recommendations for the sustainable use of concentrated feed.

Emmi is a member of the Dairy Sustainability Framework (DSF), where it reports annually on animal health, greenhouse gas emissions and waste. In this way, we are supporting the global initiative for greater sustainability in the dairy sector, which is reliant on a good knowledge base. We can now draw on these indicators when compiling our catalogue of criteria for the milk processed by our subsidiaries outside Switzerland.

Indicators

Milk volumes processed worldwide

		2019	2020	Δ
Cow's milk	t	1,971,283	2,027,635	3 %
Goat's milk	t	84,772	89,482	2 %
Sheep's milk	t	1,309	2,610	99 %
Total	t	2,057,364	2,119,727	3 %

Proportion processed according to the “Sustainable Swiss Milk” standard (swissmilk green)

93 %

Organic milk volumes processed worldwide

		2019	2020	Δ
Organic cow's milk	t	191,370	224,088	17 %
Organic goat's milk	t	6,725	9,349	39 %
Organic sheep's milk	t	1,309	2,610	99 %
Total organic milk	t	199,404	236,047	18 %



Focus issue “Reducing greenhouse gases”

Climate change is a global challenge that needs to be addressed by companies across the board. We are tackling this task with commitment and responsibility, because we believe that the significant greenhouse gas emissions generated in milk production mean dairy products need to make significant progress in this regard in order to be sustainable. Climate protection and the reduction of greenhouse gases are therefore an urgent obligation for a company like Emmi with a long-term mindset.

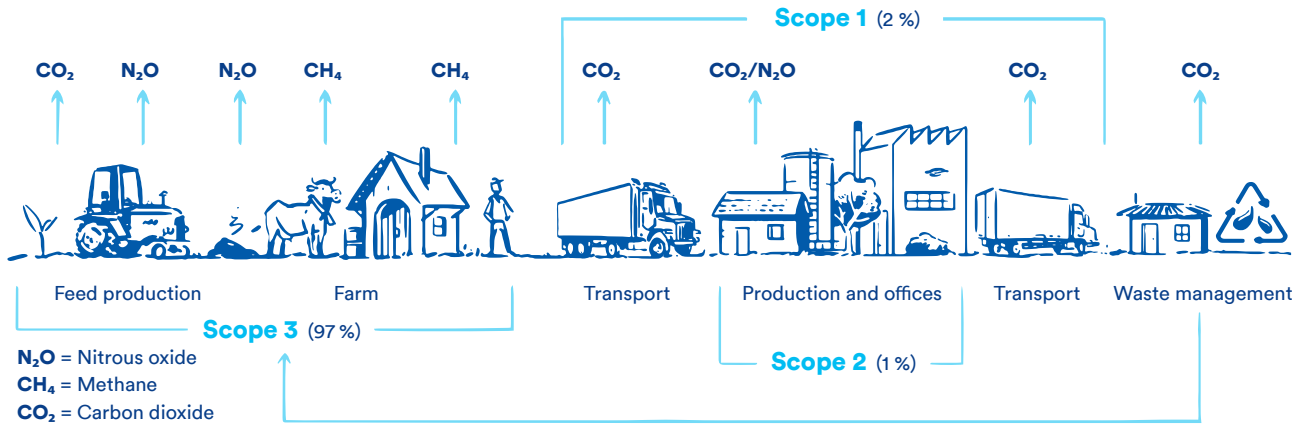
Developments 2019/2020

We have worked actively at various levels to reduce our greenhouse gas emissions. With greenhouse gas emissions 24 % lower in 2020 than in the base year 2014 at our own sites, in purchased energy sources and in our freight mobility (Scopes 1 and 2), we have almost achieved our reduction target of 25 % already. Switzerland contributed the lion's share to this reduction.

In 2020, the decision was taken to also cover our North and South American locations with electricity certificates from renewable sources as of 2021 (-19,000 t CO₂). This follows the conversion firstly of our Swiss sites in 2017 (-14,800 t CO₂) and then of all our European sites in 2018 (-17,600 t CO₂).

In 2020, we conducted an in-depth review of our carbon footprint along the entire value chain to understand the current scope and scale of our emissions. In setting the new emissions reduction targets for production and purchased energy (Scopes 1 and 2) through to the entire value chain (Scope 3), we followed a rigorous science-based methodology in line with the Greenhouse Gas Protocol and the Science Based Targets initiative (SBTi). 97 % of all greenhouse gas emissions occur in the upstream and downstream value chain. Methane and nitrous oxide emissions in milk production account for by far the largest share (these greenhouse gases are many times more harmful than CO₂). Feed cultivation can also cause significant emissions ([↪ see page 16](#)).

Greenhouse gas emissions along the Emmi value chain



Scope 1:

Scope 1 includes all emissions caused directly by the company (e.g. fuels, refrigerants).

Scope 2:

Scope 2 comprises the indirect emissions caused by purchased energy (electricity, district heating).

Scope 3:

Scope 3 encompasses all upstream and downstream greenhouse gas emissions. At Emmi, these include milk production and the manufacture and disposal of product packaging.

Activities of the business divisions

Business division Switzerland

Numerous projects and initiatives to save CO₂ were launched in our domestic market. For example, the waste heat from the refrigeration system at the Kirchberg site is now used optimally for heat recovery. The photovoltaic system at the Studer cheese dairy has been expanded from 91 MWh to 250 MWh. Additional photovoltaic systems have also been commissioned at other locations. In 2019 and 2020, we were able to increase our energy efficiency by 2 % per year compared with 2018.

Some important projects also incurred delays during the reporting period. As a result, the Suhr site cannot be connected to the local district heating network until mid-2021 – later than planned. This change will save 5,500 tonnes of CO₂ per year.

Various flagship transport projects are ongoing. For example, since 2019 we have been providing our employees at larger locations with electric vehicles for business trips. We also commissioned the first hydrogen-powered lorries at the end of 2020. For the first time, we offset the few business trips that were still made by air in 2020, with the funds going to a myclimate project to produce electricity from FSC wood waste in the Amazon. Going forward, we will be reducing business travel in general and offsetting the emissions from the remaining flights.

Business division Europe

The European locations were able to reduce their CO₂ emissions by 380 tonnes in 2020 compared with the previous year (-4%).

Since 2019, we have been generating around 160 MWh of electricity per year via a photovoltaic system at our location in Nüziders (Austria).

The Emmi Dessert Italia locations in Gattico, Pero and Lasnigo implemented measures derived from their energy audits and have been able to achieve a 6 % increase in energy efficiency overall. Systematic insulation and optimisation of the pressure of the ice water pump lowered energy consumption by around 1,900 MWh in 2020, which in turn saved 495 tonnes of CO₂.

Refrigerant losses resulted in a 100-tonne increase in greenhouse gas-active emissions at Nüziders (Austria) in 2020. The problem has since been rectified.

Business division Americas

In the business division Americas, growth led to an increase in absolute emissions.

The locations within the business division Americas emitted 1,350 tonnes less CO₂ in 2020 than in 2019. By switching from oil to gas, Quillayes Surlat in Chile saved around 3,670 tonnes of CO₂ in 2020.

Chile's Quillayes Surlat also reduced energy losses through better insulation.

Emmi Roth in the USA commissioned a new photovoltaic system in 2019, with annual production of around 680 MWh.

Mexideli in Mexico commissioned an efficient and climate-neutral CO₂ refrigeration plant in 2020 – the first of its kind in the country – and was also able to significantly reduce transport kilometres thanks to consolidation of its locations.

Management approach disclosures

103-1 Emmi faces a challenging task in reducing greenhouse gases, as the production and distribution of dairy products is an energy and emissions-intensive activity. Added to this, almost all greenhouse gas emissions occur during the upstream production of raw materials, which we have no direct influence over. Within our own value chain, the heating and cooling of raw materials during processing requires a lot of energy, and a perfect cold chain must be ensured during transport and storage.

103-2 “Reducing greenhouse gases” is a focus issue at Emmi. The Sustainability Steering Committee – composed of six members of Group Management and the Management Team – regularly reviews progress and the status of target achievement for all focus issues. The operational aspects of the focus issues are the responsibility of cross-divisional focus teams, with members chosen according to the relevant issues.

We continuously monitor the energy consumption and greenhouse gas emissions of all production locations. At the Swiss sites, this is also ensured by means of the ISO 14001-certified environmental management system, and at the European sites specifically, still according to ISO 50001.

Emmi relies on renewable energy for its electricity supply by purchasing green electricity certificates. Since the beginning of 2017, all plants in Switzerland have been operating with electricity from hydropower. Our sites in Europe have also been supplied with sustainable electricity from hydropower since 2018. The sites of the business division Americas have also been sourcing their electricity from renewable energy since the beginning of 2021.

We are also stepping up our own production of renewable electricity and heat. District heating, solar energy (especially on the roofs of our production plants) and wood chips have proven to be good alternative energy sources. We are also exploring options involving biogas.

To further reduce greenhouse gas emissions, we are making targeted efforts to improve energy efficiency and replace fossil fuels with lower CO₂ alternatives. Efficiency measures include process optimisation, the use of more efficient pumps and motors, and heat recovery methods. We are continuously expanding these measures.

Emmi also remains committed to its decision to stop investing in fossil fuel-based technologies.

As we move forward, we are guided by our new corporate goals, which have been validated by the Science Based Targets initiative (SBTi):

By 2027, we aim to achieve a 60 % absolute reduction in Scope 1 and Scope 2 CO₂ emissions compared with 2014, in line with the 1.5 degree SBTi target.

In Scope 3, our efforts will focus on reducing CO₂ in milk production. This approach is also compliant with the SBTi’s baseline stabilisation scenario. Since we have no direct influence over emissions in our upstream supply chain, we are working with our suppliers, other dairies, non-governmental organisations and the scientific and research community.

103-3

Key figures for electricity, gas, oil and other energy sources are collected at all Emmi plants worldwide, while SGS audits for all key environmental figures are also standard.

In Switzerland, Emmi carries out regular checks to ensure it is meeting the CO₂ objectives it has agreed with the federal government.

To allow us to reduce greenhouse gas emissions in the upstream supply chain in the future, the next step is to collect primary data. We currently work with emissions factors from the World Food LCA Database. The focus will initially be on Switzerland. Over the coming years, Emmi locations in other countries will benefit from the experiences gained with the reduction measures in our domestic market.

Indicators

302

ENERGY¹

302-1

		2019	2020	Δ
HEAT		382,365	420,650	10 %
Heating oil	MWh	61,365	48,057	-22 %
Natural gas	MWh	291,398	344,484	18 %
Diesel	MWh	3,729	3,578	-4 %
Wood chips	MWh	2,332	1,980	-15 %
District heating	MWh	23,542	22,551	-4 %

FUEL CONSUMPTION BY VEHICLES

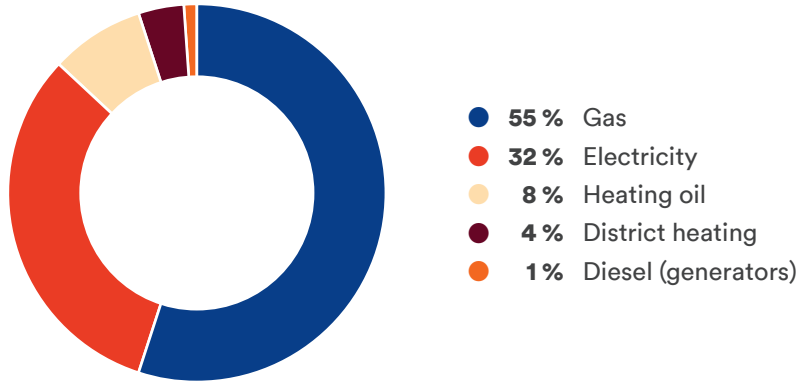
Petrol	Litres	188,491	178,660	-5 %
Diesel	Litres	3,003,859	2,844,514	-5 %

ELECTRICITY

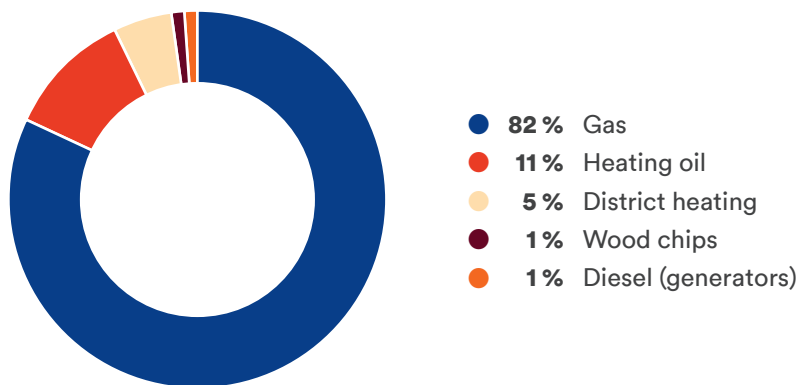
		194,650	200,463	3 %
Renewable share	MWh	149,346	149,924	0 %
Non-renewable share	MWh	45,304	50,540	12 %

¹ The basis for calculating the key environmental indicators can be found on page 86 for GRI indicator 102-45.

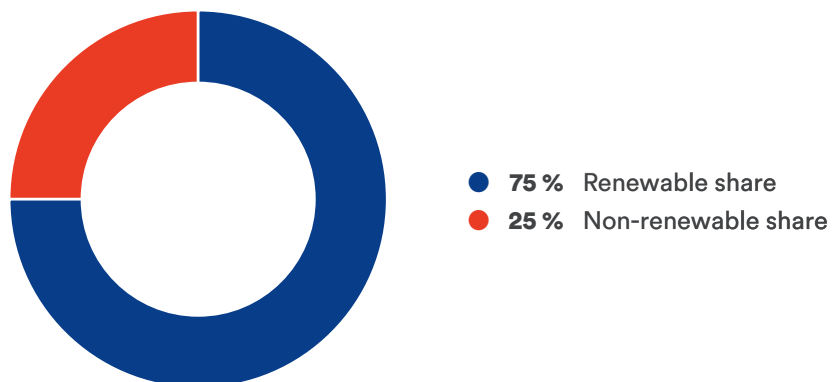
Operational energy consumption (2020)



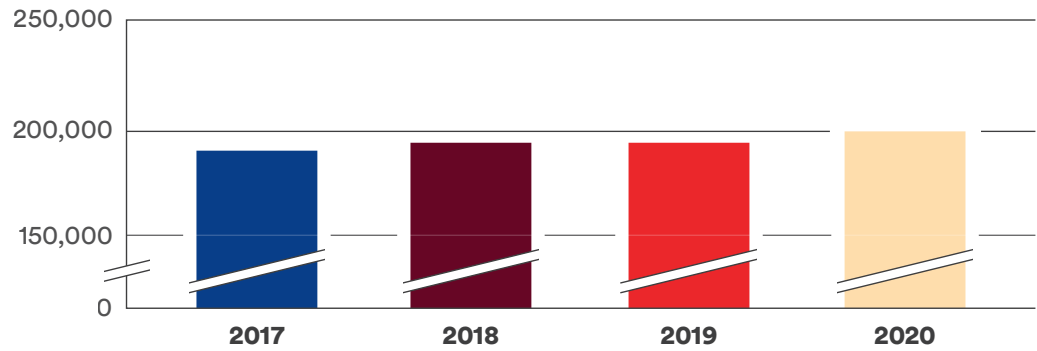
Heat consumption by energy source (2020)



Total electricity consumption by renewable and non-renewable sources (2020)



Total electricity consumption 2017 – 2020 (MWh)



305

EMISSIONS

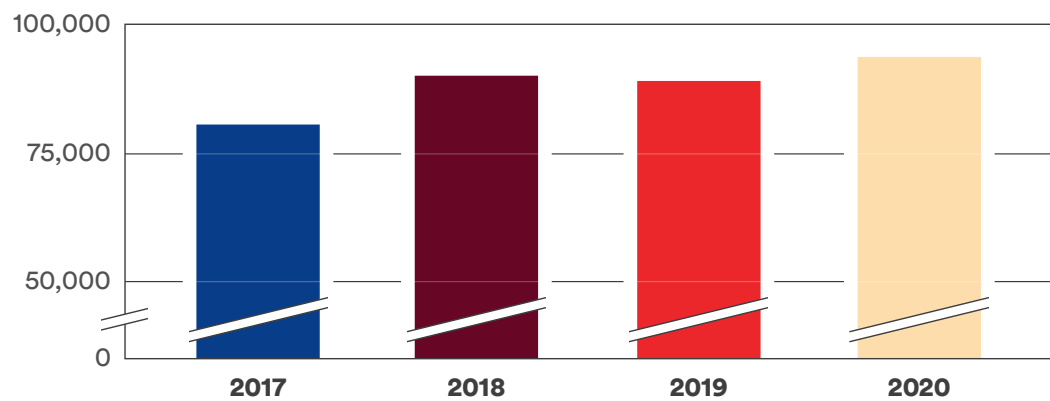
305-1

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1)¹

		2019	2020	Δ
Fuels	tCO ₂ e	74,400	78,246	5 %
Refrigerants	tCO ₂ e	3,046	3,495	15 %
Transport/fuel	tCO ₂ e	8,351	7,904	-5 %
Total	tCO₂e	85,797	89,645	4 %

¹ The basis for calculating the key environmental indicators can be found on page 86 for GRI indicator 102-45.

Greenhouse gas emissions (Scope 1) 2017 – 2020 (tCO₂e)



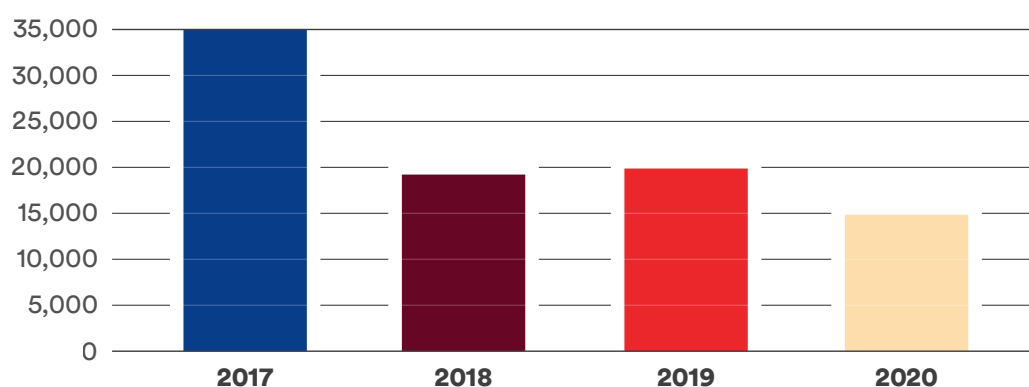
305-2 Indirect energy-related greenhouse gas emissions (Scope 2)¹

		2019	2020	Δ
Electricity	tCO ₂ e	19,828	14,841	-25 % ²
Other (e.g. district heating)		44	42	-4 %
Total	tCO₂e	19,872	14,883	-15 %

1 The basis for calculating the key environmental indicators can be found on page 86 for GRI indicator 102-45. Based on World Food LCA Database.

2 The use of a combined heat and power (CHP) system at Centrale Laitière de Mahdia ("Vitalait") has enabled us to significantly reduce the electricity we purchase. At the same time, this leads to increased natural gas consumption.

Indirect greenhouse gas emissions (Scope 2) 2017 – 2020 (tCO₂e)



305-3 Other indirect greenhouse gas emissions (Scope 3)¹

		2019	2020	Δ
Total Scope 3	tCO₂e	4,953,252	5,321,746	7 %
of which category 1: Purchased goods and services		4,583,584	4,707,873 ²	3 %
of which milk ²		4,004,093	4,128,382	3 %

1 The basis for calculating the key environmental indicators can be found on page 86 for GRI indicator 102-45. Based on World Food LCA Database.

2 Only milk re-surveyed for 2020; remaining Category 1 emissions carried over from 2019.

The rise in Scope 3 emissions is the result of an increase in the volume of milk processed, mainly outside Switzerland. The emission factors of milk production are higher abroad on average as the average production systems produce less milk than in Switzerland. So far we have been working with figures from the LCA Food Database, but we plan to collect our own data in the future to obtain more accurate values. Other contributors include the addition in 2020 of the subsidiaries Leeb in Austria and Quillayes in Chile (merger with Surlat). Moreover, Laticínios Porto Alegre in Brazil has already been included because the milk volume produced by this subsidiary accounts for 16% of the milk volume processed by the Emmi Group worldwide, even though new operations are typically not integrated into sustainability reporting until two years after acquisition.

The most significant Scope 3 emissions include the purchase of milk, cheese and yogurt. Other relevant Scope 3 emissions come from fruit and coffee cultivation and from packaging materials. Grey energy from energy and fuel production as well as waste disposal are likewise factored into this indicator.

305-4 GHG emissions intensity¹

	2019	2020	Δ
tCO ₂ per KCHF sales ²	1.45	1.46	1%

¹ The basis for calculating the environmental indicators can be found on page 86 for GRI indicator 102-45.

² Emmi's sales increased by 6% from CHF 3.49 billion in 2019 to over CHF 3.7 billion in 2020.

305-5

In 2019, we reduced greenhouse gas emissions in Scopes 1 and 2 by 34,909 tonnes versus 2014 and by 104 tonnes versus 2018.

2020 saw greenhouse gas emissions in Scopes 1 and 2 cut by 36,050 tonnes compared with the base year 2014 and by 1,141 tonnes compared with 2019.

The reduction in greenhouse gas emissions is the result of numerous efficiency measures such as insulation, heat recovery and process optimisations, which we are implementing at our sites worldwide. In addition, in 2019 we invested in another combined heat and power plant fuelled by natural gas at our plant in Tunisia. Since we no longer purchase electricity from the local grid operator and can also use the heat generated directly at the site, significantly less CO₂ is emitted overall.

Proportion of electricity from hydropower at Emmi sites in Switzerland and Europe

- End of 2019: 100 %
- End of 2020: 100 %

Greenhouse gases by division (in Scopes 1 and 2)¹

		2019	2020	Δ
Business division Switzerland	tCO ₂ e	40,836	41,263	1%
Business division Europe	tCO ₂ e	9,135	8,748	-4%
Business division Americas	tCO ₂ e	55,654	54,474	-2%

¹ The basis for calculating the environmental indicators can be found on page 86 for GRI indicator 102-45.



Focus issue “Avoiding waste”

On the one hand, we understand the issue “Avoiding waste” to mean reducing production waste and food waste. The task here is to identify and reduce volume flows and thus also to lower costs. On the other hand, we are paying particular attention to product packaging.

In order to avoid waste in the long term, it is imperative to create a circular economy: The greatest possible proportion of packaging must be easily and inexpensively recyclable. Packaging should be composed and designed in such a way that it can remain in the value chain and be reused for other foods. To achieve this level of recyclability, it is important to choose materials that can be recycled; biodegradable plastics are not a priority for us in this regard. The current lack of recycling systems for fundamentally recyclable materials in many places is a major obstacle here.

Furthermore, it is important not only to use the optimum packaging materials from a recycling perspective, but also to reduce the amount of materials used in general. The challenge for us is to reduce the weight of the packaging while at the same time ensuring that the product it contains is well protected. In view of the underlying environmental impact, protection of the product must always take priority when it comes to products containing animal raw materials.

There is currently no material or system that has proven to be ideal for product packaging and is also accepted by consumers. However, we can see the market is rife with innovation. There are not enough take-back and cleaning systems on the market at the present time to introduce redistribution systems. As an international group of companies, we monitor developments in all of the countries where Emmi operates and take action as soon as trends establish themselves. In addition, there are major differences from country to country in terms of the materials used, labelling, and sorting and recycling options. This makes it difficult to adopt a consistent approach.

Developments 2019/2020

From 2017 to 2020, we were able to reduce the waste generated by our operations globally by 10 % and food waste in Switzerland by 11%. This means we fell far short of the 20 % reduction target we had set ourselves compared with the base year 2017.

The fact that we did not reach our waste target can essentially be attributed to one source of waste: the sludge from wastewater treatment produced at Centrale Laitière de Mahdia in Tunisia, which is disposed of in a landfill. The solution we have adopted up to now (direct spreading as fertiliser on fields) has not proven to be effective. At the end of 2020, the relevant plans had to be shelved after they were definitively rejected by the competent authority. We are now evaluating new approaches (biogas, compost, drying and use as fuel) and will subject them to in-depth analysis.

In the case of food waste, clarifications regarding an investment project that could help achieve a significant reduction in this area are taking longer than planned. With that in mind, this has been postponed until the next target-setting period.

Over the past two years, we have optimised our packaging in terms of material consumption and possible alternatives to plastic. For example, unnecessary outer packaging has been dispensed with, plastic lids for yogurt and speciality cream have been eliminated and plastic drinking straws have been replaced by paper ones.

Circular economy considerations are becoming increasingly important and topical, especially when it comes to packaging. In 2020, we therefore created a new expert team for sustainable packaging.

Activities of the business divisions

Business division Switzerland

Packaging materials have been conserved for many products:

The weight of Aktifit and Benecol bottles (mini drinks) has been reduced by 10 %, and the trays and cardboard boxes have been optimised.

The sleeve thickness of Emmi Caffè Latte has been reduced.

In order to improve recyclability, different kinds of multilayer packaging have been converted to monolayer packaging (raclette trays, Luzerner Rahmkäse sticks).

We have launched an internal initiative to return packaging waste to the cycle (e.g. aluminium seals).

In 2020, we created a new team to drive our sustainable packaging efforts further forward.

Business division Europe

Gläserne Molkerei in Germany has dispensed with the additional snap-on lids for yogurt and buttermilk, saving 30 tonnes of plastic. As an alternative, consumers are now being offered reusable lids.

Emmi Dessert Italia has switched from polystyrene (PS) to polypropylene (PP) or polyethylene terephthalate (PET) for most of its packaging and already uses more than 18 % (around 240 t) recycled PET.

Business division Americas

Cowgirl Creamery in California (USA) has significantly improved its e-commerce packaging. The recyclability of materials has been enhanced thanks to newly developed shipping cartons. In addition, the volume of waste has been reduced by approximately 2.5 tonnes. Since 2020, styrofoam or bubble wrap has been eliminated in shipping packaging. We have also been able to optimise the insulating outer packaging for perishable goods.

At Kaiku in Spain, some of the packaging materials used have been reduced or replaced. For example, we have omitted the cardboard as outer packaging for several lactose-free Kaiku products, and spoons are no longer included. For the Kaiku Gurea and Kaiku Begetal products we have replaced the plastic packaging with cardboard, and for plant-based beverages we have substituted the Tetra packaging with bio-based plastics. The weight of various cardboard packaging has been reduced.

Management approach disclosures

103-1 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. But a waste of materials and products can also occur outside our company, along the entire value chain: at suppliers, at buyers and at consumers.

103-2 “Avoiding waste” is a focus issue at Emmi. The Sustainability Steering Committee – composed of six members of Group Management and the Management Team – regularly reviews progress and the status of target achievement for all focus issues. The operational aspects of the focus issues are the responsibility of cross-divisional focus teams, with members chosen according to the relevant issues. While the overall waste issue has traditionally been part of the centrally controlled environmental management system, which has been integrated into the production sites for some time, a new unit has been set up specifically for sustainable packaging, while food waste issues are dealt with as projects.

In waste management, our credo is: “Avoid, reduce, recycle”. This means that unavoidable waste is reduced as a matter of priority in order subsequently to find an optimum solution for the smallest possible residual quantity, ideally in a closed-loop system.

We control waste management at the production sites via environmental management. We focus on reducing waste that until now has gone to incineration or landfill. While the Swiss Emmi sites have long been using a professional ISO 14001-certified waste management system, many foreign production facilities currently lack the basic control mechanisms and data for such an approach. We are working to close these gaps step by step. Detailed waste monitoring is in place at Swiss production sites. 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 rather than disposing of them.

One of the ways in which we are driving forward the goal of wasting as little food as possible is through the Emmi Operational Excellence (EOE) initiative. Unavoidable food waste, such as whey from cheese production, should be processed into food whenever possible. However, the top priority is to avoid good-quality food products from being thrown away. We sell surplus or incorrectly packaged products at reduced prices at our factory outlets or donate perfectly good food to charitable organisations such as “Tischlein deck dich” or “Schweizer Tafeln”.

Emmi is also attempting to use more renewable materials for its packaging, which can be returned to the cycle after use. We also support the development of recycling systems through our membership of the PRISMA association, whose goal is to establish a sustainable recycling system for all materials. We are also involved in the organisations Drehscheibe Kreislaufwirtschaft and Realcycle in favour of a more circular economy.

When selecting and testing new packaging materials or concepts, product protection takes top priority. However, we also analyse the recyclability of the material or mixture of materials, for example according to Cyclos-HTP or Recyclclass. The origin of the raw materials, the recycle content and material health also play a role. Furthermore, we calculate the CO₂ emissions.

Because the topic is extremely dynamic and the ideal solution is not yet available, an information sheet has been prepared outlining our vision and packaging strategy and detailing the findings already gained. This serves as a guideline for the subsidiaries when implementing local projects.

Emmi's goal is to halve its own waste by 2027 compared with 2017, while waste that can no longer be recycled is to go exclusively to incineration. A target reduction of 50 % has also been set in the area of food waste. The main focus here is on Swiss companies, where systematic surveys are in place. At relevant international plants, the reduction is implemented on a project-by-project basis. The recyclability of packaging is also an important issue. The goal is to make product packaging recyclable and/or reusable by 2027. In addition, all materials used are to have a recycled matter content of at least 30 % by 2027.

103-3

We systematically record various waste indicators – such as waste to incineration, waste to landfill, organic waste, hazardous waste or recycled material – on a Group-wide platform.

We also record the type and quantity of packaging materials as well as rejects and product defects. We use this information to calculate the key figure “cost of poor quality” as well as to identify and eliminate inadequacies in production processes.

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.

Indicators

306

EFFLUENTS AND WASTE¹

306-2

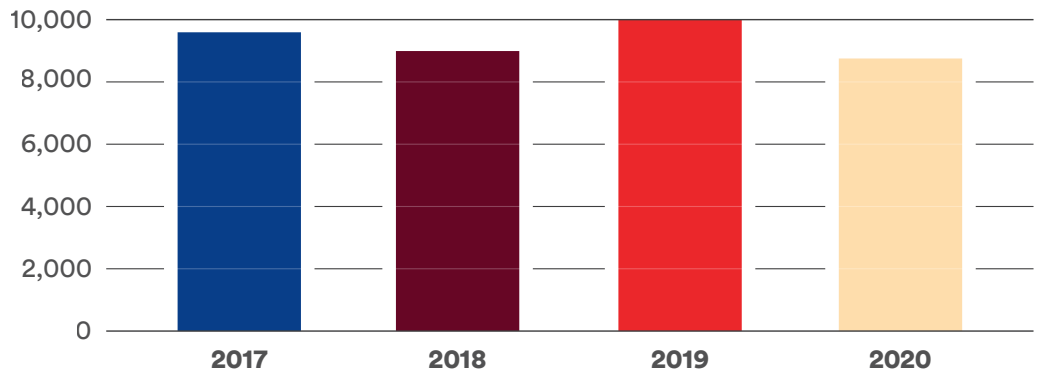
		2019	2020	Δ
Waste (incineration/landfill) ²	t	10,265	8,747	-15 %
Hazardous waste	t	84	125	49 %
Recycled waste ³	t	5,036	5,415	8 %

1 The basis for calculating the environmental indicators can be found on page 86 for GRI indicator 102-45.

2 Basis for setting the targets for our focus issues.

3 This includes recyclable materials that have been recycled (excluding organic waste).

Total weight of waste 2017 – 2020 (tonnes)



Waste reduction

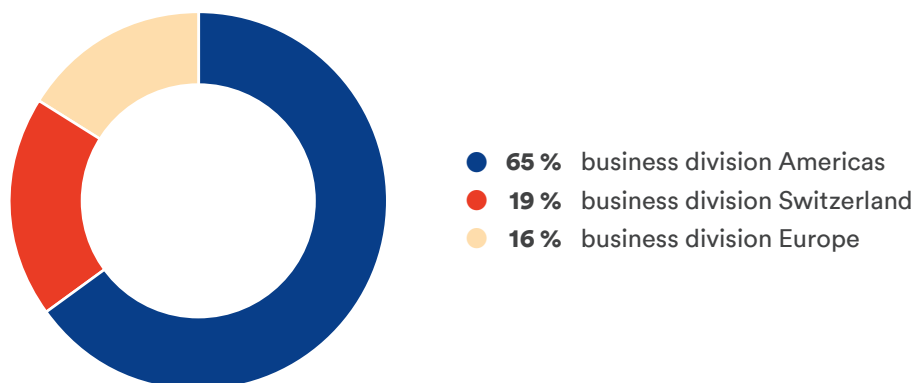
Compared with the base year 2017 (9,611 t), the total weight of waste was reduced by 9%. There was still an increase in waste of 7% in 2019 versus 2017, due to variations in wastewater treatment in Tunisia.

Waste by business division¹

		2019	2020	Δ
Switzerland	t	1,424	1,694	19%
Incineration	t	1,424	1,694	19%
Landfill	t	0	0	0%
Europe	t	1,284	1,364	6%
Incineration	t	363	427	18%
Landfill	t	921	937	2%
Americas	t	7,557	5,689	-25%
Incineration	t	0	0	0%
Landfill	t	7,557	5,689	-25%

¹ The basis for calculating the environmental indicators can be found on page 86 for GRI indicator 102-45.

Share of waste by business division 2020





Focus issue “Employee development”

Competent and committed employees are essential for a company’s success. That is why it is of crucial importance for us to fill positions in the company with employees who have the appropriate professional, social and personal skills. At the same time, professional requirements are changing constantly and at an increasing pace – for example, due to new technologies or new market needs. We therefore also see it as our corporate and social responsibility to promote the employability of our employees and to further develop their skills.

Developments 2019/2020

The development of our employees helps us to meet our own needs in terms of competences. In 2020, we managed to fill over 80 % of key positions internally. This goal was achieved through many different individual development measures and targeted succession planning.

Our managers are an important element of our development work. They bear a large portion of the responsibility for the individual development of their employees. For this reason, we believe that good leadership is crucial. Twelve employees from across the Emmi Group will graduate from the “Management Practice” management development programme in 2020/2021, while 195 managers from the Emmi Group took part in the “Basic Excellent Leadership” online training course in 2020. Parallel to this, good and professional management is consolidated on an ongoing basis and reflected at the local level through numerous workshops.

With the goal of defining suitable development measures for employees and securing the succession pipeline, we held “Talent Review Meetings” throughout the Group in spite of COVID-19: 76 in the business division Switzerland, 16 in business division Europe and 9 in business division Americas.

In 2020, we began developing career models in the fields of production and marketing in order to highlight a variety of career paths for our employees at Emmi.

In addition, we conducted Group-wide training in the areas of procurement and marketing, for example, with a view to training employees in new, overarching processes and tools.

Activities of the business divisions

Business division Switzerland

All new employees receive training on key topics such as quality and safety.

In Switzerland, Emmi is currently training 128 apprentices. In 2020, we were able to fill a total of 44 apprenticeships, far exceeding the annual target of 30 apprenticeships. All 30 apprentices successfully completed their apprenticeships in 2020.

There are currently nine trainees in training. In the last two years, we have been able to retain all trainees within the company after they completed their programmes.

**Business division
Europe**

In 2020, the subsidiary Emmi Dessert Italia launched a targeted six-month trainee programme to provide university graduates with a rapid introduction to the world of work. Four trainees have started their training following careful selection.

In the Netherlands, all new employees in production and logistics receive online training on key topics such as quality and safety.

In the Italian companies, managers have been trained in general management topics, such as lucrative target agreement processes.

**Business division
Americas**

The Emmi competence model has been introduced at Mexideli (Mexico). This enables the uniform classification of job requirements, an assessment of individual competences and the planning of appropriate development measures.

At Centrale Laitière de Mahdia (“Vitalait”, Tunisia), cultural workshops were held to define corporate values in a shared process and promote team spirit.

At Cypress Grove and Cowgirl Creamery (USA), the leadership teams regularly participated in workshops to improve leadership and collaboration.

Management approach disclosures

103-1

In order to ensure our survival in the future, we need committed employees with the right skills and abilities. Our commitment is a means of combating the shortage of skilled workers prevalent in many areas as well as of enhancing the employability of our employees.

103-2

“Developing employees” has the status of a focus issue at Emmi. The focus issue is mainly driven by managers and the Human Resources department.

Our mission in the area of human resources is to maintain the commitment of our employees over the long term. This is dependent on professional management, objectives that provide orientation, comprehensive skills management and a positively structured working environment.

There are three central tasks for this: to attract, retain and develop employees.

Attracting employees

In Switzerland, we use apprenticeships to recruit young talent and train industry-specific skills. That is why we are constantly expanding the number of apprenticeships in the industry-specific core occupations. We are making increased use of social media channels to reach our target groups – also due to the limited possibilities in the wake of the coronavirus pandemic.

Emmi also has a growing need for employees with an academic background. Competences from food sciences and economics and increasingly from information systems and logistics are in high demand. For this reason, Emmi has been offering trainee programmes in Switzerland for university graduates since 2011. The trainees have two years to combine their university knowledge with practical skills from various fields and international experience. Similar models are also increasingly being implemented by Emmi subsidiaries outside Switzerland ([↻ see page 32 “Activities of our business division”](#)).

We enhance our attractiveness as an employer with a wide range of offers and opportunities for professional development.

Retaining and developing employees

Emmi is committed to the balanced promotion of entrepreneurial, personal, social, technological and methodological skills. To this end, we follow a 70-20-10 development approach: 70% of development takes place in the normal working day, 20% through targeted feedback and reflection and 10% in training courses. This approach is based on the motto “Keep Exploring”, which is intended to emphasise the constant curiosity and interest in new things in everyday working life.

Employee development takes place in all areas of the business. It is the responsibility of managers to define development goals with all employees on an annual basis. In production, Emmi identifies training needs using the “QualiMatrix”, a comparison of job-specific requirements and available individual skillsets.

Due to its strong internationalisation and digitalisation, Emmi is also expanding its range of online training courses, which offer an exciting mix of methods including social learning and self-study. This meets today’s need for learning that is independent of time and location and allows learning material to be portioned into smaller units that can be better integrated into everyday life. In the area of leadership, this means that managers throughout the Group can already benefit from the same training offering, which strengthens the bond within the Group and supports a common leadership language.

103-3

If there are any negative indicators in one area of the company, such as a higher staff turnover rate, increased absenteeism or escalating conflicts, employee surveys are carried out in the affected area and joint improvement measures are introduced. This has proven to be a valuable approach in the past, with the measures implemented as a result leading to rapid improvements.

In 2020, Emmi developed the “Pulse” engagement measurement tool. This enables the business units to ask their employees about factors decisive for their commitment and to identify any need for action. In addition to the tool, managers have a range of potential ideas for improvement at their disposal.

We also track the development of various key figures, such as staff turnover. If an employee leaves the company, we identify the reasons for this and initiate measures where necessary. Going forward, we want to counter in an even more targeted manner departures of key staff or upcoming managers and specialists who are showing promise.

Emmi regularly undergoes the Sedex Members Ethical Trade Audit (SMETA), one of the most widely used auditing procedures for sustainable and ethical conduct in business relationships.

Indicators

401

EMPLOYMENT¹

	2019	2020	Δ
401-1 Number of new employees	898	729	-19 %
Rate of newly recruited employees	15 %	12 %	-20 %
Number of employees who have left the company	580	614	6 %
Employee turnover	9 %	10 %	10 %

¹ The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

404

TRAINING AND EDUCATION

404-1

Average number of hours for training and education¹

	2019	2020	Δ
All employees	10.33	9.14	-12 %
Female	8.30	9.54	15 %
Male	7.05	6.26	-11 %

¹ The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

404-2

Programmes for upgrading employee skills and transition assistance programmes

Emmi is focusing on creating apprenticeships in Switzerland in order to attract young talent. Emmi employs the most apprentices in the following professions: dairy technologist, logistics technician, plant operator and polymechanic. Emmi strives to retain apprenticeship graduates in the company wherever possible in order to stem the widespread shortage of skilled workers. The “Young Professionals” programme – a one-year job assignment for young professionals in a subsidiary speaking a different language – underpins these efforts.

The “Management Practice” programme aims to develop managers so they can become the top management of the future, addressing skills such as “entrepreneurial and strategic thinking” and “managing complexity”.

Our managers have the opportunity to attend Group-wide management seminars. In addition, local management workshops are held regularly at many Group companies.

In Switzerland, employees aged 58 are invited to a two-day seminar where they learn about legal and financial issues on retirement. They are also given concrete tips on how to prepare for this new phase of their lives. It is very important to us that employees are able to structure their final years of work based on their personal needs, for example by working part-time or by being given the opportunity to contribute their expertise even after normal retirement age.

Development programmes and training courses are evaluated as standard by surveying participants with a questionnaire. The questions relate to the learning content and methodology as well as to the trainers and course organisation. This ensures a continuous optimisation process. Managers of the participants are also involved to ensure transfer.

The new online training offering requires that the trainers themselves receive regular training and that quality is kept high by exchanging experiences with one another.

404-3 Employees receiving regular performance and professional development reviews

	2019	2020	Δ
Number of employees ^{1,2}	6,021	6,178	0 %
Percentage of all employees ^{1,2}	87 %	85 %	-2 %

1 Excluding apprentices, interns, trainees, external employees.

2 The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

405-1

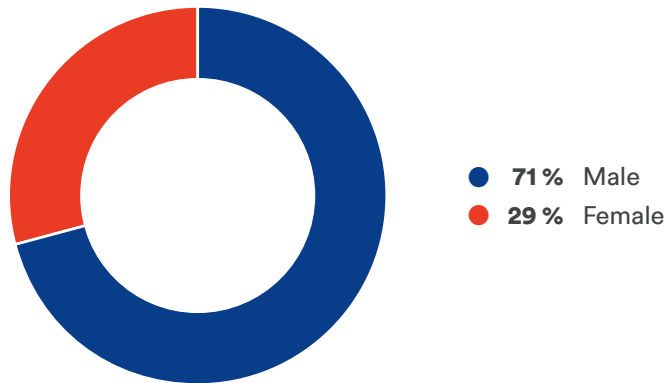
Diversity of governance bodies and employees

	2019	2020	Δ
BOARD OF DIRECTORS			
Gender			
Female	44 %	44 %	0 %
Male	56 %	56 %	0 %
Age			
under 30	0 %	0 %	0 %
30 to 50	11 %	11 %	0 %
over 50	89 %	89 %	0 %
EXECUTIVE BOARD			
Gender			
Female	25 %	25 %	0 %
Male	75 %	75 %	0 %
Age			
under 30	0 %	0 %	0 %
30 to 50	37 %	37 %	0 %
over 50	63 %	63 %	0 %
EMPLOYEES²			
Gender			
Female	28 %	29 %	1 %
Male	72 %	71 %	-1 %
Age			
under 30	16 %	15 %	0 %
30 to 50	54 %	56 %	0 %
over 50	28 %	29 %	0 %

1 The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

2 Excluding apprentices, interns, trainees, external employees.

Total number of employees by gender (end of 2020)



Managers trained in “Excellent Leadership”

195

Number of apprentices at Swiss sites

128

Apprenticeship graduates subsequently employed by Emmi

83 % (2020), 65 % (2019), with 77 % having received the offer of continued employment from us.

Key positions filled with internal candidates

The declared objective of filling half of vacant Group-wide key positions with internal staff by 2020 was exceeded by a significant margin at 81.8 % (2019: 47 %).



Focus issue “Water”

More and more areas of the world are affected by water scarcity and extreme weather events such as droughts and floods. Clean water is becoming an increasingly valuable resource. In a series of risk reports by the World Economic Forum, the global water crisis is now considered to be a real threat to the world economy.

Our aim is to understand our water risks, develop management strategies and act to reduce the negative impact of our operations on local water ecosystems.

Developments 2019/2020

To identify our water risk areas, in 2019 we applied the “WWF Water Risk Filter” to all our production sites, which uses 12 criteria to analyse the water risks at a specific site. This analysis identified our sites in Tunisia and California as risk areas.

An external water audit at our plant in Tunisia showed how water consumption here could be reduced by a third by 2027. In order to halve water consumption as planned, further measures are necessary. Centrale Laitière de Mahdia (“Vitalait”) is enthusiastically getting to grips with the task and is already implementing the proposed measures. The next step will be to conduct a similar audit at our subsidiaries in California in order to identify possible reduction measures. Many of our production plants have put together their own water teams, set up an internal knowledge exchange and put initial measures in place.

Another area of focus is the supply chain. The majority of Emmi’s water footprint is created during the cultivation of the agricultural raw materials required to manufacture our high-quality products. Here, too, the aim is to reduce consumption and make more sustainable use of water as a resource. We have discussed this with the environmental organisation WWF, and are now drawing up the first projects for risk raw materials along with our stakeholders. We are starting with almonds. We cover water consumption in milk production through our “Sustainable milk” list of criteria ([↻ see page 8 “Sustainable dairy”](#)).

Activities of the business divisions

Business division Switzerland

The Emmen site reduced absolute water consumption by 11% from 2019 to 2020. The newly formed water teams have implemented many cost-saving measures, including optimising container cleaning and reducing acid cleaning on a filling machine.

In the new cheese dairy in Emmen, which is currently under construction, a new filtration system will enable us to recover around 60 million litres of water during whey processing and reuse it in the cheese dairy.

At the Ostermundingen site, the cleaning cycles were optimised (FLIP reduction). As a result, considerable amounts of water and cleaning agents can be saved without additional investment. This approach is transferable to other sites, as the optimisation process can be applied to all cleaning methods. We have already formed a new working group for this purpose.

At the Stein cheese dairy, validation of all cleaning circuits was carried out with the cleaning supplier. This now saves about 2,700 m³ of fresh water per year.

In Kirchberg, thanks to a new refrigeration system, water consumption at the site was reduced by around 40,000 m³ (45%).

Business division Europe

In the Netherlands, we will begin construction of a modern goat's milk powder factory in mid-2021 and will focus on resource-efficient processes, particularly with regard to water consumption. By reusing condensate and installing a reverse osmosis system for water treatment, the new plant is 45% more efficient than comparable previous plants. The economical water cycle is further optimised by means of water treatment.

At Emmi Dessert Italia, the installation of new cleaning nozzles could save 12,500 m³ of water per year.

Business division Americas

The audit at the Tunisian plant identified opportunities to reduce water consumption by 35% annually. The measures implemented so far are already saving around 10% of previous water consumption each year compared to 2019.

Emmi Roth in Wisconsin has set up three new water teams to identify savings opportunities. A reduction of 9% has already been achieved compared to 2019, with a target of 15% by 2027.

The Redwood Hill plant in California used 1,800 m³ less water in 2020 thanks to a new pasteurisation process (high-temperature short-time process).

In Pamplona, water consumption was reduced by 17% compared to 2019 through systematic leakage repair and process improvements.

Management approach disclosures

103-1

Water is an essential resource along the whole of Emmi's value chain. First of all, it is needed for the production of raw materials; secondly, water is also needed in milk processing, where it is used, among other things, as a product ingredient and for cleaning. In some cases, our foreign subsidiary sites are subject to strict quotas, meaning that they are only allowed to use limited amounts of water.

Advancing climate change and population growth affect the quality and availability of water. For a food company like Emmi, committing to good water management is therefore crucial.

While there is plenty of water in Switzerland, despite increased seasonal drought, there are regions with high water stress in other countries. As an internationally active group of companies, Emmi is therefore focusing its water management on low-water risk areas outside Switzerland.

103-2

"Water" has been a focus issue since the beginning of 2021. The Sustainability Steering Committee – composed of six members of Group Management and the Management Team – regularly reviews progress and the status of target achievement for all focus issues. The operational aspects of the focus issues are the responsibility of cross-divisional focus teams, with members chosen according to the relevant issues.

We are committed to reducing water consumption by 15 % by 2027 – and by as much as 50 % in water-scarce areas (base year 2019). This is to be achieved, among other things, with know-how from Switzerland. In addition, external audits will provide information on the required actions and progress.

In our production facilities, we see opportunities for more efficient use of water, primarily in the optimised application of cleaning water, in new, more efficient cleaning solutions and in cascade use. At high-risk sites, we also need to work harder on water treatment to keep water in circulation as much as possible, minimising fresh water consumption.

We also want to reduce water consumption in the value chain by 2027. For this, we are counting on the cooperation of our suppliers and partners. We have shared internally the first analyses of our raw materials almonds, coffee and cocoa, which were conducted by students of the Diploma of Advanced Sustainability at the Institute for Business Sustainability in Lucerne. This also provided valuable input from stakeholders and strengthened our network. As a first step, we will now focus on almond cultivation and then use the expertise gained there to scale up. In the long term, we want to integrate the issue into our procurement guidelines.

We are addressing water reduction in milk production with our "Sustainable Milk" list of criteria.

103-3

Water consumption, the amount of wastewater in our production plants and the chemical oxygen demand for wastewater control are systematically recorded. In Switzerland, these data have been collected since 2008, and at our foreign plants since 2019. From this, we derive site-specific measures, which of course are also based on the applicable national and local laws and guidelines. We monitor the relevant processes with our key figures platform.

Using 2019 as the base year, we control the parameters for fresh water and wastewater at the Group level on a quarterly basis. Audits are also carried out as required to measure water consumption and water quality within the plants and along the processes, and to identify potential improvements.

Indicators

303

WATER AND EFFLUENTS

303-1

Interactions with water as a shared resource

We use water in our plants for production, cleaning and cooling. Depending on the location of the plant, we use municipal water, spring water, groundwater or “drip water” in caves for this purpose.

Water risks vary greatly by region. Emmi relies here on differentiated, specific risk analyses (WWF Water Risk Filter). Some of Emmi’s production facilities are located in water-risk regions, notably California in the USA and Tunisia.

Most of our water footprint arises from the cultivation of agricultural raw materials. Based on an analysis, we identified the most important product groups and then developed a suitable approach.

In future, we will examine at a local level the impact we have on the quality and availability of water in the milk value chain and formulate development measures where necessary. For other raw materials, such as almonds, coffee or cocoa, we are starting to learn about our footprint through pilot projects. It is our goal to integrate the issue into development and procurement processes in the future.

To set our targets for reducing water consumption in our own operations and in the value chain by 2027, we used the targets of other companies in the industry as a guide. Our sites in areas with water risks are expected to use approximately 50 % less water per end product than in 2019, while sites in areas without water risks are expected to use 15 % less water. We will review which areas are considered water risk areas every two years using the WWF Water Risk Filter.

We will reduce the wastewater from our plants as much as possible, both in terms of volume and load. In accordance with local requirements and regulations, we operate our own wastewater treatment plants of varying complexity in order to meet the discharge conditions.

303-2

The minimum requirements regarding the quality standard of the wastewater discharge are set by the relevant local authorities. We continuously monitor compliance with the specifications.

303-3

Fresh water savings

		2019	2020	Δ
Total water withdrawal ^{1,2}	m ³	5,570,510	5,542,615	1%

1 The basis for calculating the environmental indicators can be found on page 86 for GRI indicator 102-45.

2 Water obtained from the respective state water supply or from own wells.

Through optimisation measures at the sites in Platteville (USA) (-18,000 m³), Emmen (CHE) (-43,000 m³), Pamplona (ESP) (-57,000 m³), Mahdia (TUN) (-4,000 m³), Gattico (ITA) (-17,409 m³), Pero (ITA) (-5,000 m³), 145,034 m³ of fresh water was saved in 2020. Higher production volumes were not taken into account.

Economic performance

Emmi strives for long-term economic success. We want to achieve sustainable profitable growth, provide investors with an appropriate return on their invested capital and create value for our stakeholders.

Developments 2019/2020

In the period under review, we continued to implement our long-standing strategy. In addition to a strong home market in Switzerland and consistent cost management, this includes a very deliberate degree of diversification in terms of Emmi's geographical presence. In 2019, we generated more revenue abroad than in Switzerland for the first time. This development continued in 2020.

Emmi increased sales and profit in both 2019 and 2020. The positive sales trend was due both to organic growth and acquisitions in interesting niche markets (e.g. desserts) or in growth markets (Brazil, Chile).

In order to ensure sustainable economic success and cushion distortions due to the coronavirus, we continued to strengthen our consistent cost management in 2020. At the same time, we made targeted value-creating investments to strengthen our innovation and growth plans over the long term. As a result, profitability and return on investment were further increased.

More information: [↪ Link](#)

Activities of the business divisions

Business division Switzerland

The growth of strong brand concepts – such as Emmi Caffè Latte or cheese specialities like Kaltbach and Luzerner Rahmkäse – have strengthened the Swiss domestic market. With the construction of the new cheese dairy in Emmen, which started in 2020, we are investing in the promising Swiss cheese business.

Business division Europe

There was significant growth in various niche markets that we serve with our subsidiaries, such as Italian dessert specialities, organic products and vegan milk substitutes.

Business division Americas

With the acquisition of a US dessert manufacturer, Emmi is investing in an interesting niche market.

There was also growth in the emerging markets of Chile and Brazil.

With the new building and the associated consolidation of logistics, production and administration, we have made significant investments in the Mexico site and are significantly reducing our footprint.

For the Brazilian company Laticínios Porto Alegre, we built a completely new dairy plant in Patos de Minas and expanded the existing plant in Antonios Carlos with a powder drying facility.

Management approach disclosures

103-1

We want to be economically successful in the long term and conduct our business activities in an environmentally and socially responsible manner. For this, our aim is a financially sound basis. If we are solidly positioned from a financial point of view and continue to develop our business sustainably, we will remain a reliable partner for all our stakeholders.

103-2

Our economic success is based on a focused and proven corporate strategy. While we continue to strengthen our leading position in the Swiss home market, we are also pushing ahead with our international growth. We achieve both of these things by constantly optimising our brand, product and company portfolio. We focus in particular on innovations and strong brand concepts. In order to be able to invest in sustainable growth and innovation, we also pursue rigorous cost management throughout the Group.

Emmi sets itself short and medium-term goals for economic success. These include set ranges for organic sales development in our business divisions and the Group as a whole and a set range for the operating result (EBIT) and the net profit margin from a Group perspective. Other important objectives related to economic success are capital efficiency and return on invested capital.

103-3 There are numerous different internal assessments of economic performance. This applies to different areas and key figures at the level of individual companies, business divisions, the Group as a whole or for functions, strategic initiatives or other projects. See also Annual Report 2020.

More information: [↪Link](#)

Indicators

201

ECONOMIC PERFORMANCE

201-1 **Direct economic value generated and distributed.**

(↻ See also Annual Report 2020).

Product quality

Over the decades, Emmi has built up a reputation as a manufacturer of delicious, high-quality products. In order to meet the associated expectations of consumers and to be in a position to defend and expand the corresponding market position, we insist on the highest product quality. The high and consistent quality of our products is the key to our economic success. The credo of our quality management is therefore: Emmi wants to produce and distribute food which is delicious, safe and of high quality.

Developments 2019/2020

Emmi strives for a uniform understanding of quality throughout the company. For that reason, a global quality strategy was developed in 2019. This also included a gap analysis to identify potential for improvement in quality management. Two pilot projects subsequently carried out at locations in Italy and Spain were brought to a successful conclusion.

Our central, global quality management supports all Group companies in improvement projects. The main focus in the years under review was on certifications in the USA and Spain.

Over the last few years, we have managed to continuously reduce both complaints and error costs through various projects and ongoing improvements in food safety and quality. In Switzerland, for example, the number of complaints has fallen significantly by around one fifth in the last two years.

As part of our global crisis management, processes and conduct in the event of possible quality incidents have been optimised. Training courses on this topic were held in eight companies in 2019. In the other companies, these training sessions were conducted online in 2020 due to the coronavirus pandemic.

Activities of the business divisions

Business division Switzerland

Swiss operations have been adjusted to the new food labelling regulations that apply from 1 May 2021. The associated approximation of Swiss law to the regulations applicable in the EU will make it easier to export products from Switzerland.

Despite the difficult conditions during the 2020 pandemic year, we continued to optimise and certify our quality management system during this period with regular internal and external audits.

Business division Europe

Systems were optimised or newly commissioned in various plants:

- Leeb GmbH in Austria improved the UHT plant.
- At Gläserne Molkerei in Germany, a new plant was commissioned to produce yogurts without additives (the “Jogurtpur” concept).
- At Emmi Dessert Italia, the quality programme was coordinated with the new plants (Quadrifoglio) and the basis of a joint quality strategy was drawn up.

Business division Americas

The Mexican subsidiary Mexideli set up a quality management system for the new equipment for packaging imported cheese.

All of the four Quillayes Surlat production facilities in Chile now also operate with a uniform quality management system, which is a prerequisite for the planned joint certification.

Successful certification to FSSC 22000 (Food Safety System Certification) in accordance with the requirements profile of local customers at Redwood Hill (USA) was achieved after the quality management system was implemented in the plant.

At Lacteos de Navarra (“Kaiku”) in Spain, various projects and measures to improve process safety carried out under the RAFT (Right At First Time) concept were successfully completed.

Management approach disclosures

103-1 We see the greatest opportunities for long-term economic success if we succeed in maintaining trust in our brands and products and we are perceived by consumers as a high-quality producer. Accordingly, our quality management is important.

103-2 Our understanding of quality is at the forefront of our Group-wide Code of Conduct and is anchored in our corporate policies. As an internationally active company, we strive for a uniform understanding of quality in all our operations. For this reason, a Group-wide, global quality management system complements the processes in place in the country organisations.

In order to achieve the targets in the area of product quality, objectives for the individual areas are derived from the Group targets. Based on these, Emmi in turn defines individual goals for employees, which are discussed at regular intervals. Measures to achieve the objectives are documented and tracked.

Emmi's quality regulations state that all employees are responsible for the quality of their work. Quality is particularly required of employees along the value chain – from development, purchasing, production, packaging, technology and logistics – as they have a direct influence on production processes.

To support continuous development, we foster a culture of constructive criticism. This helps to identify the source of any errors and to introduce improvement measures.

In order to make our quality standards clear in all our operations, we are increasingly working with graphic representations – because our employees come from a total of almost 100 countries. Training courses help employees to use representations and pictograms correctly, and enable the abstraction of complex topics.

Food safety at Emmi is based on the Hazard Analysis Critical Control Points (HACCP) concept – a methodology consisting of hazard analysis, risk assessment and risk management in food production, distribution and logistics. This methodology is also used for the approval of new process facilities and procedures.

To ensure high product quality at all times, we operate a certified quality management system (QMS) in Switzerland in accordance with the principles of ISO 9001: 2018 as well as FSSC 22000 (Food Safety System Certification), a food safety standard recognised by the GFSI (Global Food Safety Initiative). Around the world, different GFSI standards or QMS may be applied depending on the location and individual market requirements. In most cases this is the FSSC 22000, the IFS or the ISO 22000 standard.

103-3 We measure our goals and requirements in the area of product quality using a range of indicators: 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. Internal evaluations and audits show that the implemented processes work efficiently.

The most important quality-related issues are summarised annually in a management review, which is presented to the Executive Board.

Indicators

Numerous key figures on product quality are recorded, but generally not published.

Innovation

We see power of innovation as a key factor for our long-term success and strive for a high level of innovation along the entire value chain. Our corporate structure, with very independently organised Group companies, gives us the ability to react quickly to local conditions and trends. At the same time, however, due to these special structures, we also recognise the challenge of implementing processes uniformly and launching innovations efficiently in several companies at the same time.

In the area of product innovation, it is crucial for us as a food manufacturer to continuously bring new products to the market. We must therefore identify the needs and wishes of consumers at an early stage in order to launch new retail products with competitive advantages. We have a keen sense of consumer trends and are constantly innovating in selected strategically important growth areas. Sustainable product packaging and regional raw materials are becoming increasingly important – as is communicating these innovations to the market during product launches.

Developments 2019/2020

Activities of the business divisions

Business division Switzerland

Launched in 2020, our plant-based beleaf product line of milk alternatives, yogurt alternatives, drinks and desserts based on almonds, rice or oats is a response to the growing demand for vegan foods. Another innovation in this segment in spring 2020 was the launch of Emmi Caffè Drink, which is made from almond milk and coffee. There are also further innovations in the vegan sector (e.g. ice cream) for our private label partners.

15 years after its launch, most varieties of Emmi's successful Emmi Caffè Latte product received a new patented recipe in 2020. Thanks to a new manufacturing process, most varieties do not require any additives (e.g. carrageenan). The modified recipe can be recognised by its "100 % natural ingredients" label.

New on the Swiss market since 2020 are Emmi Energy Milk Whey Drink as well as cave-aged Appenzeller® and Swiss Gouda under the Kaltbach brand.

**Business division
Europe**

Italian Pasticceria Quadrifoglio, which has been part of the Emmi Group since 2019, is now offering a range of chilled high-quality desserts in a glass under the Mia brand.

New on the German market since 2019 are the organic raspberry and lemon fruit buttermilk drinks from Gläserne Molkerei.

In the cheese sector, there is also a new product in the form of Bettinehoeve's goat's cheese pearls.

**Business division
Americas**

Emmi Roth (USA) launched a cheese mix for flatbread pizza in close cooperation with a customer.

Jackson-Mitchell ("Meyenberg") (USA) introduced a new squeeze bag format for goat's milk powder, and now also offers goat butter.

Redwood Hill (USA) created the conditions for new plant-based production.

Cypress Grove (USA) launched two new products under the names Little Giant and Bloody Mary.

Laticínios Porto Alegre (Brazil) launched its first yogurt line and is now also selling milk powder.

Kaiku introduced Begetal (milk alternative) and Gurea (local brand) on the Spanish market.

Management approach disclosures

103-1

Globalisation, technological progress and the diverse needs of consumers and partners along the value chain require a successful company to be innovative across a wide range of areas. For this reason, we do not restrict innovation to product development alone, but strive for innovation along the entire value chain. This includes, for example, new technologies, optimised processes, new ways of working together and use of the latest marketing and media channels.

103-2

We drive innovation both at Group level and in all our subsidiaries. A central element of innovation management is the revised strategic innovation process. This includes a clear step-by-step plan for developing innovations and leads to increased international exchange regarding planned innovations, thereby eliminating redundancies. We also want to use this approach to achieve more multinational launches.

Growth fields, which are kept up to date by a trend radar, serve as a basis for new product ideas. These are incorporated into our innovation funnel, which we review globally on a quarterly basis. Within the framework of the innovation funnel, proposed innovations are first analysed and evaluated. This is followed by the elaboration of ideas and the creation of business cases for prioritisation. In a final step, prototypes are created, which can then lead to a product launch. Ongoing innovation projects are regularly reviewed by the Executive Board. We also organise international innovation workshops to develop new ideas.

103-3

Emmi ensures that its innovation processes are continuously monitored and measures the monetary value of its innovation pipeline on a global scale. In addition, the gross margin and EBIT of new product developments are quantified in order to achieve profitable growth through innovation.

Digitalisation

Digitalisation opens up many new opportunities for us. As an international company, we are able to work well together worldwide and use resources effectively and efficiently. Processes in the supply chain, in production or in marketing and sales become more transparent and can be optimised. Increasing networking also promotes a modern corporate culture adapted to the new world of work and largely paperless production management.

Developments 2019/2020

We use digitalisation primarily as a lever for marketing and sales, production and logistics, and corporate development.

Marketing and sales

Digital sales channels are becoming increasingly important. Since 2018, Emmi has launched e-commerce offerings in several countries such as the USA, Spain, Switzerland and China. These include, for example, the Kaltbach boutique (Switzerland), the online shops of Cowgirl Creamery, Cypress Groove (USA) and Kaiku (ESP), and the Emmi flagship store on Tmall.com (China). The experience gained will serve us for the next stage of expansion and contribute to the continuous development of our e-commerce strategy.

We have repositioned our digital marketing with the introduction of the central “Digital Experience Platform” since 2018. Emmi operates almost 300 digital touchpoints worldwide, such as websites, social media channels, e-commerce shops and apps. In order to efficiently manage the wealth of potential points of interaction, we have invested in marketing automation, built teams in digital marketing and online communications, and provided training to existing marketing staff. Since 2019, we have also been migrating the company’s more than 80 different websites to a central “Web Content Management System”.

Production and logistics

Since 2019, new intelligent applications have been actively processing the available data from existing systems and supporting the “Integrated Business Planning” area in the development of possible future scenarios. This enables us to shift from retrospective orientation to forward-looking planning that thinks in terms of scenarios.

The 2019 data synchronisation and information sharing with our customers has allowed us to manage the supply chain more efficiently and effectively, which also reduces food waste and benefits buyers and consumers with greater freshness.

We will be rolling out the “Manufacturing Execution Systems” (MES) introduced in business division Switzerland in 2016 to other Emmi plants in future, as digital production control brings numerous benefits such as error reduction, increased accuracy, traceability, end-to-end order processing and energy consumption tracking.

Corporate development

Our commitment has so far paid off in many ways during the 2020 coronavirus pandemic. Digital management of sales and turnover planning, supply chain planning and purchasing and goods control enables us to react quickly to changes in the market, such as the shift in our sales channels from gastronomy to retail trade due to the pandemic, and to maintain the supply of goods as a system-relevant supplier at all times. And thanks to our digital work infrastructure and the associated training of our employees, we mastered the relocation of administrative workplaces to home offices with great success. The “Digital Collaboration” strategic initiative launched in 2019 made a crucial contribution to this.

Activities of the business divisions

Business division Switzerland

With the Joint Value Creation Supply Chain (JVC) project launched in 2018 in cooperation with the retailer Coop, we aim to further synchronise the joint supply chain in the long term and thus create tangible added value for consumers: Our products are always available and fresh, and food waste is largely avoided. To this end, we exchange information and data within the framework of pilot projects and test new concepts such as “Continuous Replenishment Process” (CRP).

Many of our administrative staff moved to working from home at the start of the pandemic. In order to exploit the potential of this “new way of working”, the focus was on empowering and supporting employees who are working from home.

Business division Europe

Emmi UK and Emmi Benelux introduced LeanERP (Enterprise Resource Planning), which was developed by Emmi Switzerland for its international sites. By replacing the old systems, the automation of processes was made possible, and the basis for further optimisation and data-based decision-making was created.

We gradually rolled out “Integrated Business Planning” (IBP) at various Group companies. Emmi Germany and Gläserne Molkerei (Germany) in particular made very good progress, enabling them to optimise their supply chains and reduce waste.

With two exceptions, all Group companies were connected to the “HR Suite”. This facilitates international cooperation and meets the conditions for supporting the development of our employees in terms of systems technology.

Business division Americas

Emmi Canada and Redwood Hill (USA) introduced the “LeanERP” (Enterprise Resource Planning) system developed by Emmi Switzerland for its foreign sites. By replacing the old systems, the automation of processes was made possible, and the basis for further optimisation and data-based decision-making was created.

Management approach disclosures

103-1

Although digitalisation is not changing the core of milk processing, relevant processes within and outside our company are nevertheless being transformed. This can be felt throughout the value chain, albeit to varying degrees. Digitalisation is changing both internal processes and the way we deal with and contact business partners and consumers. Digital technologies also mean changes for corporate culture.

103-2 **Production / Logistics**

Where technically possible, we automate production steps in our plants and replace manual tasks with robots and machines. Driverless transport systems are being used more and more for the movement of pallets. Remote support of production plants is becoming increasingly important.

The LeanERP developed by Emmi Switzerland will enable Group companies in various countries to improve their business processes. The greatest challenge in the development of this lean solution was the striking heterogeneity of the locations with regard to their requirements of an ERP system because they maintain their business processes in different ways.

Intelligent software enables Emmi to optimise the flow of goods. We synchronise inventory levels with production across multiple geographic storage locations to optimally define production timing and quantity.

Integrating customers and suppliers in planning should be achieved through improved communication between machines and lead to a new level of automation and efficiency. We use collaborative planning, forecasting and replenishment (CPFR) to exchange sales and inventory information directly with our trading partners. This enables us – as was the case, for example, during the shutdown months of the COVID pandemic – to balance out strong fluctuations more quickly and ensure supply.

Marketing and Sales

With the latest marketing technology, we are able to simplify our processes and plan “consumer journeys” holistically. The insights gained from digital marketing also flow into product development. Increasingly, we are also developing digital data expertise in the areas of product development and market research. The next step is to link our digital platforms in a meaningful way to extract the maximum added value.

Corporate Development

Thanks to constant investment in modern, digital work infrastructure and employee training, we work effectively and efficiently. Consequently, digital tools are increasingly being used across the Group for communication and the exchange of information. We use e-learning to support our employees in their ongoing development in digital communication and collaboration. In addition, they have access to a central “Help Center”, personal counselling and help to help themselves.

103-3

A characteristic feature of digitalisation is the rapid pace of change and the high costs that can arise at the beginning of new projects. 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.

Nutrition

More and more people are paying attention to what they eat and learning about the possibilities of a balanced diet. There is growing demand from consumers and the market for natural, regional and sustainable products. Products with additional benefits – such as lactose-free dairy products, probiotic yogurts and high-protein products – are also gaining in popularity. Plant-based milk alternatives are also increasingly in demand. The trend towards a vegan or flexitarian diet is one of the strongest dietary changes observed and requires adapted product solutions.

We want consumers to be able to enjoy Emmi products without compromise. That is why we focus on sustainability and naturalness. While taking all health aspects into account, enjoyment should not and must not be neglected – after all, that is what our products are valued for.

Emmi products with added value

Helps reduce cholesterol	✓									
Gluten-free	✓	✓	✓	✓	✓	✓		✓	✓	✓
Lactose-free		✓	✓	✓		✓	✓	✓	✓	✓
Unsweetened			✓				✓	✓	✓	✓
No added sugar			✓	✓	✓	✓	✓	✓	✓	✓
Probiotic		✓								
High protein					✓	✓		✓		
Vegan							✓			

Developments 2019/2020

Activities of the business divisions

Business division Switzerland

In 2019, we co-signed the continuation of the “Milan Declaration” formulated in 2015. This means that we are committed to a further 10 % reduction in added sugar in yogurts by 2024.

Business division Europe

The Emmi Dessert Italia range has been expanded to include further lactose-free and gluten-free products.

In Austria, the vegan product lines of MyLove-MyLife were further expanded.

Business division Americas

Kaiku (Spain) introduced Begetal, a new line of vegan milk alternatives.

Management approach disclosures

103-1

It is in our own business interest to recognise and pick up on new nutritional preferences and trends. When developing new products and optimising existing recipes, the focus is therefore on the needs of consumers.

In Switzerland, our business activities are also influenced by the federal government’s nutrition strategy. This aims to provide all consumers with a healthy, balanced diet and promotes, among other things, the reduction of sugar, fat and salt content in food.

103-2

As a responsible food producer, Emmi is committed to healthy nutrition. We pursue the goal of continuously adapting our products to the latest nutritional findings in the best possible way.

To respond to new trends and consumer demands, Marketing initially creates concepts with product requirements and the desired product composition. The Research & Development department then takes care of the implementation of the recipes. It is also responsible for developing technologies and recipes that help reduce sugar, fat and salt in foods. We also support customers of our own brand with our knowledge.

We also signed the “Milan Declaration” in 2015, committing ourselves to the revision of our product recipes and to the gradual reduction of sugar content where possible. By 2024, we will reduce the added granulated sugar in our products by 10 %. For existing products, we are gradually reducing the sugar content in order to keep the change in taste acceptable to consumers. We are already developing new products with lower sugar content.

To make it easier for consumers to make healthy nutrition choices, Emmi provides clear and transparent information about the composition of its products. Our website provides up-to-date information on nutrition topics and we have our own nutrition advice line for consumers, customers and the general public. The nutrition advice line also supports internal training courses, projects and product development. From 2021, we have shown the “Nutri-Score” on a test basis for our Emmi Caffè Latte brand. This is intended to inform consumers about the nutritional values of foods and facilitate a comparison within a product group.

The company supports and works on various research initiatives, both in-house and external, in relation to nutrition, eating habits, alternative proteins and dairy alternatives. Part of this work is carried out by Emmi in cooperation with universities. We are also a member of the Commission for Nutrition of the Federation of Swiss Food Industries (Fial). Fial is a federation of various trade associations in the Swiss food industry, which also represents the economic policy interests of its members.

103-3

Discussions and projects with our customers, as well as consumer tests, show us which of our products with additional benefits are in demand on the market.

Compliance with the applicable standards is ensured by food inspections and audits. Our lactose-free and gluten-free products are also tested by the respective certification bodies.

We report annually to the Federal Food Safety and Veterinary Office (FSVO) on our progress in reducing sugar content.

Supplier management

Emmi purchases agricultural raw materials such as milk, sugar and fruit from distributors as well as directly from producers. We also procure semi-finished and finished products for further processing or resale. This is particularly the case with cheese, which we purchase in significant quantities from cheese dairies and other milk processors.

The suppliers manufacture the products for the most part in accordance with our specifications. Vendors are divided into different classes based on procurement volume and the importance of the material. We strive for a close partnership with the “strategic suppliers”.

The performance of suppliers is – so far as possible – monitored on an ongoing basis. Depending on the classification of the suppliers, the results are discussed with the respective supplier on a regular basis, but at least once a year. If the target is not achieved, improvement measures are agreed.

Developments 2019/2020

The sustainability of raw materials or products is playing an increasingly important role in our purchasing strategy. Over 93 % of the cow's milk processed by Emmi in Switzerland that does not come from organic farms already complies with the new industry standard "Sustainable Swiss Milk" ([↪ see "Sustainable dairy" page 8](#)).

In 2020, we pressed ahead with the "procureNet" project to coordinate cooperation between the purchasing departments of various Group companies. As larger purchasing volumes can be procured in this way, we benefit from better conditions in some cases and secure, high-quality supply. As part of this project, a procurement guideline was also developed, which contains ethical and ecological principles.

In 2020, we developed a standardised method for supplier assessment, which is now being rolled out step by step to all Group companies and continuously refined. In the supplier assessment, we evaluate four dimensions: quality, costs, innovation and logistics.

Our existing risk management system helped us to quickly analyse the security of supply of raw materials at the beginning of the COVID-19 pandemic. With the exception of almonds, coffee and cocoa, the risk management of important commodities has been mainly decentralised. In the next stage of development, we plan to consolidate the locally identified risks and assess their relevance for the entire Emmi Group. This will allow us to manage risks in a uniform and even more efficient manner where necessary.

Activities of the business divisions

Business division Switzerland

In the last invitation to tender for suppliers of plastic bottles, we decided to procure a partial quantity from a Swiss supplier with a shorter transport route, despite more favourable alternatives, and to expand this partnership in the future.

Business division Europe

For strategic reasons, the production of an externally manufactured finished product was moved closer to the UK sales market. This has shortened transport distances between the manufacturing plant and the distribution warehouse, saving around 35 tonnes of CO₂.

At the suggestion of one of our co-packers, we were able to reduce the cup weight of a product for the UK market. As a result, the amount of plastic used has been reduced by 24 %, which corresponds to around 13 tonnes per year.

**Business division
Americas**

When tendering for ocean freight from Europe to North America, we opted for a freight service provider that offsets the associated greenhouse gas emissions.

Replacing forklift trucks at the end of their service life with electric forklift trucks at the Kaiku Group, Jackson-Mitchell and Emmi Dessert Italia sites will reduce greenhouse gas emissions in the future.

Management approach disclosures

103-1

Good, trusting relationships with suppliers are important for a processing company like Emmi in order to ensure the high quality of its raw materials. Especially with regard to the aspect of sustainable, environmentally friendly production of raw materials, good communication and cooperation with suppliers are essential.

103-2

The supply chains of the Group companies are generally organised at the country level, and so responsibility lies with the respective managing directors. In addition, we have been using a central supply chain management system at Group level for several years. This allows central management of particularly important elements of the supply chain, thereby optimising the entire value chain in terms of service, quality, compliance and costs.

As a supplement to the Emmi Code of Conduct, we have had a Group-wide procurement guideline in place since 2020. This describes standards and procedures for operational and strategic purchasing and contains ethical, social and environmental principles and requirements, such as the principle that laws must be observed and rights respected. In addition, topics such as morality, fairness, reliability, discretion and the avoidance of conflicts of interest in cooperation with suppliers are addressed. The procurement guideline is to be reviewed regularly and adapted where necessary.

As part of our risk management, new suppliers are thoroughly checked before they are accepted. Potential suppliers undergo a risk assessment. To do so, they must provide information on various standards in the quality, environmental and social categories. In addition, they must accept in writing the framework agreement and general requirements for packaging materials and raw materials.

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. In the future, we would like to create a basis for this across all material groups so that the sustainability targets set can be taken into account more systematically in the decision-making processes.

Once a supplier has been selected, qualified and integrated, performance is regularly evaluated in terms of quality, cost, technology, innovation and logistics. Since 2020, we have had a standardised method for supplier assessment.

103-3 The supplier evaluation tool allows the results of the performance evaluation to be displayed in a spider diagram, thus enabling suppliers to be compared with each other and with a defined target. We use the results internally for supplier development or in supplier discussions as well as for contract negotiations.

For the continuous further development of the procurement guideline, we share our findings from surveys on the comprehensibility, completeness and applicability of the procurement guideline within the Group.

Indicators

308

SUPPLIER ENVIRONMENTAL ASSESSMENT

308-1

New suppliers that were screened using environmental criteria

Potential new suppliers must complete a self-declaration that includes points on environmental management and risks. Our sustainability team evaluates the responses and prepares a risk assessment. This self-declaration is to be introduced throughout the Group for all potential suppliers. In the case of critical raw materials or regions, we check whether the information provided by potential suppliers is consistent with the findings of non-governmental organisations. We clarify any ambiguities or discrepancies in discussions with potential suppliers. If required, we carry out an audit at the supplier's production site together with experts.

414

SUPPLIER SOCIAL ASSESSMENT

414-1

New suppliers that were screened using social criteria

Potential new suppliers must describe in a self-declaration how they ensure compliance with labour law and what measures will be taken in the event of any violations ([↻ see also GRI 308-1](#)).

Occupational safety

The Emmi Group's capacity to function must be ensured at all times. This includes the protection of persons and infrastructure, but also precautionary measures to prevent incidents. We are aware that human actions are never free of error and that there is no means of absolute damage prevention. The challenge is to familiarise employees with safety rules, train them to deal with hazards and create an awareness of behaviour-based safety.

Developments 2019/2020

In 2020, we developed the "Safety Roadmap" for 2021, which includes, for example, factsheets explaining a specific safety topic, information with lessons learned from past safety incidents, short videos on safety topics and a regular exchange of experiences among all safety officers of the Group companies.

We were able to reduce the "Total Incidence Frequency Rate" (TIFR) by 31% from 2019 to 2020. We also want to reduce the TIFR and the number of occupational accidents even further in the future. In order to achieve this goal, as a first step we carried out a benchmark analysis together with an external partner. On this basis, a training concept is being developed to sensitise managers to the risks of accidents. The goal is to improve behavioural safety and root it in all areas of the company.

We already implemented Group-wide guidelines on tank entry and working in tanks in 2019.

Activities of the business divisions

Business division Switzerland

The annually implemented safety programme is based on ISO 45001 and includes internal and external audits, risk assessments and fire safety audits.

In the BeSafe project, there was training in 2020 for all managers in the area of occupational health and safety.

Business division Europe

At the Dechow site of Gläserne Molkerei (Germany), employees received training in the areas of personal protective equipment (PPE) and the use of personal protective equipment against falls from a height (PPEgA), as well as on working and rescuing in confined spaces in accordance with the German Social Accident Insurance (DGUV). The inspection of the tank facilities carried out beforehand made it possible to work out several models for entering tanks.

Business division Americas

Risk assessments by our production interruption insurance were carried out at Quillayes Surlat's two Chilean production facilities Loncoche and Pitrufrquén, in Mahdia (Tunisia), at Emmi Roth's US sites in Monroe and Platteville and at Cypress Grove, as well as at the plant in Pamplona (Spain).

Management approach disclosures

103-1 We are committed to providing a safe working environment for our employees and those working on our behalf from third-party companies. The aim of a good and comprehensive safety organisation and preventive incident planning is to protect people, the environment and infrastructure from damage and to ensure the Emmi Group's ability to function at all times. Emmi also ensures that the relevant laws and standards are always adhered to.

103-2 Safety management is managed centrally at Group level, while implementation is decentralised to the individual plants. The foundations for this are laid down in the security policy, which sets out our understanding of security, our security principles and our security organisation.

We define safety targets, monitor their compliance and document our performance on a regular basis. Our most important key figure for measuring occupational accidents is the "Total Incidence Frequency Rate" (TIFR). This metric captures the total number of all medical treatment cases, limited work capacity cases, lost time cases and fatalities per million hours worked.

(↻ see also GRI 403-1, GRI 403-2 and GRI 403-3).

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. The measures relate to our employees and third parties on our premises as well as to the entire infrastructure.

We achieve the overriding safety objective of ensuring the company's ability to function at all times by means of comprehensive safety management and preventive measures. Safety at Emmi is based on the following principles:

- **Passive safety:** People and infrastructure are protected by suitable conception, design and implementation.
 - **Active safety:** Strict handling and controlling of processes and systems increases safety in the company.
 - **Conduct-oriented safety:** Employees are involved and trained to recognise risks and hazardous situations and then to act correctly.
 - **Emergency organisation:** In an emergency, defined procedures help to limit damage and manage the situation.
-

103-3 Emmi has the processes of safety management and its organisational structure regularly reviewed by internal and external auditors and adjusted if necessary. We carry out risk analyses in all relevant areas and on all relevant topics on a regular basis in order to determine the possible threat potential and take targeted and economically viable precautions.

In addition, the production sites report safety-relevant key figures for which targets exist. This helps to 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.

Indicators

403

OCCUPATIONAL HEALTH AND SAFETY

403-1

Occupational health and safety management system

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.

The safety and environmental management system at Emmi is structured as follows:

- Group Management defines the objectives and sets the budget.
- The tasks and competences of those responsible are defined, relevant safety aspects are systematically identified and site-specific programmes with quantitatively and qualitatively measurable targets are formulated.
- A comparison is made with the official requirements and the applicable laws at the respective locations.
- Education and training enable our employees to identify and manage risks.
- The aspects to be managed are systematically monitored, recorded and reported. In case of deviations, immediate measures are determined and implemented.
- People, their responsibilities and availability are defined for the prevention and management of incidents. Immediate measures are defined. In the event of escalations, emergency and crisis management are adhered to. It is imperative that the relevant departments at Emmi Switzerland are informed.
- The Group is committed to internal and external communication on safety management activities.

Evaluation of the internal and external audits of the periodic environmental and safety management is carried out via the "Safety & Environment" programme from reporting to management review.

403-2 Hazard identification, risk assessment, and incident investigation

Emmi defines targets in relation to safety, monitoring and periodically documenting compliance with these targets. A key performance indicator system records targets and supports the identification of improvement potential. Safety management is continuously adapted and improved. Incidents and near misses are analysed.

We use various systems to maintain our security management:

- SharePoint (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.

403-3 Occupational health services

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 infrastructure 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. Due to the heterogeneity of the production sites, the characteristics can vary greatly. However, all our sites carry out regular evaluation of the various security procedures. The various aspects are examined for their relevance and potential for improvement. Each site appoints a safety officer who is responsible for the organisation of safety and the environment in accordance with local requirements.

403-4 Worker participation, consultation, and communication on occupational health and safety

Emmi regularly evaluates its safety management with audits. In these audits, systems, procedures, processes and products are reviewed and the fulfilment of specifications and evidence is assessed. These audits are part of Emmi’s continuous improvement process and are carried out by internal and external bodies.

403-5 Worker training on occupational health and safety

In the BeSafe project, there was training in 2020 for all managers in the area of occupational health and safety.

403-6 Promotion of worker health

Emmi's managers are empowered to lead employees in a health-oriented manner through the "Excellent Leadership" programme. The employees themselves are offered various learning modules to promote health, e.g. to strengthen resilience or to deal with stress. We also regularly support participation in sports activities such as Bike to Work, running events and the like.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

As part of the supplier evaluation, we ask whether the supplier meets the criteria for occupational health and safety and assumes its responsibilities in this regard.

403-8 Workers covered by an occupational health and safety management system

In 2020, 2,725 employees were covered by an occupational health and safety management system. This corresponds to 44 % of all employees. In 2019, 2,551 employees were covered by such a scheme, representing 42 %.

403-9 Work-related injuries¹

	2019	2020	Δ
Number of deaths due to work-related injuries	0	0	0 %
Rate of deaths due to work-related injuries	0	0	0 %
Number of work-related injuries with serious consequences	2	2	0 %
Rate of work-related injuries with serious consequences	0	0	0 %
Total number of work-related injuries (incl. injuries with serious consequences)	311	233	-25 %

¹ The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

403-10 Work-related illnesses¹

	2019	2020	Δ
Number of deaths due to work-related illnesses	0	0	0 %
Number of work-related illnesses	1	1	0 %

¹ The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

Governance

For us, corporate governance (CG) is the regulatory and operational framework for the overall management and supervision of the Emmi Group. This is based on the law, the Articles of Association of Emmi AG, the Organisational Regulations and the Code of Conduct. Because sustainable management is important to us, we also incorporate environmental, social and governance (ESG) aspects into our actions.

Developments 2019/2020

In recent years, with the growth and development of the company and the expectations of society, the requests and requirements for CG have also increased. We took account of the greater need for communication by seeking exchanges with companies specialising in governance and sustainability, in addition to using the usual communication channels. We have also been in contact with various ESG rating agencies to improve transparency on ESG criteria and to optimise specific governance aspects. One finding from this is that we will in the future also report more on ESG issues and activities, particularly in our annual report.

In the period under review, we adjusted our governance with a view to the internationalisation of our business. For example, we coordinated the competences of individual bodies and committees with local legislation and regulations. In 2020, we revised our risk management. The work fed into a new Risk Management Policy, which was approved by the Board of Directors in January 2021.

Management approach disclosures

103-1

The assessments of financial institutions, non-governmental organisations (NGOs) and rating agencies regarding our governance serve to form the opinions of investors, analysts and our shareholders and may influence their investment decisions or voting behaviour. Their trust and approval are important for safeguarding Emmi's business activities.

Increasingly, consumers are also paying attention to whether the company behind the products is managed sustainably when making their purchasing decisions.

103-2

Emmi's governance requirements differ in the 15 countries in which we have a presence through subsidiaries. In this context, we think it is important to ensure that these companies have the flexibility to respond to local requirements and circumstances.

Our corporate governance system consists of the relevant laws, the Articles of Association of Emmi AG, the Organisational Regulations, which are amended annually, and the Code of Conduct. All documents are available online.

Many other guidelines and regulations exist at both Group and country level. At Group level, for example, the Code of Conduct and the Modern Slavery Act are implemented. We also have Group-wide guidelines on quality and food safety, the safety of people and infrastructure, environmental protection and sustainability, genetic engineering and the handling of raw materials from critical countries of origin.

More information: [↪Link](#)

The supreme controlling body of the company is the Board of Directors. This mandates the CEO as Chairman of Group Management with the management of the company, with particular importance being attached to sustainability aspects. For example, a Sustainability Steering Committee has been set up, on which no fewer than six of the total of eight members of Group Management are represented.

The Board of Directors and Group Management firmly believe a sustainable corporate strategy is essential for the long-term success of the Emmi Group.

More information: [↪Link](#)

103-3

The Board of Directors and its committees undergo an annual self-evaluation. Work processes, responsibilities, competences and performance are assessed on the basis of the organisational regulations. In addition, the composition and diversity of the Board of Directors, the renewal process and cooperation with Group Management are assessed. Based on the results, measures are then developed and defined.

More information: [↪Link](#)

Community engagement

As an economic company geared towards sustainable growth, Emmi feels committed to the common good and is involved in initiatives and projects related to the company's core activities. Our motto "Dairy Business is a Local Business" also applies to our community engagement. The projects and measures supported are mainly local ([↻ see also page 11 "dairy"](#)).

Developments 2019/2020

Over the past two years, we have begun to revise our approach to social responsibility. In a first step, we clarified terms and conducted environment analyses in our Group companies, which revealed that the topic is more or less important from one region to the next. The next step is for a working group to develop recommendations on what topics we need to include going forward and how we should structure our community engagement.

By dividing our new sustainability strategy into the topics of People, Communities and Planet, we have created the basis to anchor community engagement more firmly in our sustainability strategy ([↻ see also page 6 "Sustainability as part of the business model"](#)).

Activities of the business divisions

Business division Switzerland

In 2020, Emmi won an award from the canton of Lucerne's disability insurance fund for its exemplary reintegration measures.

Business division Europe

During the COVID-19 pandemic, Emmi Dessert Italia employees donated almost EUR 20,000 – equivalent to over 400 working hours – to hospitals and charitable organisations. We doubled the amount, taking the total donated to EUR 40,000. We also gave desserts to the staff of surrounding hospitals as a token of appreciation.

To raise money, develop its network and raise awareness among employees, Emmi UK took part in several events organised by GroceryAid in 2020. Further cooperation is planned for the future.

Business division Americas

In 2020, the Kaiku Group's community engagement in Spain was shaped by the pandemic. Kaiku donated products to a public hospital in Madrid set up as a temporary care facility for patients with COVID, various health centres and several institutions that found themselves in a vulnerable situation due to the pandemic.

Cowgirl Creamery supported three local dairies in their development and donated surplus food to a temporary housing organisation and a local retirement home in 2020.

Emmi Canada donated surplus cheese to a food bank in 2020.

Centrale Laitière de Mahdia ("Vitalait") in Tunisia created a foundation in 2019 to support local micro-producers of milk ([↪ see also page 11 "Sustainable dairy"](#)).

In 2020, Vitalait hosted a party for the children of employees, which helped families cope with the costs for the new school year. Vitalait also supports the orphanage "La Voix de l'Enfant" with annual donations.

Management approach disclosures

103-1 Our community engagement serves to express appreciation and strengthen partnerships. Emmi and its subsidiaries see themselves as local employers who are also committed to and involved in society at the local level.

103-2 There are no general requirements or targets for community engagement at Emmi. The management teams at the individual sites decide what form this social engagement takes and which events, programmes or initiatives are supported. However, we have initiated a project to clarify the potential need for action in this area.

Our community engagement generally includes support in the form of donations in kind, financial contributions to cultural, sporting and social events, local memberships or the targeted promotion of projects from the workforce.

103-3 We receive local feedback on our engagements from customers, consumers, authorities and municipalities, among others. Communities especially appreciate the unbureaucratic support in the form of products and equipment, such as the use of tools, buildings and vehicles. However, we do not carry out structured surveys of our engagements.

Indicators

203

INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

203-1

Infrastructure investments and services supported

Examples of initiatives and projects implemented by Emmi and its subsidiaries in their respective countries:

Business division Switzerland

Emmi donates products to the “Tischlein deck dich” and “Schweizer Tafeln” organisations. In addition, each year support is provided to around one thousand sports and school camps and several tens of thousands of Emmi products are made available free of charge.

Business division Europe

Emmi UK supports the charitable organisation “GroceryAid”, which provides assistance to employees in the food industry who need financial help and social care.

Emmi Deutschland donates food that is no longer good for sale to charitable organisations, helping those in need.

Emmi Austria has had a cooperative partnership with Caritas in Austria for many years. Food that can no longer be sold is given to the organisation “Tischlein deck dich”, which distributes it to vulnerable populations.

Business division Americas

Quillayes Surlat works together with Universidad de la Frontera (Temuco) and Liceo Politécnico de Pitrufquén. This partnership provides plant tours, internships for engineering students, and technical and professional internships for students of electronics. This also includes trainee plans for process engineers and projects as well as a dual training plan for maintenance workers.

Kaiku has continued its collaboration with the non-profit foundation Banco de Alimentos de Navarra (BAN).

Quillayes Surlat also sponsors several events each year and donates to schools and neighbourhood organisations in the communities of Pitrufquén and Loncoche.

In the municipality of Victoria, Quillayes Surlat supports the San Pedro Armengol children’s home with products and Christmas gifts. In addition, Quillayes Surlat donates products year-round throughout Chile, which are distributed via the organisation “Red de Alimentos”.

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

Cypress Grove donates cheese to charities that address women’s and children’s issues.

General disclosures

Organisational profile

[102-1](#) **Name of the organisation**

Emmi Group

[102-2](#) **Activities, brands, products, and services**

We are represented by our own Group companies in 15 countries and generate approximately half of our sales in Switzerland and half abroad, with the lion's share abroad since 2019.

In our domestic market of Switzerland, we manufacture a comprehensive range of dairy products for our own brands and private label products for trading partners. Our most important sales markets are retail and the food industry, such as producers of chocolate and baked goods. Exports are also an important part of our business. In addition to the Emmi umbrella brand, the best-known brands are Emmi Caffè Latte and Kaltbach. Our 25 production plants in Switzerland are spread across German-speaking and French-speaking Switzerland and employ between three and 600 people, depending on the size of the plant. Because we procure more than a quarter of the milk produced nationwide, we are an important company for Swiss agriculture.

Our operations in 14 countries outside Switzerland are also extremely diverse in terms of size, corporate strategy and product range. What they all have in common is a strong position – either in a selected niche market or in a region.

[102-3](#) **Location of headquarters**

Lucerne, Switzerland

[102-4](#) **Number and names of countries where the company operates**

Outside Switzerland, Emmi has Group companies in 14 countries:

Austria, Belgium/Luxembourg (no production facilities), Brazil, Canada, Chile, France, Germany, Italy, Mexico, Netherlands, Spain, Tunisia, United Kingdom (no production facilities) and the USA

[102-5](#) **Ownership and legal form**

Emmi is listed on the Swiss stock exchange. A majority of the shares are held by the dairy farming organisation ZMP ([↪ see also Annual Report 2020, page 25](#)).

[102-6](#) **Markets served**

Business activities are focused on the Swiss domestic market as well as western Europe and North and South America. Emmi exports from Switzerland to around 60 countries.

102-7 Scale of the organisation

Approximately half of its CHF 3.7 billion in sales are generated in Switzerland, the other half abroad. Over two-thirds of its almost 8,700 employees are now currently based outside of Switzerland ([↻ see “Emmi Group key figures” page 4](#)).

102-8

INFORMATION ON EMPLOYEES AND OTHER WORKERS

	2019	2020	Δ
TOTAL NUMBER OF EMPLOYEES^{1, 2}	6,054	6,174	2 %
Female	1,746	1,792	3 %
Male	4,308	4,382	2 %

APPRENTICES, INTERNS, TRAINEES, EXTERNAL EMPLOYEES

Female	69	60	-13 %
Male	235	219	-7 %

EMPLOYEES BY EMPLOYMENT CONTRACT^{1, 2}

Permanent position	5,868	5,995	2 %
Female	1,687	1,733	3 %
Male	4,181	4,262	2 %
Temporary position	207	214	3 %
Female	78	69	-12 %
Male	129	145	12 %

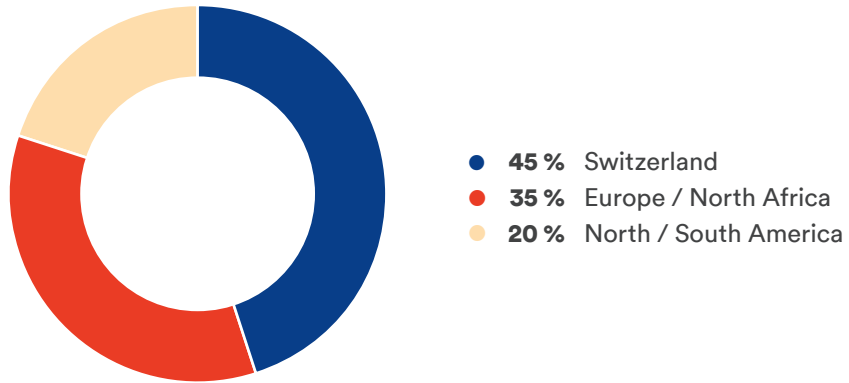
EMPLOYEES BY EMPLOYMENT TYPE^{1, 2}

Full-time	5,364	5,462	2 %
Female	1,313	1,301	-1 %
Male	4,051	4,161	3 %
Part-time	690	713	3 %
Female	461	494	7 %
Male	229	219	-4 %

1 Excluding apprentices, interns, trainees, external employees.

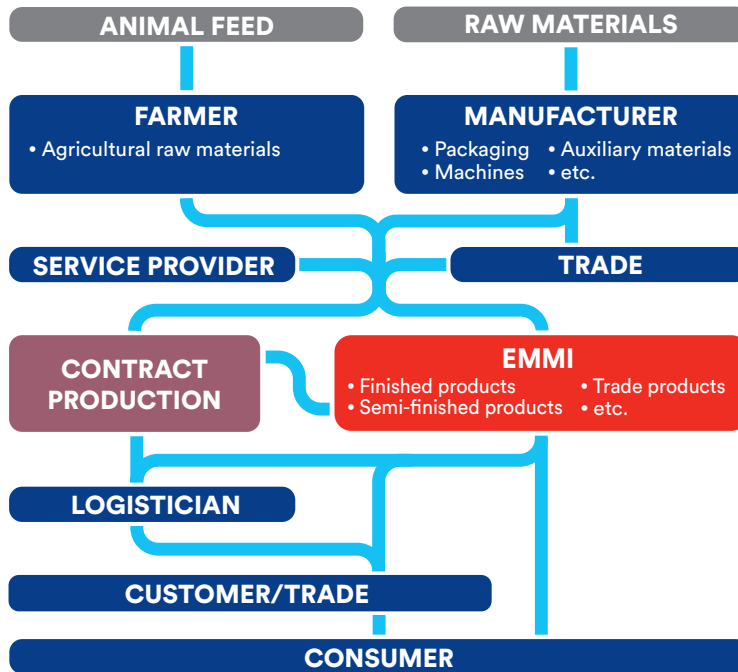
2 The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

Employees by region (2020)



102-9 Supply chain

Each company belonging to the Emmi Group has its own individual supply chain. What they all have in common is that the basis is always purchased raw materials, semi-finished products or finished products.



102-10

Significant changes to the organisation and its supply chain

Emmi's corporate strategy focuses both on strengthening the Swiss domestic market and on achieving growth abroad. Emmi's priority is organic and acquisitive growth. When making acquisitions, we always keep in mind our long-standing geographical and thematic focus.

In the growth segment of goat's milk, we increased our stake in the Netherlands-based goat's milk processor Bettinehoeve and Austria-based organic goat's milk and sheep's milk processor Leeb.

Through the purchase of a blue cheese production facility in Seymour, Wisconsin, we gained capacity and know-how in the production of these speciality cheeses in the USA.

In Switzerland, we acquired Chäs Hütte Zollikon GmbH.

With the acquisition of Pasticceria Quadrifoglio srl, we expanded our existing dessert network in Italy.

With the acquisition of Indulge Desserts Intermediate Holdings, LLC, we expanded our position in the USA, creating new distribution opportunities for our Italian desserts in the world's largest and growing dessert market.

We also strengthened our position in the growing Latin American markets by increasing our stake in Brazilian Laticínios Porto Alegre.

Surlat, our subsidiary in Chile, is merging with competitor Quillayes to form Quillayes Surlat. The newly founded company will be the number four in the Chilean dairy market. Emmi subsidiary Kaiku holds a majority stake of 51.5% in the new company.

We sold the trading and supply company Emmi Frisch-Service AG (Switzerland) and our majority stake in Spanish goat's milk processor Lácteos Caprinos.

(↻ For further information, see Annual Report 2020 from page 80 and Annual Report 2019 from page 87 "Changes to scope of consolidation")

102-11

Precautionary principle or approach

As part of its strategy development for sustainability, Emmi is in regular contact with WWF Switzerland, which helps us to identify and develop an appropriate response to relevant environmental issues. We maintain a particularly active dialogue on the topics of sustainable dairy, climate and food waste, as well as on our other focus issues of waste and water. New findings and considerations and the resulting risks for Emmi are a regular part of the agenda for the Sustainability Steering Committee. The knowledge gained is increasingly being used in decisions on investments as well as in our selection of suppliers.

102-12 External initiatives

The most important organisations, initiatives, agreements and principles that Emmi supports or to which Emmi has subscribed include:

Global Reporting Initiative (GRI), Milan Urban Food Policy Pact (MUFPP), Sustainable Development Goals (SDGs), Global Food Safety Initiative (GFSI standard), Food Safety System Certification (FSSC 22000), Science Based Targets Initiative (SBTi).

102-13 Membership of associations and interest groups

Emmi is a member of the following associations and interest group organisations:

Switzerland

AgroCleanTech, KOMETIAN, Swiss Milk Sector Organisation (BOM), Federation of Swiss Food Industries (fiel), PET-Recycling Schweiz, PRISMA, Promarca, Soy Network Switzerland, Swiss Dairy Industry Association (VMI), Drehscheibe Kreislaufwirtschaft

Germany

Milchindustrie-Verband e.V., Mittelständische Lebensmittel-Filialbetriebe e.V. (MLF), MMM Club e.V., Bioland e.V., Demeter e.V., Gäa e.V., Naturland e.V.

France

ECOCERT

UK

Recycle Pal, Paper Round, On-Pack Recycling Label (OPRL)

Italy

Assolatte, Centromarca

Austria

ARGE Gentechnik-frei, ARGE Heumilch

Spain

Federación Nacional de Industrial Lácteas (Fenil)

Canada

International Cheese Council of Canada

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), International Dairy Bakery Association (IDDBA), International Dairy Foods Association (IDFA), North Bay Food Industry Group (FIG), Wisconsin Cheese Makers Association (WCMA)

Strategy

[102-14](#) **Statement from senior decision-maker**

(↻ see “Foreword” on page 3)

Ethics and integrity

[102-16](#) **Values, principles, standards, and norms of behaviour**

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. Our corporate values and associated guidelines for action are set out in our Code of Conduct. Alongside compliance with the law, this encompasses our understanding of quality, safety and health standards, approach to environmental protection, fair working conditions, equality and integrity. The Code of Conduct applies to all employees of the Emmi Group worldwide and supplements the applicable general terms and conditions of employment.

Governance

[102-18](#) **Governance structure**

The supreme controlling body of the company is the Board of Directors. This mandates the CEO as Chair of Group Management with management of the company.

The Board of Directors also bears responsibility for the sustainability strategy, but delegates preparatory and operational tasks to the Sustainability Steering Committee and Emmi’s Sustainability Officers.

Further information: Corporate Governance Report (↻ see [Annual Report 2020 page 37](#)).

[102-20](#) **Executive-level responsibility for economic, environmental, and social topics**

The Sustainability Steering Committee is responsible for dealing with environmental, social and governance (ESG) 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.

[102-21](#) **Consulting stakeholders on economic, environmental, and social topics**

We are continually developing our network with stakeholders such as associations, suppliers, customers, non-governmental organisations, scientific institutions and consumers so we can learn how to integrate sustainability even more effectively into our day-to-day business. This is done in dialogue with our specialist departments, but also as part of our strategy development process and our materiality analysis. In the Agricultural Council, we have an exchange platform at Board level (↻ see also [Annual Report 2020, pages 27 – 37](#)).

102-22 Composition of the highest governance body and its committees

(↻ see also Annual Report 2020 pages 27 – 37)

102-23 Chair of the highest governance body

(↻ see also Annual Report 2020 page 24)

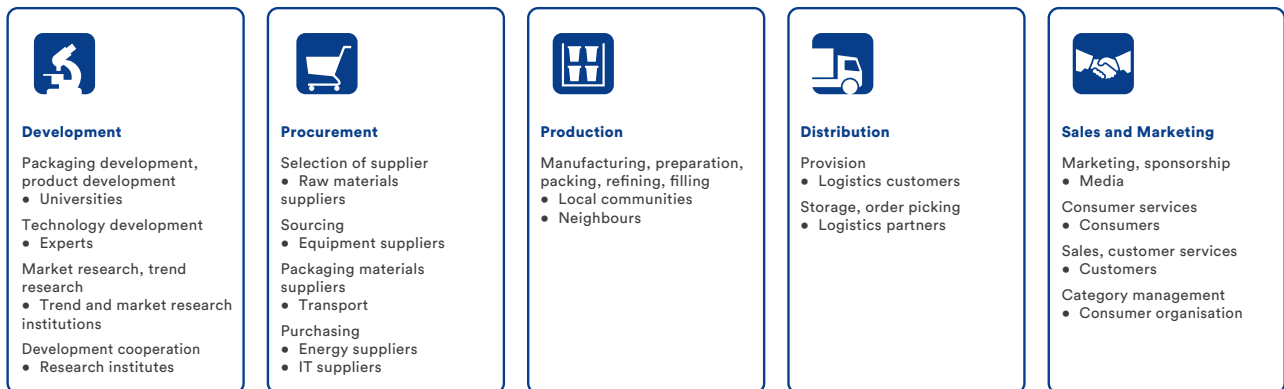
Stakeholder engagement

102-40 List of stakeholder groups

The stakeholders are diverse, in accordance with the business model, and include employees, customers, consumers, suppliers, investors, shareholders and authorities.

Stakeholder groups along the value chain

External framework conditions



Internal framework conditions



102-41 **Collective bargaining agreements¹**

	2019	2020	Δ
Percentage of employees with collective bargaining agreements	31%	31%	0%
Number of employees with collective bargaining agreements	1,864	1,928	3%

¹ The calculation basis for the key figures on employees can be found on page 86 under GRI indicator 102-45.

102-42 **Identifying and selecting stakeholders**

For Emmi, responsible corporate governance includes a conscientious approach to customers, employees, society and other stakeholders. They are of major importance for the economic and sustainable development of the company. The company defines the important stakeholders through its business model. Regular dialogue with these stakeholders is essential for Emmi's economic performance. 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.

102-43 **Approach to stakeholder engagement**

The diversity of stakeholders means that this dialogue takes different forms. Their interests and concerns shape the further development of our sustainability strategy.

(↻ see table on page 80)

We are also in regular contact with the Swiss food industry, packaging suppliers, trade associations and local communities.

STAKEHOLDER GROUP	DIALOGUE CHANNELS	INTERESTS AND CONCERNS
Customers	<ul style="list-style-type: none"> • Regular interaction, for example via key account management and customer services • Customer interviews, innovation workshops, joint brainstorming as part of marketing and innovation initiatives • Exchange of best practice examples • Annual review meetings (CEO/EVPs) • Sharing of sustainability expertise • Trade fairs and international conferences 	<ul style="list-style-type: none"> • Goods delivered on time and in full • Quality • Reliability • Innovative products • Achievement of sustainability targets
Consumers	<ul style="list-style-type: none"> • Consumer services • Market research • Consumer tests • Focus group discussions • Concept tests • Co-creation workshops 	<ul style="list-style-type: none"> • Quality • Enjoyment • Healthy eating • Price • Transparency • Responsible treatment of people and the environment • Innovation concepts & ideas
Employees	<ul style="list-style-type: none"> • Personal dialogue • Intranet, newsletter, Emmi TV, employee magazine • Town halls, shop floors • Employee surveys • Annual review meetings, business reviews • Employee Committee, Works Councils • Assessment of education and training programmes • Employee events 	<ul style="list-style-type: none"> • Salaries and social benefits • Workwear • Pension fund • Employment conditions • Competence building, further development • Leadership qualities • Health, safety and wellbeing in the workplace • Integrity • Teamwork • Diversity • Performance and health of the company, business division • New products • Projects
Shareholders	<ul style="list-style-type: none"> • Annual Report, Half-year Report • Sustainability Report • General Meeting • Presentations at analyst conferences and roadshows 	<ul style="list-style-type: none"> • Share price performance • Dividend performance • Financial performance (growth, profitability, cash flow) • Financial outlook • Strategy • Management forecasts • Contribution to environmental, social and governance improvements
Suppliers	<ul style="list-style-type: none"> • Monthly newsletter • Annual producer conferences • Monthly board meetings • Close collaboration with Emmi farmer ambassadors • Regular interactions with producers and farmers' organisations • Supplier assessments 	<ul style="list-style-type: none"> • Competitive milk prices • Quality requirements • Reliability • Milk collection • Emmi's corporate policy • Emmi's product portfolio • Label requirements • Animal welfare, feed, biodiversity • Importance in agricultural policy • Representation of interests
Political decision-makers, NGOs and the general public	<ul style="list-style-type: none"> • Involvement in associations and organisations • Direct dialogue with political opinion leaders 	<ul style="list-style-type: none"> • Governance and compliance • Sustainable dairy • Climate change and energy transition • Circular economy • Bio-economy • Contribution to economic prosperity • Jobs

[102-44](#) Key topics and concerns raised

(↻ see GRI 102-43)

Reporting practice

[102-45](#) Entities included in the consolidated financial statements

A list of all entities included in the consolidated financial statements can be found in the Annual Report 2020 (↻ see pages 109–112 of the Annual Report 2020).

Companies not (yet) included in the report or for certain topics.

	REPORT IN GENERAL	WASTE, ENERGY, WATER	GREENHOUSE GASES, SCOPE 3	MILK VOLUME	HR DATA
Mexideli	×	×	×	ns	×
Pasticceria Quadrifoglio	Majority holding since 2019	×	×	ns	2019
Leeb/Hale	Majority holding since 2019	×	×		
Laticínios Porto Alegre	Majority holding since 2019	×			×
Seymour	Majority holding since 2019	×			
Chäshütte Zollikon	Majority holding since 2020	×	×	ns	×
Emmi Dessert USA (formerly Indulge Dessert)	Majority holding since 2020	×	×	ns	×
Quillayes Surlat	Majority holding since 2020	×			×
Emmi Ambrosi France		×	×	ns	
Kaiku San Sebastian		×	×	ns	
Trading locations (EGBR, EDEU, AVH, ECAN, ENED)		nr	nr	ns	
Lácteos Caprinos	Sold in 2020	×	×	×	×
Emmi Frisch-Service AG	Sold in 2019	×	×	×	×

Abbreviations: nr = not relevant, ns = not specified

Comments

We integrate new companies into our sustainability reporting at the latest two years after acquiring a majority stake.

Information on Scope 3 emissions has been published for the first time in this report. The locations of the subsidiaries Laticínios Porto Alegre Indústria e Comércio S.A. and Quillayes are already included. However, these locations are not yet included in the Scope 1 and Scope 2 emissions information.

102-46

Defining report content and topic boundaries

We conducted an initial materiality analysis in 2016 to identify the areas in which we have the greatest impact. We first drew up a list of potentially relevant topics from various sources. These included the Milan Urban Food Policy Pact (MUFPP), the Sustainable Development Goals (SDGs), a competitor analysis and the criteria of ratings and rankings. We then grouped the topics into ten different categories and discussed them with internal and external experts and with representatives of the key stakeholder groups to assess their relevance for our long-term business success and their importance for our stakeholders.

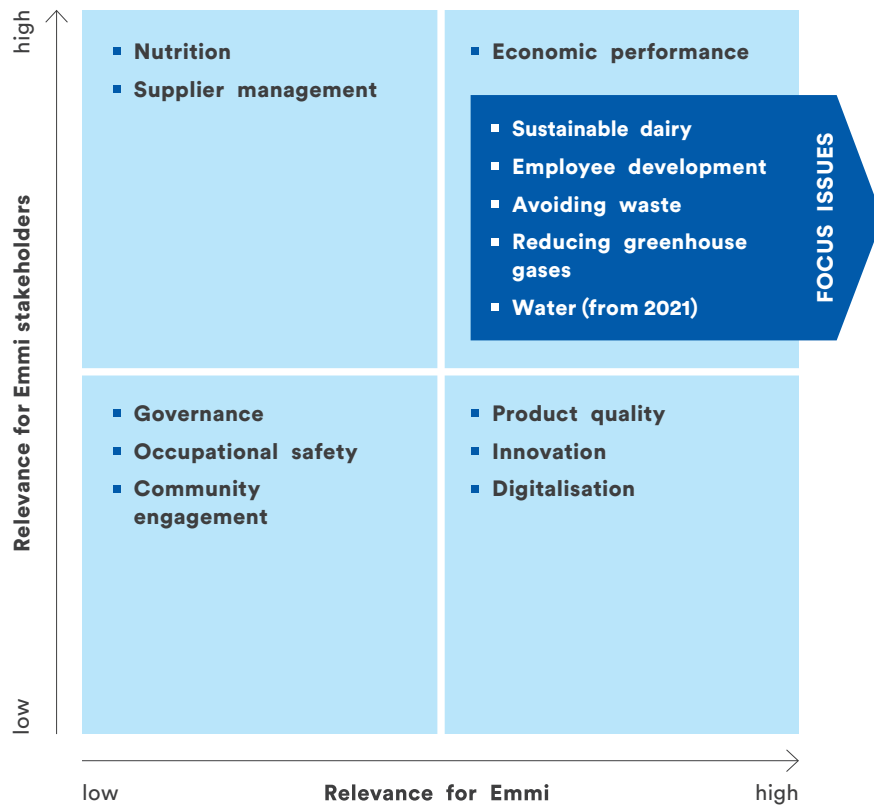
The topics prioritised by means of this process were presented to and approved by the Sustainability Steering Committee, which also includes members of Group Management, and the Board of Directors.

We reviewed the prioritisation of topics in 2018 and again in 2020.

102-47 List of material topics

The materiality matrix shows the prioritisation of material topics as updated in 2020.

Materiality matrix



102-48 Restatements of information

Emmi bought and sold various companies and participations in 2019 and 2020.

(↻ see GRI 102-10 Significant changes to the organisation and its supply chain)

There were no changes in the base years, time periods, nature of business activities or measurement methods.

102-49 Changes in reporting

There were no changes in the list of material topics during the reporting period.

102-50 **Reporting period**

Calendar years 2019 and 2020

102-51 **Date of most recent report**

31.08.2019

102-52 **Reporting cycle**

Every two years.

102-53 **Contact point for questions regarding the report**

Emmi
Landenbergstrasse 1
CH-6005 Lucerne
Phone +41 58 227 27 27
nachhaltigkeit@emmi.com
www.emmi.com

102-54 **Claims of reporting in accordance with the GRI Standards**

This report has been created in accordance with the GRI Standards: Core option.

102-55 **GRI content index**

(↪ see “GRI Content Index” on page 85 of this Sustainability Report)

102-56 **External assurance**

The Compensation Report and the Consolidated Financial Statements of Emmi AG were audited by the external auditors KPMG AG (↪ see [Annual Report 2019 pp. 52, 67 and 118-121](#) and [Annual Report 2020 pp. 48, 61, 113 and 130](#)). In the Sustainability Report, greenhouse gases (↪ see [page 18](#)), energy and water consumption (↪ see [page 27](#)), the generation of waste (↪ see [page 39](#)) and the use of materials were assessed by the external auditors SGS.

For the Materiality Disclosures Service, GRI Services reviewed whether the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 are consistent with the relevant sections in the report. The GRI Materiality Disclosures Service was performed on the German version of the report.

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GRI 102:2016 **General Disclosures**

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	Proportion of milk processed according to the “Sustainable Swiss Milk” standard	
	Volume of organic milk processed	
	International catalogue of criteria	

Disclosure	Heading	Reasons for omission	Pages
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Emmi Sustainability, Lucerne
Emmi Corporate Communications, Lucerne

Concept, design, usability and realisation

Mediapult GmbH
Buzibachstrasse 12
CH-6023 Rothenburg

Translation

Lionbridge Switzerland AG, Basel

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

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