

Sustainability Report | 3



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Dear Reader

When we published our first sustainability report in 2011, our aim was to give you an insight into our company. At that time we knew that, thanks to its highly professional quality, environmental and safety management, Emmi was already a very sustainable organisation – without actually using the term “sustainability”. We used our second report, in 2013, to illustrate this with numerous examples of Emmi’s everyday work.

True to our company’s principle “We are continually developing!”, we have regularly and increasingly addressed the issue of our company’s sustainability over the last four years. Both the Board of Directors and the Group Management have frequently discussed this matter. In these two forums, and with the help of internal and external specialists, we have gradually developed a collective understanding of Emmi’s future commitment to sustainability. As part of this process, we had to grapple repeatedly with the vagueness of the concept and people’s differing ideas of what is meant by sustainability and corporate responsibility. Moreover, during the discussions everyone raised the concerns of the stakeholders they often deal with in their day-to-day work: consumers, clients, suppliers, dairy farmers, employees, authorities and municipalities, to name but a few.

Now we are taking a clear step forward. We have not only been able to define four priority areas within which we are keen to drive forward Emmi’s commitment to sustainability; we have also agreed that for the first time we want to allocate financial and human resources specifically to the promotion of sustainability at Emmi.

It was not an easy decision. The current economic situation has been the biggest challenge that companies manufacturing in Switzerland have faced in many years. Cost-saving and efficiency measures must be implemented quickly to recover the competitiveness lost due to the weakness of the euro.



Urs Riedener, CEO, and Konrad Graber, Chairman

Against this background, we have decided that in future the savings we achieve by substantially cutting our CO₂ emissions will be invested in specific sustainability projects. We see this as a clear commitment to sustainable management of the company. With the appointment of a Head of Sustainability as of 1 January 2016, we will also ensure that our intentions will not be undermined by a lack of staff.

We look forward to following this path together with our suppliers, clients, employees, and especially consumers.

Konrad Graber
Chairman

Urs Riedener
CEO

Sustainability at Emmi

Sustainability is not just a fashion at Emmi: the company has been systematically managing numerous aspects of sustainability for several years. Emmi is convinced that sustainable business practices are the key to ensuring a company's long-term future. This means we have a duty to practise all-round sustainable company management that is apparent not just from our words but from our deeds too.

Then and now

Emmi's thinking on sustainability has its roots in environmental protection. Today, the company aims to act as an international role model within the sector in key areas of sustainability.

The concept of 'sustainability' is an old one: 300 years old, to be precise. The term first entered the wider public consciousness in the 1980s; in Switzerland it was particularly associated with the forest dieback caused by acid rain. After the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro resulted in several multilateral environmental agreements being concluded, including the Framework Convention on Climate Change, Swiss companies were among those for which this first wave of sustainability became a tangible reality.

It started with the environment

Protecting the environment was the order of the day, including at Emmi. In the mid-1990s, an environmental policy was formulated, requiring environmentally-conscious management and action, an "environment" working group was brought into being and the first environmental report was published. The subsequent two decades have seen the development of professional, ISO-14001-certified environmental management that is integrated into the structure of all Emmi operations in Switzerland. Today, this is as firmly established as quality and safety management.

The advent of the new millennium raised new questions and also led to new discussions and new ways of thinking. Sustainable development became a buzzword – an all-encompassing and therefore relatively fuzzy term, albeit one that was far from meaningless. Companies were urged to formulate their understanding of sustainable business practices and corporate responsibility.

Emmi aims to be a role model

The starting point of Emmi's efforts to operate sustainably was expressed as a mission: "Our future success is based on achieving balance and sustainability with regard to our economic, social and environmental goals. In key areas of sustainability, we aim to act as an international role model within the sector."

In addition, everything Emmi does is rooted in an authentic corporate culture, formulated as five company values:

- We are market-oriented
- We are proactive, and not afraid of hard work
- We know how
- We are continually developing
- We are Emmi

The company's sustainability mission was incorporated into 11 principles (see page 6). These combine established standpoints and aims relating to everyday activities at Emmi.

The company's approach to sustainability, which is based on the well-known three-pillar model of sustainable development, has been illustrated in the form of a tree (see page 7).

11 principles guiding sustainability

1.

We strive to achieve solid profitability and financial strength in order to safeguard our economic independence.

2.

We are aware of the responsibility we bear towards consumers, partners, employees and society and we treat them with respect.

3.

We use all natural, technical and financial resources sparingly.

4.

We minimise our environmental impact and are guided by the principle “avoid, reduce, recycle”.

5.

We consider sustainability throughout the entire supply chain to ensure that Emmi products fulfil high standards regarding ethics, quality, safety, health and environmental compatibility.

6.

We are constantly increasing the use of resources produced in a natural and socially responsible manner and design our packaging in such a way that food safety and environmental compatibility are guaranteed.

7.

We are mindful of preserving biodiversity and are a committed partner to the agriculture sector.

8.

We prefer to work with suppliers who, like us, are committed to sustainability issues.

9.

We invest in the further development of our employees and cultivate a culture of respect and open dialogue.

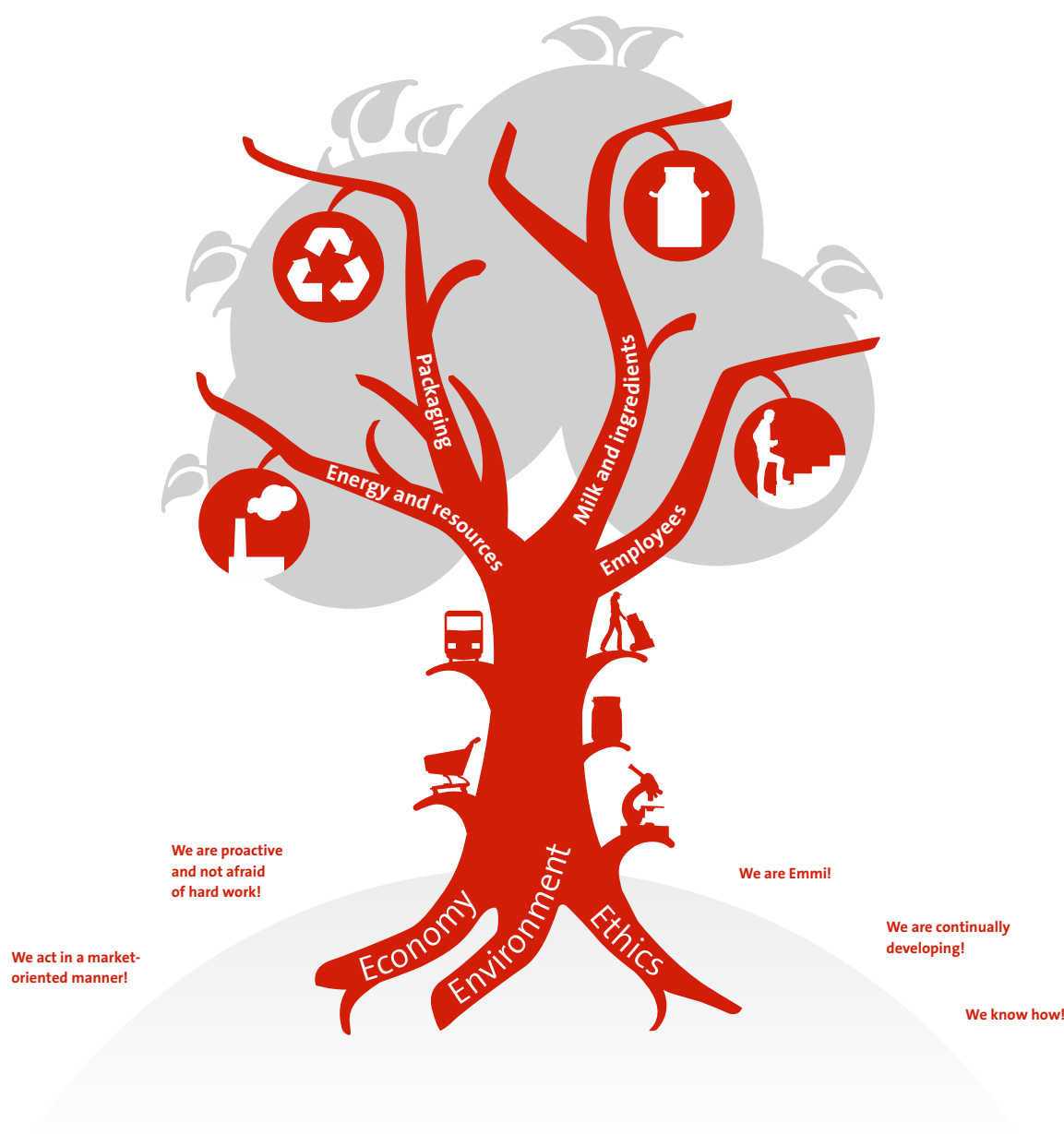
10.

We ensure that employee health and safety is guaranteed in the workplace and avoid dangers.

11.

We involve our stakeholder groups in our sustainability efforts.

A sustainable approach for better dairy products all round



Emmi strives to achieve a balance between economic, environmental and social considerations. The company therefore keeps in mind factors affecting all three of these aspects throughout the value chain in its actions and decisions.

Since 2012, Emmi's sustainability efforts have been directed towards four strategic areas:

- Energy and resources
- Packaging
- Milk and ingredients
- Employees

In 2014, these areas were further focussed on four additional aims:

- Reducing greenhouse gases
- Avoiding waste
- Sustainable milk
- Employee development

Concentrating on what's important

There are many ways for a company to advance its own sustainability in a targeted manner. Too great a variety, however, impedes management, control and communication. For this reason, Emmi focuses on those areas in which a milk processor can have a major impact.

Strategic thrust:
"Energy and
resources"



Focus
"Reduce greenhouse gases"

Strategic thrust:
"Packaging"



Focus
"Reduction of waste"

Strategic thrust:
"Milk and
ingredients"



Focus
"Sustainable milk"

Strategic thrust:
"Employees"



Focus
"Continuous people
development"

In 2012 Emmi defined four strategic thrusts for its commitment to sustainability. In 2014 these strategic thrusts were given even more tangible form when priority issues were established.

Interdisciplinary teams have been working on these four priorities since the start of 2015. Their first task is to define tangible objectives that Emmi should achieve in the medium term.

In order to promote measures to achieve these objectives, Emmi is also committing financial resources exclusively to sustainability for the first time. The funds made available are the money that Emmi receives for overachieving its CO₂ targets.



Valuable wood chips from scrap lumber

Both in production and the ageing process, Käserei Studer in eastern Switzerland, which manufactures cheese specialities such as “Der Scharfe Maxx”, sets great store by sustainable solutions. One of the energy sources it uses is the sun. In the warmer months, the plant’s own photovoltaic array produces some of the energy needed to cool the ageing facility.

Wood chips are the second sustainable energy source. A recycling company collects scrap wood from building sites in the region and delivers this in the form of chips to Hatswil. Käserei Studer and a neighbouring business use the energy produced from this source. This prevents a total of 630 tonnes of CO₂ emissions per year.

Positive effect on:



Reduce greenhouse gases

The manufacture of dairy products is a very energy-intensive process. In production, heating and cooling raw materials during the processing phase uses a great deal of energy. In transport and storage, maintaining the cold chain accounts for much of the power consumption. Emmi therefore focuses primarily on improving energy efficiency and replacing fossil fuels such as oil with lower CO₂ emission alternatives.

Since 2008, Switzerland has imposed a levy on fossil fuels in order to achieve its climate protection targets. Making these energy sources more costly encourages more economical use and promotes the use of low-carbon alternatives.



The Swiss government exempts companies in energy-intensive industries from the CO₂ levy if they commit to reducing their greenhouse gas emissions. Emmi makes use of this opportunity and is proud to have overachieved the government’s requirements in the first commitment period (2008 to 2012). In the second commitment period (2013 to 2020), the Swiss government has specified a CO₂ reduction of 20% (compared with 1990). Emmi not only strives to contribute to climate protection in Switzerland, but also endeavours to optimise its production sites abroad.

It is increasing the level of energy efficiency at all its sites, e.g. through heat recovery, and is making greater use of alternative energies. These include, in particular: wood-chip-fired heating (Emmi Emmen, Käserei Studer/Hatswil, Molkerei Biedermann/Bischofszell), solar power (Fromagerie de Saignelégier, Käserei Studer, Emmi Landquart, Lalaria Engiadinaisa/Bever, Molkerei Biedermann) and biogas (Emmi Dagmersellen, Lalaria Engiadinaisa).



When plastic is more sustainable than wood

Emmi produces large-holed cheese in Landquart. For transport to Kirchberg, where the cheeses are packaged, the wheels used to be attached to pallets with large wooden frames. Each lorry transported over 72 of these frames, which together weighed over 1 tonne. These then had to be taken back to Landquart for maintenance. This would take place 140 times a year, until in 2014 the packaging system was rethought and replaced by use of an appropriate film. In addition to the low investment costs, this has generated savings in procurement, return transport and repairs totaling 30,000 francs a year. Avoiding the use of heavy frames leads to lower fuel consumption and reduces transport-related labour.

Positive effect on:  

Reduction of waste

In Japan, “muda” means senseless waste. In recent years, a benefit-focused understanding of the term “waste” has been established at Emmi, based on the Japanese management concept of Kaizen.

At Emmi, avoiding waste is known as “Emmi Operational Excellence” (EOE). Behind the EOE motto of “faster, better, cheaper!” lie countless methods that allow Emmi to meet the market’s cost requirements. Emmi intends to continue focusing on avoiding all types of waste, and not just because of the difficult economic environment that currently prevails. In terms of sustainability, two issues will receive special attention up to 2020: packaging and foods.

Packaging

From the Japanese perspective, every gram of packaging material that has no purpose is waste. Assessing what is useful is a complex task, however: the packaging of a food product is not just a container for transport, but also protects the contents, provides information and functions as a marketing tool. Alternative material types and thinner packaging must be carefully tested, so that there is no negative effect on taste, product life, consumer experience, secondary packaging, the environment or costs.

Food products

Convinced that food wastage in Emmi’s production facilities is exemplary thanks to EOE, Emmi is paying particular attention to the following issues:

- Sensible recycling of unavoidable food waste
- No disposal of good-quality food products



Sustainable milk

Every year around 3.4 million tonnes of milk are produced in Switzerland, of which nearly 1 million tonnes are processed in Emmi's Swiss operations. Added to that is the milk that Emmi purchases in the form of Swiss cheese. Emmi is aware of this important position, and would like to commit itself even further to fulfilling its related responsibilities.

Emmi is the largest processor of Swiss organic milk, processing just under 100 million kilograms of milk into a wide range of organic dairy products. However, organic products are a niche market. For this reason, Emmi is aiming to create a comprehensive sustainable milk plan. In its marketing of Swiss dairy products abroad, Emmi would like to back up the general perception of the Swiss Alpine idyll with some solid facts about the sustainability of those products. For example, while Swiss milk cannot be described as grass-fed milk, the average Swiss dairy cow is fed with 90% roughage and thus surpasses the "grass-fed" milk requirement of 75%.

Swiss consumers, too, need to be shown why home-produced dairy products – particularly Emmi's – are more sustainable. First and foremost, sustainable dairy products are made from sustainably produced milk.

On its journey towards producing sustainable milk, Emmi benefited from the support of the Swiss Federal Institute of Technology in the first half of 2015. Its researchers gathered data regarding consumer preferences, and also regarding the current situation and potential of Emmi's milk suppliers. In the coming months, Emmi will be formulating specific targets for its milk of the future.

European organic network

Emmi's journey towards organic milk started back in the 1990s, the organic market took on strategic importance with the acquisition of a stake in Molkerei Biedermann in 2005.

However, organic food is not only relevant in Switzerland, which is why Emmi acquired a share in Germany's Gläserne Molkerei in 2012. This firm processes 120,000 tonnes of organic milk annually, or about 20% of the entire German production of organic milk. Together with Italian dessert manufacturer Rachelli, who works with organic and biodynamic ingredients, and Dutch company AVH dairy trade, which distributes significant quantities of organic goat's and sheep's milk, Emmi now possesses a Europe-wide organic dairy product network.

Positive effect on:





Continuous people development

As an internationally successful milk processor, Emmi needs a wide variety of technical skills. The company is aware that its employees, with their extensive abilities and skills, are the most important factor for its success. The work of the Human Resources function is accordingly very important. In terms of sustainability, Emmi focuses in particular on developing its employees.

In its company strategy, Emmi has defined decisive key competences. In the future, Emmi plans to develop these competences within the company. The balanced promotion of entrepreneurial, personal, social and professional skills and competencies is important in this process. Emmi follows a 70-20-10 approach to development, i.e. 70% of development takes place in the normal working day, 20% through targeted feedback and reflection, and 10% in training courses. In its staff development, the company pays particular attention to key positions. Sustainable succession planning and development programmes for that purpose are currently being drawn up.

Development is important for all employees, and Emmi focuses first and foremost on personal strengths in this respect. Companies also have a wider social duty to foster their employees' capabilities as actors in the labour market. If Emmi promotes continuous employee development, it is therefore partly motivated by a sense of social responsibility, while at the same time making itself attractive as an employer.

Abroad with Emmi

Emmi's "Young Professionals Abroad" pilot project offers specialists up to the age of 25 the opportunity to work in one of its foreign production facilities and improve their language skills while advancing their personal and professional development.

In 2014, two dairy technologists began twelve-month assignments at cheese manufacturer Emmi Roth USA in Platteville and at the Kaiku facility in Pamplona, Spain. Before starting, they attended local language schools.

As the foreign production facilities and employees alike have given positive reports of the first six months of the experience, the next young professionals will be recruited by Emmi for periods abroad by autumn 2015.

Positive effect on:



Embedding within the organisation

Sustainability is not a project. It affects a company permanently and comprehensively. Finding a form of organisation that integrates all internal stakeholders, possesses sufficient specialist and implementation competences, is generally accepted and uses only as many resources as necessary is no mean task. By instituting the post of Head of Sustainability, Emmi is underlining the importance and sincerity of its commitment.

The Head of the Trade & SCM Switzerland division and the Chief Human Resources Officer jointly lead the Sustainability Steering Committee and provide the link between the Board of Directors, management, sustainability organisation and line functions. The members of group management sitting on the committee, which meets twice a year, are the Executive Vice President Switzerland and the Chief Marketing Officer. The other members are the Head of Sustainability and five specialists from senior and middle management who are closely involved with sustainability within their particular roles.

A number of these specialists make up the core sustainability team, which is led by the Head of Sustainability and which has a supporting and mediating function. This is the central point of contact for internal and external parties in relation to sustainability matters; it regularly discusses projects, reporting, trends and issues of all kinds and links the activities and findings from the project groups with the four priority areas. Four interdisciplinary teams have been given the task, to be completed by 2020, of defining valid targets for their priority area, formulating appropriate measures and implementing these.

Fifteen sustainability officers have been providing support for a number of years with sustainability issues along the entire Emmi value chain. Starting in January 2016, Emmi will have a person dedicated solely to sustainability – the Head of Sustainability. This person's duties will include developing international production facilities to standards approaching those existing in Switzerland.

Emmi's sustainability organisation



Emmi Sustainability Prize

Daily operations involve many different aspects of sustainability. However, employees often take decisions based on a limited perspective. Emmi believes that it is essential to create a substantial understanding of sustainability and to awaken a more complex awareness of it. The Emmi Sustainability Prize is an incentive for employees to this end.

No one knows a company better than its employees. Emmi has used this fact for many years to boost its efficiency and cut its costs. After all, Emmi Operational Excellence (EOE) is essentially nothing other than a form of broad-based employee participation.

Emmi is convinced that the knowledge of its employees is also needed to make the company more sustainable, because in addition to the four priority areas that are managed top-down, the foundations for many aspects of sustainability in the company's daily operations are laid by the 5,300 people who work at Emmi.

To ensure that these foundations are laid properly, a broad understanding of sustainability must be created among employees. Besides continuous communication around smaller and larger sustainability projects along the value chain, Emmi also uses an annual sustainability motto to achieve this awareness. The motto is presented to managers at the beginning of the year. These managers then have the task of developing thematically appropriate projects with their staff. The projects can be entered for the Emmi Sustainability Prize at the end of the year.

Sustainability is fun

Independently developing and implementing a sustainability project in addition to their own everyday duties generally calls for a great deal of personal commitment from employees. Winning entries for the competition are therefore awarded attractive prizes. There is always a central sustainability theme, integrated into a team activity in which there is also a large element of fun.

Sustainability mottos and prize winners, 2012 to 2014

2014 – Smart mobility

1st place – Suhr:

Mobile without a car

In the course of five months, Suhr employees covered an extra 30,000 environmentally-friendly commuter kilometres (on foot, by bike, by public transport or by car-sharing). This initiative saved around 5.1 tonnes of CO₂ emissions.

Positive effect on: 

2nd place – Ostermundigen:

Every kilometre counts

70 employees at our Ostermundigen site together saved 88,000 car commuter kilometres, or 15 tonnes of CO₂ emissions.

Positive effect on: 

3rd place – Landquart: Transporting large-holed cheese without frames

Thanks to a new secondary packaging system, it is no longer necessary to use heavy wooden frames to transport large-holed cheese. In addition, the need to transport these frames back, the physically demanding handling and the procurement and repair of the frames have also been eliminated.

Positive effect on:  

2013 – Closing materials cycles

1st place – Greener packaging

An interdepartmental team from Private Label Marketing, Packaging Development, Sales and Production focussed their attention on Coop product packaging. Nearly 130,000 kilogrammes of materials are now saved annually or replaced with greener alternatives (e.g. ice cream sticks from FSC wood).

Positive effect on:  

2nd place – Dagmersellen:

Nutrient recycling

Valuable organic materials – proteins and minerals in particular – leave the Emmi cycle in waste water. In Dagmersellen a portion of these organic residues is filtered out of the waste water as sludge and then processed into fertiliser by a partner company.

Positive effect on:  

3rd place – Suhr: Increasing the rate of recycling

The site in Suhr boosted its recycling rate within just a few months from 80% to 84%. In doing so, it saved tens of thousands of francs in disposal costs. In addition, CO₂ emissions are around 690 tonnes lower each year because plastics and TetraPak paper are collected separately.

Positive effect on:  

2012 – Water

1st place – Molkerei Biedermann: Reduction in waste volume

Rinsing water and product waste are recovered and separated; the reusable materials are sold to a pig farm. The initial one-off investment has already paid for itself after only a few months through the savings and revenues from the pig farm.

Positive effect on:  

2nd place – Suhr: OptiMimo in the flotation system

Flotation is one of the most important steps downstream from milk processing. By investing in waste-water treatment and better waste-water quality, over CHF 100,000 is saved every year.

Positive effect on:  

3rd place – Dagmersellen: Every drop counts

Numerous small projects in Dagmersellen have resulted in lower consumption of fresh water, reduced waste water and better waste-water quality. Annual costs have been cut by a seven-figure amount, with waste-water quality contributing most of this reduction.

Positive effect on:  

Sustainability throughout the value chain

Emmi offers a full range of dairy products in Switzerland, most of which are to a large extent manufactured and refined within Emmi itself. In addition, Emmi manufactures a very wide range of trade products for partner companies. The diversity of this offering makes Emmi's value chain very complex.

Value chain



Development



Procurement



Production



Distribution



Sales



Development

At Emmi, development not only means inventing new products, but also optimising existing products, processes and packaging. In its development efforts, Emmi concentrates on its major strengths – the products and their packaging. When it comes to fundamental research, Emmi works together with universities, research institutions and other external partners.

Product development

Innovation is a central component of Emmi's corporate culture and one of the company's decisive success drivers. The company employs around 50 people in product development in Switzerland; their task is to improve existing products, create new innovative products and develop products according to client demand. Four trends are particularly relevant for Emmi here:

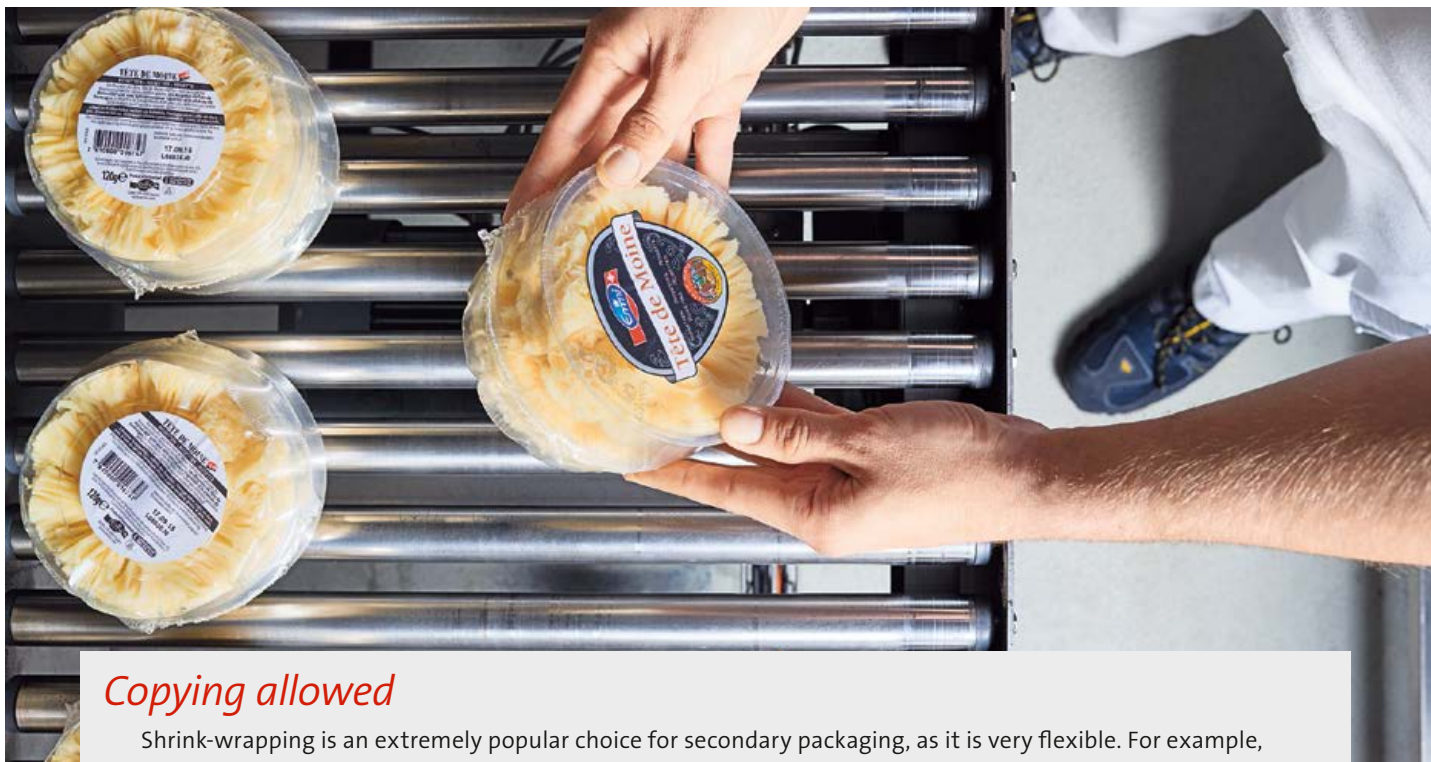
- Enjoyment
- Health/naturalness
- Convenience
- Sustainability

Moreover, in August 2015 Emmi signed an official memorandum of understanding, in which the company committed itself to working with the Swiss Federal Department of Home Affairs (FDHA) on the issue of sugar.

Packaging development


Emmi produces some 5,000 different products in 2,000 different types of packaging just in Switzerland. The most frequently used materials for primary packaging are plastics for pots, bottles and films (approx. 12,000 tonnes a year), film for the production of around 250 million Tetra-Paks annually (approx. 4,200 tonnes a year), and cardboard for product packaging or as secondary containers for transport (approx. 8,500 tonnes a year).

In terms of the sustainability of packaging, the focus is mostly on the primary packaging visible to consumers, although secondary packaging is important too. From a sustainability point of view, key concerns are the choice of materials and whether single or multi-use packaging is used. However, multi-use is not automatically more sustainable. Sustainable packaging takes into account the product and the whole value chain – from storage and transport right through to use by the end consumer. Within the framework of Emmi Operational Excellence (EOE), the company has spent several years working on improvements in this area.



Copying allowed

Shrink-wrapping is an extremely popular choice for secondary packaging, as it is very flexible. For example, Emmi uses it to combine individual products in the form of double or multi-packs. In Kirchberg, where Emmi portions and packages most of its cheese, its raclette slices and Gruyère portions are shrink-wrapped in double packs. An Emmi Operational Excellence process supervisor noticed that a relatively large amount of film waste accumulates. Looking at how things are done in Emmen revealed that a narrower film could be used without any problem. Since autumn 2014, Emmen and Kirchberg have been supplied with the same film. There is now less waste and several thousand francs have been saved thanks to the alertness of an employee in Kirchberg.

Positive effect on:  

Italy's on board

Two north Italian dessert manufacturers are part of the Emmi family. Founded in 1935, Rachelli includes dessert specialities with organic and biodynamic ingredients in its range for sustainability-aware consumers. Now, all Rachelli products are even more sustainable. The weight of its tiramisu and profiteroles bulk packaging has been reduced to the extent that 23 fewer tonnes of polypropylene are required annually. The one-off initial investment of CHF 150,000 generates savings of a similar amount annually. For Emmi, saving resources is not just a Swiss particularity, but a concept for international success.

Positive effect on:  

Some like it sweet

Carbohydrates are the most important factor in obesity. As a food producer, Emmi takes its share of the responsibility, even though consumers decide for themselves what and how much they consume. Experience shows that while your head may tell you what's healthy, that doesn't stop you having a sweet tooth. Anyone wanting to go on selling a product needs to gradually reduce the sugar content over a long period. A few years ago, Emmi did this with its whole yoghurt range. In 2014, it was the turn of the desserts: from the Coupe Chantilly to the Quark Crème, the added sugar was reduced by about 2.5%.



Procurement

Emmi primarily defines itself on the market through the quality of its products. The ingredients it uses play a major part in this. Very close attention is paid to procurement of the key ingredients – particularly milk, fruits and coffee.

Every year Emmi purchases products worth several hundred million francs. Apart from milk, the most important items purchased include various types of packaging materials made of plastics and cardboard, fruits and fruit preparations, sugar, cocoa-related products (e.g. chocolate), coffee and flavourings.

Milk

Every year Emmi buys around 1.7 million tonnes of milk around the world. This is equal to the milk produced by about 250,000 cows. Emmi processes nearly 1 million tonnes of milk annually at its Swiss production sites, accounting for about a quarter of the entire Swiss milk output. On top of that is the milk which Emmi procures annually in the form of Swiss cheese: another 35,000

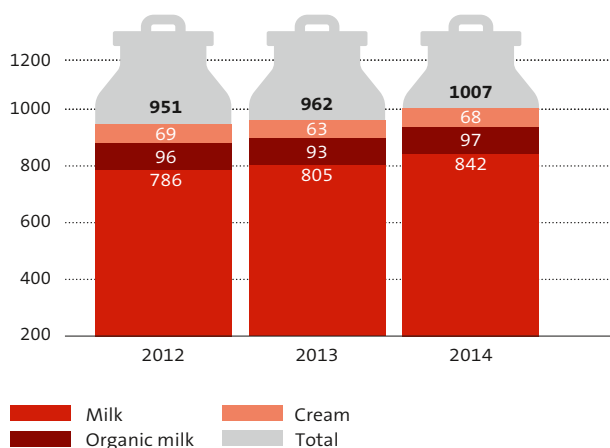
tonnes approximately. This cheese generally comes from commercial micro-enterprises (“village cheese dairies”); Emmi refines and packages it, and then sells the finished product to clients both in Switzerland and abroad.

The milk Emmi processes in Switzerland comes from around 6,500 milk production facilities. A third of these have a direct relationship with Emmi. The rest send their milk to organisations which sell the milk to various milk processors. The biggest supplier organisations in terms of quantity are Genossenschaft Zentralschweizer Milchproduzenten (ZMP), Milchverband der Nordwestschweiz (MIBA) and Nordostmilch AG (NOM).

In addition to almost 100 million kilogrammes of organic milk, Emmi also obtains specialities such as goat’s and sheep’s milk from its Swiss suppliers. Although these segments are small, accounting for almost two million and just over one million kilogrammes respectively, they are growing steadily.

Volume of milk and cream processed in Switzerland

in million kg



Fruit

Every year Emmi buys about 7,000 tonnes of fruit and nearly 3,000 tonnes of fruit preparations for processing in Switzerland. Dairy products with apples, raspberries and strawberries are particularly popular, meaning Emmi needs several hundred tonnes in Switzerland annually. With the exception of tropical fruit, Emmi procures its fruit mainly in Europe.

Coffee

Coffee is a key raw material for Emmi in Switzerland. The quality of Emmi's highly successful Emmi Caffè Latte product differentiates it from the competition. The coffee beans, which are roasted in Switzerland, are therefore ground directly at the production site, brewed into espresso and then mixed with the fresh milk immediately. This approach makes the quality of the coffee beans very important. The approximately 1,200 tonnes of coffee beans that Emmi buys annually for its Caffè Latte are sourced exclusively from farms certified by the Rainforest Alliance.

Every year Emmi also buys an additional 100 tonnes of coffee extract for other dairy products, in particular mocha yoghurt.

Sugar

Every year Emmi processes around 6,100 tonnes of conventional sugar at its Swiss production sites. Most of this sugar is derived from sugar beet grown in Switzerland. In addition, Emmi needs about 2,100 tonnes of raw sugar annually for organic and fair trade products, a figure that is set to increase in the future. This is sourced in South and Central America.



Not white, but orange – and from Fair Trade

Emmi produces not only dairy products, but ice tea and fruit juices too. For the production of a new Betty Bossy fair trade orange juice, Emmi procurement and quality managers went to South America in person to find an orange juice that would be sustainable and also meet demanding taste requirements. They found such a product at a small cooperative, which has the juice pressed by a local processor. The fair trade premium is used by the community for social development programmes and environmental conservation; this is guaranteed by the Swiss Max Havelaar fair trade organisation.

The dairy industry stimulates Tunisia's economy


Agriculture is the largest sector in the Tunisian economy. Centrale Laitière de Mahdia (Vitalait) was founded in 1997, with the aid of sustainability-aware investors, to ensure an income for families in the Mahdia district. Today, around 800 families earn a living directly from working for the milk processor. A further 16,000 families in the region gain an income from milk production. These families rarely have more than ten cows and are therefore able to generate additional revenue from their animals.

Since 2011, Emmi has had a holding in Vitalait through Spanish milk processor Kaiku. This modern, well organised company has benefited greatly from its exchange of know-how with Emmi. Despite this intense development, Vitalait has remained true to its principles, and sees the economic development of the population as its raison d'être.

Positive effect on: 

The milk that comes from plants

A growing number of consumers do not use milk products that are of animal origin. Emmi is not closing its eyes to this development. The company has been making an increasingly wide range of vegan soya milk products in recent years. Until recently, the soya beans were obtained from China. After searching for a raw material that was more in keeping with the sustainability concerns of two large Swiss retailers, the company managed to switch to European organic soya in spring 2015.

Positive effect on: 



Production

Making dairy products involves resource-intensive processes: water, energy, people and money – plenty of each is needed. This means that the production sites have by far the greatest impact when it comes to sustainability in Emmi's value chain.

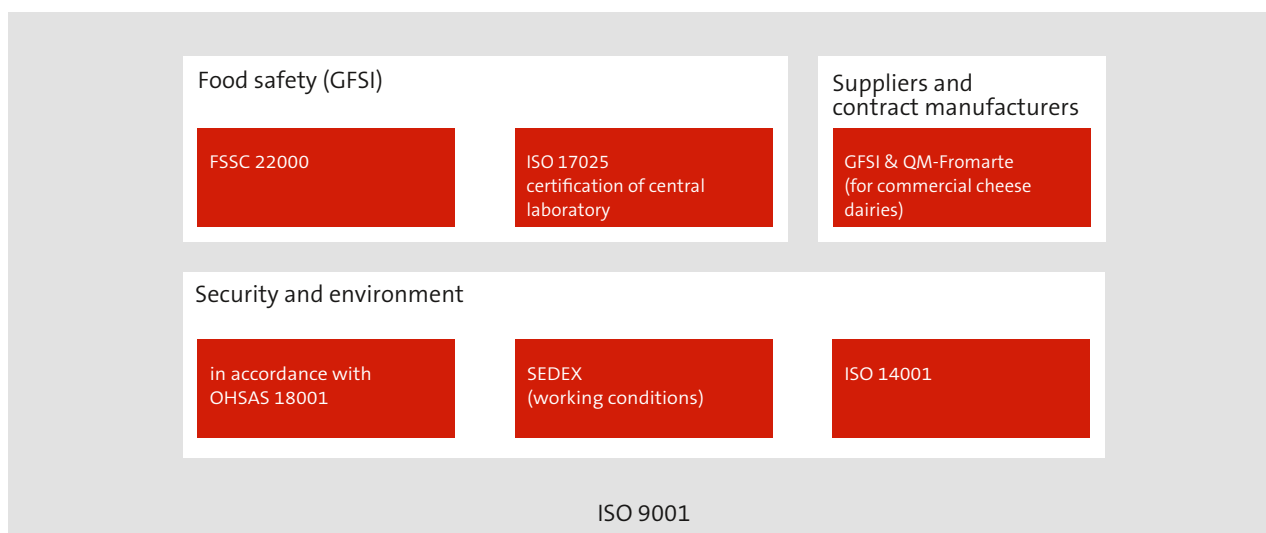
Emmi offers a full range of dairy products in Switzerland; several thousand different items go through the main part of their production process at Emmi. Even relatively simple dairy products such as milk and cream need more than just a few process steps to provide end consumers with consistent and impeccable quality. Repeated cooling and heating are important stages in each production process. To this is added the complexity of consumer requirements. The highly complex and diversified nature of the processes presents a considerable challenge. In order to achieve internationally competitive production structures, every action must add value. That is why there is Emmi Operational Excellence (EOE).

Quality

Emmi manufactures food products that are enjoyable and safe. To guarantee food safety and a high level of product quality, Emmi operates a system of comprehensive, certified quality management.

Emmi positions itself to serve its clients and consumers in particular on the basis of the quality of its products. That means quality, safety and environmental management are not just parts of the country-specific supply-chain-management organisation, but are also the responsibility of the CEO.

Certification map for all functions for Emmi in Switzerland





LED lighting reduces energy consumption

When people talk of saving electricity, they are often thinking about lighting. Today, the light-emitting diode, or LED, is the gold standard when it comes to power saving. Emmi usually considers introducing LEDs when buildings are being upgraded, as was the case when the five Gruyère cheese cellars in Moudon were renovated. The first cellar was fitted with the new lighting system at the beginning of 2015. This uses only half as much energy as conventional lighting, which means it also costs half as much. As the LED light fittings are also one-third cheaper than the neon tubes used previously, this generates savings of several thousand francs.

In Emmen, LEDs are used in the car parks, while in Ostermundigen they are fitted in various production and storage areas. In total, the LEDs installed in 2014 save Emmi almost 20 megawatt hours (MWh) of electricity. That is enough to supply four families in Switzerland with a year's power.


In the USA, too, energy saving is on the agenda. The new Emmi Roth USA plant in Platteville was built in accordance with the LEED standard (Leadership in Energy & Environmental Design), which only permits LED lighting.

Positive effect on: 

Recycling label sheet backing paper reduces CO₂ emissions

What do you need to make dairy products? Milk, fruit, sugar, packaging... Hardly anyone would mention labels, yet these are among the top 15 items Emmi purchases. Especially for logistics they are very important.

Wherever labels are used, their coated backing paper becomes waste. At big production sites, this waste amounts to several tonnes annually. Since 2014, Emmi, in collaboration with C4G Recycling, has recycled the 24 tonnes of label backing paper produced in Emmen and Suhr. This equates to an annual reduction in CO₂ emissions of around 56 tonnes.

Positive effect on:  



Cold spring water saves energy at the cooling stage

Emmi not only uses water for heating in its production processes, but for cooling as well. The Gruyère cheese cellar in Moudon has access to water at a temperature of 10 degrees Celsius from its own spring for this purpose. This is ideal for cooling the compressors. The water absorbs the heat energy of the compressors, reaching a temperature of 45 degrees. This heat can be used in the plant in many ways, e.g. to heat the Gruyère rock cellar in winter.

Positive effect on:



Less food waste, thanks to yoghurt-eating pigs

Every day, despite all our optimisation efforts, some products come off the line that cannot be sold to consumers – for example, if pots are not filled to the correct level, or if one variety is replaced by the next one and an unwanted mixture occurs. In a pilot project at the Emmen site in 2013, yoghurt from these pots was collected and sold as pig feed. Today, this is standard practice at Emmen, producing an annual total of 80 tonnes of excellent feed.

Positive effect on:



Micro gas turbine produces 900 MWh of power from biogas

Emmi's Dagmersellen site is well known within the company for its pioneering role in waste water management. Since 2014, a micro gas turbine has been part of the complex water purification process. Upstream of this micro gas turbine there is a reactor in which bacteria break down the carbohydrates in the waste water. This produces biogas, which the micro gas turbine can use to produce approximately 900 MWh of electricity annually. In total, the energy recovered from the on-site water purification plant in Dagmersellen is equivalent to almost 90,000 litres of heating oil.

Positive effect on:





Distribution

Emmi Switzerland has about 30 sites: small cheese dairies with a handful of employees such as the Fromagerie Develier in the Jura, trading companies such as Baumann Käse AG in Zollikofen, and large facilities such as Ostermundigen or Emmen. An ongoing challenge for Emmi Logistics is optimally coordinating the flow of raw materials and goods from, to and between these sites, and finally to clients.

The sustainability of logistics is influenced significantly both by clients' ordering behaviour and by production, in terms of production planning and the choice of production sites. Clients and production and storage sites form a logistical network. The logistician's task is to link together the points in this network in such a way that goods reach clients bundled together to the greatest extent possible. The sustainability of logistics – in both environmental and economic terms – is also determined by the correct choice and dimensioning of the production and storage sites, transportation and vehicles. Refrigerated and frozen logistics, however, also requires a carefully assessed energy and refrigeration plan.

Operating and constantly optimising such a comprehensive logistics network is expensive and time-consuming, so in Switzerland alone Emmi employs 550 logistics staff. They make sure that the 8,000 or so pallets a day are moved with maximum efficiency – partly with the aid of 140 company-owned vehicles (delivery vans and lorries) which, under the colours of Emmi, Burra, Emmi Interfrais, Baumann Käse AG or Molkerei Biedermann, cover about 9.3 million kilometres a year.

Logistics for each case


Emmi operates two interconnected logistics networks: firstly, a platform network linking the production and storage sites with the 200 client unloading sites, and secondly, a fine distribution network servicing 4,000 delivery points throughout Switzerland. The key locations in both networks are Emmen, Ostermundigen, Schlieren and Suhr.



Modern lorry fleet helps reduce emissions

Emmi replaces its vans and lorries on a continuous basis. Just five years ago, most of the commercial vehicles on Swiss roads only met the Euro 3 emissions standard. At Emmi, too, there were still 50 vehicles (42% of the fleet) of this generation in service in 2011 – albeit these were primarily small delivery vans for fine distribution.

The first Euro 6 lorries were acquired in 2014. These will be joined by a further 15 by the end of 2015, thus replacing the last Euro 3 commercial vehicles.

Positive effect on: 

Fewer lorry journeys thanks to smart skips

Transport is an important environmental and cost component in waste disposal. Since 2014, the Suhr site – home to the waste professionals who were awarded the 2013 sustainability prize – has had a modern compact skip for plastic waste. Although this does not reduce waste, an indicator ensures that it is not taken to the waste disposal contractor before it is actually full. This enables several thousand francs a year to be saved in transport costs, and the environment is spared 1,200 lorry kilometres a year.

Positive effect on: 

Switching to rail reduces emissions

Since 2013 Emmi has been collaborating with Coop subsidiary railCare to distribute its products. This modular transport chain provides an optimum combination of road and rail. Thanks to positive experiences with deliveries to Ticino, since 2014 Emmi products have also been delivered to western Switzerland via Aclens. Around 225 tonnes of CO₂ emissions have been avoided in total by switching transport from road to rail.

Positive effect on: 



Sales

In Switzerland, Emmi distinguishes between four customer segments: retailers, wholesalers, the food service sector and the food industry. These customer groups are serviced separately by specialised sales organisations. This allows the demands and requirements of each to be handled most effectively.

Emmi divides its clients into three segments: retail, gastronomy and industrial. Although the product portfolios for these three customer segments partly overlap, the demands they make on Emmi as a supplier are very different. This also applies to the sustainability aspects of the products that Emmi supplies.

Retail

Emmi not only supplies Swiss retailers with branded products but also makes private-label items for them. Due to the steadily growing demand for sustainable foods, almost every Swiss retailer now also sells corresponding dairy products, particularly of the organic variety. In addition to the product itself, however, Emmi is working on solutions with its retail clients to implement their sustainability targets, e.g. as regards packaging or logistics.

Gastronomy

The food service sector has to deal with the problem that it cannot always guarantee the sustainability of the food ingredients it uses. In addition, there is significant pressure on prices. Sustainability can therefore be applied in the food service sector at the point where economic and ecological benefits meet: in the area of food waste. This is where Emmi, as a supplier, can provide support by offering optimum packaging sizes, for example.

Industrial clients

For Emmi, the food industry is not just an important client segment – particularly for butter, cheese and milk powder – but also a partner in representing the interests of the Swiss food industry. As a member of the Federation of Swiss Food Industries (fiäl), for example, Emmi and other Swiss food manufacturers champion Swiss jobs, Swiss products, Swiss raw materials and therefore Swiss workers and agriculture in Switzerland.

Proximity to consumers

Emmi generally does not distribute its products directly to end consumers. Nonetheless, as a food manufacturer, Emmi wants to be as close to the consumer as possible. This helps particularly in product development, to find out more about people's wishes, requirements and tastes. It is equally important for Emmi to maintain contact with consumers after the product has been purchased and consumed, to ascertain improvement potential.



Sponsoring on two levels

Emmi's sponsoring strategy is based on two very different pillars. On the one hand, since 2009 Emmi has supported alpine ski racing as official partner of the FIS Alpine Skiing World Cup and as official partner of the Swiss Ski Federation, Swiss-Ski. Emmi is also involved at regional and local level by providing products to a range of organisers of cultural, sporting, community and social events and projects. This includes supporting about 1,000 sport and school camps every year. Emmi provides tens of thousands of free products in Switzerland annually.

Formulating common sustainability targets

The retailer Coop has had a pioneering role in promoting sustainability and is Emmi's biggest Swiss client. In addition to numerous branded products, Emmi manufactures a wide range of private-label products for Coop. In so doing, Emmi is asked to contribute to Coop's commitment to sustainability. Together, the companies have defined five sustainability targets linked to one of the 250 actions formulated by Coop (in the "Action not Words" campaign).

Emmi has thus committed itself to reducing food waste by optimising shelf-life dating. A joint approach is also taken to using more fair-trade-certified raw materials, greener packaging and packaging systems, and to working together with Coop's railCare subsidiary.

Positive effect on:  

Learning from the best cooks

The Swiss food service sector is an important client segment for Emmi. Competition in this area is intense. Emmi focuses on direct contact with chefs; the company has been a partner of the Swiss national culinary teams for over ten years. As such, Emmi has the opportunity to discuss current culinary trends, innovations and possible scope for improvement in the area of dairy products for the food service industry with some of Switzerland's top chefs.

Labels

The variety of labels and quality seals has grown enormously in the last few years. While they certainly provide consumers with guidance, they are also increasingly overloading them with information. Food companies are also finding themselves challenged, particularly when manufacturing private-label products for retail. After all, in addition to the widely recognised labels, which in some cases are used internationally, there are numerous labels from clients, including for regional products. These are associated with comprehensive regulations, adherence to which is usually audited.

Few companies can handle such a wide spectrum of requirements. Emmi is in a strong position here. With regional brands, for example, the combination of local production and centrally-based professional logistics represents a valuable competitive advantage.

Overview of all the labels used by Emmi in Switzerland

Organic labels

Various labels for foods produced in a system of ecological farming:

Bio Suisse
Coop Naturaplan
Migros Bio
Demeter
Bio Natur plus (Manor)

Regional labels

AOP (Appellation d'Origine Protégée)

Internationally protected quality label for natural products with an identity which is strongly linked to the region from which they originate

Aus der Region. Für die Region.

Migros label for regional products

Das Beste der Region

Quality seal of the farmers' organisations for regional products

Culinarium

Quality seal for regional products from eastern Switzerland

Berg- und Alpprodukte

Swiss Federal Office for Agriculture's labels for mountain and alpine pasture products

Heidi

Migros label for dairy and meat products from Swiss mountain areas

alpinavera

Label of the Alpinavera sponsoring organisation for alpine pasture, mountain and regional products from Grisons, Uri, Glarus and Ticino

Suisse Garantie

Label of the Agro-Marketing Suisse (AMS) association for Swiss agricultural products

Hochstamm Suisse

Label for fruit and processed products from Swiss high-stem trees

Social and ethical labels

Fairtrade Max Havelaar

Label for fairly traded products

Rainforest Alliance Certified

Label for products from farms with a social and environmental management system

UTZ Certified

Label for sustainably produced coffee, tea and cocoa

Halal

International label for foods produced in accordance with the requirements of Islam

Kosher

International label for foods whose production has been legitimised by a rabbi

Clean Labels

aha

This Swiss allergy label is a quality seal for products which are particularly suitable for individuals who suffer from allergies or intolerances to certain ingredients

GVO frei (nach Gen TDG)

Label valid in Germany for GM-free foods

GMO certified

Label valid in the US for GM-free foods

IP-Suisse

Label for food produced in a system of integrated farming

Spiga Barrata

Italian label for gluten-free products

V-Label

Quality seal of the European Vegetarian Union (EVU) for vegetarian products

The environment on the radar

A commitment to protecting the environment has been anchored in Emmi's environmental policy for almost 20 years. "Emmi is committed to environmentally-conscious company management and environmentally-conscious action", as stated in the preamble, which has been valid since 1997.

Environmental footprint

Sustainability at Emmi – as is true of many industrial companies – is rooted in environmental issues. A commitment to protecting the environment has been anchored in Emmi's environmental policy for almost 20 years. This commitment is the foundation of the environmental management that is integrated and established at all Emmi's Swiss production sites.

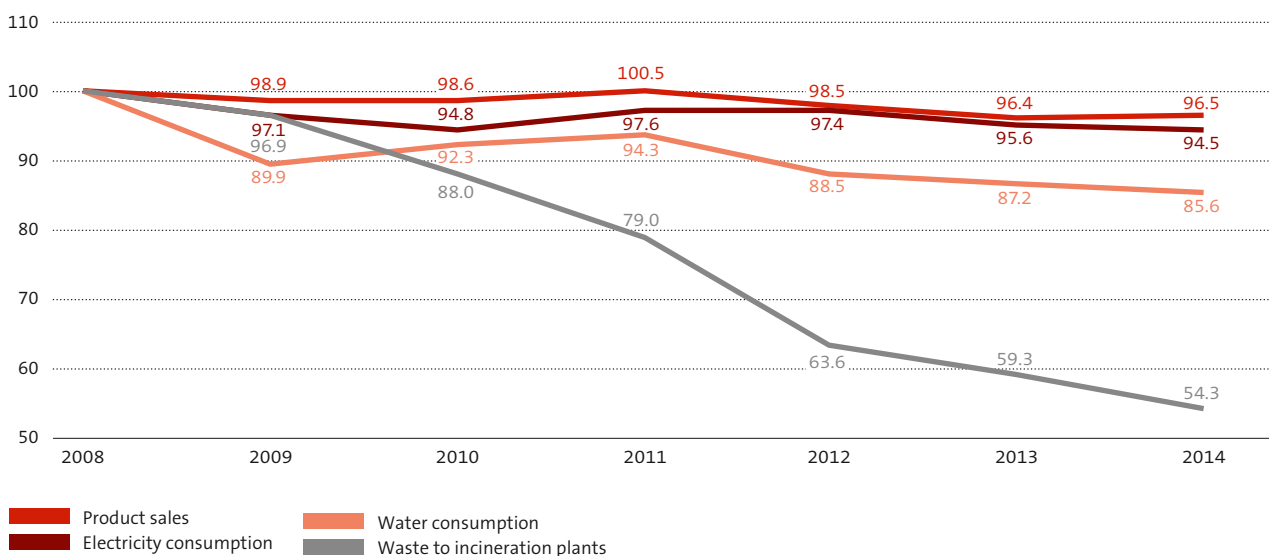
Emmi's facilities in Switzerland have been certified to the international environmental management standard ISO 14001 since 1997, and are audited on an annual basis. In Switzerland, Emmi's environmental management is controlled centrally by Quality, Safety and Environment (QSE).

Environmentally-related decisions are generally the responsibility of the production sites – including those abroad. They are, however, supported by Emmi's specialists in Switzerland, in relation to energy questions, for example.

Key environmental figures

The company's environmental management keeps close track of all environmentally-relevant resources and emissions. In its external communications, Emmi focuses on energy consumption, water consumption, waste volumes and CO₂ emissions. The emphasis is not on absolute but on relative quantities, in relation to production volumes.

Environmental index for Emmi in Switzerland 2008–2014





Electricity consumption

117.7 GWh (–1.1%)

or

197 kWh per t of products (–1.3%)

The manufacture of dairy products requires many energy-intensive processes. In addition to the power used in production, large amounts of energy are used in maintaining the cold chain during transport and storage, and in heating and cooling the raw materials during processing. Annual energy consumption of all Emmi production sites in Switzerland totals about 331.4 gigawatt hours (GWh). This is equivalent to 1.8% of the total energy consumption of Swiss industry (18,768 GWh) or the electricity consumption of almost 42,000 Swiss citizens (7,928 kWh per capita annually).

Total energy consumption for Emmi in Switzerland

in gigawatt hours per year

Energy source	2012	2013	2014
Gas	153.3	153.1	151.8
Electricity	119.1	119.7	117.7
Diesel (fuel)	21.4	25.1	24.2
Heating oil (extra light)	19.7	19.6	17.3
District heating output	–1.0	–1.2	–0.7
Wood	20.1	21.3	21.5
Green electricity (micro gas/micro gas turbine)	—	–0.1	–0.4
Total	332.6	337.5	331.4

Key environmental measures 2006–2015 in Switzerland (selection)

2006	2007	2008	2009	2010
Dagmersellen Use of lukewarm water to cool air compressors	Comprehensive optimisation of waste management (e.g. collaboration with “Abfallbörse”)	Ostermundigen Heat generation from waste water	Landquart Heat recovery from compressed air	Moudon New air compressors for heat generation
Landquart Use of cold milk to cool cream		Molkerei Biedermann, Bischofszell Photovoltaic system (44 MWh/year)	Ostermundigen Heat recovery from flue gas	Emmen Heat generation using ventilation energy
		Emmen Steam generation through use of woodchip-fired steam plant (17,500 MWh/year or –3538 t CO ₂)		



Water consumption

2.9 million m³ (–1.8%)

or

4.6 m³ per t of products (–2.1%)

Water plays an essential role in Emmi's production processes. It is used for cooling and heating processes and for maintaining hygiene. Emmi is not alone in this: taken together, trade and industry account for about 55% of total water consumption in Switzerland.

In recent years, all Emmi's Swiss production sites have implemented optimisation projects. Here are some concrete examples from 2013 and 2014:

- Water saved in cleaning,
e.g. in the Fromagerie de Saignelégier:
42,000 m³ of fresh water
- Cooling with air instead of water,
e.g. in the maturation facility in Lucerne:
6,000 m³ of fresh water
- Water reused several times,
e.g. in Suhr: 70,000 m³ of fresh water

Equally interesting is ensuring optimum use of the energy stored in the water, which is mainly derived from the cooling process. The type of heat recovery measure that is worthwhile depends both on the available technologies and on energy prices. Today, in Ostermundigen alone, heat recovery from water used for cleaning allows over 260,000 m³ of water to be saved, and 520 tonnes of CO₂ emissions to be avoided annually. Similar success stories can be told about almost every Emmi production site in Switzerland. The potential for similar measures at foreign production sites is recognised.

2011	2012	2013	2014	2015
LESA Bever Solar thermal installation (300 MWh/year or –79 t CO ₂)	Saignelégier Solar thermal installation (70 MWh/year or –19 t CO ₂)	Saignelégier Energy efficiency programme (900 MWh/year or –189 t CO ₂)	Suhr Heat recovery from water (2345 MWh/year or –489 t CO ₂)	Landquart Solar installation
Ostermundigen Biogas production using coffee grounds	Suhr Heat recovery from process water		Dagmersellen Micro gas turbine (955 MWh/year or –193 t CO ₂)	
Process heat recovery			Landquart Partnership with local waste recycler (district heating)	



Waste volumes

1.7 million t (8.4%)

or

2.9 kg per t of products (~8.6%)

Waste management at Emmi follows the principle “avoid, reduce, recycle”. This means that the first priority is for unavoidable waste to be recycled or reintroduced into a productive cycle. Only where this is not possible is it recycled as energy – preferably in biogas plants or in local waste incineration plants. Technological progress is continually opening up new possibilities for profitably reusing residual materials that were previously disposed of. In this way, it has been possible almost to halve the waste volumes at Emmi’s Swiss production sites in the past five years. This result can be attributed to a further reduction in product losses as well as to greater efforts in waste separation and recycling.

Avoiding waste has various economic benefits for Emmi. The most obvious is the reduction in waste disposal costs, but preventing product loss in the production process also reduces consumption of valuable resources.

Emmi is aware that the increasing internationalisation of production is creating new waste-related issues to be dealt with by our environmental management. What we need to do is accept local conditions and adapt successful Swiss waste management strategies in a pragmatic way.



CO₂ emissions

35,251 t (–2.5%)

or

37.5 g per t of products (–6.7%)

Emmi primarily orients its environmental efforts towards achieving the CO₂ objectives agreed with the federal government.

In the first two years of the second commitment period (2013 to 2020), Emmi implemented a series of measures and reported these to the federal government:

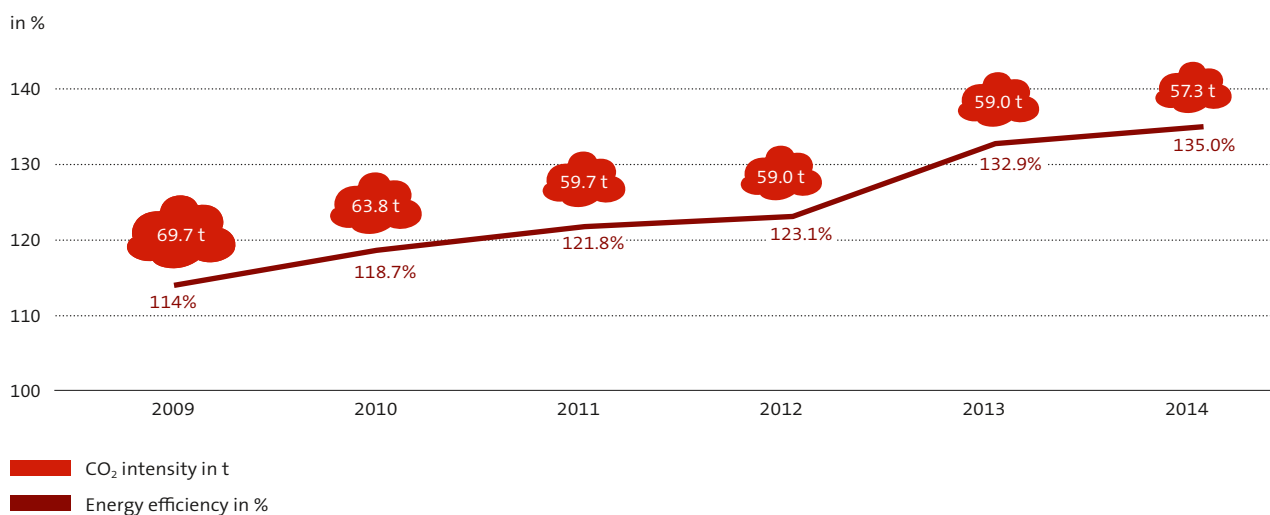
- 2013: 20 measures with a combined effect of 2,436 MWh and CO₂ reduction of 423 tonnes.
- 2014: 111 measures with a combined effect of 4,668 MWh and CO₂ reduction of 1,117 tonnes.
- Further measures are in the implementation and planning stages.

Since the beginning of 2015, to complement our activities in the area of environmental management, the “Reduce Greenhouse Gases” focus group has been dealing with Emmi’s CO₂ balance (see page 8). Increased attention will also be focused on the company’s international production sites.

Total energy consumption for Emmi in Switzerland

	2012	2013	2014
Total CO ₂ emissions (1000 t CO ₂)	35.6	36.1	35.3
Effect of measures (1000 t CO ₂)	–24.7	–25.1	–26.3
Relative CO ₂ emissions (g CO ₂ /kg milk)	40.5	40.2	37.5

Energy efficiency and CO₂ intensity for Emmi in Switzerland



Sustainable success for the company

Today the Emmi Group is an international company, with sales of several billion francs. Nonetheless, it remains firmly rooted in its origins – the dairy industry of central Switzerland. This particular combination makes Emmi different – and more sustainable too.

In 1907, 62 cooperatives founded the Central Switzerland Milk Association in Lucerne (ZMP). The Association gained a foothold in the canton of Lucerne in 1919 through the purchase of milk from the Neuhüsern dairy cooperative in the commune of Emmen. For two decades, a single product was manufactured there: Sbrinz. It was only after the Second World War, in the early 1950s, that Emmen became more business-minded and the Emmi brand was created. The increasing quantity of milk being produced was handled by means of a processing-orientated milk powder operation in nearby Dagmersellen.

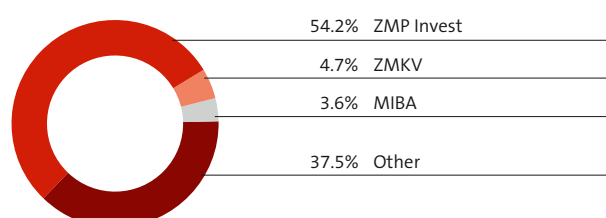
Farmers and small shareholders

In 1993, the real foundation stone of the company was laid when the activities of the Central Switzerland Milk Association – today the Central Switzerland Milk Producers' Cooperative (ZMP) – were separated from the commercial operations and Emmi AG was founded. However, it was very important for the dairy farmers to maintain control of their milk processor. As a result, the holding of a majority stake in Emmi AG is still enshrined in ZMP's articles of association; ZMP currently owns 54.2% of Emmi shares.

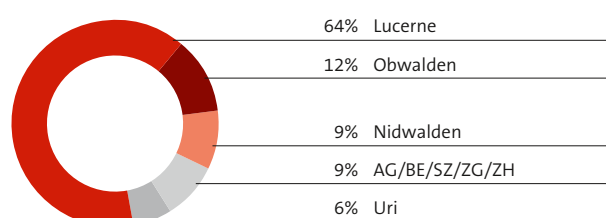
Emmi shares have been traded on the Swiss stock exchange since 2004. Alongside ZMP, Zentralschweizerischer Milchkäuferverband (ZMKV) in Willisau (4.7%) and Milchverband der Nordwestschweiz (MIBA) in Basel (3.6%) have been major shareholders for many years. Thus the majority of Emmi's shares have always been in the hands of Swiss dairy farmers. None of the parties involved intends to change this situation in the foreseeable future.

Since the stock exchange listing, these dairy sector shareholders have been joined by various pension and other funds (approx. 60), banks (approx. 35) and foundations (approx. 20). However, the majority (95%) of the current 6,600 Emmi shareholders are private individuals holding fewer than 50 shares.

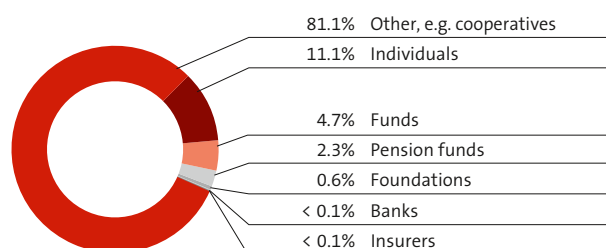
Shareholders



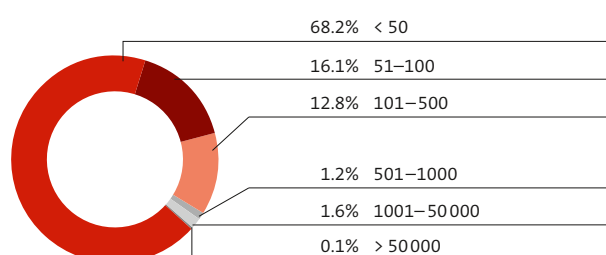
ZMP members by canton



Shareholders by category



Shareholders by number of shares



Operating internationally

As Switzerland's biggest milk processor and a worldwide company with over 5,000 employees, Emmi bears a great responsibility – particularly in its home market and central production location.

Emmi wants to be a reliable partner for approximately 6,500 dairy farmers, as well as a dependable employer and a company that is committed to Switzerland as a strong centre of manufacturing. In an economic environment marked by intense competitive pressure and a difficult currency situation, this presents a considerable challenge.

Strategic priorities up to 2020

In the long term, Emmi aims to achieve success as an independent company in open markets. Since 2009, the company has been pursuing the strategy of establishing an increasingly international orientation and, over the medium term, generating 50% of its sales in Switzerland and 50% abroad.

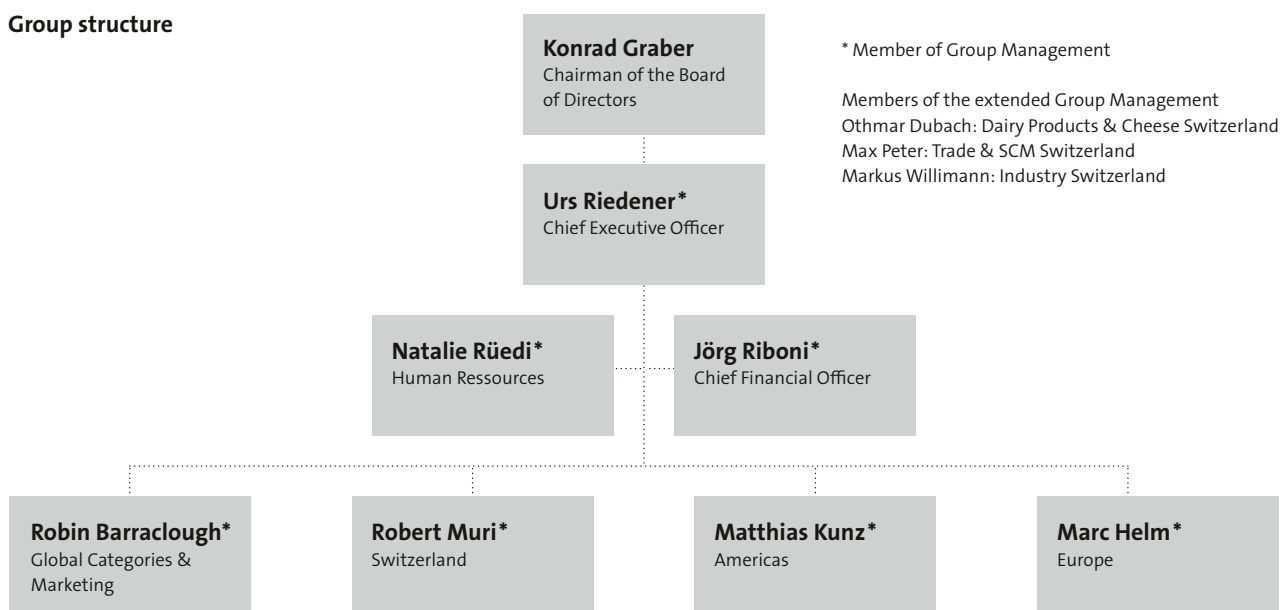
On 1 January 2014, Emmi implemented a new organisational structure that pays equal attention to the importance of the Swiss home market and to the increasing internationalisation process. In this structure, a clear distinction is drawn between Group responsibilities and country-specific responsibilities. At the same time, the Switzerland, Europe, Americas and Global Trade divisions were created. The Group is responsible for assuming its strategic leadership role in a targeted and consistent manner, for managing the subsidiaries from a financial standpoint and for exerting a strong influence on the strategic orientation of the Group.

Acquisition strategy

Emmi is interested in acquiring companies or products with leading positions in a specific market or niche.

Potential new members of the Emmi Group operate primarily within Emmi's core business – i.e. in the area of dairy products, fresh products or cheese – and in Emmi's target markets. The focus is on brand products or prod-

Group structure



uct portfolios with the potential to significantly increase market share. In Switzerland, the goal is primarily to achieve synergies on the cost side, while outside Switzerland, growth potential is relevant.

Strategic pillars

Emmi's activities are based on three strategic pillars:

- To strengthen its market-leading position in Switzerland: Measured in terms of sales, the domestic market is the biggest of Emmi's three regions. It will remain of central importance as a market and production location.
- Growth outside Switzerland: Today, Emmi has a presence in 13 countries, through subsidiaries and holdings. Long term, this presence will be extended to between 15 and 18 markets.
- Consistent cost management (Emmi Operational Excellence): Productivity increases and improved efficiency will also enable annual savings of several million Swiss francs to be made.

Emmi is convinced that the organisational changes are contributing significantly to bolstering its solid position. In this way, Emmi will ensure that it can remain a stable long-term and remunerative investment for its shareholders, and continue to be a reliable partner for its suppliers, employees and clients.

Business models

Global categories

Drinks, cheese specialities, desserts and spoonables (products that can be eaten with a spoon): products with high potential are managed at Group level and therefore marketed more strongly in all countries, with the corresponding synergy effects.

Global trading model

Products that are sold in countries where Emmi has no subsidiaries such as the Asian market. They are also managed at Group level.

Local model

Products that are sold in individual countries only but are very important in these countries. Here, the regions are responsible for marketing the products successfully.

Attracting and retaining staff

Emmi wishes to be perceived as a preferred, successful employer that is seen to value its employees. To achieve its company targets, Emmi needs effective and ambitious employees.

Attracting staff

As an international consumer goods company, Emmi requires a wide range of professional, personal and social skills. Its employees are therefore an important factor for success. The work of the Human Resources function is accordingly given high strategic importance.

Starting a career

Apprenticeships represent the surest way of achieving a future supply of specialist competences. Emmi currently employs 88 apprentices in Switzerland.

The most common apprenticeship at Emmi trains dairy technologists. This training is the ideal basis for developing further within the production structure of the company. Other apprenticeships essential for Emmi's success are those for logisticians, plant supervisors and polytechnicians.

The number of people learning these key jobs falls considerably short of the number of such specialists that will be required in the future. It is therefore Emmi's aim to increase the proportion of apprentices it employs after completion of training to 80% by 2020. Moreover, an additional 30 apprenticeships will be created by 2020. To find suitable people to fill them, these apprenticeships must be made more attractive. This is because, although Switzerland's dual professional education system is a proven success, apprenticeships are becoming increasingly difficult to fill.

Emmi is taking some unconventional steps to make apprenticeships more attractive. For example, apprentices in technical areas are being trained partly in collaboration with other companies. In the future, trainees will be increasingly able to benefit from Emmi's international nature, either during or immediately after their apprenticeship (see the "Young Professionals Abroad" project on page 12).

Of course, Emmi needs employees with an academic education as well, which is why, since 2011, it has also been offering university graduates attractive career entry opportunities in the form of trainee programmes. The company requires food science and business-related competences. Over a period of two years, trainees learn to link up their academic knowledge with practical knowledge in a variety of areas. The key objective is to ensure the trainees stay with the company after completing the training programme.

Number of apprenticeships for Emmi in Switzerland

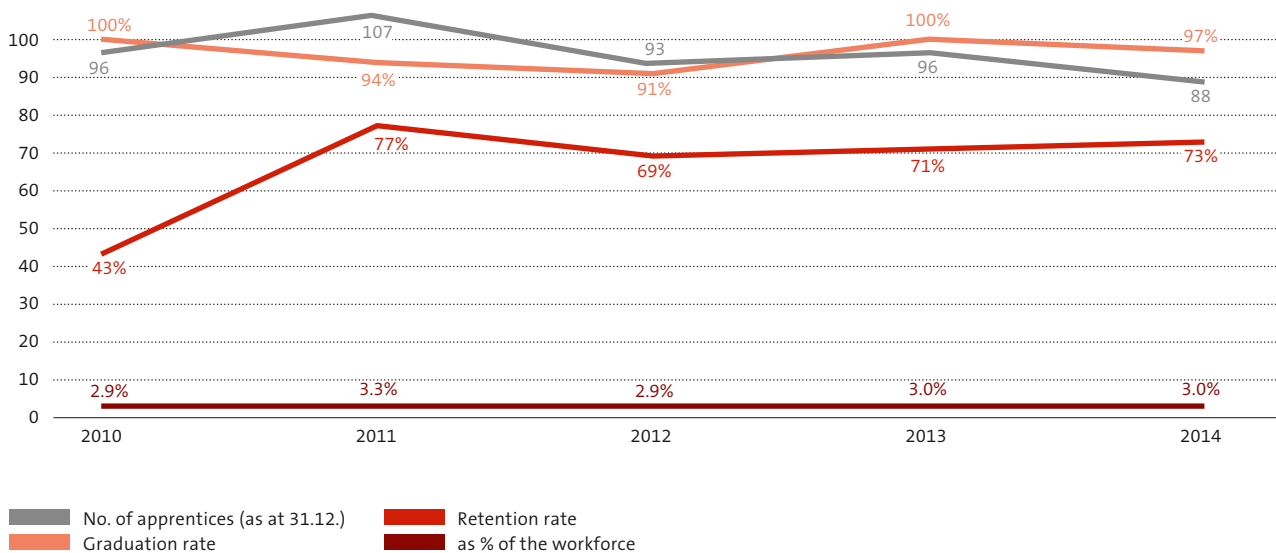
Apprenticeship	Number of apprentices	in %
Dairy technologist	33	38
Logistician	18	21
Commercial assistant	14	16
Plant supervisor	12	14
Polymechanic	4	4
IT specialist	3	3
Milk practitioner	2	2
Road transport expert	1	1
Laboratory assistant	1	1

Emmi goes to school

Emmi trains young people in twelve areas. Filling apprenticeships – especially for certain roles – is becoming increasingly difficult. The head of HR at the Kirchberg production site had an idea that could serve as a model for others: apprentices take Emmi into the classroom and talk about their jobs to pupils who are about to choose their career paths. The apprentices were closely involved in this “School Meets Working World” project, from the initial idea and the drafting of the script through to implementation. The result is an exciting role play that gives the year eight pupils a realistic insight into everyday work at Emmi.

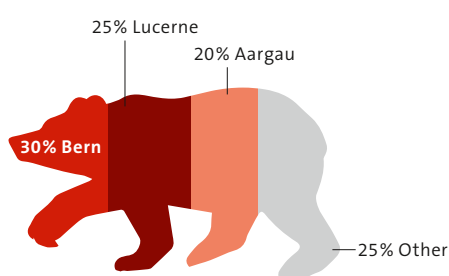
There are many reasons why finding apprentices is difficult. Too few suitable applications may be received, or none at all. It is particularly challenging to fill dairy technologist, plant supervisor, polytechnician and logistician apprenticeships. Part of the problem is that the job profiles are little known or misunderstood. This situation can be resolved by showing interested and ambitious young people about to choose a career path what great opportunities are offered by apprenticeships such as those at Emmi; the sooner this is done, the greater the chances of attracting more and better applications.

Apprenticeships for Emmi in Switzerland – key figures

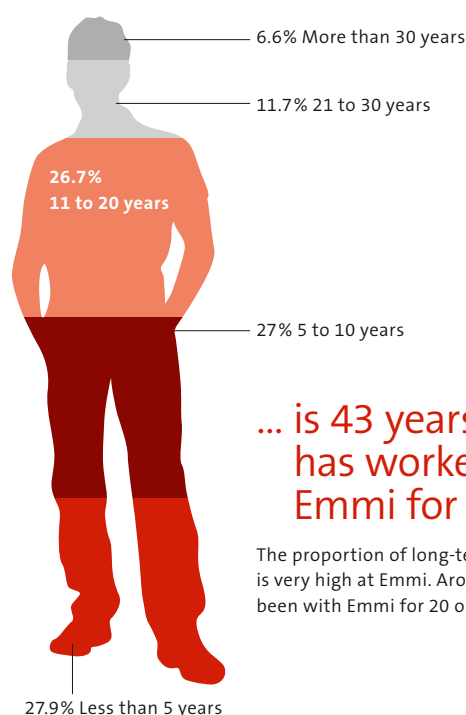


A typical Emmi employee in Switzerland ...

... works in the canton of Berne.



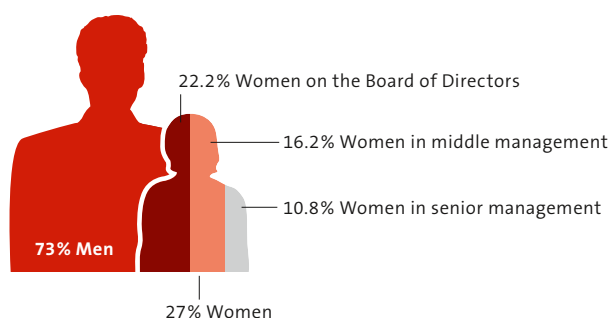
The other 2,100 employees work in 13 cantons, from Baselland to Zurich.



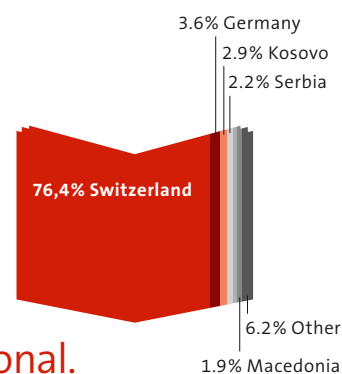
... is 43 years old and has worked with Emmi for 11 years.

The proportion of long-term employees is very high at Emmi. Around 20% have been with Emmi for 20 or more years.

... is a man.



The proportion of women in middle management has risen significantly in recent years.



... is a Swiss national.

In total, there are some 60 different nationalities working at Emmi in Switzerland.

Retaining staff

Emmi's principal HR objective is the long-term retention of its employees' capacities. To achieve this objective, the Human Resources function focuses on professional management, clear target-setting, comprehensive skills management and a working environment that fosters effective performance.

Satisfaction

Many factors influence job satisfaction. These include effective working practices, the design of work content, opportunities for joint decision-making, collaboration within a team and with line managers, possibilities for development and the working atmosphere, along with terms and conditions of employment and working conditions.

The employee turnover rate provides a rough indication of employee satisfaction. In 2014 this was an average of 6.8% across all Emmi sites in Switzerland. Although a certain amount of movement in the workforce can be a positive, Emmi pays close attention to employees' reasons for leaving. Departures of key staff or upcoming manag-

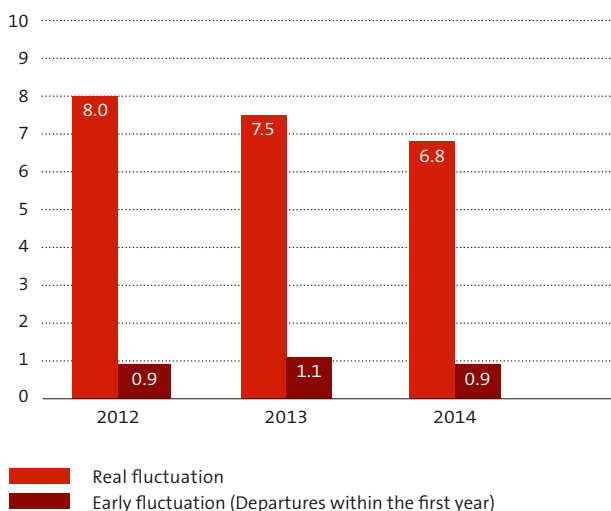
ers who were showing promise must be countered in an even more targeted manner. Development programmes and steps to improve work-life balance are central features of the company's efforts in this area. These include offering part-time employment in general and, in particular, creating attractive jobs for working mothers.

Health and safety

Managers are responsible for the health and safety of employees; Emmi supports them through the HR department and Safety Management. Workplace health is based on a four-pillar model. One of the pillars is health promotion, for which behaviour, but also relationships, need to be optimised. The other pillars comprise three

Fluctuation for Emmi in Switzerland

in %



Key figures on maternity for Emmi in Switzerland

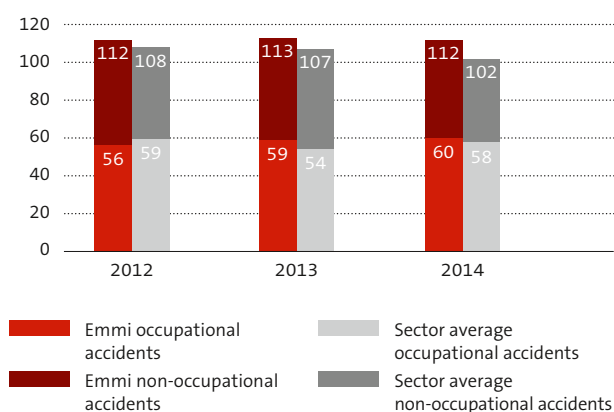
	2012	2013	2014
Number of maternity leaves	20	28	23
Number of those continuing work after maternity leave	13	17	15
Continued employment after maternity leave	65%	61%	65%
Degree of employment by maternity leave < 50%	23%	47%	47%
Degree of employment by maternity leave between 50% and 80%	39%	24%	20%
Degree of employment by maternity leave ≥ 80%	39%	29%	33%

different stages of prevention work, which cover all the risk factors affecting employees, from workplace safety to personal and family problems. Where the absence of an employee cannot be avoided, case management is implemented. An established way of reintegrating an employee into the work process is the use of sheltered workplaces. These are available at Emmi's larger production sites and offer advantages in terms of ergonomics and flexibility as regards time management or performance pressure. The focus is on jobs that are physically demanding and so involve risks, such as those found in production or logistics.

Working in a production plant involves risks of various kinds. Safety Management and the emergency organisation are concerned with maintaining the infrastructure in order to ensure continuous operability, while at the same time keeping employees safe. Safety experts pay very close attention to preventing accidents and damage in normal day-to-day work, in the course of which, for example, chemicals will be used for cleaning, or heavy objects will need to be moved: a wheel of Emmentaler cheese weighs about 100 kilogrammes. Emmi therefore made ergonomic monitoring a particular focus area in 2014.

Suva comparison of accident figures in Switzerland

Cases per 1000 full-time employees



Not taking shift work lightly

There is no getting away from shift work in a 24-hour society. Emmi's larger production sites work nights too. Shift work is hard, because most bodily functions are based on circadian rhythms. People who do shift work not only have to work, but also eat and sleep at times that are out of kilter with those rhythms. Emmi is aware of this problem. When the shift work pattern in logistics at Emmen was changed (from continuous night working to three-shift working) in October 2014, supporting employees in this change was therefore a priority. They received information from the sleep medicine clinic in Bad Zurzach about the sleep-wake cycle and how to actively influence this. In addition, they were advised by a nutritionist that when working shifts they should ideally plan to eat three small meals and three large ones a day, and were told what these meals should comprise to help them stay fit and healthy.

Many employees at the production sites value the opportunity to work at night. For one thing, the site is much quieter at that time, because fewer machines are running. It also means they have time for their families during the day. These factors make shift work a reasonable proposition, as sleep researchers have found that the personal views and attitude of a person's family or partner are decisive factors in determining whether somebody can cope with shift work or not. Emmi is continually looking for ways of dealing with the disadvantages of shift work. Because lighting conditions have a great influence on people's health and contentment, as well as their body clocks, the possibility of installing new, "smart" LED lighting at Emmen is being examined.

Preventing back twinges and painful elbows

People who work at Emmi have to get down to some hard work. Lifting and carrying things correctly, avoiding repetitive strains and varying tasks or movements frequently are the recipe for staying healthy when doing manual work. The work stations and movements of the employees at the Emmen production site have been studied with the specialist help of a physiotherapist. The aim is to ensure that people remain healthy and so avoid extended periods of absence.

Spotlight on the ingredient mixing unit: In the high season, employees weigh out up to 700 kilograms of ingredients per day here – by hand. The same movement again and again, hour after hour. Repetitive strains and movements can become a problem. To reduce long-term absences – periods off work due to illness that exceed 30 days – a physiotherapist has been engaged. He observes employees at critical work stations, talks to them and draws a conclusion. He gives employees specific tips and advice and introduces significant changes to their methods of working, for them to apply there and then. A simple change can often have a big effect. A block of wood to rest the feet on can take a significant amount of strain off the back. Instead of using just the right hand to weigh out the ingredients, the left hand can be used as well. Although it may feel unusual at first, varying movements in this way will alleviate strain on the back, neck and joints.

Targeted training for employees helps them improve how they move in everyday life, ensuring that back twinges, painful elbows or thumping headaches are kept at bay.

Varied working times help everyone

Working how our parents and grandparents worked – day in, day out, from morning till evening, at least 42 hours a week – is something fewer and fewer people have in mind for themselves. People are looking for new ways of combining their working and private lives. In 2013, Emmi therefore included a new principle in its terms and conditions of employment that is designed to meet these needs. The possibilities include, for example, staggered work schedules, working at different sites, home-based working, staggered hours, job sharing, or – the best known model – part-time work.

In 2014, a good 10% of Emmi employees were employed on a part-time basis; 90% of these were women. The proportion of men in part-time employment is increasing slightly. This search for new working time patterns may be due to changing gender roles. The list of good reasons for introducing them is becoming ever longer; it is no longer just a question of family life. People may have voluntary responsibilities in addition to their jobs, they may be studying, they may have a second job or they may simply want more time for themselves and their personal needs.

Emmi believes that individual solutions, reconciled with the team's needs, are the way forward. HR Management recommends trying out new ideas. Experience shows that in nine out of ten cases teams continue to function without any problems, even if employees work shorter hours or from home. This applies to many different areas and across all levels of seniority. At Emmi Switzerland, part-time working patterns – mostly between 80% and 90% – can therefore be seen right up to senior management and board level. The production sites, too, are able to benefit from this flexibility.

About this sustainability report

The purpose of this report

In producing this sustainability report, Emmi has two aims: firstly, it should present the developments in the area of sustainability that have taken place at the company in the past two years. Fundamental information has been omitted from this report for the sake of readability. This was presented in detail in the first two sustainability reports, and is still valid. The second aim of the report is to give readers an insight into Emmi as a company with the aid of concrete examples.

Structure

Emmi's third sustainability report comprises two separate documents: the report itself and a separate GRI index.

The GRI index is for reporting purposes and shows how and to what extent Emmi is complying with the individual GRI indicators.

This report is an update of the second sustainability report, published in 2013. For further information, readers are referred to that report.

In this report, too, the focus is on concrete examples from the Emmi value chain in the last two years.

Standard

This sustainability report takes account of the guidelines of the Global Reporting Initiative (GRI, Version G3). In Emmi's opinion, the information presented in the GRI index meets the requirements of GRI reporting level C. As the first two Emmi sustainability reports demonstrably met the GRI requirements for a level C report (C+), no external validation was sought for this third report.

Links

All three sustainability reports so far published by Emmi are available in electronic form with GRI indices and can be accessed on the Emmi website at www.emmi.com. Links have not been included in the report itself in order to save space. However, references to further information are presented in the separate GRI index. All the documents mentioned are available online.

Boundary of the report

The vast majority of the information contained in this report refers to Emmi's activities in Switzerland. This means that about 65% of sales (Swiss products for the home market and export) and nearly 60% of employees are covered. Emmi believes that achieving more extensive coverage is a worthwhile goal. The aim is therefore to be able to include major foreign production sites in Emmi Sustainability Report 4.

Key environmental figures

Emmi calculated the environmental figures on the basis of the applicable official requirements (mainly FOEN, EnAW). The sites in Switzerland assessed for the environmental figures are:

Lataria Engiadinaisa SA Bever, Molkerei Biedermann Bischofszell, Fromagerie de Courgenay, Dagmersellen, Develier, Emmen, Regiomolkerei beider Basel Frenkendorf, Gossau, Käserei Studer Hatswil, Kaltbach, Kirchberg, Koppigen, Landquart, Langnau, Lucerne, Ostermundigen, Fromco Moudon, Rain, Fromagerie de Saignelégier, Sarnen, Schlierbach, Emmi Frisch-Service Schlieren, St. Imier, Appenzeller Schaukäserei Stein, Mittelland Molkerei Suhr, Wittenbach, Baumann Käse Zollikofen, Zollikofen (logistics).

The 2012 CO₂ figures did not yet include the following three sites:

Regiomolkerei beider Basel Frenkendorf, Käserei Studer Hatswil, Käserei St. Niklaus Koppigen.

Changes of the scope of consolidation

2012 none

2013 – Nutrifrais, Plan-les-Ouates, (disposal)

2014 + Käserei Studer, Hatswil (acquisition)
+ Käserei St. Niklaus, Koppigen (acquisition)
– Warehouse, Thun (site closure)

Details of changes to the scope of consolidation for the whole group are available in the annual reports for 2014 (pages 75–78, 84), 2013 (pages 76–79, 85) and 2012 (pages 76–79, 85).



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