

Best dairy moments

Annual Report

2023

The best dairy moments – dear to our hearts

Emmi is shaped by its responsible approach and passion for carefully produced, high-quality dairy products. And our purpose expresses this. Day in, day out, our more than 9,000 MAKERS of the best dairy moments do their bit to ensure that things stay this way – for our consumers, for customers and partners, and for society as a whole.

**TOGETHER, WE CREATE
— THE BEST —
DAIRY MOMENTS
TODAY AND FOR
GENERATIONS
TO COME**



Online reports

The full version of the Emmi Annual Report, the Summary Annual Report and the Report on non-financial matters are also available online: report.emmi.com

Key figures Emmi Group

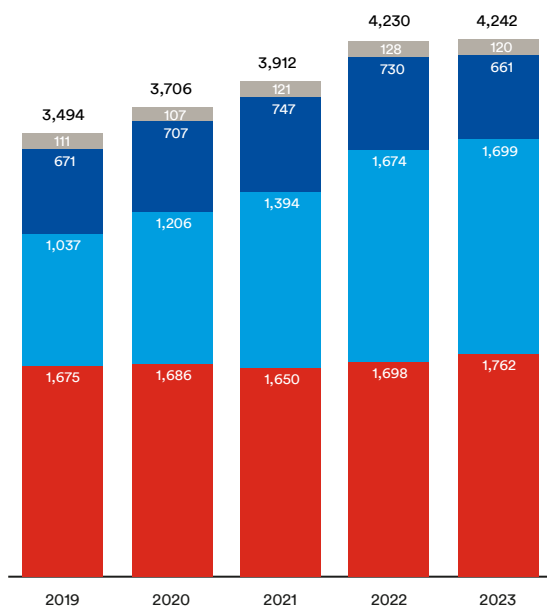
in CHF million	2023	2023 adjusted ¹⁾	2022	2022 adjusted ²⁾
Net sales	4,242		4,230	
Sales development in %	0.3		8.1	
Net sales increase in organic terms in %	3.5		7.0	
Acquisition effect in %	-1.0		2.1	
Currency effect in %	-2.2		-1.0	
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	375.8	413.0	379.3	
as % of net sales	8.9	9.7	9.0	
Earnings before interest and taxes (EBIT)	258.2	295.4	253.0	266.1
as % of net sales	6.1	7.0	6.0	6.3
Net profit	186.3	212.4	182.5	194.3
as % of net sales	4.4	5.0	4.3	4.6
Investment in fixed assets (excl. acquisitions)	145.1		206.2	
as % of net sales	3.4		4.9	
Headcount (full-time equivalents) as at 31.12.	9,346		9,368	
Headcount (full-time equivalents) at yearly average	9,337		9,299	
	31.12.2023		31.12.2022	
Total assets	2,715		2,635	
of which shareholders' equity incl. minority interests	1,415		1,284	
as % of total assets	52.1		48.7	
Market capitalisation	4,874		4,189	

1) Adjusted for non-recurring effects of CHF 37.2 million at EBITDA and EBIT level and CHF 26.1 million at net profit level. In the reporting year, these resulted from the sale of Gläserne Molkerei and the sale of the minority stake in Ambrosi S.p.A.

2) The adjustment effect in the previous year relates to an impairment of non-current assets at Gläserne Molkerei. This amounts to CHF 13.1 million at EBIT level and CHF 11.8 million at net profit level.

Net sales

in CHF million



Global Trade
 Europe
 Americas
 Switzerland

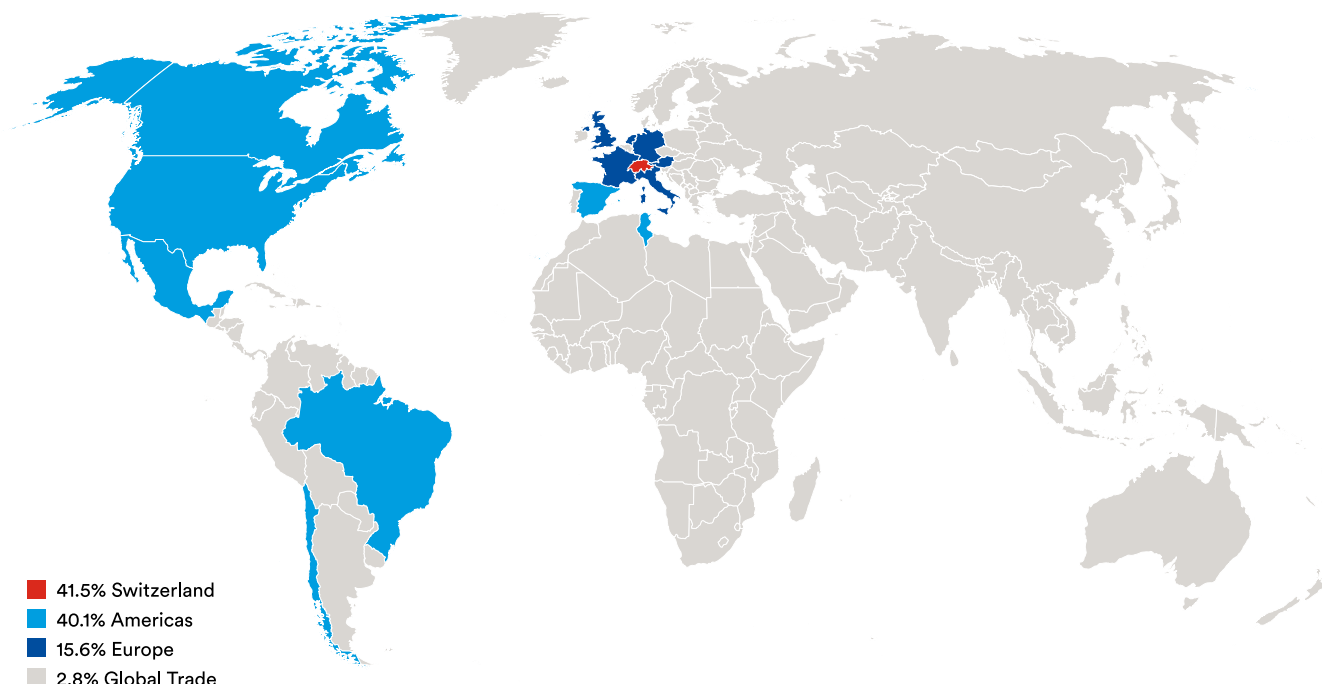
Since 1 January 2022, the companies in France have been part of the division Europe (previously division Americas). The previous year's figures have been restated accordingly.

Net sales by product group



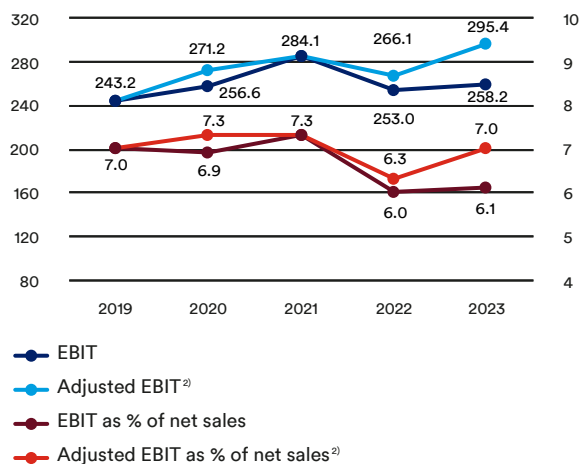
29.3% Cheese
 27.6% Dairy products
 27.0% Fresh products
 6.1% Fresh cheese
 4.4% Powder/concentrates
 5.6% Other products/services

Net sales by division



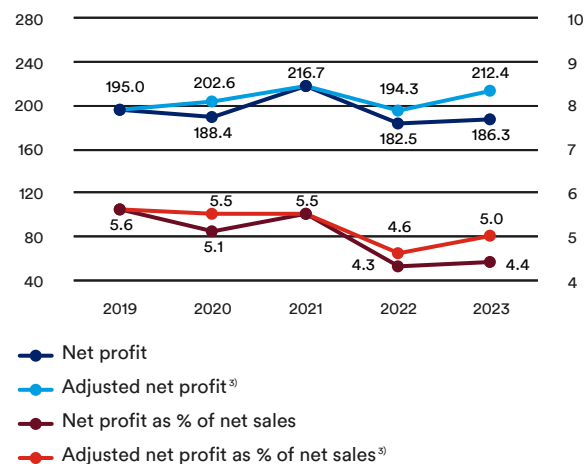
EBIT

in CHF million
(previous years restated)¹⁾ as % of net sales



Net profit

in CHF million
(previous years restated)¹⁾ as % of net sales



¹⁾ Figures for 2019 restated due to change in the consolidation and accounting principles for goodwill in 2020.

²⁾ The adjustment effect in the year under review relates to the loss from the sale of Gläserne Molkerei. The adjustment effect in 2022 related to an impairment of non-current assets at Gläserne Molkerei. The adjustment effect in 2020 related to the loss from the sale of the majority interest in Lácteos Caprinos S.A.

³⁾ The matters mentioned in footnote 2 also resulted in adjustment effects at net profit level. In addition, profit from the sale of the minority interest in Ambrosi S.p.A. led to a further adjustment effect at net profit level in 2023.

Emmi sustainability targets with a 2027 time horizon



Developing employees

100% of employees have a development plan in place

Emmi Group

57%

Previous year: 46%

50% of all vacancies are filled by internal candidates

Emmi Group

26%

Previous year: 29%



Reducing water use³⁾

50% reduction in own water consumption in risk areas (vs. 2019)

-12%

Previous year: 1%

15% reduction in own water consumption in non-risk areas (vs. 2019)

-4%

Previous year: -7%



Reducing emissions³⁾

60% reduction in our emissions (Scope 1 & 2 vs. 2014)

30%

Previous year: 28%

25% reduction in emissions in the supply chain (Scope 3 vs. 2019)

-7%

Previous year: -2%²⁾

Vision netZERO 2050



Reducing waste³⁾

50% reduction in waste (vs. 2017)

16%

Previous year: 22%

Zero waste disposal in landfills (vs. 2017)

3%

Previous year: 11%

50% reduction in waste (vs. 2017)¹⁾

13%

Previous year: 18%

100% recyclable packaging¹⁾

50%

Previous year: 45%

30% recycled materials in plastic packaging¹⁾

3%

Previous year: 2%²⁾



Sustainable dairy

100% of Emmi's milk suppliers worldwide produce according to local above-average standards

Switzerland

99%

Previous year: 87%

Emmi Group

initiated

Further development of the Swiss industry standard

Provisional target achievement levels as at 31.12.2023

¹⁾ Currently only Switzerland considered | ²⁾ Corrected due to new data basis

³⁾ See this document for the definition ›emmi.com ›Sustainability ›ESG expert corner ›Scope of report and methodology for Emmi environmental figures.

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Ricarda Demarmels
CEO

Urs Riedener
Chairman of the
Board of Directors

Dear Shareholders

Also last year saw no let-up in global upheaval. Geopolitical tensions, war, the advance of climate change, inflation and the rising cost of living adversely affected all of us as individuals as well as wider society and companies. In this environment, the Emmi Group once again did everything in its power to demonstrate its dependability as a partner. In line with a clear strategy and a sound set of values, our teams applied their extensive expertise in their craft and exercised foresight and flexibility to delight our many customers, not to mention millions of consumers, with outstanding products and innovative concepts – day in and day out.

Robust business model

In 2023, the Emmi Group asserted itself effectively, increasing its annual sales to CHF 4,242.4 million in a demanding market environment that continues to be driven by inflation. The Group achieved solid organic sales growth along its strategic priorities, made important progress and expanded its market positions. Broad-based, price-driven and organic

sales growth of 3.5% reflects the consistent implementation of our strategy as well as our clearly differentiated market positions, the strong innovative brand portfolio and the diversified product range and country portfolio that characterises Emmi.

› **Our strategy, page 9**

In our home market of Switzerland, we exceeded our expectations by achieving pleasing organic growth of 3.8%, driven in large part by innovative brands, successful partnerships with the retail trade and the post-pandemic recovery in the food service sector. In international business, organic growth for the division Americas was 5.7%, slightly below expectations. While Chile, Mexico, Spain and Brazil performed strongly, the milk shortage in Tunisia and the subdued development of cheese specialities in the premium segment in the USA, our most important export market, served to slow down growth. The European market environment remains challenging. In the face of subdued consumer sentiment, division

“In 2023, the Emmi Group achieved growth by showing innovative strength in its priority areas across strategic niches and markets. We have consolidated our strong market positions while generating long-term value for our stakeholder groups through our responsible approach to business.”

Ricarda Demarmels

Europe reported slightly lower organic sales development of 0.4%, a figure marginally short of expectations. While development for Emmi Caffè Latte and Dutch fresh goat's cheese was pleasing, export business with cheese from Switzerland hampered sales development in Europe due to exchange rates and prices.

The negative currency effect linked to the stronger Swiss franc and the negative acquisition effect from the divestment of Gläserne Molkerei produced total sales growth of 0.3%. Emmi maintained the consistent development of its company portfolio in 2023, divesting Gläserne Molkerei as well as its minority interest in Ambrosi S.p.A.

Innovative brand and niche businesses

During 2023, the Emmi Group also succeeded in differentiating itself on the market through its innovative brands while building on its leading positions. The strategic niches of ready-to-drink coffee – through the iconic Emmi Caffè Latte brand – speciality cheeses and chilled premium desserts all performed well. By contrast, sales of plant-based milk alternatives have dropped overall in the face of the challenging market conditions.

› Our brands, pages 20–21

Positive result in demanding market environment

The year 2023 was defined by further rises in raw material, energy and wage costs. Despite this, Emmi achieved significant improvements compared to the previous year thanks to operational progress – notably in the strategic niche of chilled premium desserts in the USA and in the important growth market of Chile. This progress was supported by the consistent implementation of efficiency and cost cutting programmes as well as responsible sales price increases. On this basis, we were able to absorb another significant increase in overall input costs while achieving a positive result at the upper end of our own forecast.

› Our operations, pages 22–23

Adjusted to account for the loss from the sale of Gläserne Molkerei, the operating result at EBIT level stood at CHF 295.4 million (previous year: CHF 266.1 million) and the adjusted EBIT margin was 7.0% (previous year: 6.3%). Net profit, adjusted to account for the loss from the sale of Gläserne Molkerei and the profit from the sale of the minority interest in Ambrosi stood at CHF 212.4 million (previous year: CHF 194.3 million) while the adjusted net profit margin was 5.0% (previous year: 4.6%). Excluding the aforementioned adjustment effects, the operating result at EBIT level stood at CHF 258.2 million (previous year: CHF 253.0 million) and the EBIT margin was 6.1% (previous year: 6.0%). The corresponding net profit was CHF 186.3 million (previous year: CHF 182.5 million) and the net profit margin stood at 4.4% (previous year: 4.3%).

Against the background of a positive result and our strong balance sheet, the Board of Directors proposes increasing the dividend by 6.9% to CHF 15.50 per share (previous year: CHF 14.50) in the interests of a consistent dividend policy.

Outlook

The Emmi Group expects the generally challenging economic conditions – characterised by a strong Swiss franc, geopolitical tensions, high input costs and subdued consumer sentiment – to continue during 2024. Emmi is responding with strict cost discipline and Group-wide efficiency programmes while consistently working to transform its portfolio. For financial year 2024, Emmi is anticipating organic sales growth of 1% to 2%. Growth in Switzerland is expected to be in the

range of 0% to 1%. In international business, sales growth is likely to be between 2% and 4% for the division Americas and between 0% and 1% for the division Europe. At EBIT level, Emmi expects a result of between CHF 295 million and CHF 315 million and a net profit margin in the range of 5.0% to 5.5%.

Acting responsibly

For the Emmi Group, acting responsibly is a top priority and something that is anchored in our business model. Sustainable and profitable growth calls for a long-term perspective. The Emmi Purpose illustrates our conviction that we will continue to create value for all stakeholder groups in the future by working together with our partners and taking economic, social and environmental aspects into consideration. For this reason, we advanced our sustainability efforts in 2023 and are publishing our first report on non-financial matters.

› Non-financial report, pages 160–213

“Emmi has been a reliable partner for more than 100 years. We take on responsibility within our value chain to achieve sustainable success together with our partners. Our long-standing commitment to sustainability, our continuity of leadership and the steady enhancement of an established business model make this possible.”

Urs Riedener

Together with partners, we compiled a science-based list of criteria for sustainable milk outside Switzerland. During the first year of the “KlimaStaR Milch” industry initiative in Switzerland, we identified the first effective climate protection levers to promote a more sustainable Swiss dairy industry. On our road to netZERO 2050, we are encouraging the use of renewable energies. As a founder member of RecyPac, we are also committed to establishing a circular economy for plastic packaging and drink cartons across Switzerland.

› Our responsible business model,
pages 14–17

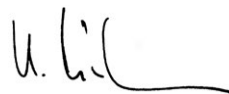
We can only create the best dairy moments in partnership with our employees. With this in mind, the working environment at Emmi promotes teams and offers them a whole range of development opportunities. In the people area, around 60% of all employees have a personal development plan. Our culture of cooperation extends to functions, locations and countries, and covers our collaboration with customers and suppliers. This is what makes the Emmi culture unique and plays such a major part in our success.

› Our people, pages 18–19

Continuity in supervision and leadership

Last April, the Annual General Meeting elected Urs Riedener as the new Chairman of the Board of Directors. Emmi would like to thank Chairman Konrad Graber, who is stepping down, for his tireless efforts to secure a strategically sound set-up of the Emmi Group during his many years of successful collaboration. Appointed from the Group’s own ranks, former CFO Ricarda Demarmels succeeded Urs Riedener as CEO of the Emmi Group at the beginning of the year. Completing the Group Management team, Sacha D. Gerber was appointed the new Chief Financial Officer on 1 June 2023 and Raffael Payer was confirmed as the new Chief Marketing Officer on 1 October 2023.

The Board of Directors and Group Management, backed by a strong management team and over 9,000 dedicated employees, are committed to making sure that Emmi stays on its course for success. We would like to thank each and every one of them for their great commitment.



Urs Riedener
Chairman of the
Board of Directors



Ricarda Demarmels
CEO

Driving economic success

Our responsible business model, geared towards long-term profitable growth, and our focused strategy help us to do the right thing and remain economically successful. Our approach is based on unique, innovative brand concepts, a diversified portfolio and a highly agile, locally anchored organisation.



The dairy leader in Switzerland

Our roots are in Switzerland, where we are number 1. We want to consolidate this strategically central position in the long term. We will achieve this through innovative concepts, excellent customer service and, when reasonable, new business areas.



A strong international market player

All companies of the Emmi family play their part in achieving our common goals. We are now focusing on strengthening our position in those markets where we have established a stronghold or have seen solid growth in recent years.



An innovative leader in selected niches

We aim to get even closer to our consumers and stand out from our competitors with sophisticated innovations. Our particular focus is on niches where we already have leading market positions or are striving to achieve these.



Excellent in what we do

Through excellent cross-functional action and leadership, we are developing into the benchmark for our industry in selected areas.



A role model in sustainability

Building on our tradition, sustainability is an integral part of our business model and our strategy. We strive to achieve long-term profitable growth and to create added value for all our stakeholders.

Our ambition for the future

Together, we create the best dairy moments – today and for generations to come.

Our long-term success depends on sustainable and profitable growth and an intact planet. As a key player in the dairy industry, our aim is to continue to positively influence our industry by balancing economic, social and environmental aspects and promoting sustainable practices beyond our direct sphere of influence. We are committed to science-based targets (SBTi) and our **netZERO 2050 vision** to limit global warming in line with the goals of the UN Paris Agreement.



Support for the UN Sustainable Development Goals



Working together towards a sustainable future



Caring for our people

We provide a place where everyone feels welcome, valued and inspired and offer growth opportunities for all our employees.



Caring for our communities

We create positive social impact and shared value while making sustainable dairy the norm.



Caring for our planet

We aim to achieve netZERO by 2050 while driving circularity across our operations.

Information on the Emmi sustainability model, our goals and the progress we have made to date, along with the Emmi Sustainability Report, can be found at emmi.com/sustainability

Sustainability and responsibility

Code of Conduct

The Emmi Code of Conduct sets out the values and principles according to which we assume our responsibility towards our stakeholders.

Corporate Governance

Committed to the principle of good and transparent governance and based on the requirements of the SIX Swiss Exchange as well as national and international best practice, we have a clear framework of values, principles, rules and regulations in place. These specify how Emmi is managed and developed as a company.

UK Modern Slavery Act

We also fulfil our responsibility with regard to fundamental human rights.

Sustainability Report (GRI)

Since 2011, we have been providing transparent information about our sustainability commitments and progress by reporting in accordance with the Global Reporting Initiative (GRI) guidelines.

Emmi sustainability model

Our long-standing commitment and our ambitious targets are reflected in a comprehensive framework.

Environmental key performance indicators (KPIs)

Emmi reports key figures relating to greenhouse gas emissions, energy and water consumption as well as waste.

Materiality matrix

Our sustainability model focuses on topics that are of particular relevance to us and our stakeholders and where we can achieve the greatest positive impact.

Stakeholdermatrix

We take account of the diversity as well as the differing needs and demands of our stakeholders using a differentiated approach: from active engagement with social groups to regular dialogue and institutionalised exchanges.

netZERO 2050 roadmap

We pursue science-based reduction targets (SBTi) along the entire value chain aligned with our netZERO 2050 vision. A CO₂-reduction path with clear interim targets serves as a binding guideline.

Emmi Supplier Code of Conduct

The Emmi Supplier Code of Conduct is evidence of our commitment to managing the company with integrity, and reinforces our efforts to achieve sustainable procurement together with our partners and suppliers. In this way, we can minimise risks together and build trust among our stakeholders.

Whistleblowing hotline

An open culture of dialogue in line with our corporate values coupled with a high level of professionalism and integrity is of central importance for Emmi. The Emmi whistleblower hotline enables grievances and rule violations to be reported anonymously from anywhere in the world.

This and further information can be found at
 › emmi.com/sust-expert or downloaded from
 › emmi.com/download-center

Our highlights



Emmi Caffè Latte speaks GenZ

The new Emmi Caffè Latte flavours were developed by and for GenZ. The Marketing department asked Emmi apprentices in this target group to share their ideas and preferences. The results were developed into new recipes, sampled and rated by the young people and finally produced by us. The winners: Popcorn and Hazelnut Brownie. The idea behind the new “Fun Latte” is that young people are once again looking for some light-hearted fun after the pandemic years.

A role model in sustainability

We published our seventh sustainability report as part of our long-standing commitment to sustainability, which is an integral part of Emmi's corporate strategy. Every two years we take stock of how we are measuring up to our commitments. We are on course to achieve our ambitious sustainability goals for 2027 in the areas of people, communities and the planet. Emmi has made progress in employee development and sustainable dairy while cutting greenhouse gas emissions and reducing waste. Thus, we create the best dairy moments – today and for generations to come.

More commitment to less sugar

As the leading manufacturer of high-quality dairy products in Switzerland, we attach great importance to a balanced and healthy diet. Back in 2015, we committed to reducing the sugar content of our yogurts. Today we are supporting the extension of the Milan Declaration to milk drinks, such as our popular Emmi Caffè Latte, and also to quark.

Emmi teams get closer together

A passion for the best dairy moments is also uniting our teams in the Netherlands. Since the spring of 2023, we have operated our goat's milk powder business in Etten-Leur as Emmi Nutritional Solutions (ENS) with a view to strengthening this attractive niche. ENS then joined forces with Emmi Benelux and Bettinehoeve to form a more powerful and agile organisation. This creates more opportunities for employees, customers and consumers, and provides greater strategic oversight with the involvement of local teams.





Emmi Dessert Italia scoops award in UK

The Rachelli dessert Classico Tiramisu received the coveted Great Taste Award in the UK – just three months after launching on the UK market. Rachelli, a premium brand from Emmi Dessert Italia, is a pioneer in authentic Italian dessert creations made with carefully selected ingredients. It is produced using Sardinian Savoiardi sponge fingers and Italian Marsala wine. The award underlines the innovative flair of the Italian subsidiary in a key strategic niche which the Emmi Group is seeking to expand and develop as part of its strategy.

Commitment to circularity

As a founder member of RecyPac, we are actively committed to a circular economy for plastic packaging and drink cartons. The aim of the organisation is to establish a harmonised and sustainable system for collecting and recycling this kind of packaging across Switzerland. The materials collected will be recycled and used again in packaging. RecyPac chimes with our ambitious sustainability goal of making all packaging fully recyclable by 2027 in the interests of circularity. As a producer of high-quality dairy products, we depend on recyclable packaging. We commit to this goal through our membership of various organisations.

Dedicated to young people

Given the acute shortage of workers and skilled professionals, employee development – as anchored in the Emmi strategy – is vitally important. As part of this strategy, Emmi sets great store by high-quality apprentice training and staff development opportunities. The fact that all 44 of the apprentices in Switzerland successfully completed their training, with a large number of the young professionals subsequently staying with the company, is testament to Emmi's dedication to its employees. We are passionate about ensuring young people can gain a sound training before looking ahead to development opportunities within the company.

Consolidation of important US market

In Wisconsin, Emmi Roth opened an ultra-modern site where cheese will be converted and packaged, using resources efficiently. This will enable the Emmi Group to consolidate its business activity in the USA, its most important overseas market, while forging still further ahead on the American speciality cheese market. The large-scale investment will give rise to additional sales opportunities for imported Swiss cheese. The facility, which runs on electrical energy, will also help Emmi on the road to netZERO 2050. Around 125 new and ergonomic workstations were also created.



A role model in sustainability

Sustainability is an integral part of our business model and our strategy. To provide the best dairy moments for generations to come, we need to treat people and nature with consideration.

We believe that acting sustainably and taking account of economic, social and environmental aspects are essential. By working with our milk suppliers and partners, and by involving consumers, we aim to play our part in keeping nature intact and viable for generations to come.

Our sustainability model in practice

We run our business in a resource-efficient, environmentally friendly and socially responsible manner on the basis of the Emmi sustainability model and our netZERO target.

To make further progress and to meet our ambitious targets in the areas of people, communities and the planet, we have enshrined sustainability in the central business processes of all Emmi Group companies.

Progress and challenges

By 2027, all employees of the Emmi Group should have a personal development plan. Already, 71% of employees in Switzerland have a development plan; for the Group as a whole, every second employee has such a plan. This not only enhances the ability of our people to perform in their current fields of responsibility, it also creates a basis for filling vacancies with qualified professionals from within our own ranks. In fact, our goal is to fill half of all vacancies internally (the proportion was 26% for the Group as a whole in financial year 2023).

We are also making progress on our focus topic of sustainable dairy. In the year under review, 99% of our milk suppliers in Switzerland met the requirements of the industry standard for sustainable Swiss milk. We have also had success internationally. At our subsidiary in Chile, we managed to certify 80% of the milk volume with AENOR, the animal welfare label. Quillayes Surlat thus became the first company in South America to gain this certification.

Having achieved a significant reduction in greenhouse gas emissions (Scope 1 and 2) in 2022, emissions in 2023 were, as expected, only marginally below the previous year's level (-3%) and is now thus 30% below the emissions of the base year 2014 (previous year: 28%). Scope 3 emissions in the value chain were not reduced from the previous year's level. We are currently working on projects and measures that we expect to deliver positive effects over the years ahead.

Another aim is to cut production and food waste while conserving resources through the circularity of our packaging. However, we did not reduce our waste or landfill waste compared to the previous year, with both rising by 8% due to extraordinary quality-related incidents. We were able to reduce our waste by 16% against the base year 2017 (previous year: 22%) and waste to landfill by 3% (previous year 11%). We were also unable

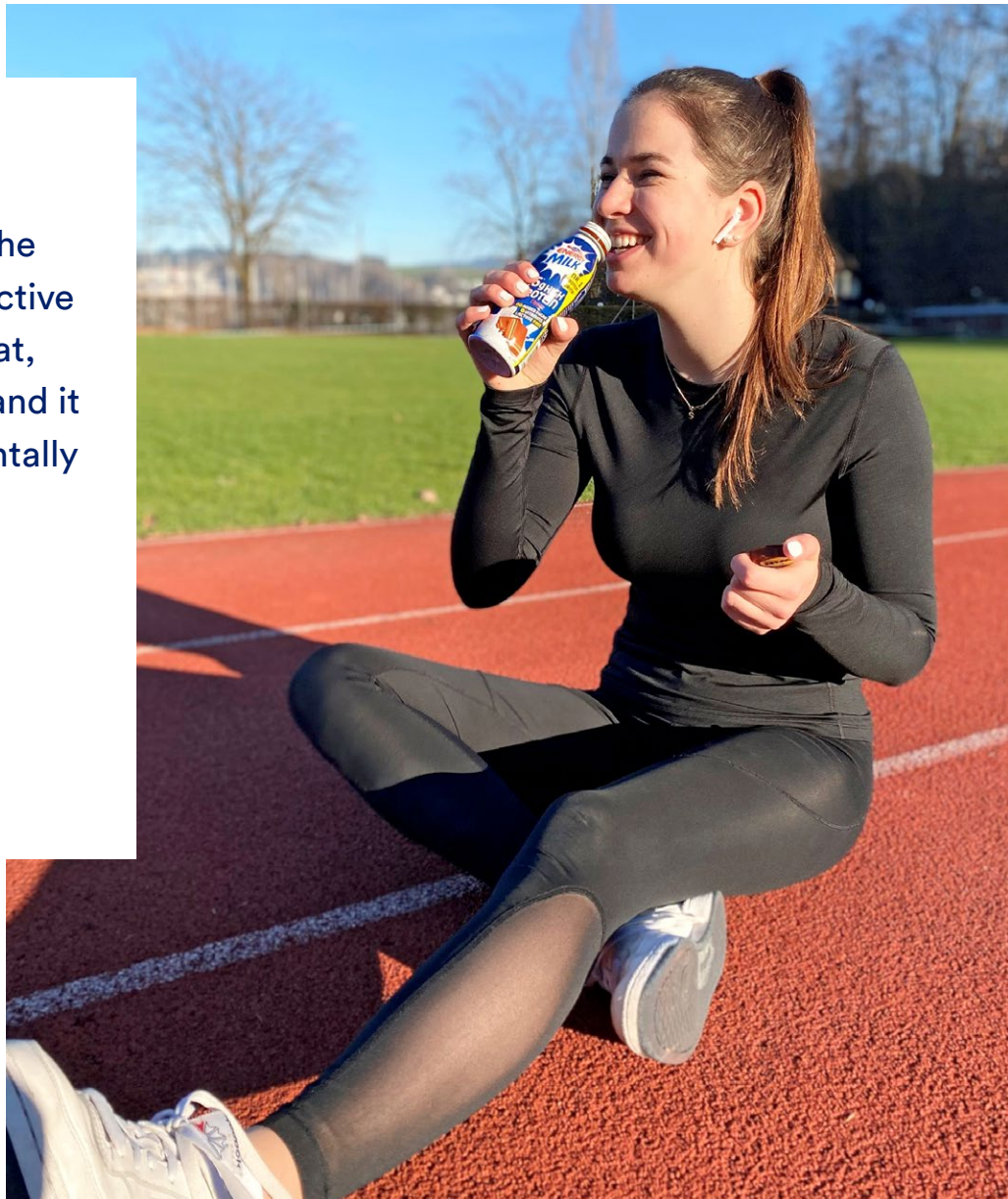
to counter food waste in Switzerland (+6% against the previous year), corresponding to a reduction of 13% against the base year 2017 (previous year 18%). Working with our partners in our Swiss value chain, we have set a key milestone in terms of the circularity of plastic packaging and beverage cartons: the establishment of RecyPac will pave the way for a material cycle. Emmi is on the Board of this organisation. During 2023, we raised the proportion of recyclable materials in

our packaging five percentage points to 50% in Switzerland. At international level, we continue working to improve the data basis and adapt legal requirements.

Although absolute water consumption has been reduced, we did not achieve a reduction in relation to the production quantity. This was because cleaning times did not decrease to the same extent as the production quantity.

**“Emmi Energy
Milk High Protein is the
perfect choice for my active
lifestyle. It tastes great,
there’s no added sugar and it
comes in an environmentally
friendly, recyclable
PET bottle.”**

Sophie Jung
Trainee management assistant
📍 Lucerne, Emmi Switzerland





“Emmi Caffè Latte is the ideal start to my day. With 100% natural ingredients, sustainable Swiss milk and freshly brewed, barista-grade coffee, it’s exactly what I need to get on top of our logistical processes.”

Laura Scheier
Order dispatcher

📍 Nüziders, Emmi Austria

Outlook

Throughout 2024, we will be intensifying our focus on energy and decarbonisation and working closely with our international subsidiaries to develop reduction paths. As a major player in the Swiss dairy industry, we will continue to deepen our commitment to industry platforms and organisations in partnership with our dairy farmers, suppliers and part-

ners in the value chain. In particular, we will focus on the topic of “Developing employees”. Our aim here is to raise awareness of development opportunities, encourage exchanges and inspire the makers of Emmi to take the next step in their progression.

United against food waste

In cooperation with other companies and associations, we have committed to the national goal of halving food waste in Switzerland by 2030. The goal is already part of our sustainability model, and adds extra impetus to the existing measures.

A circular economy for Switzerland

We intend to ensure 100% of our packaging is recyclable by 2027, with closed material cycles in place. To achieve this, all of the players in the value chain will need to work together. To establish long-term circularity for plastic packaging and beverage cartons in Switzerland in a far-sighted and sustainable manner, we teamed up with industry partners to found the umbrella organisation “RecyPac – circularity for plastic and beverage cartons”. We hold a seat on the Board with a view to promoting the topic responsibly and actively.

Sustainable dairy

Today, 100% of our milk suppliers in Switzerland meet the requirements of the industry standard for sustainable Swiss milk. The “KlimaStaR Milch” industry initiative, which we launched in association with partners, has also made solid progress. In Switzerland, 234 businesses have been recruited and extensive data has been collected. With partners in the value chain, we also participate in the Klimatisch. We are working to realise a joint “climate protection industry platform” with a view to coordinating, implementing and realising climate protection activities on farms.

Fondation Vitalait

Farmers in Tunisia are often young, with no formal education. Therefore, they depend heavily on a fair income. Thanks to the Fondation Vitalait, the farmers can receive training in productivity gains (technology and feeding) alongside such environmental aspects as water, renewable energies and optimal cooling of the milk for farms.

“Zero Waste to Landfill” certification in Spain

Lácteos de Navarra, our Spanish subsidiary, produces yogurts in Pamplona. Through exchanges with waste disposal service providers, the company makes sure a minimum amount of waste ends up in landfill. Lácteos de Navarra was awarded “2022 cero residuo” certification in 2022. In 2023, 99.6% of waste was converted to biogas, used to generate energy or recycled.

Cutting carbon emissions in Brazil

After Switzerland, our Brazilian subsidiary Laticínios Porto Alegre processes the second largest volume of milk in the Emmi Group. A pilot project to record greenhouse gas emissions from suppliers’ milk production farms was initiated here during the summer. Measures aimed at reducing emissions will be developed on this basis.

Global criteria list

By the end of 2027, Emmi intends to process only milk that is produced according to the highest regional sustainability standards. In view of our niche activity in many countries, we rely on commitments within the industry and specific agreements with milk suppliers. Having devised the basis for these agreements over the past four years, we evaluated eight aspects of sustainable milk according to a list of criteria developed with experts.

Emmi as an attractive employer

The Emmi Group faces the effects of the shortage of skilled workers, and the transition from an employer's market to an employees' market. We are therefore making all the more effort to be an attractive employer to our employees. Our corporate culture based on respect and our myriad development prospects add up to a working environment that supports and encourages teamwork.

Treating each other with respect is part of the Emmi DNA. We value team spirit, we encourage ideas and we commit to our employees and the upcoming genera-

tion. In the process, Emmi offers the creative scope needed to ensure chances are taken and ideas flourish while demanding and exciting tasks are accomplished.

“It fulfils me to be able to contribute my ideas to Emmi. Thanks to our proximity to the market, we can quickly meet the needs of our consumers and also inspire them with plant-based alternatives.”

Arkaitz Virto

Key Account Manager y Canarias

📍 Derio (ESP), Kaiku Corporación Alimentaria



Excellent leadership makes the difference

Attractiveness as an employer and a working environment that promotes dedication are the product of a consistent focus on people and our organisation over many years. When the potential of each individual is promoted and motivation is nurtured, employees buy into this environment.

For us to remain attractive to employees, a respectful management style is key. We therefore support the evolution of our management culture through specific measures, including specially developed courses and training sessions like “Excellent Leadership”, which enables our managers to develop as leaders. At Emmi Dessert USA, for example we launched a personalised bilingual course for shift supervisors. We now plan to offer the course in Switzerland as well.

New organisational forms and collaboration methods

The future will belong to cross-functional, highly autonomous teams developing fast, customer-oriented solutions in line with clear priorities. Emmi will provide support by applying expertise in organisational forms and modern collaboration methods, while our change model will help us enact organisational changes effectively. On a regular basis, we also survey our employees to determine how they rate their work experience.

We are developing

Continuous further development is incorporated into our values. We promote talent and impart specialist knowledge as necessary. In the face of rapid technological developments, the advancement of employees has become even more important.

Moreover, younger people expect to develop faster. We facilitate this with a wide range of opportunities within various professional groups at home and abroad. This year’s Sustainability Day was also devoted to the development of our people – something that will remain a focus topic over the year ahead.

Successful project in partnership

Teams from the Netherlands and Switzerland learned from one another as they worked together to commission a new powder tower in Etten-Leur, bringing the project to a successful conclusion. Experienced employees from Dagmersellen travelled to Etten-Leur to assist their colleagues with their know-how. The teams that stayed behind in Dagmersellen contributed to the success of the project by taking on the additional work in Switzerland. The project in Etten-Leur and the smooth continuance of operations in Dagmersellen are an example of how our values are practised and implemented.

Developing our managers

For some years now, we have been supporting middle management employees at our US subsidiary Cypress Grove through the “Task Force Purple” programme. Alongside professional training, the focus here is on team building and the establishment of an internal network. The managers are trained by the local Management and Human Resources teams, thereby aiming to enhance and develop personal strengths.



“I am very proud to be part of a team that is passionately devoted to the dessert traditions of Italy. Our chilled premium desserts are a delight for all those who appreciate high-quality and craftsmanship.”

Daniele Cerchiari
Junior Demand Planner

📍 Gattico (ITA), Emmi Dessert Italia

Diverse product portfolio of brands people love

Day in and day out, we delight consumers with a broad product range and differentiated, highly innovative brand concepts. Through high-quality products, we create the best dairy moments – today and for generations to come.

Each day, countless consumers show their trust in us by choosing high-quality Emmi products. Even as their demands continue to multiply, there is a strong emphasis on good value for money in the face of persistent inflation and changes to consumer behaviour. We are stead-

ily expanding our branded business in order to meet these increasing demands and address current needs. We rely on a broad, diversified product portfolio as well as innovations in growth areas, focusing on profitable markets and our strategic niches.

Profitable growth in strategic niches

Emmi Caffè Latte is sustaining its positive momentum. Successful placements on the German TV show “Germany’s Next Topmodel” as well as “Love Island” in the UK have continued, with the latter including a limited edition product for retail stores. In the chilled premium desserts area, Emmi Dessert USA has made significant operational improvements. During financial year 2023, we also won the “Food & Beverage Innovator Award” from the National Restaurant Association in recognition of our dessert creations in reusable glass containers.

In the field of speciality cheese, Luzerner Rahmkäse cream cheese continues to develop extremely well on the Swiss domestic market. We collaborate with the comedy duo “Divertimento” to advertise this product. By contrast, the strong Swiss franc has hampered exports of cave-aged Kaltbach cheese. The Beleaf brand, our plant-based milk alternative,

has made significant progress in Switzerland, attracting consumers with a new design and an improved recipe based on certified Swiss oats. In Spain, the Begetal brand has heightened its retail presence with a fresh design.

Innovations driving growth

Market-focused innovations are a core element of our strategy of profitable, long-term growth. The Brazilian subsidiary Laticínios Porto Alegre has launched new fat, lactose and sugar-free yogurt drinks, with drinks driving double-digit sales growth. In Switzerland, the successful Aktifit brand launched a low-sugar mini yogurt drink named after the cult comic character Globi. We achieved double-digit growth once again in this financial year with the Emmi Energy Milk brand in Switzerland, and in Spain the subsidiary Kaiku moved into the high-protein segment.

Emmi Roth

Since the acquisition of Athenos, which leads the US feta market, our American subsidiary Emmi Roth has built on the brand’s market position. The renewed sales growth for Athenos was supported by an innovative feta dip and a creative campaign involving regional feta recipes.

Premium Italian delights

Founded in 1935 as a family-run patisserie in Milan, Rachelli has always upheld a tradition of developing high-quality, innovative products. In 2023, the company introduced a range of delicious chilled premium desserts which are exclusively available in retail outlets in Italy and the UK.

Emmi Caffè Latte for GenZ

Created by a team of Emmi apprentices, Emmi Caffè Latte innovations in 2023 are explicitly targeted at GenZ. The recipes are based on the findings of recent market research which revealed that younger consumers need to be introduced gradually to the slightly bitter taste of coffee. For this reason, the original “Fun Latte” has a less intense coffee flavour. Our two new star products are Popcorn and Hazelnut Brownie – exactly what GenZ asked for.

Agile, forward-looking production

The highly dynamic market and the persistently high input costs once again posed procurement challenges for Emmi in financial year 2023. By applying agile methods and working closely with suppliers, however, we managed to produce our high-quality dairy products with our usual reliability.

The market environment remained demanding, characterised by a high level of dynamism and consistently high input costs, especially in the energy area. Aside from the harvest-related shortage of raw materials, the Emmi Group generally managed to ensure goods availability.

Overcoming local challenges with agility

When it comes to responding rapidly to dynamic conditions linked to suppliers and customers as well as legal frameworks, flexible resource allocation is one of the biggest challenges. During

2023, the Emmi Group supply chain worked on a method for pinpointing local priorities and allocating interdisciplinary resources. This gave rise to an agile approach to identifying solutions. The method, also known as sprint, facilitates cross-functional collaboration across national boundaries. One of the first sprints resulted in significant improvements to the safety and quality culture at Emmi Dessert Italia.

Controlling costs and quality in the USA

Having opened a new site for cheese processing in Stoughton, Wisconsin, last November, Emmi has consolidated its business activity in the strategic niche of speciality cheese in the USA, our most important export market. Cheese is now converted and packaged in a resource-efficient manner at the ultra-modern facility of US subsidiary Emmi Roth, thus enhancing internal added value. The project is boosting efficiency, simplifying processes and encouraging innovation while enhancing the agility of Emmi on the US market.

Data-based decision-making

We strive for excellence in everything we do. In order to control supply chains and production as efficiently as possible, key figures and data are critically important to Emmi. The Group has common principles that facilitate exchanges concerning the key control parameters. This enables

State-of-the-art facility for goat's milk powder

Our ambition is to be a pioneer in the field of sustainability. From our viewpoint, the facility for goat's milk powder in the Netherlands is an important development that will help us attain our sustainability goals. This is the first site in the Emmi Group to operate without a gas-driven steam system. An electric heat pump makes this possible by procuring the electricity required for operation from renewable energy sources. This has enabled us to avoid infrastructure investments like large steel pipes for the steam network while cutting down on carbon emissions.



“We produce our exquisite cheese specialties from fine, regional organic milk with a great deal of passion and craftsmanship. We are proud that we receive numerous awards every year for our cheese expertise and innovative strength.”

Shawna Haley
Team Lead Production

📍 Petaluma Cader Lane (USA), Cowgirl Creamery

us to learn from one another and identify potential. Alongside production, quality and workplace safety indicators, environmental data is becoming increasingly important. This broad database informs decision-making at Emmi's production sites.

Investments on the Swiss domestic market

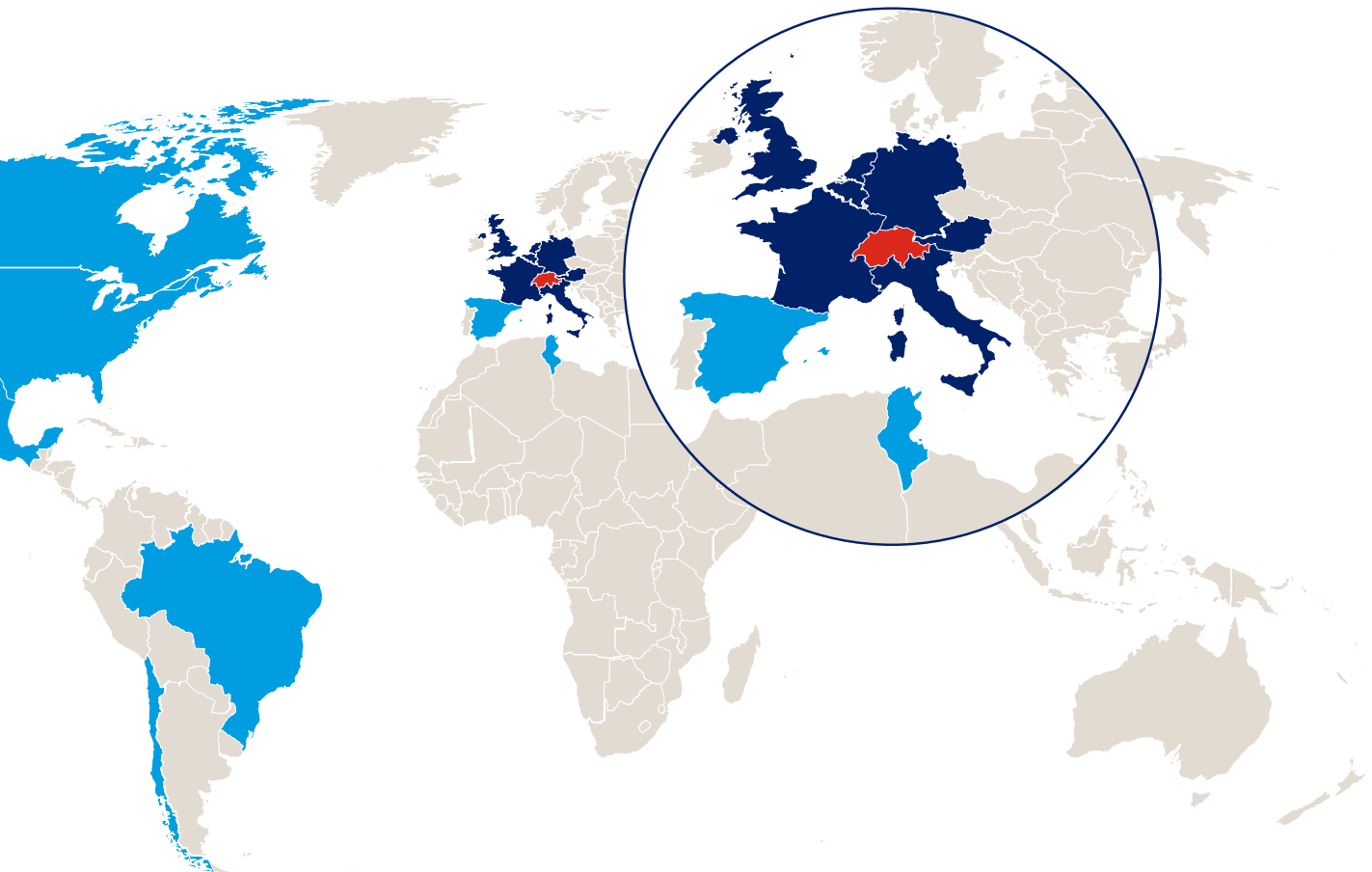
Emmi is intensifying its efforts in the area of sustainable packaging by using the recyclable material PET and deploying an additional production line. The company is also investing in modern, more efficient drying facilities in Dagersellen with a view to producing high-quality milk powder and consolidating the site for the long term.

Local roots, international reach

Close to the market, with a network of global collaboration – these are the principles at the heart of our organisation's success.

From a regionally based organisation in Switzerland, we have developed into a successful group on the international stage. Today, we are the dairy leader in Switzerland with an established presence in 14 countries. The Emmi Group operates 57 production sites of its own.

Our quality products are exported from Switzerland to some 60 countries around the globe so that millions of people can rely on us each day to find what they need to live: high-quality and delicious food.



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Guidelines

The information provided below complies with the Directive on Information Relating to [Corporate Governance \(DCG\)](#) issued by the SIX Swiss Exchange as well as the Articles of Association and Organisational Regulations of the Emmi Group. Unless otherwise indicated, all data relate to the balance sheet as at 31 December 2023.

www.emmi.com > Media & Investors > Reports & Downloads > Corporate Governance > [Articles of Association of Emmi AG \(in German\)](#)

www.emmi.com > Media & Investors > Reports & Downloads > Corporate Governance > [Organisational Regulations of Emmi AG \(in German\)](#)

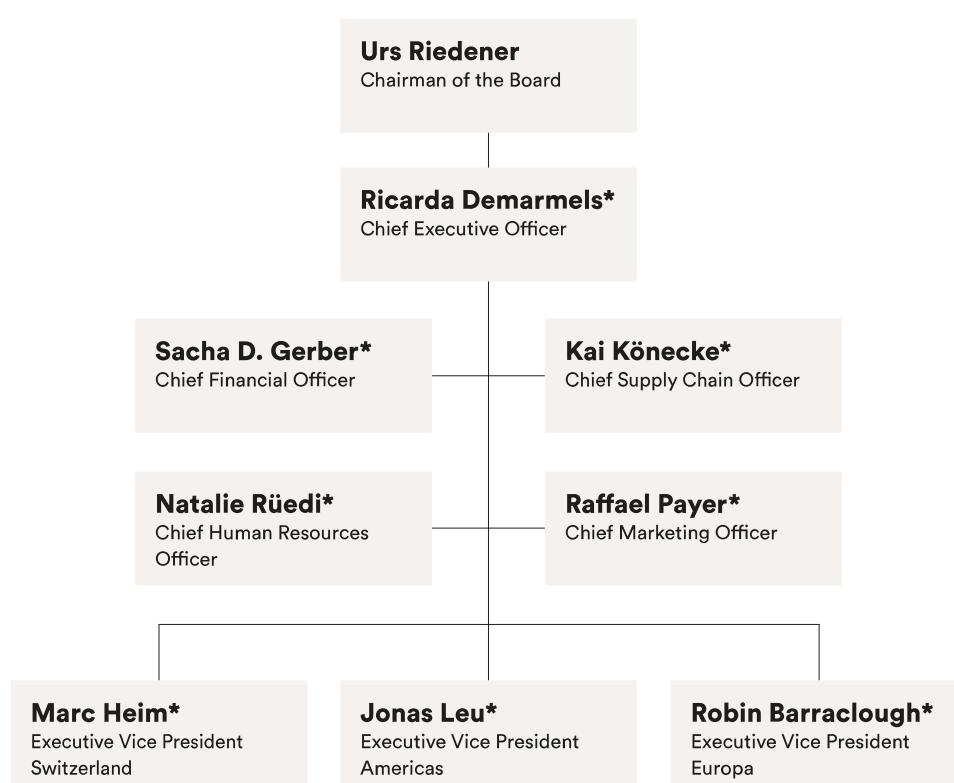
1. Group structure and shareholders

1.1 Group structure

The organisational structure of the Emmi Group is shown below.

Group structure Emmi Group

as at the balance sheet date



Member of the extended Group Management:
– Matthias Kunz: Deputy Executive Vice President Americas

* Member of Group Management

Group functions:
– Corporate Development
– Corporate Communications & IR
– Internal Audit
– Legal

The Emmi Group is listed on the SIX Swiss Exchange through the holding company Emmi AG (headquartered in Lucerne, hereinafter referred to as “Emmi”). The group of consolidated companies contains only non-listed companies.

For market capitalisation, securities number and ISIN number, see section [Share information of Emmi AG](#) (Emmi Annual Report 2023).

For consolidated companies, see [Summary of consolidated companies, associates and joint ventures in note 30 of the consolidated financial statements](#).

1.2 Significant shareholders

For significant shareholders, see section [2.5 Share capital and significant shareholders](#) in the Notes to the financial statements of Emmi AG.

ZMP Invest AG, Lucerne, Zentralschweizer Käsermeister Genossenschaft, Sursee, and MIBA Genossenschaft, Aesch (canton of Basel-Landschaft), form a Group in the sense of [Art. 121](#) of the Swiss Financial Markets Infrastructure Act (FinMIA) and hold 60.4% of the total voting rights. As at 7 June 2016, [Capital Group Companies, Inc.](#), Los Angeles, USA, reported a holding of 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies that exceed 5% of capital or votes on both sides.

2. Capital structure

2.1 Share capital

Emmi's share capital amounts to KCHF 53,498.

2.2 Authorised and conditional capital in particular

Emmi did not create any conditional capital or set out a capital bandwidth in its Articles of Association in the reporting year, and there is no conditional or authorised capital from previous years.

2.3 Changes in capital

An overview of changes in capital in the reporting years 2020 to 2023 can be found in the section [Statement of changes in equity](#) of the annual financial statements of Emmi AG.

2.4 Shares and participation certificates

The share capital of Emmi comprises 5,349,810 registered shares with a par value of CHF 10 per share. Only one category of registered share exists, and no participation certificates exist. Each share carries the right to one vote. No preferential rights exist. The shares are fully paid up.

For further information on shares, see the section [Share information Emmi AG](#).

2.5 Dividend-right certificates

No dividend-right certificates exist.

2.6 Restrictions on transferability and nominee registrations

There are no restrictions on the transfer of registered shares of Emmi. The only precondition for entry in the share register and hence for the exercise of voting rights is a declaration on the part of the purchaser that the shares have been acquired in their own name and for their account. Purchasers may also be rejected if they do not expressly declare (i) that there is no agreement on the redemption or return of corresponding shares and (ii) that they bear the economic risk associated with the shares. No other registration restrictions exist.

The registration of fiduciaries/nominees without voting rights is permitted. On request, the Board of Directors shall decide on the registration of fiduciaries/nominees with voting rights on a case-by-case basis. No fiduciaries/nominees with voting rights were entered during the year under review, nor did the Board of Directors approve any other exceptions for entry in the share register.

2.7 Convertible bonds and options

Emmi has no convertible bonds outstanding. Furthermore, neither Emmi nor other Group companies have issued options on ownership interests in Emmi.

3. Board of Directors

All nine members of the Emmi Board of Directors (see table in section [3.1 Members of the Board of Directors](#)) are non-executive members. Urs Riedener, elected as a new member and Chairman of the Board of Directors at the Annual General Meeting on 13 April 2023, was CEO of the Emmi Group from 2008 until the end of the 2022 financial year. The other members of the Board of Directors have not previously been members of Group Management or the management of Emmi or one of its subsidiaries. The basis for nomination as a member of the Board of Directors is the fulfilment of a specific requirement profile, which reflects the relevant expertise for Emmi's strategic long-term development and seeks to achieve balance across the Board. Mandate agreements are in place with each member, governing all the necessary details. Konrad Graber and Alexandra Post Quillet decided not to stand for re-election to the Board of Directors at the Annual General Meeting on 13 April 2023. In addition to Urs Riedener, Nadja Lang was elected to the Board of Directors for the first time.

Thomas Grüter, Hubert Muff and Werner Weiss are members of the Board of the Central Switzerland Milk Producers Cooperative (ZMP), which supplies a large proportion of its milk to the Emmi Group. ZMP, via its subsidiary ZMP Invest AG, Lucerne, holds a majority stake in Emmi.

Fritz Wyss (born 1944) has been Honorary Chairman of the Emmi Board of Directors since 2010. He was a Delegate of the Board of Directors from 1993 to 2003 and its Chairman from 2003 to 2009.



Members of the Emmi Board of Directors from left (as at the balance sheet date): Hubert Muff, Nadja Lang, Christina Johansson, Dominik Bürgy, Monique Bourquin, Urs Riedener (Chairman of the Board of Directors), Werner Weiss, Thomas Grüter, Diana Strebel, Christa Wey (Secretary of the Board of Directors)

3.1 Members of the Board of Directors

	Year of birth	Nationality	Education	First elected
Urs Riedener Chairman of the Board of Directors	1965	Swiss	Business Economist lic. oec. HSG MBA Stanford Executive Program	2023 Chairman
Thomas Grüter Vice-Chairman of the Board of Directors	1964	Swiss	Swiss Certified Master Farmer	2021
Monique Bourquin	1966	Swiss	Business Economist lic. oec. HSG	2013
Dominik Bürgy	1966	Swiss	Lic.iur., Swiss Certified Tax Expert	2021
Christina Johansson	1966	Swiss/ Swedish	Business Economist, Master of Science in Business Administration & Economics	2018
Nadja Lang	1973	Swiss	Certified Business Economist, ZHAW School of Management and Law	2023
Hubert Muff	1984	Swiss	Certified Agrotechnician	2022
Diana Strebel	1960	Swiss	Certified oec. Business Economist, Master of Science in Marketing GSBA and University of Wales	2012
Werner Weiss	1969	Swiss	Certified Farmer	2022

3.2 Professional background and other activities and interests



Urs Riedener

Member and Chairman of the Board of Directors since April 2023

Professional background

2008–2022	Emmi Gruppe, Chief Executive Officer
2000–2008	Migros Cooperative (MGB), Head of Marketing and Member of the Executive Board since 2002
1995–2000	Lindt & Sprüngli Group, both in Switzerland and abroad, various management positions, latterly National Sales Manager and Member of the Board of Management for Switzerland
1992–1995	Kraft Jacobs Suchard Group, various positions, latterly Group Brand Manager

Other activities and vested interests

since 2023	Sandoz AG, Member of the Board of Directors, Chair HC and ESG Committee
since 2022	Schwarz Unternehmenstreuhand KG, Member of the Advisory Board
since 2014	Bystronic AG, Member of the Board of Directors, Chairman of the Personnel Committee
since 2007	Institute of Marketing at the University of St. Gallen, Member of the Committee

Key competencies

Urs Riedener heads the Board of Directors and possesses extensive international business and management experience. He brings to the Board particular experience and expertise in transformation and internationalisation, marketing activities, supply chain and technology.



Thomas Grüter

Member of the Board of Directors since 2021, Vice-Chairman since 2022

Professional background

- since 1996** Sonnhaldenhof, St. Urban, Tenant Farmer and Employer
- 1990–1996** Uf-Stocken Estate, Kilchberg, Farm Manager, Deputy Farm Manager
- 1985–1990** Employee on various farms

Other activities and vested interests

- since 2021** Central Switzerland Milk Producers Cooperative (ZMP), Chairman
- since 2021** Swiss Milk Producers (SMP), Member of the Board
- since 2021** Swiss Farmers' Union, Member Chamber of Agriculture and Delegate
- since 2015** Cantonal Councillor Lucerne, Member of the Commission for Spatial Planning, Environment and Energy

Key competencies

Thomas Grüter brings to the Board extensive management experience in a variety of organisations and a background in the agriculture and dairy industry, the Swiss domestic market and politics.



Monique Bourquin

Member of the Board of Directors since 2013

Professional background

2012–2016	Unilever Germany, Austria and Switzerland (D-A-CH), Chief Financial Officer
2002–2012	Unilever Switzerland, latterly Country Manager
1999–2002	Mövenpick Foods Switzerland, latterly Country Manager
1997–1999	Rivella AG, National Account Manager Sales
1994–1997	Knorr Nahrungsmittel AG, Product Manager Marketing
1990–1994	PriceWaterhouseCoopers, Consulting & Corporate Finance

Other activities and vested interests

since 2023	Swisscom AG, Member of the Board of Directors, Head of the Compensation Committee
since 2023	Lindt & Sprüngli AG, Member of the Board of Directors, Head of the Compensation and Nomination Committee
since 2023	Rivella AG, Member of the Board of Directors
since 2021	W. Kündig & Cie AG, Member of the Board of Directors
since 2019	Swiss Board Institute, Member of the Advisory Council
since 2018	Swisscontact, Member of the Foundation Board
since 2017	Promarca (Swiss branded goods association), President
since 2017	Kambly AG, Member of the Board of Directors
2019–2023	Weleda AG, Member of the Board of Directors
2017–2023	Swiss Federal Institute of Technology (ETH), Zurich, Lecturer in Change Management

Key competencies

Monique Bourquin possesses extensive international business and management experience in consumer goods companies. In particular, she brings to the Board her expertise and experience in strategy and transformation, marketing/sales, finance, people and culture.



Dominik Bürgy

Member of the Board of Directors since 2021

Professional background

since 2019	Wenger & Vieli, Attorneys at Law, Partner
2009–2012	Ernst & Young, Managing Partner Tax & Legal Switzerland
2008–2016	Ernst & Young, Partner, Member of the Executive Board
2008–2014	Ernst & Young, Member Tax Leadership Team GSA (D-A-CH)
2008–2010	Ernst & Young, People Partner Tax GSA
2002–2019	Ernst & Young, Partner
1993–2002	Arthur Andersen, Tax and Legal Consulting, Partner since 2002

Other activities and vested interests

since 2020	Kuehne + Nagel International AG, Member of the Board of Directors
since 2020	Member of the Board of Directors of privately held companies

Key competencies

Dominik Bürgy brings to the Board his legal expertise, management experience and experience in M&A transactions, governance, supply chain and finance/audit.



Christina Johansson

Member of the Board of Directors since 2018

Professional background

since 2022	Dormakaba, CFO
2018–2022	Bilfinger SE, Group CFO and also CEO ad interim 2021-2022
2016–2018	Bucher Industries Gruppe, Group CFO
2014–2016	SR Technics Group, Group CFO and Deputy Group CEO
2007–2014	Pöyry Energy Business Group and Management Consulting Business Group Switzerland, CFO
2005–2007	Zeag Group, CFO and Deputy CEO
1996–2005	Amcor Rentsch & Closures Group Switzerland/Germany/Canada, Group CFO, previously Corporate Finance Controller
1993–1996	Securitas Group, Financial Controller and Treasury Manager for Germany and Austria

Other activities and vested interests

since 2021	About You AG, Member of the Supervisory Board and Chairwoman of the Audit Committee
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Key competencies

Christina Johansson possesses extensive international business and management experience in technology-orientated companies. In particular, she brings her expertise in the areas of strategy, finance/audit, M&A transactions and governance to the Board of Directors.



Nadja Lang

Member of the Board of Directors since April 2023

Professional background

since 2022	Genossenschaft ZFV-Unternehmungen, CEO and Delegate of the Board of Directors
2019–2022	Genossenschaft ZFV-Unternehmungen , Chairwoman of the Board of Directors, also CEO 2021-2022
2017–2019	Genossenschaft ZFV-Unternehmungen, Member of the Board of Directors
2012–2017	Fairtrade Max Havelaar, CEO Schweiz
2005–2012	Fairtrade Max Havelaar, Marketing/Commercial Director Switzerland, Global Account Management SteCo Fairtrade International
2003–2005	General Mills Europe Sarl, European Marketing Manager
1999–2003	The Coca-Cola Company, various functions in brand and innovation management

Other activities and vested interests

since 2020	Pax, Swiss Life Insurance Company Ltd, Member of the Board of Directors, Chairwoman of the Nomination and Compensation Committee
2014–2023	Swiss Post AG, Member of the Board of Directors, Chairwoman of the People, Sustainability, Governance Committee

Key competencies

Nadja Lang possesses extensive international business and management experience in consumer goods and food service companies. She brings particular expertise to the Board in the areas of strategy and transformation, marketing/sales and ESG.



Hubert Muff

Member of the Board of Directors since 2022

Professional background

since 2014	Farm in Windblösen Neuenkirch, Manager
2010–2013	Krieger AG Ruswil, Dispatcher
2006–2009	Farm in Windblösen Neuenkirch, Farmer
2006–2007	Baumann Sempach forestry team, Forestry Worker

Other activities and vested interests

since 2021	Central Switzerland Milk Producers Cooperative (ZMP), Member of the Board
since 2014	Windblösen Neuenkirch dairy cooperative, President

Key competencies

Hubert Muff brings to the Board experience of the management of an agricultural business, of associations involved in the agriculture and dairy industry, of the Swiss domestic market, of politics and of implementing alternative energy projects.



Diana Strebel

Member of the Board of Directors since 2012

Professional background

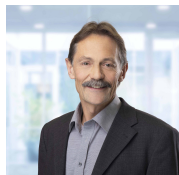
2009–2023	Strebel-Birt AG consultancy firm for brand management, marketing and communications, Managing Director and Co-founder
2005–2009	Interbrand Zintzmeyer & Lux AG, Managing Director
2005–2009	Interbrand Europa, Chief Operating Officer
1981–2003	Various advertising agencies, including as Deputy CEO at Publicis Group and CEO at Wunderman AG; Founder and Co-owner of Aebi, Strebel AG

Other activities and vested interests

since 2011	Globalance Bank AG, Vice President of the Board of Directors
since 2009	Ricola AG, Member of the Board of Directors

Key competencies

Diana Strebel possesses extensive international business and management experience. In particular, she brings to the Board her expertise and experience in strategy and transformation, marketing, communications and international expansion.



Werner Weiss

Member of the Board of Directors since 2022

Professional background

since 1992	Family farm in Feldheim Meierskappel, Farm Manager
1991	Farm in Feldheim Meierskappel, Employee
1989–1991	Röllin AG milk transporters in Hirzel, Employee
1990	Eberle Zimmerei Holzbau carpentry firm in Edlibach, Employee
1988–1989	Röllin AG engine overhaulers in Hirzel, Employee
1987	Farm in Moos Hünenberg, Employee

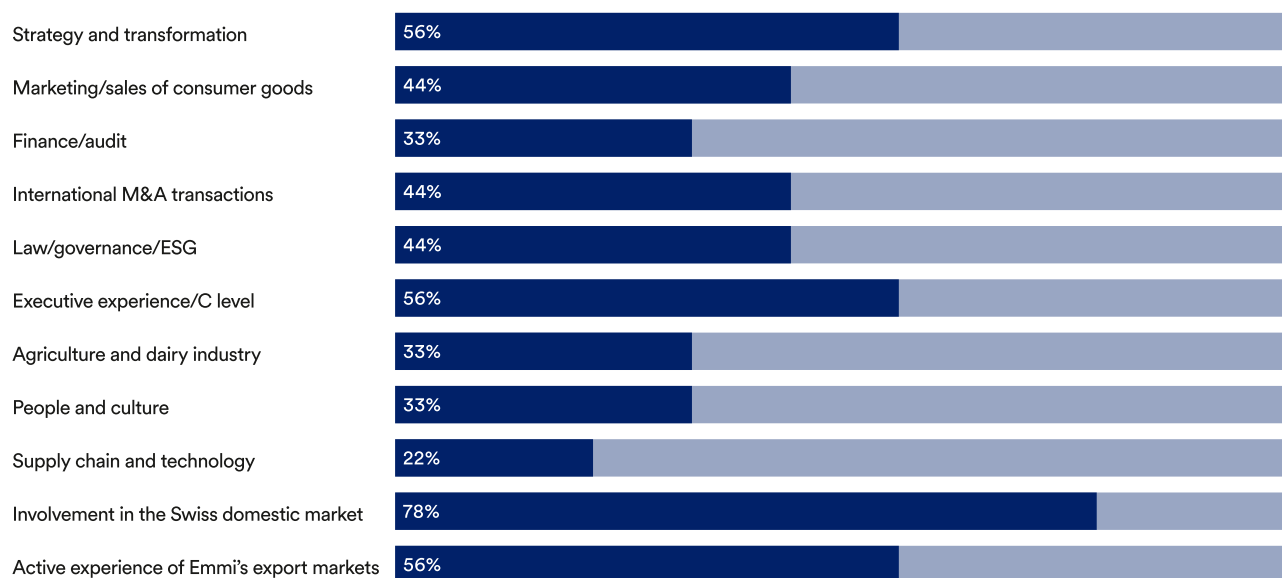
Weitere Tätigkeiten und Interessenbindungen

since 2020	ZMP Invest AG, Member of the Board of Directors
since 2005	Genossenschaft Zentralschweizer Milchproduzenten ZMP, Member of the Board, Member of the Personnel Committee
	Various roles in agricultural organisations in Switzerland and commissions of Meierskappel municipality and surroundings

Key competencies

Werner Weiss brings to the Board experience of the management of an organic agricultural business, of associations involved in the agriculture and dairy industry, of the Swiss domestic market, of politics and of implementing greening.

Allocation of competences within the Board of Directors



The composition of the Board of Directors ensures that the necessary skills and experience are represented in line with Emmi's status as a listed company, its business portfolio, strategic focus, geographical reach, culture and values. The members of the Board of Directors individually identify their most important competencies, which are based on their educational background, professional experience and personal achievements.

The Board reviews the required areas of competence annually and also assesses individual competencies to ensure that the Board has an appropriate balance of skills, expertise, experience and diversity.

3.3 Permitted number of activities

The members of the Board of Directors may hold a maximum of five mandates in listed legal entities and eight mandates in non-listed legal entities. In practice, the limits permitted by the Articles of Association are far from fully exhausted.

3.4 Election and term of office

The first election of members can be seen in the table in section [3.1 Members of the Board of Directors](#). The term of office of members of the Emmi Board of Directors is one year and accordingly lasts until the General Meeting 2024. Re-election is permitted, subject to an internal regulation passed by the Board of Directors on age limits and terms of office. The members of the Board of Directors and the Personnel and Compensation Committee are elected by the General Meeting, with the period between one Ordinary General Meeting and the end of the next deemed to be one year. The Chairman is elected by the General Meeting from among the members of the Board of Directors. Elections to the Board of Directors are generally carried out as individual elections. All votes and elections are carried out by open ballot unless a majority requests a secret ballot.

3.5 Internal organisation

3.5.1 Allocation of duties within the Board of Directors

The table below illustrates the areas of responsibility within the Board of Directors.

	Audit Committee	Market Committee	Personnel and Compensation Committee	Agricultural Council
Urs Riedener Chairman of the Board of Directors	●	●	● (Chairman)	● (Chairman)
Thomas Grüter Vice-Chairman of the Board of Directors		●	●	●
Monique Bourquin Member		●	●	●
Dominik Bürgy Member	●			
Christina Johansson Member	● (Chairwoman)			
Nadja Lang Member		●		
Hubert Muff Member	●			●
Diana Strebel Member		● (Chairwoman)		
Werner Weiss Member				●

The Board of Directors subjects its work and the work of the committees to a self-evaluation once a year. This involves assessing the company's own performance, organisation, work processes, competencies and responsibilities in accordance with the organisational regulations, the composition and diversity of the Board of Directors, the renewal process and cooperation with Group Management. Based on this, the Board of Directors determines any measures that are needed. An external assessment is conducted from time to time, most recently in 2020.

3.5.2 Composition, duties and delimitation of responsibilities of the committees

The composition of the committees and the Agricultural Council (hereinafter the “Council”) is shown in the previous table.

The **Audit Committee** supports the Board of Directors in monitoring the management of the company, in particular from a financial perspective. As a body, it is entitled at any time to inspect all documents necessary for the performance of its duties and to request comprehensive information from all offices in the Group and the external auditors. It comprises at least three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. Its meetings are attended by the CEO, CFO, Head of Group Controlling, Head of internal Audit and, on invitation, the external auditor in charge.

The Audit Committee deliberates on and approves:

- the auditing plan and the personnel budget of internal audit
- the appointment and dismissal of the Head of internal audit
- the audit plan and the remuneration budget for the external auditors
- the approval of additional consulting engagements to the external auditors once the cumulative fees for consulting engagements during the financial year exceed 30% of the audit fee budget approved for the financial year
- the auditors for consolidated subsidiaries where these differ from the Group auditors
- financial instruments and counterparty credit limits for financial transactions.

The Audit Committee assesses the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- the fundamental design of the accounting system, organisation and content of financial controlling, including the internal audit
- the effectiveness and independence of the internal auditors
- the selection of the Group auditors
- the effectiveness and independence of the external auditors
- the results of internal and external audits and the monitoring of action plans by management based on these results
- the consolidated and annual financial statements of Emmi AG and the results of the subsidiaries
- the financial ambitions of the Group companies and the Group during the strategy period
- the target-setting system that serves as a basis for setting annual financial targets
- the annual financial targets of the Group companies and the Group
- the total investments for the subsequent year
- multi-year investment and liquidity planning
- the rolling forecast
- risk management
- evaluation of the main risks and of the measures based on them
- business relationships with financial institutions
- financial reporting to shareholders and the public
- annual reporting on “non-financial issues” and “fulfilment of the due diligence obligation” regarding child labour
- legal proceedings and out-of-court settlement of disputes whose outcome may have implications for the financial situation of the Group
- tax rulings (offsets, fines and settlements resulting from tax audits), restructuring and reorganisation rulings with a tax effect on net income of more than CHF 2.0 million.
- the Audit Committee is authorised to view all documents necessary for the performance of its duties and to request comprehensive information from all areas of the Group, as well as from the external auditors, at any time.

The **Market Committee** supports the Board of Directors in monitoring the management of the company, in particular from a medium and long-term perspective. It offers recommendations on the basic organisation of the brand, product and market strategy as preparation for the corporate strategy. It comprises at least three members of the Board of Directors, with one of those members being the Chairman of the Board of Directors. Its meetings are attended by the CEO, Chief Marketing Officer and, on invitation, other members of Group Management and management. The Market Committee has no approval power.

The Market Committee assesses or processes the following for the Board of Directors in an advisory or preparatory/ follow-up capacity:

- the organisation based on the strategy
- merger and acquisition projects based on the strategy of portfolio development of products and markets
- strengthening focus areas and innovations based on the strategy
- preparing strategy reviews and changes
- the development of key customers and markets as well as critical business units
- the controlling of major projects and major acquisitions
- portfolio development of products and markets, not linked to strategy.

The **Personnel and Compensation Committee** supports the Board of Directors in monitoring the management of the company, in particular from a personnel perspective and regarding compensation topics. It comprises at least three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. Its meetings are attended by the CEO and the Chief Human Resources Officer on invitation.

The Personnel and Compensation Committee deliberates on and approves:

- the remuneration system for management and employees
- the remuneration for the Chairman of the Board of Directors, the members of the Agricultural Council, the CEO and the other members of Group Management (taking into account the ceiling amounts approved by the General Meeting)
- nomination of the employer representation in the Emmi Pension Foundation and the Emmi Welfare Foundation
- other mandates of the members of the Board of Directors and Group Management.

The Personnel and Compensation Committee elects and removes the members of Group Management and the members of the extended Group Management, with the exception of the CEO.

The Personnel and Compensation Committee assesses or processes the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- the remuneration system for the compensation of the Board of Directors
- special remuneration for members of the Board of Directors tasked with special functions
- the remuneration system for the compensation of Group Management
- the ceiling amounts for remuneration of the Board of Directors, the Agricultural Council and Group Management for approval by the General Meeting (see [3.1 Approval model of the General Meeting](#) in the Compensation report)
- the total amount of salary adjustments and bonuses for employees
- the composition of Group Management
- succession planning and the evaluation of candidates for the Board of Directors according to election regulations
- succession planning for the Chairman of Group Management and, at the request of the CEO, for the members of Group Management
- the succession planning system in the Emmi Group.

The **Agricultural Council**, which consists of members of the Board of Directors and specialists, supports the Board of Directors in monitoring the management of the company, in particular with regard to milk procurement and agricultural issues. As such, it is not a committee of the Board of Directors, but rather acts as an advisory body. The Agricultural Council comprises at least four individuals, of whom at least three are members of the Board of Directors (the Chairman of the Board of Directors plus two further members). Internal and external experts inform the Agricultural Council about the latest developments and provide its members with advice where necessary. On Emmi's side, the meetings are attended by the CEO, the Executive Vice President Switzerland and the Head of Industrial Business Switzerland as internal experts. The external experts are the Managing Directors of the regional milk producer organisation [ZMP](#), which has a stake in Emmi, and the national milk producer organisation [SMP](#). Other members are the presidents of the [national milk sector organisation BOM](#), the milk producer organisation [Mittelland Milch](#) and the Managing Director of the milk producer organisation [mooh](#). The Agricultural Council has no approval power.

The Agricultural Council assesses or processes the following, in particular, for the Board of Directors in an advisory or preparatory capacity:

- general political issues
- the development of the milk and cheese industry and its organisations
- the volume and price management of milk as a raw material
- milk and cheese procurement

3.5.3 Working methods of the Board of Directors, its committees and the Advisory Board

As a rule, the Emmi Board of Directors, its committees and the Advisory Board meet as often as business requirements dictate, but at least quarterly. The Personnel and Compensation Committee and the Agricultural Council generally meet twice a year. In the year under review, the Board of Directors held ten half-day meetings and one all-day meeting. The Audit Committee met five times for three hours each, and the Market Committee four times for three hours each. The Personnel and Compensation Committee met three times for two hours each. The meeting durations are averages. Attendance at all meetings of the Board of Directors and its three committees was 100% (see the following table). The Agricultural Council met twice for two hours each.

	Board of Directors		Committee		Council
	Board of Directors	Audit Committee	Personnel and Compensation Committee	Market Committee	Agricultural Council
Konrad Graber Chairman until 13.4.2023	3/10	1/5	1/3	1/4	1/2
Urs Riedener Chairman since 13.4.2023	7/10	4/5	2/3	3/4	1/2
Thomas Grüter Vice-Chairman	10/10		3/3	4/4	2/2
Monique Bourquin Member	10/10		3/3	4/4	2/2
Dominik Bürgy Member	10/10	5/5			
Christina Johansson Member	10/10	5/5			
Nadja Lang Member since 13.4.2023	7/10			3/4	
Hubert Muff Member	10/10	5/5			2/2
Alexandra Post Quillet Member until 13.4.2023	3/10			1/4	
Diana Strebel Member	10/10			4/4	
Werner Weiss Member	10/10				2/2
Pirmin Furrer					2/2
Peter Hegglin					0/2
Stefan Hagenbuch					2/2
Sabrina Schlegel					2/2
René Schwager					1/2

Meetings held by the Board of Directors are also attended by the CEO, the CFO and, depending on the topic, other members of Group Management and management. Certain individual items on the agenda are handled exclusively by the members of the Board of Directors. The entire extended Group Management participates in the strategy meeting held by the Board of Directors. The inclusion of members of Group Management in meetings held by the committees is described for the individual committees in section [3.5 Internal organisation](#). The inclusion of members of Group Management in meetings held by the committees is shown for the individual committees. With the exception of the Agricultural Council and Audit Committee, the Emmi Board of Directors holds its meetings without any external experts. An external legal expert was consulted at a meeting of the Board of Directors in 2023. The Chairman of the Board of Directors is a member of all committees for the purposes of coordinating the various committees of the Board of Directors and integrating the Board of Directors as a whole.

The chairpersons of the committees report to the Board of Directors at every Board meeting regarding their activities and results, and record details of their consultations and decisions in minutes that are distributed to all members of the Board of Directors. If any important issues arise, the Board of Directors is informed immediately following the meeting.

Overall responsibility for the duties assigned to the committees remains with the Emmi Board of Directors. The decisions of the Board of Directors are made with an absolute majority of the votes cast. In the event of a tied vote, the Chairman has the casting vote.

3.6 Definition of responsibilities between the Board of Directors and Group Management

The **Board of Directors** is responsible for the overall management of the company and the Group, as well as for monitoring the management of the company in accordance with [Art. 716a](#) of the Swiss Code of Obligations. On this basis, it deliberates on and determines issues including:

- the financial ambitions of the Group companies and the Group during the strategy period
- the target-setting system that serves as a basis for setting annual financial targets
- the annual financial targets of the Group companies and the Group
- the total investments for the subsequent year
- the annual and half-year results
- preparing the annual non-financial report and the annual due diligence report regarding child labour
- the Group structure up to and including Group Management
- the salary policy, in particular the remuneration system for the compensation of the members of the Board of Directors, the remuneration system for the compensation of Group Management, the total amount of salary adjustments and bonuses for employees
- ceiling amounts for remuneration of the Board of Directors, the Agricultural Council and Group Management for approval by the General Meeting (for approval model, see section [3.1 Approval model of the General Meeting](#) in the Compensation report 2023)
- the evaluation of the main risks
- multi-year financial and liquidity planning
- strategy-relevant cooperations and agreements, in particular the purchase and sale of participations, companies, etc.
- Group regulations
- incorporation, merger and dissolution of companies other than wholly-owned companies
- the approval of members of the Board of Directors of consolidated subsidiaries
- the nomination of candidates for the Board of Directors for the attention of the General Meeting

All other areas of management that are not reserved for the Board of Directors by law or the [organisational regulations](#) ([www.emmi.com](#) > Media & Investors > Reports & Downloads > Corporate Governance > Organisational Regulations Emmi AG) are delegated in full by the Board of Directors to the Chairman, CEO and Group Management. The Board of Directors can, at any time, on a case-by-case basis or on the basis of general powers reserved, intervene in the duties and areas of competence of the corporate bodies that report to it and take over business carried out by these bodies.

The **CEO** is the Chairman of Group Management. She leads, supervises and coordinates the members of Group Management and – for Group tasks – of the extended Group Management, and grants them the necessary authority to perform their functions. In particular, she is responsible for implementing strategic objectives, defining operational thrusts and priorities, and providing the necessary material and personnel resources for this purpose. She communicates regularly with the Chairman of the Board of Directors and the Board of Directors as a whole regarding business developments.

The **members of Group Management** consistently ensure the implementation of strategic Group management. They manage the subsidiaries from a financial point of view and influence their strategic orientation. Their areas of competence and responsibility are determined, in particular, by instructions from the CEO and the approved financial goals by the Board of Directors, as well as by the business strategy defined by the Board of Directors.

The **members of the extended Group Management** selectively fulfil strategic projects assigned to them by the CEO as part of their activities as long-standing former members of the Executive Board.

3.7 Information and control instruments vis-a-vis Group Management

The Emmi Board of Directors is informed at every meeting by the Chairman, the chairpersons of the committees, the CEO, the CFO and depending on the agenda item by other members of Group Management about current business developments, the financial situation and key business events. Additional information is provided during committee meetings. In the case of significant acquisitions, the Market Committee or delegations from the Board of Directors visit the companies concerned to assess the situation first-hand. The Chairman of the Board of Directors meets with a local Executive Board twice a year on average.

In addition to the meetings, every member of the Board of Directors can, having first informed the Chairman of the Board of Directors accordingly, request information from the members of Group Management about business developments and, with the authorisation of the Chairman, about individual transactions. The Chairman is kept up to date by the CEO on a regular basis, at least once every two weeks, and receives the minutes of all Group Management meetings. He and the CEO ensure an appropriate flow of information between Group Management and the Board of Directors. Members of the Board of Directors are informed immediately of exceptional incidents by means of circular letter.

Additional information and control systems are:

- Management Information System (MIS): Members of the Board of Directors receive a detailed Group Management Report, containing in-depth information on the company's financial position, on a monthly basis. The members of the Audit Committee receive a quarterly Group Treasury Report. A rolling prognosis for the following 18 months is additionally created at least three times a year. The Board of Directors is sent these documents and informed in detail about their contents.
- Risk management process: At least once a year, the Board of Directors is informed by the CEO regarding the main risks and their assessment on the basis of relevance and likelihood of occurrence. The Board of Directors approves the risk management measures defined by Group Management for implementation and monitors their progress (see [Notes to the consolidated financial statements](#) of the Emmi Group in the Annual Report 2023).
- External and internal audit: Details of the external auditor are provided in section [8 Auditors](#). Internal Audit is a management tool used by the Board of Directors and Group Management, and as such forms a fundamental part of the internal control system. It is directly associated with the Chairwoman of the Audit Committee, as well as the Audit Committee as a whole, through participation in its meetings, which are held at least quarterly (five meetings in the year under review). The Audit Committee approves the audit programme and the annual planning; it also receives all auditor's reports and is kept informed at its meetings of all findings and the resulting measures. In addition, the Head of internal Audit regularly meets with the Chairwoman of the Audit Committee.

Internal Audit works in accordance with standards defined in the Audit Manual and carries out audits in the entire Emmi Group. These audits involve assessing the risk potential in corporate governance, business processes and information systems of the company in terms of the reliability and integrity of accounting data and other fundamental information, the efficacy and efficiency of business processes, the securing of tangible and non-tangible business assets, and compliance with laws, ordinances and agreements. Internal Audit also works closely together with the external auditors and carries out special audits at the request of the Audit Committee. It evaluates the effectiveness of the internal and external control systems, as well as the risk management of the Emmi Group. Compliance is also supported and jointly monitored by the Legal department.

4. Group Management

4.1 Members of Group Management



Members of Emmi Group Management from left (as at the balance sheet date): Marc Heim, Raffael Payer, Sacha D. Gerber, Natalie Rüedi, Ricarda Demarmels (CEO), Kai Könecke, Jonas Leu, Robin Barraclough

	Year of birth	Nationality	Education	Current function
Ricarda Demarmels	1979	Swiss	Business Economist lic. oec. HSG	Chief Executive Officer (CEO)
Marc Heim	1967	Swiss	Business Economist lic. oec. HSG	Deputy CEO, Executive Vice President Switzerland
Robin Barraclough	1967	British/ Swiss	Economist	Executive Vice President Europe
Sacha D. Gerber	1975	Swiss	Certified Business Economist International Executive MBA HSG in General Management	Chief Financial Officer
Kai Könecke	1966	German	Dipl.-Ing. Mechanical Engineering	Chief Supply Chain Officer
Jonas Leu	1983	Swiss	Master in Food Science ETH Stanford Executive Program	Executive Vice President Americas
Raffael Payer	1981	Swiss	Master of Arts in Strategy & International Management HSG	Chief Marketing Officer
Natalie Rüedi	1971	Swiss	Certified Primary School Teacher EMBA, Lucerne University of Applied Sci- ences and Arts	Chief Human Resources Officer

4.2 Professional background and other activities and interests



Ricarda Demarmels

CEO and Chairwoman of Group Management since 2023, Member of Group Management since 2019

Professional background

2019–2022	Emmi Group, Chief Financial Officer
2015–2018	ORIOR Group, Chief Financial Officer
2009–2014	Capvis Equity Partners Switzerland, Investment Director
2005–2009	Oliver Wyman Financial Services, Project Manager
2002–2003	Swiss National Bank, Research Assistant

Other activities and vested interests

since 2018	Sensirion AG, Member of the Board of Directors, Chairwoman of the Audit Committee and Chairwoman of the Independent Directors' Committee
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Marc Heim

Executive Vice President Switzerland and Deputy CEO since 2017, Member of Group Management since 2009

Professional background

2014–2016	Emmi Group, Executive Vice President Europe
2009–2013	Emmi Group, Head of Sales
2004–2009	Halter Bonbons AG, Managing Director
1999–2004	Kambly AG, various management roles
1992–1999	Effems AG (now Mars Schweiz AG), various positions

Other activities and vested interests

since 2023	Reitzel Group, Member of the Board of Directors
since 2022	Promarca (Swiss branded goods association), Member of the Executive Committee
since 2022	Foodward, Member of the Council



Robin Barraclough

Executive Vice President Europe since 2017, Member of Group Management since 2009

Professional background

2014–2016	Emmi Group, Chief Marketing Officer
2009–2014	Emmi Group, Head of Marketing
2008	Kraft Foods, managing the coffee business in the German-speaking parts of Europe
1991–2007	Mars Incorporated, various managerial marketing roles at national and international level, latterly Senior Member of the Marketing Leadership Team at the European Masterfoods headquarters in Bremen (Germany)



Sacha D. Gerber

Chief Financial Officer and Member of Group Management since June 2023

Professional background

2018–2023	Calida Group, Group Chief Financial Officer
2016–2018	Hero AG, Member of the Executive Board, Chief Financial Officer/Chief Operating Officer & Head of BU Foodservice
2013–2016	Hero AG, Member of the Executive Board, Chief Financial Officer/Chief Operating Officer
2010–2012	Hero AG, Member of the Executive Board, Chief Financial Officer
2002–2010	Swatch Group, financial roles in various Group companies, including Chief Financial Officer for Microcomponents SA, Michel Präzisionstechnik AG, Mecco AG
2000–2002	Credit Suisse, Recovery Manager



Kai Könecke

Chief Supply Chain Officer and Member of Group Management since 2017

Professional background

2012–2016	Unilever Germany-Austria-Switzerland, Managing Director Supply Chain (D-A-CH)
2011–2012	Amazon, General Manager, Fulfillment Center Rheinberg (Germany)
2006–2011	Mars (Effems) Germany, Plant Director of the facility in Viersen (Germany)
1993–2006	Mars (Effems) Germany, various roles in Supply Chain, including Head of Logistics Germany and Head of Development of Supply Chain Management Europe



Jonas Leu

Executive Vice President Americas and Member of Group Management since 2022

Professional background

2021	Emmi Group, Deputy Executive Vice President Americas
2020	Emmi Group, Managing Director Quillayes Surlat SpA, Chile
2016–2019	Emmi Group, Managing Director Surlat Corporación SA, Chile
2013–2016	Emmi Group, Industry Manager Kaiku, Spain
2011–2012	Emmi Group, Managing Director of Nutrifrais SA, Geneva
1999–2011	Emmi Group, apprenticeship and various roles in production, quality management, development and engineering at different national locations



Raffael Payer

Chief Marketing Officer and Member of Group Management since October 2023

Professional background

2022–2023	Ghirardelli Chocolate Company, USA, Vice President of Restaurant, Retail & E-Commerce
2019–2022	Ghirardelli
2016–2019	Lindt & Sprüngli, Russia, Marketing Director
2014–2016	Mars Schweiz AG, Key Account Manager
2012–2014	Mars Schweiz AG, Group Brand Manager Bars
2011–2012	Mars Schweiz AG, Brand Manager Bars



Natalie Rüedi

Chief Human Resources Officer since 2014, Member of Group Management since 2011

Professional background

2009–2013	Emmi Group, Head of Human Resources, Member of extended Group Management until 2010
2004–2009	Emmi Group, responsible for developing and heading up staff development
2000–2004	Emmi Group, Human Resources Specialist
1992–2000	Teacher and headmistress at a primary school

Other activities and vested interests

since 2020	OPES Holding SA and OPES SA, Member of the Board of Directors
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Members of the extended Group Management



Matthias Kunz

Deputy Executive Vice President Americas and Member of the extended Group Management since 2022

Professional background

2002–2021	Emmi Group, Member of Group Management
2014–2021	Emmi Group, Executive Vice President Americas
2009–2013	Emmi Group, Head of International Division
2002–2009	Emmi Group, Head of International Cheese Division
1999–2002	Swiss Dairy Food, Member of Group Management
1997–1999	Toni International AG, Managing Director

4.3 Permitted number of activities

The members of Group Management may hold a maximum of two mandates in listed and five mandates in non-listed legal entities. In practice, the limits permitted by the Articles of Association are far from fully exhausted.

4.4 Management contracts

No management contracts exist.

5. Compensation, participations and loans

Information on remuneration, the definition process, statutory rules, participations, and loans and credits to members of the Board of Directors, Agricultural Council and Group Management can be found in the Compensation report (see [Compensation report 2023](#)).

6. Shareholders' rights of co-determination

6.1 Restrictions on voting rights and proxies

Emmi's Articles of Association contain no restrictions on voting rights. A shareholder who has voting rights may represent their shares themselves at the General Meeting or grant a power of attorney in writing to a representative of their choice or the independent proxy. Power of attorney and instructions to the independent proxy may be issued electronically.

6.2 Statutory quorum

Unless the law stipulates otherwise, the General Meeting passes its resolutions and performs its elections by a majority of the voting rights represented. In addition to the legal exceptions, the resolution concerning the amendment of the provision of the Articles of Association relating to the restrictions on registration (see section [2.6 Restrictions on transferability and nominee registration](#)) also requires at least two-thirds of voting rights represented and the majority of shares represented.

6.3 Convening of the General Meeting

The Ordinary General Meeting takes place annually, at the latest six months after the end of the financial year. It is convened by the Board of Directors. The procedure for convening Extraordinary General Meetings is governed by the applicable legal provisions.

The Board of Directors decides whether a General Meeting is held physically or virtually, by electronic means, and whether shareholders who do not attend a physical General Meeting can exercise their rights electronically.

6.4 Agenda

Shareholders who individually or jointly represent at least 0.5% of the share capital or votes can request that items be placed on the agenda at the General Meeting. Such requests must be submitted to the Board of Directors in writing at least 45 days before the General Meeting, citing the motions concerned.

6.5 Entries in the share register

The share register is usually closed ten days prior to the General Meeting. The Board of Directors may approve exceptional subsequent entries on request. The effective closing date is published in the invitation to the General Meeting and in good time in the financial calendar on the Emmi website at:

www.emmi.com > Media & Investors > [Financial calendar](#)

7. Change of control/Defensive measures

7.1 Obligatory offer

Emmi's Articles of Association include neither an "opting up" clause pursuant to [Art. 135 \(1\) FinMIA](#) nor an "opting out" clause pursuant to [Art. 125 \(4\) FinMIA](#) regarding the legal obligation to make a takeover bid.

7.2 Change-of-control clauses

No contractual agreements exist either for members of the Board of Directors, members of Group Management or other management members in the event of a change in the controlling majority stake.

8. Auditors

8.1 Duration of the mandate and term of the Auditor in Charge

At the General Meeting 2014, KPMG, Lucerne, was elected as the new auditors for one financial year. Since then, they have been re-elected annually. According to the Articles of Association, their term ends with the approval of the financial statements for the relevant financial year. The Auditor in Charge, François Rouiller, has been in office since the General Meeting 2021. According to the provisions of the Swiss Code of Obligations, he may execute this mandate for a maximum of seven years.

8.2 Audit fees

For the year under review, the agreed audit fees for the performance of their mandate as statutory auditors (including the audit of the consolidated financial statements) amounted to a total of KCHF 1,416.

8.3 Additional fees

During the year under review, KPMG charged a total of KCHF 411 for additional services beyond the scope of their statutory mandate. These fees included KCHF 100 for audit related services, KCHF 159 for tax advice and KCHF 152 for other consulting services.

8.4 Information tools used by the external auditors

The supervision and monitoring of the auditors is exercised by the full Board of Directors. The Board of Directors' Audit Committee assesses the performance, invoicing and independence of the external auditors and provides the Board of Directors with corresponding recommendations. It also annually reviews the scope of the audit, the audit plans and the relevant procedures, and discusses the audit reports with the Auditor in Charge. Details of the term of the Auditor in Charge can be found in section 8.1. The report on the final audit of the annual accounts is also sent to all members of the Board of Directors for the final approval of the Annual Report. The Auditor in Charge attended three meetings of the Audit Committee in the year under review. Details on internal Audit are provided in section [3.7 Information and control instruments vis-a-vis Group Management](#).

9. Information policy

Investor Relations guidelines: Emmi strives to maintain open and ongoing communication with shareholders, existing and potential investors, and other stakeholder groups. Emmi aims to provide rapid, real-time and transparent information about the company, its strategy and business developments, and to offer a truthful picture of Emmi's performance in the past and the present, as well as its future prospects. This picture is intended to reflect the assessment of the current situation of the company by Group Management and the Board of Directors.

Methodology: Emmi publishes an extensive Annual Report every year that presents operating activities, corporate governance and financial reporting for the current year, drafted and audited in accordance with [Swiss GAAP FER](#). A half-year report is also published.

Furthermore, media releases are published about events relevant to the share price, such as acquisitions, minority or majority shareholdings, joint ventures and alliances in accordance with guidelines relating to ad-hoc publicity. Important announcements, in particular half- and full-year results, are accompanied by presentations together with press and analyst conferences or analyst calls.

Emmi meets during the course of the year with institutional investors both in Switzerland and abroad, presents its published results on a regular basis, organises road shows and holds meetings with individual institutional investors and groups. The main point of contact for these meetings and presentations is the Head of Investor Relations. The meetings and presentations focus on Emmi's financial results, its strategic orientation and the current initiatives of the Group.

Emmi uses the Internet in order to ensure rapid, real-time and consistent distribution of information. The company's website features an electronic information tool that enables shareholders and other interested parties to add their names to an electronic distribution list: www.emmi.com > Media & Investors > [Emmi News Service](#)

Media releases and investor information can be accessed via the following link: www.emmi.com > Media & Investors > [Media Releases](#)

Notifications to SIX Exchange Regulation of participations that exceed the level at which notification becomes obligatory can be found via the following link: www.six-group.com > Market Data > Shares > List of Equity Issuers > Symbol, Company = Emmi (magnifying glass) > [Emmi AG](#)

Contact for Investor Relations: Emmi Management AG, Corporate Communications & IR, Landenbergstrasse 1, P.O. Box 230, CH-6002 Lucerne, Phone +41 58 227 50 69, E-mail ir@emmi.com, www.emmi.com

Important dates:

- The annual results press conference on the occasion of the publication of the annual results is scheduled for 29 February 2024.
- The General Meeting will take place on 11 April 2024. All registered shareholders will receive an invitation to the General Meeting by post.
- The next business results (half-year results 2024) will be published on 14 August 2024.

10. Trading blackout periods

For members of the Board of Directors, Group Management and the global management teams (management level 2) and other selected employees – primarily from the Finance and Corporate Communications departments – a general ban on trading in Emmi shares, bonds, options and derivatives applies for a defined period prior to the publication of the annual and half-year results. These general trading blackout periods extend from the first working day in January and July until after publication of the annual and half-year results. No exceptions are foreseen.

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1. Guidelines

Productive employees with integrity are the key factor in Emmi's success. They enable objectives to be met through their commitment, mutual respect and honest business practices. In this way, they contribute to the sustainable growth of the Group. Remuneration is only one part of the overall reward: respect, meaningful work, responsible organisation of the working environment and opportunities for further development are just as important.

The Board of Directors supports employees and thus the corporate strategy with an appropriate remuneration policy, i.e. one that is performance-focused and in line with market conditions and that incorporates the company's commercial development. Basic remuneration should reflect the requirements, skills and responsibilities of the respective role, as well as the performance and conduct of the employee. In addition, it should provide income security. The variable remuneration component at management level strengthens shared responsibility. It focuses performance and conduct on sustainable business development and provides the opportunity to share in the company's success.

The Board of Directors firmly believes that the aforementioned factors improve and reward job motivation while at the same time reflecting Emmi's corporate values. It therefore considers a share and option programme to be unnecessary at present, also with a view to a simple and transparent remuneration system.

With regard to the remuneration of the company's management, [Article 31 \(1\) of the Articles of Association of Emmi AG](#) (report.emmi.com > Download-Center > Corporate Governance > Articles of Association Emmi AG (in German)) states: Remuneration of members of the Board of Directors, Group Management and any advisory body should be adequate, competitive and performance-based and should be determined in accordance with the strategic objectives and success of the Emmi Group.

2. Remuneration system

2.1 Remuneration components

The remuneration of the Board of Directors and the Agricultural Council is a fixed remuneration. The remuneration of Group Management comprises a fixed and a variable component. Variable means: depending on success and performance in the previous financial year in connection with defined objectives ("bonus"). The variable remuneration of a member of Group Management may not exceed the member's fixed remuneration. No long-term variable component has been implemented. For further information on this topic see section [2.3 Remuneration of Group Management](#).

According to [Article 31 \(3\) of the Articles of Association of Emmi AG \(report.emmi.com > Download-Center > Corporate Governance > Articles of Association Emmi AG \(in German\)\)](#), the company can issue equity securities, conversion or option rights, or other rights to equity securities to members of the Board of Directors, the Agricultural Council and Group Management as part of their remuneration. Emmi currently intentionally forgoes share or option plans or other share ownership programmes. This is intended to ensure that the remuneration system remains straightforward and transparent.

2.2 Remuneration of the Board of Directors and the Agricultural Council

The remuneration of members of the Board of Directors and the Agricultural Council is not related to performance. It is therefore purely basic remuneration, which is paid in cash. It comprises a basic salary and compensation for attending meetings. The amount of the remuneration reflects the time and work which the members invest to fulfil their duties in the Board of Directors, the Agricultural Council and the three committees, as well as in the two pension fund foundations. In particular, the members of the Board of Directors and the Agricultural Council do not receive any bonus payments or other financial benefits such as employee terms and conditions or discounted share options. They have no entitlement to services or non-cash benefits.

Once a year, the Personnel and Compensation Committee assesses the remuneration of the Board of Directors compared to listed (small cap) and private Swiss companies. The Committee takes into account companies from the consumer goods sector with a similar level of internationalisation, together with firms based in the region from various sectors and of different sizes. Approximately 20 companies meeting the criteria given above, primarily from the food, machinery, plastics and retail industries, served as the comparison group. In addition, the Committee has access to an external benchmark study from 2021 which compared the remuneration of the Emmi Board of Directors with external salaries and analysed whether the current remuneration and remuneration structure were in line with the market.

The basic remuneration and social security contributions as set out in the table in section [6 Remuneration for the year under review](#) are components of the fixed remuneration. The General Meeting approves this fixed remuneration as a maximum ceiling amount for the current financial year.

2.3 Remuneration of Group Management

Remuneration of the members of Group Management comprises a fixed and a variable remuneration component (short-term bonus). Both components are paid in cash.

The basic remuneration reflects the experience, knowledge and continuing performance of members of Group Management as well as the competitiveness in external market comparisons based on function-related salary benchmarks. The Personnel and Compensation Committee has access to a current external study from 2021 for the purpose of comparing the adequacy and competitiveness of the total remuneration. The same comparison group was used for the function-related salary benchmark and for the assessment of the remuneration of the Board of Directors.

The basic remuneration, non-cash benefits (company car) and relevant social security and pension benefits as set out in the table in section [6 Remuneration for the year under review](#) are components of the fixed remuneration. The General Meeting approves this fixed remuneration prospectively as a maximum ceiling amount for the coming financial year.

The Personnel and Compensation Committee decides the fixed remuneration of the CEO and other members of Group Management for the following year, taking into account the maximum ceiling amount approved by the General Meeting.

Variable remuneration: [Article 31 \(2\) of the Articles of Association of Emmi AG](#) (report.emmi.com > Download-Center > Corporate Governance > Articles of Association Emmi AG (in German)) states that the variable remuneration paid to a member of Group Management must not exceed the member's fixed remuneration. This is a bonus based on achievement of performance targets, which is paid in cash. The amount reflects the result of the previous financial year and comprises the following three criteria:

- Group performance (weighting 50%)
- business area performance (weighting 30%)
- achievement of individual performance targets (weighting 20%)

The measurement of business performance is based on the three pillars of sales, income and market share. For service areas, the relevant targets also relate to ongoing development with a view to providing the core business with continuously better support.

The non-achievement of targets may lead to this remuneration not being paid at all in extreme cases; in the event of over achievement of targets, it can increase up to a maximum of 120% of the target amount. The variable remuneration of the CEO and the other members of Group Management is agreed by the Personnel and Compensation Committee in connection with the business results. The General Meeting approves the total variable remuneration from the previous financial year.

3. Responsibilities and definition process

3.1 Approval model of the General Meeting

Article 34 (1) of the Articles of Association of Emmi AG (report.emmi.com > Download-Center > Corporate Governance > Articles of Association Emmi AG (in German)) defines the approval model. Each year, the General Meeting approves in a separate and binding manner the proposals put forward by the Board of Directors with regard to:

- the maximum total amount of remuneration of the Board of Directors and the Agricultural Council for the current financial year
- the maximum total amount of fixed remuneration for Group Management for the following financial year
- the total amount of variable remuneration for Group Management for the previous financial year

The following **approval model** clarifies on which remuneration components and for which period the shareholders will vote on at the Ordinary General Meeting 2024.

Approval model for the General Meeting 2024



3.2 Decision-making process

Remuneration system: The Board of Directors determines the principles of the remuneration system for the Board of Directors and Group Management as part of its general overall management. The Personnel and Compensation Committee undertakes its regular review and assessment. In this respect, it supports the Board of Directors in determining the remuneration system. External experts would only be involved at most in a fundamental restructuring of the remuneration system.

Remuneration amounts: The Personnel and Compensation Committee submits a proposal for the remuneration of the members of the Board of Directors to the Board of Directors. The Board of Directors decides annually on its remuneration and submits the maximum total remuneration to the General Meeting for approval.

The remuneration for the Chairman of the Board of Directors, the members of the Agricultural Council, the CEO and the other members of Group Management is decided annually by the Personnel and Compensation Committee. The Board of Directors proposes the total amounts of the relevant remuneration to the General Meeting for approval.

3.3 Personnel and Compensation Committee

With the exception of the remuneration of the members of the Board of Directors, the Personnel and Compensation Committee decides on remuneration. It defines the remuneration of the Chairman of the Board of Directors and CEO (associate member) in compliance with the rules on abstention.

Composition of the Personnel and Compensation Committee

Election by the General Meeting 2023 until the General Meeting 2024.

Urs Riedener Chairman	Independent Member and Chairman of the Board of Directors
Monique Bourquin Member	Independent Member of the Board of Directors
Thomas Grüter Member	Independent Member and Vice-Chairman of the Board of Directors

4. Loans and credits

[Article 32 \(2\) of the Articles of Association of Emmi AG \(report.emmi.com Download-Center > Corporate Governance > Articles of Association Emmi AG \(in German\)\)](#) stipulates that the members of the Board of Directors, Agricultural Council and Group Management may be granted advance payments up to a maximum of KCHF 1,000, in particular in the form of advances on costs for litigation connected to the activity of the person concerned as a member of the Board of Directors, Agricultural Council or Group Management. These limits were not utilised in the financial year.

5. Proposals to the General Meeting

The proposed total amounts ensure the required level of entrepreneurial flexibility to be able to react to changes (additional members of the Board of Directors, Agricultural Council and Group Management; transfers in committees; extraordinary occurrences; general reserve). There is no intention to use up the full ceiling amounts. [Article 34 \(3\) of the Articles of Association of Emmi AG](#) (report.emmi.com > Download-Center > Corporate Governance > Articles of Association Emmi AG (in German)) provides for an additional amount of a maximum of 20% if additional or replacement members are appointed to Group Management following approval of the fixed remuneration.

All amounts mentioned under point 5 are in KCHF.

5.1 Board of Directors

Approval of the total amount of fixed remuneration of the Board of Directors up to a maximum of KCHF 1,300 for financial year 2024.

Proposal to GM 2024 for full year 2024	Remuneration paid 2023 (see section 6)	Proposal to GM 2023 for full year 2023
1,300 (ceiling amount)	1,243	1,300 (ceiling amount)

5.2 Agricultural Council

Approval of the total amount of fixed remuneration of the Agricultural Council up to a maximum of KCHF 40 for financial year 2024.

Proposal to GM 2024 for full year 2024	Remuneration paid 2023 (see section 6)	Proposal to GM 2023 for full year 2023
40 (ceiling amount)	33	40 (ceiling amount)

5.3 Group Management fixed remuneration

Approval of the total amount of fixed remuneration of Group Management up to a maximum of KCHF 5,540 for financial year 2025.

Proposal to GM 2024 for full year 2025	Proposal to GM 2023 for full year 2024	Fixed remuneration paid 2023 (see section 6)	Proposal to GM 2022 for full year 2023
5,540	5,200	4,523	5,540
(ceiling amount)	(ceiling amount)		(ceiling amount)

5.4 Group Management variable remuneration

Approval of the total amount of variable remuneration of Group Management of KCHF 1,279 for financial year 2023.

Proposal to GM 2024 for full year 2023 (see section 6)	Variable remuneration 2022 paid in 2023	Proposal to GM 2023 for full year 2022
1,279	1,189	1,189

6. Remuneration for the year under review

in CHF 000s

	Fixed remuneration			Variable remuneration				
	Basic remuneration ¹⁾	Non-cash benefits	Other remuneration ²⁾	Total fixed ³⁾	Bonus ¹⁾	Total variable	Total fixed and variable	Total previous year
Board of Directors								
Urs Riedener								
Chairman								
(since 13.4.2023)	249	–	43	292	–	–	292	n/a
Thomas Grüter								
Vice-Chairman	97	–	25	122	–	–	122	115
Monique Bourquin								
Member	78	–	28	106	–	–	106	117
Dominik Bürgy								
Member	64	–	17	81	–	–	81	86
Konrad Graber								
Chairman								
(until 13.4.2023)	169	–	29	198	–	–	198	314
Christina Johansson								
Member	75	–	20	95	–	–	95	109
Nadja Lang								
Member (since 13.4.2023)	52	–	14	66	–	–	66	n/a
Hubert Muff								
Member (since 7.4.2022)	66	–	18	84	–	–	84	69
Thomas Oehen-Bühlmann								
Vice-Chairman								
(until 7.4.2022)	–	–	–	–	–	–	n/a	64
Alexandra Post Quillet								
Member (until 13.4.2023)	34	–	1	35	–	–	35	82
Franz Steiger								
Member (until 7.4.2022)	–	–	–	–	–	–	n/a	41
Diana Strebel								
Member	71	–	20	91	–	–	91	92
Werner Weiss								
Member (since 7.4.2022)	57	–	16	73	–	–	73	60
Total Board of Directors	1,012	–	231	1,243	–	–	1,243	1,149
Agricultural Council								
Pirmin Furrer	6	–	1	7	–	–	7	7
Stephan Hagenbuch	7	–	–	7	–	–	7	7
Peter Hegglin	4	–	1	5	–	–	5	7
Andreas Hitz (until 30.6.2022)	–	–	–	–	–	–	n/a	4
Sabrina Schlegel								
(since 1.7.2022)	6	–	2	8	–	–	8	4
René Schwager	6	–	–	6	–	–	6	7
Total Agricultural Council	29	–	4	33	–	–	33	36
Group Management								
Ricarda Demarmels, CEO								
(since 1.1.2023)	706	5	170	881	368	368	1,249	n/a
Urs Riedener, CEO								
(until 31.12.2022)	–	–	–	–	–	–	n/a	1,676
Other members	2,750	26	866	3,642	911	911	4,553	4,151
Total Group Management	3,456	31	1,036	4,523	1,279	1,279⁴⁾	5,802	5,827

¹⁾ Basic remuneration and bonuses comprise payments already made or still to be made and social security and pension contributions made by the employee.

²⁾ Other compensation comprises all additional benefits, such as pensions, child allowances and mandatory social security contributions made by the employer that are currently paid to the Board of Directors or to the members of Group Management directly or that will be paid to them at a later stage after the end of their employment.

³⁾ The remuneration of the Board of Directors also includes work in the committees, in the Agricultural Council (see Corporate Governance report for allocation of duties) and in the two pension fund foundations. Emmi Group employees who are members of the Agricultural Council do not receive any compensation for their work on the Agricultural Council.

⁴⁾ Subject to approval by the General Meeting.

Loans and credits in the year under review

No loans or credits were granted or made to members of the Board of Directors, Agricultural Council or Group Management in the year under review, and none were outstanding as at 31 December 2023. In addition, no loans or credits have been granted to former members of the Board of Directors, Agricultural Council or Group Management, or to related parties of current or former members of the Board of Directors, Agricultural Council or Group Management, and none were outstanding as at 31 December 2023.

7. Participations of members of the Board of Directors, the Council and Group Management

As at 31 December 2023, individual members of the Board of Directors, the Agricultural Council and Group Management (including affiliated persons) held the following number of shares in the company:

	No. of shares 31.12.2023	No. of shares 31.12.2022
Board of Directors		
Urs Riedener, Chairman (since 13.4.2023)	–	n/a
Thomas Grüter, Vice-Chairman	–	–
Monique Bourquin, Member	–	–
Dominik Bürgy, Member	–	–
Konrad Graber, Chairman (until 13.4.2023)	n/a	960
Christina Johansson, Member	–	–
Nadja Lang, Member (since 13.4.2023)	–	n/a
Hubert Muff, Member	–	–
Alexandra Post Quillet, Member (until 13.4.2023)	n/a	–
Diana Strebel, Member	–	–
Werner Weiss, Member	58	58
Agricultural Council		
Pirmin Furrer	–	–
Stephan Hagenbuch	50	50
Peter Hegglin	–	–
Sabrina Schlegel	–	–
René Schwager	–	–
Group Management		
Ricarda Demarmels, Member (until 31.12.2022), CEO (since 1.1.2023)	–	–
Marc Heim, Deputy CEO	150	150
Robin Barraclough, Member	20	20
Sacha D. Gerber, Member	–	n/a
Kai Könecke, Member	–	–
Jonas Leu, Member	–	–
Thomas Morf, Member (until 31.8.2023)	n/a	–
Raffael Payer, Member (since 1.10.2023)	–	n/a
Urs Riedener, CEO (until 31.12.2022)	n/a	–
Natalie Rüedi, Member	–	–

The members of the Board of Directors, the Agricultural Council and the Group Management own a total of 278 shares (previous year: 1,238 shares) and thus hold 0.01% of the voting rights (previous year: 0.02%).

8. Other mandates

In accordance with [Art. 734e](#) of the Swiss Code of Obligations, the following list shows all other mandates which the members of the Board of Directors, the Agricultural Council and Group Management have in comparable functions in other companies with an economic purpose within the meaning of [Art. 626 para. 2 \(1\)](#) of the Swiss Code of Obligations:

8.1 Board of Directors

Urs Riedener

since 2023	Sandoz AG, Member of the Board of Directors, Chair HC & ESG Committee
since 2022	Schwarz Unternehmenstreuhand KG, Member of the Advisory Board
since 2014	Bystronic AG (formerly Conzetta), Member of the Board of Directors, Chairman of the Personnel Committee

Thomas Grüter

since 2021	Central Switzerland Milk Producers Cooperative (ZMP), Chairman
since 2021	Swiss Milk Producers (SMP), Member of the Board
since 2021	Swiss Farmers' Union, Member Chamber of Agriculture and Delegate
since 1996	Sonnhaldenhof St. Urban, Tenant Farmer and Employer

Monique Bourquin

since 2023	Swisscom AG, Member of the Board of Directors, Chair of the Compensation Committee
since 2023	Lindt & Sprüngli AG, Member of the Board of Directors, Chairwoman of the Compensation and Nomination Committee
since 2023	Rivella AG, Member of the Board of Directors
since 2021	W. Kündig & Cie AG, Member of the Board of Directors
since 2017	Promarca (Swiss branded goods association), President
since 2017	Kambly AG, Member of the Board of Directors
2019–2023	Weleda AG, Member of the Board of Directors

Dominik Bürgy

since 2022	Logad Holding AG, Member of the Board of Directors
since 2022	Oritor AG, Member of the Board of Directors
since 2022	Ormand AG, Member of the Board of Directors
since 2020	Kuehne + Nagel International AG, Member of the Board of Directors
since 2020	Arban AG, Member of the Board of Directors
since 2019	Wenger & Vieli, Attorneys at Law, Partner
since 2019	Edelweiss AG, Member of the Board of Directors

Christina Johansson

since 2022	Dormakaba AG, CFO
since 2021	About You AG, Member of the Supervisory Board and Chairwoman of the Audit Committee

Nadja Lang

since 2022	Genossenschaft ZFV-Unternehmungen, CEO and Delegate of the Board of Directors
since 2020	Pax, Swiss Life Insurance Company Ltd, Member of the Board of Directors, Chairwoman of the Nomination and Compensation Committee
2014–2023	Swiss Post AG, Member of the Board of Directors, Chairwoman of the People, Sustainability, Governance Committee

Hubert Muff

since 2021	Central Switzerland Milk Producers Cooperative (ZMP), Member of the Board
since 2014	Windbloßen Neuenkirch dairy cooperative, President
since 2014	Farm in Windbloßen Neuenkirch, Manager

Diana Strebel

since 2011	Globalance Bank AG, Vice President of the Board of Directors
since 2009	Ricola AG, Member of the Board of Directors
2009–2023	Strebel-Birt AG consultancy firm for brand management, marketing and communications, Managing Director and Co-founder

Werner Weiss

since 2020	ZMP Invest AG, Member of the Board of Directors
since 2005	Genossenschaft Zentralschweizer Milchproduzenten ZMP, Member of the Board, Member of the Personnel Committee
since 1992	Family farm in Feldheim Meierskappel, Farm Manager

8.2 Agricultural Council

Pirmin Furrer

since 2020	ZMP Invest AG, Managing Director
since 2010	Neue Napfmilch AG, Member of the Board of Directors
since 2010	Central Switzerland Milk Producers Cooperative (ZMP)

Stephan Hagenbuch

since 2022	Floralp GmbH, Member of the Board of Directors
since 2018	Landwirtschaftlicher Informationsdienst, Chairman
since 2018	Liebefeld Kulturen AG, Member of the Board Directors
since 2017	Swiss Farmers' Union, Member of the Chamber of Agriculture
since 2017	Schweizer Agrarmedien AG, Member of the Board of Directors
since 2017	BO Butter GmbH, Member of the Board of Directors
since 2017	Agro Marketing Suisse, Member of the Board of Directors
since 2017	TSM Treuhand GmbH, Member of the Board of Directors
since 2012	Branchenorganisation Milch, Member of the Board of Directors
since 2012	Vorsorge- und Zusatzstiftung SMP, Foundation Board
since 2006	Stiftung Fonds für Appenzeller Käse, Foundation Board
since 2006	Sortenorganisation Appenzeller Käse GmbH, Member of the Board of Directors

Peter Hegglin

since 2022	santesuisse, Member of the Board of Directors
since 2020	Hürlimann AG, Member of the Board of Directors
since 2017	RVK Rück AG, Chairman of the Board of Directors

Sabrina Schlegel

since 2022	SMP, Member of the Board of Directors
since 2022	Mittelland Milch, Chairwoman of the Board of Directors
since 2022	Chamber of Agriculture (LaKa), Member
since 2017	Vital AG, Member of the Board of Directors

René Schwager

since 2019	mooh Genossenschaft, Managing Director
since 2016	swissmooh AG, Delegate of the Board of Directors
since 2016	swissmoh Qingdao Ltd., Executive Director
since 2016	Käserei Laubach AG, Delegate of the Board of Directors
since 2009	Milk sector organisation (BOM), Member of the Board of Directors

8.3 Group Management

Ricarda Demarmels

since 2018	Sensirion AG, Member of the Board of Directors, Chairwoman of the Audit Committee and Chairwoman of the Independent Directors' Committee
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Marc Heim

since 2023	Reitzel Group, Member of the Board of Directors
since 2022	Promarca (Swiss branded goods association), Member of the Executive Committee
since 2022	Foodward, Member of the Council

Robin Barraclough

since 2008	Prokopsche Family Foundation (Traismauer, Austria), Foundation Board
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Natalie Rüedi

since 2020	OPES Holding SA and OPES SA, Member of the Board of Directors
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8.4 Extended Group Management

Matthias Kunz

since 2022	Pasta Röthlin AG, Member of the Board of Directors
since 2009	Kunz Kunath AG, Member of the Board of Directors
since 2006	Kunz Kunath Holding AG, Member of the Board of Directors

9. Auditor's report



Report of the statutory auditor

To the General Meeting of Emmi AG, Luzern

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Emmi AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the chapters «6. Remuneration for the year under review», «7. Participations of members of the Board of Directors, the Council and Group Management» and «8. Other mandates» on pages 76 to 84 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Compensation Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the chapters «6. Remuneration for the year under review», «7. Participations of members of the Board of Directors, the Council and Group Management» and «8. Other mandates» in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material



misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2024

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Income statement

Sales

In 2023 Emmi generated organic growth of 3.5% and net sales of CHF 4,242.4 million. This represented a slight increase of 0.3% on the previous year's figure of CHF 4,230.0 million. This overall growth consists of organic growth of 3.5%, a negative acquisition effect of 1.0% and a negative foreign currency effect of 2.2%. Organic growth is therefore within the range of our own expectations for the year as a whole (3% to 4%), which were confirmed at the end of the first half of the year. Compared to the previous year's high organic growth, which was heavily affected by inflationary developments, organic growth during the year under review was still heavily price-driven, although in line with expectations flattened out during the second half of the year due to the fading away of price effects.

Organic growth on the home market in Switzerland amounted to 3.8%, thereby outperforming our expectations. Alongside price effects, this growth is attributable in particular to proven brand concepts such as Emmi Caffè Latte, Emmi Energy Milk and Aktifit in the fresh products segment and Luzerner Rahmkäse and Gerber in the cheese segment. The division Americas achieved organic growth of 5.7%, which was slightly below our expectations. Sales development in this division was held back in particular by performance in the US, the most significant foreign market, in the cheese segment. Conversely, companies in Chile, Brazil, Mexico and Spain made a positive contribution, with each achieving significant growth. The division Europe also performed below our expectations, posting an organic decline in sales of 0.4% due to the challenging economic environment. In particular the Swiss cheese exports and the goat's milk powder business in the Netherlands held back sales development in the division Europe. On the other hand, Emmi Caffè Latte, chilled premium Italian desserts and Dutch fresh goat's cheese made a positive contribution to performance.

Thanks to leading market positions and differentiated brands and innovations, the strategic niche of ready-to-drink coffee experienced further strong growth. The continued strong sales performance of Emmi Caffè Latte in Spain, Switzerland and in division Europe's key markets is especially pleasing. Sales in the speciality cheeses segment increased further, although exchange rate and price effects had a tangibly negative effect on foreign demand for Swiss speciality cheeses. Among chilled premium desserts, in particular Emmi Dessert USA stood out, once again posting satisfactory growth. On the other hand, sales of plant-based milk alternatives dropped overall in the face of challenging market conditions.

The negative acquisition effect is due to the divestment of Gläserne Molkerei (Germany, 14 August 2023).

Developments in the divisions Switzerland, Americas, Europe and Global Trade are explained below.

Sales development Switzerland

Net sales by product group: Switzerland

in CHF million	Sales 2023	Sales 2022	Difference 2023/2022	Acquisition effect	Organic growth
Dairy products	687.9	661.1	4.1%	–	4.1%
Cheese	418.2	411.4	1.6%	–	1.6%
Fresh products	382.1	362.3	5.5%	–	5.5%
Fresh cheese	115.2	106.0	8.7%	–	8.7%
Powder/concentrates	82.0	86.4	-5.0%	–	-5.0%
Other products/services	76.6	70.9	8.1%	–	8.1%
Total Switzerland	1,762.0	1,698.1	3.8%	–	3.8%

The **Switzerland** division achieved sales of CHF 1,762.0 million in 2023 (previous year: CHF 1,698.1 million), corresponding to organic growth of 3.8%. Growth thus flattened out over the second half of the year in line with expectations, although exceeded our own expectations for the year as a whole (2.0% to 3.0%). Growth was generated by, inter alia, brand concepts such as Emmi Caffè Latte, Emmi Energy Milk and Aktifit in the fresh products segment and Luzerner Rahmkäse and Gerber in the cheese segment. Growth was also boosted by the continuing recovery in the food service sector and price effects. The division Switzerland accounted for 41.5% of Group sales (previous year: 40.1%).

Sales in the **dairy products** segment (milk, cream, butter) rose by 4.1%, reflecting not only price effects but also the highly dynamic food service sector as well as strategic retail trade channels. Emmi also performed strongly with new products such as organic milk in reusable glass bottles and milk packaging depicting Disney characters.

The **cheese** segment posted organic growth of 1.6%. Most of the increase related to the processed cheese segment, where in particular Gerber-brand products have been becoming increasingly popular. Despite the challenging environment in the natural cheese segment, the further growth achieved by Luzerner Rahmkäse was a positive note.

The **fresh products** segment grew pleasingly by 5.5% in organic terms, proving to be a major growth driver of the division. Thanks to various innovations and new products, the branded products Emmi Caffè Latte, Emmi Energy Milk and Aktifit in particular continued to enjoy great popularity and recorded correspondingly strong gains.

In addition, the **fresh cheese** segment reported pleasing growth of 8.7%, primarily driven by sales of mozzarella and quark in the retail and food service business.

The decline in sales by 5.0% in the **powder/concentrates** segment reflects the lower sales of milk powder to industrial customers.

The **other products/services** segment experienced strong organic growth of 8.1%. This is due to higher revenue from services and trading goods for the food service sector.

Sales development Americas

Net sales by product group: Americas

in CHF million	Sales 2023	Sales 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Cheese	635.2	663.0	-4.2%	–	-4.7%	0.5%
Dairy products	427.1	414.1	3.2%	–	-4.1%	7.3%
Fresh products	367.2	342.7	7.1%	–	-5.6%	12.7%
Fresh cheese	98.7	96.9	1.8%	–	-1.3%	3.1%
Powder/concentrates	48.5	40.2	20.7%	–	-3.9%	24.6%
Other products/services	122.1	117.0	4.3%	–	0.0%	4.3%
Total Americas	1,698.8	1,673.9	1.5%	–	-4.2%	5.7%

The division **Americas** includes the Emmi Group companies in the US, Brazil, Spain, Chile, Tunisia, Mexico and Canada.

The division Americas achieved organic sales growth during the reporting period of 5.7% and sales of CHF 1,698.8 million. This represents an overall increase in sales of 1.5% compared to the previous year (CHF 1,673.9 million). Strongly negative currency effects, due in particular to the devaluation of the US dollar against the Swiss franc, had a negative impact on performance, reducing it by 4.2%. The organic sales growth of 5.7% was slightly below our expectations (6% to 8%). Group companies in Chile, Brazil, Mexico and Spain stood out as drivers of growth for the division. The division Americas accounted for 40.1% of Group sales (previous year: 39.6%).

The largest segment in terms of sales, **cheese**, achieved only moderate organic growth of 0.5%. In particular, business in the US posted negative performance in terms of both locally produced cheese and speciality cheese imported from Switzerland. On the other hand, trading business in Canada and Mexico grew, as did sales of locally produced cheese in Chile and Brazil.

The **dairy products** segment recorded organic growth of 7.3%. This development was driven primarily by business in Chile, which improved significantly following the previous year's operational distribution difficulties. Emmi also achieved significant growth in Spain with cow's milk and in the US with goat's milk under the Meyenberg brand. The decline in sales in Tunisia due to a shortage of milk, by contrast, restricted growth in this segment.

Organic growth of 12.7% was achieved in the **fresh products** segment. The largest contribution came from Spain where, alongside yogurt, further significant growth was pleasingly achieved also by Emmi Caffè Latte. Moreover, the speciality desserts of Emmi Dessert USA and yogurt and yogurt drinks in Chile, Tunisia and Brazil contributed strongly to organic growth in this segment.

The organic growth of 3.1% in the **fresh cheese** segment resulted primarily from Mexideli's trading business and locally produced fresh cheese under the Green Valley brand in California, while growth in this segment was held back by the performance of the mozzarella business in Brazil. On the other hand, Brazil was the main driver of organic growth of 24.6% in the **powder/concentrates** segment. Organic growth of 4.3% in the **other products/services** segment is primarily due to the positive development in Mexideli's trading business.

Sales development Europe

Net sales by product group: Europe

in CHF million	Sales 2023	Sales 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Fresh products	362.9	371.8	-2.4%	-1.2%	-3.7%	2.5%
Cheese	124.4	138.5	-10.2%	-0.4%	-3.2%	-6.6%
Dairy products	55.8	96.8	-42.4%	-38.4%	-1.9%	-2.1%
Fresh cheese	46.3	43.2	7.4%	–	-3.6%	11.0%
Powder/concentrates	35.3	39.8	-11.6%	-0.3%	-3.0%	-8.3%
Other products/services	36.7	40.3	-8.9%	-0.3%	-3.1%	-5.5%
Total Europe	661.4	730.4	-9.5%	-5.8%	-3.3%	-0.4%

The division **Europe** includes the Emmi Group companies in Italy, Germany, the Netherlands, France, the UK and Austria.

The division Europe suffered a slight organic decline in sales of 0.4% during the reporting period with sales of CHF 661.4 million, representing an overall decline of 9.5% (CHF 730.4 million) compared to the previous year. In addition to the divestment effect of 5.8% resulting from the disposal of Gläserne Molkerei, currency effects had a negative impact of 3.3% on sales. As a result of the organic decline in sales of 0.4%, the division Europe fell just short of its forecast for the year as a whole (0% to 1%). The organic decline in sales is primarily attributable to the cheese segment, while the fresh products and fresh cheese segments were only partially able to make up for this decline. The division Europe accounted for 15.6% of Group sales (previous year: 17.3%).

The largest segment in terms of sales, **fresh products**, achieved organic growth of 2.5%. Once again, the growth drivers were innovative speciality desserts from Italy and the product range of Emmi Caffè Latte, with significant growth in Germany, the UK and Austria.

The **cheese** segment posted an organic decline of 6.6%. The decline affected mainly Germany and the Netherlands with speciality cheeses imported from Switzerland. This development was due primarily to the slowdown in consumer demand caused by price and exchange rates.

Sales in the **dairy products** segment fell by a total of 42.4% as a result of the divestment of Gläserne Molkerei. After adjustment for acquisition and currency effects, there was still an organic decline of 2.1% resulting from sales of milk and cream in Austria.

In the **fresh cheese** segment, business relating to fresh goat's cheese in the Netherlands continued to develop positively, resulting in significant organic growth of 11.0%.

The sales achieved from **powder/concentrates** fell in organic terms by 8.3% as a result of falling sales of goat's milk powder in the Netherlands. This negative development was fuelled by economic uncertainties, globally high inventory held by distributors and a shortage of raw materials.

The organic decline in sales by 5.5% in the **other products/services** segment was due primarily to non-dairy products in Austria, Germany and Italy.

Sales development Global Trade

Net sales by product group: Global Trade

in CHF million	Sales 2023	Sales 2022	Difference 2023/2022	Acquisition effect	Currency effect	Organic growth
Cheese	64.0	68.2	-6.0%	–	–	-6.0%
Fresh products	34.9	35.3	-1.2%	–	–	-1.2%
Powder/concentrates	19.1	20.8	-8.2%	–	–	-8.2%
Dairy products	1.0	1.4	-29.5%	–	–	-29.5%
Other products/services	1.2	1.9	-35.7%	–	–	-35.7%
Total Global Trade	120.2	127.6	-5.7%	–	–	-5.7%

The division **Global Trade** primarily comprises direct sales from Switzerland to customers in countries where Emmi has no subsidiaries. These include the Asian and Eastern European markets, most South American countries and the Arabian Peninsula. The division Global Trade accounted for 2.8% of Group sales (previous year: 3.0%).

Sales of the division Global Trade amounted to CHF 120.2 million. Compared to the previous year's figure of CHF 127.6 million, this represents an organic decline in sales of 5.7%.

The organic decline in sales by 6.0% in the **cheese** segment is mainly attributable to lower sales in Asia coupled with the discontinuation of deliveries to Russia during the first half of 2022. The **fresh products** segment fell by 1.2%, primarily driven by the negative development of yogurt in Asia and of yogurt drinks in northern Europe. The decline by 8.2% in the **powder/concentrates** segment reflects lower exports of skimmed milk powder from Switzerland.

Gross profit

The **gross profit** increased during the year under review by CHF 72.1 million to CHF 1,555.2 million (previous year: CHF 1,483.1 million) despite significant negative currency effects in conjunction with the negative effect resulting from the disposal of Gläserne Molkerei. Alongside organic growth, this increase reflects primarily the higher **gross profit margin** of 36.7%, which was significantly higher than the previous year's figure (35.1%). Following the temporary margin decline in the previous year, the increase in the margin was driven above all by operational improvements by individual foreign companies such as Quillayes Surlat in Chile and dessert companies in the US and Italy, as well as the continual transformation of the Group's portfolio. Moreover, measures to increase productivity and in the area of procurement once again had a positive effect, along with delayed effects of sales price increases.

Non-recurring effects in the consolidated financial statements

As part of the process of ongoing portfolio transformation and a focus on profitable growth segments, during the year under review Emmi sold the 100%-owned Gläserne Molkerei and the minority interest of 25% in the Italian Ambrosi S.p.A., which had a significant impact on the income statement.

The divestment of Gläserne Molkerei resulted in a pre-tax loss of CHF 37.2 million, which is reported in “Other operating expenses” and had an impact in this amount on the figures for EBITDA, EBIT and EBT. After taking account of the positive tax effect of CHF 8.3 million at the selling Swiss company, this transaction had a net impact of CHF 28.9 million on profit including minority interests and on net profit. Disregarding the positive tax effect, the transaction also resulted in a net outflow of cash and cash equivalents of CHF 11.5 million.

The sale of the minority interest in Ambrosi S.p.A. resulted in a pre-tax profit of CHF 3.0 million, which is recorded under “Income from associates and joint ventures”, and had a corresponding impact on EBT. After accounting for the tax effect, this left a gain of CHF 2.8 million under profit including minority interests and net profit. The net inflow from this transaction in terms of cash and cash equivalents amounted to CHF 27.1 million.

The previous year’s income statement was significantly impacted by the impairment of non-current assets at Gläserne Molkerei totalling CHF 13.1 million. This amounted to CHF 13.0 million for the item “Depreciation of property, plant and equipment” and to CHF 0.1 million for the item “Amortisation of intangible assets”. Adjusted for this non-recurring effect, EBIT and EBT increased by CHF 13.1 million last year, while profit including minority interests and net profit increased by CHF 11.8 million.

Operating result

Operating expenses increased by a total of CHF 73.3 million to CHF 1,186.1 million in the year under review (previous year: CHF 1,112.8 million). After adjustment for the loss from the disposal of Gläserne Molkerei, the increase due to inflation was CHF 36.1 million, or 3.2%, which corresponds to a disproportionate increase in relation to sales and accordingly held back the increase in the margin at the level of gross profit.

Personnel expenses were CHF 566.1 million in the year under review, compared to CHF 556.5 million in the previous year. The increase of CHF 9.6 million resulted primarily from higher wage costs in all countries due to inflation. However, the increase was largely aligned with sales, from 13.2% during the previous year to 13.3% during the year under review.

During the year under review, **other operating expenses** amounted to CHF 620.0 million or CHF 582.8 million after adjustment for the loss from the disposal of Gläserne Molkerei. Compared to the previous year (CHF 556.3 million), the increase in terms of adjusted figures was CHF 26.5 million, entailing a rise from 13.1% during the previous year to 13.7% as a proportion of sales. A significant increase, both in absolute terms and in relation to sales, resulted in particular from higher costs of energy and operating materials. The higher cost of electricity and fuel drove up the cost of energy and operating materials to CHF 118.6 million, a significant increase of CHF 23.5 million or 24.8%. Marketing and sales-related expenses also posted an increase, reaching a total of CHF 140.7 million compared to CHF 130.1 million in the previous year, pursuing the goal of strengthening established brand concepts. Logistics costs followed an opposite trajectory, thereby supporting margins, as they to some extent normalised after the previous year’s record highs, falling by CHF 21.9 million or 13.6% to CHF 139.6 million (previous year: CHF 161.5 million).

Other operating income amounted to CHF 6.7 million in the year under review, down slightly on the previous year’s figure of CHF 9.0 million.

During the period under review, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** amounted to CHF 375.8 million, or CHF 413.0 million excluding the loss from the disposal of Gläserne Molkerei. Compared to the previous year (CHF 379.3 million), this represents an adjusted increase of CHF 33.7 million. The **EBITDA margin** therefore rose from the previous year's 9.0% to the adjusted figure of 9.7% in the period under review.

Depreciation and amortisation fell by CHF 8.8 million in the year under review, from CHF 126.4 million to CHF 117.6 million. However, if the previous year's impairment of non-current assets at Gläserne Molkerei is factored out, this resulted in an increase of CHF 4.3 million.

During the period under review, **earnings before interest and taxes (EBIT)** amounted to CHF 258.2 million (previous year: 253.0 million), or CHF 295.4 million (previous year adjusted: CHF 266.1 million) excluding the loss from the disposal of Gläserne Molkerei. Compared to the previous year, EBIT therefore increased by CHF 5.2 million, or by CHF 29.3 million based on the respective adjusted figures. The resulting **EBIT margin** of 6.1% (adjusted 7.0%) was accordingly also above the previous year's margin of 6.0% (adjusted 6.3%).

Income from associates, financial results and income taxes

Following a loss of CHF 0.1 million in the previous year, **income from associates and joint ventures** recorded a profit of CHF 3.9 million. Excluding the profit from the disposal of Ambrosi S.p.A., profit during the year under review amounted to CHF 0.9 million.

The **financial result** (net financial expenses) was CHF 24.0 million, compared to CHF 23.3 million in the previous year. Net interest expense rose by CHF 2.4 million to CHF 16.5 million in the year under review (previous year: CHF 14.1 million). This increase was due in particular to the refinancing of euro promissory notes in mid 2022 and the general increase in financing costs for various local financing arrangements. On the other hand, with a loss of CHF 6.5 million, the foreign currency result was improved by CHF 1.9 million than the previous year (CHF 8.4 million).

Income taxes during the year under review amounted to CHF 32.6 million, compared to CHF 38.9 million (adjusted: CHF 40.3 million) in the previous year. Adjusted for the tax effect from the disposal of Gläserne Molkerei and Ambrosi, tax expenses amounted to CHF 40.7 million in the year under review. The tax rate of 13.7% (adjusted: 14.9%) was thus significantly lower than in the previous year (17.0% or adjusted 16.6%). The lower tax rate is due primarily to a change in tax legislation in Brazil approved in December 2023, which resulted in a recognition of previously unrecognised tax loss carryforwards.

Net profit

Profit including minority interests was CHF 205.5 million. Compared to CHF 190.6 million in the previous year, this represents an increase of CHF 14.9 million. The increase on the basis of adjusted figures was CHF 29.2 million.

The significant increase in the amount of profit attributable to **minority interests** from CHF 8.1 million in the previous year to CHF 19.2 million in the year under review is a positive sign, even though it diminishes the net profit. However, it means that companies with minority interests were able to increase their overall profitability significantly during the period under review.

The resulting **net profit** of CHF 186.3 million thus came in CHF 3.8 million higher than the previous year (CHF 182.5 million). However, the net profit for the year under review, adjusted for non-recurring effects mentioned, of CHF 212.4 million was significantly higher, by CHF 18.1 million, than the adjusted figure for the previous year of CHF 194.3 million. The **net profit margin** was 4.4% (adjusted 5.0%) compared to 4.3% (adjusted 4.6%) in the previous year.

Assets, financing and cash flow

Total assets as at 31 December 2023 increased by 3.0% or CHF 79.1 million compared with 31 December 2022 to CHF 2,714.5 million (previous year: CHF 2,635.4 million). The increase was primarily due to a significant increase in cash and cash equivalents, while the rest of the current assets and the non-current assets fell compared to the previous year.

Operating net working capital (consisting of inventories and trade receivables and payables) amounted to CHF 653.1 million, a fall of CHF 33.8 million or 4.9% compared with the high level in the previous year (CHF 686.9 million). In relation to sales, it fell from a high 16.2% in 2022 to 15.4% in 2023.

Non-current assets fell slightly by CHF 13.9 million or 1.1% from CHF 1,278.0 million to CHF 1,264.1 million. Property, plant and equipment accounts for the large majority of non-current assets at CHF 1,105.4 million (previous year: CHF 1,100.2 million). As a result of significantly negative foreign currency effects, it increased by only CHF 5.2 million, even though investment exceeded depreciation.

Liabilities amounted to CHF 1,299.6 million as at 31 December 2023 compared with CHF 1,351.5 million at the end of 2022. Lower trade payables were the main reason for the decline by CHF 51.9 million. Refinancing the CHF 200 million bond that matured in July 2023 led to a reclassification from current to non-current liabilities. Against this, short-term bank overdrafts rose, while longer-term bank overdrafts declined. The **equity** ratio rose from 48.7% at 31 December 2022 to 52.1%. A significant increase in cash and cash equivalents compared to the previous year, combined with slightly lower financial liabilities, resulted in **net debt** of CHF 298.3 million as at 31 December 2023, compared to CHF 473.2 million in the previous year. Net debt to EBITDA fell from 1.25 as at 31 December 2022 to 0.79 at the end of the year under review.

Cash inflow from operating activities amounted to CHF 370.1 million in 2023, an increase of CHF 161.8 million from CHF 208.3 million in 2022. While the increase of CHF 33.1 million in cash flow before changes in net working capital, interest and taxes largely reflects the operating improvement at EBITDA level, the increase in cash flow from operating activities resulted predominantly from the positive developments in net working capital. The fall in net working capital had a positive impact of CHF 21.9 million on cash flow from operating activities in the year under review. In 2022, net working capital burdened the cash flow from operating activities by CHF 111.2 million, which represents a difference of CHF 133.1 million. The main driver of this positive change was the normalisation in net operating working capital. This increased sharply in the previous year, mainly due to the build-up of a safety stock of inventories to guarantee the ability to deliver. Meanwhile, interest and taxes paid detracted from cash flow from operating activities by CHF 4.5 million more than in the previous year.

The **cash outflow from investing activities** amounted to CHF 135.8 million in 2023, compared to CHF 228.2 million in the previous year. This decline was due firstly to lower investments in plant, property and equipment, where there was an outflow of CHF 145.4 million in the year under review, compared with CHF 198.3 million in 2022. Acquisition activities led to a net cash inflow of CHF 10.8 million in 2023. This included an inflow from the disposal of the minority interest in Ambrosi S.p.A. for CHF 27.1 million. In the previous year, acquisition activities led to an outflow of CHF 23.5 million.

Not including cash flow from acquisition activities, the Group generated **free cash flow** of CHF 223.5 million in the year under review. The significant increase compared with the low 2022 figure of CHF 3.7 million was due to the greatly increased cash flow from operating activities and the simultaneously lower investments in property, plant and equipment.

There was a **cash outflow from financing activities** of CHF 81.1 million in 2023, compared with a cash outflow of CHF 23.1 million in the prior year. The difference relates largely to the cash inflows in the previous year from the refinancing of euro promissory notes and the capital increase at companies with minority interests. But the increased dividend paid to Emmi AG shareholders and minority shareholders also contributed to the increased cash outflow from financing activities.

As a consequence of the cash flows described above, **cash and cash equivalents** rose by CHF 146.9 million in financial year 2023 from CHF 202.2 million in the previous year to CHF 349.1 million as at 31 December 2023.

Outlook for 2024

Economic conditions will remain very challenging in 2024. Inflation is still high and easing only slowly in many of the markets and regions relevant for Emmi. Although inflation rates are likely to continue to decline in the coming months, in many countries they are likely to remain well above historic ranges and the levels targeted by the central banks.

Consumer confidence is stuck at low levels in many markets, which can be explained by, inter alia, the fall in real wages in many countries in recent years. A number of relevant markets for Emmi are expecting only modest economic growth or even a recession in 2024. This market environment is also expected to hold back Emmi's sales growth in the short term.

In terms of operating expenses, pressure on personnel costs will remain high due to inflation-related wage increases. This is exacerbated by the continuing acute shortage of skilled workers and labour in various countries. Volatility in procurement and in global supply chains is also likely to continue, not least due to ongoing and new geopolitical uncertainties. Emmi also expects a further increase in energy costs in the coming year, as it hedges its energy requirements in a series of annual tranches.

Overall, Emmi therefore expects input costs to continue to rise in 2024. The Swiss franc is also likely to continue to strengthen compared to the previous year, which not only depresses Group sales expressed in Swiss francs, but also hurts export competitiveness from Switzerland.

At Emmi, we will therefore continue to exercise our usual discipline and prudence, and counter the pressure on margins with further efficiency and cost-saving initiatives, carefully targeted price increases and a continual portfolio transformation in line with our strategic priorities.

Markets

Conditions in the **business division Switzerland** remain challenging for Emmi. Import pressure will persist, while an increase in shopping tourism in foreign countries close to the border can also be expected due to the further strengthening in the Swiss franc. In addition, new production capacities for milk processing have been built in Switzerland in recent years, which need to be fully utilised and create further price pressure. Emmi will counter these negative developments with its strong brand concepts, trend-led innovations, a strong focus on customers and consumers, and robust production output.

The **business division Americas** should continue to see rising demand in the US and the growth markets of Brazil, Mexico and Chile in the coming year. How soon the milk supply in Tunisia will normalise is difficult to say due to the challenging macroeconomic conditions in the country. The high volatility in the growth markets in the business division Americas is likely to pose continuing growth risks. Overall, Emmi therefore expects organic sales growth in the business division Americas to be a little below the medium-term targets in the short term.

In the **business division Europe**, innovative Italian speciality desserts and the product range of Emmi Caffè Latte are key success factors, which will continue to generate organic growth in the coming year. The powder business in the Netherlands, where Emmi was unable to exploit the full sales potential in 2023 due to a challenging market environment in China and high inventories at distributors, is also expected to have a positive impact on sales. On the other hand, the further strengthening of the Swiss franc hampers the competitiveness of the Swiss export business, particularly in the cheese segment. Emmi therefore expects organic sales growth in the business division Europe to fall short of the medium-term targets in the near term.

Sales and profit growth

Emmi expects organic sales growth of 1% to 2% at Group level in 2024, which is below the medium-term forecast of 2% to 3%, due to uncertainties in volume developments. In Switzerland Emmi is projecting organic sales growth in line with the medium-term forecast of 0% to 1%, in spite of the reduction in milk prices effective from 1 January 2024, which will slow sales growth. Emmi also expects restrained sales growth in the international business. Growth of 2% to 4% is expected for the business division Americas, with growth of 0% to 1% for the business division Europe. In the longer term, Emmi is retaining its medium-term targets for organic sales growth (Group 2% to 3%, Switzerland 0% to 1%, Americas 4% to 6%, Europe 1% to 3%).

In spite of the numerous uncertainties described and continuing high cost pressures, Emmi is forecasting a rising operating result at EBIT level of between CHF 295 million and CHF 315 million and a rising net profit margin of between 5.0% and 5.5% for financial year 2024, thanks to ongoing operating improvements and the continual transformation of the Group's portfolio. Emmi is also confirming its medium-term targets for net profit margin (5.5% to 6.0%), ROIC (improving trend) and distribution rate (35% to 45%).

Consolidated income statement

in CHF 000s

	Notes	2023 ¹⁾	%	2022 ²⁾	%
Sales of products		4,209,623		4,198,712	
Sales of services		32,784		31,297	
Net sales	1	4,242,407	100.0	4,230,009	100.0
Change in inventories of semi-finished and finished products		-46,282	1.1	5,324	-0.1
Cost of materials and services		-2,640,964	62.2	-2,752,198	65.0
Gross profit		1,555,161	36.7	1,483,135	35.1
Other operating income	2	6,744	0.1	9,022	0.2
Personnel expenses		-566,126	13.3	-556,487	13.2
Other operating expenses	3	-619,957	14.6	-556,326	13.1
Operating expenses		-1,186,083	27.9	-1,112,813	26.3
Earnings before interest³⁾, taxes, depreciation and amortisation (EBITDA)		375,822	8.9	379,344	9.0
Depreciation of property, plant and equipment	4	-104,707	2.5	-113,414	2.7
Amortisation of intangible assets	4	-12,867	0.3	-12,969	0.3
Earnings before interest³⁾ and taxes (EBIT)		258,248	6.1	252,961	6.0
Income from associates and joint ventures		3,880		-148	
Financial result	5	-24,021		-23,268	
Earnings before taxes (EBT)		238,107	5.6	229,545	5.4
Income taxes	6	-32,625		-38,941	
Profit incl. minority interests		205,482	4.8	190,604	4.5
Minority interests		-19,209		-8,058	
Net profit		186,273	4.4	182,546	4.3
Earnings per share (diluted/basic in CHF)	7	34.82		34.12	

¹⁾ Please refer to page 1 for the results adjusted for the loss from the sale of Gläserne Molkerei and the gain from the sale of Ambrosi S.p.A.

²⁾ Please refer to page 1 for earnings adjusted for the impairment of non-current assets at Gläserne Molkerei.

³⁾ Incl. income from associates and joint ventures and other financial positions that are reported in the financial result.

Consolidated balance sheet

in CHF 000s

Assets	Notes	31.12.2023	%	31.12.2022	%
Cash and cash equivalents		349,115		202,195	
Securities		22,210		1,920	
Trade receivables	8	473,665		533,584	
Other receivables	9	60,869		58,611	
Inventories	10	481,311		508,240	
Prepayments and accrued income	11	63,220		52,872	
Current assets		1,450,390	53.4	1,357,422	51.5
Investments in associates and joint ventures	30	12,012		18,251	
Loans and other receivables	12	12,715		16,589	
Securities		9,907		7,775	
Employer contribution reserves	20	1,610		1,668	
Deferred tax assets	6	11,954		4,881	
Total financial assets		48,198		49,164	
Prepayments and accrued income	11	4,864		5,009	
Property, plant and equipment	13	1,105,405		1,100,243	
Intangible assets	14	105,650		123,601	
Non-current assets		1,264,117	46.6	1,278,017	48.5
Total assets		2,714,507	100.0	2,635,439	100.0
Liabilities and shareholders' equity					
Bank overdrafts	18	68,475		45,424	
Finance lease liabilities	18	430		677	
Loans	18	500		26	
Bonds	18	–		200,000	
Trade payables	15	301,841		354,931	
Other payables	16	43,957		30,720	
Accrued liabilities and deferred income	17	193,200		183,407	
Provisions	19	8,221		5,957	
Current liabilities		616,624	22.7	821,142	31.2
Bank overdrafts	18	112,610		145,806	
Finance lease liabilities	18	305		434	
Loans	18	457		2,028	
Bonds	18	499,520		299,520	
Accrued liabilities and deferred income	17	4,198		5,363	
Provisions	19	65,909		77,240	
Non-current liabilities		682,999	25.2	530,391	20.1
Liabilities		1,299,623	47.9	1,351,533	51.3
Share capital		53,498		53,498	
Capital reserves		2,088		2,088	
Retained earnings		1,237,377		1,113,790	
Shareholders' equity excl. minority interests		1,292,963	47.6	1,169,376	44.4
Minority interests		121,921	4.5	114,530	4.3
Shareholders' equity incl. minority interests		1,414,884	52.1	1,283,906	48.7
Total liabilities and shareholders' equity		2,714,507	100.0	2,635,439	100.0

Consolidated cash flow statement

in CHF 000s

	2023	2022
Profit incl. minority interests	205,482	190,604
Net interest expense	16,472	14,072
Income taxes	32,625	38,941
Result from sale of non-current assets	-721	-878
Result from sale of investments/businesses	34,153	–
Depreciation and amortisation	114,686	111,273
Impairment charges	2,888	15,110
Change in provisions	-1,011	974
Income from associates and joint ventures	-872	148
Other non-cash adjustments	6,572	6,914
Cash flow before changes in net working capital, interest and taxes	410,274	377,158
Change in inventories	7,353	-76,150
Change in trade receivables	32,255	-66,143
Change in other receivables, prepayments and accrued income	-12,900	-3,741
Change in trade payables	-36,629	39,194
Change in other payables, accrued liabilities and deferred income	31,851	-4,394
Interest paid	-19,114	-15,705
Taxes paid	-42,945	-41,871
Cash flow from operating activities	370,145	208,348
Investments in property, plant and equipment	-147,075	-200,264
Proceeds from disposal of property, plant and equipment	1,689	1,992
Purchase of securities	-4,104	–
Sale of securities	1,166	–
Investments in intangible assets	-2,390	-4,307
Proceeds from sale of shares in associates	27,147	–
Acquisition of consolidated investments/businesses	-1,892	-5,983
Acquisition of minority interests	-2,855	-17,558
Proceeds from sale of investments/businesses	-11,607	–
Change in loans receivable	1,154	-4,985
Dividend received	425	782
Interest received	2,514	2,155
Cash flow from investing activities	-135,828	-228,168
Change in other current financial liabilities	-8,443	-65,838
Change in other non-current financial liabilities	8,800	108,942
Repayments of bonds	-200,000	–
Proceeds from bond-issuance	199,751	–
Share of minority shareholders in capital increases of Group companies	–	10,847
Dividend payments to shareholders	-77,572	-74,897
Dividend payments to minority shareholders	-3,613	-2,148
Cash flow from financing activities	-81,077	-23,094
Currency translation	-6,320	-2,172
Net change in cash and cash equivalents	146,920	-45,086
Cash and cash equivalents at beginning of period	202,195	247,281
Cash and cash equivalents at end of period	349,115	202,195

Consolidated statement of changes in equity

in CHF 000s

	Share capital	Capital reserves (premium)	Retained earnings	Accumulated translation differences	Total profit reserves	Total excl. minority interests	Minority interests	Total incl. minority interests
Shareholders' equity at 1 January 2022	53,498	2,088	1,144,526	-119,102	1,025,424	1,081,010	100,666	1,181,676
Capital increase of a group company	–	–	–	–	–	–	10,847	10,847
Offset goodwill	–	–	-12,982	–	-12,982	-12,982	–	-12,982
Acquisition of minority interests	–	–	–	–	–	–	-3,718	-3,718
Profit incl. minority interests	–	–	182,546	–	182,546	182,546	8,058	190,604
Currency translation differences	–	–	–	-6,301	-6,301	-6,301	825	-5,476
Dividend	–	–	-74,897	–	-74,897	-74,897	-2,148	-77,045
Shareholders' equity at 31 December 2022	53,498	2,088	1,239,193	-125,403	1,113,790	1,169,376	114,530	1,283,906
Offset goodwill	–	–	-1,027	–	-1,027	-1,027	–	-1,027
Goodwill recycling from disposal	–	–	32,122	5,617	37,739	37,739	–	37,739
Acquisition of minority interests	–	–	–	–	–	–	-1,556	-1,556
Profit incl. minority interests	–	–	186,273	–	186,273	186,273	19,209	205,482
Currency translation differences	–	–	–	-21,826	-21,826	-21,826	-6,649	-28,475
Dividend	–	–	-77,572	–	-77,572	-77,572	-3,613	-81,185
Shareholders' equity at 31 December 2023	53,498	2,088	1,378,989	-141,612	1,237,377	1,292,963	121,921	1,414,884

As at 31 December 2023, 5,349,810 registered shares with a par value of CHF 10 were issued (unchanged from previous year). With regard to the rights associated with the shares, we refer to note 2 in the Corporate Governance report.

The accumulated non-distributable reserves amounted to CHF 37.5 million (previous year: CHF 37.9 million).

Notes to the consolidated financial statements

Principles of consolidation

General information

The Board of Directors of Emmi AG approved the Group financial statements on 28 February 2024. They are subject to the approval of the Annual General Meeting.

Accounting principles

The consolidated financial statements are based on the annual accounts of the Group companies for the year ending 31 December 2023, prepared on a uniform basis. The Group prepares its accounts in compliance with all existing guidelines of [Swiss GAAP FER](#) (Swiss Accounting and Reporting Recommendations) and the provisions of Swiss law.

Valuation is based on historical cost (acquisition cost or production cost) or actual value. The section “Principles of valuation” contains the valuation principles of specific balance sheet items. The income statement is presented using the classification of expenses based on their nature. The consolidated financial statements are based on economic values and present a true and fair view of the company’s assets, financial position and results of operations. They are prepared under the assumption of a going concern.

The consolidated financial statements are presented in Swiss francs (CHF). Except where stated otherwise, all amounts in the Financial report are presented in thousands of Swiss francs.

Scope of consolidation

The consolidated financial statements include the annual accounts of Emmi AG and the Group companies in which Emmi AG directly or indirectly holds more than 50% of the voting rights or where Emmi has a controlling influence over the financial and business policy of a company by contractual agreement. Investments in joint ventures and investments in associates where Emmi has significant influence (this is usually assumed when the Group owns 20% to 50% of the voting rights in the company) are accounted for using the equity method. Accounts based on or reconciliations to [Swiss GAAP FER](#) are used to calculate Emmi’s proportionate share in shareholders’ equity. Minority holdings in companies where Emmi does not have a significant influence are carried in the balance sheet at acquisition cost less any necessary adjustments for impairment. The consolidated companies are listed in the Notes to the consolidated financial statements ([note 30](#)).

Changes to the scope of consolidation

The following changes to the scope of consolidation took place in the year under review. For changes of the capital share with no impact on the scope of consolidation or on the consolidation method, please refer to [note 30](#).

Consolidated companies		Currency	Capital in thousands	Capital share 31.12.2023	Capital share 31.12.2022
SDA Guipuzcoa, S.L., Bilbao, Spain	Liquidated on 24.3.2023	EUR	–	–	73%
Molkerei Biedermann AG, Bischofszell, Switzerland ¹⁾	Merged on 2.6.2023	CHF	–	–	100%
Gläserne Molkerei GmbH, Dechow, Germany ²⁾	Sold on 14.8.2023	EUR	–	–	100%
SDA Bilbao, S.L., Bilbao, Spain	Liquidated on 14.12.2023	EUR	–	–	73%

¹⁾ Molkerei Biedermann AG was merged with Emmi Schweiz AG. See note 30.

²⁾ Gläserne Molkerei consists of the company mentioned above and Gläserne Molkerei Münchehofe GmbH and Hofmolkerei Münchehofe GmbH. See note 30.

Associates and joint ventures		Currency	Capital in thousands	Capital share 31.12.2023	Capital share 31.12.2022
Big Red Cheese Company LLC, Monroe, US	Liquidated on 14.4.2023	USD	–	–	50%
Ambrosi S.p.A., Brescia, Italy	Sold on 3.7.2023	EUR	–	–	25%
EB Snacks LLC, Delaware, US	Liquidated on 5.7.2023	USD	–	–	50%

Consolidation method

Capital is consolidated using the purchase method. Assets and liabilities and expenses and income of the fully consolidated companies are included in their entirety. Minority interests in consolidated shareholders' equity and net profit are shown separately. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Profits on such intercompany transactions are eliminated.

Companies and businesses acquired during the course of the year are consolidated as from the date of acquisition. Net assets acquired are revalued on the acquisition date at fair value. Non-current assets acquired are recognised on a gross basis. As part of the purchase price allocation, intangible assets are recognised and revalued at fair value only if they were already recognised in the balance sheet at the acquisition date.

Goodwill from the acquisition of companies and businesses is equivalent to the difference between the purchase price and the interest in revalued net assets of the acquired company. This is offset against retained earnings at the date of acquisition. The impact of theoretical capitalisation and amortisation of goodwill are disclosed in the Notes to the consolidated financial statements. In a business acquisition achieved in stages (step acquisition), the goodwill of each separate transaction is determined.

Companies and businesses sold during the year are excluded from the consolidated financial statements from the date of sale. Minority interests acquired are likewise measured using the purchase method. As a consequence, the difference between purchase price and proportionate equity is offset as goodwill against retained earnings in accordance with [Swiss GAAP FER](#).

When acquiring investments in associates and joint ventures, no purchase price allocation is performed. As a consequence, the difference between purchase price and proportionate equity is offset as goodwill against retained earnings in accordance with [Swiss GAAP FER](#).

Where interests in fully consolidated companies or companies accounted for using the equity method are sold, goodwill acquired at an earlier date and offset against retained earnings is recognised in the income statement at original cost for the purpose of calculating the gain or loss resulting from the sale.

Translation of foreign currencies

Foreign currency transactions in Group companies

The foreign currency transactions and items contained in the individual financial statements of the consolidated companies are translated as follows: foreign currency transactions are translated into the functional currency at the exchange rate valid on the transaction date (current rate). At year-end, monetary assets and liabilities in foreign currency are measured using the exchange rate valid at the balance sheet date, with any profit or loss from such valuation taken to the income statement. Foreign exchange gains and losses resulting from the measurement of intercompany loans that are part of the net investment in a subsidiary are recognised in equity.

Exchange differences resulting from the revaluation of shares in associates are recognised in equity.

Translation of financial statements to be consolidated

Group financial statements are presented in Swiss francs. Assets and liabilities of Group companies with a functional currency other than the Swiss franc are translated at year-end rates (rates on balance sheet date); equity is translated at historical rates, while the income statement and cash flow statement are translated using average rates for the year. Any resulting exchange differences are recognised in shareholders' equity.

Accumulated exchange differences of foreign companies recognised in equity resulting from the translation of annual statements and loans between Group companies that are part of the net investment in a subsidiary are derecognised upon sale of the company and repatriated in the income statement as part of the gain or loss resulting from the sale.

Currency exchange rates in CHF

	Annual average rates		Year-end rates	
	2023	2022	31.12.2023	31.12.2022
1 BRL	0.18	0.19	0.17	0.17
1 CAD	0.67	0.73	0.63	0.68
100 CLP	0.11	0.11	0.10	0.11
1 EUR	0.97	1.00	0.93	0.98
1 GBP	1.12	1.18	1.07	1.11
1 MXN	0.05	0.05	0.05	0.05
1 TND	0.29	0.31	0.27	0.30
1 USD	0.90	0.95	0.84	0.92

Cash flow statement

Cash and cash equivalents form the basis for the presentation of the cash flow statement. Cash flow from operating activities is presented using the indirect method.

Principles of valuation

Cash and cash equivalents

Cash and cash equivalents include cash, balances in postal giro and bank accounts, and short-term time deposits with a residual term of less than three months. They are valued at their nominal value.

Securities (current)

Listed securities (incl. OTC securities with a market price) are valued at the market values prevailing on the balance sheet date. Unlisted securities are valued at acquisition cost less any necessary adjustments for impairment.

Trade receivables

Trade receivables include short-term receivables with a residual term of up to one year arising from ordinary operating activities. These receivables are valued at their nominal values. Credit default risks are accounted for by specific and general allowances. General allowances are recognised for items that have not yet been considered with a specific allowance. The general allowance is based on the assumption that the default risk increases as the debt becomes increasingly overdue.

Inventories

Goods manufactured by the company itself are valued at production cost. Any lower net market value is taken into account (lower of cost or market principle). Merchandise and other stocks of goods are valued at the lower of average cost or net market price. Discounts are treated as purchase value reductions.

Financial assets

Financial assets include, alongside non-consolidated investments, securities held as long-term investments, long-term loans, employer contribution reserves and deferred tax assets. Securities held as long-term investments and loans are valued at cost less any necessary impairment. Employer contribution reserves are recognised at nominal value. For a description of the valuation principles of investments, refer to the consolidation principles, whereas for the valuation principles of deferred taxes, refer to the separate description within the valuation principles.

Property, plant and equipment

Property, plant and equipment are valued at purchase cost less depreciation and any necessary impairment. Company-produced additions to plant and equipment are recognised only if they are clearly identifiable and the costs reliably determinable, and they bring a measurable benefit to the company over the course of several years. Depreciation is calculated on a straight-line basis over the useful life of the fixed asset.

The useful lives of assets have been determined as follows:

Land	no depreciation
Administrative buildings and residential buildings	40 years
Industrial buildings, rock caves	25 to 40 years
Installations and fittings	15 years
Machinery and equipment	10 to 15 years
Business infrastructure	5 to 10 years
Vehicles	4 to 7 years
Company-produced additions to plant and equipment	5 years

Intangible assets

This item includes mainly trademarks and EDP software. Intangible assets are recognised if they are clearly identifiable and the costs reliably determinable, and they bring a measurable benefit to the company over the course of several years. Intangible assets are valued at purchase cost less amortisation and any necessary impairment. Amortisation is calculated on a straight-line basis over the useful life and recognised in the income statement. The useful life of EDP software is 2 to 5 years. Trademarks are amortised over useful lives of 5 to 20 years. The expected useful life of other intangible assets is determined on a case-by-case basis. The useful life is usually 5 years and in justified cases up to 20 years. Goodwill is not capitalised, but offset against retained earnings at the date of acquisition.

Impairment

The value of non-current assets is assessed on the reporting date for indicators of impairment. If there is evidence of any lasting reduction in value, the recoverable amount is calculated (impairment test). If the book value exceeds the recoverable amount, the difference is recognised in the income statement as an impairment charge. Major goodwill items are tested for impairment annually, based on a value-in-use calculation. The value-in-use calculation is based on cash flows for usually the next five years and the extrapolated values thereafter. Since the goodwill is already offset against retained earnings at the date of acquisition, any impairment to goodwill does not lead to a charge to the income statement, but only to disclosure in the Notes.

Government grants

Government grants relating to investments in property, plant and equipment are deducted from the carrying value of the assets once the conditions to receive the grant are fully met. Consequently, as of the date when the conditions are met, government grants are released to the consolidated income statement on a straight-line basis over the expected lives of the related assets. Government grants that are received as a compensation of costs are credited to the income statement in the period when the costs are recognised. Grants received for which the conditions are not fully met are recognised as liabilities.

Liabilities

Group liabilities are recognised at their nominal values.

Leasing

Leasing transactions are divided into finance leases and operating leases. A lease is classified as a finance lease if it essentially transfers all the risks and rewards of an asset incidental to ownership. The assets and liabilities arising out of finance leases are recognised in the balance sheet. Leasing liabilities arising out of operating leases that cannot be cancelled within one year are disclosed in [note 24](#).

Provisions

Provisions are recognised if an event in the past gives rise to a justified, likely obligation that is of uncertain timing and amount, but which can be estimated reliably. Provisions are measured on the basis of the estimated amount of money required to satisfy the obligation.

Employee benefit plan liabilities

Employees and former employees receive various employee benefits and old age pensions, which are provided in accordance with the laws of the countries in question.

The Swiss companies of the Emmi Group are affiliated to the “Emmi Vorsorgestiftung” (legally independent pension scheme) or are members of collective occupational pension foundations provided by banks or insurance companies, which do not carry risk themselves. These pension schemes are financed by employer and employee contributions.

The economic impact of existing pension schemes on the Emmi Group is reviewed each year. An economic benefit is recognised if it is permitted and intended to use the surplus to decrease the future pension expenses of the company. An economic obligation is recognised if the conditions for recognising a provision are met. The employer contribution reserves available are recognised as assets. Similar to pension contributions, changes of economic benefits or economic obligations are recognised in the income statement under personnel expenses.

Deferred income taxes

The annual accrual of deferred income taxes is based on a balance-sheet oriented approach and takes all future income tax effects into account. The future tax rate valid on the balance sheet date for the tax subject in question is used for the deferred income tax calculation. Deferred income tax assets and deferred income tax liabilities are offset, provided they relate to the same tax subject and are levied by the same tax authority. Deferred income tax assets on temporary differences and on tax losses carried forward are recognised only if it is probable that they can be realised in future through sufficient taxable profits.

Derivative financial instruments

Emmi uses derivative financial instruments to hedge its currency, interest rate and commodity risks. Recognition of derivative financial instruments depends on the underlyings hedged. Derivatives used to hedge changes in the value of an underlying transaction already recognised in the financial statements are accounted for using the same valuation principle used for the underlying transaction hedged. Instruments for hedging future cash flows are not recognised in the balance sheet but disclosed in the Notes until the future cash flow is realised. On the occurrence of the future transaction or the disposal of the derivative instrument, the current value of the derivative financial instrument is recognised in the balance sheet and recorded in the income statement at the same time as the cash flow hedged. Any derivative financial instruments that are open as at the balance sheet date are disclosed in [note 22](#) of the consolidated financial statements.

Net sales and revenue recognition

Net sales represent amounts received and receivable for goods supplied and for services rendered. Revenue from the sale of goods is recognised in the income statement at the moment when the risks and rewards and the power of disposal of ownership of the goods have been transferred to the buyer, generally upon shipment. Revenue from services is recognised in the period when the services were rendered. Net sales consist of the amounts invoiced for products and services less deductions and sales tax.

Research and development

Research and development costs are fully charged to the income statement. These costs are included under “Personnel expenses” and “Other operating expenses”.

Contingent liabilities

The probability and the potential economic impact of contingent liabilities are assessed at each balance sheet date. Based on that assessment, contingent liabilities are evaluated and disclosed in the Notes.

Notes to the consolidated financial statements

in CHF 000s

1. Segment reporting

Net sales by product group and division	Switzerland		Americas		Europe		Global Trade		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Natural cheese	360,815	357,572	597,405	626,354	109,633	123,573	58,426	61,576	1,126,279	1,169,075
Processed cheese	57,319	53,838	37,810	36,665	14,779	14,934	5,641	6,586	115,549	112,023
Cheese	418,134	411,410	635,215	663,019	124,412	138,507	64,067	68,162	1,241,828	1,281,098
as % of net sales	23.7	24.2	37.4	39.6	18.8	19.0	53.3	53.4	29.3	30.3
Milk	243,249	227,354	347,930	342,777	38,008	66,601	971	1,376	630,158	638,108
Butter and margarine	257,785	257,399	43,725	39,837	15,203	27,223	-	-	316,713	324,459
Cream	186,872	176,372	35,473	31,464	2,547	3,017	-	2	224,892	210,855
Dairy products	687,906	661,125	427,128	414,078	55,758	96,841	971	1,378	1,171,763	1,173,422
as % of net sales	39.0	38.9	25.1	24.7	8.4	13.3	0.8	1.1	27.6	27.7
Fresh products	382,087	362,288	367,181	342,686	362,929	371,753	34,927	35,354	1,147,124	1,112,081
as % of net sales	21.7	21.3	21.6	20.5	54.9	50.9	29.0	27.7	27.0	26.3
Fresh cheese	115,207	106,031	98,663	96,904	46,328	43,144	-	-	260,198	246,079
as % of net sales	6.5	6.3	5.8	5.8	7.0	5.9	-	-	6.1	5.8
Powder/ concentrates	82,024	86,360	48,556	40,233	35,233	39,851	19,051	20,753	184,864	187,197
as % of net sales	4.7	5.1	2.9	2.4	5.3	5.4	15.9	16.3	4.4	4.4
Other products	49,099	46,392	118,320	111,745	35,557	39,169	870	1,529	203,846	198,835
Sales of services	27,512	24,504	3,744	5,257	1,153	1,130	375	406	32,784	31,297
Other products/ services	76,611	70,896	122,064	117,002	36,710	40,299	1,245	1,935	236,630	230,132
as % of net sales	4.4	4.2	7.2	7.0	5.6	5.5	1.0	1.5	5.6	5.5
Net sales	1,761,969	1,698,110	1,698,807	1,673,922	661,370	730,395	120,261	127,582	4,242,407	4,230,009
as % of Group	41.5	40.1	40.1	39.6	15.6	17.3	2.8	3.0	100.0	100.0

Net sales by country group	2023	in %	2022	in %
Switzerland	1,761,969	41.5	1,698,110	40.1
North and South America	1,377,270	32.5	1,360,611	32.2
Europe excl. Switzerland	886,981	20.9	930,457	22.0
Africa	153,625	3.6	163,549	3.9
Asia/Pacific	62,562	1.5	77,282	1.8
Total	4,242,407	100.0	4,230,009	100.0

Emmi does not publish segment results since this would cause significant competitive disadvantages in Switzerland and abroad vis-a-vis customers, unlisted and larger listed competitors.

The divisions are not defined strictly according to geographical considerations. The division Americas includes the Emmi Group companies in the USA, Brazil, Spain, Chile, Tunisia, Mexico and Canada. The division Europe comprises those in Italy, Germany, the Netherlands, France, the UK and Austria. The division Global Trade primarily comprises direct sales from Switzerland to customers in countries where Emmi has no subsidiaries. These include the Asian and Eastern European markets, most South American countries and the Arabian Peninsula.

2. Other operating income

	2023	2022
Company-produced additions	–	72
Gain on disposal of fixed assets	973	980
Miscellaneous operating income	5,771	7,970
Total	6,744	9,022

3. Other operating expenses

	2023	2022
Marketing and sales-related expenses	140,738	130,116
Occupancy expense, maintenance and repair, leasing	99,760	87,758
Insurance, fees and HGV road tax	18,468	19,459
Energy, operating material and supplies	118,571	95,045
Administrative expenses	47,738	44,639
Logistic expenses	139,572	161,493
Other operating expenses	55,110	17,816
Total	619,957	556,326

The increase in the other operating expenses is primarily due to the loss incurred in the reporting year from the sale of Gläserne Molkerei.

4. Depreciation and amortisation

	2023	2022
Depreciation of property, plant and equipment	102,290	98,477
Impairment of property, plant and equipment	2,417	14,937
Amortisation of intangible assets	12,396	12,796
Impairment of intangible assets	471	173
Total	117,574	126,383

Of the impairment on property, plant and equipment in the previous year, CHF 13.0 million relates to Gläserne Molkerei.

5. Financial result

	2023	2022
Interest income	2,515	2,155
Other financial income	170	499
Total financial income	2,685	2,654
Interest expense	-18,987	-16,227
Other financial expenses	-1,182	-1,316
Total financial expenses	-20,169	-17,543
Total excl. currency result	-17,484	-14,889
Currency result	-6,537	-8,379
Financial result	-24,021	-23,268

6. Income taxes

	2023	2022
Current income taxes	42,368	38,048
Deferred income taxes	-9,743	893
Total	32,625	38,941
Average tax rate	13.7%	17.0%

Net accruals for current income taxes decreased from CHF 19.5 million in 2022 to CHF 18.1 million in 2023. Deferred income taxes are calculated for every company using the effective applicable tax rate. As at 31 December 2023, the resulting weighted average tax rate was 16.7% (previous year: 18.8%). Adjusted for the non-recurring effects related to the sale of Gläserne Molkerei and Ambrosi S.p.A., the weighted average tax rate was 18.2% (previous year adjusted: 18.4%). Deferred income taxes include recognised tax claims from tax loss carryforwards amounting to CHF 5.4 million (previous year: CHF 2.6 million).

The effective average tax rate adjusted for the tax effects on the sale of Gläserne Molkerei and Ambrosi S.p.A. amounted to 14.9% in the reporting year. The effective average tax rate adjusted for the tax effect on the impairment of non-current assets at Gläserne Molkerei amounted to 16.6% in the previous year.

Details on change of tax claims from tax loss carryforwards	2023	2022
Recognised tax claims from tax loss carryforwards	5,405	2,575
Unrecognised tax claims from tax loss carryforwards	30,541	25,913
Total tax claims from tax loss carryforwards	35,946	28,488
Recognised tax claims from tax loss carryforwards at 1.1.	2,575	1,059
Additions	3,273	1,949
Utilisation	-1,665	-363
Reassessment	1,349	127
Other adjustments	-127	-197
Recognised tax claims from tax loss carryforwards at 31.12.	5,405	2,575

The net change of recognised tax claims from tax loss carryforwards decreased the income tax expenses in the reporting year by CHF 2.8 million (previous year: decrease of CHF 1.5 million).

7. Earnings per share

	2023	2022
Number of shares at 1.1.	5,349,810	5,349,810
Number of shares at 31.12.	5,349,810	5,349,810
Average number of shares	5,349,810	5,349,810
Net profit in CHF 000s	186,273	182,546
Earnings per share (in CHF)	34.82	34.12

Earnings per share is calculated by dividing the net profit attributable to the shareholders of Emmi AG by the average number of shares outstanding. There are no treasury shares that need to be considered in the calculation of the average number of shares outstanding.

Earnings per share of CHF 34.82 include the loss from the sale of Gläserne Molkerei and the gain from the sale of Ambrosi S.p.A. Excluding this non-recurring effect, earnings per share amounted to CHF 39.70.

In the previous year, earnings per share of CHF 34.12 include the impairment of non-current assets at Gläserne Molkerei. Excluding this non-recurring effect, earnings per share amounted to CHF 36.31. As a result, adjusted net profit rose by 9.3% in the reporting year.

8. Trade receivables

	2023	2022
Third parties	484,036	539,313
Associates	903	7,603
Shareholders	492	619
Allowance for doubtful accounts	-11,766	-13,951
Total	473,665	533,584

9. Other receivables

	2023	2022
Value-added tax	15,895	17,941
Income taxes	4,317	3,770
Other – third parties	40,639	36,866
Other – associates	18	34
Total	60,869	58,611

10. Inventories

	2023	2022
Finished products	149,647	143,273
Merchandise	39,292	42,214
Raw materials, semi-finished products and packaging material	316,134	332,483
Other inventories	3,922	4,080
Allowances for inventories	-27,684	-13,810
Total	481,311	508,240

11. Prepayments and accrued income

	2023	2022
Value-added tax	24,046	21,712
Income taxes	12,251	7,934
Social insurance	3,590	434
Other – third parties	27,584	27,691
Other – associates	613	78
Other – shareholders	–	32
Total	68,084	57,881
Thereof current prepayments and accrued income	63,220	52,872
Thereof non-current prepayments and accrued income	4,864	5,009

Other prepayments and accrued income in the reporting year and the previous year consist mainly of prepayments, various refunds and accrued income for advertising costs and milk invoices.

12. Loans and other receivables

	2023	2022
Third parties	10,489	13,047
Associates	2,226	3,542
Total	12,715	16,589

The carrying amount of loans and other receivables from third parties includes impaired loans in the amount of CHF 1.4 million (previous year: CHF 1.5 million).

13. Property, plant and equipment

	Undeveloped land	Properties/ buildings	Machinery/ equipment	Tangible fixed assets under construction	Other tangible assets	Total
2023						
Cost at 1 January 2023	20,811	860,295	1,673,321	131,625	87,896	2,773,948
Change in scope of consolidation	–	-7,837	-19,387	–	-130	-27,354
Additions	–	2,789	7,895	130,408	1,524	142,616
Disposals	–	-425	-52,924	–	-1,799	-55,148
Reclassification	58	2,275	117,887	-130,232	9,068	-944
Currency translation differences	-176	-14,936	-32,145	-6,920	-2,544	-56,721
Cost at 31 December 2023	20,693	842,161	1,694,647	124,881	94,015	2,776,397
Accumulated depreciation at 1 January 2023	1,054	403,298	1,210,067	–	59,286	1,673,705
Change in scope of consolidation	–	-7,837	-19,311	–	-130	-27,278
Depreciation	–	20,200	74,658	–	7,432	102,290
Impairment charges	–	–	2,404	–	13	2,417
Disposals	–	-312	-52,218	–	-1,749	-54,279
Reclassification	–	-117	-687	–	1,572	768
Currency translation differences	-3	-5,264	-19,816	–	-1,548	-26,631
Accumulated depreciation at 31 December 2023	1,051	409,968	1,195,097	–	64,876	1,670,992
Net book value at 31 December 2023	19,642	432,193	499,550	124,881	29,139	1,105,405
Thereof finance leases	–	–	–	–	1,491	1,491
2022						
Cost at 1 January 2022	11,679	772,742	1,672,315	128,166	81,277	2,666,179
Additions	–	504	8,469	190,856	2,417	202,246
Disposals	-133	-4,505	-73,984	–	-3,304	-81,926
Reclassification	9,417	93,949	73,892	-185,563	8,086	-219
Currency translation differences	-152	-2,395	-7,371	-1,834	-580	-12,332
Cost at 31 December 2022	20,811	860,295	1,673,321	131,625	87,896	2,773,948
Accumulated depreciation at 1 January 2022	1,056	382,051	1,213,269	–	54,385	1,650,761
Depreciation	–	18,106	72,928	–	7,443	98,477
Impairment charges	–	6,136	8,801	–	–	14,937
Disposals	–	-4,391	-73,209	–	-3,267	-80,867
Reclassification	–	3,490	-4,713	–	1,223	–
Currency translation differences	-2	-2,094	-7,009	–	-498	-9,603
Accumulated depreciation at 31 December 2022	1,054	403,298	1,210,067	–	59,286	1,673,705
Net book value at 31 December 2022	19,757	456,997	463,254	131,625	28,610	1,100,243
Thereof finance leases	–	–	–	–	1,841	1,841

Of the impairment on property, plant and equipment in the previous year, CHF 13.0 million is related to Gläserne Molkerei.

14. Intangible assets

	Trademarks	Software	Other intangible assets	Total
2023				
Cost at 1 January 2023	154,544	83,574	12,124	250,242
Change in scope of consolidation	–	-390	-15	-405
Additions	–	2,230	278	2,508
Disposals	–	-165	-291	-456
Reclassification	–	1,581	71	1,652
Currency translation differences	-12,181	-1,476	-569	-14,226
Cost at 31 December 2023	142,363	85,354	11,598	239,315
Accumulated amortisation at 1 January 2023	43,193	73,082	10,366	126,641
Change in scope of consolidation	–	-372	-15	-387
Amortisation	7,701	4,434	261	12,396
Impairment charges	388	18	65	471
Disposals	–	-165	-291	-456
Reclassification	–	-49	-11	-60
Currency translation differences	-3,310	-1,201	-429	-4,940
Accumulated amortisation at 31 December 2023	47,972	75,747	9,946	133,665
Net book value at 31 December 2023	94,391	9,607	1,652	105,650
2022				
Cost at 1 January 2022	157,782	85,418	12,073	255,273
Additions	–	3,903	12	3,915
Disposals	–	-5,490	–	-5,490
Reclassification	–	219	212	431
Currency translation differences	-3,238	-476	-173	-3,887
Cost at 31 December 2022	154,544	83,574	12,124	250,242
Accumulated amortisation at 1 January 2022	37,444	74,224	10,044	121,712
Amortisation	8,106	4,452	238	12,796
Impairment charges	–	173	–	173
Disposals	–	-5,488	–	-5,488
Reclassification	–	–	212	212
Currency translation differences	-2,357	-279	-128	-2,764
Accumulated amortisation at 31 December 2022	43,193	73,082	10,366	126,641
Net book value at 31 December 2022	111,351	10,492	1,758	123,601

All intangible assets were acquired.

Goodwill from the acquisition

The goodwill from the acquisition of companies and businesses or the purchase of interests in associates or joint ventures is offset against retained earnings at the date of acquisition. The theoretical capitalisation of goodwill and its amortisation over the expected useful life of usually 20 years would have the following effects on the consolidated financial statements as at 31 December 2023:

Theoretical movement schedule for goodwill

	Goodwill Group companies	Goodwill associated companies	Total
2023			
Cost at 1 January 2023	973,991	18,016	992,007
Additions	1,027	–	1,027
Disposals	-14,357	-11,968	-26,325
Currency translation differences	-62,473	-189	-62,662
Cost at 31 December 2023	898,188	5,859	904,047
Theoretical accumulated amortisation at 1 January 2023	302,626	15,168	317,794
Amortisation	44,702	324	45,026
Disposals	-14,357	-9,578	-23,935
Currency translation differences	-17,111	-147	-17,258
Theoretical accumulated amortisation at 31 December 2023	315,860	5,767	321,627
Theoretical net book value at 31 December 2023	582,328	92	582,420

	Goodwill Group companies	Goodwill associated companies	Total
2022			
Cost at 1 January 2022	965,649	18,693	984,342
Additions	12,982	–	12,982
Currency translation differences	-4,640	-677	-5,317
Cost at 31 December 2022	973,991	18,016	992,007
Theoretical accumulated amortisation at 1 January 2022	252,451	15,027	267,478
Amortisation	47,363	644	48,007
Impairment	9,090	–	9,090
Currency translation differences	-6,278	-503	-6,781
Theoretical accumulated amortisation at 31 December 2022	302,626	15,168	317,794
Theoretical net book value at 31 December 2022	671,365	2,848	674,213

The impairment in the previous year relates to Gläserne Molkerei.

Theoretical impact on shareholders' equity incl. minority interests

	31.12.2023	31.12.2022
Shareholders' equity as per balance sheet	1,414,884	1,283,906
Theoretical capitalisation of net book value of goodwill	627,824	672,749
Currency translation differences	-45,404	1,464
Theoretical shareholders' equity incl. net book value of goodwill	1,997,304	1,958,119
Theoretical shareholders' equity ratio	60.6%	59.2%

Theoretical impact on earnings before interest and taxes (EBIT)

	2023	2022
Earnings before interest and taxes (EBIT) as per income statement	258,248	252,961
Theoretically not necessary goodwill recycling	15,944	–
Theoretical amortisation of goodwill	-44,702	-47,363
Theoretical impairment of goodwill	–	-9,090
Theoretical earnings before interest and taxes (EBIT) after goodwill amortisation and impairment	229,490	196,508

Theoretical impact on net profit

	2023	2022
Net profit as per income statement	186,273	182,546
Theoretically not necessary goodwill recycling	27,153	–
Theoretical amortisation of goodwill	-45,026	-48,007
Theoretical impairment of goodwill	–	-9,090
Theoretical net profit after goodwill amortisation and impairment	168,400	125,449

15. Trade payables

	2023	2022
Third parties	274,562	325,699
Associates	5,525	6,795
Shareholders	21,754	22,437
Total	301,841	354,931

16. Other payables

	2023	2022
Value-added tax	2,489	2,573
Social insurance	7,891	7,493
Other – third parties	30,224	17,417
Other – related parties	3,353	3,237
Total	43,957	30,720

17. Accrued liabilities and deferred income

	2023	2022
Contractual discounts	53,776	47,465

Vacation, overtime, bonuses	38,610	37,322
Income taxes	30,390	27,405
Interest	3,544	3,484
Social insurance	2,550	2,191
Other – third parties	67,578	70,043
Other – associates	950	860
Total	197,398	188,770
Thereof current accrued liabilities and deferred income	193,200	183,407
Thereof non-current accrued liabilities and deferred income	4,198	5,363

Other accrued liabilities and deferred income in the reporting year and the previous year comprise in particular contributions to brand organisations, expected earn-out payments for acquisitions, energy costs, advertising costs, HGV road tax and various services.

18. Financial liabilities

18.1 Bonds

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	21492608 / ISIN CH021492608
Interest rate	1.625%
Term	12 July 2013 to 12 July 2023
Maturity	12 July 2023 at par value

The CHF 2.1 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 12 July 2013. This accrual was released over the term of the bond. The actual interest rate on the bond is thereby increased from 1.625% to 1.72% per year. The bond was repaid in full on 12 July 2023.

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	128965711 / ISIN CH128965711
Interest rate	2.0%
Term	22 September 2023 to 22 September 2028
Maturity	22 September 2028 at par value

The CHF 0.5 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 22 September 2023. This accrual will be released over the term of the bond. The issue price at 100.13% led to premium income of CHF 0.3 million. The actual interest rate on the bond is thereby increased from 2.0% to 2.04% per year.

Bond type	Bond with reopening option
Nominal amount	CHF 100 million
Securities number	36869775 / ISIN CH0368697758
Interest rate	0.5%
Term	21 June 2017 to 21 June 2029
Maturity	21 June 2029 at par value

The CHF 0.4 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 21 June 2017. This accrual will be released over the term of the bond. The issue price at 100.4% led to premium income of CHF 0.4 million. The actual interest rate on the bond is thereby increased from 0.50% to 0.51% per year.

In 2020, securities with a nominal value of CHF 0.5 million were repurchased from the stock exchange for investment purposes.

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	114638248 / ISIN CH1146382481
Interest rate	0.375%
Term	1 December 2021 to 1 December 2031
Maturity	1 December 2031 at par value

The CHF 0.7 million expenses incurred in connection with the issuance of the bond were capitalised under prepayments and accrued income on 1 December 2021. This accrual will be released over the term of the bond. The issue price at 100.54% led to premium income of CHF 1.1 million. The actual interest rate on the bond was thereby reduced from 0.375% to 0.37% per year.

The proceeds from the bond were used to fund the acquisition of the Athenos business in the USA. Emmi has entered into a cross-currency swap to hedge currency and interest rate risks over the long term. Taking this hedge into account, the net interest rate on the USD nominal value of USD 215.6 million is 2.30% instead of 0.375% on the CHF nominal value of CHF 200.0 million.

18.2 Maturing structure of financial liabilities

2023	Residual terms up to 1 year	Residual terms 1 to 5 years	Residual terms over 5 years	Total	Thereof secured by real estate liens	Interest rate in %
Bank overdrafts	68,475	66,310	46,300	181,085	16,178	1.2 – 15.7
Finance lease liabilities	430	305	–	735	–	9.8 – 13.8
Loans from third parties	500	451	6	957	–	0.0 – 8.0
Bonds	–	200,000	299,520	499,520	–	0.5 – 2.3
Total	69,405	267,066	345,826	682,297	16,178	–

All bonds and the vast majority of bank loans are set at fixed interest rates. For the bond issued in December 2021, the interest rate was applied after including cash flows from the cross currency swap. There are no financing arrangements in place linked to financial covenants.

In the reporting year, financial liabilities decreased by CHF 11.6 million. The maturing 1.625% CHF 200 million bond 2013–2023 was repaid on 12 July 2023. The refinancing took place on 22 September 2023 by means of a CHF 200 million bond 2023–2028 with an interest rate of 2.0%. In addition, local financing in Brazilian real was increased and partially amortised in Chilean peso and Tunisian dinar. At the end of the reporting year, the share of financing in Swiss francs was 73.4% (previous year: 72.3%), mainly relating to the three bond issues. 19.1% (previous year: 20.1 %) of the financial liabilities are denominated in euros. CHF 51.7 million (previous year: CHF 52.8 million) or 7.5% (previous year: 7.6%) of the financing is denominated locally in emerging market currencies, such as the Brazilian real, Tunisian dinar, or Chilean and Mexican peso.

2022	Residual terms up to 1 year	Residual terms 1 to 5 years	Residual terms over 5 years	Total	Thereof secured by real estate liens	Interest rate in %
Bank overdrafts	45,424	96,472	49,334	191,230	20,070	0.1 – 21.2
Finance lease liabilities	677	434	–	1,111	–	9.8 – 13.8
Loans from third parties	26	2,019	9	2,054	–	0.0 – 8.0
Bonds	200,000	–	299,520	499,520	–	0.5 – 2.3
Total	246,127	98,925	348,863	693,915	20,070	–

19. Provisions

	Ongoing restructuring	Other provisions	Deferred income taxes	Total provisions
As at 1 January 2023	5,000	22,189	56,008	83,197
Additions	1,900	5,949	–	7,849
Utilisation	-4,500	-4,323	–	-8,823
Release	–	-1,580	-3,882	-5,462
Currency translation differences	–	-733	-1,898	-2,631
As at 31 December 2023	2,400	21,502	50,228	74,130
Thereof current provisions	2,400	5,821	–	8,221
Thereof non-current provisions	–	15,681	50,228	65,909

The restructuring provisions relate to anticipated costs in connection with the decision to reorganise business activities.

Other provisions include, inter alia, liabilities for staff expenses in foreign countries as required by law (reporting year: CHF 5.7 million, previous year: CHF 6.2 million) and provisions for pending legal matters and business disputes (reporting year: CHF 1.5 million, previous year: CHF 1.6 million). In all cases, the likelihood of occurrence of such events has been assessed at above 50%.

	Ongoing restructuring	Other provisions	Deferred income taxes	Total provisions
As at 1 January 2022	5,450	20,141	54,448	80,039
Additions	4,050	8,569	2,449	15,068
Utilisation	-4,500	-3,729	–	-8,229
Release	–	-2,289	–	-2,289
Currency translation differences	–	-503	-889	-1,392
As at 31 December 2022	5,000	22,189	56,008	83,197
Thereof current provisions	2,500	3,457	–	5,957
Thereof non-current provisions	2,500	18,732	56,008	77,240

20. Employee benefit schemes

Employer contribution reserve (ECR)	Nominal value ECR 31.12.2023	Waiver of usage 31.12.2023	Other value adjustments 31.12.2023	Balance sheet 31.12.2023	Balance sheet 31.12.2022	Result from ECR in personnel expenses	
						2023	2022
Pension schemes without excess/insufficient cover (domestic)	1,610	–	–	1,610	1,668	58	380
Pension schemes with excess cover (domestic)	–	–	–	–	–	–	–
Total	1,610	–	–	1,610	1,668	58	380

Economic benefit/ economic obligation and pension expenses	Excess/ insufficient cover as per Swiss GAAP FER 26 31.12.2023	Economic benefit/obligation for the company 31.12.2023	31.12.2022	Change vs. previous year or taken to the income statement in the FY	Contributions limited to the period ¹⁾	Pension expenses in personnel expenses	
						2023	2022
Welfare funds	30,120	–	–	–	–	–	–
Pension schemes without excess/insufficient cover (domestic)	–	–	–	–	21,764	21,764	21,765
Pension schemes without excess/insufficient cover (abroad)	–	–	–	–	3,286	3,286	3,096
Pension schemes with excess cover (domestic)	–	–	–	–	–	–	–
Total	30,120	–	–	–	25,050	25,050	24,861

¹⁾ Including result from employer contribution reserves or comparable items in connection with pension schemes abroad.

Breakdown of pension expenses 2023	Domestic	Abroad	Total
Contributions to pension plans at cost to the companies	21,706	3,286	24,992
Contributions to pension plans from employer contribution reserves	58	–	58
Total contributions	21,764	3,286	25,050
Change in ECR due to asset performance, value adjustments, etc.	–	–	–
Contributions and change to employer contribution reserves	21,764	3,286	25,050
Increase in economic benefit to the company due to excess cover	–	–	–
Reduction in economic obligations of the company due to insufficient cover	–	–	–
Total change in economic impact arising from excess/insufficient cover	–	–	–
Pension expenses in personnel expenses for the period	21,764	3,286	25,050

Breakdown of pension expenses 2022	Domestic	Abroad	Total
Contributions to pension plans at cost to the companies	21,385	3,096	24,481
Contributions to pension plans from employer contribution reserves	–	–	–
Total contributions	21,385	3,096	24,481
Change in ECR due to asset performance, value adjustments, etc.	380	–	380
Contributions and change to employer contribution reserves	21,765	3,096	24,861
Increase in economic benefit to the company due to excess cover	–	–	–
Reduction in economic obligations of the company due to insufficient cover	–	–	–
Total change in economic impact arising from excess/insufficient cover	–	–	–
Pension expenses in personnel expenses for the period	21,765	3,096	24,861

21. Disposal of companies

Gläserne Molkerei, which was sold in the reporting year, reported the following main balance sheet items at the time of disposal:

	Gläserne Molkerei	–
	2023	2022
Cash and securities	12,042	–
Trade receivables	7,833	–
Inventories	3,669	–
Other current assets	1,298	–
Non-current assets	143	–
Trade payables	4,492	–
Other current liabilities	4,082	–
Non-current liabilities	7,695	–
Net assets	8,716	–

On 14 August 2023, Emmi sold Gläserne Molkerei (consisting of the companies Gläserne Molkerei GmbH, Gläserne Molkerei Münchehofe GmbH and Hofmolkerei Münchehofe GmbH) to Munich-based Mutares, which specialises in turnaround situations. Gläserne Molkerei generated annual sales of around EUR 100 million with over 120 employees. The loss from this transaction amounts to CHF 37.2 million (before tax) and CHF 28.9 million (after tax) and is recognised in the income statement in "Other operating expenses" and tax expenses.

22. Unsettled derivative financial instruments

	Positive value	Negative value	Purpose	Positive value	Negative value	Purpose
	31.12.2023			31.12.2022		
Forward currency transactions	22,485	430	Hedging	3,234	1,886	Hedging
Interest rate swaps	7,696	123	Hedging	–	1,039	Hedging
Total forward transactions	30,181	553	–	3,234	2,925	–
Thereof to hedge future cash flows	8,719	276	–	1,162	1,172	–
Total recognised in the balance sheet	21,462	277	–	2,072	1,753	–

Similar to the underlying transactions, currency forwards, interest rate swaps and other forward transactions used to hedge future cash flows are not recognised in the balance sheet. The result of these derivative instruments is recognised in the income statement on occurrence of the transaction hedged. Derivative financial instruments used to hedge balance sheet positions in foreign currencies are recognised as securities in the current assets or other payables in the current liabilities, respectively. Corresponding changes in value are recognised in the financial result.

In connection with the CHF 200 million bond issued in December 2021 to fund the USD acquisition of the Athenos business in the USA, Emmi entered into a cross-currency swap. This hedges currency and interest rate risks in USD over the entire term of the bond. While the fair value of the currency portion serves as a hedge of balance sheet items and is therefore accounted for in the same way as the hedged item, the fair value of the interest portion is a hedge of future cash flows. Accordingly, the fair value of the interest portion is not recognised.

Emmi also has options to acquire additional shares in a number of Group companies with minority interests. At the same time, put options have been granted in general to the counterparties. These options are not recognised in the balance sheet as they represent derivatives on equity instruments of the own organisation, which are explicitly excluded from the scope of [Swiss GAAP FER 27](#). The strike price of these options is generally based on the corresponding enterprise value at the exercise date and cannot currently be reliably measured. The exercise date varies depending on the agreement. The maturities range from short term to unlimited options.

23. Contingent assets and liabilities

Emmi is involved in legal disputes as part of normal business activities. Although the outcome of the lawsuits currently cannot be predicted with certainty, Emmi assumes that none of the disputes will have any significant negative impact on operating activities or on the Group's financial situation. Expected outgoing payments are provided for accordingly. As at the date of the financial statements, the Group had no major contingent assets.

24. Pledged assets and off-balance sheet leasing/rental obligations

Pledged assets	31.12.2023	31.12.2022
Pledges on property, nominal values	246,337	250,478
Pledges on other assets	75	698
Thereof used as security for own liabilities	16,283	20,431
Off-balance sheet leasing/rental obligations		
up to 2 years	23,245	23,072
3 to 5 years	21,853	19,094
over 5 years	24,225	17,336
Total	69,323	59,502

25. Investment obligations and other off-balance sheet liabilities

	31.12.2023	31.12.2022
Investment obligations in connection with previously concluded agreements	23,311	17,307
Long-term commodity contracts	962	2,686
Cooperation agreements with suppliers/customers	p.m.	p.m.

Furthermore, there are milk purchase agreements that can not be quantified.

The long-term commodity contracts are purchase agreements for coffee that will be settled at the market price valid in the period of delivery.

26. Transactions with related parties

Business transactions with related parties are based on arm's length conditions. All transactions are reported in the consolidated financial statements for 2023 and 2022, and consist of deliveries of products and raw materials, loans, and services to and from related parties. The corresponding receivable and payable balances are reported separately in these financial statements (see notes 8, 9, 11, 12, 15, 16 and 17).

Transactions with associates	2023	2022
Net sales	16,887	28,130
Cost of materials and services	39,195	57,348
Other expenses	2,127	2,384
Financial income	307	785

Transactions with shareholders	2023	2022
Net sales	5,964	6,424
Cost of materials and services	257,152	253,253
Other expenses	80	11

Transactions with other related parties	2023	2022
Net sales	63	41
Other expenses	148	157

Milk purchases from the main shareholder are included in cost of materials under transactions with shareholders. These are made at arm's length conditions. Emmi Group is jointly and severally liable within the scope of VAT group taxation for the associated liabilities of [Genossenschaft Zentralschweizer Milchproduzenten ZMP](#) and [ZMP Invest AG](#).

Other transactions

The compensation paid to members of the Board of Directors and Group Management is disclosed in the Compensation Report of Emmi AG.

27. Shareholders

Nominal capital	31.12.2023	%	31.12.2022	%
ZMP Invest AG, Lucerne ¹⁾	28,488	53.2	28,488	53.2
Zentralschweizer Käsermeister Genossenschaft, Sursee ¹⁾	2,150	4.0	2,150	4.0
MIBA Genossenschaft, Aesch (BL) ¹⁾	1,697	3.2	1,727	3.3
Other	21,163	39.6	21,133	39.5
Total	53,498	100.0	53,498	100.0

¹⁾ ZMP Invest AG, Lucerne, Zentralschweizer Käsermeister Genossenschaft, Sursee, and MIBA Genossenschaft, Aesch (BL), form a group in the sense of Article 121 FinMIA. The Group owns 60.4% (previous year: 60.5%) of the total voting rights.

As at 7 June 2016, [Capital Group Companies Inc.](#), Los Angeles, USA, informed us that it owned 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

As at 31 December 2023, Emmi Wohlfahrtsfonds (welfare fund) owned a total of 6,000 shares of Emmi AG (unchanged from previous year).

28. Risk management and internal controls

The Board of Directors of Emmi AG has the ultimate responsibility for risk management, while implementation is delegated to Group Management. Irrespective of the type of risk, there is a generally applicable risk management process. As part of a formal process, significant business risks are assessed in a first process step in workshops and individual interviews, and then analysed and evaluated according to the extent of the potential damage and their likelihood of occurrence. The second process step involves risk management and the creation of a list of measures per risk and risk reporting.

The Board of Directors of Emmi AG discussed and approved the risk assessment in the year under review. It monitors the implementation of the defined measures by Group Management. No exceptional risks that went beyond normal limits were identified during the assessment. The process is repeated annually. The following risks were identified as significant risks to the Emmi Group:

- Milk price difference internationally: The milk price difference between Switzerland and other countries continues to have a negative impact on the sales of domestically produced products both in Switzerland, as the volume of imported milk products increases, and abroad. Although full liberalisation of the Swiss milk market remains a long-term risk, this is absorbed through targeted and sustainable growth abroad. Any risks related to the international growth of the Emmi Group are minimised by a strict focus on the strategy and its implementation.
- Skills and labour shortage: The skills and labour shortage is intensifying in some of the relevant markets for the Emmi Group. This can lead to vacancies remaining unfilled for longer and increase pressure on personnel costs. Rigorous improvement of our processes, raised automation levels, targeted adjustments to the hiring process and promotion of a unique corporate culture help to mitigate this risk.
- Inflation: Inflation rose in all markets relevant to the Emmi Group in 2022; in some particularly important markets, such as the US and many European countries, it rose to historically very high levels. Although inflation has eased since then, it remains high in many important markets. Inflationary trends have made a major portion of Emmi's input costs significantly more expensive. This applies not only to various raw materials, but also to energy costs, for example. In addition, we had to acknowledge that wage costs have risen significantly in many countries on the back of high inflation. If in future Emmi is unable to pass on the continuing rise in costs to customers via higher prices, or can only do so with a time lag, this could lead to a loss of margin.
- Energy risk: Energy price increases, the rationing of energy supplies and interrupted energy supplies of electricity, natural gas and oil pose a significant risk for some production sites. The risk of price increases for electricity, natural

gas and crude oil has already materialised in part, significantly increasing energy costs. The risk of rationing of electricity, gas and oil eased considerably compared with the previous year. The risk of a short-term interruption of energy supplies of electricity and gas is also currently significantly lower. This risk continues to be mitigated through strategic purchasing of energy sources, efficiency improvements, business continuity management and price increases.

- Currency risk: Currency movements represent a significant risk for the Emmi Group, and has a tendency to increase based on the continuing internationalisation of business activities. We aim to achieve natural hedges with purchases in foreign currencies. Furthermore, in line with the Emmi strategy, expenditure and production volumes in foreign currency zones are being increased through capital expenditures and acquisitions.
- Price pressure: National and international product tenders, as well as a potentially successful market launch of products made from milk alternatives, threaten in the medium term to result in price erosion, which could lead to a loss of margin mainly for generic products. If the prices of Emmi products remain stable in foreign currency, this may lead to a margin loss. If prices increase, market shares might be lost. However, the successfully established Emmi brands, including those in the milk alternatives segment, offer long-term value creation potential.
- Trade agreements: The drafting of trade agreements with countries in which Emmi operates presents both opportunities and risks for the company. Switzerland is currently engaged in various talks aimed at negotiating new trade agreements and renegotiating existing ones, but progress is slow. As a result, the Swiss dairy industry is increasingly falling behind its competitors – especially those from the European Union – on the international market in terms of market access conditions. Negotiations that are unfavourable for Emmi could potentially also lead to heavy import pressure in Switzerland. A suspension of the bilateral agreements with the European Union would make it harder for Swiss export products to gain access to the market (e.g. due to the reintroduction of customs duties on cheese), posing a considerable risk. With the growth and local anchoring of our foreign subsidiaries, this risk is becoming smaller in its effect.
- IT outages: With the growing continuity of processes and increasing penetration and standardisation of IT systems, the extent of damage caused by a potential outage increases. Shutdowns of entire plants can very quickly lead to high losses. With increasing investments in IT security, this risk is continuously analysed and mitigated; however, a residual risk remains.

The Emmi Group is exposed to various financial risks through its business activities, including credit, liquidity and other market risks. Credit risks are managed by means of continual monitoring of day-to-day business and appropriate risk assessment when closing a transaction. Liquidity risk is managed by means of central cash management, which ensures that the planned liquidity requirement is covered by corresponding financing agreements. Other market risks, such as currency and interest rate risks, are partially hedged using derivative instruments. The non-hedged portion is consciously borne as a risk. The currencies of particular relevance to the Emmi Group are the euro, the US dollar and the British pound.

To ensure that the consolidated financial statements comply with the applicable accounting standards and are reported accurately, the Emmi Group has set up effective internal control and management systems, which are reviewed regularly. Accounting and valuation include estimates and assumptions regarding the future. These are based on the knowledge possessed by the respective employees and are regularly examined with a critical eye. Where a financial position includes a major valuation uncertainty that could lead to a significant change in the carrying amount, this uncertainty is disclosed accordingly in the Notes. However, no risks that could lead to a significant correction to the company's assets, financial position or results of operations as reported in the annual accounts were identified as at the balance sheet date.

29. Subsequent events

From the balance sheet date until the consolidated financial statements were approved by the Board of Directors on 28 February 2024, no other major events occurred that could have adversely affected the validity of the consolidated financial statements for 2023 or which would have to be disclosed.

30. Summary of consolidated companies, associates and joint ventures

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2023	Capital share 31.12.2023	Capital share 31.12.2022
Switzerland					
Emmi AG	Lucerne	CHF	53,498	100%	100%
Baumann Käse AG	Münchenbuchsee	CHF	100	100%	100%
Emmi Dessert International SA in liquidation ¹⁾	Lugano	CHF	250	100%	100%
Emmi Finanz AG	Lucerne	CHF	100	100%	100%
Emmi International AG	Lucerne	CHF	5,000	100%	100%
Emmi Langnau AG	Langnau i.E.	CHF	3,000	100%	100%
Emmi Management AG	Lucerne	CHF	500	100%	100%
Emmi Schweiz AG	Lucerne	CHF	5,700	100%	100%
FDS Fromagerie de Saignelégier SA	Saignelégier	CHF	1,050	86%	86%
Fromco S.A. Moudon	Moudon	CHF	2,100	60%	60%
Käserei Studer AG	Hefenhofen	CHF	720	100%	100%
Lesa Lataria Engiadinaisa SA	Bever	CHF	2,000	80%	80%
Mittelland Molkerei AG	Suhr	CHF	20,000	100%	100%
Molkerei Biedermann AG ²⁾	Bischofzell	CHF	–	–	100%
MOPRO Luzern AG	Lucerne	CHF	120	100%	100%
Regio Molkerei beider Basel AG	Frenkendorf	CHF	3,000	80%	80%
Swissexport, Aktiengesellschaft					
Schweizerischer Käseexporteure	Berne	CHF	100	79%	79%
Spain					
Admilac Servicios Profesionales, S.L.	San Sebastian	EUR	3	73%	73%
Altamira Alimentaria, S.L.	Renedo	EUR	3	73%	73%
Kaiku Corporación Alimentaria, S.L.	San Sebastian	EUR	82,110	73%	73%
Kaiku Internacional, S.L.	San Sebastian	EUR	77,877	73%	73%
Kaiku Km0, S.L.	Bilbao	EUR	625	73%	73%
Lácteos de Navarra, S.L.	Pamplona	EUR	9,647	73%	73%
Lecherías de Madrid, S.L.	Madrid	EUR	3	29%	29%
Llet Nostra Alimentaria, S.L.	Barcelona	EUR	2,764	33%	33%
SDA Bilbao, S.L. ³⁾	Bilbao	EUR	–	–	73%
SDA Catalunya	Barcelona	EUR	3	53%	53%
SDA Guipuzcoa, S.L. ⁴⁾	Bilbao	EUR	–	–	73%
Servicios Logísticos Jundiz, S.L.	Vitoria	EUR	102	73%	73%
Soc. Servicios Logísticos SDA Central, S.L.	Bilbao	EUR	3	73%	73%
Tecnología y Calidad Láctea, S.L.	San Sebastian	EUR	3	73%	73%

¹⁾ Emmi Dessert International SA was put into liquidation on 22 December 2023.

²⁾ Molkerei Biedermann AG was merged with Emmi Schweiz AG on 2 June 2023.

³⁾ SDA Bilbao, S.L. was liquidated on 14 December 2023.

⁴⁾ SDA Guipuzcoa, S.L. was liquidated on 24 March 2023.

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2023	Capital share 31.12.2023	Capital share 31.12.2022
Italy					
Emmi Dessert Italia S.p.A.	Milan	EUR	1,000	100%	100%
Emmi Holding Italia S.r.l.	Milan	EUR	1,714	100%	100%
Emmi Italia S.p.A.	Milan	EUR	500	100%	100%
Pasticceria Quadrifoglio S.r.l.	Piumazzo	EUR	104	100%	100%
Netherlands					
Bettinehoeve B.V.	Etten-Leur	EUR	18	100%	100%
Emmi Benelux B.V.	Tiel	EUR	525	100%	100%
Emmi Finance Netherlands B.V.	Tiel	EUR	p.m.	100%	100%
ENS International B.V. ⁵⁾	Heerhugowaard	EUR	18	100%	100%
Goat Milk Powder B.V.	Etten-Leur	EUR	1	100%	100%
Germany					
Emmi Deutschland GmbH	Essen	EUR	75	100%	100%
Gläserne Molkerei GmbH ⁶⁾	Dechow	EUR	–	–	100%
Gläserne Molkerei Münchehofe GmbH ⁶⁾	Münchehofe	EUR	–	–	100%
Hofmolkerei Münchehofe GmbH ⁶⁾	Münchehofe	EUR	–	–	100%
Molkerei Biedermann GmbH	Constance	EUR	25	100%	100%
France					
Distribution Frais Disfrais SAS	Avignon	EUR	192	100%	100%
EF Immo 84 SCI	Nice	EUR	270	100%	100%
Emmi France SAS	Nice	EUR	6,000	100%	100%
Ets Schoepfer SAS	Avignon	EUR	1,252	100%	100%
Austria					
Emmi Österreich GmbH	Nüziders	EUR	2,800	100%	100%
Hale GmbH ⁷⁾	Wartberg	EUR	18	92%	83%
Leeb Biomilch GmbH ⁷⁾	Wartberg	EUR	70	92%	83%
United Kingdom					
Emmi UK Limited	London	GBP	4,717	100%	100%
Tunisia					
Centrale Laitière de Mahdia, S.A.	Mahdia	TND	36,000	47%	47%
Société tunisienne d'engraissement des veaux S.A.R.L. in liquidation ⁸⁾	Mahdia	TND	140	47%	47%

⁵⁾ AVH dairy trade B.V. was renamed to ENS International B.V. on 1 April 2023.

⁶⁾ Gläserne Molkerei GmbH, Gläserne Molkerei Münchehofe GmbH and Hofmolkerei Münchehofe GmbH were sold on 14 August 2023.

⁷⁾ Emmi increased both of its stakes in Hale GmbH and Leeb Biomilch GmbH from 83% to 92% on 28 July 2023.

Consolidated companies	Head office	Currency	Capital in 000s 31.12.2023	Capital share 31.12.2023	Capital share 31.12.2022
United States					
Bello LLC	Delaware	USD	p.m.	88%	88%
Classe Foods LLC	Delaware	USD	p.m.	88%	88%
Cypress Grove Chèvre, Inc.	Arcata	USD	202	100%	100%
Emmental Cheese Corp.	Orangeburg	USD	6	100%	100%
Emmi Dessert Intermediate Holdings (USA) LLC	New York	USD	p.m.	100%	100%
Emmi Dessert Participations (USA) Corp.	Delaware	USD	p.m.	100%	100%
Emmi Dessert USA LLC	Delaware	USD	p.m.	88%	88%
Emmi Equator RTD Coffee LLC	Delaware	USD	p.m.	70%	70%
Emmi Holding (USA), Inc.	Orangeburg	USD	1	100%	100%
Emmi Resume LLC	Delaware	USD	p.m.	100%	100%
Emmi Roth USA, Inc.	Monroe	USD	2	100%	100%
Emmi USA Inc.	Orangeburg	USD	800	100%	100%
Jackson-Mitchell, Inc.	Turlock	USD	27	100%	100%
Luce Foods LLC	New Jersey	USD	p.m.	88%	88%
Luna Foods LLC	Delaware	USD	p.m.	88%	88%
Redwood Hill Farm & Creamery, Inc.	Sebastopol	USD	835	100%	100%
Switzerland Cheese Marketing (USA) Inc.	Orangeburg	USD	1	79%	79%
Tomales Bay Foods, Inc.	Petaluma	USD	895	100%	100%
Vivi Foods LLC	New York	USD	p.m.	88%	88%
Zingg + Co. Inc.	Orangeburg	USD	1	100%	100%
Mexico					
Alimentos Finos del Sureste, S.A. de C.V. ⁸⁾	Cancun, Qroo	MXN	100	46%	41%
Comalca 2000, S.A. de C.V. ⁸⁾	Cancun, Qroo	MXN	14,960	46%	41%
Comalca Gourmet, S.A. de C.V. ⁸⁾	Cancun, Qroo	MXN	12,623	46%	41%
Distribuidora Internacional de Lacteos, S.A. de C.V.	Mexico City	MXN	50	38%	38%
Distribuidora Mexideli, S.A. de C.V.	Mexico City	MXN	100	51%	51%
Mexideli 2000 Holding S.A. de C.V.	Mexico City	MXN	101,759	51%	51%
Mexideli, S.A. de C.V.	Mexico City	MXN	68,350	51%	51%
Tecnologías Narcisco, S.A. de C.V.	Mexico City	MXN	60	51%	51%
Chile					
Chevrita S.p.A.	Santiago	CLP	676,077	38%	38%
Distribuidora de Alimentos Chile S.p.A.	Santiago	CLP	798,271	38%	38%
Eurolac Chile S.p.A.	Santiago	CLP	47,040,582	73%	73%
Surlat Corporación S.p.A.	Santiago	CLP	47,008,983	73%	73%
Surlat Industrial S.p.A.	Pitruquén	CLP	31,310,389	38%	38%
Quillayes Peteroa S.p.A.	Santiago	CLP	12,222,584	38%	38%
Quillayes Surlat S.p.A.	Santiago	CLP	54,392,884	38%	38%
Quillayes Surlat Comercial S.p.A.	Santiago	CLP	7,934,483	38%	38%
Canada					
Emmi Canada Inc.	Saint-Hubert	CAD	19,150	100%	100%
Switzerland Cheese Marketing Inc.	Saint-Hubert	CAD	1	79%	79%
9314 – 8591 Québec Inc.	Saint-Hubert	CAD	3,137	100%	100%
Brazil					
Emmi do Brasil Holding Ltda.	Sao Paulo	BRL	891,000	100%	100%
Laticínios Porto Alegre Indústria e Comércio S.A.	Ponte Nova	BRL	563,312	70%	70%

⁸⁾ On 7 June 2023, Mexideli 2000 Holding S.A. de C.V., in which Emmi holds a 51% stake, increased its holdings in Comalca 2000, S.A. de C.V. and Comalca Gourmet, S.A. de C.V. from 80% to 90%, respectively. This also increased Emmi's share of Alimentos Finos del Sureste, S.A. de C.V., which is wholly owned by Comalca Gourmet, S.A. de C.V.

The percentage of voting rights controlled by the Emmi Group in the subsidiaries of Kaiku Corporacion Alimentaria, S.L. and the subsidiaries of Mexideli 2000 Holding S.A. de C.V. differs from the capital share since Emmi controls these subsidiaries through its control of the parent companies.

Associates and joint ventures	Head office	Currency	Capital in 000s 31.12.2023	Capital share 31.12.2023	Capital share 31.12.2022
Switzerland					
BO Butter GmbH	Berne	CHF	500	33%	33%
Cetra Holding SA	Mezzovico-Vira	CHF	250	34%	34%
FDC Fromagerie de Courgenay SA	Courgenay	CHF	990	25%	25%
Floralp Butter GmbH	Berne	CHF	125	33%	33%
Sbrinz Käse GmbH	Sursee	CHF	180	24%	24%
Switzerland Cheese Marketing AG	Berne	CHF	290	23%	23%
Thurgauische Käse-Reifungs AG	Weinfelden	CHF	2,000	25%	25%
Spain					
Batiovo I.A.E.	Madrid	EUR	12	37%	37%
NaturAll BBVV-2018, S.L.	Corella	EUR	2,617	18%	18%
Serkolat Bide, S.L.	San Sebastian	EUR	8	37%	37%
Italy					
Ambrosi S.p.A. ¹⁾	Brescia	EUR	–	–	25%
Sepa S.r.l.	Pieve Porto Morone	EUR	100	40%	40%
Germany					
Carl Fr. Scheer GmbH + Co. KG	Willstätt	EUR	500	25%	25%
Scheer Verwaltungs u. Beteiligungs GmbH	Willstätt	EUR	26	25%	25%
United States					
Big Red Cheese Company LLC ²⁾	Monroe	USD	–	–	50%
EB Snacks LLC ³⁾	Delaware	USD	–	–	50%
Emmi Meister LLC	Fitchburg	USD	2	50%	50%
Kindred Creamery LLC	Fitchburg	USD	1	30%	30%

¹⁾ The minority stake in Ambrosi S.p.A. was sold on 3 July 2023.

²⁾ Big Red Cheese Company LLC was liquidated on 14 April 2023.

³⁾ EB Snacks LLC was liquidated on 5 July 2023.

Auditor's report



Statutory Auditor's Report

To the General Meeting of Emmi AG, Luzern

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Emmi AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2023 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 100 to 138) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



REVENUE RECOGNITION FROM SALES OF PRODUCTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



REVENUE RECOGNITION FROM SALES OF PRODUCTS

Key Audit Matter

Consolidated net revenue from sales of products amount to CHF 4,210 million in the financial year 2023.

Revenue from the sale of products is recognised in the income statement when the risks and rewards as well as the title over the goods are transferred to the buyer, generally upon shipment. Net sales are reported net of credit notes and sales deductions.

Net sales form an important basis for assessing the course of business and the performance of the group and are therefore in the focus of internal and external stakeholders.

The fact that different delivery times, contractual terms and Incoterms have to be considered when determining the correct time for recognising revenue leads to an increased audit risk.

In addition, there is a risk of management overriding controls to achieve planned results.

Accordingly, we focused our audit in this area on the existence of revenue transactions and their recognition in the correct period.

Based on these considerations, we determined revenue recognition to be a key audit matter.

Our response

As part of our audit, we assessed the appropriateness of the accounting policies used for recognising revenue and specifically, regarding the recognition in the correct accounting period.

We obtained an understanding of the revenue recognition process from order to receipt of payment and, based on this, critically assessed whether the transactions are completely and accurately recognised in the consolidated financial statements.

For the identified key controls in the area of revenue recognition, we assessed the existence (design and implementation) of the relevant controls and tested their operating effectiveness on a sample basis.

Our procedures included, amongst others, the following audit procedures:

- On a sample basis, we reconciled sales transactions before and after the balance sheet date with delivery notes and customer contracts. Based on this, we verified the transfer of title to the buyer and thus the recording in the correct reporting period in accordance with the agreed terms.
- On a sample basis, we reconciled the accounts receivables balances as at the balance sheet date with third party confirmations or, alternatively, with delivery documents, invoices and/or incoming payments.
- For selected companies, we have verified the existence and accuracy of sales transactions by using data analytics.
- On a sample basis, we examined credit notes issued after year-end and payments received.
- In addition, we performed analytical procedures at Group level as well as at company level for selected entities. These included, among other things, analyses of the developments of sales and margins.

In addition to the audit procedures described above, we assessed the risk of management overriding controls by analysing manual journal entries in sales accounts.

For further information on revenue recognition refer to the following:

- Principles of valuation, pages 107 to 111
- Segment reporting, pages 112 to 113



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

François Rouiller
Licensed Audit Expert
Auditor in Charge

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2024

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Income statement

in CHF 000s

	Notes	2023	2022
Income from investments	2.1	126,619	125,710
Other financial income	2.2	20,081	16,158
Other operating income		7,523	7,338
Total income		154,223	149,206
Financial expenses	2.3	-18,500	-15,605
Personnel expenses		-1,460	-1,422
Other operating expenses		-7,628	-7,169
Direct taxes		-488	-254
Total expenses		-28,076	-24,450
Net profit		126,147	124,756

Balance sheet

in CHF 000s

Assets	Notes	31.12.2023	%	31.12.2022	%
Cash and cash equivalents		2,934		4,530	
Other current receivables from third parties		47		70	
Other current receivables from companies in which the entity holds an investment		60,317		104,521	
Prepayments and accrued income		341		857	
Current assets		63,639	4.0	109,978	7.1
Loans to companies in which the entity holds an investment		92,600		128,011	
Investments in subsidiaries and associates	2.4	1,432,343		1,309,064	
Financial assets		1,524,943		1,437,075	
Prepayments and accrued income		84		112	
Non-current assets		1,525,027	96.0	1,437,187	92.9
Total assets		1,588,666	100.0	1,547,165	100.0
Liabilities and shareholders' equity					
Current interest-bearing debts due to third parties		27,780		–	
Other current payables to third parties		222		300	
Accrued liabilities and deferred income		2,438		1,803	
Provisions		62		62	
Current liabilities		30,502	1.9	2,165	0.1
Non-current interest-bearing debts due to third parties		92,600		128,011	
Provisions		648		648	
Non-current liabilities		93,248	5.9	128,659	8.3
Liabilities		123,750	7.8	130,824	8.4
Share capital	2.5	53,498		53,498	
Legal capital reserves					
– Reserves from capital contributions	2.6	8,294		8,294	
Legal retained earnings		2,886		2,886	
Voluntary retained earnings		1,270,000		1,225,000	
Available earnings					
– Profit brought forward		4,091		1,907	
– Net profit		126,147		124,756	
Shareholders' equity		1,464,916	92.2	1,416,341	91.6
Total liabilities and shareholders' equity		1,588,666	100.0	1,547,165	100.0

Statement of changes in equity

in CHF 000s

	Share capital	Legal capital reserves	Legal retained earnings	Voluntary retained earnings	Available earnings	Total
Shareholders' equity at 1 January 2020	53,498	8,294	2,886	1,105,000	106,435	1,276,113
Allocation	–	–	–	40,000	-40,000	–
Dividend	–	–	–	–	-64,198	-64,198
Net profit for the year	–	–	–	–	101,048	101,048
Shareholders' equity at 31 December 2020	53,498	8,294	2,886	1,145,000	103,285	1,312,963
Allocation	–	–	–	30,000	-30,000	–
Dividend	–	–	–	–	-69,548	-69,548
Net profit for the year	–	–	–	–	123,067	123,067
Shareholders' equity at 31 December 2021	53,498	8,294	2,886	1,175,000	126,804	1,366,482
Allocation	–	–	–	50,000	-50,000	–
Dividend	–	–	–	–	-74,897	-74,897
Net profit for the year	–	–	–	–	124,756	124,756
Shareholders' equity at 31 December 2022	53,498	8,294	2,886	1,225,000	126,663	1,416,341
Allocation	–	–	–	45,000	-45,000	–
Dividend	–	–	–	–	-77,572	-77,572
Net profit for the year	–	–	–	–	126,147	126,147
Shareholders' equity at 31 December 2023	53,498	8,294	2,886	1,270,000	130,238	1,464,916

Notes to the financial statements

in CHF 000s

1. Principles

1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting ([32nd title of the Swiss Code Obligations](#)).

Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Securities listed on a stock exchange

Securities with a short-term holding period are valued at their quoted market price as at the balance sheet date. A valuation adjustment reserve has not been accounted for.

1.3 Financial assets

Financial assets include long-term loans and investments. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealised losses are recorded but unrealised profits are not recognised (impairity principle).

1.4 Non-current interest-bearing debts

Interest-bearing debts are recognised in the balance sheet at nominal value.

1.5 Foregoing a cash flow statement and additional disclosures in the Notes

As Emmi AG has prepared its consolidated financial statements in accordance with a recognised accounting standard ([Swiss GAAP FER](#)), it was decided not to present additional information on interest-bearing liabilities and audit fees in the Notes as well as a cash flow statement, in accordance with the law.

2. Information on balance sheet and income statement items

2.1 Income from investments

This position includes dividend income from investments.

2.2 Other financial income

Other financial income mainly comprises foreign currency gains and interest income on loans granted to companies in which the entity holds an investment.

2.3 Financial expenses

Financial expenses mainly comprise foreign currency losses and interest expenses.

2.4 Investments

	Currency	Capital in 000s 31.12.2023	Capital share 31.12.2023	Capital share 31.12.2022
Switzerland				
Baumann Käse AG, Münchenbuchsee	CHF	100	100%	100%
Cetra Holding SA, Mezzovico-Vira	CHF	250	34%	34%
Emmi Finanz AG, Lucerne	CHF	100	100%	100%
Emmi International AG, Lucerne	CHF	5,000	100%	100%
Emmi Langnau AG, Langnau i.E.	CHF	3,000	100%	100%
Emmi Management AG, Lucerne	CHF	500	100%	100%
Emmi Schweiz AG, Lucerne	CHF	5,700	100%	100%
Fromco S.A. Moudon, Moudon	CHF	2,100	60%	60%
Käserei Studer AG, Hefenhofen	CHF	720	100%	100%
Mittelland Molkerei AG, Suhr	CHF	20,000	100%	100%
Molkerei Biedermann AG, Bischofszell ¹⁾	CHF	–	–	100%
MOPRO Luzern AG, Lucerne	CHF	120	100%	100%
Switzerland Cheese Marketing AG, Berne	CHF	290	23%	23%
Austria				
Hale GmbH, Wartberg ²⁾	EUR	18	92%	83%
Leeb Biomilch GmbH, Wartberg ²⁾	EUR	70	92%	83%
Germany				
Emmi Deutschland GmbH, Essen	EUR	75	100%	100%
Italy				
Emmi Holding Italia S.r.l., Milan	EUR	1,714	70%	70%
Netherlands				
Emmi Finance Netherlands B.V., Tiel	EUR	p.m.	100%	100%
Spain				
Kaiku Corporación Alimentaria, S.L., San Sebastián	EUR	82,110	73%	73%
United Kingdom				
Emmi UK Limited, London	GBP	4,717	100%	100%
Canada				
Emmi Canada Inc., Saint-Hubert	CAD	19,150	100%	100%
United States				
Emmi Holding (USA), Inc., Orangeburg	USD	1	100%	100%

¹⁾ Molkerei Biedermann AG was merged with Emmi Schweiz AG on 2 June 2023.

²⁾ Emmi increased both of its stakes in Hale GmbH and Leeb Biomilch GmbH from 83% to 92% on 28 July 2023.

The above-mentioned investments are directly held by Emmi AG. Investments that are indirectly held by Emmi AG are mentioned in [note 30](#) of the consolidated financial statements.

2.5 Share capital and significant shareholders

The share capital of KCHF 53,498 as at 31 December 2023 consists of 5,349,810 registered shares with a nominal value of CHF 10 (unchanged from previous year).

1,035,724 shares or 19.4% were not registered as at 31 December 2023 (previous year: 1,036,844 shares were not registered or 19.4%).

The following significant shareholders with more than 3% of voting rights are known to the company:

Nominal capital	31.12.2023	%	31.12.2022	%
ZMP Invest AG, Lucerne ¹⁾	28,488	53.2	28,488	53.2
Zentralschweizer Käsermeister Genossenschaft, Sursee ¹⁾	2,150	4.0	2,150	4.0
MIBA Genossenschaft, Aesch (BL) ¹⁾	1,697	3.2	1,727	3.3
Other	21,163	39.6	21,133	39.5
Total	53,498	100.0	53,498	100.0

¹⁾ ZMP Invest AG, Lucerne, Zentralschweizer Käsermeister Genossenschaft, Sursee, and MIBA Genossenschaft, Aesch (BL), form a Group in the sense of Article 121 FinMIA. The Group owns 60.4% (previous year: 60.5%) of the total voting rights.

As at 7 June 2016, [Capital Group Companies Inc.](#), Los Angeles, USA, informed us that it owned 268,500 registered shares of Emmi AG (5.019%). No further disclosure notifications have been made since.

As at 31 December 2022, Emmi Wohlfahrtsfonds (welfare fund) owned a total of 6,000 shares of Emmi AG (unchanged from previous year).

2.6 Capital contribution reserve

	31.12.2023	31.12.2022
Confirmed by the tax authorities	2,522	2,522
Not confirmed by the tax authorities	5,772	5,772
Total	8,294	8,294

The capital contribution reserve results from capital contribution payments above the nominal amount over past years.

3. Other disclosures

3.1 Full-time equivalents

In the reporting year and in the previous year, Emmi AG employed fewer than 10 employees on average.

3.2 Collateral provided for liabilities of third parties

	31.12.2023	31.12.2022
Guarantees and joint liability for loans of Group companies	698,530	713,939
Of which used by Group companies	504,727	508,681
Other guarantees for Group companies	1,339	1,339

3.3 Contingent liabilities

Emmi AG is jointly and severally liable for the VAT liabilities of the other Swiss-domiciled Emmi companies and of the Central Switzerland Milk Producers Cooperative (ZMP) and ZMP Invest AG.

3.4 Net release of hidden reserves

No hidden reserves were released in the reporting year or in the previous year.

3.5 Significant events after the balance sheet date

From the balance sheet date until the financial statements were approved by the Board of Directors on 28 February 2024, no other major events occurred that could have adversely affected the validity of the financial statements for 2023 or which would have to be disclosed.

Proposed appropriation of available earnings

in CHF 000s

Available earnings	31.12.2023	31.12.2022
Retained earnings carried forward	4,091	1,907
Net profit	126,147	124,756
Available for distribution by the General Meeting	130,238	126,663

Appropriation of available earnings

The Board of Directors proposes that the General Meeting approve the distribution of a dividend of CHF 15.50 (previous year: CHF 14.50) gross per registered share for financial year 2023, to be paid out of retained earnings (subject to withholding tax).

Earnings available for distribution by the General Meeting	130,238	126,663
Dividend	-82,922	-77,572
Allocation to voluntary retained earnings	-45,000	-45,000
Carried forward to new account	2,316	4,091
Total distribution	82,922	77,572
Of which from other available earnings	-82,922	-77,572

Auditor's report



Statutory Auditor's Report

To the General Meeting of Emmi AG, Luzern

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Emmi AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 145 to 152) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'FR-11'.

François Rouiller
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'MO'.

Manuel Odoni
Licensed Audit Expert

Lucerne, 28 February 2024

Share information of Emmi AG

Stock exchange information		2023	2022	2021	2020	2019
Share price at 31.12.	in CHF	911.00	783.00	1,076.00	911.50	842.50
Year's high (end-of-day position)	in CHF	968.00	1,138.00	1,101.00	949.50	967.50
Year's low (end-of-day position)	in CHF	798.00	737.00	896.50	732.50	680.00
Market capitalisation at 31.12.	in CHF million	4,874	4,189	5,756	4,876	4,507
Average trading volume	Units	2,224	3,643	3,086	5,454	5,693

Key share data						
Earnings per share	in CHF	34.82	34.12	40.51	35.21	36.45
Adjusted earnings per share	in CHF	39.70	36.31	40.51	37.86	36.45
Shareholders' equity per share	in CHF	241.68	218.58	202.07	210.67	225.58
Return on shareholders' equity ¹⁾	in %	18.20	-25.93	19.47	9.61	24.94
Distribution per share	in CHF	15.50	14.50	14.00	13.00	12.00
Distribution rate ²⁾	in %	44.52	42.49	34.56	36.92	32.92
Adjusted distribution rate ³⁾	in %	39.04	39.93	34.56	34.34	32.92
Dividend return ⁴⁾	in %	1.70	1.85	1.30	1.43	1.42

1) (Share price gain per share + distribution per share)/share price at the beginning of the year

2) Distribution per share/earnings per share

3) Distribution per share/adjusted earnings per share

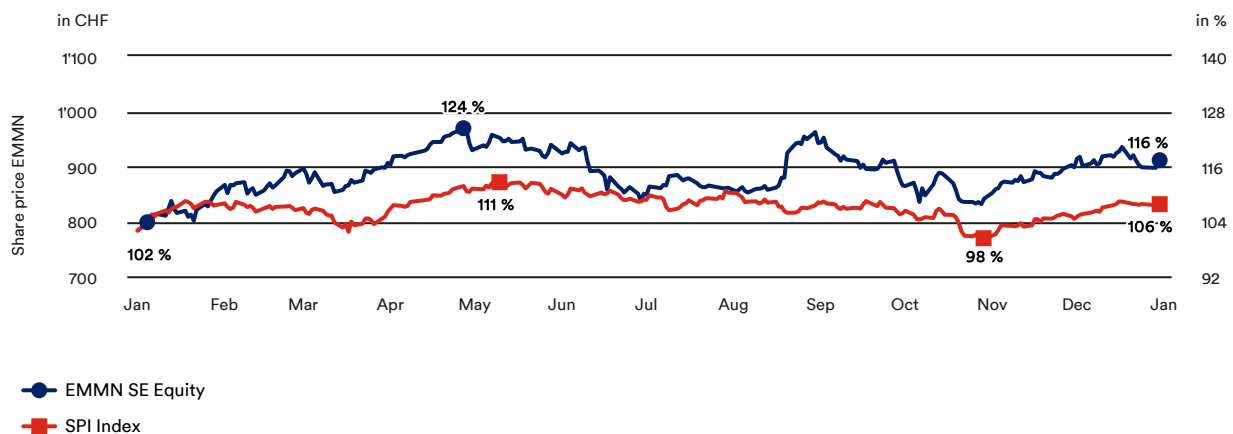
4) Distribution per share/year-end closing price

Capital structure at 31.12.

Share capital	CHF 000s	53,498	53,498	53,498	53,498	53,498
Divided into number of registered shares	Units	5,349,810	5,349,810	5,349,810	5,349,810	5,349,810
Par value per registered share	in CHF	10	10	10	10	10

Share ranking for dividends	All
Voting rights	All registered shareholders have full voting rights
Securities number	1,282,989
ISIN code	CH0012829898
Ticker	EMMN
Common code	20,592,664
Traded	in the SIX Local Caps segment on the SIX Swiss Exchange
Index inclusion	SPI, SPI Extra, SPI ex SLI, Swiss All Share Index

Share price 2023



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1. Foreword

Dear Readers,

Emmi is passionate about manufacturing high-quality dairy products with a tradition dating back more than 100 years. Our purpose – the best dairy moments, today and for generations to come – guides our actions and the way in which we develop our business, brands and portfolio responsibly in the long term. The consistent implementation of our strategy and differentiated market positions with innovative brand concepts and a balanced country and product portfolio form the basis of our successful business model. Emmi is backed by more than 9,000 employees who put their heads, hearts and hands into delivering the best dairy moments every day.

The company was founded in 1907 as a cooperative with the aim of relieving dairy farmers in Central Switzerland of the daily uncertainties of marketing their milk and ensuring them a reliable income. This community-oriented approach is still firmly anchored in the company today. Neither its transformation into a public limited company in 1993, nor the IPO in 2004 nor its continuous internationalisation have ever called this basic idea into question.

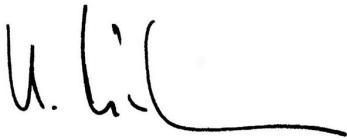
As a company that acts in the interests and for the benefit of a community, Emmi has always thought about what corporate responsibility actually entails, how it relates to economic success and how to ensure a healthy balance between the expectations of all parties. While social responsibility towards dairy farmers is intrinsic to the company and Emmi played a key role in supplying the country in the first decades of its existence, other aspects of sustainable entrepreneurship were only introduced later.

In the 1990s, Emmi began to actively promote environmental protection, initially focusing primarily on the environmental impact of its own facilities. Since then, the company has steadily expanded this commitment. Today, Emmi is responsible for the entire upstream and downstream value chain of its products.

We have made our long-standing commitment to sustainability an integral part of our enhanced corporate strategy. Based on the Emmi sustainability model and our netZERO target, we aim to develop our business in a resource-efficient, environmentally friendly and socially responsible manner.

Transparently demonstrating how Emmi actually fulfils this responsibility has formed part of the company's commitment to sustainability for over ten years. Following a comprehensive report on Emmi's commitment to sustainability in the seventh sustainability report in spring 2023, this report on non-financial matters focuses on the aspects now required by Swiss legislation. Non-financial matters are only a subset of the topics identified as material for us and on which we already provide comprehensive information. Concrete, effective and essential measures are increasingly being developed with reference to this additional perspective in order to better understand the interactions in a complex production system and to realise improvements along the value chain.

The Emmi Group's value creation system involves tens of thousands of farming families in rural areas, thousands of suppliers of goods and services and 9,000 employees. We want to ensure that milk, a valuable food, will remain accessible to people for decades to come as something they can enjoy on a daily basis.



Urs Riedener
Chairman of the Board of Directors



Ricarda Demarmels
CEO

2. Introduction

As part of its GRI-compliant reporting, Emmi has reported on its sustainability performance and ambitions every two years since 2011. The 2021/2022 Sustainability Report covering the 2021 and 2022 financial years was published as a stand-alone publication on 5 June 2023 ([Emmi Sustainability Report-2021/2022](#)).

This report on non-financial matters essentially builds on the Sustainability Report 2021/2022, but focuses on the elements required by the Swiss Code of Obligations ([Art. 964a–964c CO](#)): business model and reporting on non-financial matters; environmental matters, social issues, employee concerns, respect for human rights and combatting corruption.

Unlike previous sustainability reports, this non-financial report has not been prepared in accordance with the GRI standards and is structured in accordance with the requirements of the Swiss Code of Obligations rather than Emmi's focus topics. In terms of content, the report has been expanded to include events and developments from the 2023 financial year insofar as they relate to legally relevant matters. Likewise, all performance figures cover the 2023 financial year. In order to provide readers of the non-financial report with proper guidance, the document "Scope of report and methodology for Emmi environmental figures" provides further details concerning the definition, scope, methodology and underlying assumptions for the core environmental data in the [ESG expert corner](#).

Unless otherwise stated, the Emmi Group is uniformly referred to as Emmi in this report.

3. About Emmi

Emmi is the dairy leader in Switzerland. The company's roots date back to 1907, when its predecessor organisation was founded by dairy cooperatives in the Lucerne region. The original aim was to relieve dairy farmers in Central Switzerland of the burden of marketing their milk and to ensure that they received a reliable income. This community-oriented approach is still firmly anchored in Emmi today. With its focused strategy, innovative products and brand concepts established in Switzerland and beyond, such as Emmi Caffè Latte and Kaltbach cheese, Emmi has grown into an internationally operating, listed group (EMMN) with a strong local presence in 14 countries.

With more than 9,000 employees, around 70% of whom work outside Switzerland, the Emmi Group generated sales of CHF 4.2 billion in 2023.

3.1 Emmi's business model

Emmi's long-term economic success is based on a focus on the evolving needs of customers and consumers. Emmi, a Swiss-based company with a successful global position, is continuously developing its business.

Based on a responsible business model, a proven strategy and targeted acquisitions, the company has evolved from a regionally anchored organisation into an internationally successful group.

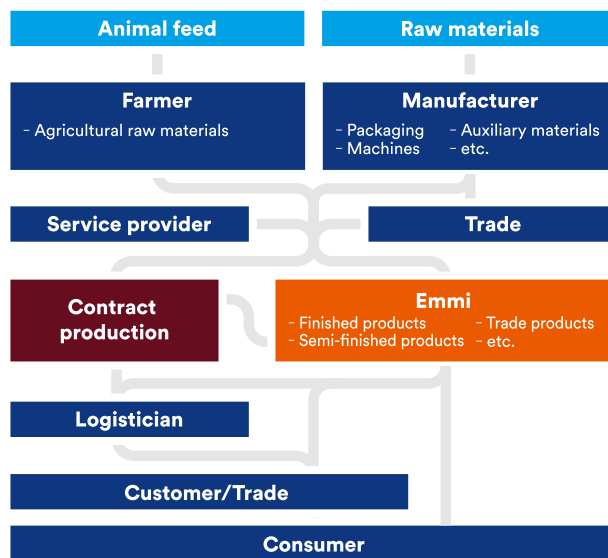
Emmi's strategy focuses on five core areas and is aimed at sustainable, profitable growth.

The five core areas are:

- the dairy leader in Switzerland,
- a strong international market player,
- an innovative leader in selected niches,
- excellent in what we do, and
- a role model in sustainability.

Building on its established strengths, it primarily addresses relevant future issues and the changing needs of stakeholders.

Emmi's business model encompasses the global trading and processing of milk, dairy products, plant-based alternative products and other foodstuffs in selected countries. Each company in the Emmi Group has its own individual value chain (see chart below).



In essence, Emmi procures milk – either directly from dairy farmers or via corresponding organisations – processes it into dairy products worldwide at 57 of its own production sites in 11 countries and distributes these products to customers such as retailers and food service in around 60 countries. In some cases, products are sold directly to consumers.

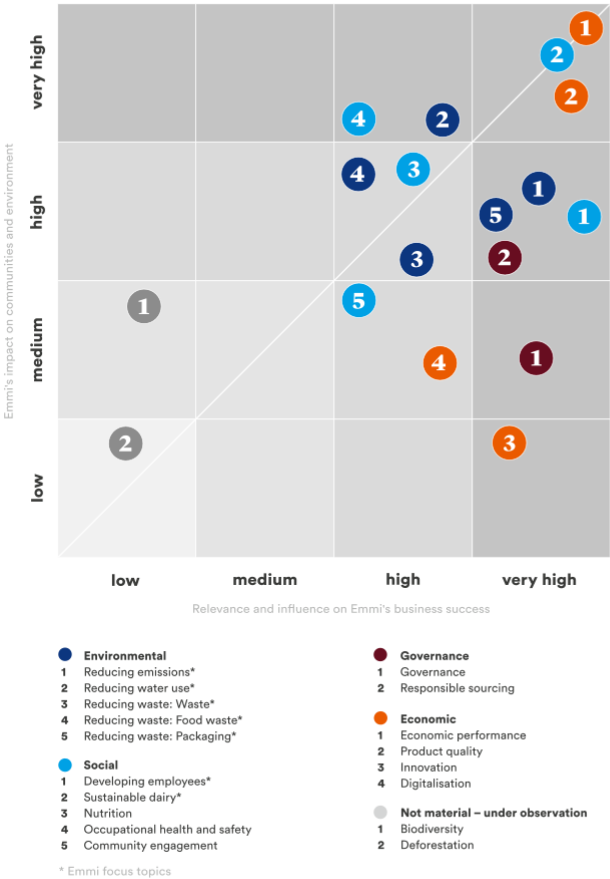
3.2 Key figures Emmi Group

Emmi key figures	2023	2022	2021
Sales in CHF million	4,242	4,230	3,912
Total assets in CHF million	2,715	2,635	2,471
Market capitalisation in CHF million	4,874	4,189	5,756
Investments in CHF million	145	206	153
Milk processed in millions of tonnes	2.03	2.07	2.16

3.3 Impact of business activities on the non-financial matters

Emmi's approach to sustainability focuses on strategically relevant topics that are material in terms of impacts, risks and opportunities. These topics were determined using a double materiality analysis. The assessment perspectives used were business relevance ("financial materiality") and impact materiality ("impact materiality").

This report covers all material topics that are relevant to non-financial matters pursuant to [Art. 964b CO](#).



3.3.1 Impact on environmental matters

The environmental impacts of Emmi's operations are estimated to be high to very high in the following material areas:

- Reducing emissions
- Reducing waste (waste food waste and packaging)
- Reducing water consumption
- Sustainable dairy
- Responsible sourcing

Emmi's business involves potential and effective positive and negative impacts on the environment. A large proportion of the environmental impacts and corresponding risks can be attributed to the upstream stages of the value chain – in particular, agricultural production.

Climate

Emmi generates greenhouse gas emissions through its use of fossil fuels in its own facilities and in logistics, as well as through its use of climate-harming refrigerants (Scope 1) and through the energy it purchases, such as electricity or district heating (Scope 2). However, the largest share (> 90%) of greenhouse gas emissions originates in the upstream/downstream value chain that cannot be directly influenced (Scope 3). The majority of Scope 3 emissions result from milk production itself, mainly due to natural processes such as the formation of methane in the digestive system of cows. In addition, the cultivation of animal feed and the use of farmyard manure are also important sources of emissions (nitrous oxide).

Waste

Waste is generated along Emmi's entire value chain. Relevant waste categories include food waste and packaging. The most significant waste from an environmental point of view is food waste. The focus is not only on the negative environmental impacts of its disposal, but also on the resources wasted in the production of the products – especially milk. From a reputational point of view, however, packaging waste poses the greatest risk for Emmi, as this issue receives a great deal of public and political attention.

Water

Emmi has potential and effective negative impacts on fresh water volumes and water quality in its own facilities and its upstream value chain. Water is used as an ingredient in our production processes and to ensure quality and hygiene. As a result, wastewater from Emmi's plants may be contaminated with organic or chemical residues or may differ too much in temperature to the water into which it is discharged. Agriculture requires large quantities of water to cultivate animal feed and raise livestock, which, depending on the availability of water in the region in question, can be problematic for people and the environment. In intensive agricultural production, the use of fertilisers and the organic waste of livestock farming can negatively affect the quality of surface and groundwater, thus harming soil and aquatic organisms.

Animal welfare

Animal welfare in dairy production depends on factors such as exercise, feeding, space and lighting conditions. Unsuitable husbandry and feeding can have a negative impact on the physical and mental health of the animals. Emmi can influence animal welfare through its sourcing of milk – in particular through binding specifications and controls – and its choice of suppliers.

3.3.2 Impact on social issues

The potential and effective negative and positive impact of Emmi's business activities on social issues is rated as high to very high in the following material topics:

- Sustainable dairy
- Responsible sourcing
- Product quality and safety
- Nutrition

Emmi's business model creates and maintains jobs in rural areas by boosting demand for dairy products. Entire families in rural areas often depend on the dairy industry for their income, which poses risks to the economic livelihood of these families. Emmi can use guidelines to ensure fair incomes and working conditions. Emmi can promote the health and safety of consumers through high-quality products.

Working conditions in agriculture

Emmi's business model entails responsibility for jobs in the production of animal feed, milk and other agricultural raw materials, such as cocoa, coffee and fruit. All these agricultural activities are associated with the risks of low pay and adverse effects on the physical health of workers. In addition, agriculture in rapidly developing countries poses the risk of forced and child labour. Through sourcing – in particular, specifications and controls – Emmi can influence the conditions under which work is carried out in the upstream stages of the value chain.

Consumer health

Food can influence consumers' health either directly or indirectly. Direct health effects may be caused by high food quality, but also by spoilage or contaminants. Emmi's products may have an impact on a balanced diet as part of an individual's lifestyle, in particular due to their nutritional composition. Excessive consumption of sugar and salt in particular poses a risk to consumers in the context of Emmi's products.

3.3.3 Impact on employee issues

The potential and effective positive and negative impact of Emmi's business activities on employee issues is rated as high to very high in the following material topics:

- Developing employees
- Occupational health and safety

Employers have a significant impact on the job satisfaction, performance and economic situation of their employees. By providing basic vocational training and continuing education for its employees, Emmi can contribute to the qualifications and can secure the income of its workforce in their respective region or sector.

Emmi's business activities may have an impact on the physical and mental health of its employees. Machines (risk of injury), noise pollution and extreme temperatures pose significant risks to employees' physical health. Regardless of the type of workplace, work can lead to psychological stress, e.g. due to the human environment, the general conditions or the work to be performed.

3.3.4 Respect for human rights

As a food company, human rights can be affected in Emmi's upstream value chain, in particular when it comes to the production of agricultural raw materials. The impact of Emmi's business on human rights is rated as high to very high in the following key areas:

- Governance
- Responsible sourcing (human rights aspects)
- Impact on human rights
- Agriculture and supply chain

For Emmi, the supply chain – especially the agricultural supply chain – is of particular relevance when it comes to respecting human rights. Emmi can ensure that human rights are upheld by means of appropriate sourcing specifications.

3.3.5 Combatting corruption

Combatting corruption is part of the following material topic for Emmi:

- Governance

As Emmi operates in countries considered by [Transparency International's corruption index](#) to be associated with a high risk of corruption, some of its business activities may be affected.

Corruption in the food industry can have serious consequences for the economy, society and individuals. Corruption can endanger the availability and safety of food and thus the health of consumers. Even products that are merely of inferior quality are damaging to the industry. Corruption can hinder fair competition and lead to unfair economic benefits for some companies.

4. Rules applied

Complying with laws and guidelines is a matter that is of enormous importance to Emmi. This is set out in the company's Group-wide Code of Conduct. The [Code of Conduct](#) also emphasises the fair treatment of all stakeholders, respect for human rights in accordance with the UN Guiding Principles on Business and Human Rights and the defined quality of its products.

The rules and standards applied to specific topics are listed in chapter [5 Reporting on non-financial matters](#) under the respective matters [5.1](#) to [5.5](#).

5. Report on non-financial matters

5.1 Environmental matters

Environmental matters include aspects of the following topics that are material to Emmi:

- Reducing emissions
- Reducing waste
- Reducing water consumption
- Sustainable dairy
- Responsible sourcing

Emmi's business success is highly dependent on the availability of natural resources, both now and in the future. Emmi's sustainability model is a reflection of the company's commitment to the environment, with targets in the areas of greenhouse gases, water and waste.

Emmi carried out an environmental risk analysis during the year under review. The most relevant environmental risks are described in this report. Emmi plans to further develop its strategies and measures for dealing with these significant environmental risks in the coming years.

5.1.1 Reducing emissions

Emmi causes greenhouse gas emissions through its use of fossil fuels in its own facilities, in logistics and through its use of climate-harming refrigerants (Scope 1) and through the energy it purchases, such as electricity or district heating (Scope 2). However, the largest share (> 90%) of greenhouse gas emissions originates in the value chain that cannot be directly influenced (Scope 3). The majority of this is down to milk production itself, in large part due to natural processes such as methane formation in the digestive system of cows. In addition, the cultivation of animal feed and the storage and use of farmyard manure are also significant sources of emissions.

Risks

Around 30% of man-made greenhouse gas emissions are attributable to food production (dairy industry around 4%). The pressure from different stakeholders and the associated reputational risks are correspondingly high. New regulations and demands for measures to reduce greenhouse gas emissions also pose significant climate risks for Emmi's business model. The trend towards a plant-based diet, which is linked to consumers' efforts to protect the climate, can pose both opportunities and risks for Emmi. By offering suitable alternative products, it is possible not only to avoid negative effects on the success of the business, but also to develop new, attractive pillars of business where appropriate.

Material physical climate risks, such as warmer temperatures and water scarcity, affect the availability of necessary raw materials such as fruits and nuts. Climate change may also affect milk production due to changes in the availability of animal feed.

Concept

Scope 1 emissions and Scope 2 emissions

Effective measures are based on professional management systems and reliable data. The starting point for Emmi's climate protection measures in its own activities is the monitoring of energy consumption and greenhouse gas emissions at all production sites. In Switzerland, this is ensured at all production sites by means of ISO 14001-certified environmental management systems.

The energy consumption and emissions of the Swiss sites that lack production activities (headquarters in Lucerne) are not certified. Nonetheless, the key figures are collected and maintained in the environmental management system.

Individual production sites in Europe are also certified according to ISO 14001 (Kaiku, Emmi Dessert Italy) and a corresponding KPI management system based on this has been introduced at the other sites.

Emmi's site in Tunisia is also certified according to ISO 14001.

The sites in the Americas do not have any comparable certification, but an analogous KPI management system has been implemented here as well.

Emmi also promotes its own production of renewable electricity and heat. By 2025, the company aims to meet at least 4% of its total electricity consumption globally with its own solar power (end of 2023: 2.8%).

Emmi purchases renewable energy for its electricity supply in the form of green energy certificates. In Switzerland and Europe, the company uses hydropower whenever possible. In Brazil and Chile, it uses wind power from Brazil, in Mexico hydropower from Guatemala and in the US domestic hydropower. At the site in Tunisia, due to a lack of security of supply, the site produces almost all of its own electricity using gas turbines. There is also no biogas or solar technology available, which means there are currently no lower-emission alternatives. Emmi will only consider connecting to a district heating network if the heat is generated using renewable energy sources or from waste heat sources.

Emmi calculates Scope 1 and Scope 2 emissions in accordance with the requirements of the Greenhouse Gas Protocol.

Scope 3 emissions

Milk production accounts for the largest share of Emmi's Scope 3 emissions and is the area offering the greatest potential for climate protection. By 2027, all the milk purchased by Emmi is to be produced in accordance with higher sustainability standards than those applicable in the regions. Emmi defines this as milk that exceeds conventional milk from the relevant region in at least one aspect of sustainability.

In Switzerland, this objective should be met at the beginning of 2024 with the industry standard "Sustainable Swiss Milk". Outside Switzerland, Emmi aims for joint commitments in the sector and individual agreements with milk suppliers. The principles on which these are based have been elaborated by Emmi over the past four years. Emmi has assessed eight aspects of sustainable milk based on a catalogue of criteria developed in collaboration with the School of Agricultural, Forest and Food Sciences at the Bern University of Applied Sciences and in consultation with the WWF: strategy, employment & income, milk quality, animal welfare, biodiversity, energy & materials, climate and the environment. The climate-relevant criteria are:

- Generation of renewable energy
- Energy efficiency: use of heat recovery
- Greenhouse gas emissions (kg CO₂e / kg milk)
- Average life-time daily milk yield
- Measures to reduce greenhouse gas emissions
- Measures for carbon storage

Based on the aspects in this catalogue, an assessment is made of how sustainably milk suppliers of Emmi's subsidiaries outside Switzerland are already producing milk. This assessment will be used to set improvement targets for 2027 with the individual companies. As always, Emmi strives to achieve a comprehensive approach that aims to benefit the environment, human beings and animals.

Objectives

- by 2027: 60% reduction of own greenhouse gas emissions (Scope 1 and 2, compared to 2014) – absolute reduction target
- by 2027: 25% reduction of greenhouse gas emissions along the value chain (Scope 3, compared to 2019) – target refers to the quantity of milk produced
- by 2025: at least 4% of total electricity consumption to come from our own solar power production
- by 2027: 100% of milk suppliers to produce according to local above-average standards
- with its netZERO 2050 vision, Emmi is extending its CO₂ reduction targets to the entire value chain and is striving to achieve a net-zero path.

Emmi's reduction targets are science-based and validated by SBTi ([Science Based Target Initiative](#)). In Scope 1 and 2, these fall within the scope of the 1.5-degree target, while the Scope 3 target corresponds to the current best practice in the industry.

Measures

Scope 1 and 2 emissions

Emmi is focusing on improving energy efficiency to reduce operational greenhouse gas emissions, for example by using state-of-the-art pumps, engines and processes to recover heat.

Replacing fossil fuels with renewable alternatives and optimising processes are further levers for reducing greenhouse gas emissions. District heating, solar energy (in particular on the roofs of the production plants we own) and wood have proven their worth as alternative energy sources. Almost 100% of the electricity purchased by Emmi has come from renewable sources since 2022 (green certificates). Emmi also promotes its own production of renewable electricity and heat, as already mentioned. To this end, the potential for using solar energy was analysed at all of Emmi's production sites. Taking into account efficiency, costs, subsidies and local conditions, a recommendation for further action was formulated for and approved by the Sustainability Steering Committee.

Emmi also stands by its decision to no longer invest in technologies based on fossil fuels.

In the year under review, a biomass plant was installed at Emmi's production site in Loncoche, Chile, which will enable emissions to be reduced by around 5,600 tonnes per year. This currently covers the entire primary energy requirement of the plant.

Scope 3 emissions

“KlimaStaR Milch” project

In Switzerland, where Emmi processes by far the largest quantity of milk compared with the other countries in which it operates, various measures to reduce emissions in milk production are currently being promoted as part of the “KlimaStaR Milch” joint project. One of the targets, which is correlated to other project targets, is to reduce greenhouse gas emissions in milk production by 20% by 2027. In the first year of the project, it was possible to measure greenhouse gas emissions on farms and reduce emissions per kilogram of milk by 1%. Compared with other countries, Switzerland has a relatively low CO₂e value per kilogram of milk (for example, a comparison with the World Food LCA Database shows the following values: Switzerland: 1.45, Brazil: 3.72, Chile: 3.00, Germany: 1.29, Austria: 1.56, Spain: 1.55, Tunisia: 1.55, USA: 1.26). This underscores the ambitious goals of the project.

Further information on the objectives and measures of the “KlimaStaR Milch” project can be found in the following section: [5.2.2 Sustainable dairy](#) – competition for food and land due to milk production.

Climate data for Swiss milk production

As part of the ongoing development of the “Sustainable Swiss Milk” industry standard, the evaluation of a suitable tool was launched in autumn 2023 to collect actual data on greenhouse gas emissions on farms.

Reduction of emissions in Brazil

After Switzerland, Brazil is the country in which Emmi processes its second-largest volume of milk (Laticínios Porto Alegre). A pilot project was launched there in summer 2023 to measure greenhouse gas emissions at suppliers’ dairy production facilities and to determine emission reduction measures based on this information. The aim is to collect data from 15 farms over a two-year period. The farms were divided into sub-groups in order to ensure that the overall result was as representative as possible for the different types of farms. The first round of data collection was carried out on the 15 farms in the year under review. The number of farms surveyed is low, but is nonetheless useful to gather initial empirical data. The collected data is currently being evaluated.

Klimatisch of the Swiss meat and dairy industry

The Klimatisch was created in order to solve the challenge of financing the measures and crediting the reduced greenhouse gas emissions to the various players within the sectors and to accelerate the implementation of emission reduction measures. The Klimatisch brings everyone involved in the entire value chain together with the aim of creating a joint “climate protection industry platform” that advocates fair and efficient financing of all implemented and substantiated climate protection measures on farms and strives for a centrally regulated distribution of climate protection services within the value chain.

Emmi measures progress by means of the following performance figures:

Primary energy sources purchased		2023	2022	2021
Heating oil	MWh	16,687	13,607	19,200
Natural gas ¹⁾	MWh	326,500	358,753	388,978
Biogas ¹⁾	MWh	16,191	19,707	9,084
Diesel	MWh	4,703	7,057	6,527
Wood	MWh	191,943	157,628	159,011
District heating	MWh	57,153	56,133	35,259 ²⁾
Others	MWh	18,045	15,355	9,222
Total	MWh	631,493	628,240	627,281
Emmi Group energy consumption		2023	2022	2021
Total energy consumption	MWh	858,420	845,087	842,589
Energy intensity (per t of produc ³⁾)	MWh/t	0.64	0.63	0.59
Fuel consumption by vehicles		2023	2022	2021
Petrol	Litres	643,183	523,900	454,854
Diesel	Litres	4,315,722	4,409,616	4,535,676
Total	Litres	4,958,905	4,933,516	4,990,530
Electricity		2023	2022	2021
Renewable share	MWh	227,871	225,611	213,370
Non-renewable share	MWh	33,423	38,620	37,466
Total	MWh	261,294	264,231	250,836

1) Partially used for intensive electricity production.

2) Adjustments based on new underlying data.

3) Product = saleable article.

Direct GHG emissions (Scope 1)		2023	2022	2021
Fuels	tCO ₂ e	74,949	82,177 ¹⁾	85,973 ¹⁾
Refrigerants	tCO ₂ e	8,057	5,868 ¹⁾	2,912 ¹⁾
Transport/fuels	tCO ₂ e	12,799	12,769	12,939
Total Scope 1	tCO₂e	95,805	100,814	101,824
Energy indirect GHG emissions (Scope 2) – market based		2023	2022	2021
Electricity (market based)	tCO ₂ e	2,819	928	12,531
Other ²⁾	tCO ₂ e	295	302 ²⁾	317
Total Scope 2	tCO₂e	3,114	1,230	12,848
Energy indirect GHG emissions (Scope 2) – local based		2023	2022	2021
Electricity (local based)	tCO ₂ e	48,019	47,250	47,510
Other ²⁾	tCO ₂ e	295	302	317
Total Scope 2	tCO₂e	48,314	47,552	47,827
Other indirect greenhouse gas emissions (Scope 3)		2023	2022	2021
Of which category 1:				
Purchased goods and services	tCO ₂ e	4,786,008	4,642,129 ¹⁾	4,821,849 ¹⁾
Of which attributable to milk and bought-in dairy products				
	tCO ₂ e	4,593,253	4,436,233	4,615,727
Total Scope 3	tCO₂e	5,497,744	5,358,794	5,540,662
Emissions intensity		2023	2022	2021
tCO ₂ e per KCHF sales		1.32	1.29	1.45
tCO ₂ e per t of milk		2.75	2.65	2.62
Proportion of renewable electricity purchased		2023	2022	2021
Division Switzerland		100%	100%	100%
Division Europa		100%	100%	100%
Division Americas		93%	98%	70%

¹⁾ Adjustments based on new underlying data.

²⁾ District heating.

Emmi has been able to reduce its direct greenhouse gas emissions compared to the baseline year (2014) by 30% (target by 2027: 60%). On the other hand, supply chain emissions have increased compared to the baseline year (2019) by 7% (target by 2027: 25%). Consumption of the company's own solar electricity accounts for 2.8% of overall electricity consumption (target by 2025: 4%).

5.1.2 Reducing waste

At Emmi, reducing waste means reducing production waste and food waste and designing packaging that conserves resources and is recyclable. Waste occurs throughout Emmi's value chain. Food waste is the biggest burden on the environment. Packaging waste, on the other hand, is a key focus of public debate. This section focuses on the waste generated in Emmi's own facilities during the manufacture of products.

Risks

Waste is a significant cost factor for Emmi. It represents a consumption of resources without any benefit and generally leads to disposal costs.

Concept

When it comes to dealing with waste, Emmi's credo is: "avoid, reduce, recycle." This means prioritising the reduction of unavoidable waste and then finding the best solution to reduce it to the lowest possible residual amount, ideally in a closed loop.

Emmi controls waste management at its production sites by means of environmental management, with a focus on waste that is sent for incineration or landfill.

All production plants in Switzerland have an environmental management system certified in accordance with ISO 14001. Where it is not possible to recycle materials, waste is recycled for energy in waste incineration plants. Organic waste is used in animal feed or disposed of in biogas plants.

At present, some of Emmi's production facilities outside Switzerland still lack basic control mechanisms and data. Emmi is working to close these gaps. Another challenge outside Switzerland is the lack of recycling systems in the vicinity of the sites in North and South America and Tunisia. Emmi is developing individual alternatives to conventional landfill disposal in these locations.

Objectives

- by 2027: 50% less waste (compared to 2017) in relation to saleable goods
- by 2027: 0% waste disposed of in landfills (compared to 2017)

Measures

“Zero waste to landfill” certification in Spain

Emmi’s Spanish subsidiary Lácteos de Navarra produces yogurt in Pamplona. Following discussions with its disposal service providers, the company managed to ensure that only a minimum of waste ends up in landfills: in 2022, the volume was reduced by 75% to 0.06% of the total volume of waste. Following a successful audit, Lácteos de Navarra was awarded the “2022 cero residuo” certification. Based on a new audit in 2023, 99.61% of waste is now being recycled. In concrete terms, this means that the waste is either treated in biogas plants, that re-use or recycling options have been found, or that it can be used to generate energy.

Reduction of sewage sludge in Tunisia

At Emmi’s plant in Tunisia, as at other milk-processing sites, the process wastewater has to be pre-treated. The resulting sewage sludge is currently sent to landfill. Developing an alternative disposal method for this waste is a top priority for the company. Together with an external company, Emmi analysed how process optimisations could be used to reduce the amount of sewage sludge generated. The aim was a 20% reduction by 2023 and a complete closure of the cycle in the future. The reduction target was exceeded. However, the reduction can also be attributed to the reduction in the volume produced and no solution has yet been found to close the loop. The local team is also examining possible solutions such as drying the sludge and converting it into fertiliser or drying it and using it as biomass to generate heat. Another option would be to compost the sludge. The project is challenging because the technologies required for this are not yet widely used in Tunisia.

Collaboration with external partners

In Switzerland, a pilot project for a possible collaboration with an external partner in the waste management sector was initiated in autumn 2023. Analyses were begun at all production sites in autumn 2023, where, among other things, opportunities for optimisation in the waste reduction division were examined. The evaluation of the site inspections is in progress. A final conclusion will be able to be drawn in 2024.

Emmi measures progress by means of the following performance figures:

		2023	2022	2021
Waste (incineration)	t	2,696	2,550	2,970
Waste (landfill)	t	7,444	6,869	7,404
Hazardous waste	t	231	174	139
Recycled waste ¹⁾	t	6,222	6,172	6,331
<hr/>				
Waste intensity rate (kg of waste (incineration/landfill) per t of product ²⁾)		7.59	7.00	7.29

¹⁾ This includes recyclable materials that have been recycled (excluding organic waste).

²⁾ Product = saleable article.

Emmi has been able to reduce its waste intensity rate compared to the baseline year (2017) by 16% (target by 2027: 50%). Waste disposal in landfills has been reduced compared to the baseline year (2017) by 3% (target by 2027: no waste to landfills).

5.1.2.1 Food waste

Food waste occurs throughout Emmi's entire value chain. Food waste is generated upstream from agricultural production and, at Emmi, is generated during product processing. Consumers account for the largest share of food waste. Food waste damages the environment due to greenhouse gas emissions during production, processing, transport and storage.

Risks

Due to food shortages and malnutrition in some countries, food waste is an ethical and political issue. It is also well known that food waste is associated with greenhouse gas emissions. Food waste is therefore often the subject of public debate. A commitment to avoiding food waste is expected from a food company.

Failures or omissions in this regard harbour reputational risks. The cost of wasted food is offset by the cost of preventive or corrective measures. Depending on the situation, reducing food waste may or may not be worthwhile from a purely financial perspective.

Concept

Emmi understands food waste as unavoidable food waste. This includes all organic waste that was originally intended for human consumption, such as processed and semi-processed products as well as raw materials and by-products like whey.

One of the ways in which Emmi is pursuing its goal of minimising food waste is Emmi Operational Excellence (EOE). Through EOE, Emmi is continuously optimising its core processes in terms of effectiveness and efficiency. Unavoidable food waste should be processed into food whenever possible. The top priority, however, is to ensure that no good-quality food is thrown away.

Emmi therefore sells surplus or incorrectly packaged products at reduced prices via factory shops, makes them available to employees or donates edible food to charitable organisations.

Emmi has also signed an industry agreement to combat food waste in Switzerland with leading companies and associations in the food industry and also supports projects and campaigns against food waste in private households.

Other sites are also participating. An international concept has not yet been developed. The aim is to roll out the topic to priority sites in 2024.

The availability of data on food waste has so far only been comprehensively documented from Switzerland.

Objectives

- by 2027: 50% less food waste (compared to 2017)

Measures

Donation to “Tischlein deck dich”

The Swiss production sites donate surplus products to “Tischlein deck dich”, where they are then distributed to people affected by poverty in Switzerland.

Making use of by-products

Emmi is constantly looking for new options and partnerships to utilise by-products such as whey and oat residues in order to make new products for human nutrition. At the start of 2023, Emmi was able to utilise around 3,000 tonnes of dry whey in the form of baby food. This had previously ended up in animal feed. Innovative projects were launched in 2023 to further process the residue from the production of oat drinks for human nutrition.

“Too Good To Go” partnership

As part of the partnership with Too Good To Go, the “often good after” emblem has been displayed on further products in Switzerland to combat food waste in private households. In 2023, the logo was integrated into another 25 products, with a further 14 products planned for early 2024.

Emmi measures progress by means of the following performance figures:

Food Waste¹⁾		2023	2022	2021
Food waste (dry matter)	t	11,389	10,737	11,753
Food waste per product ²⁾		3.9	3.7	3.9

¹⁾ Data currently only available for division Switzerland.

²⁾ Product = saleable article.

Emmi has been able to reduce its rate of food waste in Switzerland compared to the baseline year (2017) by 13% (target by 2027: 50%).

5.1.2.2 Packaging

At Emmi, packaging includes all materials used to protect products from external influences and to make them suitable for transport and storage. Emmi uses various materials or combinations of materials depending on the product. Emmi aims to make as much of its packaging as possible recyclable in order to promote the circular economy. Reuse of packaging minimises its environmental impact. Packaging can negatively impact on the environment due to the use of materials that are not readily biodegradable or improper disposal by consumers.

Risks

Food packaging has to meet a wide range of requirements, some of which are not easily compatible. Consumer safety and product protection are Emmi's top priorities. Failures in these areas are associated with significant risks of financial loss and reputational damage. The negative perception of plastics as a packaging material represents a threat to the company's reputation. This may be in the context of the finite resource of crude oil or the climate debate, but also because of the potential health damage caused by the migration of harmful substances (e.g. plasticisers). An increasing number of new regulations banning certain packaging materials are also forcing Emmi to examine alternatives.

Concept

Since 2011, Emmi has been working on reducing the use of materials and optimising packaging, while continuing to ensure that products are protected. Optimisation is based on the waste hierarchy ([Directive 2008/98/EC](#)):

1. Prevention
2. Preparing for recycling
3. Recycling
4. Other Utilisation (e.g. energy recovery)
5. Disposal.

The circularity concept has become the focus of Emmi's efforts. Only recyclable materials are used for new packaging and the CO₂ emissions of potential packaging systems are taken into account when selecting packaging. Emmi is primarily guided by the Directive on the reduction of the impact of certain plastic products on the environment ([Single Use Plastic Directive](#)) and the revised legislation on packaging and packaging waste ([Packaging and Packaging Waste Regulation](#)).

All packaging materials used comply with the regulations regarding food and other country-specific requirements ([Commission Regulation \(EU\) No 10/2011](#)).

Circularity as a collective task

Emmi needs broad alliances to achieve its vision of a recyclable packaging landscape. Such partnerships have already taken shape in Switzerland in recent years:

- Member of the board of the [PRISMA](#) association since 2018
- Member of the [Drehscheibe Kreislaufwirtschaft](#) since 2019
- Sponsor of Realcycle since 2019. [Realcycle](#) manages projects from the Drehscheibe Kreislaufwirtschaft, such as approvals for a closed loop for polystyrene packaging or the Innosuisse project for recycling polypropylene packaging. Emmi is involved in both projects as a partner and sponsor.
- Member of the Steering Committee since 2021 in the [Sammlung 2025](#)

While there are currently only a few specifications for packaging design in Switzerland and progress in the packaging sector is primarily driven by initiatives and voluntary commitments in the industry, Emmi has decided to align its business in Switzerland and throughout Europe with the increasingly stringent EU legislation on the handling of plastic waste.

Suppliers share responsibility

Emmi has in recent years undertaken a number of measures to increase the requirements for its suppliers with regard to responsible business conduct. A specific catalogue of requirements has been defined for suppliers of packaging materials. Among other things, it covers the handling of critical substances (e.g. plasticisers), nanotechnology and migration risks.

- General terms and conditions of purchase of the Emmi Group
- General requirements for suppliers of raw materials
- General requirements for suppliers of packaging materials
- Requirements for product labelling with GS1-128 for suppliers and trading partners

Objectives

- by 2027: 100% recyclable packaging
- by 2027: at least 30% recycled materials in plastic packaging

Measures

Improving recyclability

In order to improve the recyclability of yogurt pots, Emmi has significantly improved the separability of their plastic and cardboard components, which will make sorting their individual components simpler in the future.

Switchover of packaging materials

Following the switch from PE to PET of milk-based mixed drinks bottles in Ostermundigen, Emmi is now in a position to collect the bottles via PET Recycling Schweiz and place them in a closed loop.

The launch of a reusable glass milk bottle represents another step that Emmi has undertaken towards circularity together with its customer Coop, one of Switzerland's largest retailers. Glass can be recycled at the end of its useful life. Glass remains in a completely closed loop and can be repeatedly moulded into new bottles without any loss of quality.

For Good Day TetraTop, Emmi is now using mass-balance recycled plastic. The PET milk drink bottles also contain 25% recycled PET. These measures will enable Emmi to further increase its use of recycled plastic.

Plastic savings thanks to sustainable investments

Thanks to various initiatives and investments in new filling systems and packaging tools, Emmi was able to save a further 300 tonnes of plastic and aluminium in 2023. For example, optimising the weight of the Emmi Caffè Latte cup has made it possible to save plastic without any negative impact on the consumer experience, product protection or efficiency. The switch from PE to PET for milk-based mixed drinks bottles is another example.

Emmi measures progress by means of the following performance figures:

Packaging materials ¹⁾		2023	2022	2021
Plastic	t	11,222	11,163	10,892
Cardboard	t	9,366	8,968	8,354
Metal/aluminium	t	301	303	271
Glass	t	57	238	260
Beverage cartons	t	6,228	5,626	5,787
Total	t	27,174	26,298	25,564
Percentage of recyclable material ¹⁾		2023	2022	2021
Plastic		50%	45%	45%
Percentage of recyclable material ¹⁾		2023	2022	2021
Recycled plastic	t	342	253 ²⁾	79
Use of recycled plastic		3%	2%²⁾	1%

¹⁾ Data currently only available for division Switzerland.

²⁾ Adjustments based on new underlying data.

The proportion of recyclable plastic packaging in Switzerland is 50% (target by 2027: 100%), whereas the proportion of recycled material is 3% (target by 2027: 30%).

5.1.3 Reducing water consumption

In this report, the topic of water covers water use and pollution at Emmi itself as well as in the upstream value chain and, in particular, in agriculture. In the agricultural context, water consumption and water pollution are important factors in the production of plant-based raw materials. In Emmi's own facilities, freshwater consumption and wastewater (e.g. degree of pollution, quantity) are of particular relevance. Water is required in our facilities as an ingredient, for processes and to ensure quality and hygiene in Emmi's own plants.

Risks

Water is particularly important for Emmi's upstream value chain – milk production. Extreme drought or heavy rainfall affect the availability and price of feed, which can have an impact on the quality and price of milk. Water shortages also affect the agricultural production of non-dairy ingredients such as fruit, coffee beans and nuts.

Water is an ingredient for Emmi's own facilities, for processes and for ensuring quality and hygiene. Both the purchasing of fresh water and the treatment and disposal of wastewater are associated with costs.

The WWF Water Risk Filter was applied at all production sites in 2019 in order to identify water-risk areas. This analyses the water risks at a specific location on the basis of twelve criteria. According to this analysis, the production facilities in Tunisia, California and Mexico are located in water-risk areas.

Concept

Most of Emmi's water footprint comes from the production of agricultural raw materials. With the help of the WWF, Emmi has developed an implementation concept for risky commodities.

In this first phase of the strategic management of the focus topic of water, Emmi is focusing on water use in its own facilities, as this will have the greatest impact and is where measurable progress can be quickly achieved.

Minimising the use of fresh water in our own facilities

Emmi has two main objectives for water management at its own production facilities: firstly, the consumption of fresh water should be minimised, particularly in areas where water is scarce. Secondly, the amount of wastewater should be reduced and its contamination with waste products minimised. Emmi has accumulated 15 years of experience in professional wastewater management at its Swiss facilities for both of these key measures, which has enabled Emmi to develop proven, scalable approaches:

- In order to reduce its freshwater consumption, Emmi relies on reusing water.
- Optimising the cleaning processes makes it possible to achieve notable reductions in freshwater consumption.
- In high-risk sites, particular attention is paid to water treatment in order to keep water in the cycle for as long as possible and thus minimise the consumption of fresh water.
- Wastewater pollution is reduced by reducing product losses in the production process.
- Wastewater from production facilities is treated according to state-of-the-art processes and local requirements.

Systematic data collection

The key indicators of Emmi's water management are freshwater consumption, wastewater quantity and chemical oxygen demand (COD) for determining and controlling wastewater quality. This data has been collected in Switzerland since 2008 and in facilities outside Switzerland since 2019. Site-specific measures are derived from this data, along with national and local legislation and guidelines. Emmi monitors their effectiveness using corresponding key performance indicators, which are assessed on a quarterly basis.

Careful use of water in milk production

Some of Emmi's subsidiaries outside Switzerland – and their milk producers – are located in water-risk areas. Emmi has therefore also included water criteria in its catalogue of criteria for foreign milk suppliers:

- Protection of open waters
- Protection of groundwater

Objectives

Emmi will base its target of reducing water consumption in its own facilities by 2027 on values customary in the industry.

- 15% reduction of own water consumption in non-risk areas (compared to 2019) – the target relates to saleable goods produced (in tonnes).
- reduced water consumption along the value chain

Emmi believes it has an obligation to reduce water consumption even more quickly in water-risk areas and, as a result, its objectives there are correspondingly more ambitious:

- 50% reduction of own water consumption in risk areas (compared to 2019) – the target relates to saleable goods produced (in tonnes).

Measures

Regular inspections at Emmi Roth

Water leaks in production facilities are not always obvious, but their impact can be significant. Identifying and rectifying such leaks in good time is by no means a matter of course. Quarterly inspections and investigations have been carried out at Emmi Roth in collaboration with the sustainability team since 2023 to identify water leaks. This resulted in the discovery and repair of a major leak in the water softener at the Platteville, Wisconsin site and the brine tank at the Monroe, Wisconsin production site. Emmi strives to raise awareness among its employees, to actively involve them in the process and to raise their awareness of this issue, as their daily activities and proximity to the processes enable early detection of signs of leaks.

Identifying water leaks with specialists

In 2023, the subsidiary Kaiku in Spain initiated the “Ghostbuster” project, with the aim of identifying water leaks that had so far remained undetected. The sustainability team, together with the maintenance staff and with the support of a specialist team from the municipality of Pamplona, inspected the entire drinking water network and checked for leaks. Specialist equipment enabled three major leaks to be identified and subsequently repaired. Kaiku also optimised its cleaning processes in the year under review by adjusting the flushing times.

Recycling water in Emmen, Kaltbach and Suhr

Investments were made in water treatment in Emmen and Kaltbach. A reverse osmosis polisher and treatment with UV rays made it possible for water to be treated and reused for specific purposes. According to the estimate of potential, this means that around 36,400 m³ of fresh water can be saved annually in Emmen and 3,750 m³ in Kaltbach. Whenever possible, fresh water is no longer used to generate compressed air in Suhr. Using cooling water in a closed circuit allows approximately 78,300 m³ of fresh water to be saved each year.

Emmi’s focus on reducing water consumption is currently directed towards its own production facilities, therefore no measures could be implemented in 2023 to achieve the goal of “reducing water consumption along the value chain”.

Emmi measures progress by means of the following performance figures:

Water withdrawal¹⁾		2023	2022	2021
Total water withdrawal	m ³	7,182,686	7,229,862	7,308,195
Intensity rate per t of product ³⁾		5.37	5.38	5.14
Water withdrawal in risk areas²⁾		2023	2022	2021
Total water withdrawal in risk areas	m ³	1,052,612	1,094,183	1,162,783
Intensity rate per t of product ³⁾		4.67	4.12	4.03
Water withdrawal in non-risk areas		2023	2022	2021
Total water withdrawal in non-risk areas	m ³	6,130,074	6,135,679	6,145,412
Intensity rate per t of product ³⁾		5.52	5.70	5.42

¹⁾ Water obtained from the respective state water supply or from own wells.

²⁾ Areas at water risk with a high level of water stress: Mahdia, Turlock, Petaluma, Sebastopol, Mexico City and Calera de Tango.

³⁾ Product = saleable article.

Emmi has been unable to reduce water consumption both in non-risk areas (target by 2027: 15%) as well as in risk areas (target by 2027: 50%) in terms of produced, saleable goods. Water consumption has increased compared to the baseline year by 4% and 12% respectively.

5.1.4 Sustainable dairy – animal welfare in dairy production

Through its sourcing of milk and selection of suppliers, Emmi influences the impact of the dairy industry on the environment. By supporting the establishment of sustainable standards and the appropriate processing of milk, Emmi is helping to ensure that sustainable dairy, in which animal welfare is promoted, becomes the norm. This report categorises sustainable dairy as an environmental and social issue. The following section focuses in particular on the environmental aspects.

Risks

Criticism of the dairy industry is primarily based on two environmental issues: greenhouse gas emissions and animal welfare. As a milk processor that does not produce its own milk – with the exception of a goat farm in California – Emmi can only influence animal welfare indirectly by imposing conditions on milk suppliers, yet at the same time bears significant reputational risks in the event of misconduct.

Concept

From the start of 2024, Emmi will only process milk in Switzerland that is produced in accordance with the “Sustainable Swiss Milk” industry standard. Of the nine basic requirements, half focus on animal welfare.

Animal welfare is also an important aspect in Emmi’s catalogue of criteria, which is used for milk suppliers outside Switzerland:

- adequate animal housing facilities
- regular access to pasture
- optimized feed rations
- adequate dehorning
- limited transport times to slaughterhouse
- restrictive use of antibiotics
- adequate productive lifespan / number of lactations
- rearing of offspring on the farm of their birth (minimum number of days)

The Emmi catalogue contains additional specific criteria for suppliers of goat’s or sheep’s milk.

Objectives

- by 2027: 100% of milk suppliers will be producing in accordance with local above-average standards

Measures

Industry standard for sustainable Swiss milk

Since February 2024, all of Emmi’s milk suppliers have met the requirements of the Sustainable Swiss Milk industry standard and the associated animal welfare requirements.

AENOR certification at Quillayes Surlat, Chile

Emmi’s subsidiary Quillayes Surlat in Chile has set itself the target of having the vast majority of its suppliers certified with the animal welfare label AENOR. Four aspects are assessed: species-appropriate feeding, appropriate husbandry, health and natural behaviour. Within these four aspects, 12 different animal welfare criteria are laid down. The farmers are audited to assess their compliance with these criteria. In the year under review, 67 farmers were certified (approximately 80% of the milk volume). This makes Quillayes Surlat the first company in South America to receive this certification for its farmers. Further suppliers will be approached next year. The aim is for certified milk suppliers to account for 90% of the volume of milk.

Emmi measures progress by means of the following performance figures:

Milk volumes processed across the entire Group		2023	2022	2021
Cow's milk	t	1,930,841	1,979,456	2,080,004
Goat's milk	t	99,418	82,573	79,075
Sheep's milk	t	2,997	2,506	2,760
Total	t	2,033,256	2,064,536	2,161,839

Organic milk volumes processed across the entire Group		2023	2022	2021
Organic sheep's milk ¹⁾	t	105,742	186,109	228,378
Organic goat's milk	t	6,713	5,546	6,528
Organic sheep's milk	t	2,792	2,506	2,760
Total	t	115,246	194,161	237,667

Proportion processed according to the Sustainable Swiss Milk ("swiss-milk green") standard		2023	2022	2021
Percentage "swissmilk green" label		99%	94%	94%
Percentage of milk suppliers		99%	87%	85%

¹⁾ Reduction due to the divestment of Gläserne Molkerei.

Evaluation has started at international level.

5.1.5 Responsible sourcing – environmental aspects in the sourcing of non-dairy raw materials

Emmi takes environmental criteria into account when selecting its suppliers and raw materials. Sourcing policy thus has an indirect impact on raw material production and the associated emissions and environmental impacts. Sourcing enables Emmi to promote environmental protection in the supply chain. This section considers non-dairy raw materials.

Risks

The most significant environmental impacts occur in the upstream stages of Emmi's value chain, particularly in the production of agricultural raw materials, which have a direct impact on the environmental sustainability of the products. Any damage to the environment caused by the production of the required raw materials – for example, the threat to biodiversity caused by deforestation to grow commercially usable products – can have a negative impact on the perception of Emmi's products.

Concept

Emmi procures goods and services worth around CHF 3.3 billion a year. The most important items are milk and dairy products. Other relevant agricultural goods include raw materials such as sugar and fruit as well as semi-finished products. Additional items include packaging, logistics services and energy.

Responsible sourcing management

Emmi strives to live up to its corporate responsibility with regard to sourcing. To this end, Emmi developed a Group-wide sustainable procurement policy in 2022. It supplements the Group-wide sourcing guidelines that came into force in 2020, which already set out ethical, social and environmental requirements. The sustainable procurement policy describes standards and procedures for strategic sourcing.

Supplier Code of Conduct

In order to communicate their sustainability expectations to their suppliers, a Supplier Code of Conduct was introduced in 2022. The code covers all aspects of sustainability.

In the area of environmental protection, all applicable local environmental and safety requirements must be complied with and continuous improvement must be demonstrated. There are explicit guidelines on the following topics: waste and emissions, climate protection, conservation of resources, biodiversity, soil protection, deforestation and animal welfare ([Emmi Supplier Code of Conduct](#)).

New suppliers are obliged to accept the Supplier Code of Conduct and provide specific information on standards in the categories of quality, environment and social issues. In addition to all new suppliers, Emmi's aim is for existing suppliers to recognise the Emmi Supplier Code of Conduct and implement measures to optimise their own sustainability. Each company sets itself an annual target to achieve this objective.

In the event of an identified violation of the Emmi Supplier Code of Conduct, an internal committee – consisting of representatives from Procurement, Sustainability, Quality and Legal – will decide on the further course of action. As a rule, the priority is targeted supplier development in order to improve the supplier's current situation. In the event of persistent difficulties or a lack of willingness to cooperate on the part of the supplier, a termination of the business relationship is being considered.

Focus on agricultural commodities

The most significant impact on the environment in Emmi's value-added chain comes from the raw materials processed. Of the non-dairy raw materials it uses, Emmi pays particular attention to coffee, cocoa, nuts, fruit and sugar. Specific assessment criteria will be developed by 2024 and tested in initial pilot sourcings in order to evaluate these raw materials in terms of their impact on the sustainability of Emmi's products. Based on these criteria, a guideline for sourcing will be developed that will allow us to uniformly assess suppliers with regard to sustainability. One challenge is the trade-off between different sustainability criteria, ensuring perfect product quality takes priority. Secondary considerations may include whether short transport routes or low water use should be prioritised. Emmi adopts a case-specific approach that takes local conditions into account.

Objectives

- 100% of new suppliers to have signed the Emmi Supplier Code of Conduct
- by 2026: all active suppliers managed by Strategic Purchasing to have accepted the Emmi Supplier Code of Conduct
- all suppliers from critical countries of origin will be analysed once a year with regard to compliance with the Emmi Supplier Code of Conduct

Measures and performance figures

In 2023, the focus was on applying and reviewing the responsible sourcing policy that had been created. Where necessary, adjustments were made.

Emmi Supplier Code of Conduct

Of the almost 2,000 suppliers of direct materials – for production or in the form of finished products – 342 have so far accepted the Emmi Supplier Code of Conduct. Emmi is striving to further increase the number of suppliers that have accepted this Code. Implementing the Emmi Code of Conduct is proving to be challenging, as the company often has limited negotiating power due to comparatively low international sourcing volumes.

5.2 Social matters

Social matters include elements of the following topics that are material to Emmi:

- Sustainable dairy
- Responsible sourcing
- Product quality and safety
- Nutrition

Environmental aspects of the material topics of sustainable dairy and responsible sourcing are dealt with in section [5.1 Environmental matters](#), human rights aspects in sourcing in section [5.4 Respect for human rights](#).

5.2.1 Sustainable dairy – working conditions and income in the dairy industry

For Emmi, the key social aspects of a sustainable dairy industry are jobs in rural areas, decentralised settlement patterns, maintaining intact family structures and the income that the work generates.

Risks

The majority of the company's shares are held by Genossenschaft Zentralschweizer Milchproduzenten (ZMP). As a result of this constellation, farmers, politicians and the general public have high expectations of Emmi when it comes to behaving responsibly towards its milk suppliers. The reputation of Emmi as a whole depends to a large extent on Emmi's behaviour as a player in the Swiss dairy industry.

In many countries where Emmi buys and processes milk, milk production is an important economic and income factor for the rural population in the regions concerned. A milk price that covers the costs of production plays a key role in this. Should this not be the case in the long term, there is a risk that milk production will decline. On the other hand, milk prices that are higher than the market average may jeopardise Emmi's competitiveness and the company's long-term existence.

Concept

Emmi's primary goal is to further develop the dairy industry towards a sustainable and thus future-proof system. From a social point of view, the dairy industry should provide secure jobs and viable incomes for its workers in order to maintain its attractiveness.

Emmi is aware of its shared responsibility for milk producers in its domestic Swiss market. The fact that milk in Switzerland is usually produced by family-owned farms must be taken into account. For example, by means of transparent, long-term, plannable partnerships – and, last but not least, with a milk price that is both affordable and competitive for both sides. As a member of the industry organisation Milch – a platform of the Swiss dairy industry – Emmi works in a constructive manner to further develop the Swiss dairy industry and consistently implements the decisions made by this body, such as the agreed guide prices.

Social sustainability in the "Sustainable Swiss Milk" standard

In 2016, Emmi set itself the target of only processing milk in Switzerland that meets a catalogue of sustainability requirements by 2020. In return, the company committed itself to paying an above-average milk price. The result of several years of discussions within the industry was the production standard for "Sustainable Swiss Milk" in 2019, which has been mandatory for all Swiss dairy farmers since the beginning of 2024. While the nine basic requirements of the standard focus on environmental protection and animal welfare, the additional requirements include social criteria such as the social security of the family members employed in the business, the training of apprentices and the further training of the farm manager.

Social issues in Emmi's global criteria catalogue

By the end of 2027, Emmi only wants to process milk outside of Switzerland that is produced according to higher sustainability standards than those generally applied in the region. Due to its niche activities in many countries, Emmi relies on commitments within the industry and on individual agreements with its milk suppliers. Emmi has elaborated the basis for such agreements over the past four years. Based on a catalogue of criteria developed in collaboration with experts, it assessed eight aspects of sustainable milk. The “strategy” and “employment and income” categories analyse the social sustainability status of Emmi's milk suppliers outside Switzerland:

“strategy” and “employment and income” criteria:

- Plans to ensure that the supplier continues to produce milk in 10 years' time
- Legally binding employment contracts for salaried employees
- Minimum wage for salaried employees
- Profitability of the business

Dairy as a key driver for the local economy in Mahdia

Emmi runs a unique concept for the sustainable development of the dairy industry in Tunisia. Its Tunisian subsidiary, Centrale Latière de Mahdia (Vitalait), sources its milk from 25,000 milk suppliers. These are often families where the husband has a job away from home and the wife takes care of two or three cows. For these families, dairy farming represents an important additional source of income.

Objectives

- by 2027: 100% of Emmi's milk suppliers worldwide produce according to local above-average standards

Measures

“Fondation Vitalait” supports smallholder farmers in Tunisia

In the year under review, the Fondation Vitalait, in collaboration with the Swiss Agency for Development and Cooperation (SDC), was able to extend its support services to a total of 430 farms. Farm workers in Tunisia are often young and without training. They are therefore particularly dependent on a fair income. Thanks to the Fondation Vitalait, farmers are trained in the following topics: increasing productivity (technology and feeding), environmental aspects such as water, renewable energies and achieving optimal cooling of the milk on the farm. In the reporting year, questionnaires were sent to suppliers to assess the current situation, which will allow the impact of the activities to be measured at the end of the project. Furthermore, trainers were schooled in November 2023 and will use their newly acquired knowledge to train farmers over the course of the project. The project will run until the end of August 2024, with a final conclusion to be drawn in the next financial year.

Social aspects in the criteria catalogue

Emmi's subsidiaries Quillayes Surlat in Chile, Kaiku in Spain and Vitalait in Tunisia have applied the criteria catalogue. Together, these subsidiaries account for around a quarter of the milk volume produced by Emmi. Kaiku and Quillayes Surlat defined their targets for 2027 based on the results in the year under review. The target for Vitalait is still pending. As a result, the use of the criteria catalogue has been deprioritised.

Emmi measures progress by means of the following performance figures:

Evaluation has started at international level. Figures for Switzerland are provided in section [5.1.4 Sustainable dairy](#).

5.2.2 Sustainable dairy – competition for food and land due to milk production

Emmi considers milk production to be an important element in a sustainable food system. This is particularly true because farm animals kept for milk production convert indigestible plants – principally grass – into nutrient-rich food for humans. However, this argument is most likely to be used in situations where there is little or no competition for food and land.

Food competition occurs when animals use feed that would also be suitable for human consumption. This is the case, for example, when cows are fed wheat.

Competition for land arises when the feed comes from land that could have been used to grow food for people. This includes, for example, the cultivation of feed grain instead of potatoes on arable land.

Risks

The cultivation of animal feed for milk production and the use of cereals suitable for human consumption to feed animals may compete with food production for human beings. The sourcing of milk produced in competition with human food is critical, especially in areas in which there is food scarcity. This entails reputational risks for Emmi.

Concept and measures

The Swiss dairy industry is striving to achieve grassland-based, site-adapted and climate-friendly milk production that is able to meet the challenges of climate change in a manner that conserves resources. To this end, the “Resource Project for the Promotion of Climate Protection, Site Adaptation and Resource Efficiency in Milk Production” supports dairy farmers in their efforts to reduce greenhouse gases and adapt their dairy farms to their location. In the “[KlimaStaR Milch](#)” project, Emmi is working with regional partners, dairy farms, other companies in the food industry and the public sector on ways to reduce the greenhouse gas emissions associated with milk production. Solutions are also being developed to minimise competition for food and land.

Objectives and performance figures

During the six years (2022 to 2027) of the project, the following food and land competition targets are to be achieved on the approximately 240 dairy farms participating in the “KlimaStaR Milch” project:

- reduction of dairy farmers’ food competition by 20%
- reduction of competition for space by 20%

With regard to food competition, milk producers succeeded in reducing food competition by 9% in the first year of the project by reducing the quantities of concentrated feed they used and by making targeted adjustments to the feed ration. The competition for space aspect is under development; interim results are expected in 2024.

5.2.3 Responsible sourcing – social aspects in the sourcing of non-dairy raw materials

In addition to milk, Emmi also procures raw materials such as sugar, nuts, fruit and coffee. Its sourcing policy gives Emmi an indirect but relevant influence on the conditions under which these raw materials are produced. In addition to human rights, which are dealt with separately in section [5.4 Respect for human rights](#), the working conditions and remuneration of people involved in the production of raw materials and at the suppliers of these raw materials are of particular relevance.

Risks

Inadequate consideration of social criteria in the sourcing process entails process risks and risks to Emmi's reputation. Emmi's supply chain is complex and its influence on suppliers' working conditions is therefore limited. Ensuring high social standards in the supply chain can represent an opportunity for Emmi and increase the popularity of its products.

Concept and measures

At Emmi, responsible sourcing management encompasses five aspects:

- Supplier evaluation and monitoring
- Supplier development
- Strategic sourcing criteria
- Internal structures and processes
- Transparency and traceability

As previously mentioned, the Group-wide sourcing policy encompasses specifications on ethical, social and environmental aspects of sourcing.

The Group-wide sustainable procurement guideline supplements the general sourcing guidelines with topics such as business ethics, fairness, reliability, discretion and the avoidance of conflicts of interest when working with suppliers. It describes standards and procedures for operational and strategic purchasing.

Emmi uses a [Supplier Code of Conduct](#) when working with its suppliers. The company aims to ensure that new suppliers acknowledge the code and provide specific information on various standards in the quality, environmental and social categories. In addition, they are required to accept a framework agreement as well as general requirements for raw materials or packaging in writing.

In the event of an identified violation of the Emmi Supplier Code of Conduct, an internal committee will decide on the further course of action. As a rule, the priority is targeted supplier development in order to improve the supplier's current situation. In case of persistent difficulties or a lack of willingness to cooperate on the part of the supplier, a cancellation of the business relationship is considered.

The objectives and performance figures are the same as those in section [5.1 Environmental matters](#) under [5.1.5 Responsible sourcing](#).

5.2.4 Product quality and safety

For Emmi, “product quality and safety” are the result of numerous measures along the entire value chain, starting with the selection and sourcing of suitable raw materials and packaging. When processing these raw materials, Emmi follows the principles of good manufacturing practice and meets the strict requirements of various quality standards, thus guaranteeing the safety of its food at all times. It also complies with all relevant legal and regulatory requirements and takes the needs of its customers into account.

Risks

Emmi positions itself as a manufacturer of safe and high-quality products. Protecting consumers is its top priority. Quality non-conformities can have health implications and, for example, may lead to a product recall, which can entail negative consequences for a company’s reputation and result in significant financial risks. Selling products that do not meet the highest standards can also damage our relationship of trust with our customers, or even result in them being lost.

Concept

Responsibility for global quality management is anchored in a central Group function, which defines the strategic direction and, above all, also serves to support the country organisations.

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

HACCP is an integral part of a quality management system, and the certifications of the production sites are based, among other things, on individual market requirements. This means that different standards recognised by the GFSI (Global Food Safety Initiative) can be applied. In the vast majority of cases, this is FSSC 22000 (Food Safety System Certification) and the IFS standard (International Featured Standards).

All sites are certified in accordance with a standard quality management system. Where market or customer requirements dictate, certification is according to a [GFSI](#)-recognised standard (e.g. FSSC 22000, IFS, BRCGS, SQF). In addition, the quality management systems (QMS) at some production sites are also certified according to general ISO standards.

Product safety takes top priority: risk-based, continuous improvement

Emmi's food safety, hygiene and quality standards for its product range and the environment in which these products are manufactured are risk-based and are continuously improved according to the Plan-Do-Check-Act (PDCA) cycle.

All Emmi products and processes used in the production of food are subject to a food safety hazard analysis based on the Codex Alimentarius. The HACCP system identifies all food safety hazards and then thoroughly assesses, monitors and controls them to ensure that Emmi's products do not pose a risk to the consumer. The main hazards are microbiological contamination with pathogens, chemical contamination, undeclared allergenic substances or unwanted foreign bodies in the product.

The Preventive Programmes (PRPs), such as personal hygiene, cleaning systems, avoidance of cross-contamination (particularly with regard to allergens) and pest control are important components of the HACCP concept. These PRPs are the most important basis for ensuring food safety. If the hazard analysis and risk assessment indicate a higher risk in certain locations, additional measures are taken to control chemical, microbiological and physical hazards.

Objectives

The aim is to ensure the highest level of public health and consumer protection by continuously identifying opportunities for improvement and further developing the food safety system.

Measures

Awareness-raising measures for employees

In order to raise awareness among employees, short films on food safety topics were produced in 2023. These are shown regularly on Emmi TV.

Surveys on the quality culture were carried out in the two companies Leeb Biomilch GmbH and Emmi Dessert Italia. The results are under evaluation at the time of writing.

"Food safety sprints" in all divisions

As part of the European Food Safety Initiative (EFSI), several "food safety sprints" were carried out, in particular at the two companies Leeb Biomilch GmbH and Emmi Dessert Italia.

Such a sprint was also conducted for the first time at Emmi Dessert USA and at Emmi Roth in the USA. Here too, the results are still under evaluation at the time of writing.

Development of local quality measures

In the Chilean subsidiary, Emmi introduced the "cost of poor quality" reporting at all sites, trained teams in the continuous improvement process, and with the internal gap analysis tool at each production site the basis for a local quality strategy was developed.

Effectiveness test

In addition to the usual methods for testing the effectiveness of a quality management system, such as audits (internal/external) and the collection of key figures, the aforementioned food safety sprints make it possible to observe processes and materials over an extended period at the relevant site that allows a detailed insight into the effectiveness of the measures to be obtained.

Emmi uses numerous indicators to measure product quality. The most important key figures are: costs of poor quality or critical incidents in the market (withdrawals/recalls).

Other external complaints and internal deviations are investigated locally. Numerous internal process controls are carried out to inspect raw materials, semi-finished and finished goods, and packaging. Microbiological checks are carried out to ensure that the production environment fulfils the required hygienic conditions for the food production.

Emmi does not publish these key figures for competitive reasons.

5.2.5 Nutrition

Milk is a high-quality food that contains a variety of valuable macro- and micronutrients (fats, proteins, carbohydrates, minerals and vitamins) in a form that is easy for humans to digest. Milk and dairy products are fundamental components of dietary recommendations. While milk consumption is increasing in developing and emerging countries due to these properties, the consumption of animal-based foods is increasingly being questioned in industrialized countries, primarily based on environmental and animal welfare considerations, but also from a health perspective.

In some of the markets that are relevant to Emmi, such as the domestic Swiss market, there has been an increase in demand for low-processed, natural foods in recent years. The trend towards products with additional nutritional benefits – such as lactose-free dairy products, probiotic yogurt, products with a high protein content and no added sugar – is just as relevant for Emmi. Plant-based milk alternatives are also increasingly in demand.

Risks

Nutrition is part of an individual lifestyle and can also reflect personal values. A healthy diet is influenced by many individual factors. Nonetheless, the media, public and political debate about healthy eating often focuses on individual food categories. Depending on the debate, food manufacturers may therefore face opportunities or risks in terms of positioning, sales, image and reputation. Added sugar in fresh products, especially in mixed milk drinks, yogurt and quark, is fraught with risk. Opportunities currently exist for protein-rich products such as cheese, for example, after this product category was criticised in the 1980s and 1990s for its high fat content.

Parallel to the debate on healthy eating and nutrition, and in some cases overlapping with it, different diets present opportunities and risks for Emmi's business model. For example, the vegetarian lifestyle offers opportunities for milk processors, while vegans avoid dairy products altogether. Investing in milk alternatives is one way of turning this risk into an opportunity for the company. Exploiting that opportunity involves making an economic assessment that takes into account the additional costs – e.g. for development and marketing.

Concept

When developing new products and optimising existing recipes, the focus is on the needs of consumers. Emmi is aware that its products can have an impact on healthy nutrition. However, Emmi believes that nutrition must always be seen in the context of an individual's lifestyle.

While many nutritional topics are cyclical in nature, there is a broad consensus on sugar: excessive consumption of products containing sugar poses health risks. Emmi believes that education, product reformulations and government involvement are needed to minimise these risks and promote more balanced consumption and healthier eating habits. In its Swiss home market, Emmi is strongly committed to this issue, also at a political level.

Vegan milk substitute products have also played a role at Emmi for over 20 years. Emmi manufactures these in-house in Switzerland, Spain, Austria, Italy and the USA.

Objectives

Reduce added granulated sugar in yogurt, quark and milk-based drinks by 10% by 2024 compared to 2019 in Switzerland ("Milan Declaration").

Measures and key performance indicators

Focus on sugar reduction

Emmi's R&D teams always keep sugar reduction in mind both in the development of new products and in the optimisation of existing ranges. For many years now, Emmi has been gradually reducing the sugar content of existing products in order to ensure that the change in taste remains acceptable to consumers. New products are already being developed with a low sugar content.

Interim review of the "Milan Declaration" (Switzerland)

- Yogurt: the reduction is in line with the targets set out in the Milan Declaration
- Quark and milk-based drinks (expansion of the "Milan Declaration" in mid-February 2023): potential has been identified and implementation has begun
- Emmi Caffè Latte, the target value for 2024 was already achieved in 2023

5.3 Employee issues

Employee issues encompass aspects of the following topics that are material to Emmi:

- Employee development
- Occupational health and safety
- Governance (fair and inclusive conditions and the right to participation)

In addition to the material topics updated in the run-up to the 2021/2022 Sustainability Report, this report contains information on “fair and inclusive conditions” and “the right to participation” (summarised under the topic of governance).

Employee issues in the supply chain are dealt with in sections [5.2 Social matters](#) and [5.4 Respect for human rights](#).

Emmi employs more than 9,000 people worldwide. The UN Guiding Principles on Business and Human Rights and the Fundamental Principles of the [International Labour Organization \(ILO\)](#) form a fundamental benchmark for dealing with the workforce. This is set out in Emmi’s [Code of Conduct](#).

5.3.1 Employee development

Employee development covers anything that helps our employees to meet the requirements of their job role now and in the future. Through the targeted development of its employees, Emmi can strengthen its human capital and secure the skills Emmi needs to achieve its strategic objectives.

Risks

Emmi relies on the availability of sufficient workers with the right specialist skills. Companies that train and develop employees not only ensure their own success, but also contribute to a functioning economic system and social prosperity.

Emmi is also aware of its responsibility to ensure the employability of all its employees.

Concept

Individual development requires an appropriate environment. Professional leadership, skills management and a working environment that promotes individual development are essential. Emmi invests in talent development programmes that encompass a range of business units and countries and ensure targeted succession planning is defined for key positions. Emmi also works consistently to ensure that all employees have development plans.

Objectives

By 2027, all employees of the Emmi Group should have a personal development plan. With this broad-based development, Emmi is not only strengthening its employees for their current areas of responsibility. This also creates the basis for being able to fill vacancies internally with people who match the job profile to perfection. In our recruitment, Emmi aims to maintain a balance between the vacancies filled with internal candidates and the vacancies filled with external applicants.

Measures

Emmi is convinced that professional management is an important framework for employee development. Emmi offers Group-wide leadership training courses, which are regularly refined and adapted to current market requirements. At the same time, good and professional management work is continuously reflected on and deepened in numerous local workshops.

With the strategic “Talent and Succession Management” initiative, Human Resources Management at Emmi works with managers across the Group to identify talented individuals and key positions, and systematically plans succession solutions.

Emmi follows a 70-20-10 development approach for all employees at every level: 70% of development takes place in the normal working day, 20% comes through targeted feedback and reflection, and 10% is carried out with internal and external training.

Effectiveness test

Emmi records the extent of training and development and the number of employees with individual development plans across the Group. Emmi also records the percentage of internally filled positions.

Employee surveys are carried out in individual companies or units. These include questions about development opportunities. The aim is to roll out these surveys as standard across the Group from 2025.

Emmi measures progress by means of the following performance figures:

Development plan and vacancies filled with internal candidates	2023	2022	2021
Share of employees with a development plan (Switzerland)	71%	75%	58%
Share of employees with a development plan (Emmi Group)	57%	46%	–
Number of vacancies filled with internal candidates (Switzerland)	25%	37%	45%
Number of vacancies filled with internal candidates (Emmi Group)	26%	29%	–
Training and education			
Average hours of training per year	2023²⁾	2022¹⁾	2021
All employees	10.22	6.20	6.40
Female	8.75	5.90	5.70
Male	10.96	6.40	6.70

¹⁾ Excluding Gläserne Molkerei GmbH, Emmi Österreich GmbH, Leeb Österreich, Pasticceria Quadrifoglio S.r.l., Emmi Canada Inc., Redwood Hill Farm & Creamery Inc., Jackson-Mitchell Inc., Cypress Grove Chèvre Inc., Sda Catalunya.

²⁾ Excluding Cypress Grove Chèvre, Darey Brands (Redwoodhill + Meyenberg), ENS International B.V.

One out of every two (57%) Emmi Group employees had a development plan during the year under review (target by 2027: 100%). Emmi was able to fill 26% (target by 2027: 50%) of open positions with internal candidates.

5.3.2 Occupational health and safety

At Emmi, occupational health and safety comprises the provision of safe and health-promoting working conditions. Employees should be provided with working conditions without the risk of accidents or injuries at all stages of their work, from the processing of raw materials to the transport of packaged products. Health protection implies a good work-life balance and supports mental health.

Risks

The majority of Emmi employees work in production, in production-related areas or in distribution. This work entails significant risks to physical health. Psychological stress can also occur at all workplaces. Absences or workplace restrictions due to accident or illness may impair the performance of the company. Serious incidents, demonstrable misconduct on the part of the company or accidents on public transport harbour procedural and reputational risks.

Concept

Emmi is committed to providing a safe working environment, both for its own employees and for the supervised employees of third-party companies.

At Emmi, responsibility for occupational safety is anchored locally in the country organisations. The central Group function sets the strategic direction and supports the country organisations. Health-related issues are also managed by the HR division. Measures are developed and implemented in close coordination with the occupational safety organisation.

The aim of Emmi's occupational health and safety organisation is to protect employees from damage to their health and to ensure the company's ability to function at all times.

A central instrument for dealing with occupational health and safety in Switzerland is a comprehensive occupational health and safety management system implemented in accordance with the principles of ISO 45001. The international companies include a number of certified companies, such as Emmi Dessert Italia, Kaiku in Spain and Vitalait in Tunisia. All companies comply with local law. Developments are tracked on the basis of a globally implemented key figure management system and, if required, necessary measures are defined with the local companies.

Objectives

Emmi's safety philosophy is to prevent all incidents of personal injury. A significant reduction in the number of accidents is therefore the overriding long-term objective.

The objectives are defined annually for each site based on its respective situation (process risks, technical safety of the plants, safety culture, legal requirements).

Measures

With the aim of supporting the health of the employees, relevant introduction programmes as well as legally mandatory training courses are carried out. Refresher courses are held regularly for high-risk activities such as working at heights or handling forklifts.

Other courses and training sessions relate to occupational health, first aid, evacuation training, the correct use of climbing aids and behaviour in traffic. Various other training courses contribute to health promotion. For example, training courses on health-conscious leadership and training courses on how to improve your own resilience are on offer.

In what is referred to as the "Health & Safety Community", global H&S managers and selected HR partners are presented with topics relevant to occupational health and safety. The participants discuss safety and health-related incidents in order to multiply important findings and appropriate measures as part of the continuous improvement process.

Effectiveness test

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. The audits are part of the continuous improvement process and are carried out by internal and external bodies.

Emmi measures progress by means of the following performance figures:

Health and occupational safety management maintains a comprehensive system of key figures to identify potential for improvement and to check the effectiveness of the measures taken.

The so-called TIFR (Total Incident Frequency Rate) is provided as a key figure on Group level. The TIFR is calculated from the total sum of all injury cases (irrespective of whether they result in downtime and limited operations, including deaths but excluding commuting accidents) in relation to a million hours worked. In 2023 the TIFR was 24.0 (previous year 24.4) and no fatalities occurred (previous year 0).

5.3.3 Fair and inclusive conditions

Emmi strives to create fair and inclusive working conditions and to offer all employees the opportunity for personal development. Fair and inclusive conditions ensure that the company is perceived as an attractive employer, can act as a role model and contribute to the promotion of inclusion in society.

Risks

Suspected or proven discrimination against employees, for example on the basis of their gender, age, nationality or religious affiliation, entails process and reputational risks and may damage the corporate culture.

Concept

The principle of fair and inclusive working conditions is set out in the Group-wide [Code of Conduct](#) and within remuneration principles for Emmi employees.

Objectives

Emmi strives for a non-discriminatory working environment in which all employees feel welcome, valued and inspired.

Measures

Various subsidiaries have been working for years to ensure fair and inclusive conditions. At Group level, Emmi developed a global position on diversity, equality and inclusion in 2023 in order to anchor these issues strategically across the Group. This binding basis is used to define and implement further awareness-raising measures locally. Emmi aligns its remuneration system with its organisational culture and invests in gender-independent and non-discriminatory remuneration models. To this end, a survey of the local conditions at the subsidiaries will be carried out in 2024 from a legal and labour market perspective.

Effectiveness test

Emmi analyses various key employee figures to identify indications of unequal treatment. The equal pay analysis required by law in Switzerland is one of these tools. As the largest legal entity, Emmi Schweiz AG is certified for equal pay for men and women in accordance with the Gender Equality Act and is within the federal tolerance limit of 5%. The subsidiaries belonging to the Emmi Group are required to review their salary structures on a regular basis and to comply with the legal requirements. This also includes corresponding equal pay analyses.

Emmi encourages all employees to report suspected misconduct or unequal treatment. Points of contact are managers, the personnel/works committees, the Emmi HR department or, if necessary, the Emmi Whistleblowers Line, which also makes it possible to report concerns or information anonymously and confidentially.

Emmi measures progress by means of the following performance figures:

The development of the proportion of women at different hierarchical levels can provide an indication of the status of equality.

Board of Directors			
Gender	2023	2022	2021
Female	43%	44%	44%
Male	57%	56%	56%
Age			
Under 30	0%	0%	0%
30 to 50	21%	11%	0%
Over 50	79%	89%	100%
Group Management			
Gender	2023	2022	2021
Female	25%	25%	25%
Male	75%	75%	75%
Age			
Under 30	0%	0%	0%
30 to 50	50%	37%	25%
Over 50	50%	63%	75%
Group employees			
Gender¹⁾	2023	2022	2021
Female	33%	31%	31% ²⁾
Male	67%	69%	69% ²⁾
Age			
Under 30	19%	14%	15%
30 to 50	55%	56%	56%
Over 50	26%	30%	29%
Number of apprentices, interns, trainees, external employees			
	2023	2022	2021
Female	402	189	196
Male	693	307	296
Total	1,095	496	492
New employee hires and employee turnover¹⁾			
	2023	2022	2021
Number of new employees ¹⁾	2,288	1,308	1,392
Rate of newly recruited employees	25%	14%	15%
Number of employees who have left the company	2,202	1,020	856
Employee turnover	24%	11%	9%
Employees by employment contract¹⁾			
	2023	2022	2021
Permanent	8,929	8,952	8,863
Female	3,045	2,788	2,739
Male	5,884	6,164	6,124
Temporary	367	107	127
Female	57	30	41
Male	310	77	86
Total	9,296	9,059	8,990
Employees by employment type¹⁾			
	2023	2022	2021
Full-time	8,598	8,221	8,158
Female	2,658	2,258	2,203
Male	5,940	5,963	5,955
Part-time	698	838	832
Female	444	560	571
Male	254	278	261
Total	9,296	9,059	8,990

¹⁾ Excluding apprentices, interns, trainees and external employees.

²⁾ Adjustments based on new underlying data.

5.3.4 Right to participation

The right to participation is a central principle of employment law and relates to the right of employees to take an active part in decision-making processes and shaping issues in the working environment. It aims to ensure that employees participate in company activities and that their interests and opinions are taken into account.

Risks

There may be a power imbalance between employees and employers that may have a negative impact on employees. Internal commissions, trade unions and other forms of participation have played an important role in improving working conditions and social justice for decades. Combined with other developments and over time, trade unions have improved the culture of collaboration and feedback in the company – for example through employees' rights of participation.

Depending on the country, however, dealing with trade unions can also be a challenge for Emmi, for example in Germany, Spain or Italy. This sometimes makes direct dialogue with employees more difficult or hinders economically necessary structural adjustments of the company.

Concept

Emmi strives to create a working environment in which employees are allowed to exercise a right of participation, whether in Switzerland through the Employee Committee (Peko) or in an international context through freedom of assembly.

As part of the freedom of assembly, subsidiaries adhere to the legal requirements of the respective country when dealing with trade unions. The basic principles of the [International Labour Organization \(ILO\)](#) serve as a benchmark.

The implementation of employees' rights of participation depends on the respective local conditions:

In the division Switzerland, locations with more than 50 employees have an upstream, first point of contact in the form of the employee committees. These committees are made up of employees and are elected by the workforce for a term of four years. Emmi guarantees that members will not be dismissed or suffer any other disadvantage as a result of the orderly activities they carry out within the framework of workplace participation. In Switzerland, Emmi is not party to any collective bargaining agreements (CBAs).

- In the division Europe, companies in the following countries are unionised: Benelux, France, Italy, Austria
- In the division Americas, companies in the following countries are unionised: Brazil, Chile, Spain, Tunisia

The Emmi Whistleblowers Line also enables concerns and information to be reported anonymously and confidentially.

Measures and effectiveness check

Employee surveys are carried out in individual companies or units. These enable employees to play an active role and ask questions about the divisions' abilities, motivation and working environment. The aim is to roll out these surveys across the Group from 2025.

Emmi measures progress by means of the following performance figures:

Collective bargaining agreements	2023	2022	2021
Percentage of employees covered by collective bargaining agreements (Emmi Group)	43%	53%	53%
Percentage of employees covered by the personnel commission (Switzerland)	100%	100%	100%

5.4 Respect for human rights

Respect for human rights relates primarily to the following material topic for Emmi:

- Responsible sourcing

Environmental aspects of the material topic of responsible sourcing are dealt with in section [5.1 Environmental matters](#), while human rights aspects in our own plants are dealt with in section [5.3 Employee issues](#).

As a food company, human rights can potentially be affected in Emmi's upstream supply chain in the production of agricultural raw materials. Emmi must take human rights aspects into account both in its own plants (see section [5.3 Employee issues](#)) and in its supply chain. Respect for human rights is understood comprehensively, but with a particular focus on the exclusion of child labour.

Risks

If Emmi fails to comply with human rights along its value chain, there is a risk of fines and damage to its reputation. The greatest challenge is respect for human rights in the sourcing of non-dairy raw materials. This is due to the complexity of the supply chain and the limited influence of Emmi as a buyer. On the other hand, comprehensively sustainable sourcing also offers opportunities for appropriately labelled products in selected markets.

Concept

Respect for human rights

Compliance with human rights is governed by the [Modern Slavery Act](#) Directive and the [Emmi Code of Conduct](#). The internal and external auditors carry out regular audits at all Emmi companies.

To ensure sustainability in the supply chain, Emmi has introduced a corresponding management system. Its central elements are the Group-wide sourcing guidelines and the Emmi Supplier Code of Conduct. Superordinate information on these two frameworks can be found in section [5.1.4 Sustainable dairy – animal welfare in dairy production](#). In the area of human rights, the Supplier Code of Conduct contains requirements on forced labour, freedom of assembly, working conditions, and child labour, among others.

The requirements that apply to all suppliers are supplemented by a risk management process for human rights risks in the upstream supply chain. This consists of three sub-steps:

1. “supply chain mapping”: illustration of the immediate upstream suppliers
2. risk assessment using suitable criteria and available indicators (currently: “Children’s Rights and Business Atlas” as an indicator of human rights violations in general)
3. targeted research for suppliers from countries of origin with an increased risk

The Expert Committee, consisting of representatives from Procurement, Quality, Sustainability and Legal Services, decides on the exact procedure to follow in the event of well-founded suspicions of human rights violations.

Exclusion of child labour

In the reporting year, Emmi audited key suppliers with regard to their risk classification in accordance with the “Children’s Rights and Business Atlas”. It was not possible to substantiate the suspicion of human rights violations in general or the suspicion of child labour in particular. Details can be found in the report in [Appendix 7.1](#).

Objectives

- all new suppliers sign the Emmi Supplier Code of Conduct
- by 2026: all active suppliers managed by Strategic Procurement will have accepted the Emmi Supplier Code of Conduct
- all suppliers from critical countries of origin are checked once a year with regard to compliance with the Emmi Supplier Code of Conduct

Emmi currently lacks the option of a uniform systemic segmentation of its suppliers that would guarantee uniform application of the Emmi Supplier Code of Conduct. The company is working on making this possible in the future.

Measures

Management system introduced to respect human rights

In the reporting year, Emmi introduced a management system for human rights risks.

Review of human rights aspects in coffee production

A coffee supplier to Emmi is suspected of being involved in human rights violations in a sourcing country. As a result, Emmi carried out an in-depth investigation of the situation during the year under review, even though Emmi does not source any coffee from the affected region and the relevant legal proceedings have not yet been concluded.

Emmi sought talks with the affected supplier, requested further information concerning the facts of the case and added more detailed rules to the [Emmi Supplier Code](#). It transpired that the supplier has its own internal procurement code. The supplier’s code fulfils the relevant requirements laid down by the Emmi Supplier Code. The parties accordingly concluded an equivalence agreement. Emmi will monitor the ongoing legal proceedings and will also continue to carefully monitor the supplier’s conduct with regard to measures relating to sustainable procurement.

Emmi measures progress by means of the following performance figures:**Reporting critical concerns**

In 2023, a total of 54 whistleblower reports were received on various topics. All reports were assessed by the ethics committee and important cases were thereafter processed by a case management team. If local processing was not possible, the division or the Group was involved. Appropriate action was taken where required.

Emmi Supplier Code of Conduct

See section [5.1.5 Responsible sourcing](#) – environmental aspects in the sourcing of non-dairy raw materials.

5.5 Combatting corruption

Combating corruption is part of the key issue of Governance for Emmi.

Emmi operates globally – including in countries with significant corruption risks. Emmi counters the risks associated with corruption – such as legal disputes or damage to its reputation – with clear rules and controls.

Concept

At Emmi, the [Employee Code of Conduct](#) provides the framework for combatting corruption. It encourages employees to report misconduct with regard to compliance with laws, guidelines and values. The points of contact are managers or the HR departments. Reports of suspected violations of the law can be submitted via the Whistleblowers Line. The Code of Conduct also addresses the fact that sourcing decisions must be made exclusively on the basis of performance references. This is also set out in the terms of employment, which employees receive on taking up their position and which must be confirmed in writing. Corruption is governed by an anti-corruption directive.

The Emmi Supplier Code of Conduct expects suppliers to conduct their business without bribery, corruption, money laundering or any form of fraudulent behaviour.

The core of the fight against corruption is the internal control system. This provides for specific controls in relevant business processes. In addition to the internal control system, financial reporting and controlling at local and Group level are ways of combatting corruption. This is where deviations can be identified and tracked. The underlying basis consists of the correctness of the financial reporting, which is regularly confirmed by licensed auditing firms at local and Group level.

Other key functions for combatting and monitoring corruption include risk management, the legal department and quality management.

Risks

Emmi's significant business activities are largely concentrated in countries with – according to Transparency International's Corruption Perceptions Index – low levels of corruption: Switzerland (rank 7), the Netherlands (8), Germany (9), the United Kingdom (18), France (21), Austria (22), the United States (24), Chile (27), Spain (35) and Italy (41). There are higher corruption risks in Brazil, Mexico and Tunisia, where Emmi has subsidiaries.

A general risk assessment is carried out for all Group companies on an annual basis, taking into account the ranking of all companies in the corruption index.

Irrespective of the country, the sourcing process, the sales process, human resources and the procurement and disposal of property, plant and equipment are considered business processes susceptible to corruption.

Objectives

Emmi has a zero-tolerance policy towards bribery, including kickbacks. The granting or acceptance of unjustified benefits is strictly prohibited.

Measures

Focus on business processes at risk of corruption

Emmi focuses its anti-corruption measures on business processes at risk of corruption:

Specific checks are carried out in the sourcing process, including in the following divisions: supplier selection, master data recording and maintenance, the ordering process, goods receipt, incoming invoice monitoring and supplier payment.

Specific checks are carried out in the sales process, including in the following divisions: customer acquisition, master data recording and maintenance, the ordering process, outgoing goods checks, outgoing invoicing, credit management and credit notes.

Specific checks are carried out in Human Resources, including in the following divisions: entry and exit process, master data recording and maintenance, wage and salary payment process and expenses.

Specific checks are carried out in the area of property, plant and equipment, including in the procurement and disposal processes.

Effectiveness test

Emmi has its internal control system checked at regular intervals by Internal Audit to ensure that it is effective. Individual matters are reviewed by the internal and external auditors. Any compliance findings from Internal Audit are reported to management.

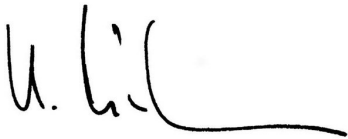
Emmi measures progress by means of the following performance figures:

In 2023, a total of 13 internal audits were carried out by Internal Audit (the previous year's figure was 10). It is important to note that these figures relate exclusively to audits planned by Group companies, corporate functions and centralised functions such as for example processes at Emmi Schweiz AG (for instance procurement). Ad hoc mandates are not included in this figure since, due to their variable nature, they may differ significantly and, in some cases, may not have any link to corruption investigations.

6. Statement by the Board of Directors

The Board of Directors of Emmi AG approved the report on non-financial matters for 2023 at its meeting on 28 February 2024. The report is subject to approval by the General Meeting of Shareholders.

Lucerne, 28 February 2024

A handwritten signature in black ink, appearing to read 'U. Riedener', with a long horizontal stroke extending to the right.

Urs Riedener
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'Ricarda Demarmels', with a large, stylized 'B' at the end.

Ricarda Demarmels
CEO

7. Appendix

7.1 Report on child labour due diligence

Assessment of legitimate reasons for suspicion of child labour

Emmi does not fall under the exceptions of [Art. 6 and 7 or 9](#) of the Ordinance on Due Diligence and Transparency with respect to Minerals and Metals from Conflict Areas and Child Labour. Emmi assessed the risk of child labour and came to the following conclusions:

Risks within the Emmi Group

On the basis of the internal audits in the production plants, there are no justified indications of the use of child labour.

Risks within the upstream supply chain

According to section [5.4 Respect for human rights](#) of the report on non-financial matters, risks to child labour in particular must be monitored in a targeted manner and any suspected cases must be investigated.

Child labour due diligence measures

In 2023, Emmi reviewed the suppliers of its subsidiaries. The review included key suppliers with regard to their risk classification in accordance with the “[Children’s Rights and Business Atlas](#)”. Eleven suppliers with an obvious risk of child labour were identified (China, Pakistan, United Arab Emirates, Vietnam, Mali).

These suppliers were subjected to in-depth research. The suspicion of human rights violations in general and child labour in particular could not be substantiated in the case of the identified suppliers.

7.2 Report on the handling of minerals and metals from conflict areas

Assessment of legitimate reasons for suspicion of minerals and metals from conflict areas

Emmi does not import or process minerals or metals from conflict areas. Emmi is therefore exempted from its duty of care and reporting obligations with regard to conflict minerals and metals.

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The Annual Report is published in German and in English. The German version is binding.

The Annual Report or any part thereof does not constitute an invitation to invest in Emmi shares. Any forward-looking statements contained reflect current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements.

Potential risks and uncertainties include such factors as general economic conditions, foreign exchange and commodity price fluctuations, competitive product and pricing pressures, regulatory developments and IT failure risks.

Emmi is providing the information in this report as of the dates specified and does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.



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