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Corporate Governance

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The following information 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 2016.

- ☞ Articles of Association: <https://group.emmi.com/en/about-emmi/corporate-governance/documents/>
- ☞ Organisational Regulations: <https://group.emmi.com/en/about-emmi/corporate-governance/documents/>

1. Group structure and shareholders

1.1 Group structure

The Group structure is shown below.

Significant changes since the balance sheet date: Effective 1 January 2017, the role of Chief Supply Chain Officer has been added to the Group structure.

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.

- ☞ Market capitalisation, securities number and ISIN number, see page 110
- ☞ Consolidated companies, see pages 90 to 92

1.2 Significant shareholders

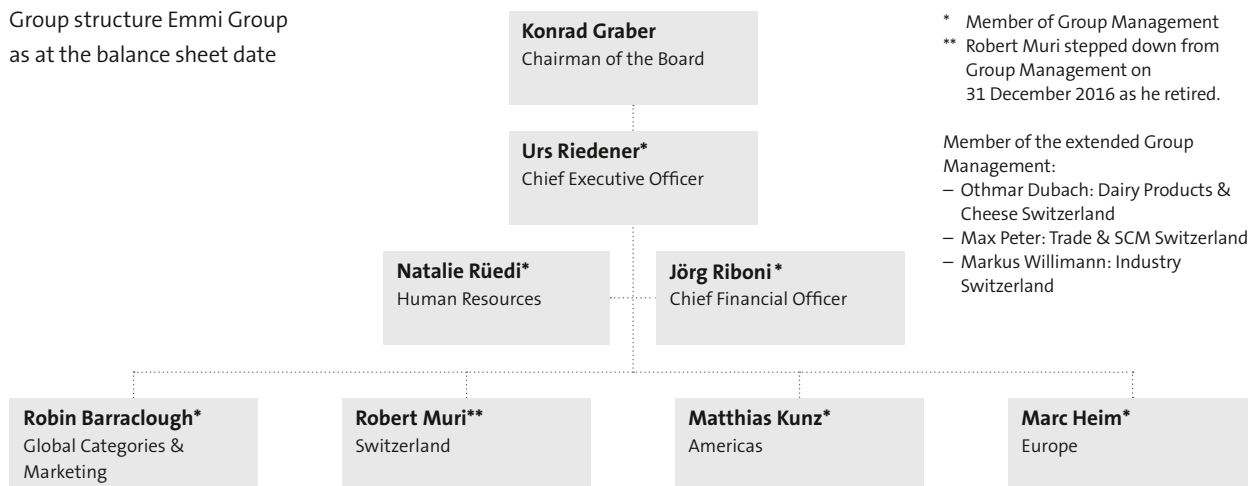
- ☞ Significant shareholders, see page 105 (“Share capital and significant shareholders”)

ZMP Invest AG, Lucerne, the Zentralschweizerischer Milchkäuferverband, Willisau, and the MIBA Milchverband der Nordwestschweiz, Aesch (BL), form a group in the sense of Art. 121 FinfraG. As at 31 December 2016, the group owned 62.0% (previous year: 62.1%) of the total voting rights. As at 25 January 2016, Capital Group Companies, Inc. reported that it owned 263,500 registered shares of Emmi AG (4.9%). As at 7 June 2016, the same company reported that it now owned 268,500 registered shares (5.0%). No further disclosure notifications were made.

1.3 Cross-shareholdings

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

Group structure Emmi Group as at the balance sheet date



* Member of Group Management
 ** Robert Muri stepped down from Group Management on 31 December 2016 as he retired.

Member of the extended Group Management:
 – Othmar Dubach: Dairy Products & Cheese Switzerland
 – Max Peter: Trade & SCM Switzerland
 – Markus Willimann: Industry Switzerland

Group functions:

- Human Resources
- Finance/Legal
- Corporate Development
- Corporate Communications & IR
- International Operations
- Quality/Safety/Environment

2. Capital structure

2.1 Share capital

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

2.2 Authorised and conditional capital

Emmi did not create any conditional or authorised capital in 2016, and there is no conditional or authorised capital from previous years.

2.3 Changes in capital

An overview of changes in capital for the years 2013 to 2016 can be found on page 102.

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 page 110

2.5 Dividend-right certificates

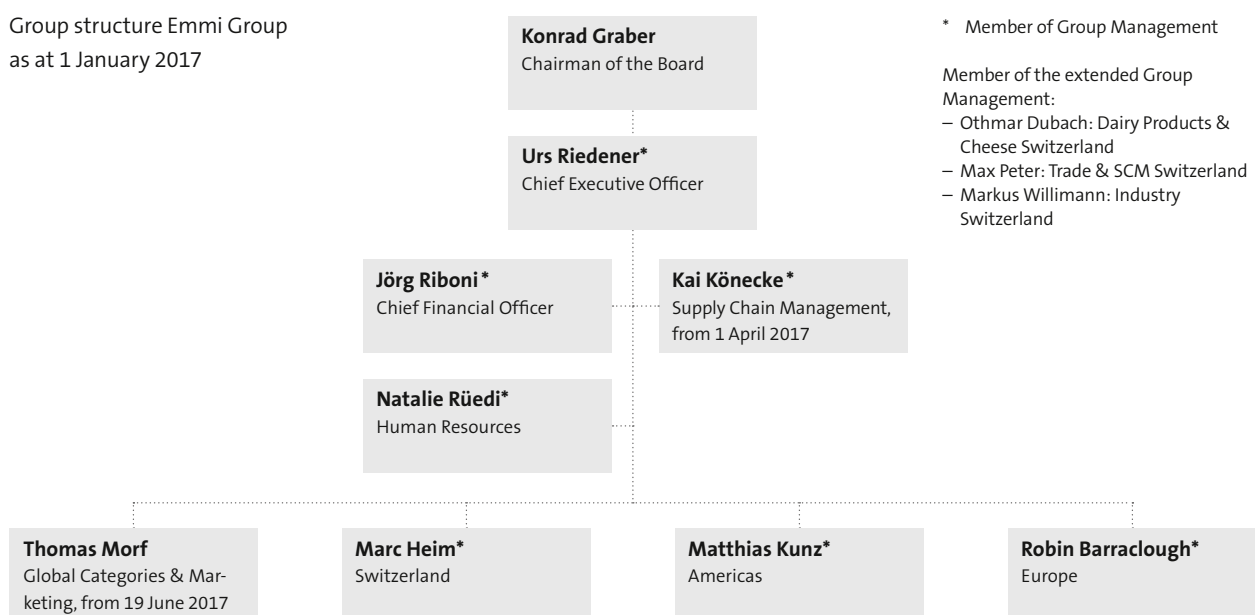
No dividend-right certificates exist.

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. 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.

Group structure Emmi Group
as at 1 January 2017



* Member of Group Management

Member of the extended Group Management:

- Othmar Dubach: Dairy Products & Cheese Switzerland
- Max Peter: Trade & SCM Switzerland
- Markus Willimann: Industry Switzerland

Group functions:

- Human Resources
- Finance/Legal
- Corporate Development
- Corporate Communications & IR
- International Operations
- Quality/Safety/Environment

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 page 31) are non-executive members who were not previously members of Emmi Group Management or the management team of one of the subsidiaries. The basis for nomination as a member of the Board of Directors is the fulfilment of a specific profile of requirements.

Christian Arnold-Fässler, Thomas Oehen-Bühlmann and Franz Steiger are members of the Board of the Central Switzerland Milk Producers Cooperative (ZMP), which supplies a large proportion of its milk to Emmi. ZMP, via its subsidiary ZMP Invest AG, Lucerne, holds a majority stake in Emmi. Josef Schmidli, former Chairman of the Zentralschweizer Milchkäuferverband (ZMKV), produces a significant proportion of his cheese for Emmi. ZMKV is a minority shareholder 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.

3.1 Members of the Board of Directors



Members of the Emmi Board of Directors from right (as at the balance sheet date): Franz Steiger, Christian Arnold-Fässler, Stephan Baer, Monique Bourquin, Konrad Graber, Thomas Oehen-Bühlmann, Niklaus Meier, Diana Strebel, Josef Schmidli and Ingrid Schmid (secretary of the Board of Directors).

3.2 Professional background and other activities and interests

Konrad Graber

Member of the Board of Directors since 2006, Chairman since 2009

After completing his studies in business administration and economics, Konrad Graber joined KPMG in 1983, where he worked in the auditing department for both Swiss and international companies prior to becoming Partner and Director. He was President of the examination committee for fiduciaries for eight years. Since 1999, the certified auditor has been a Partner at BDO AG, where he was also member of the Swiss Executive Board from 2005 to 2009. In this capacity he was responsible for management consultancy and IT. He was also a longstanding councillor for the canton of Lucerne, and from 1997 to 2001 he served as Chairman of the CVP (Christian Democratic People's Party), also in the canton of Lucerne. From 2000 to 2012, he was Chairman of the Board of Verkehrsbetriebe Luzern AG (the Lucerne Transport Corporation), and has been a member of the Board of Directors of the health insurer CSS Versicherungen, Lucerne, since 2002 and of BDO AG since 2009. Since 2007, he has been a member of the Council of States and therefore a member of the National Parliament.

Thomas Oehen-Bühlmann

Member of the Board of Directors since 2009, Vice-Chairman since 2012

Thomas Oehen-Bühlmann is a certified master farmer and runs a dairy and arable farm together with his son. For many years he served as a technical expert for proficiency exams and master farmer exams and was also Chairman of the Supervisory Committee of agricultural training centres in the canton of Lucerne. He was head of a local branch of the CVP (Christian Democratic People's Party) for a number of years, a municipal councillor from 1996 to 2008 and Mayor of Hohenrain from 2008 to August 2012. Thomas Oehen-Bühlmann has been a member of the Board of the Central Switzerland Milk Producers Cooperative (ZMP) in Lucerne since 2009 and Chairman since 2012. He is also a member of the Board of Swiss Milk Producers (SMP) in Berne.

	Year of birth	Nationality	Education	First elected
Konrad Graber Chairman of the Board of Directors	1958	Swiss	Business Administration HWV Certified Auditor	2006 2009 Chairman
Thomas Oehen-Bühlmann Vice-Chairman of the Board of Directors	1958	Swiss	Certified Master Farmer	2009
Christian Arnold-Fässler	1977	Swiss	Certified Master Farmer	2012
Stephan Baer	1952	Swiss	Business Economist lic. oec. publ.	1999
Monique Bourquin	1966	Swiss	Business Economist lic. oec. HSG	2013
Niklaus Meier	1955	Swiss	Swiss certified expert in accounting and controlling	2012
Josef Schmidli	1957	Swiss	Federal Commercial Diploma Certified Master Cheesemaker	2003
Franz Steiger	1959	Swiss	Certified Master Farmer	2015
Diana Strebel	1960	Swiss	Business Economist dipl. oec. Master of Science in Marketing GSBA and University of Wales	2012

Christian Arnold-Fässler

Member of the Board of Directors since 2012

Christian Arnold-Fässler is a certified master farmer and works as an independent farmer on his dairy farm. He was deputy mayor of Seedorf from 2006 to 2013, representing the SVP (Swiss People's Party), and has been a member of the Uri cantonal parliament since 2012, of which he was President from June 2015 to June 2016. Christian Arnold-Fässler has also been a member of the Board of the Central Switzerland Milk Producers Cooperative (ZMP) in Lucerne since 2009, a delegate of the Central Switzerland farmers' cooperative in Rothenturm since 2009 and a member of the Board of Swiss Milk Producers (SMP) in Berne since 2012.

Stephan Baer

Member of the Board of Directors since 1999

Following his studies in business administration, Stephan Baer worked at OPM AG as a business analyst from 1979 to 1982 before moving to Baer AG in Küssnacht am Rigi in 1982, where he was appointed Chief Executive Officer one year later and became Chairman of the Board of Directors in 1997. Since the sale of Baer AG in 2008, Stephen Baer has worked as an independent management consultant. He is also Chairman of the Board of Directors of frXsh AG, Küssnacht am Rigi (since 2009) and President of the association "Tischlein deck dich" since 2015. He was a member of the Board of Directors of Bio Partner Schweiz AG, Seon, between 2010 and April 2016, and of Spichtig AG, Steinen, from 2011 to June 2016 (Chairman from 2012 to March 2015).

Monique Bourquin

Member of the Board of Directors since 2013

Following her studies in economics, law and sociology, Monique Bourquin joined management consultants Price-WaterhouseCoopers in 1990. From 1994 to 1997, she worked as Product Manager at Knorr Nahrungsmittel AG, Thayngen; from 1997 to 1999 as National Account Manager at Rivella AG, Rothrist; and from 1999 to 2002 at Mövenpick Foods Switzerland, Cham, latterly as Director Switzerland for the Food division. She then held the position of Customer Development Director for six years at Unilever Switzerland. From 2008 to 2012, she was in charge of Swiss business and was a member of the Executive Management Board of Unilever Germany, Austria and Switzerland (DACH). Monique Bourquin subsequently served as Chief Financial Officer of Unilever DACH until April 2016. She has also been a member of the committee of the Swiss marketing association GfM since 2009.

Niklaus Meier

Member of the Board of Directors since 2012

Niklaus Meier is a Swiss certified expert in accounting and controlling. Between 1976 and 1992, he held various positions at the MIBA Milchverband der Nordwestschweiz (Association of milk producers of northwestern Switzerland) in Basel, latterly Head of Finance and Administration. From 1993 to 1995, he was Head of Finance and HR at ToniLait AG in Berne, and from 1995 to 2009, he worked at Ciba AG in Basel, where he was latterly Chief Financial Officer. After Ciba was acquired by BASF, he worked at BASF Schweiz AG in Basel until 2011, where he supported the integration of the financial organisation of BASF. Since 2011, Niklaus Meier has been Chief Financial Officer at MEGlobal International FZE, Dubai, which is active in the plastics sector. He has also been a member of the examination committee for finance and accounting specialists/Swiss certified experts for controlling and accounting since 2000 and of the Swiss Controlling Standards working group of the Swiss Association of Accounting and Controlling (VEB) since 2010.

Josef Schmidli

Member of the Board of Directors since 2003

After completing his federal commercial diploma, Josef Schmidli qualified as a master cheesemaker. Since qualifying in 1982, he has been proprietor and Managing Director of Käserei Schmidli GmbH, which was founded in 1998. He is also Chairman of a municipal power utility. Until April 2012, he was Chairman of the Central Switzerland Milk Purchasers Association (ZMKV) in Lucerne. Since 2003, Josef Schmidli has been a member of the Board of Fromarte, the Association of Swiss cheese specialists in Berne, where he was Vice Chairman until 2012.

Franz Steiger

Member of the Board of Directors since 2015

Franz Steiger is a certified master farmer and works as an independent farmer and training instructor on his dairy and pig-breeding farm; since 2010 he has run this in the form of a joint business with a partner. He has been a member of the Board of the Central Switzerland Milk Producers Cooperative (ZMP) since 2000, and was its Vice President from 2006 until April 2015. In addition, he has been a delegate of the Swiss Farmers' Union since 2006 and a member of the Board of the Emmentaler milk producers' organisation since 2009. Franz Steiger is also Treasurer of the Schlierbach-Krumbach dairy cooperative and has been Mayor of Schlierbach since 2008.

Diana Strebel

Member of the Board of Directors since 2012

After completing her studies in business administration, Diana Strebel worked at various advertising agencies between 1981 and 2003, including four years as Deputy CEO at Publicis Group and a temporary assignment as CEO and member of the Board of Directors at Wunderman AG. Between 2003 and 2005, she completed studies in marketing and held two Board of Director mandates. From 2005 to 2009, she was Chief Operating Officer at Interbrand Europe and Managing Director at Interbrand Zintzmeyer & Lux, Zurich. Since 2009, Diana Strebel has been Managing Director of Strebel-Birt AG in Männedorf, a consultancy firm for branding, communications and agency management, which she co-founded. She has also been a member of the Board of Directors of Ricola AG in Laufen since 2009 and of Globalance Bank AG in Zurich since 2011.

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 15 mandates in non-listed legal entities.

3.4 Election and term of office

The first election of members can be seen in the table on page 31. The term of office of members of the Emmi Board of Directors is one year and lasts until the 2017 General Meeting accordingly. Re-election is permitted. There is no restriction on the number of 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

Allocation of duties within the Board of Directors

The table on this page shows the allocation of duties to all members.

	Audit Committee	Market Committee	Personnel and Compensation Committee	Agricultural Council
Konrad Graber Chairman of the Board of Directors	•	•	• (Chairman)	• (Chairman)
Thomas Oehen-Bühlmann Vice-Chairman of the Board of Directors	•		•	•
Christian Arnold-Fässler Member				•
Stephan Baer Member		• (Chairman)	•	
Monique Bourquin Member	•	•		
Niklaus Meier Member	• (Chairman)			
Josef Schmidli Member		•		
Franz Steiger Member				•
Diana Strebel Member		•		

Composition, duties and delimitation of responsibilities of the committees

The composition of the committees and the Agricultural Council (hereinafter the “committees”) is shown in the table above. The committees perform a regular assessment of their performance (self-assessment).

The **Audit Committee** supports the Board of Directors in monitoring the management of the company, in particular from a financial perspective. It is entitled 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 the external auditors, at any time. 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 Auditing and, on invitation, the external auditor in charge.

The Audit Committee deliberates on and approves:

- the auditing plan and the personnel budget of Internal Auditing
- the appointment and dismissal of the Head of Internal Auditing
- the auditing plan and the remuneration budget for the external auditors
- the auditors for consolidated subsidiaries where these differ from the Group auditors
- the list of counterparties and their 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 organisation of accounting, and the organisation and content of financial control including internal auditing
- 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 auditing and the monitoring of action plans by management based on these results
- the Group and holding accounts and the results of subsidiary companies
- the annual and investment budget
- the evaluation of risks and of the measures based on this

- financial and liquidity planning as well as business relations with financial institutions
- financial reporting to shareholders and the public
- legal proceedings and out-of-court settlement of disputes whose outcome may have implications for the financial situation of the Group
- treasury guidelines.

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 brand, product and market strategy as preparation for the corporate strategy. 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, on invitation, other members of Group Management. The Market Committee has no approval power.

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

- the organisation based on the Group’s strategy
- merger and acquisition projects, brand projects, and product and marketing investments based on the Group’s strategy
- the strengthening of the Emmi brand portfolio and innovations based on the Group’s strategy
- the preparation of changes in strategy
- the development of key customers and markets as well as critical business units
- the controlling of major projects.

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 issues. 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)
- 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.

It also elects the members of Group Management, excluding the CEO, as well as members of the extended Group Management.

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 as well as the remuneration of the members of the Board of Directors
- the remuneration system for the compensation of Group Management
- the ceiling amounts for the remuneration of the Board of Directors, the Agricultural Council and Group Management for approval by the General Meeting (for approval model, see compensation report, page 48)
- the total amount of salary adjustments and bonuses for employees and basic changes to the pension fund regulations and other retirement benefit plans
- the composition of Group Management
- succession planning and the evaluation of candidates for the Board of Directors according to the regulations governing election
- succession planning for the Chairman of Group Management and, at the request of the CEO, for members of Group Management
- the regular review of the organisational regulations.

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. It 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. Members of the Emmi Group who attend meetings as internal experts include the CEO, the Head of Agricultural Policy and the Head of Procurement. The external experts are the Managing Directors of the regional milk producer organisations ZMP and MIBA, both of which have a stake in Emmi, the national Milk Sector Organisation (BOM) and the national milk producer organisation SMP. The Agricultural Council has no approval power.

It 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
- milk volume and price management
- milk and cheese procurement.

Working methods of the Board of Directors and its committees

As a rule, the Emmi Board of Directors and its committees 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 2016, the Board of Directors held eight half-day meetings and one all-day meeting. The Audit Committee met five times for three hours each, and the Market Committee three times for 2.5 hours each plus for one whole day. The Personnel and Compensation Committee met three times for 1.5 hours each, while the Agricultural Council met twice for two hours each (average times).

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. Individual items on the agenda are handled exclusively within the Board of Directors, i.e. excluding all participants who are not members of the Board of Directors. The entire 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 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. 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 annual and investment budget
- the annual and half-year results
- 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, the pension fund regulations and other retirement benefit plans

- 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 compensation report, page 48)
- 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
- the founding and closure of companies
- approval of members of the Board of Directors of consolidated subsidiaries
- the proposal of candidates for the Board of Directors to the General Meeting.

All other areas of management are delegated in full by the Board of Directors to the Chairman, the 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. He 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, he is responsible for implementing strategic objectives, defining operational thrusts and priorities, and providing the necessary material and personnel resources for this purpose. He 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 budget approved by the Board of Directors, as well as by the agreed business strategy.

As members of the Executive Board Switzerland and long-standing former members of Group Management, the **members of the extended Group Management** undertake the selective Group duties assigned to them by the CEO.

3.7 Information and control instruments vis-à-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 fortnight, 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 detailed sales statistics on a monthly basis. Consolidated financial statements together with a forecast for the year-end closing statement are prepared on a quarterly basis, and the Board of Directors is informed in detail about the financial situation of the company at the same interval. The members of the Audit Committee receive the Group financial statements on a quarterly basis and are informed in detail in order to assess the financial performance.

- 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 and carried out by Group Management and monitors their implementation (see also page 88 of the Financial Report).
- External and internal auditing: Details of the external auditor are provided in section 8. Internal Auditing 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 Chairman 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 auditing programme and the annual planning; it also receives all auditors' reports and is kept informed at its meetings of all findings and the resulting measures. In addition, the Head of Internal Auditing regularly meets with the Chairman of the Audit Committee.

The Internal Auditing department 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 the 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 Auditing also works together closely 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 organisation and process 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 right (as at the balance sheet date): Jörg Riboni, Robert Muri, Natalie Rüedi, Urs Riedener (CEO), Robin Barraclough, Marc Heim and Matthias Kunz.

	Year of birth	Nationality	Education	Current function
Urs Riedener	1965	Swiss	Business Economist lic. oec. HSG Stanford Executive Program	Chief Executive Officer
Robert Muri	1950	Swiss	Certified Engineer HTL Dairy Farming MBA HSG	Deputy CEO, Executive Vice President Switzerland
Robin Barraclough	1967	United Kingdom/ Swiss	Economist	Chief Marketing Officer
Marc Heim	1967	Swiss	Economist lic. oec. HSG	Executive Vice President Europe
Matthias Kunz	1960	Swiss	Certified Agronomics Engineer ETH MBA, Stanford Executive Program	Executive Vice President Americas
Jörg Riboni	1957	Swiss	Business Economist lic. oec. HSG Certified Auditor	Chief Financial Officer
Natalie Rüedi	1971	Swiss	Certified Primary School Teacher EMBA, Lucerne University of Applied Science and Arts	Chief Human Resources Officer

4.2 Professional background and other activities and interests

Urs Riedener

CEO and Chairman of Group Management since 2008

Urs Riedener began his career at Kraft Jacobs Suchard, where he held various positions. Between 1995 and 2000, he held various management positions at the Lindt & Sprüngli Group, both in Switzerland and abroad, the most recent of which were National Sales Manager and member of the Board of Management for Switzerland. Until 2008, he was Head of Marketing and member of the Executive Board of the Migros Cooperative (MGB) in Zurich. Urs Riedener became CEO of Emmi in 2008. He also sits on the committees of the Swiss branded goods association Promarca and the Swiss marketing association GfM as well as the Executive Committee of the Institute of Marketing at the University of St. Gallen. He has been a member of the Board of Directors of Conzeta AG since 2014 and a member of the Executive Committee of SMG (Schweizerische Management Gesellschaft) since 2015.

Robert Muri

Executive Vice President Switzerland and member of Group Management from 1996 to 2016, Deputy CEO until 2016

Robert Muri worked for various companies in the food industry, including International Flavors & Fragrances (IFF) and as Head of Production at the Central Switzerland Milk Association. In 1994, he took over responsibility for marketing and sales at Emmi's Fresh Products Division. He became Head of Fresh Products in 1996 and was appointed a member of Group Management. He also took over responsibility for the Dairy Products Division in 2004. Robert Muri was appointed Deputy CEO of Emmi in 2007 and was Executive Vice President Switzerland from 2014 to 2016. Due to his retirement, Robert Muri stepped down from Emmi Group Management on 31 December 2016.

Robin Barraclough

Chief Marketing Officer until 2016, Executive Vice President Europe since 1 January 2017, member of Group Management since 2009

From 1991 to 2007, Robin Barraclough performed various managerial marketing functions at national and international level at Mars Incorporated, latterly as senior member of the Marketing Leadership Team at the European Masterfoods headquarters in Bremen, Germany. In 2008, he was in charge of the coffee business in German-speaking Europe for Kraft Foods. Robin Barraclough joined the Emmi Group in 2009, becoming Head of Marketing and a member of Emmi Group Management. He was Chief Marketing Officer between 2014 and 2016.

Marc Heim

Executive Vice President Europe until 31 December 2016, Executive Vice President Switzerland and Deputy CEO since 1 January 2017, member of Group Management since 2009

Marc Heim held various management positions with the former Effems AG (now Mars Schweiz AG) and at Kambly SA between 1992 and 1999. In 2004, he became Managing Director of Halter Bonbons AG. He joined Emmi in 2009 and, as Head of Sales, became a member of Group Management. He was Executive Vice President Europe from 2014 to 2016.

Kai Könecke

Chief Supply Chain Officer and member of Group Management from 1 April 2017

Kai Könecke started his career at Mars (Effems), Germany, in 1993, where his roles included heading up logistics in Germany, the development of supply chain management in Europe, and latterly Plant Director at a facility with 300 employees in Viersen, Germany. After a brief stint at online retailer Amazon, he was appointed Vice President Supply Chain at Unilever Germany, Austria and Switzerland in 2012. Kai Könecke was elected a member of Group Management with effect from 1 April 2017.

Matthias Kunz

Executive Vice President Americas and member of Group Management since 2002

Matthias Kunz held various positions within the dairy industry, including Managing Director of Toni International AG from 1997 as well as Head of the Cheese Division and member of Group Management of Swiss Dairy Food from 1999. He joined Emmi in 2002, where he became a member of Group Management as Head of the International Cheese Division. In 2009, he took over as Head of the International Division. He has been Executive Vice President Americas since 2014.

Thomas Morf

Chief Marketing Officer and member of Group Management from June 2017

Thomas Morf held various marketing and management roles at Procter & Gamble in Belgium for seven years from 2000. Between 2007 and 2017, he worked at Danone in Munich, Paris and Johannesburg, including as Global Marketing Director Innovations at Danone's headquarters in France and as Marketing Director South Africa. He was most recently Managing Director of Mayo Dairy, one of three Danone business units in Southern Africa. Thomas Morf was elected a member of Emmi Group Management with effect from 19 June 2017.

Jörg Riboni

CFO and member of Group Management since 2013

Jörg Riboni worked as an auditor at two US consultancy firms from 1985 to 1991, and from 1991 to 1995 as Chief Financial and Administrative Officer at the Lacoray Group (Cosa Liebermann). He was then Chief Financial Officer at Jelmoli, and held the same position at the Sarna Group between 1997 and 2005 and at the Forbo Group from 2005 to 2012. He joined Emmi as Chief Financial Officer and member of Group Management in 2013. Jörg Riboni is Chairman or member of the Board at several privately held companies. He has also been a member of the Expert Committee of Sika AG since November 2016.

Natalie Rüedi

Chief Human Resources Officer and member of Group Management since 2011

Natalie Rüedi taught at a primary school before becoming its headmistress between 1992 and 2000. She joined the Emmi Group as a Human Resources specialist in 2000, taking over responsibility for developing and heading up staff development in 2004. She became Head of Human Resources and a member of the extended Group Management in 2009. Natalie Rüedi has been a member of Group Management since 2011 and Chief Human Resources Officer since 2014.

Members of the extended Group Management

Othmar Dubach

Head of Cheese and Dairy Products Switzerland, member of the Executive Board Switzerland and of the extended Group Management

Othmar Dubach joined the Emmi Group as Head of Marketing in 1992 after holding positions at the Swiss Federal Institute of Technology (ETH) and the Central Switzerland Milk Association. In 1993, he became a member of Group Management and took on the role of Head of the Cheese Division with responsibility for production, packaging and maturation both in Switzerland and internationally. He was appointed a member of the extended Group Management and of the Executive Board Switzerland in 2014 as part of the Group restructuring.

Max Peter

Head of Retail & Supply Chain Management Switzerland, member of the Executive Board Switzerland and of the extended Group Management

Max Peter held various management positions at Nestlé, Coop and Bon Appétit Group AG before joining Emmi in 2002 as Head of Corporate Development and a member of Group Management. He has been responsible for Retail & Supply Chain Management Switzerland since 2005, comprising purchasing as well as quality, safety and environmental management, and the transport and logistics of goods within and outside of Switzerland. Sustainability was added to his remit in 2014. He was also appointed a member of the extended Group Management and of the Executive Board Switzerland in the same year as part of the Group restructuring. Max Peter is also a member of the Board of Directors of GS1 Switzerland and President of the Swiss Sport Aid foundation.

Markus Willimann

Head of Industrial Business Switzerland, member of the Executive Board Switzerland and of the extended Group Management

Dr Markus Willimann previously worked at Jacobs Suchard and was a member of the Executive Board of UFAG AG. He joined Emmi in 1998 as a member of Group Management with responsibility for the Dairy Products Division. In 2004, he assumed responsibility for industrial business, development coordination and agricultural policy. He was appointed a member of the extended Group Management and of the Executive Board Switzerland in 2014 as part of the Group restructuring. Markus Willimann is also Chairman of the Swiss Dairy Industry Association (VMI) and a member of the Board of Directors of the Swiss Milk Sector Organisation (BOM), the Swiss Butter Sector Organisation (BOB) and the Federation of Swiss Food Industries (fial). In addition, he is a member of the Advisory Committee for Agriculture and the Agriculture Research Council of the Swiss Confederation.

4.3 Permitted number of activities

The members of Group Management may hold a maximum of two mandates in listed and ten mandates in non-listed legal entities.

4.4 Management contracts

No management contracts exist.

5. Compensation, participations and loans

Information on remuneration, the definition process for compensation, 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 on pages 46 to 52.

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 only be represented at the General Meeting by a legal representative, another shareholder attending the General Meeting who has voting rights 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 an absolute majority of the voting rights represented, not taking into account blank and invalid votes. 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 "Nominees", page 29) also requires at least two-thirds of voting rights represented and the absolute 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.

6.4 Agenda

Shareholders who represent shares with a par value of CHF 1 million and above can request that an item 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: <https://group.emmi.com/en/media-ir/dates/>

7. Change of control/defensive measures

7.1 Obligatory offer

Emmi's Articles of Association do not include any "opting up" clauses pursuant to Art 135(1) FinfraG and no "opting out" clauses pursuant to Art. 125(4) FinfraG regarding the legal obligation to make a takeover bid.

7.2 Change-of-control clauses

No contractual agreements exist 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 2014 General Meeting, KPMG, Lucerne, were appointed the new statutory auditors for the financial year. They were reappointed in 2015 and 2016. 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, Thomas Affolter, has been in office since 2014. According to the provisions of the Swiss Code of Obligations, he may execute this mandate for a maximum of seven years. Thomas Affolter will therefore be responsible for the audit of the Emmi Group until the end of the 2020 financial year at the latest.

8.2 Audit fees

For the 2016 reporting year, the agreed audit fee for the performance of their mandate as statutory auditors (including the audit of the consolidated financial statements) amounted to KCHF 1,414.

8.3 Additional fees

During the year under review, KPMG charged a total of KCHF 308 for additional services beyond the scope of their statutory mandate. This fee includes KCHF 273 for tax advice and KCHF 35 for other consulting and audit-related 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 2016. Details on Internal Auditing are provided in section 3.7.

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's aim is 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-year 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 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 CFO. 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:

🔗 <https://group.emmi.com/en/media-ir/news-service/>

Media releases and investor information can be accessed via the following link:

🔗 <https://group.emmi.com/en/media-ir/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:

🔗 <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Contact for Investor Relations:

Emmi Management AG, Corporate Communications & IR,
Landenbergstrasse 1, P.O. Box 2570, CH-6002 Lucerne,
Phone +41 58 227 50 69, E-mail ir@emmi.com,
www.emmi.com

The General Meeting will take place on 20 April 2017.

All registered shareholders will receive an invitation to the General Meeting by post.

The next business results (2017 half-year results) will be published on 23 August 2017.

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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 so doing, 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 other elements.

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 the 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 strengthen 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, also in terms of a simple and transparent remuneration system.

With regard to the remuneration of the company's management, Article 29b of the Articles of Association states: Remuneration of members of the Board of Directors, Group Management and any advisory body should be adequate, competitive and performance-based. In addition, it should be determined in accordance with the strategic objectives and the success of the Emmi Group.

2. Remuneration system

2.1 Remuneration components

The remuneration of the Board of Directors and the Agricultural Council is 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 should amount to a maximum of 50% of his/her fixed remuneration. No long-term variable component has been implemented. For further information on this topic see section 2.3.

According to Article 29b of the Articles of Association, 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 should 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, Agricultural Council and the 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, pension fund contributions 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. In doing so, it 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 a benchmark study from 2014 which compared the compensation of the Emmi Board of Directors to external salaries and analysed whether the current remuneration and remuneration structure were in line with the market. In the year under review, no external advisor was consulted regarding the remuneration structure.

The basic remuneration, social security contributions and expenses are components of the fixed remuneration according to the table “Remuneration for the year under review” on page 50. 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 available to it a study from 2014 for the purpose of comparing the adequacy and competitiveness of the total remuneration. The same comparison group is used for the function-related salary benchmark and for the assessment of the remuneration of the Board of Directors. In the year under review, no external advisor was consulted regarding the remuneration structure.

The basic remuneration, non-cash benefits (company car), expense allowance and the relevant social security contributions and benefits are part of the fixed remuneration according to the table on page 50. 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 compensation: Article 29b of the Articles of Association states that, in general, the variable remuneration paid to a member of Group Management may not exceed 50% of his/her 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:

1. Group performance (weighting 50%)
2. Business area performance (weighting 30%)
3. 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 29e of the Articles of Association 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 which remuneration components and for which period the shareholders will vote on at the 2017 Ordinary General Meeting.

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 elaboration, 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 2016 General Meeting until the 2017 General Meeting.

Konrad Graber Chairman	Independent member and Chairman of the Board of Directors
Stephan Baer Member	Independent member of the Board of Directors
Thomas Oehen-Bühlmann Member	Independent member and Vice-Chairman of the Board of Directors

Approval model for the General Meeting 2017



4. Loans and credits

Article 29c of the Articles of Association 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.

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 29e of the Articles of Association 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 870 for financial year 2017.

Proposal to GM 2017 for full year 2017	Remuneration paid 2016 (see next page)	Proposal to GM 2016 for full year 2016
870 (ceiling amount)	789	810 (ceiling amount)

5.2 Agricultural Council

Approval of the total amount of fixed remuneration of the Agricultural Council up to a maximum of KCHF 32 for financial year 2017.

Proposal to GM 2017 for full year 2017	Remuneration paid 2016 (see next page)	Proposal to GM 2016 for full year 2016
32 (ceiling amount)	24	29 (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 4,980 for financial year 2018.

Proposal to GM 2017 for full year 2018	Proposal to GM 2016 for full year 2017	Remuneration paid 2016 (see next page)	Proposal to GM 2015 for full year 2016
4,980 (ceiling amount)	4,570 (ceiling amount)	3,786	4,638 (ceiling amount)

5.4 Group Management variable remuneration

Approval of the total amount of variable remuneration of Group Management of KCHF 865 for financial year 2016.

Proposal to GM 2017 for full year 2016 (see next page)	Remuneration paid 2015	Proposal to GM 2016 for full year 2015
865	839	839

6. Remuneration for the year under review

in CHF 000s

Board of Directors	Fixed remuneration			Variable remuneration			Total fixed and variable	Total previous year
	Basic remuneration ¹⁾	Non-cash benefits	Other remuneration ²⁾	Total fixed ³⁾	Bonus ¹⁾	Total variable		
Konrad Graber Chairman	255	–	–	255	–	–	255	246
Thomas Oehen-Bühlmann Vice-Chairman	74	–	19	93	–	–	93	88
Christian Arnold Member	48	–	13	61	–	–	61	61
Stephan Baer Member	68	–	1	69	–	–	69	69
Monique Bourquin Member	52	–	16	68	–	–	68	65
Hans Herzog Member (until 22.04.2015)	–	–	–	–	–	–	–	25
Niklaus Meier Member	56	–	17	73	–	–	73	71
Josef Schmidli Member	44	–	13	57	–	–	57	55
Franz Steiger Member (since 22.04.2015)	43	–	12	55	–	–	55	35
Diana Strebel Member	44	–	14	58	–	–	58	56
Total Board of Directors	684	–	105	789	–	–	789	771
Agricultural Council								
Christophe Eggenschwiler	5	–	1	6	–	–	6	6
Pirmin Furrer	5	–	1	6	–	–	6	6
Kurt Nüesch	6	–	–	6	–	–	6	6
Markus Zemp	5	–	1	6	–	–	6	6
Total Agricultural Council	21	–	3	24	–	–	24	24
Group Management								
Urs Riedener, CEO	843	3	212	1,058	307	307	1,365	1,363
Other Members	2,037	21	670	2,728	558	558	3,286	3,243
Total Group Management	2,880	24	882	3,786	865	865 ⁴⁾	4,651	4,606

¹⁾ Basic remuneration and bonuses comprise payments and social security and pension contributions made by the employee.

²⁾ In the case of members of the Board of Directors, other compensation includes social security contributions and expenses. For members of Group Management, it comprises all additional benefits, such as expenses, pensions, child allowances and mandatory social security contributions by the employer, that are currently paid to them 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 (allocation of duties, see page 33 of this Annual Report), in a subsidiary as well as 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 2016. In addition, no loans or credits have been made to former members of the Board of Directors, Agricultural Council or Group Management, or 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 2016.

7. Auditors' report



Report of the Statutory Auditor

To the General Meeting of Shareholders of Emmi AG, Lucerne

We have audited the accompanying remuneration report of Emmi AG for the year ended 31 December 2016. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the section 6 on page 50 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2016 of Emmi AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Thomas Affolter
Licensed Audit Expert
Auditor in Charge

Sandro Masciarucci
Licensed Audit Expert

Lucerne, 24 February 2017