

7. Company policy

Primary objective:
**The primary objective of the frischli dairy plant is to maintain it
as an independent family business**

This is achieved by securing profitability, liquidity and hedging against risks.

The corporate strategy for achieving these goals is derived from the corporate concept 2024/2025 and is described as follows:

Our strategy is based on five pillars and the priorities set there:

• Customer view

- In the Food Service business segment, we increase customer benefit through value-adding and differentiating products.
- In the private label segment, we remain a reliable and competitive partner for large-volume basic products.
- We develop customer-specific solutions because we know the needs and requirements of our target markets.

• Quality and Food Safety

- Our range meets the highest quality and security requirements for fresh and long-life products and is constantly adapted to changing market requirements and legal regulations.
- Our quality standards are based on close and continuous cooperation with our milk producers. It is based on the regional needs of the milk producers.
- Our goal is also to ensure sustainable production of our most important raw material.
- Another focus is on the continuous and long-term development and maintenance of the corporate culture for food safety and product quality and thus on the expansion of common ways of thinking and patterns of action with regard to food safety and product quality among all employees.

• Technology / Innovation

- We master the technologies and constantly develop this competence further in order to process basic products at optimal costs.
- Our efficient innovation process ensures the development of differentiated and value-adding articles.

• Employees

- Trust, respect and responsibility characterise our joint and solution-oriented cooperation.
- We promote the development of our employees and strive for long-term corporate loyalty.
- Our management culture is based on factual figures and facts.

• Risk Management

- To secure the long-term success of the company in a market environment characterised by high volatility and limited forecasting ability, we use specific risk hedging instruments.
- We operate along our value chain in an integrated and comprehensive manner.

Our strategic target markets are:

- Food Service Germany
- Food Service Europe
- Food Retailing Germany
- Industry Liquid
- Milk powder

All other markets served are not strategic. Target quantities and contribution margin targets up to 24/25 have been derived for these strategic target markets, and the measures that lead to the achievement of these targets have been defined.

The following aims for frischli are based on this:

Market and customer orientation

- The customer plays the central role in achieving our primary objective. The customer is the focus, and we must succeed in developing optimum solutions to problems on a daily basis with our products and services, taking account of business requirements.
- According to the requirements, we offer a wide range of business-to-consumer standards: EU organic seal, halal, kosher, RSPO, RA, V-Label, VLOG as well as QM++/HF3.

Product requirements (product quality, -safety, -legality, processes and specifications)

- A high quality and security of products and processes are the pre-requisite for achieving our aims. We ensure that our products comply with the respective applicable statutory requirements (product safety and -legality) as well as the specified quality parameters (product quality). The product specifications depict the quality expectations and –demands of our customers.
- We guarantee the safety of the products by protecting products and processes against internal, unintended influences on quality and hazards within the framework of our HACCP system.
- We ensure product legality by looking at different focal points within the company's food fraud system, thus protecting ourselves from the use of manipulated, illegal and/ or low-quality raw materials
- We guarantee product protection by securing our plants, production facilities and logistics routes against external, intended quality influences and manipulations as part of our Food Defense Plan.
- We ensure the further development of our corporate culture for food safety and product quality by regularly measuring it and deriving targets and measures for continuous improvement.

Innovation and improvement

- frischli wishes to further develop its ability to innovate products and processes systematically. Innovations in products and processes are a prerequisite for successfully differentiating our products with regard to quality and costs.
- We want to develop further our products and processes with a view to a process of continual improvement. The basis for this is a willingness to take up and evaluate both internal and external suggestions for improvement.

Employees

- We are aware that a prerequisite for achieving the above company aims are motivated, well-qualified and regularly trained employees who act autonomously. Willingness for targeted debate should be encouraged on all sides.
- We consider it important to have open and good cooperation with the works councils or representatives at the frischli dairy plant sites. We also want to have mutual open debate on existing problems and solutions with the works councils or representatives at the frischli dairy plant sites against a background of our company's aims. This also includes an open information policy on measures to be undertaken.
- We make key figures and facts available to our employees so that they can manage and improve their area of responsibility in line with their objectives. Currently, these are the top corporate key figures and divisional targets as well as key figures for the individual cost centers and cost types.

Cooperation with agriculturalists

- Agriculturalists and the dairy industry are facing a phase of business concentration and growth. In this phase, trustworthy cooperation with the agriculturalists based on continuity and mutual added value is especially important for frischli. The cooperation should be in line with the regional needs of the agriculturalists.

Ethical principles

- Compliance with laws and our own ethical standard is taken for granted by us both within the company and in relation to our business partners and any other business interest groups.
- We thereby assume the guiding objectives of a social market economy.

Sustainability

- For frischli as a family owned company with a tradition of more than 100 years the sense of responsibility for the following generations has always been an essential part of the daily lived corporate philosophy. The protection of the environment as well as a responsible and economical use of the natural resources is an absolute prerequisite for sustainable, future orientated management.

Energy and environmental policy

- Against this background, we are committed to comply with all environmental and energy law requirements as well as the rules and other binding commitments imposed on us within the framework of our environmental and energy management system and to constantly improve our system.
- With regard to use of energy resources, we are committed to reduce our specific energy consumption systematically and in the long-term within the framework of a continual process of improvement and to increase the energy efficiency of our processes.
- In this context we committed to the Science Based Targets initiative (SBTI) in July 2022 to meet the 2° target of the Paris convention and to reduce our CO₂ emissions accordingly by 2030. We are aiming for climate neutrality in scopes 1+2 to the GHG Protocol by 2045.
- In order to achieve this aim, we are introducing an energy management system to all sites of our company according to the norms DIN EN ISO 50001 and an environmental management system according to the norm DIN EN ISO 14001 and ensure implementation of and compliance with the requirements of these norms.
- With regard to this energy and environmental management system, we will define environmental goals and operational and strategic energy targets and ensure that
 - the financial and structural resources are provided for its implementation
 - all employees are integrated and informed about the implementation and execution of the energy management system and the responsibilities are established
 - aspects of environmental and energy data are regularly provided and monitored.
 - the results and effectiveness of the energy management system are regularly monitored, brought up to date and evaluated
 - Environmental aspects and energy performance are taken into account when purchasing products and services.
 - Internal and external issues and stakeholder requirements are taken into account
 - opportunities and risks are assessed and measures are derived

Managing Directors and Management Team
frischli Milchwerke GmbH