

ANNUAL REPORT
2004



Hästabud 

SWISS GOURMET BAKERY

**HIESTAND GROUP
ANNUAL REPORT 2004**





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It's a great pleasure to be able to look back on an extremely successful financial year. In fact, 2004 saw us achieve our financial objectives which we had actually set for 2005. We owe this to the motivation of our employees, and the major commitment to our company which they demonstrated.

The HIESTAND GROUP posted a marked improvement at all levels of results:

[CHF]		
Sales	397.5 Mio.	+ 19.8% on prior year
EBIT	40.1 Mio.	+ 32.0% on prior year
Consolidated profit	26.1 Mio.	+ 43.2% on prior year

Our share price increased by 110% in 2004. This puts HIESTAND among the leading performers on the Swiss equity market. On a per-share basis, we achieved the excellent result of CHF 49.65. It goes without saying that our shareholders should also benefit from this strong result. At the Annual General Meeting held on 18 May 2005, the Board of Directors will therefore be propose a dividend of CHF 10 per share.

The previously announced conversion of the employee share bonus plan into a cash bonus plan is to go ahead from 2005. The cash-bonus plan provides all our employees with an opportunity to continue participating in the Group's success. Every day they play their part in ensuring the success of our business, and have been one of the cornerstones of our company from the very beginning. A well designed, finely tuned system ensures that shares in profit are only paid out providing objectives are met.

It is already a year since Philip Lynch joined the Board of Directors. As you will be aware, he is also the Chairman of the Board of Directors of the IAWS Group, which owns approximately 22% of the HIESTAND GROUP. Mr Lynch has contributed to our efforts over the past year. Thanks to his expert knowledge of the sector, he is a major asset to our business. At the same time, IAWS also benefits from improved development in its home market of Ireland, along with the complementary markets of the UK, US and Canada.

The Board of Directors has once again set out ambitious objectives for the year 2005: double-digit growth for the HIESTAND GROUP (significantly above 10%), an EBIT margin of 10% and a consolidated net profit margin of at least 5%. Our primary long-term objective remains the achievement of a sales figure of more than one billion Swiss francs by 2010. Alongside planned organic growth of around 8%, we shall therefore be making further acquisitions over the coming years. To that end, the Board of Directors decided at its February meeting to set up a committee, consisting of Wolfgang Werlé and myself, which will be evaluating potential acquisition opportunities. Our healthy balance sheet enables us to finance acquisitions of CHF 100-120 million without the need to raise fresh shareholders' equity. In compliance with our strategy, any acquisitions will be restricted to our core business, whereby we shall be seeking to capture the access to a new market by taking over leading frozen bakery goods companies. Whether or not these are mixed operations (production and sales companies) is of secondary importance. The key factor in each case will be the availability of a nationwide sales and distribution network. We are currently looking at several takeover candidates. Nevertheless, we will only be considering acquisitions that do not dilute HIESTAND's objectives (EBIT and consolidated net profit) in the medium term.

At this point, I would like to express my gratitude to all our shareholders for the trust and loyalty you have shown towards our company. I would also like to thank my esteemed colleagues on the Board of Directors and Group Executive Committee, together with all employees of the HIESTAND GROUP, for the huge commitment they have demonstrated. I firmly believe we will continue to achieve our ambitious objectives over the coming years.

Yours sincerely,

Albert Abderhalden
Chairman



I am very pleased that the HIESTAND GROUP has succeeded for the third consecutive year in markedly increasing its results at all levels. Focusing on our strengths, on activities along the entire value chain and on qualitative growth has paid off. Equally, the measures forming part of the now-concluded FFF (Fit for the Future) project continue to act very positively on our results.

We succeeded in increasing our sales to CHF 397.5 million. This exceeds the figure for the previous year by 19.8%. As expected, the measures implemented under the FFF project have lowered our costs and increased both our efficiency and our productivity. This explains the disproportionately sharp jump in operating profit of 32.0% to CHF 40.1 million, and equates to an EBIT margin of as much as 10.1%. We are also encouraged by the consolidated net profit margin of 6.6% – 43.2% up on the previous year's figure. Consequently, the financial targets that we announced at the beginning of the year (sales growth of 18%, an EBIT margin of 9.5% and a net profit margin of over 5%) were significantly exceeded.

With the FFF project now having been concluded across all national companies, the next stage will be to evaluate Group-wide processes in order to capitalize on the potential synergies. Particular attention will be paid to the processes involved in supply chain management. We are also introducing comprehensive risk management and institutionalizing innovation processes. This comprehensive approach, and the resulting organizational changes, will be implemented on a Group-wide basis from 2005. These measures will enable us to secure our planned organic growth and will facilitate the efficient integration of future acquisitions.

The partnership with IAWS has got off to a good start in Ireland and the United Kingdom. We are currently reviewing our coverage of the US and Canadian markets via their distribution companies there.

In our home market of Switzerland, we were once again able to expand our leading market position. We raised sales by 10.2% compared with the previous year. The HiCoPain joint venture with Coop is progressing according to plan: manufacturing started with two of the five lines as early as December 2004. The remaining lines will be ready for production at the end of April 2005. As announced previously, our overall investment in this project amounts to CHF 50 million, 60% of which is being financed by HIESTAND and 40% by Coop. In Germany, our acquisition of Back & Friends has proved successful, with the new business contributing 9.4% to overall growth. The Austrian market, which is managed out of Germany, developed slowly but nonetheless in the right direction. A select, innovative Austria range with wood-fired oven products is already being produced in two shifts. Since the sub-letting of the restaurant and shop effective February 1, 2004, we now cater solely for the core B2B business area. The market in Poland was characterized by a testing economic situation, in which HIESTAND held its position very well. Responsibility for the Singapore market was passed to the Malaysian management back in November 2003. We are pleased to note that the South-East Asia region as a whole reached breakeven in 2004. The export market in Malaysia in particular exhibited strong growth. In general terms, the Asia region offers the prospect of strong potential growth. This was also evidenced in Japan, where the ambitious sales team operating under the direction of the Japanese management exceeded our expectations in terms of sales as well as operating profit.

Our employees deserve heartfelt thanks: our extremely gratifying results would not have been possible without their unwavering commitment and willingness to accept change. I would also like to express my gratitude to our customers and shareholders, partners and suppliers, for their trust and loyalty.

Yours sincerely



Wolfgang Werlé
Chief Executive Officer

Our customers' success lies constantly at the heart of the Hiestand business model. Our customer account managers, both on the road and at head office, collaborate closely with our customers and partners. Our services at the point of sale comprise all aspects of active sales promotion, from advising on the best choice of bakery products across a wide variety of convenience levels – from unproved doughs through to the ready-baked, frozen product - and the development of sales concepts, right down to the individual details of shop fittings, ovens and advertising activities.

Recipe for success at the point of sale

The product line-up is designed to meet the specific needs of our customers. Through a broad product range, which is continually complemented by innovative products, we are able to adapt our offering on a dynamic basis. Specially designed training courses for our customers' sales staff enable Hiestand's mastery of the art of baking to be conveyed to the point of sale. With easy-to-use ovens, ready-baked products can be adjusted to cope with the volume required at any particular time. This means the bakery products are always oven-fresh and warm when consumers buy them. On the marketing side, Hiestand assists its customers with individual advertising and promotional material and, together with the seductive aroma of fresh bakery products, this acts as an additional support to sales.

Customers benefit from increased sales of the freshest-possible bakery products, whilst minimizing the number of unsold products.

Tightly knit logistics and distribution network

A tightly knit logistics and distribution network ensures customers are able to sell perfect, oven-fresh bakery products at any time. The reliable service guarantees that customers' shelves are always full. Our proximity to customers ensures that we become aware of their needs as soon as they arise, and our fine-tuned logistics processes enable us to meet those needs immediately. We deliver everywhere, round the clock.

Customers benefit from the constant availability of bakery products and low storage costs.

Mastery of the art of baking – solid craftsmanship

Hiestand's quality bakery products are manufactured using traditional processes - such as giving dough plenty of time to rise - combined with leading-edge technology. The use of sophisticated freezing processes means that no preservatives are required. Hiestand obtains natural, unadulterated raw materials – flour, berries and fruits, nuts and kernels – from controlled, environmentally friendly and locally certified sources. First-class drinking water, butter, free-range eggs and meat from responsible farmers round off our list of ingredients. Quality requirements are jointly defined with our suppliers, and monitored by Hiestand.

Customers benefit from natural bakery products produced in harmony with the environment and good animal husbandry practice.

Expanded product line-up for all needs

In the past, the focus was on manufacturing the entire product range available on the market. Nowadays, however, production is limited to high-quality bakery goods, produced in accordance with our raw materials philosophy. Alongside Hiestand's quality bakery produce and Hiestand products manufactured under license, the range is complemented by trading goods purchased from third parties. All products are distributed via the nationwide logistics and distribution network. Advisory and support services at the point of sale are also included.

Customers benefit from a full product range as well as the comprehensive Hiestand service concept.

“Win-win-win”

Hiestand's activities right along the value chain – from the purchasing of raw materials or traded products, via production and distribution through to customer advice and care – enable B2B customers to generate added value. In addition, customers benefit from innovative services. A constant supply of new – and in particular seasonal – products is equally important. This in turn benefits the end-consumers, who enjoy a rich array of bakery products – products that are oven-fresh, and therefore fresher-than-fresh.

Our customers benefit from satisfied end-consumers. In turn, this is what makes Hiestand so successful.

The Group Executive Committee of the HIESTAND GROUP



Roland Straub

CFO, Finance & Controlling

Luca Miggiano

Marketing & Sales

Wolfgang Werlé

CEO, Delegate of the Board of Directors

Urs Jordi

COO, Production & Logistics



Whether light or dark – our flours are produced using the strictest quality criteria.



DIEGO DELLA CÀ
Chairman of the Executive Board
Meyerhans Hotz AG, Malters

“One of our mills was mentioned for the first time way back in the 12th century. Today, Meyerhans Hotz AG is a leading, forward-looking and innovative company in the Swiss milling industry. We have enjoyed a close partnership with HIESTAND since the very beginning. For HIESTAND bakery products, we use organic produce carrying the “Bio-Knospe” (“Organic Bud”) label and only use wheat manufactured in accordance with the strict quality criteria of IP Suisse. This type of production is especially environmentally friendly. In our products and services, we place a great emphasis on quality: our two own flour laboratories and a special food safety concept (ISO 9001-2000, BRC, HACCP) ensure the highest possible levels of food safety.”

Further growth at all levels of our results

2004 was another extremely successful financial year for the HIESTAND GROUP. Sales rose by 19.8% in 2004 compared with the previous year's level to CHF 397.5 million. This increase consists of 10.0% from organic growth, 9.4% from the acquisition of Back & Friends and 0.4% from exchange-rate impacts. The profit targets that we had announced were also significantly exceeded: our EBITDA margin of 16.6% and EBIT margin of 10.1% exceeded the targeted figure by 0.6 percentage points in both cases, while the consolidated net profit margin of 6.6% was well in excess of the minimum objective of 5%. As for the bottom line, there was a consolidated net profit of CHF 26.1 million, up 43.2% on the previous year's figure. In spite of a stagnating market for bakery goods in overall terms, these results enable HIESTAND GROUP once again to confirm its long-term, sustainable success.

The encouraging result was also helped by our partnership with Irish foods group IAWS, which owns 21.6% of the HIESTAND GROUP. Cooperation is developing very well. In IAWS, HIESTAND has won a strong and competent partner in geographically complementary markets such as Ireland, the UK, US and Canada.

Investment focus on Switzerland, Germany and Poland

In financial year 2004, HIESTAND GROUP invested a net total (i.e. after disposals of fixed and financial assets) of CHF 70.1 million. The main investments were the joint venture with Coop (HiCoPain), the acquisition of Back & Friends in Germany and additional production capacity for filled croissants and pastries in Germany. Further focal points for investment on the logistics side included the expansion of the vehicle fleet in Germany and a doubling of warehouse capacity at the main plant in Poland. This investment led to an increase in net debt of around CHF 20 million to CHF 46 million. The net interest charge rose as a result by just under CHF 0.7 million to about CHF 2.5 million.

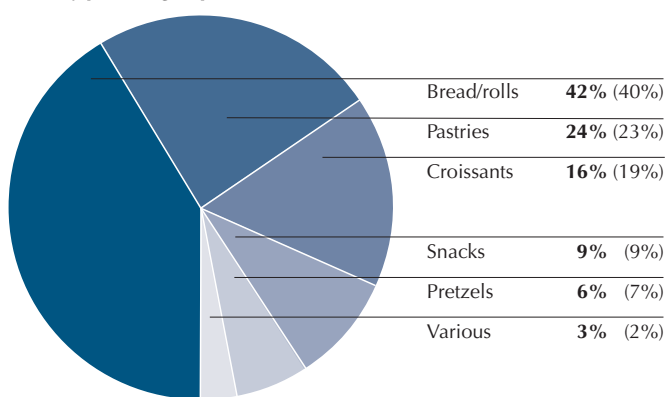
Cash and cash equivalents nearly doubled during the year to reach CHF 24.5 million. The main reason for this is HiCoPain, which in December had to prepare funds for payments in January.

The Group's average tax rate fell to 29% from 32% in 2003. The main reasons for this decline lay in tax cuts in several countries, as well as a disproportionately sharp rise in profit for those companies that are still in a position to exploit tax loss carry-forwards.

Significant increase for all product groups

There were respectable growth rates across all product groups. The biggest gain was in rolls, where sales rose 35.3% to CHF 70.7 million. But pastries (+ 24.2%, CHF 94.6 million), bread (+ 18.0%, CHF 93.6 million), snacks (+18.6%, CHF 36.9 million) and pretzels (+ 11.7%, CHF 24.3 million) once again significantly increased their growth too, as they did in 2003. Croissants were the only product group to show a reduced growth rate in the reporting year, with a smaller 3.7% increase to CHF 64.4 million.

Sales by product group 2004 (2003)



The sharp increase for the rolls segment was mainly due to the acquisition of Back & Friends, which accounts for half the growth of this product group. The disproportionately weak growth for the croissants product group – a trend that has already been witnessed in recent years – is due to a degree of saturation in the key markets of Switzerland and Germany. The other product groups grew in line with the overall expansion of the HIESTAND GROUP. Products manufactured by HIESTAND itself exhibited growth in sales of 7.2% to CHF 288.2 million. Following the acquisition of Back & Friends, sales of traded products increased by as much as 69.9% to CHF 109.4 million. This means the share of traded products increased by 8.2% to 27.5% of total sales.



Each and every HIESTAND croissant contains the goodness from 300 ml of milk.



ROLAND LICHTSTEINER

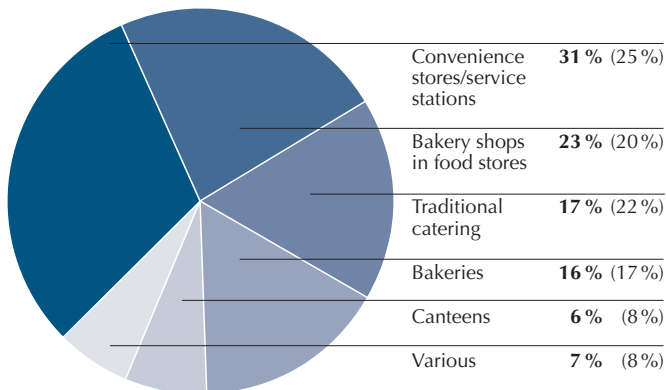
Partner in Brämmatt production cooperative, St. Erhard

“As soon as our calves are weaned off the milk, they are brought to our organic partner operation in the mountains. After about 22 months, they return to our pastures as heavily pregnant cows. We always make sure our animals have sufficient, regular access to outdoor grazing: either out on the pasture or in our open-air grazing area, which can also be used in the winter. As far as field management is concerned, we deliberately avoid the use of artificial fertilizers and injections and only use animal feed that is produced in accordance with organic guidelines. These do not contain antibiotics, and have not been genetically modified. At our organic cooperative – which now consists of four farms – 70 dairy cows graze on the 94-hectare operation. Every year our cows supply around 450 000 liters of milk, which is used to manufacture the finest-quality bakery products.”

Convenience stores/service stations show the strongest growth

In fiscal 2004, all key customer groups showed high growth rates. The biggest increase, at 34.6%, was in convenience stores/service stations, followed by bakeries and bakery shops in food stores. That traditional catering showed a slight decline of 4.1% is due to the fact that in the UK our own sales company was sold in December 2003 to the IAWS subsidiary *Delice de France*, with the result that the Anglo-American market is now developed by the new owner. Sales with IAWS are shown under the "Various" customer group.

Sales by customer group 2004 (2003)



The high growth rates for convenience stores/service stations and bakeries are attributable to the acquisition of *Back & Friends*, as well as to closer cooperation with *Aral* in Germany. In the Swiss market too, the highest growth rates were achieved in convenience stores/service stations, followed by bakery shops in food stores. This is partly due to close collaboration with *Coop*, but also to the launch of innovative concepts with other customers. Gratifying growth was again shown by the bakeries group on a consolidated basis – even after stripping out the acquisition of *Back & Friends*. The main reason was the German market, where the direct supplying of bakeries more than offset the decline in sales to the wholesale bakery trade.

Growth continues in the home market

The growth in sales in the highly competitive home market of Switzerland was especially encouraging. Sales rose by 10.2% – despite an already strong position as market leader.

Prospects for this market are also highly promising: in 2004, the spotlight was on preparations for the commissioning of the *HiCoPain* production plant in *Dagmersellen*. In the year under review, the plait production line began its operations. The rolls line also started to produce. The last production line will come on stream in April 2005. At the end of 2004, 86 people were already working at *HiCoPain*, 60 of them in production. The total investment cost is scheduled to be around CHF 50 million, with *HIESTAND GROUP* providing 60% of the financing and its partner *Coop* the remaining 40%.

Across its sales network, the *HIESTAND GROUP* strengthened its regional teams and external sales force, particularly in the French and Italian-speaking parts of Switzerland. A professionalization of the service provided to major customers was accompanied by the creation of specialized merchandising teams. The main objective of these efforts is to boost the frequency of visits, thereby providing customers with an optimum service. This includes providing them with support in terms of promotions and sales events, of which a large number were held during the reporting year. Several *Volg* branches were also equipped with self-service counters, while at *Mövenpick Cindy Diners* a shop-in-shop system was implemented.



Thanks to comprehensive services, we significantly increased our sales of bakery products.



RENÉ SCHLEGEL

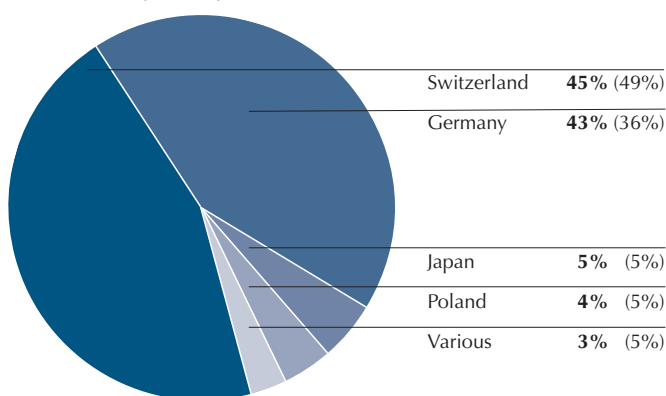
**Proprietor of Avia service station Rigiland,
Küssnacht am Rigi**

“When we opened our Avia-Shop five years ago, we were looking for reliable suppliers of fresh bakery goods from the region. It soon became clear that we had been successful, with visitors to our shops turning out to be very quality-conscious. Some time later, our attention was drawn to HIESTAND, and we decided to try out their oven-fresh bakery products, baked in our own oven. Within 18 months, our sales of these had risen by a spectacular 45%. The logical step was to take this one step further, with a Hiestand shop-in-shop. In this way, our supplier of bakery goods became our service partner, carefully planning everything with us – from shop fittings, through deciding on the product range and sales assistance, right up to logistics. In the current year, we are already a further 20% up on the previous year. Rivals with a similar concept and lower prices have been unable to keep pace. Thanks to the multi-faceted range from HIESTAND, we can address consumer requirements on a constant basis.”

German market is second strong pillar

A very encouraging sales increase of 41.0% was achieved on the German market. 15.5% of this came from organic growth and 25.5% from the acquisition of Back & Friends.

Net revenues by country markets in 2004 (2003)



As part of the FFF project, the two production plants at Gerolzhofen were merged and around CHF 10 million invested in three new production lines – one line for pastries and two for filled croissants. November 1, 2004 saw the merger of Back & Friends with HIESTAND & SUHR HANDELS- UND LOGISTIK GMBH. This created clear structures.

In early 2004, the entire sales organization in Germany was restructured. It now consists of two independently operating business divisions. This restructuring was carried out by market segment, with the first division – the most important – including service-station shops. With over 4 600 service stations as customers, HIESTAND & SUHR in Germany is market leader in this segment. In the other business area, the bakeries division is the main sales pillar. 2004 was an especially interesting year for the market segment of service-station shops: Aral/BP was the first oil company in Germany to introduce its own snack line at its 1 300-plus filling stations throughout the country. A comprehensive advertising campaign conducted via all forms of media was successful in making the public at large aware of this as-yet unique campaign. Thanks to the cooperation between Aral/BP and HIESTAND & SUHR as supplier and logistics provider, this major project was successfully realized.

In 2004, HIESTAND & SUHR significantly expanded its network of fine logistics for frozen foods in Germany: it now comprises five cold-storage depots, 15 cross-docking facilities and 100 cold-storage vehicles. The integration of entire logistics set-up of Back & Friends was completed within six months and produced substantial synergy benefits. In addition, the cold-storage logistics network was expanded by 25 trucks. The move enables services of the highest quality to be guaranteed throughout Germany. Nationwide logistics are among the main competitive advantages of HIESTAND & SUHR.

Cooperation with major bakery K & U was stepped up. K & U has five bakery production operations of its own, serving over 550 branches in southwest Germany. K & U has contracted out its cold-storage logistics to HIESTAND & SUHR.

In the Austrian market, which is managed out of Germany, sales in the B2B area grew 3.8%. The retail sector, including restaurant and shop, was sub-let with effect from February 1, 2004. HIESTAND will from now on concentrate on the B2B sector, where in the Vienna region in 2004 the implementation began of the logistics concept that has been successful in Germany. Due to capacity bottlenecks for wood-fired oven products in Switzerland, some products were farmed out to the Austrian plant, as a result of which production capacity was better utilized in overall terms.

Poland is gateway to East European markets

Poland showed solid growth in sales of 7.1%. The B2B area continues to exhibit healthy rates of growth. The roll line was transferred from Germany to Poland. In addition, the production plant for fresh services in Warsaw was modernized. Expansion of the cold-storage warehouse at the main plant in Grodzisk enabled a doubling of capacity. However, the main focus was on the measures stemming from the FFF project, including the successfully implemented rebranding of the shops. Radio advertising and other promotions led to the successful market positioning of the Flerynka brand, launched at the end of 2003 and previously known as Fleury Michon. To optimize the logistics system in Poland as well, a further four external warehouses were leased in addition to the three already owned by the company. The Polish company is of major significance, as it also acts as the basis for exploiting other East European markets.



Our mobile shop-in-shop means we can always go where the appetite is.



PETER HÜRLIMANN

Member of the Executive Board Swiss Transport Museum, Lucerne

“When you think of the Transport Museum, you think of an enjoyable experience, high quality, innovation yet tradition: in other words, typical Swiss characteristics. This is no coincidence, since with all our exhibitions, events and the catering that we provide we make sure that we try to convey precisely these values. For instance, in spring 2003 we invited all well-known suppliers of bakery products to show us what they could do. HIESTAND made the running in the comparative tasting and quality verification, as well as with its mobile shop-in-shop concept and sales support. Since then a solid partnership has developed – one that impacts directly on the growing demand among visitors to the Transport Museum for oven-fresh bakery products. The result is that the fine aroma of the high-quality bakery products that we offer helps contribute to the overall experience of the Swiss Transport Museum.”

Asian region harbors major potential

In the Asia-Pacific market segment, which currently comprises Malaysia and Singapore, sales were increased by 10.9% in financial year 2004. It is especially pleasing to note that this region showed a breakeven result for the first time. Preparatory work is already under way on contracting out bread production in order to create capacity for croissants and pastries. Exports are concentrated on supplying the Group companies in Singapore and Japan as well as on third-party customers in Australia, South Korea, Bahrain, Dubai and some other Asian markets.

Sales in Japan increased by 12.8%. The FFF project was concluded in the third quarter. Various measures were devised to further increase the growth in new customers, the impact of which will be seen in 2005. For HIESTAND GROUP, Japan is proving to be a promising region with interesting future prospects.

Increase in number of employees

The number of employees increased in the reporting year from 1 762 to 1 795 on the basis of full-time equivalents (FTEs). The number of employees grew from 1 817 to 1 978. This increase is primarily attributable to the HiCoPain joint venture with Coop – as well as the acquisition of Back & Friends. Over 800 FTEs were employed in production, and around 300 in the warehousing and logistics areas. Our own shops, with 270 FTEs, and internal and external sales force, with 230 FTEs, are the next biggest areas.

Numerous innovative bakery products launched

Various new products were launched in 2004 as well. In Switzerland, the highpoints included vanilla cornets and football rolls, launched to mark the European Football Championship. For its wood-fired oven rolls, HIESTAND SWITZERLAND won the gold medal at the "Swiss Marketing Trophy" for the best marketing concept including implementation. In 2004, HIESTAND GERMANY was awarded four gold, 17 silver and three bronze medals by the DLG (German Agricultural Society). The most innovative bakery products included a pastry with a chocolate and banana filling and a marzipan croissant. HIESTAND POLAND introduced a new product category on the market with fresh berry and fruit fillings (strawberry, blueberry, apricot, peach). In overall terms, over 100 new products were launched in 2004, contributing 30% to organic growth. Further innovative bakery products

are to be launched in 2005 as well. As part of a service concept that guarantees customers a comprehensive service offering, new products are increasingly being developed in cooperation with customers. As a result, HIESTAND customers are able to differentiate themselves more clearly from their competitors.

No limits to growth

The HIESTAND GROUP is convinced that it can continue growing strongly in 2005. The FFF project has been concluded in all countries. The resulting measures will impact positively on income in 2005 as well. The next step will be to evaluate the synergies that can be exploited along the value chain on a cross-company basis. Besides organic growth, new national markets and possible acquisition opportunities are being looked into. In view of this favorable framework, HIESTAND GROUP has set itself ambitious performance objectives for 2005: sales growth in double digit-territory (significantly above 10%), an EBIT margin of 10% and a consolidated net profit margin of over 5%. The primary long-term objective remains to achieve the one billion Swiss franc sales mark by 2010.

Through voluntary activities in the social and environmental arena, HIESTAND contributes to improving the quality of life and therefore to the sustainable development of our society.

The spirit of HIESTAND

At the heart of any company are the people that provide that company's services. It is their efforts and input that make a company successful. For that reason they deserve to be the focus of attention: HIESTAND was ranked among the 20 best employers in Switzerland, according to the CASH Employer Awards 2004. The high esteem in which we hold our employees – where even the small things we do can have major benefits – is expressed in a multitude of ways: at our production site in Lupfig, for instance, shift managers like to make soup for their staff, while in Malaysia bicycles are provided to employees free of charge. Employees thank us in their own way: identification with the company is enormously high, and this helps to produce motivation and effort. Thus, dealing with what might seem insurmountable obstacles in terms of customer service is regarded as being par for the course. This is precisely what happened in a village in Germany, which was temporarily cut off from the outside world due to flood water. Determined to provide product samples on time, HIESTAND employees crossed the flooded street and handed over the promised product samples to an astonished customer. Even today, this customer raves about the incredible "spirit of HIESTAND".

This spirit was also reflected in the spontaneous appeal for victims of the Asian tsunami. The catastrophe had a major impact on employees at HIESTAND SWITZERLAND, as more than a tenth of their colleagues come from the affected areas. Alongside generous donations, staff sold over 600 "Three Kings Cakes" at prices that buyers were free to decide themselves. Impressed by this major commitment, HIESTAND SWITZERLAND and HIESTAND INTERNATIONAL also contributed an equal sum. An impressive sum was passed on to the Swiss Solidarity charity.

Health systematically promoted

Investing in the health of our employees is a rewarding strategy for everyone concerned. Reason being that healthy employees with a good work/life balance feel content, are motivated and keen to bring their energy to bear in the workplace. This is directly reflected in productivity, the constantly high quality of products and in the identification of employees with the business. HIESTAND addresses its social responsibilities through systematic healthcare management:

in Switzerland, employees are offered regular courses on the subject of health and accident prevention alongside their vocational and specialist training. For instance, this includes training modules on first aid, fire prevention. HIESTAND is also directly active in health promotion, for example in terms of diet. In the interest of a balanced diet, employees are always offered a daily menu containing a high content of vegetables, salad and fruit, in addition to our own bakery goods. But it's not just our employees that we look after: in June 2004 we started donating products with small superficial blemishes to a charity for the first time. Throughout Switzerland, this organization distributes bakery products to disadvantaged people and those in need of support.

Ongoing training

Ongoing training for employees at all levels is equally important. The Star Academy, whose program is updated every six months, offers regular courses on various specialist subjects. Any manager can benefit from numerous modules, where each subject such as employee management, dealing with criticism and project management are treated in detail. Employees working on the production side are able to enhance their specialist skills through various baking and production courses as well as quality management courses, which are held for various degrees of difficulty depending on prior knowledge. German language courses are held in order to help integrate foreign employees with their teams as quickly and comprehensively as possible. Various training modules are also offered in the form of e-learning.

Besides formal training and development, the sharing of information plays an important role. In this vein, the HIESTAND GROUP staged a series of discussions. In plenary session, employees were able to address their questions and concerns directly to a member of the Executive Management. Employees in production as well as members of management find this direct exchange equally valuable.

Active contribution to reducing CO₂ emissions

Climate experts expect global warming of between 1.4 and 5.8° Celsius by the end of the century (Source: BUWAL). This is in particular due to the massive increase in greenhouse gases such as carbon dioxide (CO₂), which accounts for 80% of all greenhouse gases emitted in Switzerland. The Kyoto Protocol compels signatory states – among them Switzerland – to enact laws compelling industry to implement measures so that the required target can be achieved. Since April 2003, Hiestand has been a member of the EnAW (Economic Energy Agency). The EnAW was set up in 1999 by the most important associations of the Swiss economy. It is striving for a voluntary reduction in CO₂ emissions in the industrial, commercial and service sectors. This high level of self-responsibility corresponds exactly to the corporate policy of Hiestand, whereby the company is committed to ecological action and therefore dealing sensitively with raw material supplies. This approach has also been set out in one of our guiding principles: “We are sensitive to the culture, laws and working practices of different countries and tailor our approach accordingly. Our raw material philosophy helps to preserve the planet’s resources”.

We made savings in terms of our energy consumption. In the third quarter, all boilers as well as air conditioning and climate control equipment were configured in such a way that they are now used only when the plant is in operation. As a result, around 50 000 kWh were saved between October and December. Without any additional investment, around 200 000 kWh could therefore be saved on an annual basis.

Recycling concept extended to administration

At Hiestand’s Swiss production operations, around 300 tonnes of refuse, 220 tonnes of paper and board and 500 full PET collection sacks are collected every year. The recycling approach introduced on the production side has been proving its worth for some years now. Around half the waste is a valuable raw material that can be recycled and then reused. In July 2004, Hiestand extended the recycling concept to include administration. Paper collection bins have been provided for each workstation, and in addition at seven sites in Schlieren and Lupfig recycling collection centers for batteries, PET, glass, toners and printer cartridges have been set up.