

PRESS BRIEFING

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Mestemacher – contrary to the trends

More innovation activities – fulfilment of the statutory women’s quota

Foreword

Whereas in the group of small and medium-sized enterprises (SME) more and more companies are retreating from the innovation business by falling innovation expenditure according to the Mannheim innovation panel 2013 /2014¹ the Mestemacher-Group are doing the same as the large companies: The innovation expenditure is increasing. And, contrary to the general behavioural pattern of the economy, the Mestemacher-Group presents a balanced situation with executive women (40%) and men (60%) in the management circle conference, the central steering committee of the group. Whereas the recently published female managing barometer 2016 of the German Institute for Economic Research verifies that a balanced representation of men and women in top bodies is still a distant reality Mestemacher more than fulfils the statutory women’s quota with a share of executive women of 40 per cent as a medium-sized enterprise. Read more about the Mestemacher-Group, which ranks 79 in the ranking of the 100 largest bakery product producers in the world².

Mestemacher, the industrial bakery founded in 1871, together with its German subsidiaries, has in the last financial year (2015) once again recorded sustainable value added with revenue of around EUR 151 million (2014 around EUR 145m). This represents an increase in revenue of 4.1 per cent compared to the previous year.

Quantitative characteristics				
Group sales	2013: EUR 135.0m	2014: EUR 145.0m	2015: EUR 151.0m	2016 (planned): EUR 151.0m
Group investments	2013: EUR 4.1m	2014: EUR 6.4m	2015: EUR 9.8m	2016 (planned): EUR 6.5m
Export component	2015: approx. 24%			
Group employees	2015: 585			

1 Source: Zentrum für Europäische Wirtschaftsforschungs GmbH,
Innovation behaviour of the German economy, Indicator report for the innovation survey 2014, January 2015
2 Source: Back.Business, Global 2015, 12 December 2015

INNOVATION ACTIVITIES - AN OVERVIEW

Investment expenditure increased by 53.13 per cent from 2014 to 2015 and in absolute terms to EUR 9.8m (EUR 6.4m 2014)

The family enterprise, which is highly active with regard to innovations, substantially increased the investments in new or improved baking production and process technologies compared to the previous year. With the building of the new administrative headquarters in Gütersloh the investments in real estate have also increased. In Aerzen in 2015, as in Gütersloh in 2014 already, the energy supply is secured by an environmentally-friendly and highly-efficient gas motor combined heat and power plant. As in Gütersloh energy, however also steam, electricity, ambient cooling have been generated there since the time when it was commissioned at the beginning of 2015. More than 1,700 tons CO² per annum are also saved in Aerzen for the benefit of the environment. At the beginning of 2016 the decision of the family shareholders was implemented to purchase a property with the size of 14,000 square metres in Aerzen among others for the potential extension of the frozen cake production.



View of new administrative headquarters Am Anger 15, 33332 Gütersloh

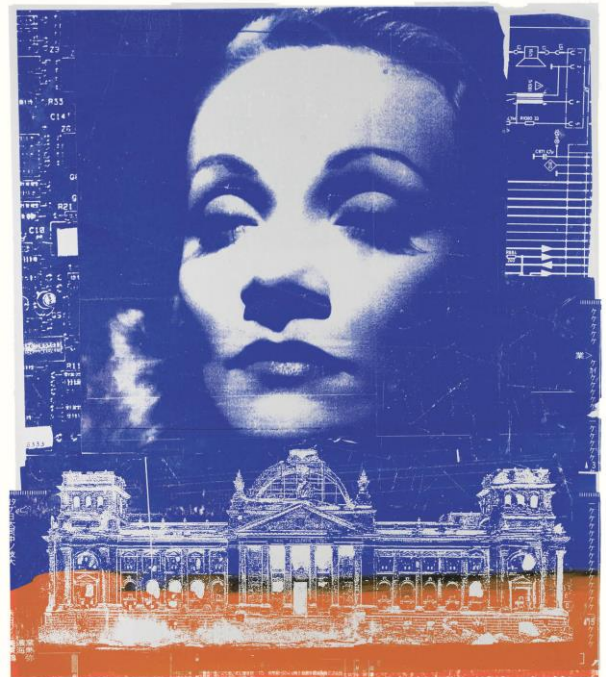
In 2014 the real investments amounted to EUR 6.4 million, in 2015 the medium-sized bread and bakery product group increased the investments to EUR 9.8 million. The investment expenditure therefore increased by around 53 per cent compared to the previous year. Expenditure in the amount of EUR 6.5 million is planned for the current financial year 2016. Investments will be made in a building extension at the production plant of Mestemacher, which will create more space to "breathe" for the production with its full capacity utilization. Moreover, machines with out-of-date technology in the subsidiaries are replaced by machines of a newer type.

Member companies	Mestemacher GmbH, Gütersloh	Modersohns Mühlen- und Backbetrieb GmbH, Modersohn	Detmers Getreide-Vollwertkost GmbH, Bielefeld (affiliated company)	Aerzener Brot und Kuchen GmbH, Aerzen	BENUS Spółka z o.o., Poznan (Posen), Poland
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The decision has been made to purchase new machines in order to extend the production quantities. Summa summarum bread and cake qualities, productivity and cost-effectiveness are to be constantly improved. The export component amounted to around 24 per cent. The products are exported in more than 90 countries of the Earth.

Work and art

Mestemacher combines work and art with the new building of the administrative headquarters, which was completed in 2015. 32 modern office workplaces can be found on almost 800 square metres in the two-storey office building. The office building is based on a square floor plan. The necessary offices and conference rooms are arranged circumferential on the façade. An open-plan interior zone with generous dimensions with high white walls offers space for the presentation of works of art within the scope of permanent exhibitions and vernissages. Mestemacher has been promoting artists since 1994 with the bread and art edition Panem et Artes and is following on with this tradition with the planned permanent exhibitions and vernissages.



"MARLENE REICHSTAG GOLD BLACK" and "MARLENE REICHSTAG SILVER BLUE" by Andreas Reimann, Vienna

PRODUCT INNOVATIONS, COMMUNICATION ACTIVITIES, "TOGETHER AGAINST HUNGER", V-LABEL CERTIFICATION BY THE ASSOCIATION OF VEGETARIANS GERMANY, REGISTERED ASSOCIATION (VEBU), FSC-CERTIFIED CARDBOARD PACKAGING

Mestemacher GmbH

The industrial bakery for self-service-packed wholemeal breads and Pumpernickel has been offering innovative types of bread since January 2016. The new types include organic oat bread, "Quark" [German curd cheese] bread, organic amaranth + quinoa bread as well as organic gold linseeds + chia bread. The product innovations have been well listed. The whole range comprises more than 50 types of bread.

The benefits of the Mestemacher products boost the growth. The rye for the wholemeal breads is freshly ground in an own mill so that the valuable B vitamins which are contained in the rye are not lost. Through the gentle pasteurisation Mestemacher creates an enjoyable freshness in the unopened condition of six months. The breads are therefore optimally suited for stockpiling. In addition, wholemeal breads are good for the health thanks to their high share of dietary fibres.

- Anuga Taste-Award 2015 for organic amaranth & quinoa bread

The Award for top innovations "Anuga taste15" went to the Mestemacher organic amaranth & quinoa bread this year.

The special show "taste" at the Anuga trade fair, which takes place in Cologne every 2 years, plays an important role as a trend barometer for the buyers. A jury consisting of specialist journalists awarded the top innovations from more than 2000 advertised ideas from more than 830 companies of the Anuga 2015. These products, which are distinguished with regard to idea, innovation and creative implementation, are shown in an attractive exhibition and presented in a catalogue that is exclusively available in the Internet.

- Mestemacher in the media – communication activities

For the umpteenth time Mestemacher generated more than 100 million contacts in 2015 through print, viewer and listener media. In addition the company achieved approx. 50 million users with online publications.



- "Together against hunger" is going into the third round

With the advertising campaign "together against hunger" Mestemacher is also supporting the World Hunger Aid in 2016 as in 2014 and 2015 already. The family enterprise has donated EUR 10,000 per annum since 2014. The donated amount stems from the sale of 200,000 parcels of organic wholemeal bread. Mestemacher donates 5 cents to the World Hunger Aid of each of these 200,000 organic breads. The sticker, which is affixed to 200,000 organic breads informs the buyer about the existence of the World Hunger Aid for more than 50 years and about the donation account 1115 at the Sparkasse Cologne Bonn. This information, which is distributed 200,000 times through the three-layer sticker, promotes the awareness of the aid organisation and the opportunity for further donations.



Aerzener Brot und Kuchen GmbH

- Revenue potential for bake-off cakes and crispy slices

Aerzener has also expanded the range of frozen cakes. New are the Aerzener frozen types "cherry poppy seed Eierschecke [regional cake specialty]", "covered apple cake" and "covered cherry cake".

The range comprises more than 30 frozen cake types for the freezer cabinet in the food retailers (LEH), house bakeries in the food retailers and bulk consumers. In the past year cake slices with a handicraft appearance were launched on the market, which are delivered frozen to the food retailers and thawed there suitable for sale and sold freshly baked. Growth with innovations can also be recorded with the range type crispy slices made of organic and non-organic ingredients.

- V-Label for Mestemacher and Aerzener – FSC certification

Certified by the association of vegetarians Germany, registered association (VEBU), which approves the vegan and vegetarian logo following an application, is the veggie wholemeal bread of Mestemacher, a vegan product. It does not contain any animal products. The bread is additionally free of lactose and yeast. Mestemacher will have further bread types certificated by the association of vegetarians in 2016.



The Aerzener frozen cake packaging has already been marked with the "vegetarian" logo by V-Label certification of the (VEBU) to a large extent.

The "For Gourmets" product group is offered by Aerzener in cardboard packaging, which has been FSC-certified at the supplier. The Mestemacher subsidiary therefore supports the process for the responsible handling of resources. The Forest Stewardship Council (FSC) is an independent and non-profit making non-government organisation with the aim to make a contribution to the sustainable forest management worldwide and to promote the responsible handling of recycling material.

BENUS Spólka z.o.o. Poznan, Poland

The Polish subsidiary, BENUS Spólka z.o.o. continues to record a good development. It was able to increase its revenue from Zloty 34.4 million (EUR 7.7m) in 2014 to over Zloty 38.9 million (EUR 8.7m) in 2015 and has thus significantly expanded its distribution in the Polish market. Production was expanded there as well as the range, particularly a very attractive range of muesli, which is exported all over the world.

Awards and certificates in the Mestemacher-Group

An independent jury gave Mestemacher the award "trademark of the century". The initiator and publisher of the book publication "trademarks of the century - Stars 2016" is Florian Langenscheidt. Mestemacher has received the regional honorary award for special services with the DLG quality competitions and fitness for the future for many years. Johannes Remmel, Minister in NRW for Climate Protection, Environment, Farming, Nature and Consumer Protection also distinguished Mestemacher with this award for 2014/2015. With the international quality tests of the German Agricultural Society (DLG) the products of the Mestemacher-Group achieve golden and silver medals annually.



The Mestemacher-Group has been consistently certified at the high level according to the IFS Food-Standard since 2004. For the last 2 years the Mestemacher-Group has taken part in the programme "Unannounced IFS Food Checks" and has successfully passed these unannounced hygiene audits 2 x so far. In the trade and industry these supplier audits have been a fixed part of the quality-oriented cooperation for many years.

PERSONNEL INNOVATIONS

- Increase in employees

The number of employees in the Mestemacher-Group increased from 572 employees (2014) to 585 (2015). The bread and bakery product group is currently training 10 apprentices in the professions of skilled worker for food technology, machines and system operator and industrial management assistant. There are ten employment relationships with seriously disabled employees.

- 40 % executive women in the central management circle conference

The Mestemacher-Group is controlled centrally by the central steering committee, the so-called management circle conference. The highest management body is represented by a total of 7 executive men (4) and women (3) and 1 assistant to the management. The management women's share of 40 per cent exceeds the statutory women's quota.



- Skilled worker and executive assurance by diversity (ethnic diversity), partnerships with universities and compatibility of profession and family

With ethnic diversity in the workforce structure the family enterprise secures the filling of vacancies. With regard to ethnic origin the workforce is composed of 20 nationalities. Mestemacher is a company partner of universities in the region. Mandatory interns are regularly employed in the professional orientation. Since 1994 Mestemacher has among others secured the need for skilled workers and executives by the employment of a total of ten graduates of the Faculty of Economics and Health at the University of Applied Sciences Bielefeld so far.

- Alternating telework

In order to promote the compatibility of profession and family Mestemacher has introduced the alternating telework. This makes it possible to combine attendance obligations at the workplace and work obligations in the home office. The alternating teleworkers are controlled by records which are to be delivered weekly, broken down into performance records and working hours records. The forms are controlled and signed off by the specialist superior.

RAW MATERIALS: SUPPLY REPORT OF SELECTED RAW MATERIALS IN RETROSPECT/OUTLOOK, ENSURE INNOVATION ORDER SOCIAL STANDARDS IN THE SUPPLY CHAIN – RISK EU-ECO-REGULATION

According to the German association of farmers the harvest of rye in 2015 with a total of 3.2 million tons was substantially less than in the previous year.

With a slightly falling cultivation area of 623,100 hectares (2014: 629,900 hectares) the fall in the harvest quantity by 15 per cent is above all a result of the lower yield of 5.2 tons per hectare. The early summer drought, increased temperatures and also rainfall during the harvest time led to this. The yields in Saxony-Anhalt and in Brandenburg fell extremely sharply, where farmers had to record reductions in yield of more than 20 per cent. In Lower Saxony and Bavaria the yields have fallen by up to 15 per cent compared to 2014. As Brandenburg, Saxony-Anhalt and Lower Saxony are important cultivation regions for rye, these substantial shortfalls in yield are reflected in the entire German harvest results. It can be seen here that the rye cultivation is also falling further this year and the fear that rye which is capable of baking with the special requirements, which we demand from our rye will be more and more in shortage.

In addition to the price volatilities, which have become customary in the meantime, with various raw materials there are now additionally also state interventions, which are causing a stir on the market. The Turkish government, for example, is supposed to have commissioned state organisations to have subsidised hazelnut farmers by support purchases.

Further various currencies have a decisive influence on the prices for raw materials (Turkish Lira/USD, Indian rupee/USD, etc.) so that in future the focus will not only be placed on the changed climatic conditions and thus associated harvest sizes, but also the dependencies of the various currencies towards each other.

- Implement innovation order social standards in the entire supply chain

More and more trading partners are not only obliging Mestemacher, but generally their suppliers to purchase raw materials and processed goods, which stem from emerging markets and developing countries, in the places where certified social standards characterise the working conditions. The intended responsibilities of the suppliers concerned, thus also those intended for Mestemacher, comprise for example the purchase of raw materials from companies, which as proven practise:



- no exploitative women's, child and youth labour
- regulated working hours
- fair payment, at least in line with the statutory minimum wage of the respective country
- industrial safety
- no corporal punishment and chastisement
- employment contracts

Mestemacher principally supports the practice of improved working and living conditions at producers in emerging markets and developing countries. Only this way the people can be permanently induced instead of fleeing to stay in their countries.

Mestemacher is however expecting supportive political measures of the EU Commission and the federal government by bilateral trading agreements. They should make the promotion of the trade with emerging markets and developing countries independent of whether social standards, as listed above, are stipulated by law.

- Risk of planned EU Eco-regulation – Will this become an organic killer?

Mestemacher has been operating in the ecological sector since 1985. Mestemacher produces organic breads. Detmers Getreide-Vollwertkost GmbH produces organic mueslis and organic crunchies. The revenue share with organic products including overseas revenue here is around 90 per cent.

Mestemacher (20 per cent share organic products) welcomes with the affiliated company Detmers Getreide-Vollwertkost (90 per cent share of organic products) the take-over of many tried and tested regulations of the existing organic law into the planned new Eco-regulation. As the applicable Eco-regulation already does, it stipulates minimum standards for organic products throughout Europe.

As the association of the organic food industry (BÖLW) the afore-mentioned companies do not advocate special threshold values with pesticide contamination. However, we as the BÖLW criticise an additional clause, which envisages that threshold values could be stipulated in 2020 already. This would mean that organic farmers, whose products feature pesticide residues, because e.g. the conventional neighbour uses pesticides and these also contaminate the organic fields, can no longer market his products as "organic".

With this contradictive decision regarding threshold values there is an increase in legal uncertainty and uncertainty for investments for organic farmers and the organic food industry. Mestemacher and Detmers demand the decision-makers to guarantee legal clarity and investment security for the sustainable economy. We also expect the further development of mutual recognition of organic standards with third countries. Only this way the organic import can be secured. The third countries receive foreign currencies and can therefore improve working and living conditions.

Social innovation activities for equal treatment and compatibility of profession and family

- Since 2002 – THE MESTEMACHER AWARD FOR BUSINESSWOMAN OF THE YEAR

Mestemacher is also performing pioneering work in the field of gender democracy in the boardroom. The days of the all-male business world are over and therefore for more than 14 years the corporate sponsor has set itself the goal of awarding top women managers the title of MESTEMACHER BUSINESSWOMAN OF THE YEAR.

The top businesswomen are expected to be role models for junior female staff and convince the male business world that the management of people and companies are self-evidently women's jobs. The prizes are the valuable silver statue called OECONOMIA and 5,000 euros, which the prize-winners donate for social purposes.



In 2015 another top businesswoman was the recipient of this honour:

Ms Martina Koederitz, Chairwoman of the management of IBM Deutschland GmbH, General Manager IBM Germany, Austria, Switzerland.

- Since 2006 – The Mestemacher award: Top Father of the Year

In 2015, the corporate sponsor Mestemacher has for the tenth time recognised fathers who have made children, home and career part of their daily lives. These modern fathers actively support their partners in their careers and commit themselves to being equally responsible for bringing up children and managing the home as mothers. The 11th award ceremony will take place in the InterContinental Hotel, Berlin, in March of this year.

In 2015 firstly Norman Heise from Berlin received EUR 5,000. Norman Heise works part-time owing to bringing up the children and his strong voluntary engagement in child and youth work. Mr Heise is the father of two sons. The mother of the two sons, Christine Schulze, is a senior medical-technical laboratory assistant and works full-time.

11. Ausschreibung Mestemacher Preis Spitzenvater des Jahres

Einsendeschluss ist der 31.12.2015

MUHITTIN DEMIR

NORMAN HEISE

Das Team Ehrenamtliche Patenschaftsprojekt der Charité – Universitäts-Medizin Berlin

seit 2001 sozialer Stifter www.mestemacher.de/soziale-Projekte

„Die Preisträger sind Vorbilder für eine moderne Gesellschaft, in der Frauen und Männer gleichberechtigt sind.“ Prof. Dr. Ulrike Detmers, Initiatorin „Mestemacher Preis Spitzenvater des Jahres“

Die Festschrift mit dem Grußwort der Bundeskanzlerin steht unter www.mestemacher.de
Schirmherrin Manuela Schwesig, Bundesministerin für Familie, Senioren, Frauen und Jugend

Die Großbäckerei Mestemacher schreibt für 2016 zum 11. Mal den **Mestemacher Preis Spitzenvater des Jahres** aus.
Das Preisgeld beträgt zweimal 5.000 Euro.

Die Teilnahmebedingungen können von der Website geladen werden www.mestemacher.de/social-marketing/spitzenvater-des-jahres/info oder angefordert werden bei

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Secondly, Muhittin Demir from Münster received EUR 5,000. Muhittin Demir is an ear, nose and throat specialist in the clinic for phoniatriacs and pedaudiology at the university clinic Münster. For each of his three children he went on parental leave. His wife Selvi Copur-Demir was able to continue her studies respectively after the birth of the three sons with the help of her husband.

With an additional special prize in the amount of EUR 2,500 "the team of voluntary father officers of the Charité – University Medicine Berlin" was distinguished. The prize money was accepted as representatives by Dr. med. Jan-Peter Siedentopf and René Greif.

Promotion of regional cooking

We are also pleased to support Westphalian cuisine through our membership of "Westfälisch genießen". Apart from Mestemacher GmbH, other sponsors include the Marken company in Gütersloh, the Warsteiner brewery from Warstein and the mineral water company, Carolinen-Brunnen Mineralquellen Wüllner, in Bielefeld.

Around 30 restaurateurs have taken up the cause of presenting Westphalian cuisine in a fresh and contemporary manner.

Outlook

The Mestemacher-Group will continue its innovation activities in 2016. The product portfolio composed of pasteurised wholemeal breads, Pumpernickel, frozen cakes and mueslis as well as crunchies is suitable for the trends. Health and convenience orientation are continuing to control the consumer behaviour. Nevertheless, for 2016 we are only aiming at the stabilisation of the total revenue of 2015 in the amount of EUR 151 million. The reason for the cautious revenue forecast are among others world economic risks, in particular caused by the stagnating growth driver of China, a more intensive competition in the bread and bakery product sector and imponderable purchasing behaviour in the highly-concentrated food retail trade.