

Annual Report 2024

Hero


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Financial key figures



- Baby & Toddler Food **39%**
- Baby & Toddler Milk **8%**
- Natural Spreads **20%**
- Specialties **9%**
- Healthy Snacks **17%**
- Non-Branded **7%**



- Europe **69%**
- Emerging Markets **15%**
- North America **16%**



in CHF million	2024	2023
Net Sales	**1,252.9**	**1,220.7**
Organic Growth	+9.7%	+10.9%
Adjusted for currency and acquisition effects		
EBIT before exceptional transformation effects*	**63.3**	**57.8**
in % Net Sales	5.1	4.7
EBIT	**54.7**	**23.3**
in % Net Sales	4.4	1.9
Net Income before exceptional transformation effects	**44.4**	**39.3**
in % Net Sales	3.5	3.2
Net Income	**36.5**	**11.0**
in % Net Sales	2.9	0.9
Total Equity	**606.8**	**559.1**
Equity Ratio in %	48.1	46.8
EBITDA	**110.3**	**94.1**
Net Debt	**209.3**	**222.2**
Net Debt / EBITDA	1.9	2.4

*** Exceptional transformational one-off effects on EBIT**

Closing of production in the factory in Lenzburg, Switzerland	8.8	-15.4
Closing of production in the factory in Götene, Sweden	-6.0	-18.4
Sale of Glutenfree business in the Nordics	2.2	-0.7
Discontinuation of non-core production lines in the US and Spain	-13.6	-
Exceptional transformation one-off effects on EBIT	**-8.6**	**-34.5**

Sustainability key figures

Our corporate carbon footprint

tCO2eq	FY24	FY23
Total carbon footprint (SC 1-2-3)[1]	**611,464**	**632,654**
reduction versus previous year	-3%	
Scope 1-2 (market-based)	**32,550**	**38,924**
reduction versus previous year	-16%	
Scope 3	**578,913**	**593,730**
reduction versus previous year	-2%	
GHG emissions intensity (tCO2eq/mCHF)	**488**	**518**
reduction versus previous year	-6%	

1 Data reported in 2023 have been restated in line with reporting framework applied for 2024, due to GHG methodology refinements.
2 Rainforest Alliance or Fairtrade or RSPO certification
3 cumulative for the period of 2023-2024

Our strategic initiatives (excerpt)

1 Responsible Sourcing

56%
key & strategic suppliers with ESG rating in EcoVadis

100%
certified[2] cocoa-based ingredients & palm oil

2 Minimal-impact Production

100%
electricity from renewable sources in Hero production sites

2.8%
water withdrawal intensity reduction vs. PY

3 Better Product Design

91%
food safety certified (GFSI) ingredients from Tier 1 suppliers

61%
new launches in snack bars[3] with less than 5% sugar

4 Purposeful People

45%
women in top management positions

83%
pulse survey participants state to be proud to work for Hero

Joint Chairman / CEO Message

2024

In 2024, we continued our operational performance improvement and implemented major steps in our transformation roadmap.

Continued operational performance improvement

We are pleased to report that the Hero Group ended the year under review with strong top and bottom-line progress:

- Organic sales growth of 9.7% to reach CHF 1,252.9 CHF in Net Sales.
- EBIT before exceptional transformation effects of CHF 63.3 million (vs. CHF 57.8 million in prior year).
- Net Income of CHF 36.5 million (compared to CHF 11.0 million in 2023).
- Emissions reduction of -3% across all scopes, in line with our SBTi commitment.

Our **Net Sales growth** was coupled with volume growth of +3.4% in our core categories, a result that is testimony to our strong brands and loyal consumers. All categories contributed to our sales growth, with the exception of our non-branded business which comprises our co-manufacturing activities that we are deliberately streamlining to reduce complexity in our supply chain.

The Healthy Snacks category continued its dynamic development with double-digit growth in sales (+17.2% organic) and volume (+12.2%). The Natural Spreads and Baby & Toddler Food categories grew 8.9% and 6.8% respectively. Of note is the Baby & Toddler Milk segment that had an extraordinary year with a +51.7% organic sales growth driven by a particular market situation in Egypt where our local business unit gained significant market share in course of the year.

Despite continued inflationary pressure on our product costs, we recovered lost ground in Gross Margin to reach 32.1% versus 31.0% in the previous year. This was a result of our ability to defend price positions, supply chain efficiencies, and a shift in our portfolio towards our higher-margin branded business, especially in snacks.



Giovanni Ciserani Chairman



Rob Versloot CEO

2024

With cost control in the other operating areas, we increased our EBIT (before extraordinary transformation one-offs) by 10% to CHF 63.3. million in 2024.

Within this dynamic business environment, we kept our commitment on sustainability by delivering a further -3% GHG reduction across all of our scopes. This was in the main delivered thanks to targeted action on our hot spot areas of cocoa, sugar, and glass as well as in energy usage within our own operations.

Implementation of major steps in our transformation roadmap

As announced in last year's Annual Report, we implemented important steps in our transformation roadmap in 2024, namely:

- In January 2024, we **sold our Gluten Free business** in the Nordics to Dr. Schär, another step in placing more focus on our core categories.
- A major project in 2024 was the **closure and sale of our factory in Lenzburg, Switzerland**. We are happy that the Swiss company Ricola Group is taking over the plant.
- We also **closed our factory in Götene, Sweden**. The Arla Group, who already was our neighbor in Götene, has acquired the factory.
- On our journey to streamline our supply chain footprint further, we **discontinued the under-utilized non-core production lines in our factories in the US and Spain**. This will enable us to focus our production on efficiency and high scale in core business in these two important production sites of our Group.

The overall financial effects of these transformation projects amounted to -CHF 8.6 million in 2024, significantly less compared to prior year (-CHF 34.5 million) where we had already built in provisions for the majority of these projects. The transformation one-offs of -CHF 8.6 million comprised mainly of positive income from sale proceeds, execution costs of the plant closures, and impairments of production lines in the US and Spain.

The strong operational business performance and the lower transformation expenses led to a strong increase in Net Income, from CHF 11.0 million to CHF 36.5 million.

Further, we welcomed the fast-growing UK-based **Deliciously Ella** brand to our Group. The Hero Group acquired the business in September 2024, a move which enabled Hero to enter the UK snacking market. It offers great opportunities to further grow in the UK and to expand the brand internationally together with the founders who have stayed on board after the acquisition.

Sustainability

We have worked hard to adjust our practices and ensure sustainable progress since the development of our sustainability strategy. We are taking actions to reduce the environmental impacts of our operations, including the areas that are hardest to decarbonize.

Our sustainability strategy has led to real change in how we manage our business: Through **Responsible Sourcing**, we use **Minimal-impact Production** to make **Better Product Design** by and for **Purposeful People**. We have put in place structures, processes and projects that will allow us to deliver our goal of becoming a net-zero carbon business by 2050.

In addition to our focus on Planet, we aim to do the right thing for Product and People, too. This means reviewing our recipes and ingredients to build up the nutritional profile of our products to meet our consumers' desire for healthy snacks and meals. It also means taking good care of the people who work for us, and the communities we operate within.

People

Hero is a global company with thousands of people working in different manufacturing sites and offices, but we strongly believe in 'One Hero': one company working together as one team towards one shared mission.

We have in place comprehensive policies and initiatives outlined in the Hero Human Deal. This roadmap aims to empower Hero's talent to drive sustainable business growth while leveraging our vision.

To enhance our talent management and development, we have established a new talent and culture function and in-sourced our talent acquisition, prioritizing internal talent for open positions whenever possible. We also initiated the creation of a job architecture framework to ensure consistency in role evaluation, and to create transparency and fairness across the entire Hero organization.

Safety is our number one priority – before we do anything else, we make sure that we keep our people safe. Our company safety policy, Strive for Zero, aims to create transparency on our safety performance and encourages our people to take responsibility for safe behavior.

We invited people from all over our organization – at every site and level – to participate in our regular employee surveys. The surveys covers every aspect of their experience working at Hero. In our last survey, 75% of our colleagues provided feedback, helping us understand our strengths as an employer and identify areas for improvement.

We also have many more projects under way that benefit our people. In return, they make us who we are, coming to work every day with passion and motivation to do their very best. For this we are extremely grateful.



Outlook

The year 2025 is expected to remain challenging with respect to the economic and geopolitical environment. We are monitoring the international development of tariffs and our potential exposure closely. We also see continued inflationary pressure, for example in labor costs as well as in certain raw materials, especially cocoa/chocolate which impacts our Healthy Snacks category.

Our structural improvements in Supply Chain will help us sharpen our focus so we can drive scale efficiencies. The transformation projects will largely be completed in course of 2025.

We believe in strong growth opportunities in our core categories, especially in the Snacking segments, and will further focus our business on these areas.

Based on our strong market positions, a consistent operational performance momentum, and structural improvements due to our transformation agenda, we are confident that we will deliver another year of profitable growth in 2025.

Sincerely,

Giovanni Ciserani
Chairman Board of Directors

Rob Versloot
Chief Executive Officer

01 Company Information

The Hero Group is a global food company focused on branded nutritional food products. The company was founded in 1886 in Lenzburg, Switzerland, where its headquarters are still located today. Hero's main product categories of Baby & Toddler Food and Snacks, Natural Spreads, and Healthy Snacks are complemented by its activities in Baby & Toddler Milk and Specialties.

The Group, which lives by its mission to delight consumers by conserving the goodness of nature, boasts a global footprint and its portfolio consists of many well-known international and local brands.

Hero is a melting pot of people from different geographies, with varying opinions and ways of working. Our values and shared mission are the social glue that bind all us together, making us One Hero.

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Find out more about our history »



Our Mission

The world today is different from the one that existed 10 years ago, and nothing like what it was when Hero was founded. Since the first day, our company has been on a journey, and while the wording may have changed, the mission has always been **to delight consumers by conserving the goodness of nature**. It's what we do and what we are good at.

Bringing nature into people's homes in consumer relevant and convenient packaging is our core business. We want to ensure that the food we offer is the best in terms of quality, using the best natural ingredients while minimizing processing.

Conserving the goodness of nature



We continuously ask ourselves the question: how can we delight consumers and create preference for our products and brands? We believe in the following mission action points:

- Ensuring our products bring enjoyment and delight consumers through naturally great taste
- Having superior natural products that communicate goodness, nature, and homemade
- Using sustainable and responsible sourcing
- Minimizing the use of artificial additives
- Focusing on nutritional and healthy brands
- Building consumer and shopper understanding
- Innovating our processes, products, and packaging for the future

We are a values-driven company.

Learn more here »

Our Vision

Working towards One Hero

We have been on a decade-long journey to work closer and bring together all our businesses and talent together as one company for the benefit of our consumers and business. We successfully went from United Local Heroes to the Power of One change initiative in 2017, which helped us create better integration and collaboration to leverage the collective capabilities of the Group.

Now, we are taking the next logical step and moving even closer together through our new vision: One Hero. The Hero Group has launched this updated vision to prepare the company to address the challenges of tomorrow.

The updated vision comes at the tail end of a decade-long journey that has taken us from a decentralized company to one that is integrated and focused on achieving the same goals and mission by following the same set of values.

Today, we focus on three core categories, have centralized Group resources, introduced many standard processes, and are moving towards a fully-branded business with the aim of achieving leading market positions.



Within our category-led organization, we have created growth platforms and are investing in our international brands.

Working as One Hero will ensure the company is future-proof and ready to face challenges and welcome opportunities to deliver on our goals.

Our Strategy

Our company strategy is the blueprint through which we implement our mission, the overarching ideal that drives everything we do. It is the tool that allows us to have a razor-sharp focus on where we want to go, and provides us with guiding principles of how we can get there.

Our purpose-led strategy provides clarity on our targets and our choices on where to play and how to win. It aligns all our global activities, our portfolio, and our brands with the final aim of achieving sustainable profitable growth in the long term. Our focus now is on execution.

A category-led organization

Launched two years earlier, the category-led organization developed further in 2024 as we further strengthened our business strategy and with transformation plans coming into effect.

In our organization, Categories are responsible for the definition of our business strategies, the end-to-end decision making on portfolio, and our supply strategy, including decision-making on our manufacturing footprint.

In this set-up, our local commercial organizations drive in-market success by executing and delivering agreed business strategies. To do this, they are focusing on the go-to-market (GTM) strategies and execution, and driving sales and marketing excellence.

A separate Supply Chain Excellence function – which includes Quality, Procurement, Planning, Logistics and Manufacturing Excellence – drives operational excellence and implements streamlined, best-in-class processes.

These decisive steps will allow us to future-proof the company by building scale through focus as a branded category specialist. The changes are a natural evolution and acceleration of the existing strategy with planned growth in the core and an optimized supply chain.

Strengthen our focus

At Hero, we aim to drive organic growth of our core categories, namely Baby & Toddler Food and Snacks, Natural Spreads, and Healthy Snacks, supported by our business in Specialties, including Baby & Toddler Milk.

We do so by increasingly aligning the portfolios of our core categories to our mission ‘to delight consumers by conserving the goodness of nature’ and by focusing our central and country organizations on these businesses.

Our Strategy

Our strategy is aimed at increasing our sales every year over the next years, especially in core categories. We have a laser-sharp focus on strengthening our Gross Margin, while we want to increase the share of core categories in our Group to around 90% or more of total sales.



Supply Chain footprint

Becoming ever more efficient in our supply chain will make it easier for us to become more competitive in the market and increase our Gross Margin. We are moving away from locally-focused operations to a category-organized and integrated end-to-end supply chain.

We are building on local pockets of excellence and integrating them into our collective knowledge to be shared across the organization. Doing this will help accelerate our efficiency programs both in procurement and operations, and will allow us to enhance our foundations such as sustainability, quality and health, and safety much faster.

A number of transformation effects came into place in the year under review. We have sold our Gluten Free business in the Nordics, including the factory in Korsnas in Sweden. Also in the Nordics, we sold our productin facility in Götene, Sweden, to Arla. In addition, we shuttered our jam portion production facility in Lenzburg, Switzerland, and sold the premises to Swiss company Ricola. The production of our jam portons was moved to our Murcia facility.

These steps will help us increase overall utilization of our production facilities, thereby increasing overall efficiencies. The sale of our Gluten Free business allows us to focus our resources on our core categories.



Our Categories

Everything we do starts from a simple premise: to delight consumers by conserving the goodness of nature, from the youngest to our seniors. This is what drives our product development, and which is also why we are focusing on three core categories.



Baby & Toddler Food / Snacks, the largest category of the Group, provides our younger customers with nutritious food and healthy, tasty snacks.

Our **Natural Spreads** category includes jams, honey, and more, while 'better for you' continues to grow, leading the way in the category.



Our core categories are complemented by our **Specialties** products, which includes specific local offerings and our **Baby & Toddler Milk** category where we offer a range of infant formulas.

Our Categories

Baby & Toddler Food and Snacks (BTFS)



Our Baby & Toddler Food / Snacks category comprises a range of different brands all seeking to do the same two things: provide naturally nutritious products and help babies and toddlers develop good eating habits.

Eating should be a pleasure – for both parent and child – and we want to help cement a positive, healthy, and happy relationship with food.

Our range covers cereals, meals, and snacks of the highest quality. All are adapted to babies' and toddlers' requirements from weaning onwards.

Naturally nutritious

As you would expect, staying as close to nature as possible is our driving ambition. We choose high quality, baby-food-grade ingredients, avoid adding salt and sugar, and use no artificial flavors, colors, or preservatives. We then apply the barest minimum of processing under the strictest quality control. In total, 50% of our products are organic and 62% of our infant cereals contain whole grains.

We are always looking for ways to improve the nutritional profile of our products: 96% of our pureed products do not contain starch and 92% are made without fruit concentrate.

In the year under review, we renovated our Hero Baby Cereals portfolio in Hero MEA and Hero Türkiye, removing both palm oil and added sugar.



Our Categories

69% of ourBaby Meals portfolio contains a minimum of

40% vegetables

Developing healthy habits

Parents rely on us to help them cement positive eating habits from their child's first taste experience. A varied diet is important to health, and we know that the more fruit and veg that a baby tries in those early months of introducing solids, the more likely they are to grow up enjoying a variety of flavors, textures, and ingredients.

In 2024, we renovated our Hero Solo and Semper Baby Meals portfolio by increasing the content of vegetables and legumes, including extra virgin olive oil and ensuring protein content quality by reducing animal protein and replacing with legume and plant-based protein content.

In total, 69% of our Baby Meals portfolio contains a minimum of 40% vegetables. This places us in a strong position vs our main competitors.









Baby toddler snacks

Through our innovative range of baby and toddler snacks, we are setting new standards in the baby food category, offering flavors and textures that delight both parents and little ones. As this segment continues to grow, we are responding to increasing demand with an expanded portfolio of thoughtfully crafted products.

In 2024, we introduced several new snack offerings under our Baby Toddler brands while also extending the success of key product innovations across multiple markets. One standout example is our Dissolvable Baby Biscuits, a product designed to support early-stage self-feeding with a safe, enjoyable experience for babies.

Additionally, we have strengthened our Toddler Snacking range by enhancing the popular pouch format with more substantial, nutrient-rich options tailored for slightly older babies. This new range, featuring a delicious blend of cereals, yogurt, and fruit, was launched under the Semper Little Kids brand and is set for expansion into multiple countries.

By continuously evolving our portfolio, we remain committed to providing high-quality, developmentally appropriate snacks that support healthy growth and happy moments for little ones around the world.

Our Categories



Up-aged snacks

In 2024, we proudly launched Goodies, a brand dedicated to meeting the evolving snacking needs of slightly older children. As snacking becomes an increasingly integral part of daily routines, parents often struggle to find options that strike the right balance between taste, nutrition, and age-appropriate ingredients. Many mainstream choices are not specifically designed for little ones, leaving a gap in the market for snacks that are both delicious and thoughtfully crafted.

At Goodies, our mission is to provide high-quality, great-tasting snacks that parents can trust and children love. We believe that snacking should be both enjoyable and wholesome, empowering parents with better choices without compromising on taste.

Goodies is an international brand launched in eight countries with plans for continued expansion in the coming year.





Advancing science for sustainable and healthy foods

To maintain our leadership in key markets, we are committed to staying at the forefront of new technologies, scientific advancements, and evolving consumer trends. With deep expertise in nutrition, we continuously refine our recipes to ensure the highest quality standards while delivering products that meet the needs of today's consumers.

At Hero R&D, we prioritize the acquisition and application of the latest scientific knowledge to drive innovation in sustainable and healthy food development. Our Product Development Guidelines are based on the most recent nutrition and health recommendations, and have been updated to their fourth edition. These guidelines set clear nutritional targets for product innovation and renovation across our entire portfolio worldwide, reinforcing our commitment to health and sustainability.

Our research agenda is centered on acquiring and applying cutting-edge insights in nutrition and food science. By collaborating with leading universities, research institutions, NGOs, health experts, and nutritionists, we ensure that our products support a healthy, balanced diet while being aligned with consumer preferences.

Our Categories

Scientific collaboration for sustainable nutrition

In 2024, we continued working on five major research projects in collaboration with renowned international universities and research centers, including the Swiss Federal Institute of Technology (ETH Zürich, Switzerland), Wageningen University (Netherlands), University of Murcia (Spain), University of Granada (Spain) and the Spanish National Research Council (CSIC, Spain)

These projects focus on sustainable nutrition, aiming to develop healthier, more natural, and environmentally friendly food solutions. Our goal is to create tasty, nutritious, and sustainable products, particularly enhancing the quality and naturalness of our baby food offerings while strengthening our reputation for scientific excellence and innovation.

Driving impact through scientific publications and conferences

In 2024, we reinforced our commitment to advancing and sharing scientific knowledge:

- Four research articles were published in internationally-recognized scientific journals, covering key topics in infant nutrition and sustainability.
- Our research was cited over 500 times, highlighting its impact within the scientific community.
- We participated in two major international food science congresses, presenting four scientific posters showcasing our latest developments in sensory science and sustainable proteins – demonstrating the real-world applicability of our research.

Through continuous scientific exploration and collaboration, Hero R&D remains dedicated to developing the future of sustainable and healthy food, ensuring our innovations contribute positively to both consumers and the planet.

Performance

In 2024, the BTFS category posted an organic growth of 6.8%, reaching CHF 492.8 million in sales, up from CHF 473.4 million the previous year. The Baby & Toddler Food and Snacks (BTFS) category accounted for 39.3% of total Group Net Sales, marginally higher than 2023

39.3%
of total Net Sales
of the Hero Group



Our Categories

Healthy Snacks





The Healthy Snacks category benefitted from the continuous growth around the snackification trend. Younger generations in particular are replacing classical meals (breakfast, lunch, dinner) with one or multiple snacks throughout the day.

We have also seen a shift towards mindful snacking as consumers are not only looking for satiation / satisfaction, but also seeking nutritional values. Protein was the biggest trend in 2024 with double-digit growth rates across Europe.

Corny

To capitalize on the growing snackification trend, we launched a broad new offer of delicious Corny Protein bars – this was the first time we did so globally at the same time. We now offer a range of different products in the protein portfolio:

- The Protein Soft range has a very soft texture topped with a tasty chocolate/ caramel cream and chocolate coating. It contains 30% protein with no added sugar.
- Protein Crunchy is a tasty multilayer bar with a wave shaped protein core filled with a cream layer and a chocolate covered crunchy coating. It has 30% protein and no added sugar.
- Our single-layer Protein Power bars come in six different flavors, simple yet tasty protein bar with a chocolate coating. The bars include 30% Protein, are gluten free, have no added sugar, and no palm oil.
- The Protein Sandwich is a unique cereal bar on the market that includes 25% protein content. A sandwich bar with a cream filling in the middle acting as a bridge between cereal and protein bars.

Since the launch in March 2024, we entered the market in over 40 countries and saw great success stories in numerous markets, including market leadership in Protein in Czechia and Spain. We will continue to grow our Corny Protein assortment in 2025 by constantly adding new, exciting but most of all delicious flavors to the different ranges.

Our Categories



The Corny base multipacks and BIG bars continue to be the strongest sales pillars across markets and offer consumers the best of both worlds: an indulgent treat with a better nutritional profile compared to confectionary. With the aim to keep our assortment as indulgent as possible, we continuously update our flavors and aim to offer consumers the best taste experience ever.

This year, we launched Cookies & Cream in a multipack format in Germany, the Netherlands, and in our Export markets. Spain and Italy will follow in 2025. Next to that, Strawberry White Chocolate was launched as Corny BIG in the Nordics, Czechia and our Export markets. Germany and other markets will follow in 2025.

Both additions to our assortment have already shown market success with Strawberry White Chocolate shooting to the No.1 flavor in Denmark shortly after launch.

As the "better for you" trend is a common theme within the Healthy Snacks category, we are also continuously working on keeping our Corny Free / Zero / 0% range up to date with new flavors, and we launched a Peanut Chocolate variant in Germany, the Netherlands, and a number of our Export markets.





Deliciously Ella

In September 2024, we added a new exciting member to our healthy snacks family: Deliciously Ella. This will not only allow Hero to enter the healthy snacks market in the UK, but it will also allow many more consumers around the world to enjoy Deliciously Ella's natural, plant-based snacks.

Next to soft oat bars – the biggest part of the portfolio – the Deliciously Ella range also includes energy balls, chocolate dipped almonds, nut butter bites, caramel cubs, thin crackers, kids oat bars and last but not least a range of breakfast products.

17.2%
category grew

Performance

Category growth remained strong in most of the regions during 2024 with Corny taking the lead position in numerous markets. Though Germany was sill our biggest market, we witnessed strong growth in markets across Europe with Sweden topping the list.

Once again, the Health Snacks category continued in its double-digit growth trend. In 2024, the category grew 17.2% (27.1% in 2023, 24.6% in 2022). Net Sales in the year under review totaled CHF 214.2 million, up significantly from the previous year (CHF 180.9 million). Healthy Snacks made up 17.1% of the total Group sales, up from 14.8% in 2023.

Our Categories

Natural Spreads



Positive momentum in the market

In the year under review, the Natural Spreads category showed remarkable growth, driven by strategic decisions made in recent years. These include a repositioning of prices, an optimized portfolio, and the consolidation of volumes into three major production hubs. These actions have enhanced efficiency and positioned us to focus on more important priorities.



As it has been for over 135 years, our mission is to conserve the goodness of nature while offering people a wealth of delicious tastes. To achieve this, we source the best quality fruits, from trusted growers with whom we have longstanding relationships, and then we process it as minimally as possible.



Our Categories

'Better For You' leading the way

The 'Better For You' (B4Y) platform has proven to be the growth engine for the category with the highest growth rate in jams. Among its offerings, 'Zero' stands out as the fastest-growing segment, and this was particularly significant in markets such as Germany, Italy, and the Netherlands.

Beyond driving growth, B4Y reinvigorated the category with innovative recipes that position us as leaders in both 'Zero' and 'Less Sugar' products. Since the initial rollout in 2019, we have consistently expanded our portfolio and worked actively on portfolio transformation. Today, B4Y not only represents the largest contribution to the category, but also sets the standard for the future of spreads.





Performance

The Natural Spreads category continues to strengthen its position, contributing just under 20% of Hero Group sales and achieving a sales total of CHF 246.4 million in the year under review. Sales increased organically by 8.9%, reflecting the impact of our strategic focus and the ongoing demand for 'Better For You' products.

Our products are now sold directly in 11 European countries and exported to over 40 markets worldwide.

20%
of total sales of the Hero Group

Our Categories

Specialties



Baby & Toddler Milk

Our milk formulae are inspired by breast milk following the latest scientific evidence so when, for whatever reason, breastfeeding is not possible, we can provide parents with an accessible, high-quality alternative for their baby. This is specifically important since milk is the only food babies get during their first months of life to give them a great start in life and support their healthy growth and development.

We produce Baby & Toddler Milk for European, MEA, and Chinese markets under a range of brands, including Hero, Semper, and Sunar.

80 years of studying and learning from nature

While infant health is our priority, we care about the health of our planet too. None of our formulas that contain milk fat contain palm oil. We also recognize that the dairy industry is a major contributor to food-related carbon emissions and work with suppliers who adopt sustainable approaches.

Innovations

In the last financial year, we introduced several new lines. In Czechia and Slovakia, we introduced Sunar Sensitive, a milk enriched with probiotics which was launched in early 2024.

We have introduced a similar product – Hero SensiPro – to the Chinese market in early 2024. Among other important ingredients this milk contains a unique combination of probiotics and selected human milk oligosaccharides (2´FL).

Also in China, based on latest trends we have up-graded Semper NutriSemp formula with 5-HMOs (human milk oligosaccharides). Production began at the end of 2024, ready for launch in early 2024.

Our Categories

Our most advanced innovations also contain milk fat with MFGM (milk fat globule membrane), one of the most important nutrients naturally present in breast milk which plays a crucial role in a baby's immune system, brain, and cognitive development. They have been developed thanks to over 80 years of studying and learning from nature to ensure babies have a good start in life.

Performance

In 2024, sales in BTM broke through the CHF 100 million mark, achieving a total sales figure of CHF 101.5 million. This accounted for a staggering 51.7% organic growth when compared with 2023. This means that the BTM category made up 8.1% of total sales, up from 6.7% in 2023 and at the same levels of 2022.

8.1%
of total sales
of the Hero Group



Specialties

The Hero Group product portfolio includes specialized products for niche markets. This section includes products such as gastronomy, local offerings, and co-packing.

Total sales for this category remained virtually unchanged at CHF 114 million, and reported an organic growth of 3.5%.



Regional Footprint

Europe remains the largest sales area for the Hero Group, accounting for 69.6% of total company sales, slightly less than the previous year. Sales in Europe in the period under review were slightly up by 0.6%, totaling CHF 871.4 million.

The share of sales in North America remained relatively stable at 15.8% (16.1% in 2023), maintaining its position as Hero's second largest sales region. Our North American sales for the Group reached CHF 198.5 million in 2024, up 0.9% compared to 2023.

Emerging Markets, which include Brazil, China, Egypt, Russia, and Türkiye, made up 10.4% of the Hero Group's Net Sales, up from 8.5% the previous year. Total sales for Emerging Markets was CHF 130.5 million, up 26.0% when compared to the CHF 103.6 million reported in 2023. Sales in Global Export remained virtually unchanged at CHF 49.8 million and made up just under 4% of total Group sales.

In terms of production, the Hero Group has its own facilities in Brazil (Itatiba, SP), Egypt (Cairo), Germany (Bad Schwartau), Spain (Alcantarilla), Türkiye (Ankara), and the US (Amsterdam, NY). Furthermore, the Group relies on external production and co-packers to produce its products. These include facilities in Belgium, Denmark, France, Germany, Italy, the Netherlands, North America, South America, Spain, Switzerland, the UK.



Europe

69.6%

total company sales

Corporate Governance

Principles

The Hero Group's fundamental business principle is to offer healthy, high-quality products to our consumers, create long-term success for our owners, and ultimately create value for society. In this regard, the Hero Group is committed to modern corporate governance principles. Hero's corporate governance regulations are oriented towards the recommendations of the Swiss Code of Best Practices for Corporate Governance 2023 issued by economiesuisse, in addition to the provisions set out by Swiss law.

The Hero Group's principles on corporate governance are mainly set out in the companies' bylaws, the organizational rules, the code of conduct and process manuals. Hero expects its employees to act with integrity, loyalty and honesty, to take responsibility for the environment, and act in full compliance with all applicable laws.

Hero's Corporate Governance Report is based on the SIX Swiss Exchange Directive on Information relating to Corporate Governance. Unless otherwise indicated, the following information on corporate governance relate to conditions on the balance sheet as at December 31, 2024.



Corporate Governance

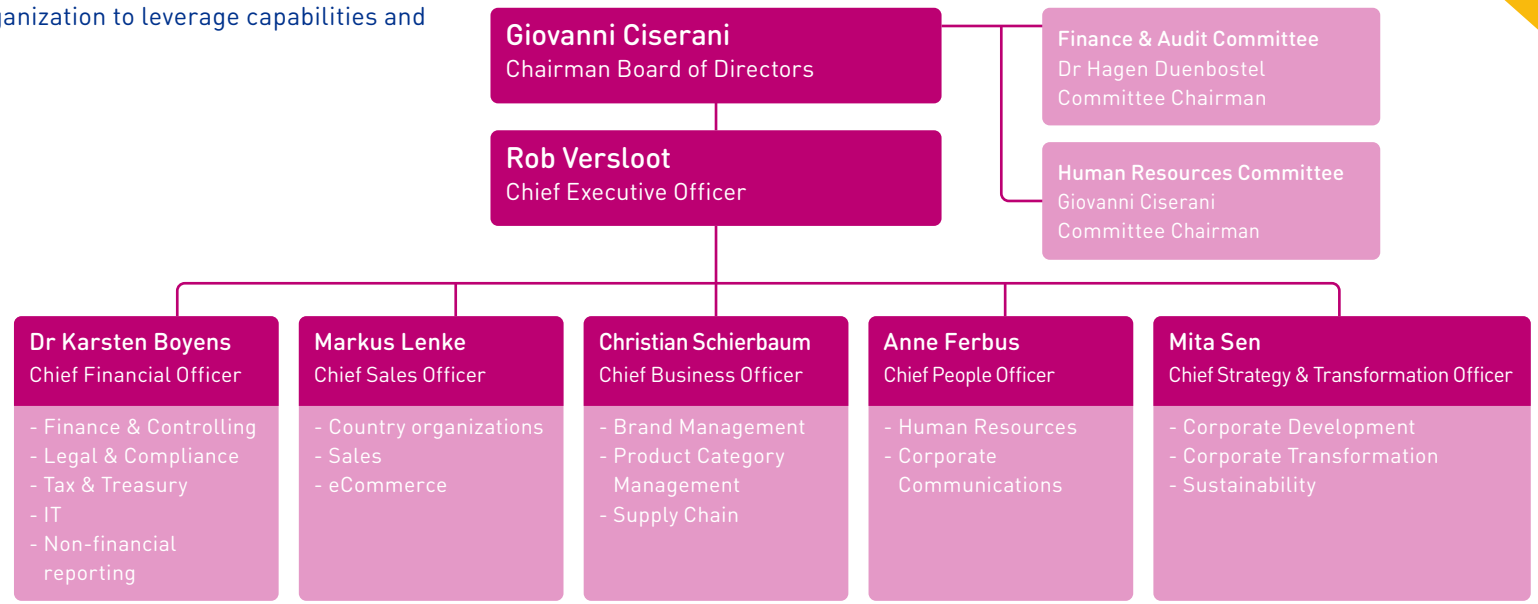
Group structure

Hero AG is the legal parent entity for the Hero Group. It comprises the headquarters functions as well as the Swiss business operations. The companies belonging to the Hero Group are listed in note 32 (page 149) of the consolidated financial statements.

The Hero Group is organized in a matrix. The Group Executive Board members cover the overall responsibility for the operations and individual functions, and the company general managers have performance responsibility for their regional cluster and/or countries. The Hero Group's business function is driven by a product category-led organization to leverage capabilities and drive efficiencies

The chart below shows the organizational structure of the Hero Group as at December 31, 2024.





Corporate Governance

Shareholders and capital structure

Shareholders

Schwartau International GmbH, Bad Schwartau, Germany, holds 99.0% of the share capital of Hero AG*. The Dr Arend Oetker family, Germany, is the ultimate shareholder of Schwartau International GmbH, Bad Schwartau. A total of 0.8% of the share capital is held by Executive Board members in relation with the long-term incentive plan, and the remaining 0.2% of the shares are held as treasury shares by the company.

Leopold Oetker, member of the Board of Directors, represents the Oetker family's interests on the Board of Directors.



* Hero AG is the legal entity for the Hero Group. Both names are used interchangeably in this section.

Share capital

The share capital of Hero AG has remained unchanged and consists of 6,213,272 fully-paid registered shares with a par value of CHF 10.00 each. Each share carries the right to one vote. All registered shares except for treasury shares held by Hero AG are eligible for a dividend. No preferential rights exist.

Contingent capital

As of December 31, 2024, the share capital may be increased through the issuance of a maximum of 938,328 fully paid registered shares with a par value of CHF 10.00 each. The contingent share capital is available for the exercise of any rights in connection with convertible and other bonds as well as in connection with option rights of the Executive Board members related to the long-term incentive plan (refer to section Board and Management Compensation).

As of December 31, 2024, there were no convertible or other bonds with the right to acquire shares in Hero AG.

Hybrid capital

On May 30, 2023, the Hero Group issued CHF 140 million Perpetual Callable Subordinated Bonds on the Swiss Capital Market. The listed bonds do not have a maturity date and Hero AG has no obligation to redeem the underlying nominal amount at any future date.

Corporate Governance

The bonds bear a coupon of 5.0% for which there is no obligation to pay for Hero AG unless Hero AG distributes a dividend to their shareholders or re-purchases share capital. In case Hero AG does not redeem the bonds by July 5, 2028, the coupon will increase by applying the five-year SARON compound mid swap market rate and adding 3.3575% and an additional mark-up of 250 basis points.

The bonds are subordinated obligations to all of Hero's present and future unsubordinated debts.

Limitations on transferability

The transfer of shares of Hero AG are subject to the approval of the Board of Directors. The Board of Directors may refuse to recognize an acquirer of shares as a shareholder.



Board of Directors

Internal organization

The Board of Directors convenes its own meetings at least four times a year. The Board of Directors has delegated individual tasks to two sub-committees; the Finance & Audit Committee and the Human Resources Committee, both of which analyze specific issues in more depth on behalf of the board. The Board of Directors elects the chairman and the members of the two sub-committees from the directors sitting on the board. At each Board of Directors meeting, the chairmen of the sub-committees inform the members about the issues dealt with by the sub-committees and any corresponding resolutions.

The main responsibilities of the Finance & Audit Committee include the monitoring and the assessment of the company's financial situation, the dividend policy, the integrity of financial statements, risk management, internal controls in financial reporting, and the effectiveness and independence of the external audit firm. It also observes compliance requirements with norms and regulations, and assesses capital market transactions, including the financing of mergers and acquisitions.

Within this mandate, the Finance & Audit Committee monitors and ensures the company's compliance with non-financial reporting as well as human rights and supply chain due diligence requirements. Please refer to page 211 where Hero provides an overview on reporting compliance with Swiss Code of Obligations Par. 964.

Corporate Governance

The Finance & Audit Committee meets at least twice a year. In the year under review, the Finance & Audit Committee met five times.

The Human Resources Committee mainly reviews and proposes the compensation system and remuneration for the Executive Board, vice presidents, and general managers of the subsidiaries. It proposes the composition and changes of the Executive Board to the Board of Directors and reviews the organization structure and personal development programs. A total of five meetings were held during 2024.

Board of Directors Members	Function	Nationality	Committee membership*	Initial election	Term expires
Giovanni Ciserani	Chairman	Italian	FAC, HRC	2017	2026
Herbert J. Scheidt	Vice-Chairman	Swiss/German	FAC, HRC	2010	2026
Dr Hagen Duenbostel	Member	German	FAC, HRC	2012	2026
Leopold Oetker	Member	German	FAC, HRC	2016	2026
Margaret Versteden	Member	Dutch	FAC, HRC	2019	2026

* FAC: Finance & Audit Committee, HRC: Human Resources Committee

The Hero Group Board of Directors and Executive Board are separate decision-making bodies with distinct functions and responsibilities.

All members of the Hero Board of Directors are non-executive members who were not a member of the Hero Group management or the management team of one of the subsidiaries in the last 10 years.

The members of the Board of Directors are elected as a group at the Annual General Meeting for a period of two years. The company statutes foresee that the Hero Board of Directors consists of three to seven members. Members of the Board of Directors whose term has expired are eligible for re-election.



In general, there is an age limit of 70 years for members of the Board of Directors. Members of the Board of Directors must step down from the Hero Group Board of Directors at the Annual General Meeting following their 70th birthday. However, the member may be reelected by the shareholders at the annual shareholder meeting.

The Members of the Board of Directors may hold a maximum of six other mandates in Swiss-listed entities. Otherwise, there is no restriction in terms of election or number of mandates.

There were no changes in the composition of the Board of Directors of Hero AG in 2024. The Board of Directors consists of Giovanni Ciserani (Chairman), Herbert J. Scheidt (Vice-Chairman), Dr Hagen Duenbostel, Leopold Oetker, and Margaret Versteden.



left to right:

Herbert J. Scheidt | Dr Hagen Duenbostel | Margaret Versteden | Leopold Oetker | Giovanni Ciserani

Corporate Governance

Responsibilities between the Board of Directors and Executive Board

The Board of Directors is responsible for the overall direction of the company, including the supervision and control over the executive management in accordance with Art. 716a of the Swiss Code of Obligations.

The Board of Directors defines the strategic goals, the means to achieve these goals, and the people dealing with the operating management of the company. This includes the strategy for ESG (Environmental, social and governance) including the monitoring of its implementation.

It has delegated all operative management functions to the Executive Board with the exception of those tasks assigned to other bodies as prescribed by law and the articles of incorporation. The Board of Directors has detailed the responsibilities and authorities of the Executive Board in the company's organizational regulations.

For further description of the Executive Board members' responsibilities, refer to page 39.





Information and control instruments relating to the Executive Board

The Hero Executive Board members participate in every ordinary board meeting. The Hero Board of Directors is informed about current business developments, the financial situation, key business events or transactions, and any measures that have been implemented by members of the Executive Board at every meeting.

In addition, every member of the Board of Directors may request additional information about business matters and developments from the Chairman or the members of the Executive Board at any time.

Depending on the agenda of the business visit, delegations of the Board of Directors accompany the Executive Board during business reviews of subsidiary companies.

Corporate Governance



Giovanni Ciserani

Chairman of the Board of Directors

Career history

Giovanni Ciserani joined the Hero Group Board of Directors in 2017 and took on the role of Chairman of the Board of Directors in March 2019. He also holds the chair of the Group's Human Resources Committee and is a member of the Financial & Audit Committee.

Verona-born Ciserani worked his way up the ranks at P&G to become one of the company's top executives. Educated at the prestigious Bocconi University in Milan, Italy, where he was nominated Alumnus of the Year in 2014, Ciserani spent his entire career at P&G, where he worked for more than 30 years. He retired from P&G at the end of 2018. His last position was as Sector Group President Global Fabric and Home Care, Global Baby and Feminine Care, P&G.

Other mandates

Ciserani also serves on the Board of Angelini Holding and acts as Director of seminars and MBA leadership trainings at SUMAS (Sustainability Management School) Switzerland.



Herbert J. Scheidt

Vice-Chairman of the Board of Directors

Career history

Herbert J. Scheidt is Vice-Chairman of the Hero Group Board of Directors. He is also Member of the Group's Finance & Audit Committee and is a Member of the Human Resources Committee.

Scheidt obtained a BA and an MA in Economics from the University of Sussex (UK) and an MBA from the University of New York. He was Chairman of the Vontobel AG Board of Directors from 2011 to April 2022, before which he served as the bank's CEO. Prior to that, he worked for Deutsche Bank AG in various senior roles for two decades from 1982, culminating with his appointment as CEO of Deutsche Bank (Schweiz) AG in 2001.

Scheidt mandated as Chairman of the Board of Directors of the Swiss Bankers Association and as Vice-Chairmanship of the Board of economiesuisse, both until September 2021. He acted as Member of the Board of the Zurich Chamber of Commerce until July 2022 and as Vice-Chairman of the Board of Directors of the SIX Group AG (Zurich, Switzerland) until May 2023.

Corporate Governance

Other mandates

In addition to the Hero Group, Scheidt is also Member of the Executive Committee of the Chamber of Commerce Germany-Switzerland (Zurich), Member of the Presidium of the German Council for Foreign Relations e.V. (DGAP), and Member of the Board of Trustees of the Ernst von Siemens Music Foundation.



Dr Hagen Duenbostel

Member



Career history

Dr Hagen Duenbostel joined the Hero Board of Directors in 2012. Since March 2024, he acts as Chairman of the Group's Finance & Audit Committee and as a Member of the Human Resources Committee.

Dr Duenbostel holds an MBA in Business Economics from the universities of Regensburg and Passau in Germany, and obtained his doctorate from the University of Göttingen, Germany.

In December 2024, Dr Duenbostel was mandated as Chairman of the Supervisory Board of KWS SAAT SE & Co. KGaA (KWS), a provider of agricultural seed based in Einbeck, Germany. Until December 2022, he was CEO and Executive Board Member of KWS. He joined KWS in 1998 and held various roles until he took over as CFO in 2003. He began his professional career in auditing at PricewaterhouseCoopers AG in 1995.

Other mandates

Dr Duenbostel is Founder and Managing Director of the strategy consulting firm DOVECOTE GmbH in Innsbruck, Austria. Since November 2022, Dr Duenbostel has been Chairman of the Audit Committee of the Max-Planck-Society for the Advancement of Science e.V. (MPG). He is a Member of C.H. Boehringer Sohn AG & Co. KG Advisory Board in Ingelheim, Germany. In addition, Dr Duenbostel holds the Deputy Chair of the Supervisory Board of the Georg von Holtzbrinck Publishing Group.

Corporate Governance



Leopold Oetker

Shareholder / Member

Career history

Leopold Oetker joined the Hero Board of Directors in 2016. He is a Member of the Hero Group's Finance & Audit Committee as well as the Human Resources Committee.

Oetker successfully completed his studies in Culture Studies and History in Berlin and Copenhagen.

He undertook a two-year international business development traineeship at the Hero Group's former partner Yildiz Holding, and worked at the Istanbul Foundation for Culture and Arts. He is involved in charitable work, helping underprivileged children in his hometown Berlin, Germany.

He has taken an active role in formulating and promoting the Hero Group's sustainability commitment.

Other mandates

In addition to the Hero Group, Leopold Oetker joined the Board of Dr Otto Suwelack Nachf. GmbH & Co KG in 2020.



Margaret Versteden

Member

Career history

Margaret Versteden joined the Hero Board of Directors in March 2019 and is a Member of the Hero Group's Human Resources Committee and the Finance & Audit Committee

Versteden holds a Bachelor's degree in Business Systems (IT) from Monash University in Melbourne, Australia, and an MBA from INSEAD, France.

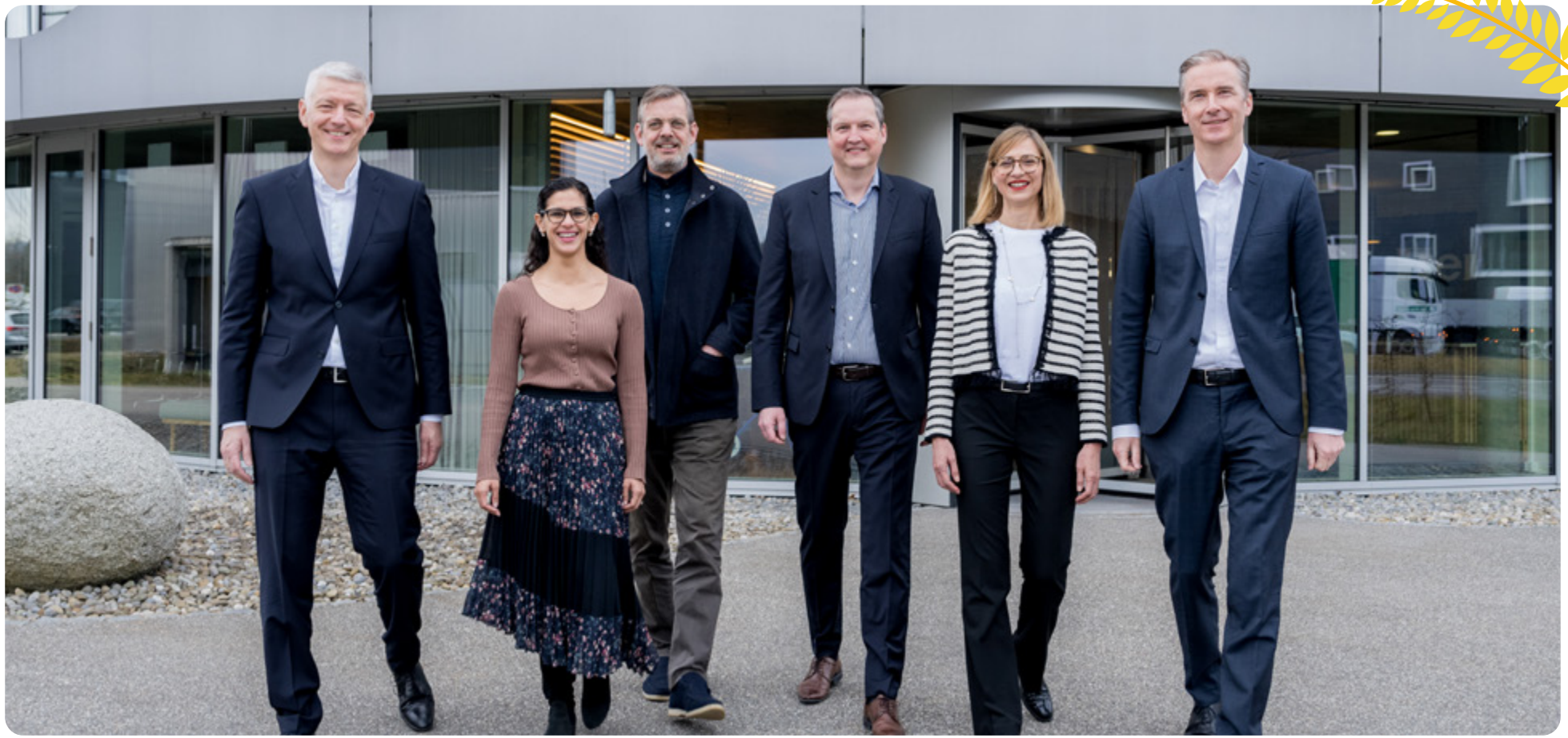
She is Chief Executive Officer of bol.com, the leading retail platform in the Netherlands and Belgium. Versteden joined bol.com from Bain & Company, where she was a managing partner, specializing in FMCG, retail, and eCommerce. Prior to this, Versteden also worked at Nike as General Manager for Central and Northern Europe, and as strategy consultant at BCG in Australia, Southeast Asia, and Europe for eight years.

Other mandates

Versteden has no other significant mandate beside her role as CEO of bol.com and the Board of Directors mandate at the Hero Group.

Corporate Governance

Executive Board



left to right:

Markus Lenke Chief Sales Officer | **Mita Sen** Chief Strategy & Transformation Officer | **Rob Versloot** Chief Executive Officer
Christian Schierbaum Chief Business Officer | **Anne Ferbus** Chief People Officer | **Dr Karsten Boyens** Chief Financial Officer

Corporate Governance

The members of the Hero Group Executive Board are appointed by the Board of Directors. The Executive Board is ultimately responsible for the operational management of the business. The Executive Board's responsibilities encompass the execution and achievement of the Group's strategies, the direction of the Group's companies, as well as extracting maximum synergies from the Group's structures.

The leaders of the business divisions and the heads of the cluster organizations and subsidiary companies are responsible for the development and achievement of their commercial and financial targets, the execution of ESG measures, and for the leadership of their areas. The Executive Board answers to the Board of Directors for the financial and non-financial (ESG) results of the Group.

In general, there is an age limit of 62 years for members of the Executive Board.





Rob Versloot

CEO

Career history

Rob Versloot joined the company in September 2008 as Regional Vice President. In July 2011, he became Executive Vice President and Member of the Executive Board. The Board of Directors appointed him Group CEO in September 2012.

Before joining Hero, Versloot worked for Royal Numico / Danone. He held various commercial, general, and regional leadership roles at the company in the Netherlands, Brazil, Indonesia, and Russia. Versloot holds a Master's in Business Administration & Management from the University of Groningen in the Netherlands.

Other mandates

Versloot is a Member of the Supervisory Board of Eckes-Granini and also a Member of the Board of Directors of Paulig Group, both international food and beverage companies.

Corporate Governance



Dr Karsten Boyens

CFO

Career history

Dr Karsten Boyens joined the Hero Group as Chief Financial Officer (CFO) in April 2016.

He brings with him a wealth of experience in the financial field and consulting having previously worked for the Beiersdorf Group in Germany, France, and Switzerland, as well as for McKinsey & Company. His responsibilities are Finance & Controlling, Tax & Treasury, Legal & Compliance as well as IT.

Dr Boyens holds a Master's in Business Administration from the WHU – Otto Beisheim School of Management in Koblenz, and a PhD from the Christian Albrechts University of Kiel (Germany).

Other mandates

Dr Boyens is a Member of the Advisory Board of the E. Breuninger GmbH & Co KG.



Markus Lenke

CSO

Career history

Markus Lenke joined our German subsidiary Schwartauer Werke in December 1993. He has held different commercial and general manager positions within the company, and was appointed Regional Vice President in July 2010. He has been a member of the Executive Board since 2011.

During his long career with the Hero Group, Lenke held various positions in sales and marketing functions, among others. He was also general manager of both Schwartauer Werke and Semper in the Nordics.

Lenke holds a Master's in Business Administration from the University of Hamburg, Germany.

Other mandates

Lenke is a Member of the Board of Directors of Desitin Arzneimittel GmbH in Hamburg.

Corporate Governance



Christian Schierbaum

CBO

Career history

Christian Schierbaum joined the Hero Group as Chief Marketing Officer (CMO) in September 2019 and took on the expanded role of Chief Business Officer (CBO) in 2022. He brings with him more than 25 years of commercial experience which he acquired in various marketing, sales, and business leadership roles within leading consumer goods companies such as Wella, Reckitt Benckiser, and Mondelez. In his last role at Mondelez, he served as member of the company's Europe Leadership Team, heading the Gum & Candy business across Europe as well as the overall marketing function for Europe.

Schierbaum holds a Master's in Business Studies from the Justus-Liebig-University Giessen in Germany.





Mita Sen

CSTO

Career history

Mita Sen joined the company in February 2019 as VP Strategy & Business Development before taking on the role of Chief Strategy & Transformation Officer in November 2022. In 2024, she added sustainability to her remit.

Sen began her career at PepsiCo International before joining consultancy firm McKinsey & Co where she worked her way up to Associate Partner. Here, she cut her professional teeth in transformation and strategy projects. She has worked and lived across Canada, the UK, Singapore, the Philippines, and Switzerland.

She completed her MBA at INSEAD in 2011.



Corporate Governance



Anne Ferbus

CPO

Career history

Anne Ferbus joined Hero in March 2023 as Chief People Officer.

Ferbus brings with her considerable experience, ranging from talent management to diversity, inclusion and organizational effectiveness. She has worked in HR for all her professional career, starting off as manager with United Airlines before moving to Hyatt Hotels and subsequently Rubbermaid.

In 2005, Anne joined The Coca-Cola Company in a senior HR role and stayed for 12 years before moving to Stanley Black & Decker as VP Human Resources, first for emerging markets and then Europe.

She completed her Master's degree in Business Law at the Université Panthéon Assas in Paris, France.



Executive Board Name	Nationality	Title	Member since
Rob Versloot	Dutch	Chief Executive Officer	2011
Dr Karsten Boyens	Swiss / German	Chief Financial Officer	2016
Markus Lenke	German	Chief Sales Officer	2011
Christian Schierbaum	Swiss / German	Chief Business Officer	2019
Mita Sen	Canadian	Chief Strategy & Transformation Officer	2022
Anne Ferbus	French	Chief People Officer	2023

Board and management compensation

Principles and elements of compensation

Hero's compensation system aims to support the company's strategy. The remuneration is therefore aligned with the company's commercial plans, includes performance components, and is competitive to attract and retain talent. The basic remuneration reflects the required skills and responsibilities of the role while the variable remuneration component at management level fosters sustainable business development and the company's success.

The Board of Directors determines the principles of the remuneration system and annual compensation for the Board of Directors and Executive Board at the recommendation of the Human Resources Committee.

This process is carried out annually. The Human Resources Committee reviews the annual compensation in comparison to a benchmark of Swiss Mid Cap companies as defined by the SIX Swiss Exchange. The peer group excludes companies in the financial and healthcare industry.

Corporate Governance

Compensation of the Board of Directors and Executive Board

The remuneration paid to the Board of Directors is not performance related, but comprises a fixed compensation paid in cash. It includes a flat fee for Board of Directors membership plus a fee for sub-committee membership and is therefore aimed at reflecting the time and work which members invest to fulfil their duties.

Remuneration for the members of the Executive Board comprises fixed, variable short-term, and variable long-term components. The fixed remuneration component is based on the experience and skillset of the executive member, as well as external remuneration benchmark.



The variable short-term cash component of the Executive Board's remuneration for the year 2024 was based on the company's results and individual performance goals. A total of 60% of the variable cash remuneration was linked to a percentage of the three-year average of net income, while 40% is linked to personal goals. The pay-out on the personal goals component is capped at 150%.

In addition, there is a variable long-term component linked to the long-term achievement of strategic initiatives. Strategic KPIs cover operating performance related initiatives such as growth with innovation, and growth in core categories or supply chain efficiency targets, but also customer-oriented targets, sustainability (for example, the reduction of CO_2) and diversity targets.

Besides these remuneration components, the Executive Board members may participate in the long-term success of the company by investing up to 50% of their short-term variable cash bonus payment in shares of Hero AG (long-term incentive plan). For newly employed Executive Board members, there is a two-year waiting period [refer to note 23 of the consolidated financial statements on page 130 of this Annual Report for an explanation of the provisions of this long-term incentive plan].

Refer to note 36 on page 152 of this Annual Report for an overview of the Executive Board's compensation.

Corporate Governance

Shareholders' participation rights

Shareholders must be registered to be able to exercise their vote. Besides the registration requirement, there are no restrictions on voting rights of the shareholders. A shareholder may provide a written power of attorney to be represented at a shareholders' meeting.

Unless otherwise stipulated by law, resolutions and elections by the General Meeting require a majority of the votes cast, excluding empty or invalid votes. In the case of a tie, the chair of the general assembly has the casting vote.

The Ordinary General Meeting is held annually within the first six months after the end of the financial year. It is convened by the Board of Directors. Shareholders representing at least 10% of voting rights (alone or together) may require the convention of a General Meeting.

Each shareholder may request an item to be put on the agenda at the General Meeting. Such requests must be submitted in writing to the Board of Directors at least eight weeks prior to the General Meeting.



Change of control measures

The Board of Directors may refuse to recognize an acquirer of shares as a shareholder. Besides this, the company's bylaws do not include any regulation in relation to potential take-over bids. There are no contractual agreements either for members of the Board of Directors or members of the Executive Board relating to a change of control event.

Corporate Governance

Auditors

The consolidated financial statements and the stand-alone financial statement of Hero AG are audited by Ernst & Young. According to the company's bylaws, the external auditor is elected for a period of one year at the Ordinary General Meeting of the shareholders.

Ernst & Young was elected as auditor of Hero AG for the first time in 2006. The auditor in charge is Willy Hofstetter, who held this function for the first time in the 2020 financial year. According to the provisions of the Swiss Code of Obligations, he may execute this mandate for a maximum of seven years.

The Finance & Audit Committee reviews the scope of the audit, the audit plans, and discusses the audit results and reports with the auditor in charge annually. In general, the auditors participate in all Finance & Audit Committee meetings to report, both verbally and in writing, on audit planning, execution, and recommendations.

The agreed fees with Ernst & Young AG for the audit of the consolidated financial statements for the year ending December 31, 2024, amounted to CHF 896,493. In 2024, Ernst & Young AG charged a total of CHF 450,138 for additional services. The additional services mainly include transaction and tax-related support.

Information policy

The Hero Group pursues open and continuing communications with its shareholders, employees, clients, financial investors, and the general public. Hero strives to provide transparent information about the company, its values, strategy, and business development.

Hero publishes an annual report that includes information about its operating activities, sustainability ambitions, corporate governance, and financial results.

In addition, Hero organizes a financial information meeting every year. At this conference, the Hero Group informs interested parties about the results of the year, gives a strategy update, and an outlook for the new financial year.

Media releases about events relevant to the financial investors are published in accordance with guidelines relating to the ad-hoc publicity of the SIX Swiss Exchange. Further, Hero provides additional information about important Group events via its corporate website.



Risk Management

The aim of Hero's risk management process is to identify potential risks at an early stage and avoid or substantially limit their potential impact on the Group. The process is designed to help the company achieve its results and support its long-term purpose and strategy.

Hero's risk management process includes an assessment of the company's most significant strategic and operational risks. Once a year, potential risks are identified at Group and cluster level, for which we include input from the functional leaders. The individual assessments are aggregated and evaluated in terms of possible damage that would result should the risk event materialize, the probability of occurrence, and potential reputational impact. The outcome of the annual risk assessment is reported to and is discussed with the Finance & Audit Committee.

For each risk area, ownership is allocated to an Executive Board member to develop and drive specific actions to mitigate the potential damage.

In 2023 and 2024, the Hero Group developed its enterprise risk management process further by integrating the outcome of the Double Materiality Assessment and systematically considering climate-related root causes in the assessment of the different operational and strategic risks. Such root causes and impacts identified are reported under the relevant risks factors.



The results of the Group Enterprise Risk Management process are presented and discussed with the Financial & Audit Committee and Board of Directors annually.

Risk Management

Risk factors

Based on the 2024 risk management process, the risks "Employee Attraction & Engagement" as well as "FX Devaluation, Hyperinflation & Currency Control" were added to the major risk areas. Otherwise, there are only minor changes to the company's major risks compared to 2023.

Sourcing of materials and energy, and product pricing remain the risks with highest potential impact on Hero's performance although at a lower potential financial impact compared to 2023 considering successful mitigation actions and inflation cooling down in 2024. The factors identified below are currently considered the most relevant for Hero's business and performance.

Food safety / product quality and healthiness

Risk: Any major event triggered by a serious food safety, regulatory compliance issue, or product sabotage could have a negative effect on Hero's reputation or brand image, and result in a loss of consumer trust, potential litigation, and negative financial performance.

Mitigation: The Group has implemented a food safety culture. There are policies, processes, controls, and regular monitoring in place to ensure high-quality products. These prevent health risks arising from handling, preparation, and storage throughout the value chain.

Material and energy sourcing

Risk: Climate change is making harvest yields less predictable. Regional conflicts and geopolitical developments are impacting the reliability to source the necessary volumes of materials and energy. Hero's supply chain suffers from shortages and quality issues, prices for materials and energy become inflationary. As a result, sales decrease and margin diminishes or supply chains must be restructured, adding further efforts and cost.

Mitigation: Hero follows a sustainable sourcing strategy for key raw materials and packaging. Our large network of suppliers minimizes supply risks, and we evaluate direct contracting with farmers and monitor supplier performance.

Product pricing

Risk: Due to increasing opposition of trade partners and buying alliances, limited market power and high price sensitivity of consumers as well as lacking willingness to pay for sustainable and carbon neutral products, the company is unable to maintain or increase its prices in pace with cost increases.

Due to an inflationary environment, price increases might be required that could trigger volume declines. Both the difficulty to increase prices as well as potential volume losses can lead to deteriorating margins and lower financial performance of the Hero Group.

Risk Management

Mitigation: Hero invests to strengthen its core brands and product innovation and renovation, increasing its market power. The Group further strives for strategic customer relationships and diversified channel distribution thereby reducing customer concentration risk.

Supply Chain inefficiency

Risk: Due to increased volume volatility, portfolio complexity, ineffective investments, or poor stock management and planning capabilities, operational efficiency targets cannot be met. This can result in higher costs and margin declines.

Mitigation: The Group aligns investments, people development, and incentive systems with its strategic priorities. The company has systems and processes in place to better predict demand requirements and volatility. The manufacturing footprint is reviewed and streamlined to optimize resource efficiency at Hero's production sites.





Business transformation

Risk: Due to the lack of capabilities and resources or inadequate structuring, Hero fails to implement strategic transformation projects such as acquisitions, divestitures, or restructurings successfully. This can lead to cost overruns or impairment of assets thus negatively impacting the financial performance of the Hero Group.

Mitigation: The Board of Directors and steering committees with executive sponsorship regularly assess and review progress of strategic projects. Resource allocations to projects are aligned with transformation targets.

Risk Management

Geopolitics

Risk: Political conflicts escalate, leading to resource scarcities, higher tariffs or supply chain and commercial disruptions in Hero's operating regions. Hero cannot source or sell products to meet business goals, faces higher costs for materials and security, and may discontinue business activities in certain regions.

Mitigation: Geopolitical developments are monitored, and supplier transitions built up in order to increase flexibility during adverse economic conditions. Processes and manuals are in place to deal with crises.

Sustainability requirements

Risk: Hero's sustainability commitment, increased regulatory compliance requirements, for example, on a more circular economy, sustainable farming practices or due diligence in the supply chain, as well as stakeholder expectations on sustainability (ESG) require additional efforts and investments leading to higher operational expenses. Failure to comply with those requirements could lead to reputational damages, fines, and operational disruptions.



Mitigation: Hero follows the new regulatory developments and trends carefully. Sustainable green sourcing along the Hero value chain and carbon neutral production optimization are developed and implemented.

The Group commits to recording and reducing its environmental footprint and developing relevant people skills, and works on preparing compliant sustainability reporting.

More information on Hero's efforts on sustainability can be found in the Sustainability report starting on page 174 and following of this Annual Report.

Increased public awareness

Risk: Social media increases the risk that trending topics, such as health, safety, sustainability and corporate responsibility, are held against the Group or its local companies. This could harm brand reputation and lead to decreasing sales.

Mitigation: Hero commits to improving its environmental footprint and follows a code of conduct in which it defines its fundamental business principles. Hero invests in training its workforce in professional handling of media for private and business use. Processes and manuals are in place to deal with crises.

Risk Management

IT systems and security

Risk: The Group depends on accurate, timely data and efficient processes along with increasing integration of digital solutions and services. System failures or threat of cyber-attacks can disrupt the reliability, security, and privacy of data, processes as well as the IT infrastructure. This leads to organizational disruptions, additional efforts, costs and potential reputational damage.

Mitigation: Policies and controls, state-of-the-art hosting facilities, security measures along with contingency plans as well as IT security awareness trainings & testing are in place with the aim of protecting and ensuring compliance for both infrastructure and data.

Risk: Hero invests in its IT infrastructure as well as a more harmonized, modern ERP system. Unrealistic scoping and planning or an insufficient resource allocation can lead to project overspend, delays, harmonization goals not being achieved, and business process disruption.

Mitigation: Hero counts on proper project management and change management tools, allocates internal and external resources with appropriate capabilities, and assigns priorities to ensure project goals are achieved.

Employee attraction and engagement

Risk: Unfavorable labor market situations and competitive workplace environments may affect Hero's ability to attract and retain skilled workers or talents. This can harm Hero's competitiveness, its ability to transform sustainably, leads to higher turnover and recruitment costs and may impact operational results negatively.

Mitigation: Hero aims to offer attractive working conditions and packages which are aligned with the skillset and diversity of its workforce. Hero fosters its talent acquisition process throughout the whole organization and invests into employer branding, a proper reward and recognition scheme, and business continuity plans.

FX devaluation, hyperinflation and currency control

Risk: Due to geopolitical volatility, public budget deficits, and high inflation, foreign exchange rates devaluate against the CHF leading to significant foreign exchange losses reducing Hero's profitability and equity position. Capital flow and foreign exchange restrictions of countries can disrupt business operations and Hero's ability to transfer profits into hard currencies.

Mitigation: Processes are in place to collect and monitor foreign currency risks and potential capital control measures of countries. Foreign currency risks are mitigated through natural hedging ensuring costs and revenues occur in the same currency and external hedging, where appropriate. Dividend policies and business continuity plans are in place to reduce the impact of capital control measures.

Risk Management

Regulatory compliance

Risks: Inadequate organizational processes and structures lead to failure of meeting existing and new binding regulations (for example, child labor, unethical practices, corruption and bribery, antitrust, data protection, taxation and food safety). This may result in financial losses due to fines and litigation costs and may lead to reputational damage.

Mitigation: Hero follows international developments and trends carefully to understand and identify new compliance risks and requirements in a timely manner. Hero works with external consultants to review new requirements and to define measures to comply with those. Internal training and education processes are in place ensuring employees keep up to date and understand compliance regulations.



Financial risks

Risks: Due to underperforming business segments or financial underperformance of debtors, the company's assets may need to be impaired.

The Hero Group maintains several pension funds. Underperformance of pension funds might lead to underfunded positions with potential negative impact on Hero's results.

Changing tax practices and regulations, organizational complexity, and rising national debts increase the risk of tax disputes. This may lead to additional efforts, financial losses, and legal action.

Mitigation: The individual risks are closely controlled and monitored. Underperforming business segments are addressed, improvement plans are developed and implemented. Proper documentation of intercompany relationships and transfer pricing shall mitigate the risk of tax disputes.

Insurance program

The Hero Group risk policy also includes a comprehensive insurance scheme to protect against risks. This is achieved with the help of international and local insurance programs against third-party liability, property damage, and business interruption.

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The Hero Group ended the year with an organic growth of 9.7% with our EBIT before exceptional transformation effects at CHF 63.3 million. You can find the complete Group financial results here

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Finance Review

In the year under review, Hero successfully improved its operational results and continued to execute its strategic business transformation. For the third year in a row, Hero reached significant organic growth with a 9.7% increase versus prior year. Hero fostered its position within its core categories by acquiring the fast-growing UK business Deliciously Ella, allowing the Group to enter the UK snacking market. At the same time, significant progress was made in executing the supply chain optimization.

As in prior year, to transparently report on the operational business performance and show the effects from the transformation, Hero adjusted the profit performance measures for the exceptional transformation effects as they are not considered to be part of Hero's ongoing performance.

The strategic business transformation aims to optimize Hero's supply chain footprint and focus on its core categories. The following transformation steps, partly initiated in 2023, were realized in 2024:

- The closing and sale of the production factory in Lenzburg, Switzerland
- The closing and sale of the production factory in Götene, Sweden
- The sale of the non-core Gluten Free business in the Nordics
- The discontinuation of underutilized, non-core production lines in the US and Spain.

The tables below provide transparency on the financial effects of these transformation measures.

Finance Review

Overview of exceptional transformation measures

in CHF 1000.–

	2024	2023
Operating profit before exceptional transformation one-off effects	**63 305**	**57 797**
Exceptional transformation one-off effects	(8 636)	(34 503)
Operating profit as reported	54 699	23 294
EBITDA before exceptional transformation one-off effects	**105 320**	**102 589**
Exceptional transformation one-off effects	4 964	(8 443)
EBITDA	110 284	94 146
Income for the year before exceptional transformation one-off effects	**44 440**	**39 269**
Exceptional transformation one-off effects	(7 945)	(28 254)
Net income as reported	36 495	11 015

Overview exceptional transformation one-off effects on Operating Profit

in CHF 1000.–

	2024	2023
Closing of production in the factory in Lenzburg, Switzerland	8 831	(15 400)
Closing of production in the factory in Götene, Sweden	(6 014)	(18 400)
Sale of Glutenfree business in the Nordics	2 206	(703)
Discontinuation of production lines in Spain and USA	(13 659)	-
Exceptional transformation one-off effects on Operating Profit	**(8 636)**	**(34 503)**
thereof impairments on assets	(13 600)	(26 060)
thereof other restructuring and project income / (expenses)	4 964	(8 443)

Finance Review

Summary of financial results

In 2024, on a like-for-like basis, at constant foreign exchange rates and adjusting for acquisition / discontinuation effects, Hero achieved another strong organic Net Sales growth year of 9.7% (prior year 10.9%). In nominal terms, Hero's Net Sales increased by 2.6% to CHF 1,252.9 million (previous year: CHF 1,220.7 million). The difference between organic and nominal sales growth comes from the further appreciation of the Swiss Franc against several major currencies, causing negative currency translation effects of -5.4% and effects from acquisitions / divestments also negatively affected by -1.7% in 2024.

Pricing and mix effects were the main drivers of the organic Net Sales growth in 2024. Within the core categories branded business, Hero achieved a good volume growth of 3.4% versus prior year. The overall sales volumes stayed on a stable level compared to 2023, a result of deliberately reducing our non-core co-manufacturing activities to support the streamlining of our supply chain footprint. The Net Sales growth was broad based with all regions and all branded product categories contributing to the topline growth.

Hero's focus on leading market positions within its core product categories and the measures to optimize the supply chain continued to pay off. Hero defended its pricing points and realized efficiencies in its supply chain, resulting in further improvement of the Gross Margin from 31.0% in 2023 to 32.1% in the year under review, an important recovery after the heavy hit from cost inflation starting 2021.

The Gross Margin progress in combination with Net Sales growth led to a Gross Profit of CHF 401.8 million, a significant increase of CHF 22.8 million over prior year.

In 2024, Hero continued its strategic journey to transform the Hero Group into a more focused organization with an efficient supply chain. In the year under review, Hero substantially finalized its project to concentrate the production of jam portions in the Hero Spain plant. In December 2024, the factory in Switzerland was sold to Ricola and the production lines were moved to Hero Spain. The production plant in Sweden, which produced baby milk, cereals and gluten-free mixes, was sold to Arla in 2024. Both production facility closing projects were substantially completed in 2024 with some hand-over activities remaining for 2025. With the decision to close underutilized, non-core production lines in the US and Spain, further measures were taken to streamline the supply chain. Early 2024, Hero sold its Gluten Free business in the Nordics to Dr. Schär, a step taken to further focus the activities on the core product categories. All these transformation projects will help Hero to become more focused and profitable going forward. This activity resulted in exceptional transformation one-off effects totaling -CHF 8.6 million in 2024.

As part of growing the focus on its core categories, Hero acquired Deliciously Ella in the UK in September 2024. With this acquisition, Hero entered the UK snacking market with this fast-growing brand.

Finance Review

With the bulk part of the transformation costs occurring in 2023, Hero significantly improved its **Operating Profit** (EBIT) result to CHF 54.7 million in 2024, an increase of CHF 31.4 million over prior year. Excluding the transformation effects, Hero's adjusted operating profit landed at CHF 63.3 million, an increase of 9.5% over 2023.

The Hero Group's **Net Income** for the year stood at CHF 36.5 million up from CHF 11.0 million the year before. Adjusted for the effects of the business transformation, Net Income for the year landed at CHF 44.4 million, an increase of 13.2% compared to 2023.

The proceeds from the transformation projects as well as the strong operational performance helped to further decrease the Net Debt balance from CHF 222.2 million in December 2023 to CHF 209.3 million in 2024. This was achieved despite significant investments made with the acquisition of Deliciously Ella as well as investments into Hero's core production lines and ERP environment. EBITDA as reported increased from CHF 94.1 million to CHF 110.3 million, another strong CHF 16.2 million increase. With the significant increase in EBITDA in combination with a decrease in Net Debt, Hero further decreased its Net Debt / EBITDA ratio from 2.4 in prior year to 1.9 in the year under review, demonstrating the improving financial stability of the Hero Group.

Net Sales Regions

Europe is Hero's largest sales area with a share of 69.6% (prior year 71.0%), followed by North America representing 15.8% (prior year 16.1%) of Hero's topline and Emerging Markets with a share of 14.6% (prior year 12.9%).

In our largest sales area, **Europe**, organic Net Sales grew by 4.8% compared to prior year. The organic growth of our core categories in Europe was particularly strong with a +9.6% increase versus prior year. The topline growth in Europe is broad based across countries. As in prior year, the strongest growth driver in Europe is Hero's successful Healthy Snacks businesses, growing 19.3% in the year under review. Out of the individual markets, Germany is the biggest contributor supported by strong performances in all core product categories Healthy Snacks, Baby & Toddler Food and Snacks, and Natural Spreads. Further, we saw very healthy developments in the UK BTF as well as the Nordics Healthy Snacks market, both growing double digit in the year under review.

Nominal Net Sales in Europe grew 0.6% versus prior year. The difference to the organic growth of 4.8% is due to negative currency translation effects of -1.8% and the Net Sales decline caused by the sale of the Gluten Free business in the Nordics.

Finance Review

In **North America**, Hero mainly sells baby and toddler food in the US and Canada under the brand names Beech-Nut and Baby Gourmet. Overall, the Net Sales of Hero's North America business grew 2.6% in local currencies in 2024. The underlying core business in the US and Canada showed very healthy developments, growing 5.3% respectively 10.7% in 2024. The somewhat lower organic growth of 2.6% in North America is caused by a decision to further wind down the co-packing business in the US.

Hero's **Emerging Market** segment consists of local businesses in Türkiye, Egypt, Brazil, and Russia, and also exports to several other emerging market countries. The business environment in these countries remained volatile, impacted by continued high inflation in Türkiye and Egypt. In the whole Emerging Market region, Hero posted a nominal growth of 16.0% in CHF, reflecting a strong growth of 44.8% in local currencies and significant negative currency translation effect of -28.8%, mainly driven by the significant devaluation of the Egyptian Pound and the Turkish Lira against the Swiss Franc. The strong organic Net Sales growth in this region is not only the result of price increases to cope with inflation, but also a volume increase of 14%. The successful year in the Emerging Markets was strongly influenced by the high growth of the Baby & Toddler Milk business in Egypt, where Hero gained significant market share against competitors.

in CHF million

	Net Sales 2024	Net Sales 2023	2024 vs 2023 in %	Acquisition & Divestment effect	Currency effect	Organic Growth
Europe	871.4	866.1	0.6%	-2.4%	-1.8%	4.8%
North America	198.5	196.7	0.9%	-	-1.7%	2.6%
Emerging Markets	183.1	157.8	16.0%	-	-28.8%	44.8%
HERO GROUP	**1,252.9**	**1,220.7**	**2.6%**	**-1.7%**	**-5.4%**	**9.7%**

Finance Review

Net Sales Product Categories

The strategic focus of Hero remains on branded business especially within the core product categories Baby & Toddler Food and Snacks, Healthy Snacks, and Natural Spreads. Supported by a very healthy growth as well by the acquisition of Deliciously Ella, Hero further increased the share of its core product categories from 73.4% to 76.1% in 2024. The branded business counts for more than 90% of the total Net Sales.

With total Net Sales of CHF 492.8 million, **Baby & Toddler Food and Snacks** remains Hero's largest product category. In the year under review, the category grew by 6.8% at constant foreign exchange rates, dropping overall to 4.1% after considering the negative foreign exchange translation effect of -2.7%. After significant price increases to protect the gross profit margin and a resulting volume decline in 2023, the category volume decline ended and turned into a volume growth in the second half of 2024. Hero continues to extend the life cycle of the Baby & Toddler Food and Snacks category by offering a compelling snack range to kids supporting the successful category growth.

Natural Spreads Net Sales grew by 8.9% at constant foreign exchange rates in 2024. Hero sells Natural Spreads in Europe and Emerging Markets. Both regions contributed similar shares to the organic growth in 2024. Due to the heavy negative currency translation effects from the Emerging Markets, the category growth in nominal terms landed at 1.8%. Various product ranges, such as the "better for you" concepts with less sugar, helped the category to develop positively. The full return to a major retailer in Germany at the end of 2023 after months of price disputes also contributed to the growth of the category in 2024.

As in prior years, **Healthy Snacks** remains Hero's fastest growing core category. After a very strong 2023, where the category grew by 27.1%, the successful trend continued with an organic topline growth of 17.2% in 2024. While all regions contribute to the result, Europe remains the main driver with double-digit growth levels in nearly all European markets. Healthy Snacks not only grew in value, but grew also by 12.2% in volume in the year under review. This category is generally sold under the brand Corny and includes mainly cereal bars as well as functional products like protein bars.

The **Baby & Toddler Milk** category posted a significant organic Net Sales growth of 51.7% in 2024. This exceptional growth is the result of the performance in Egypt where Hero gained significant market share as competitors struggled with supply issues.

On its path to focus on its core product categories, Hero sold its remaining **Gluten Free** business in the Nordics at the beginning of 2024.

Finance Review

Net Sales of **Specialties**, which Hero sells mainly in Europe, grew 3.5% organically in 2024. Out of the Specialties product range, juices and sirups as well as desserts and toppings were growth drivers in 2024. Hero's **Non-Branded** business declined by 16.0% at constant foreign exchange rates in 2024. The Non-Branded business consists mainly of co-manufacturing activities in our factories in Europe, the US, and Egypt. The strong decline in 2024 was the result of our strategic decision to focus on streamlining our supply chain and discontinue B2B production.

in CHF million

	Net Sales 2024	Net Sales 2023	2024 vs 2023 in %	Acquisition & Divestment effect	Currency effect	Organic Growth
Baby & Toddler Food	492.8	473.4	4.1%	-	-2.7%	6.8%
Natural Spreads	246.4	242.0	1.8%	-	-7.1%	8.9%
Healthy Snacks	214.2	180.9	18.4%	3.3%	-2.1%	17.2%
Baby & Toddler Milk	101.5	81.9	24.0%	-	-27.7%	51.7%
Gluten Free	-	28.5	-100.0%	-100.0%	0.0%	0.0%
Specialties	114.0	113.0	0.9%	-	-2.6%	3.5%
Non-Branded	84.0	101.0	-16.9%	1.6%	-2.5%	-16.0%
HERO GROUP	**1,252.9**	**1,220.7**	**2.6%**	**-1.7%**	**-5.4%**	**9.7%**

Operating result

In 2024, Hero's **Gross Margin** improved further and landed at 32.1%, up from 31.0% in prior year, continuing the recovery after years of strong inflationary hits in the cost of goods. Besides realizing efficiency gains in the supply chain through optimized costing, increased utilization of our production plants and improved planning procedures, Hero's strong brands defended their price points. Hero's portfolio shift to branded core business with higher margin products contributed to Gross Margin improvement via a positive mix effect.

Operational Expenses made up 25.6% of Net Sales, a small increase over prior year's ratio (PY: 25.2%). The increase in the operational cost ratio comes from additional investments into advertising and product promotion to support our brands as well as from a slightly higher SG&A cost ratio impacted by the divestitures and provisions for variable pay in light of a successful business year.

Finance Review

Net Other Expenses decreased significantly from -CHF 48.0 million in 2023 to -CHF 25.9 million in the year under review. The significant decrease in other expenses was driven by the costs from Hero's business transformation. In 2024, the transformation costs amount to -CHF 8.6 million, significantly lower that the -CHF 34.5 million in expenses in prior year. The current year expenses of -CHF 8.6 million include a gain of CHF 2.8 million from the closing and the subsequent sale of the production facilities in Switzerland and Sweden, a gain of CHF 2.2 million from the sale of the Gluten Free business in the Nordics and impairment charges of -CHF 13.6 million related to the decision to discontinue underutilized non-core production lines in the US and Spain.

Adjusted for the transformation one-off effects, the **Operating Profit** (EBIT) reached CHF 63.3 million, an improvement of CHF 5.5 million over prior year (PY: CHF 57.8 million). As in prior years, there was a significant negative foreign translation effect due to the appreciation of the CHF. At constant exchange rates, the progress in EBIT before transformation effects was CHF 16.0 million compared to 2023. Including expenses from the transformation, the Operating Profit (EBIT) landed at CHF 54.7 million, an increase of CHF 31.4 million over prior year (2023: CHF 23.3 million).

Financial result and taxes

In 2024, **Finance Expense Net** was at -CHF 7.1 million, up from -CHF 5.3 million in 2023. The increase in finance expenses came due to higher interest costs (-CHF 7.3 million compared to -CHF 5.2 million in 2023), which is a result of refinancing CHF 60 million of hybrid capital with straight debt mid-2023 and a substantial increase in interest rates in Türkiye.

In 2024, **Tax Expense** increased to -CHF 10.0 million, up from -CHF 5.2 million the year before. The increase of tax expense is a result of the higher income before tax compared to prior year. In 2024, the overall tax rate landed at 21.5%, significantly lower than the 31.7% in 2023. The lower tax rate in 2024 was triggered by several effects such as the partially tax-free profit from the sale of the Gluten Free business in the Nordics, and the use of tax loss carry-forwards from prior years. The high tax rate in 2023 was driven by additional taxes Hero had to pay in Egypt after a tax audit covering several years.

Net income

The Hero Group's **Net Income** for the year was CHF 36.5 million, significantly up from CHF 11.0 million the year before. Excluding the transformation expenses, Net Income landed at CHF 44.4 million (prior year CHF 39.3 million). The steep increase in Net Income was the result of the further improvement of the operating profitability of Hero Group in 2024 and a significant reduction of exceptional transformation one-off costs.

Finance Review

Cash flow and financial position

Hero achieved a Net **Cash inflow from Operating Activities** of CHF 74.8 million, down from CHF 79.2 million the year before. Cash outflows from **investing activities** stood at -CHF 35.6 million, significantly up from -CHF 28.5 million the year before. In September 2024, Hero acquired Deliciously Ella, a fast-growing snacking business in the UK, for -CHF 30.1 million. In addition, Hero continued to invest in its core production facilities and ERP landscape. Major supply chain investments were made in 2024 to extend the pouch production lines for baby food in Spain, to move the jam portion lines from Switzerland to Hero Spain, and to start the capacity expansion for Healthy Snacks production in Germany. As in prior year, Hero continued its strategic investment to harmonize the company's core processes and modernize its ERP system. Cash outflows from **financing activities** amounted to -CHF 39.8 million in 2024 (2023: -CHF 53.0 million). The proceeds from selling the production facilities in Switzerland and Sweden as well as the strong operational cash flows allowed Hero to further pay back net CHF 20 million short-term bank loans in the year under review despite the investment in Deliciously Ella.

Total Assets of the Group increased from CHF 1,194.7 million in 2023 to CHF 1,260.4 million in 2024. The increase in Total Assets came with the acquisition of the snacking business in the UK (Deliciously Ella). After a dip in 2023 resulting from a replacement of Hybrid Capital with net debt and currency devaluation effects, the Group's **Equity Ratio** increased from 46.8% to 48.1% in 2024. Hero's equity increased from CHF 559.1 million in 2023 to CHF 606.8 million in 2024. This was the result of retained earnings and a positive result of other comprehensive income coming from favorable foreign exchange, land, and defined benefit revaluation effects. The company's **Net Debt** position decreased by CHF 12.9 million to CHF 209.3 million, down from CHF 222.2 million at the end of 2023.

With the strong **EBITDA** improvement to CHF 110.3 million (CHF 94.1 million in 2023), Hero's Net Debt / EBITDA ratio stood at 1.9, significantly down from the year before (PY: 2.4). AT 1.9, the ratio is healthy with Hero comfortably meeting its financial covenants.

Outlook

With the positive business momentum and significant transformation steps being completed, Hero is confident to continue its operational profitable growth journey in 2025. Hero will proceed in its strategic direction to focus on core product categories, will invest in its core manufacturing footprint, especially in Healthy Snacks capacity expansion, further roll-out its harmonized ERP system, and strengthen its sustainability measures.

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Consolidated Financial Statements

Consolidated Income Statement

for the year ended December 31 - Hero Group in CHF 1000.–

	Note	2024	2023
Net sales	5	**1 252 900**	**1 220 702**
Cost of sales	24	(791 180)	(784 079)
Distribution expense		(59 895)	(57 668)
Gross profit		**401 825**	**378 955**
Advertising and promotion		(126 147)	(120 266)
Marketing and sales		(84 897)	(82 386)
Research and development		(12 431)	(11 440)
Administrative expense		(97 761)	(93 597)
Other income	6	14 002	12 126
Other expense	6	(39 922)	(60 098)
Operating profit	5	**54 669**	**23 294**
Finance income	7	5 957	8 514
Finance expense	7	(13 046)	(13 809)
Share of result of associates and joint ventures	31	(1 020)	(1 439)
Net monetary loss arising from hyperinflationary economies		(69)	(372)
Income before tax		**46 491**	**16 188**
Income tax expense	8	(9 996)	(5 173)
INCOME FOR THE YEAR		**36 495**	**11 015**
Attributable to:			
Equity holders of the parent		35 161	9 676
Non-controlling interests		1 334	1 339
INCOME FOR THE YEAR		**36 495**	**11 015**

The notes form an integral part of these consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended December 31 - Hero Group in CHF 1000.–

	2024	2023
INCOME FOR THE YEAR	**36 495**	**11 015**
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations and hyperinflation adjustments	10 288	(65 272)
Income tax effects	(127)	94
	10 161	(65 178)
Net gain/(loss) on cash flow hedge	737	(633)
Income tax effects	(5)	(16)
	732	(649)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**10 893**	**(65 827)**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation of land	9 511	(1 151)
Income tax effects	(1 729)	174
	7 782	(977)
Remeasurement gains on defined benefit plans	12 611	1 442
Income tax effects	(2 127)	(553)
	10 484	889
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**18 266**	**(88)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**29 159**	**(65 915)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**65 654**	**(54 900)**
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	65 615	(56 091)
Non-controlling interests	39	1 191
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**65 654**	**(54 900)**

The notes form an integral part of these consolidated financial statements.

Consolidated Financial Statements

Consolidated Balance Sheet

As at December 31 - Hero Group in CHF 1000.–

Assets	Note	2024	2023
Non-current assets			
Property, plant and equipment	18	258 391	266 646
Intangible assets	20	494 771	439 785
Right-of-use-assets	19	27 159	20 652
Investments in associated companies and joint ventures	31	456	288
Financial assets at fair value through profit and loss	11	-	147
Non-current receivables	14	25 668	25 064
Deferred tax assets	21	15 723	11 418
Net defined benefit assets	22	11 381	646
TOTAL NON-CURRENT ASSETS		**833 549**	**764 646**
Current assets			
Inventories	24	183 861	195 081
Derivative financial assets	11	2 358	4 550
Income tax receivables		7 671	6 083
Trade receivables, prepayments and other receivables	13	166 588	148 253
Assets held for sale	30	-	7 833
Cash and cash equivalents	12	66 367	68 226
TOTAL CURRENT ASSETS		**426 845**	**430 026**
TOTAL ASSETS		**1 260 394**	**1 194 672**

The notes form an integral part of these consolidated financial statements.

Consolidated Financial Statements

Consolidated Balance Sheet cont'd

As at December 31 - Hero Group in CHF 1000.–

Equity and liabilities	Note	2024	2023
Shareholders' equity			
Share capital	25	62 133	62 133
Share premium		63 632	63 632
Hybrid capital	25	139 060	139 060
Treasury shares		(4 249)	(4 249)
Other reserves	25	(358 086)	(388 303)
Retained earnings		696 684	678 327
Equity attributable to the equity holders of the parent		**599 174**	**550 600**
Non-controlling interests		**7 619**	**8 540**
TOTAL EQUITY		**606 793**	**559 140**
Non-current liabilities			
Borrowings	11,15	50 000	100 015
Debentures	11,15	135 000	135 000
Lease liabilities	15,19	22 089	16 767
Deferred tax liabilities	21	48 809	38 153
Net defined benefit liabilities	22	27 921	30 716
Provisions	23	19 934	15 663
Other liabilities	17	12 418	1 769
Total non-current liabilities		**316 171**	**338 083**
Current liabilities			
Trade and other payables	16	255 523	244 568
Borrowings	11,15	62 587	33 766
Lease liabilities	15,19	5 960	4 898
Derivative financial liabilities	11	561	4 365
Provisions	23	1 573	2 728
Income tax payables		11 226	6 972
Liabilities directly associated with assets held for sale	30	-	152
Total current liabilities		**337 430**	**297 449**
TOTAL LIABILITIES		**653 601**	**635 532**
TOTAL EQUITY AND LIABILITIES		**1 260 394**	**1 194 672**

The notes form an integral part of these consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

for the year ended December 31 - Hero Group in CHF 1000.-

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital (note 25)	Share premium	Hybrid capital (note 25)	Treasury shares (note 25)	Other reserves (note 25)	Retained earnings		
BALANCE AT JANUARY 1, 2023	**62 133**	**63 632**	**198 779**	**(4 249)**	**(322 536)**	**684 379**	**8 208**	**690 346**
Income for the year	-	-	-	-	-	9 676	1 339	11 015
Other comprehensive income	-	-	-	-	(65 767)	-	(148)	(65 915)
Total comprehensive income	**-**	**-**	**-**	**-**	**(65 767)**	**9 676**	**1 191**	**(54 900)**
Repayment of hybrid capital	-	-	(198 779)	-	-	(1 419)	-	(200 198)
Issuance of hybrid capital	-	-	139 060	-	-	-	-	139 060
Distribution on hybrid capital	-	-	-	-	-	(3 880)	-	(3 880)
Tax impact on hybrid capital	-	-	-	-	-	(402)	-	(402)
Dividend payments to the parent	-	-	-	-	-	(10 027)	-	(10 027)
Dividend payments to non-controlling interests	-	-	-	-	-	-	(859)	(859)
BALANCE AT DECEMBER 31, 2023/ JANUARY 1, 2024	**62 133**	**63 632**	**139 060**	**(4 249)**	**(388 303)**	**678 327**	**8 540**	**559 140**
Income for the year	-	-	-	-	-	35 161	1 334	36 495
Other comprehensive income	-	-	-	-	30 454	-	(1 295)	29 159
Total comprehensive income	**-**	**-**	**-**	**-**	**30 454**	**35 161**	**39**	**65 654**
Reclassification of revaluation reserve on sale of land	-	-	-	-	(237)	237	-	-
Distribution on hybrid capital	-	-	-	-	-	(7 014)	-	(7 014)
Dividend payments to the parent	-	-	-	-	-	(10 027)	-	(10 027)
Dividend payments to non-controlling interests	-	-	-	-	-	-	(960)	(960)
BALANCE AT DECEMBER 31, 2024	**62 133**	**63 632**	**139 060**	**(4 249)**	**(358 086)**	**696 684**	**7 619**	**606 793**

The notes form an integral part of these consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Cash Flows

for the year ended December 31 - Hero Group in CHF 1000.–

	Note	2024	2023
Cash flows from operating activities			
Income for the year		36 495	11 015
Adjustments for:			
Income tax expense	8	9 996	5 173
Depreciation property, plant and equipment	18	30 801	31 414
Impairment property, plant and equipment	18	13 600	28 070
Depreciation right-of-use-assets	19	6 648	6 947
Amortization intangible assets	20	4 565	2 613
Impairment intangible assets	30	-	1 810
(Gain) / loss on disposal of fixed assets		(16 156)	25
Net monetary loss arising from hyperinflation economies		69	372
Gain on disposal of subsidiary	30	(4 196)	-
Fair value result, net and other non-cash financial expense		1 336	6 175
Interest income	7	(4 126)	(3 741)
Interest expense	7	7 276	5 186
Share of result of associates and joint ventures	31	1 020	1 439
Net (gain) /loss in foreign exchange	7	(589)	(4 764)
Cash flows before changes in net working capital		**86 739**	**91 734**
Inventories		8 119	2 031
Trade and other receivables		(13 033)	3 523
Trade and other payables		(12 002)	(25 829)
Accruals and provisions		18 346	16 174
Changes in net working capital		**1 430**	**(4 101)**
Interest paid		(7 023)	(4 942)
Income tax paid		(6 365)	(3 585)
NET CASH FROM OPERATING ACTIVITIES		**74 781**	**79 106**

Consolidated Financial Statements

Consolidated Statement of Cash Flows cont'd

for the year ended December 31 - Hero Group in CHF 1000.–

	Note	2024	2023
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29	(30 105)	-
Payment to acquire debt of subsidiary acquired	29	(4 800)	-
Capital contribution to joint ventures	31	(1 200)	(1 500)
Purchase of property, plant and equipment	18	(39 286)	(25 791)
Purchase of intangible assets	20	(6 435)	(10 924)
Loan repayment received		546	1 113
Repayment of seller promissionary note		-	6 141
Disposal of intangible assets		38	(55)
Disposal of subsidiary, net of cash disposed	30	11 492	-
Disposal of property, plant and equipment		33 090	1 407
Loans made		(317)	-
Interest received		1 329	1 112
NET CASH USED IN INVESTING ACTIVITIES		**(35 648)**	**(28 497)**

Consolidated Financial Statements

Consolidated Statement of Cash Flows cont'd

for the year ended December 31 - Hero Group in CHF 1000.–

	Note	2024	2023
Cash flows from financing activities			
Issuance of hybrid capital third parties	25	-	139 059
Repayment of hybrid capital third parties	25	-	(200 198)
Distribution on hybrid capital third parties		(7 014)	(3 880)
Proceeds from bank loans	15	9 118	31 316
Repayment of bank loans	15	(29 970)	(2 480)
Proceeds from financial liabilities		6 861	722
Repayment of financial liabilities		(1 418)	(28)
Payment of lease liabilities excluding interest	15	(6 419)	(6 591)
Payment of dividends to shareholders		(10 027)	(10 027)
Payment of dividends to non-controlling interests		(960)	(859)
NET CASH USED IN FINANCING ACTIVITIES		**(39 829)**	**(52 966)**
DECREASE IN CASH AND CASH EQUIVALENTS		**(696)**	**(2 355)**
Movement in cash and cash equivalents			
At start of year		68 226	75 899
Decrease in cash and cash equivalents		(696)	(2 355)
Effects of exchange rate changes on cash and cash equivalents		(1 163)	(5 318)
AT END OF YEAR	**12**	**66 367**	**68 226**

The notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General

Hero AG (Hero) is a limited company headquartered in Lenzburg, Switzerland. Schwartau International GmbH, Bad Schwartau, Germany, a subsidiary of AOH Nahrungsmittel GmbH & Co. KG, Germany, holds 99.0% of the share capital of Hero, 0.8% are held by executive board members in relation with the long term incentive plan and 0.2% are held by Hero. The Group's primary activities are the production and selling of consumer food products in the product areas of natural spreads, healthy snacks, baby and toddler food, baby and toddler milk, gluten-free products and specialties which are sold in Europe, North America and Emerging Markets. At the end of 2024, the Group had 4 185 full time employees (2023: 4 151). All figures in the financial statements are presented in thousands of Swiss francs (TCHF) except where otherwise indicated. These financial statements were approved by the Board of Directors on March 4, 2025, and are subject to approval by the annual general meeting of shareholders to be held on March 18, 2025.

2. Basis for Preparation, Consolidation and Changes in Accounting Policies and Disclosures

Basis for Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These principles have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements for the year ending December 31, 2024, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historic cost convention, unless otherwise stated (i.e. revaluation of land, certain financial assets and liabilities at fair value). The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 37.

Notes to the Consolidated Financial Statements

Consolidation

Consolidation Method

The consolidated financial statements include Hero AG, Switzerland and those companies over which Hero AG has control, which is generally the case with a shareholding of more than one half of the voting rights.

Companies controlled by the Group are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Eliminations in the Course of Consolidation

All intra-group balances / transactions / unrealized gains / losses and dividends are eliminated in full.

Related Parties

Related parties include AOH Nahrungsmittel Group companies (Germany), members of the Board of Directors and Executive Board as well as associates and joint-ventures.

Changes in the Scope of Consolidation

As per September 14, 2024 Hero Group acquired 100% of M&E Mills Ltd. and its subsidiaries operating under the brand Deliciously Ella.

Changes in accounting policies and disclosures

New and amended standards and interpretations

Several standards and amendments apply for the first time in 2024 including

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements, and
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.

None of these amendments had a material impact on the Group's financial statements.

Hero also considered the agenda decision on segment reporting published by the IFRS Interpretations Committee and has added additional line items for cost of sales, distribution expense and gross profit to its segment disclosures in note 5, including comparative information.

Future changes in IFRS Accounting Standards

There are no plans for early adoption of published standards, interpretations or amendments prior to their mandatory effective date. In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard sets out requirements for the presentation and disclosure of information in financial statements. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. The Group is currently evaluating all impacts this new standard will have on the presentation

of the income statement and the notes to the consolidated financial statements. It is too early to assess whether this standard will have a material impact on the financial statements. The Group does not expect that other changes in IFRS Accounting Standards, which are published but not yet effective, will have a material impact on the Group's consolidated financial statements.

3. Foreign Currency Translation and Hyperinflation Adjustments

Foreign currency translation

The presentation currency for the Group is the Swiss Franc, which is also the functional currency of Hero AG, Switzerland. Financial statements denominated in foreign currencies have been translated into Swiss Francs as follows except for financial statements of subsidiaries in hyperinflationary economies:

- Assets and liabilities, including goodwill, are translated at the closing rate at the date of the balance sheet
- Revenues and costs are translated using average exchange rates for the accounting period
- Exchange differences out of the translation of assets and liabilities and the related income statements are booked in other comprehensive income.

Foreign Exchange Rate Table

The following table shows the most important foreign exchange rates used:

	2024	2023
AVERAGE EXCHANGE RATES		
EUR/CHF	0.9534	0.9713
USD/CHF	0.8832	0.8965
GBP/CHF	1.1288	1.1174
SEK/CHF	0.0833	0.0847
CLOSING EXCHANGE RATES		
EUR/CHF	0.9435	0.9260
USD/CHF	0.9033	0.8380
GBP/CHF	1.1374	1.0656
SEK/CHF	0.0821	0.0835

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences arising from Group company loans which have the characteristics of a long-term investment are recorded in other comprehensive income.

In the event of a sale of a foreign company all translation differences accumulated since the purchase of the said company are released and included in the calculation of disposal gain or loss and fully disclosed as such.

Open monetary balances denominated in foreign currencies and recorded in the accounts of Group companies at the balance sheet date are revalued using the prevailing exchange rate as at the balance sheet date. The differences resulting from these revaluations are recorded in the income statement for the period.

Hyperinflationary economies

The Group has considered Türkiye (since April 1, 2022) to be a hyperinflationary economy in the context of IAS 29 'Financial Reporting in Hyperinflationary Economies'. In 2024 and in 2023, the cumulative inflation index of Türkiye, as measured by the consumer price index published by the Turkish Statistical Institute, exceeds 100% over the last three years.

The adjustments resulting from the application of IAS 29 do not have a significant impact on the Group's operating results and balance sheet. An adjustment is recorded for the losses on the net monetary positions, which is a loss of CHF 0.1 million (2023: CHF 0.4 million) resulting from the loss in purchasing power of the net monetary positions during 2024 of the Group's subsidiary in Türkiye.

Notes to the Consolidated Financial Statements

4. Significant Events in the Reporting Periods

Significant events 2024

The financial position and performance of the Group was affected by the following events and transactions during the reporting period 2024:

- Acquisition of Deliciously Ella, see note 29.
- The group continued its transformation projects and recorded expenses of CHF 8.6 million before taxes in 2024, see note 6. The recoverable amount of the assets which were impaired is their fair values less costs of disposal.

Significant events 2023

The financial position and performance of the Group was affected by the following events and transactions during the reporting period 2023:

- Repayment of hybrid capital of nominal CHF 200 million and issuance of new hybrid capital of nominal CHF 140 million, see note 25.
- The group initiated several transformation projects and recorded expenses of CHF 34.5 million before taxes in 2023, see note 6. The recoverable amount of the assets which were impaired is their fair values less costs of disposal.

Overview transformation effects on Operating Profit

in CHF 1000.–

	2024	2023
Closing of production in the factory in Lenzburg, Switzerland	8 831	(15 400)
Closing of production in the factory in Götene, Sweden	(6 014)	(18 400)
Sale of Gluten Free business in the Nordics	2 206	(703)
Closing production line in Beech-Nut and Spain	(13 659)	-
Transformation effects on operating profit	**(8 636)**	**(34 503)**
thereof impairments on assets	(13 600)	(26 060)
thereof other restructuring and project income and expenses, net	4 964	(8 443)

	Note	2024	2023
Transformation effects on operating profit		**(8 636)**	**(34 503)**
thereof transformation income	6	11 037	-
thereof transformation expenses	6	(19 673)	(34 503)

Segment disclosures

5. Disaggregated Revenue and Segment Information

Revenue from contracts with customers

The Hero Group manufactures and sells baby and toddler food, baby and toddler milk, healthy snacks, natural spreads and gluten-free food products. Besides this core activity, Hero trades with other food products and manufactures goods for other business partners. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. This amount reflects the list price after deductions of returns, trade discounts, price promotions to customers, sales taxes and other pricing allowances. Payments made to customers for distinct commercial services are booked as an expense. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery and therefore, there is no significant finance component included in the contracts. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To measure the variable consideration for the expected future rebates, the Group applies its best estimate and constrains revenue if necessary. These refund liabilities are included in trade and other payables.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for making operating decisions, allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Board. For management purposes, the Group is organized in geographical clusters and countries which represent operating segments. The operating segments are aggregated based on similar economic characteristics into three reportable operating segments: Europe, North America and Emerging Markets. Each cluster/country is allocated according to the risk profile of the reportable operating segment.

Segment disclosures

The segment Europe produces and sells mainly consumer food products such as natural spreads, healthy snacks, baby and toddler food, gluten free, baby and toddler milk and specialties. The segment North America produces and sells mainly consumer food products in the area of baby and toddler food. The segment Emerging Markets mainly includes China, Egypt, Russia, Türkiye, Brazil and other export countries which produce and sell mainly consumer food products such as natural spreds, healthy snacks, baby and toddler food and baby and toddler milk. The Group's financing (incl. finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Unallocated amounts relate to Headquarter costs in relation to finance and M&A transactions, executive management and market organization at Headquarter level. The accounting policies of the operating segments are the same as for these consolidated financial statements. Hero manages the segment result on operating profit level. Average net working capital is composed of income tax receivables, trade and other receivables, prepayments and inventories less trade and other payables, short-term income tax payables and short-term provisions. Non-current assets comprise property, plant and equipment, intangible assets and right-of-use assets. Net sales by categories have been adjusted to distinguish between net sales of branded products and non-branded products. The net sales reporting of the produt categories reflect the strategic direction of the company with focus on branded business.

Segment disclosures

Information about operating segments

for the year ended December 31, 2024 in CHF 1000.–

	Europe	North America	Emerging Markets	Unallocated	Total
Net sales	871 387	198 455	183 058	-	**1 252 900**
Cost of sales	(550 480)	(128 028)	(109 806)	(2 866)	**(791 180)**
Distribution expense	(41 185)	(15 645)	(3 065)	-	**(59 895)**
Gross profit	279 722	54 782	70 187	(2 866)	**401 825**
Operating profit*	83 897	3 110	27 752	(60 180)	**54 669**
Depreciation and amortization	(27 741)	(11 367)	(2 071)	(835)	**(42 014)**
Impairment	(1 775)	(11 825)	-	-	**(13 600)**
Average net working capital	67 933	34 937	29 012	(7 197)	**124 685**
CAPEX (tangible)	34 167	1 627	2 577	916	**39 287**

Information about major countries

December 31, 2024 in CHF 1000.–

	Switzerland (country of domicile)	Germany	USA	Spain	UK	Other	Total
Net sales	90 213	341 659	174 884	114 900	54 822	476 422	**1 252 900**
Non-current assets (PPE, intangible &RoU assets)	66 344	150 345	107 346	63 145	39 805	353 336	**780 321**

Information about categories

for the year ended December 31, 2024 in CHF 1000.–

	Baby and toddler food	Natural spreads	Healthy snacks	Baby and toddler milk	Gluten free	Specialties	Non-branded	Total
Net sales	492 843	246 355	214 221	101 536	-	113 968	83 977	**1 252 900**

* Includes transformation income of CHF 3.2m in Europe and one-off transformation costs of CHF 11.8m in North America (see Note 4)

Segment disclosures

Information about operating segments

for the year ended December 31, 2023 in CHF 1000.–

	Europe	North America	Emerging Markets	Unallocated	Total
Net sales	866 137	196 744	157 821	-	**1 220 702**
Cost of sales	(552 934)	(135 403)	(91 310)	(4 432)	**(784 079)**
Distribution expense	(37 070)	(17 172)	(3 426)	-	**(57 668)**
Gross profit	276 133	44 169	63 085	(4 432)	**378 955**
Operating profit*	54 349	4 877	21 326	(57 258)	**23 294**
Depreciation and amortization	(26 570)	(11 905)	(2 333)	(166)	**(40 974)**
Impairment	(29 880)	-	-	-	**(29 880)**
Average net working capital	88 953	36 479	24 932	(5 440)	**144 924**
CAPEX (tangible)	22 013	1 448	2 330	-	**25 791**

Information about major countries

December 31, 2023 in CHF 1000.–

	Switzerland (country of domicile)	Germany	USA	Spain	UK	Other	Total
Net sales	90 681	325 373	173 366	120 330	40 214	470 738	**1 220 702**
Non-current assets (PPE, intangible & RoU assets)	71 843	131 635	119 544	49 461	18 086	336 514	**727 083**

Information about categories

for the year ended December 31, 2023 in CHF 1000.–

	Baby and toddler food	Natural spreads	Healthy snacks	Baby and toddler milk	Gluten free	Specialties	Non-branded	Total
Net sales	473 411	241 963	180 932	81 857	28 490	113 005	101 044	**1 220 702**

* Includes transformation costs of CHF 34.5m in Europe (see Note 4)

Income statement information

6. Details on Other Income/Expense

in CHF 1000.–

	Note	2024	2023
Transformation Income		11 037	-
Compensation for damages		789	7 327
Gain from VAT settlement		1 467	845
Reversal of accruals and provisions		398	794
Brand name usage		61	600
Stock refunds		119	483
Change in value of put option liabilities		10	331
Government grants	10	44	40
Other		77	1 706
TOTAL OTHER INCOME		**14 002**	**12 126**
Transformation costs	4	(19 673)	(34 503)
Cost for organizational changes		(8 739)	(9 470)
Legal and recall expenses		(801)	(6 851)
Compensation and destruction of inventory		(1 713)	(3 640)
Government obligation payments and expenses for VAT exposure		(6 569)	(2 241)
Loss on disposal of assets		(255)	(25)
Impairment Intangibles		-	(1 810)
Other		(2 172)	(1 558)
TOTAL OTHER EXPENSE		**(39 922)**	**(60 098)**

In 2024, transformation income is related to the gain on the sale of the factory in Lenzburg (Switzerland) and the profit from the sale of the Glutenfree business in the Nordics. The gain from VAT settlement relates to the release of a provision in connection with a former VAT settlement in the UK. In the year under review, transformation costs originate from the closing and selling of the factory in Götene (Sweden) and from impairment charges in connection with the discontinuation of production lines in the USA and Spain. Cost for organizational changes mainly relate to the implementation of a Group wide ERP system (project PHI). Government obligation payments and charges for VAT exposures are mainly related to property tax in the USA as well as expenses in connection with VAT risks in the UK.

Income statement information

In 2023, compensation for damages related to insurance proceeds to compensate legal expenses in the USA. In prior year, transformation costs related to Hero's decision to close its jam factory in Lenzburg (Switzerland) and to the decision to either close or sell its factory in Götene, (Sweden). Costs for organizational changes related to personnel and project cost mainly in Europe and to the implementation of a Group wide ERP system (project PHI).

For further details on transformation income and costs please refer to Note 4.

7. Finance Income/Expense

Interest income and expense

Interest is recognized using the effective interest method.

in CHF 1000.–

	Note	2024	2023
Interest income		4 126	3 741
Gains from financial instruments at fair value through profit and loss		740	-
Net foreign exchange gains		589	4 764
Other financial income		502	9
TOTAL FINANCE INCOME		**5 957**	**8 514**
Interest expense		(5 994)	(4 272)
Interest expense leases	19	(1 282)	(914)
Losses from financial instruments at fair value through profit and loss		-	(6 175)
Other financial expense		(5 770)	(2 448)
TOTAL FINANCE EXPENSE		**(13 046)**	**(13 809)**

Other financial expense consist primarily of non-income tax and bank fees and valuation allowances.

Income statement information

8. Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two model rules introduce the following new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The Pillar Two model rules were adopted in Switzerland and Germany at the end of 2023 and are applicable starting from 1 January 2024. According to these rules, the Hero AG and Group companies are considered constituent Entities of a multinational enterprise (AOH Nahrungsmittel GmbH & Co. KG, headquartered in Germany) to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024. The Group has performed

Income statement information

an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates is above 15%. However, the Group has recognised a Pillar Two current tax expense of CHF 0,2 million (2023: 0) related to Jurisdictions not subject to the transitional safe harbour relief– because of low statutory tax rates. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

in CHF 1000.–

	2024	2023
Current income tax expense	(10 584)	(10 626)
Current income tax expense relating to prior periods	(435)	(1 414)
Deferred income tax	1 023	6 867
TOTAL INCOME TAX EXPENSE	**(9 996)**	**(5 173)**

Income statement information

Analysis of tax rate

The variation in the Group's average expected tax rate is caused by changes in profitability of the Group's subsidiaries in the various jurisdictions, as well as changes in local statutory tax rates.

The main elements contributing to the difference between the Group's overall expected tax rate (the weighted average tax rate based on the results before tax of each subsidiary) and the effective tax expense are:

in CHF 1000.–

	2024	2023
Income before taxes	**46 491**	**16 188**
Tax expense based on expected Group tax rate of the year	(10 419)	(5 547)
	22.4%	34.3%
Impact of expense not entitled for deduction for tax purposes	(1 830)	(5 629)
Impact of non taxable income and exclusively tax deductible expense	2 945	2 352
Impact of tax expense related to profits of other periods and other items*	(435)	(1 414)
Utilization of previously unrecognized tax losses	297	560
Reassessment of recognized tax losses of prior periods	(49)	2 148
Impact of unrecognized tax losses of current period	(1 251)	(420)
Impact of deferred taxes on hybrid coupon	1 055	1 129
Impact of difference between statutory and deferred tax rate	(601)	426
Impact of changes in local tax rates	440	275
Impact of tax law changes**	(148)	947
EFFECTIVE GROUP TAX EXPENSE	**(9 996)**	**(5 173)**

* 2024: Mainly relates to Germany (2023: Egypt)
** 2023: Mainly relates to Türkiye

Income statement information

9. Additional Information on the Nature of Expense

in CHF 1000.–

	Note	2024	2023
Wages and salaries		(214 938)	(210 258)
Social security costs		(42 170)	(40 468)
Pension costs – defined contribution plans		(3 971)	(6 242)
Pension costs – defined benefit plans	22	(2 527)	(2 871)
TOTAL PERSONNEL EXPENSE		**(263 606)**	**(259 839)**

Personnel expense is not reduced for government grants received in relation to wages and salaries. For further details refer to Note 10.

The Group employed 4 185 full time employees in 2024 (2023: 4 151).

Income statement information

Depreciation and amortization are included in the consolidated statement of income as follows:

Year ended December 31, 2024	Note	Right-of-use assets Depreciation	Property, plant and equipment Depreciation	Property, plant and equipment Impairment	Intangible assets Amortization	Intangible assets Impairment
Cost of sales		(1 124)	(25 645)	-	(31)	-
Distribution expense		(1 281)	(483)	-	(31)	-
Advertising and promotion		-	(128)	-	-	-
Marketing and sales		(1 355)	(171)	-	(1 148)	-
Research and development		(52)	(180)	-	(24)	-
Administrative expense		(2 051)	(4 194)	-	(3 330)	-
Other expense		(785)	(1)	(13 600)	-	-
TOTAL	18, 19, 20	**(6 648)**	**(30 802)**	**(13 600)**	**(4 564)**	**-**

Year ended December 31, 2023	Note	Right-of-use assets Depreciation	Property, plant and equipment Depreciation	Property, plant and equipment Impairment	Intangible assets Amortization	Intangible assets Impairment
Cost of sales		(833)	(27 276)	-	(79)	-
Distribution expense		(1 250)	(484)	-	(48)	-
Marketing and sales		(1 737)	(205)	-	(808)	-
Research and development		(43)	(273)	-	-	-
Administrative expense		(2 594)	(3 176)	-	(1 678)	-
Other expense		(490)	-	(28 070)	-	(1 810)
TOTAL	18, 19, 20	**(6 947)**	**(31 414)**	**(28 070)**	**(2 613)**	**(1 810)**

Financial assets and liabilities

10. Government Grants

Government grants are recognized only when the Group complies with the applicable conditions and if there is reasonable assurance that the grants will be received. Government grants are deferred and recognized in the income statement over the period necessary to match them with the related costs which they are intended to compensate on a systematic basis, or the carrying amount of the asset to which the grant relates is reduced by the grant. The grant is then recognized as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

in CHF 1000.–

	Note	2024	2023
Export subsidies in Egypt		708	1 050
Other		66	139
TOTAL GOVERNMENT GRANTS		**774**	**1 189**

Government grants are recognized in the following type of expense/income:

in CHF 1000.–

		2024	2023
Government grants deducted from cost of sales		730	1 129
Government grants deducted from administrative expenses		-	20
Government grants included in other income	6	44	40
TOTAL GOVERNMENT GRANTS		**774**	**1 189**

Financial assets and liabilities

11. Financial Instruments

General

The Group classifies financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss or subsequently measured at amortised cost. The classification depends on the contractual cash flow characteristics and the Group's business model for managing them. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. Financial instruments are classified as current if they are expected to be realized within 12 months of the balance sheet date.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management to avoid an accounting mismatch.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial assets at amortised cost

Financial assets with fixed or determinable payments that are held to collect contractual cash flows and give rise on specified dates to cash flows representing solely payments of principal and interest. They arise when the Group provides goods or services to customers with no intention of trading the associated receivable or when the Group lends funds to other parties. Trade receivables are initially measured at the transaction price that is expected to be received and subsequently measured at amortised cost. Financial assets at amortised cost comprise cash and cash equivalents, trade receivables and certain other receivables. The allowance for bad debts is based on the expected credit loss model. Hero incorporates forward-looking information into its historical customer default rates, grouping receivables by customer sector and credit rating and taking into account the existence of collateral, if any. For trade receivables, Hero applies the simplified approach and recognises lifetime expected credit losses.

Financial assets and liabilities

Borrowings (Financial liabilities at amortised cost)

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI.
For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting including the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Cash flow hedges are accounted for, as described below:
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognized in profit or loss.

Financial assets and liabilities

Amounts recognized in OCI are accounted for depending on the nature of the underlying hedged transaction.

If the hedged transaction subsequently results in the recognition of a non-financial item, the amount is removed from the cash flow hedge reserve and included in the initial cost of the non-financial asset or liability. For other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss in the same periods during which the hedged cash flows affect profit or loss.

For put option policy see note 29.

Fair Value Estimation

The fair value of publicly traded derivatives and trading securities measured at fair value is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. The carrying amounts of short-term financial assets and liabilities are generally assumed to approximate to their fair values. For disclosure purposes, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Financial assets and liabilities

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments that are carried in the financial statements:

in CHF 1000.–		Carrying amount		Fair value	
	Note	2024	2023	2024	2023
Financial assets - cash flow hedges					
Current					
Foreign exchange and interest rate hedges		2 358	4 550	2 358	4 550
Financial assets at fair value through profit and loss					
Non-current					
S-Ventures shares		-	147	-	147
Financial assets measured at amortized cost					
Non-current					
Seller promissory note	14	21 222	19 051	21 222	19 051
Loans to related parties	36	436	166	436	166
Current					
Trade receivables	13	142 165	126 145	*	*
Cash and cash equivalents	12	66 367	68 226	*	*
Loans to third parties		-	514	*	*
Total (non-current and current)		**230 190**	**214 102**	**-**	**-**

Financial assets and liabilities

in CHF 1000.–		Carrying amount		Fair value	
	Note	2024	2023	2024	2023
Financial liabilities - cash flow hedges					
Current					
Foreign exchange hedges		561	4 365	962	4 365
Other financial liabilities measured at amortized cost					
Non-current					
Borrowings	15	50 000	100 015	49 993	99 982
Debentures	15	135 000	135 000	134 990	134 966
Put option liabilities over non-controlling interests	17	-	411	-	411
Current					
Trade and other payables	16	243 852	235 251	*	*
Borrowings	15	62 587	33 766	*	*
Put option liabilities over non-controlling interests		401	-	401	-
Earn-out liability on acquisition of Deliciously Ella	29	10 348	-	10 348	-
Total (non-current and current)		**502 188**	**529 875**	**-**	**-**

* The fair values approximate the carrying amounts, largely due to the short-term maturities of these instruments.

Fair value

The fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of financial assets has been calculated using market interest rates. The fair values of non-current borrowings and debentures is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. Put option over non-controlling interests are measured at the present value of the redemption amount.

Debentures

The Group issued CHF 135.0 million bonds on October 28, 2016. The bonds bear 1.00% interest p.a. The maturity date is October 28, 2026. The bonds are traded at the SIX Swiss Exchange. The bonds constitute direct, unconditional and unsubordinated obligations for Hero.

Seller promissory note

Part of the disposal consideration for Signature Brands was received in the form of a subordinated seller promissory note. The note was issued by TC Signature Purchaser LLC on October 25, 2018 at a principal amount of USD 31 million.

Financial assets and liabilities

Signature Brands, LLC promises to pay to Hero USA Inc. the principal amount and interest. The applicable interest rate is SOFR plus 8.25%. The final maturity date is May 30, 2029 (2023: August 4, 2028). The note can be partially or in full repaid earlier. In 2023 Hero received a repayment of USD 6.8 million (CHF 6.1 million). In 2019 Hero received a repayment of USD 12.7 million (CHF 12.6 million). The default risk has been evaluated. The current valuation includes a loss allowance equal to the lifetime expected credit loss (ECL).

Put option liability Baby Gourmet Foods Inc.

As of January 18, 2021, Hero bought 97% of the shares of Baby Gourmet Foods Inc. (Baby Gourmet). Hero paid an initial purchase price for these 97%. At the same time, Hero received a call option over the remaining 3% and is option writer of a put option over the remaining 3%.

The put option on the non-controlling interests of 3% over Baby Gourmet was recognized at an estimated present value of the redemption amount of CHF 1.0 million at the acquisition date. It is remeasured to CHF 0.4 million (2023: 0.4 million) as at the reporting date based on latest results of the company. The put option is classified as current liability.

Put option valuation:

Strike price: Enterprise value minus net debt +/- difference to net working capital target. Enterprise value is the result of a net sales and EBITDA multiple.
Exercise period: March 31, 2025 - June 30, 2025

Earn-out liability Deliciously Ella

As of September 14, 2024, Hero bought 100% of M&E Mills Ltd (Deliciously Ella). Hero paid an initial purchase price and agreed on an Earn-Out arrangement based on results (Net Sales and EBIT) from 2025-2026. As part of the accounting for the acquisition of Deliciously Ella, a contingent consideration (earn-out) with an estimated fair value of CHF 9.9 million was recognized at the acquisition date and remeasured to CHF 10.3 million as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is CHF 11 million. The contingent consideration is presented within other non-current liabilities in the balance sheet (see note 17).

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
During the reporting period ending December 31, 2024, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Financial assets and liabilities

As at December 31, 2024, the Group held the following financial instruments measured at fair value:

at December 31, 2024 in CHF 1000.–	Assets measured at fair value		Liabilities measured at fair value	
	Level 1	Level 2	Level 2	Level 3
Forward foreign exchange hedges	-	2 358	962	-
Earn-out liability on acquisition of Deliciously Ella	-	-	-	10 348

at December 31, 2023 in CHF 1000.–				
		Level 2	Level 2	Level 3
Forward foreign exchange hedges	-	4 550	4 365	-
S-Ventures shares	147	-	-	-

Earn-out liability on acquisitions

in CHF 1000.–	2024	2023
Balance at January 1,	-	-
Additions	9 932	-
Fair value change	132	-
Foreign exchange differences	284	-
Balance at December 31	**10 348**	**-**

Liabilities for which fair values are disclosed

in CHF 1000.–	2024			2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Borrowings	-	99 994	-	-	99 982	-
Debentures	134 990	-	-	134 966	-	-
Put option liabilities over non-controlling interests	-	-	401	-	-	411

Financial assets and liabilities

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as per December 31, 2024 are shown below:

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	SENSITIVITY OF THE INPUT TO THE FAIR VALUE
Earn-out liability	Multiple approach based on probability weighted scenarios	Net Sales EBIT	5% increase in net sales and EBIT = no change. 5% decrease in net sales and EBIT would result in a decrease in fair value by CHF 2.8 million.

The Group holds the following forward foreign exchange contracts:

in CHF 1000.–

	2024	2023
Contracts with positive fair values		
Notional amount of forward foreign exchange contracts	36 323	78 635
Contracts with negative fair values		
Notional amount of forward foreign exchange contracts	(179 466)	(132 332)

Financial assets and liabilities

The Group entered into forward foreign exchange contracts during financial year 2024 locking in several foreign exchange rates. The maturity of the open derivative positions is less than 12 months.

The effect of the cash flow hedge in the statement of profit or loss and other comprehensive income:

in CHF 1000.–

Year ended December 31, 2024	Total hedging gain / (loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss (cost of sales)
Highly probable forecast transaction	737	-	-	(633)
Total	**737**	**-**	**-**	**(633)**
Year ended December 31, 2023				
Highly probable forecast transaction	(633)	-	-	355
Total	**(633)**	**-**	**-**	**355**

12. Cash and Cash Equivalents

in CHF 1000.–

	Note	2024	2023
Cash at banks		66 367	67 560
Cash equivalents		-	666
TOTAL CASH AND CASH EQUIVALENTS	**11**	**66 367**	**68 226**

Cash and cash equivalents at the end of the period include deposits with banks of CHF 0.5 million (2023: CHF 8.5 million) held by some subsidiaries which are not freely transferable to the holding company because those deposits are used to secure bank facilities and guarantees or blocked by exchange control regulations. Cash equivalents contain cheques. The weighted average effective interest rate on cash and cash equivalents in 2024 was 1.90% (2023: 2.00%).

Financial assets and liabilities

13. Trade Receivables, Prepayments and Other Receivables

in CHF 1000.–

	Note	2024	2023
Trade receivables from customers		143 583	128 287
Trade receivables from related and associated parties		575	550
Less: Allowance for expected credit losses		(1 993)	(2 692)
TRADE RECEIVABLES NET	**11**	**142 165**	**126 145**
Prepayments		7 631	6 031
VAT		10 622	9 787
Other receivables		6 170	6 290
TOTAL RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES		**166 588**	**148 253**

Other receivables consist primarily of balances resulting from VAT and other non-income taxes.

Allowance for expected credit losses

in CHF 1000.–

	2024	2023
Balance at January 1	(2 692)	(2 262)
Charge for the year	(108)	(718)
Amounts used / written off	(34)	20
Unused amounts reversed	681	67
Exchange rate differences	160	201
BALANCE AT DECEMBER 31	**(1 993)**	**(2 692)**

Financial assets and liabilities

Maturity of trade receivables

Year ended December 31, 2024 in CHF 1000.–

	Total carrying amount	Of which are not overdue	Overdue < 30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue 90-120 days	Overdue > 120 days
Trade receivables, gross	144 158	122 123	14 463	2 494	1 465	2 103	1 510
Allowance for expected credit losses	(1 993)	(724)	(30)	(37)	-	-	(1 202)
TRADE RECEIVABLES, NET	**142 165**	**121 399**	**14 433**	**2 457**	**1 465**	**2 103**	**308**

Year ended December 31, 2023 in CHF 1000.–

	Total carrying amount	Of which are not overdue	Overdue < 30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue 90-120 days	Overdue > 120 days
Trade receivables, gross	128 837	112 996	8 667	1 414	1 140	888	3 732
Allowance for expected credit losses	(2 692)	(556)	(117)	(18)	(18)	(10)	(1 973)
TRADE RECEIVABLES, NET	**126 145**	**112 440**	**8 550**	**1 396**	**1 122**	**878**	**1 759**

14. Non-current Receivables

in CHF 1000.–

	Note	2024	2023
Reimbursement rights of Schwartauer Werke	22	-	589
Long term incentive plan loan receivable	11	436	166
Seller promissory note	11	21 222	19 051
Other non-current receivables		4 010	5 258
TOTAL NON-CURRENT RECEIVABLES		**25 668**	**25 064**

In 2024 (and 2023), other non-current receivables mostly relate to prepaid taxes on uncertain tax treatment.

Financial assets and liabilities

15. Borrowings and Leases

in CHF 1000.–

	Note	2024	2023
Current			
Bank borrowings and overdrafts	11	60 356	32 224
Loan liabilities third parties	11	2 231	1 542
Lease liabilities	19	5 960	4 898
TOTAL CURRENT BORROWINGS AND LEASES		**68 547**	**38 664**
Non-current			
Bank borrowings	11	50 000	100 000
Loan liabilities third parties	11	-	15
Lease liabilities	19	22 089	16 767
Debentures	11	135 000	135 000
TOTAL NON-CURRENT BORROWINGS AND LEASES		**207 089**	**251 782**

Covenants

Hero is engaged in different kinds of financings and most of them are related to certain financial covenants. The main covenants are Net Debt / EBITDA and interest coverage. Covenants are tested and reported on a half-year basis. As per December 31, 2024 and 2023 no covenant was breached.

Bank and loan liabilities

The weighted average effective interest expense rate for bank and loan liabilities in 2024 was 42.09% for Emerging Markets and 0.94% outside Emerging markets (2023: 22.31% for Emerging Markets and 1.31% outside Emerging markets). The interest rates for the majority of current bank overdrafts and loan liabilities were between 15.00% - 56.00% for Emerging Markets and 1.73% - 2.20% excluding Emerging Markets (2023: 9.00% - 48.00% for Emerging Markets and 2.25% - 3.00% excluding Emerging Markets). Non-current borrowings had a weighted average fixed interest rate of 0.88% (2023: 0.88%).

Debentures

Debentures of CHF 135 million issued in 2016 mature on October 28, 2026 and carry interest of 1.0%.

Financial assets and liabilities

Reconciliation of borrowings/liabilities arising from financing activities	Non-current borrowings and leases	Current borrowings and leases
BALANCE AT DECEMBER 31, 2022/JANUARY 1, 2023	**249 311**	**10 959**
Repayment of bank loans	-	(2 480)
Proceeds from bank loans	-	31 316
Repayment of financial liabilities	(28)	-
Proceeds from financial liabilities	-	722
Payment of lease liabilities	-	(6 591)
New lease liabilities	10 977	-
Changes of lease liabilities	(7)	-
Reclassifications of lease liabilities	(6 909)	6 909
Amortization of bond discounts	-	95
Foreign currency translation effects	(1 562)	(2 266)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**251 782**	**38 664**
Repayment of bank loans	-	(29 970)
Proceeds from bank loans	-	9 118
Repayment of financial liabilities	(14)	(579)
Proceeds from financial liabilities	-	1 236
Payment of lease liabilities	-	(6 419)
New lease liabilities	11 911	-
Changes of lease liabilities	(222)	-
Reclassifications of lease liabilities	(6 999)	6 999
Acquisition of a subsidiary	932	-
Amortization of bond discounts	-	144
Reclassifications of lbank loans	(50 000)	50 000
Foreign currency translation effects	(301)	(646)
BALANCE AT DECEMBER 31, 2024	**207 089**	**68 547**

Financial assets and liabilities

16. Trade and Other Payables

in CHF 1000.–

	Note	2024	2023
Trade payables	11	107 828	111 468
Amounts due to related and associated companies	11, 36	-	132
Accrued expenses	11	131 490	116 244
VAT and other taxes		8 552	6 405
Social security		2 718	2 912
Put option liabilities	11	401	-
Other payables	11	4 534	7 407
TOTAL TRADE AND OTHER PAYABLES		**255 523**	**244 568**

Other Payables consist primarily of obligations arising from customer credit balances and short-term incentive plan liabilities.

17. Other Non-current Liabilities

in CHF 1000.–

	Note	2024	2023
Put option liabilities	11	-	411
Withholding taxes		100	99
Income taxes		1 350	666
Earn-out liability	11	10 348	-
Other liabilities		620	593
TOTAL OTHER NON-CURRENT LIABILITIES		**12 418**	**1 769**

18. Property, Plant and Equipment

Tangible fixed assets, other than land, are recorded at historical acquisition cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is charged to the income statement during the financial period in which they are incurred. Depreciation is recorded on a straight-line basis over the course of the useful life of the asset. Land is not depreciated. The general useful lives for various asset categories can be summarized as follows:

- Buildings (25 to 50 years),
- Fixtures and fittings (up to 20 years),
- Plant and machinery (8 to 15 years),
- Motor vehicles (4 to 10 years),
- Furniture (5 to 10 years),
- Information technology hardware (3 to 5 years).

Gains or losses arising from the disposal of property, plant and equipment assets are recorded in the income statement as part of operating profit. Land is recognized at fair value, based on periodic valuations by external independent valuers. Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income in the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other comprehensive income in other reserves (revaluation reserve); all other decreases are charged to the income statement. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

in CHF 1000.–

Property, Plant and Equipment	Land	Buildings	Plant and machinery	Other equipment	TOTAL
Cost or valuation					
BALANCE AT JANUARY 1, 2023	**33 126**	**235 498**	**441 908**	**50 400**	**760 932**
Additions	-	2 599	15 929	7 263	25 791
Derecognition/disposals of assets	-	-	(4 534)	(1 772)	(6 306)
Reclassification to assets held for sale	(53)	(789)	(2 523)	(754)	(4 119)
Foreign exchange differences & hyperinflation adjustments	(2 131)	(16 686)	(30 743)	(4 565)	(54 125)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**30 942**	**220 622**	**420 037**	**50 572**	**722 173**
Additions	29	1 197	20 708	17 352	39 286
Acquisitions of subsidiary (Note 21)	-	-	646	474	1 120
Derecognition/disposals of assets	(4 973)	(24 478)	(58 428)	(1 537)	(89 416)
Revaluation	9 511	-	-	-	9 511
Reclassification	-	-	(330)	(1 005)	(1 335)
Foreign exchange differences & hyperinflation adjustments	(2 184)	8 166	14 054	38	20 074
BALANCE AT DECEMBER 31, 2024	**33 325**	**205 507**	**396 687**	**65 894**	**701 413**
Accumulated depreciation					
BALANCE AT JANUARY 1, 2023	**18**	**95 154**	**303 232**	**34 913**	**433 317**
Additions	2	6 230	21 859	3 323	31 414
Derecognition/disposals of assets	-	-	(3 215)	(1 670)	(4 885)
Impairment	151	10 418	17 172	329	28 070
Revaluation	1 151	-	-	-	1 151
Reclassification to assets held for sale	(19)	(187)	(1 943)	-	(2 149)
Foreign exchange differences & hyperinflation adjustments	(3)	(6 755)	(21 455)	(3 178)	(31 391)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**1 300**	**104 860**	**315 650**	**33 717**	**455 527**
Additions	-	6 020	20 816	3 965	30 801
Derecognition/disposals of assets	(1 300)	(20 504)	(48 995)	(1 537)	(72 336)
Impairment	-	-	13 600	-	13 600
Foreign exchange differences & hyperinflation adjustments	-	3 128	12 069	233	15 430
BALANCE AT DECEMBER 31, 2024	**-**	**93 504**	**313 140**	**33 378**	**443 022**
Carrying amount					
At December 31, 2023	29 642	115 762	104 387	16 855	**266 646**
At December 31, 2024	33 325	112 003	83 547	29 516	**258 391**

Revaluation of land

Land is carried at revalued amounts.

	2024				2023			
Country	**Fair Value**	**Price / m2**	**Valuation Date**	**External Valuation**	**Fair Value**	**Price / m2**	**Valuation Date**	**External Valuation**
Switzerland	2 349	CHF 497	December 2024	Recent transaction	5 094	CHF 300	December 2023	BDO
Germany	11 274	EUR 65	September 2024	Marsh	9 396	EUR 55	September 2021	Marsh
Spain	5 944	EUR 74	August 2024	gesvalt	5 457	EUR 69	August 2021	gesvalt
Sweden	-	-	-	-	76	SEK 74	September 2021	Svefa
Brazil	3 254	BRL 199	August 2024	CPCON	3 267	BRL 169	October 2021	CPCON
Türkiye	6 116	TRY 9 565	August 2024	TSKB	2 510	TRY 1 050	August 2021	TSKB
Egypt	1 976	EGP 2 650	July 2024	Elhabashy	1 999	EGP 1 750	September 2021	Elhabashy
USA	2 412	USD 7	September 2024	Armstrong Appraisals	1 844	USD 6	December 2021	Armstrong Appraisals
TOTAL	**33 325**	**N/A**			**29 642**	**N/A**		

In the fair value measurement hierarchy of the Group land is classified as level 3 fair value instrument using significant unobservable inputs.

The fair value of the land was determined by using mainly market comparable methods. This means that valuations performed by the appraisers are based on active market prices, adjusted for difference in the nature, location or condition of the specific land.

If land were stated on the historical cost basis, the amounts would be as follows:

in CHF 1000.–

	2024	2023
Balance at January 1	17 964	18 653
Disposal of Land	(3 491)	-
Foreign exchange differences	(1 515)	(689)
BALANCE AT DECEMBER 31	**12 958**	**17 964**

19. Right-of-use Assets and Lease Liabilities

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

I) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. The Group elected to apply the practical expedient IFRS 16.15 not to separate non-lease components from lease components.

In calculating the present value of lease payments, the Group uses either the interest rate implicit in the lease contract or its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

in CHF 1000.–

	Buildings	Plant and machinery	Other equipment	Total
Gross				
BALANCE AT JANUARY 1, 2023	**26 504**	**2 911**	**11 591**	**41 006**
Additions	6 669	347	3 961	10 977
Contract modifications & remeasurements	(7 045)	(63)	(2 302)	(9 410)
Foreign exchange differences & hyperinflation adjustment	(2 408)	(192)	(586)	(3 186)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**23 720**	**3 003**	**12 664**	**39 387**
Additions	8 365	397	3 622	12 384
Acquisition of a subsidiary	835	99	-	934
Contract modifications & remeasurements	(889)	(79)	(1 777)	(2 745)
Foreign exchange differences & hyperinflation adjustment	(198)	72	362	236
BALANCE AT DECEMBER 31, 2024	**31 833**	**3 492**	**14 871**	**50 196**
Accumulated depreciation				
BALANCE AT JANUARY 1, 2023	**13 586**	**1 562**	**7 649**	**22 797**
Additions	3 757	319	2 871	6 947
Contract modifications & remeasurements	(7 045)	(63)	(2 302)	(9 410)
Foreign exchange differences & hyperinflation adjustment	(1 039)	(114)	(446)	(1 599)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**9 259**	**1 704**	**7 772**	**18 735**
Additions	3 520	469	2 659	6 648
Contract modifications & remeasurements	(768)	(79)	(1 685)	(2 532)
Foreign exchange differences & hyperinflation adjustment	(176)	44	208	76
BALANCE AT DECEMBER 31, 2024	**11 835**	**2 138**	**8 954**	**22 927**
Carrying amount				
At December 31, 2023	14 461	1 299	4 892	20 652
At December 31, 2024	19 888	1 354	5 917	27 159

Set out below are the carrying amounts of lease liabilities and the movements during the period:

in CHF 1000.–

	Note	2024	2023
As at 1 January		21 665	19 252
Additions		12 384	10 977
Acquisition of a subsidiary		934	-
Decreases		(222)	(7)
Accretion of interest		1 282	914
Payments of lease liabilities including interest		(7 701)	(7 505)
Foreign exchange differences		(293)	(1 966)
AS AT 31 DECEMBER		**28 049**	**21 665**
Thereof non-current	15	22 089	16 767
Thereof current	15	5 960	4 898

The following are the amounts recognised in the income statement:

in CHF 1000.–

	2024	2023
Depreciation expense of right-of-use assets	(6 648)	(6 947)
Interest expense on lease liabilities	(1 282)	(914)
Expense relating to short-term leases	(1 887)	(1 879)
Expense relating of low-value assets	(780)	(803)
Variable lease payments	(997)	(868)
TOTAL AMOUNT RECOGNISED IN THE INCOME STATEMENT	**(11 594)**	**(11 411)**

The Group had total cash outflows for leases of CHF 11.4 million in 2024 (2023: CHF 11.1 million)

Non-financial assets and liabilities

20. Intangible Assets

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

These cash-generating units represent countries or clusters, depending on at which level the goodwill is monitored for internal management purposes.

As a result, impairment tests are carried out on a country level for some and on a cluster level for other goodwill positions.

Based on the impairment tests, no goodwill impairment is required for any of the cash-generating units (see note 37).

Brands with an indefinite useful life are carried at historical cost (generally fair value in a business combination) less accumulated impairment losses and are tested annually for impairment using a value in use calculation. Brands are classified as indefinite useful life brands if the brand has sufficient history and the Group has no intention of re-branding.

Brands and other intangible assets with a finite useful life are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the costs over their estimated useful lives:

- Brands (up to 20 years),
- Software (1 to 10 years),
- Customer relationships (up to 10 years),
- Distribution Network (up to 5 years),
- Other intangibles (3 to 5 years).

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually or when there is an indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at each reporting date.

Non-financial assets and liabilities

Research and Development Costs

Research costs are recorded in the income statement in the period in which they are incurred. Development costs are recognized as intangible assets to the extent that they meet the recognition criteria of IAS 38.

Following initial recognition of development expenditure as an asset, the asset is carried at cost less accumulated amortization and accumulated impairment losses. Development costs are amortized on a straight-line- basis over the period of their expected benefit or tested for impairment annually. Other development costs are recorded in the income statement in the period in which they are incurred.

Non-financial assets and liabilities

in CHF 1000.–	Goodwill	Brands	Customer relations/ distribution networks	Other intangible assets	Total
Cost					
BALANCE AT JANUARY 1, 2023	**339 555**	**178 983**	**25 000**	**61 091**	**604 629**
Additions	-	-	-	10 924	10 924
Derecognition/disposals of assets	-	-	-	(833)	(833)
Reclassification to held for sale	(3 700)	-	-	-	(3 700)
Foreign exchange differences & hyperinflation adjustments	(18 054)	(7 337)	(1 268)	(2 063)	(28 722)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**317 801**	**171 646**	**23 732**	**69 119**	**582 298**
Additions	-	-	-	6 435	6 435
Acquisition of subsidiaries	30 372	9 526	5 149	1 070	46 117
Derecognition/disposals of assets/business	-	-	-	(1 036)	(1 036)
Reclassification	-	-	-	1 335	1 335
Foreign exchange differences & hyperinflation adjustments	4 090	2 292	639	1 071	8 092
BALANCE AT DECEMBER 31, 2024	**352 263**	**183 464**	**29 520**	**77 994**	**643 241**
Accumulated amortization					
BALANCE AT JANUARY 1, 2023	**32 490**	**56 539**	**21 315**	**33 155**	**143 499**
Additions	-	-	759	1 854	2 613
Derecognition/disposals of assets	-	-	-	(888)	(888)
Impairment	-	-	-	1 810	1 810
Foreign exchange differences & hyperinflation adjustments	(1 364)	(101)	(1 119)	(1 937)	(4 521)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**31 126**	**56 438**	**20 955**	**33 994**	**142 513**
Additions	-	-	870	3 695	4 565
Derecognition/disposals of assets	-	-	-	(998)	(998)
Foreign exchange differences & hyperinflation adjustments	1 015	31	537	807	2 390
BALANCE AT DECEMBER 31, 2024	**32 141**	**56 469**	**22 362**	**37 498**	**148 470**
Carrying amount					
At December 31, 2023	286 675	115 208	2 777	35 125	**439 785**
At December 31, 2024	320 122	126 995	7 158	40 496	**494 771**

Non-financial assets and liabilities

Other intangibles

Other intangibles mainly include licenses, software, patents, recipes and development costs.

In 2024, TCHF 5 886 development costs (mainly software) were capitalized (2023: TCHF 8 655). It includes mainly the ongoing implementation of a new group wide Enterprise Resource Planning (ERP) system. The carrying value of the new group wide ERP asset as of December 31, 2024 is CHF 30.6 million (2023: 26.1 million). Amortization period is 10 years.

Impairment tests

Goodwill and intangible assets with indefinite useful lives are allocated to the respective cash-generating units (CGUs), which for goodwill primarily represents a geographical cluster. The recoverable amount of a CGU is determined based on value-in-use calculations. In 2024 as well as in 2023, the recoverable amounts exceeded the carrying amounts for all CGUs.

Hero's major single goodwill and brand positions as well as management's key assumption are summarized below:

December 31, 2024 Cluster & Country-CGU	Goodwill	Indef. life brands	Perpetual growth	Wacc pre-tax	Growth rates p.a. years 2025-2030	Profit margin change between years 2025 and 2030	Impairment
		in CHF million	in %	in %	in %	in pp	
Cluster Central Europe	142.4	21.4	2.3	7.9	(0.4)- 5.2	0.4	no
Cluster Northern Europe	140.4	63.3	5.9	8.4	(2.1) - 6.0	3.1	no
Cluster MEA & Türkiye	0.9	-	7.4	25.0	5.0 - 27.8	2.5	no
Beech-Nut	-	16.1	4.3	18.8	2.4 - 4.3	-	no
Hero Brazil	2.6	2.2	5.1	13.9	5.1 - 24.0	18.9	no
erdbär	25.4	17.9	2.4	8.5	2.4 - 8.4	6.7	no
Baby Gourmet	8.4	6.0	3.2	8.6	(1.5) - 3.2	7.5	no
TOTAL	**320.1**	**126.9**					

December 31, 2023 Cluster & Country-CGU	Goodwill	Indef. life brands	Perpetual growth	Wacc pre-tax	Growth rates p.a. years 2024-2029	Profit margin change between years 2024 and 2029	Impairment
		in CHF million	in %	in %	in %	in pp	
Cluster Central Europe	139.8	21.1	2.6	7.7	2.3 - 7.4	0.7	no
Cluster Northern Europe	108.9	52.9	3.8	8.5	(5.1) - 3.8	2.3	no
Cluster MEA & Türkiye	1.4	-	9.2	24.8	6.9 - 34.2	0.7	no
Beech-Nut	-	14.9	4.8	18.4	4.8 - 6.4	-	no
Hero Brazil	3.1	2.6	5.8	16.7	4.4 - 28.2	2.4	no
erdbär	24.9	17.6	2.8	8.0	2.8 - 17.6	0.7	no
Baby Gourmet	8.6	6.1	4.0	8.0	(6.4) - 9.1	5.4	no
TOTAL	**286.7**	**115.2**					

21. Development of Deferred Tax Assets and Liabilities

Deferred income tax is calculated using the balance sheet liability method. Where the tax base of an asset or liability differs from its carrying amount, deferred tax liabilities or assets are recorded.

Unused tax credits and unused tax losses which may be carried forward to future accounting periods are capitalized as deferred tax assets in so far as it is probable that future taxable income will be generated in the same tax entity and same taxation authority and the said losses may be applied against such profits.

The carrying amount of deferred income taxes is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Locally enacted or substantively enacted tax rates are used in order to value the tax effect of temporary differences. When these tax rates change, deferred taxes are adjusted accordingly. Adjustments to deferred income taxes are directly booked to the income statement as part of the tax expense.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Deferred income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

in CHF 1000.–

	Deferred tax assets 2024	Deferred tax liabilities 2024	Deferred tax assets 2023	Deferred tax liabilities 2023
Assets				
Property, plant and equipment	3 512	(16 945)	3 243	(20 571)
Intangible assets	8 307	(48 595)	6 609	(42 670)
Right-of-use assets	-	(5 580)	103	(2 044)
Financial assets	-	(91)	539	(1 725)
Trade receivables, prepayments and other receivables	752	(4)	624	(1)
Inventories	297	(1 179)	1 199	(1 260)
Liabilities				
Net employee defined benefit assets/liabilities	3 788	(1 649)	4 183	(107)
Accruals and provisions	3 479	(285)	3 289	(384)
Trade and other payables	6	(2 639)	286	(3 049)
Lease liabilities	5 610	-	2 652	(83)
Financial liabilities	449	(13)	453	(122)
Capitalized unused tax losses and tax credits	17 694	-	22 101	-
TOTAL DEFERRED TAXES	**43 894**	**(76 980)**	**45 281**	**(72 016)**
DEFERRED TAXES, NET	**-**	**(33 086)**	**-**	**(26 735)**

Reflected in the consolidated balance sheet as follows:

in CHF 1000.–

	2024	2023
Deferred tax assets	15 723	11 418
Deferred tax liabilities	(48 809)	(38 153)
DEFERRED TAX (LIABILITIES) / ASSETS, NET	**(33 086)**	**(26 735)**

Unrecognized deferred tax assets for unused tax losses

in CHF 1000.–

	2024	2023
Unrecognized deferred tax assets expire in:		
reporting year +1	-	-
reporting year +2	-	-
reporting year +3	-	-
reporting year +4	551	-
reporting year +5 and beyond	23 974	20 921
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS FOR UNUSED TAX LOSSES	**24 525**	**20 921**

Net deferred tax assets / (liabilities)

in CHF 1000.–

	Note	2024	2023
Balance at January 1		(26 735)	(34 301)
Deferred tax income / (expense)	8	1 023	6 867
Change in scope of consolidation	29	(4 011)	-
Deferred taxes directly recognized in OCI		(3 988)	(301)
Deferred taxes directly recognized in retained earnings		-	(402)
Reclasses		703	(132)
Foreign exchange differences and hyperinflation adjustments		(78)	1 534
BALANCE AT DECEMBER 31		**(33 086)**	**(26 735)**

At December 31, 2024, there was no recognized deferred tax liability (2023: 0) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The temporary differences associated with investments in subsidiaries for which a deferred tax liability has not been recognized, aggregate to CHF 27.4 million (2023: CHF 28.1 million).

22. Defined Benefit Obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions as well as changes in the effect of the asset ceiling are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately as an expense in the income statement.

Depending on the legal, economic and fiscal circumstances in each country, different retirement benefit systems are provided for the employees of the Group. As a rule, these systems are based on length of service and salary of the employees. Pension obligations in the Group relate to both defined benefit and defined contribution plans. Defined benefit plans are funded and unfunded. Most Group companies sponsor defined benefit pension schemes which are funded by payments to separate trustee-administered funds. The obligations of German companies are unfunded. The latest actuarial valuations under IAS 19 were carried out as at December 31, 2024, for all significant pension plans. The Group's largest pension plans are in Switzerland and Germany (Schwartauer Werke). They account for 91% (2023: 91%) of the Group's defined benefit obligations and 94% (2023: 94%) of the Group's plan assets.

Pension plans in Switzerland

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are overseen by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension commitment by altering the conversion rates or increasing current contributions. The employer can also make additional restructuring contributions. The BVG prescribes how employees and employer have to jointly fund potential restructurings.

The Swiss pension plan "Hero Pensionskasse" has the legal structure of a foundation. All actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an annual actuarial report is drawn up in accordance with the requirements of the BVG. The report is not produced using the projected unit credit method, as required by IFRS Accounting Standards. The definitive funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status at December 31, 2024 is 116% (2023: 112%, final). In addition, a report is prepared annually in accordance with IFRS requirements.

The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy whenever necessary – especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the foundation's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy). The Board of

Trustees delegates the implementation of the investment policy – in accordance with the investment strategy as well as various principles and objectives – to an external Investment Trust. The Swiss pension plan "Hero Pensionskasse" is treated as defined benefit plan under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company. The pension plan in Switzerland has been set up according to the Swiss method of defined contributions but does not fulfill all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the Swiss pension plan is treated as defined benefit plan in the consolidated financial statements.

Pension plan Schwartauer Werke, Germany Schwartauer Werke grants pension benefits to its employees in addition to the state plan. The plan is an unfunded plan and the risks associated to the plan are covered by pension liabilities of Schwartauer Werke. Reimbursement rights under an insurance policy that exactly matched the amount and timing of the benefits payable under the pension scheme were settled in 2024 (2023: TCHF 589 disclosed as an asset, see note 14).

Employee benefits are mainly based on three components: 1) direct obligation with no contributions of employees; 2) indirect obligations with no contributions of employees; 3) direct obligation with contributions of employees.

All employees under regular and permanent employment are entitled to participate in the plan. Employees need to have a minimum age of 30 years and a minimum time of service of three years. Employees are entitled to retirement capital, early retirement capital, old-age pension, disability pension and survivor benefits depending on the employees reinsurance value.

Multi-employer plans

The Group has multi-employer defined benefit plans in the US, the Netherlands and Sweden. For these plans there is no consistent and reliable basis for allocating the obligation, plan assets and cost of the plans to the individual entities participating in the plan. Therefore, defined benefit accounting cannot be used and these plans are treated as a defined contribution plans in accordance with IAS 19. Expected contributions for 2025 are TCHF 1 077.

The most significant multi-employer plan is Beech-Nut Bakery and Confectionery Union and Industry International Health Benefits and Pension Fund (B&C Pension fund). It is funded by employer contributions made pursuant to collective bargaining agreements between employers and the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union. The plan is funded on an hours worked basis. The rate is set based on the pension rules. The plan rates are set by the Pension Board of Trustees. This Board consists of 6 employers and 6 union officials. Beech-Nut's share in the scheme is approximately 0.4% of the plan (2023: 0.4%).

The scheme shows 2024 based on latest information a USD 4.5 billion deficit (2023: USD 4.7 billion deficit).

Due to its funding issues, and as required by Employee Retirement Income Security Act (ERISA), the plan has been operating under a "rehabilitation plan" since 2012. The rehabilitation plan is designed to "forestall" the B&C Fund's insolvency.

The plan may become eligible for relief under legislation being considered by the U.S. Congress. Congress members introduced the Emergency Pension Plan Relief Act of 2021 (EPPRA), which would provide funding relief to plans that are in critical and declining status.

The table below outlines where the Group's post-employment amounts and activity are included in the financial statements:

Amounts recognized in the balance sheet:

in CHF 1000.–

	2024	2023
Switzerland		
Present value of funded obligations	78 879	79 741
(Fair value of plan assets)	(90 257)	(88 596)
Surplus of funded obligations	(11 381)	(8 855)
Asset ceiling	0	8 209
(ASSET) IN THE BALANCE SHEET	**(11 381)**	**(646)**
Germany		
Present value of unfunded obligations	23 203	25 442
LIABILITY IN THE BALANCE SHEET	**23 203**	**25 442**
Other		
Present value of funded obligations	5 766	5 735
(Fair value of plan assets)	(5 798)	(5 386)
(Surplus)/Deficit of funded obligations	(32)	349
Present value of unfunded obligations	4 750	4 925
Total deficit of defined benefit pension plans	4 718	5 274
LIABILITY IN THE BALANCE SHEET	**4 718**	**5 274**
Total		
Present value of funded obligations	84 642	85 476
(Fair value of plan assets)	(96 055)	(93 982)
Surplus of funded obligations	(11 413)	(8 506)
Present value of unfunded obligations	27 921	30 367
Total deficit of defined benefit pension plans	**16 540**	**21 861**
Asset ceiling	**0**	**8 209**
(ASSET) IN THE BALANCE SHEET	**(11 381)**	**(646)**
LIABILITY IN THE BALANCE SHEET	**27 921**	**30 716**

Movement in the net defined benefit obligation over the year:

in CHF 1000.–	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
BALANCE AT JANUARY 1, 2023	**114 676**	**(91 437)**	**23 239**	**11 796**	**35 035**
Current service cost	1 754	-	1 754	-	1 754
Interest expense/(income)	3 070	(2 224)	846	271	1 118
	4 824	**(2 224)**	**2 600**	**-**	**2 871**
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense/(income)	-	(1 744)	(1 744)	-	(1 744)
Loss from change in financial assumptions*	4 056	-	4 056	-	4 056
Experience loss	104	-	104	-	104
Change in asset ceiling, excl. amounts incl. in interest expense/(income)	-	-	-	(3 858)	(3 858)
	4 160	**(1 744)**	**2 416**	**(3 858)**	**(1 442)**
Contributions:					
Employers	-	(1 786)	(1 786)	-	(1 786)
Plan participants	1 535	(1 535)	-	-	-
Payments from plans:					
Benefit payments	(6 841)	4 172	(2 669)	-	(2 699)
Foreign exchange differences	(2 509)	570	(1 939)	-	(1 939)
AT DECEMBER 31, 2023	**115 845**	**(93 984)**	**21 861**	**8 209**	**30 070**

* Mainly discount rate decrease

Movement in the net defined benefit obligation over the year:

in CHF 1000.–	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**115 845**	**(93 984)**	**21 861**	**8 209**	**30 070**
Current service cost	1 428	-	1 428	-	1 428
Interest expense/(income)	2 545	(1 578)	967	132	1 099
	3 973	**(1 578)**	**2 395**	**132**	**2 527**
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense/(income)	-	(4 804)	(4 804)	-	(4 804)
Loss from change in financial assumptions*	2 389	-	2 389	-	2 389
Experience gain	(1 855)	-	(1 855)	-	(1 855)
Change in asset ceiling, excl. amounts incl. in interest expense/(income)	-	-	-	(8 341)	(8 341)
	534	**(4 804)**	**(4 270)**	**(8 341)**	**(12 611)**
Contributions:					
Employers	-	(1 776)	(1 776)	-	(1 776)
Plan participants	1 490	(1 490)	-	-	-
Payments from plans:					
Benefit payments	(5 752)	3 495	(2 257)	-	(2 257)
Curtailments	(4 500)	4 500	-	-	-
Foreign exchange differences	1 005	(418)	587	-	587
AT DECEMBER 31, 2024	**112 595**	**(96 055)**	**16 540**	**-**	**16 540**

* Mainly discount rate decrease

Significant actuarial assumptions:

	Switzerland		Germany		Other*	
in %	2024	2023	2024	2023	2024	2023
Discount rate	1.00	1.50	3.60	3.70	4.02	3.72
Salary growth rate	1.25	1.50	2.50	3.00	0.03	0.03
Pension growth rate	0.00	0.00	2.10	2.60	1.33	1.27

* weighted average

Assumptions regarding future mortality:

Average life expectancy in years for a pensioner retiring at age 65:

	Switzerland		Germany		Other*	
in years	2024	2023	2024	2023	2024	2023
Retiring at the end of the reporting period:						
Male	23	23	21	21	21	21
Female	25	25	24	24	24	24
Retiring 20 years after the end of the reporting period:						
Male	25	25	24	24	23	23
Female	27	27	27	26	25	25

* weighted average

Sensitivity of the defined benefit obligation:

2024

in CHF 1000.–

		Impact on defined benefit obligation			
	Change in assumption	Increase in assumption		Decrease in assumption	
Discount rate	0.50%	(5 677)	(5.0%)	6 197	5.5%
Salary growth rate	0.50%	494	0.4%	(464)	(0.4%)
Pension growth rate	0.25%	2 158	1.9%	(633)*	(0.6%)
		Increase by 1 year in assumption		Decrease by 1 year in assumption	
Life expectancy		3 375	3.0%	(3 037)	(2.7%)

* Since it is legally not enforceable, a decrease of the pension growth rate is not applicable for the pension plans in Switzerland.

Sensitivity of the defined benefit obligation:

2023

in CHF 1000.–

		Impact on defined benefit obligation			
	Change in assumption	Increase in assumption		Decrease in assumption	
Discount rate	0.50%	(5 788)	(5.0%)	6 286	5.4%
Salary growth rate	0.50%	493	0.4%	(573)	(0.5%)
Pension growth rate	0.25%	2 073	1.8%	(700)*	(0.6%)
		Increase by 1 year in assumption		Decrease by 1 year in assumption	
Life expectancy		3 357	2.9%	(3 067)	(2.6%)

* Since it is legally not enforceable, a decrease of the pension growth rate is not applicable for the pension plans in Switzerland.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Composition of plan assets:

Plan assets are comprised as follows:
in CHF 1000.–

	2024	in %	2023	in %
Equity instruments	28 515	29.7	26 118	27.8
Bonds	39 584	41.2	37 806	40.2
Property	26 373	27.5	25 606	27.2
Cash and cash equivalents	1 583	1.7	4 454	4.7
TOTAL	**96 055**	**100.0**	**93 984**	**100.0**

The assets of the Swiss pension funds which represent 94% (2023: 94%) of the Group's plan assets are comprised of:

- 28% (2023: 26%) Equity instruments with quoted prices in an active market (level 1 fair value classification).
- 41% (2023: 40%) Bonds with quoted prices in an active market (level 1 fair value classification).
- 29% (2023: 29%) Property with quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data (level 2 fair value classification).
- 2% (2023: 5%) Cash and cash equivalents.

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. In case of the funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its pension scheme risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in bonds, although the Group also invests in property, equity, cash and alternative investments.

Expected contributions

Expected contributions to post-employment benefit plans for the year ending December 31, 2025 are TCHF 1 653.

Weighted average duration

The weighted average duration of the defined benefit obligations are:

	Switzerland		Germany		Other*	
	2024	2023	2024	2023	2024	2023
in years	11	11	12	12	10	10

* weighted average

23. Provisions

Provisions arise from restructuring programs, legal claims, and potential liabilities from normal operations. A provision is recognized in cases where the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Severance and redundancy payments relating to restructuring are provided for when the Group has committed itself to such restructuring programs, when the location, function and number of employees to be laid off or re-deployed is known and has raised a valid expectation in those affected. Provisions are not recognized for future operating losses. In case the effect of time value is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

in CHF 1000.–

	Litigation	Employee related	Other	Total
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**2 083**	**12 480**	**3 828**	**18 391**
Additional provisions	117	6 601	950	7 668
Utilized	-	(475)	(652)	(1 127)
Unused amounts reversed/reclassifications	(4)	(1 789)	(1 285)	(3 078)
Foreign exchange differences	(15)	106	(437)	(346)
BALANCE AT DECEMBER 31, 2024	**2 181**	**16 923**	**2 404**	**21 508**
Analysis of total provisions				
Current provisions	18	-	1 555	**1 573**
Non-current provisions	2 163	16 923	849	**19 934**

Litigation

The amounts represent a provision for certain legal claims brought against the Group.

Employee related

This position represents a provision for long term incentive plans in the amount of CHF 11.5 million (2023: CHF 8.5 million) as well as provisions for jubilee, early retirement and indemnity payments.

Power of One long-term incentive plan

As per January 1, 2019, the Group introduced an additional incentive plan for the members of the Group executive board and the members of the leadership circle including the general managers of the subsidiaries and functional heads of Hero. The plan is linked to the achievement of strategic KPI's and the performance of the share price of Hero which is calculated based on a formula defined in the plans. There is a minimum performance threshold of the strategic KPI's and the amount of pay-out is capped. The incentive plan is therefore aimed at providing an incentive to make significant contributions to the long-term performance and growth of Hero and shall increase the ability of Hero to attract, motivate and retain individuals of exceptional skills. Every year, a new plan is initiated in which the members of the plan are granted to participate with 15% of their base salary. The plan members have the option to increase their participation in the plan by decreasing the short-term incentive bonus of the current year. The performance cycle of each plan is three full calendar years, starting in the year of the grant date and ending with the year preceding the vesting date. For any participants not being a member of the Group executive board, the plan is settled in cash at the end of the vesting period. The members of the Group executive board have the option to either settle in cash or shares at the end of the vesting period. At each balance sheet date, management estimates the pay-out at the end of the vesting period.

The expense is recognized over the 3-year performance cycle in the income statement. As the shares are restricted and will ultimately revert to the company and the share price does not reflect the fair value of the Hero shares, the Group has accounted for the plan under an IAS 19 long-term benefits model.

Long Term Incentive Plan

Effective January 1, 2014, the Group issued a long term incentive plan for the executive board members. There is a two year waiting period for newly employed executive board members before they may participate in the plan. Under the plan, the participants are offered the opportunity to invest up to 50% of their short-term incentive payment in shares. After a restriction period of three years, participants may sell the shares back to Hero at a price based on a formula defined in the plan. In conjunction with the plan, participants may be granted loans to fund the share issue. As the shares are restricted and will ultimately revert to the company and the share price does not reflect the fair value of the Hero shares, the Group has accounted for the plan under an IAS 19 long-term benefits model. Under the IAS 19 model, management has estimated the future payment at the end of the restriction period and the expense is recognized over a 4-year vesting period in the income statement. At each reporting date the amount is re-assessed and recognized in the income statement.

Other provisions

Other provisions are set up for obligations which do not fall into one of the before mentioned group of provisions.

Non-financial assets and liabilities

24. Inventories

Inventories are recorded at the lower of acquisition or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the cost to make the sale.

Production costs include direct and indirect material and production costs. Inventory is valued using the weighted average method.

A valuation allowance is recognized for any damaged or slow-moving goods.

in CHF 1000.–

	2024	2023
Raw materials and supplies	56 076	64 310
Semi-finished goods	18 269	9 986
Finished goods	109 516	120 785
TOTAL INVENTORIES	**183 861**	**195 081**
Write down of inventories	(2 642)	(4 600)
Inventory expensed in cost of sales	(791 180)	(784 079)

Capital structure/management

25. Shares, Hybrid Capital and Other Reserves

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Hybrid Capital

Hybrid capital comprises listed bonds issued to third parties. The listed bonds are undated securities in respect of which there is no maturity date and where there is no obligation on the part of Hero either to redeem at any future date the underlying nominal amounts or to pay any annual coupon insofar as no compulsory payment event occurs in any given accounting period. The key compulsory payment events listed in the terms and conditions of the bonds include the payment to Hero's shareholders of either a dividend or an amount in connection with a capital re-purchase. The bonds are subordinated obligations and are subordinate to all of Hero's present and future unsubordinated indebtedness. Coupon payments are recorded directly in equity.

Capital structure/management

Number of shares

	2024	2023
Total shares issued January 1	6 213 272	6 213 272
Total shares issued at December 31	**6 213 272**	**6 213 272**
Less: Treasury shares	(61 672)	(61 672)
TOTAL SHARES OUTSTANDING AT DECEMBER 31	**6 151 600**	**6 151 600**

Common stock represents all of the registered and authorized shares with a par value of CHF 10 per share. All issued shares are fully paid.

Treasury shares are held in connection with the long term incentive plan. Treasury shares held by key management can only be sold back to Hero AG.

Hybrid capital

in CHF 1000.–

	2024	2023
Hybrid capital third parties	139 060	139 060
TOTAL HYBRID CAPITAL AT DECEMBER 31	**139 060**	**139 060**

Hybrid Capital Third Parties

On October 28, 2016, Hero issued CHF 200 million Perpetual Callable Subordinated Bonds which were fully repaid in 2023.

On May 30, 2023, Hero issued CHF 140 million Perpetual Callable Subordinated Bonds. The bonds bear interest on their principal amount at a fixed rate of 5.00% p.a. from the payment date up to July 5, 2028, and thereafter in respect of each successive five-year period at a fixed rate per annum as determined by the Principal Paying Agent in accordance with condition 2.2 of the Terms of the Bonds.

The terms and conditions of the bonds are such, that in accordance with IAS 32, the bonds qualify for treatment as equity in the financial statements of the Group. Payments of the coupons relating to the bonds are recorded as distribution on hybrid capital third parties.

Capital structure/management

Other reserves
in CHF 1000.–

	Revaluation reserve	Legal reserves	Cash flow hedge reserve	Pensions reserve	Foreign currency translation reserve	Total
BALANCE AT JANUARY 1, 2023	**16 064**	**25 758**	**375**	**(13 312)**	**(351 421)**	**(322 536)**
Hedge accounting	-	-	(633)	-	-	(633)
Revaluation of land	(1 151)	-	-	-	-	(1 151)
Remeasurements	-	-	-	1442	-	1 442
Tax effects	174	-	(16)	(553)	94	(301)
Foreign exchange differences & hyperinflation adjustments	-	-	-	-	(65 124)	(65 124)
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	**15 087**	**25 758**	**(274)**	**(12 423)**	**(416 451)**	**(388 303)**
Hedge accounting	-	-	737	-	-	737
Revaluation of land *	9 232	-	-	-	-	9 232
Remeasurements	-	-	-	12 611	-	12 588
Tax effects	(1 634)	-	(5)	(2 217)	(127)	(3 893)
Foreign exchange differences & hyperinflation adjustments	-	-	-	-	11 767	11 767
Reclassification on sale of land to retained earnings	(237)	-	-	-		(237)
BALANCE AT DECEMBER 31, 2024	**22 448**	**25 758**	**458**	**(1 939)**	**(404 811)**	**(358 086)**

* excl. share of non-controlling interests of TCHF 279

Capital structure/management

Revaluation reserve

The revaluation reserve is used to record increases in the fair value of assets and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in other comprehensive income.

Legal reserves

Legal reserves are not available for distribution.

Cash flow hedge reserve

The effective portion of the gain or loss on hedging instruments is recognized in other comprehensive income and is transferred to profit and loss when the forecast transaction occurs.

Pensions reserve

Pensions reserve contains remeasurement gains and losses of defined benefit pension plans.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations net of items reclassified to profit or loss on disposal of a foreign operation and on translation of equity loans.

26. Dividend

Dividends

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders. Any dividends payable for treasury shares held in connection with the long-term incentive plan are treated as personnel expense.

Dividend income is recognized when the right to receive payment is established.

At the Annual General Meeting in 2025 a dividend in respect of 2024 of CHF 1.95 per share amounting to a total dividend of CHF 12.1 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the year ending December 31, 2025. Dividend paid in 2024: CHF 1.63 per share amounting to a total dividend of CHF 10.1 million. Dividend paid in 2023: CHF 1.63 per share amounting to a total dividend of CHF 10.1 million.

Risk Management

27. Financial Risk Management

Financial instruments risk management policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions. The Group is exposed to market risk, credit risk and liquidity risk. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 18-month period for hedges of forecasted sales and purchases and net investment hedges. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.
At December 31, 2024 the Group hedged 52% of its net exposure of its expected foreign currency sales and purchases in 2025 (2023: 58% for 2024). Those hedged sales and purchases were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Derivatives not designated as hedging instruments

The Group uses foreign exchange contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to 12 months.

Risk Management

Derivatives designated as hedging instruments - Cash flow hedge

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales and forecast purchases. The forecast transactions are highly probable. The cash flow hedges of the expected future sales and purchases in 2024 and 2023 were assessed to be highly effective.

The Group has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group tries to reduce the currency exposure through borrowings in the corresponding currencies where possible and economically prudent.

The Group uses a risk computation similar to Value-at-Risk (VAR). It includes financial instruments (mainly currency forwards) as well as balance sheet positions and future operating cash flows (non-discounted) in foreign currency. The estimates are made assuming normal market conditions, using a 99% confidence interval. The correlations between currency pairs and the volatilities are observed over a 360 day period.

The estimated potential intra-day loss in the VAR model amounts to TCHF 768.9 as per December 31, 2024 (2023: confidence interval 99%; TCHF 734.0)

Foreign Currency Risk Table

The following table demonstrates the sensitivity to a reasonably possible change in the USD, GBP, SEK and EUR exchange rate, with all other variables held constant, of the Group's profit before tax.

	2024	2023
Increase/(decrease)	5%	5%
in USD/EUR/GBP/SEK rate	(5%)	(5%)
Effect on profit before tax	681	577
in CHF 1000.–	(681)	(577)
Effect on comprehensive income/equity	2 041	610
in CHF 1000.–	(2 041)	(610)

Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates with the exception of the seller note which is subject to SOFR changes, see note 11. The Group's long-term borrowings are with fixed maturity and interest rates. The Group is mainly exposed to interest risk in case of refinancing of matured borrowings.

Risk Management

Credit Risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative and cash transactions are limited to highly creditworthy financial institutions. Other credit risk exposures are minimized by dealing only with a limited range of counterparties. From time to time the Group also makes loans to related parties. Where material the Group seeks adequate pledges or guarantees. The maximum credit risk represents the net carrying value of the loans and receivables. Credit risks arise from the possibility that customers may not be able to settle their trade receivables or other financial assets, like the seller note, as agreed. Hero considers a financial asset in default when contractual payments are more than 120 days past due. However, in certain cases, Hero may also consider a financial asset to be in default when internal or external information indicates that Hero is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. There is no significant concentration of credit risk for trade receivables as no customer accounts for more than 10% or more of net sales of the Group. The credit risk for the seller note is based on the rating of comparable companies. In 2024 the expected lifetime credit default risk has been recognized. To manage this risk, the Group periodically assesses country and customer credit risk, assigns individual credit limits, and takes actions to mitigate credit risk where appropriate. The provisions for expected credit losses for customers are based on a forward-looking expected credit loss, which includes possible default events on the trade receivables over the entire holding period of the trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk and days past due. In determining the expected credit loss rates, the Group considers current and forward-looking macroeconomic factors that may affect the ability of the customers to settle the receivables, and historical loss rates for each category of customers.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity reserve comprising undrawn borrowing facilities and cash and cash equivalents (note 12) on the basis of expected cash flows.

Risk Management

Liquidity Risk Table

The table summarizes the maturity profile of the Group's financial liabilities based on contractual payments.

in CHF 1000.– at December 31, 2024

	Carrying value	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	5 years and more	Total
Derivatives							
Forward contracts – cash (inflow)	(2 358)	(2 358)	-	-	-	-	(2 358)
Forward contracts – cash outflow	561	561	-	-	-	-	561
Forward contracts – net	(1 797)	(1 797)	-	-	-	-	(1 797)
Borrowings	112 587	64 549	440	50 220	-	-	115 209
Debentures	135 000	1 350	136 125	-	-	-	137 475
Lease liabilities	28 049	5 960	6 484	5 983	2 636	7 831	28 894
Put option liabilities	401	401	-	-	-	-	401
Trade and other payables (note 16)	243 852	243 852	-	-	-	-	243 852
TOTAL	**518 092**	**314 315**	**143 049**	**56 203**	**2 636**	**7 831**	**524 034**

Risk Management

in CHF 1000.– at December 31, 2023

	Carrying value	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	5 years and more	Total
Derivatives							
Forward contracts – cash (inflow)	(4 550)	(4 550)	-	-	-	-	(4 550)
Forward contracts – cash outflow	4 366	4 366	-	-	-	-	4 366
Forward contracts – net	(184)	(184)	-	-	-	-	(184)
Borrowings	133 781	34 916	50 659	440	50 220	-	136 235
Debentures	135 000	1 350	1 350	136 125	-	-	138 825
Lease liabilities	21 665	4 630	5 281	4 505	3 583	4 266	22 265
Put option liabilities	411	-	411	-	-	-	411
Trade and other payables (note 16)	235 251	235 251	-	-	-	-	235 251
TOTAL	**525 924**	**275 963**	**57 701**	**141 070**	**53 803**	**4 266**	**532 803**

Capital Management

28. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. No changes were made in the objectives, policies or processes during the years ended December 31, 2024, and December 31, 2023.

This gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings/ debentures as well as lease liabilities" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2024, and December 31, 2023, were as follows:

in CHF 1000.-

	2024	2023
Total borrowings, debentures, lease liabilities	275 637	290 445
Less: cash and cash equivalents	(66 367)	(68 226)
Net debt	**209 270**	**222 219**
Equity attributable to the equity holders of the parent	**599 175**	**550 600**
Gearing ratio	35%	40%

Group structure

29. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other expenses. When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, are recognized in other income / expenses. If the contingent consideration is classified as equity, it is not subsequently remeasured.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Where the Group writes a put option over non-controlling interests, the Group assesses whether it has present access to returns associated with the ownership interests subject to the put option. If the Group concludes that it does not have present access, the non-controlling interests are not

Group structure

derecognised and continue to receive an allocation of profit and loss and other comprehensive income. The Group recognises a liability for the present value of the put option redemption amount against retained earnings and any subsequent changes are accounted for in profit or loss (other income/other expense). The put option liability is derecognised on settlement or expiry. Investments meeting none of these criteria are treated as financial instruments (refer to section "Financial Instruments" for further details).

Acquisitions 2024

On September 14, 2024, the Hero Group obtained control over M&E Mills Ltd., United Kingdom through the acquistion of 100% of the shares of M&E Mills Ltd. The company operates under the brand Deliciously Ella, which is predominantly sold in the United Kingdom and manufactures and sells plant-based food and snacks. It allows Hero to enter the UK snacking market. Hero paid an initial purchase price and agreed on an earn-out payment based on net sales and EBIT for 2025 and 2026. The earn-out payment is recorded as a liability, see note 11.

From the date of acquisition, Deliciously Ella contributed TCHF 7 603 of revenue and TCHF 202 net income the Group. If the combination had taken place at the beginning of 2024, the Group's revenue would have been TCHF23 830 higher and the net income would have been TCHF 693 higher.

The goodwill on the acquisition is attributable to the profitability of the acquired business and its leverage on the existing business. None of the goodwill recognized is expected to be deductible for income tax purposes.

The Group incurred acquisition-related costs of TCHF 644 mainly on legal fees and due diligence costs. These costs have been included in 'administrative expense'.

There were no acquisitions in 2023.

Group structure

As at September 14, 2024 in CHF 1000.–

M&E Mills Ltd. (Deliciously Ella)	Note	Fair value recognized on acquisition - provisionally determined 2024
Property, plant and equipment		1 120
Right-of-use assets		934
Intangible assets		15 744
Inventories		1 835
Trade receivables, prepayments and other receivables		6 802
Cash and cash equivalents		630
Trade and other payables		(7 027)
Intercompany loan liabilities		(4 800)
Lease liabilities		(932)
Deferred tax liabilities		(4 011)
Total identifiable net assets at fair value		**10 295**
Goodwill arising on acquisition		30 372
Purchase consideration		**40 667**
Thereof cash paid		30 735
Thereof earn-out	11	9 932
Cash paid		(30 735)
Cash and cash equivalents acquired with subsidiary		630
Cash outflow on acquisition		**(30 105)**
Cash paid by Hero to acquire debt of M&E Mills Ltd.		**(4 800)**

Group structure

30. Disposals/Non-current Assets Held for Sale

Disposals 2024

On January 4, 2024, the Group sold its Gluten Free business in Sweden. The assets were classified as held for sale in 2023.

There were no disposals in 2023.

in CHF 1000.–	Carrying values disposed of Jan 4, 2024	Classified as held for sale
Gluten Free business Sweden	**2024**	**2023**
Property, plant and equipment	(1 935)	1 941
Intangible assets - goodwill	(3 700)	3 700
Inventories	(2 186)	2 192
Current liabilities	119	(152)
(Net assets disposed) / held for sale	**(7 702)**	**7 681**
Disposal consideration	**11 898**	**-**
Gain on disposal	**4 196**	**-**
Transaction and other costs	(1 990)	-
Gain on disposal including transaction costs	**2 206**	**-**
Cash inflow on disposal	**11 492**	**-**
Revenues contributed to the Group	-	28 490

Group structure

31. Interest in Associates and Joint Ventures

Investments, where Hero has significant influence (generally accompanying a shareholding of between 20% and 50% of the voting rights) or joint control, are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition. The Group's share of its associates' or joint ventures post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in OCI and taken to other reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any receivables that form part of the net investment, the Group does not recognize further losses, unless it incurred obligations or made payments on behalf of the associate or joint ventures.

Unrealized gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group has a 50% interest in MadreNatura AG which was founded in December 17, 2019 by Hero AG and its joint venture partner. The company sells baby and toddler food.

Group structure

Summarized statement of financial position of joint venture:

in CHF 1000.-

	2024	2023
Current assets	**3 636**	**3 382**
Thereof cash and cash equivalents	387	683
Non-current assets	**-**	**-**
Current liabilities	**2 725**	**2 869**
Thereof current financial liabilities	-	-
Non-current liabilities	**-**	**-**
Equity	**911**	**513**
Group's share in equity 50%	456	257
Group's carrying amount of the investment	**456**	**257**
Other non material associates and joint ventures	0	31
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	**456**	**288**

	2024	2023
Capital contribution to joint-venture	**1 200**	**1 500**

Summarized statement of profit or loss joint venture:

in CHF 1000.-

	2024	2023
Revenue from contracts with customers	4 077	4 361
Depreciation and amortization	-	-
Interest income	36	21
Interest expense	-	-
Loss before tax	**(2 039)**	**(2 878)**
Income tax expense	-	-
Loss for the year	**(2 039)**	**(2 878)**
Group's share of loss for the year	(1 020)	(1 439)
Foreign exchange differences	19	(36)
GROUP'S SHARE OF TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1 001)**	**(1 475)**

Group structure

32. Principal Group Companies

Country	Name of company	Location		Share capital in thousands local currency	Equity interest in %	Consolidation method*	Activity**
Brazil	Hero Brasil S.A.	Itatiba	BRL	39 000	50.0	F	P; S
Canada	Baby Gourmet Foods Inc.	Calgary	CAD	25 439	97.0	F	S
China	Autumn Harvest Ltd.	Hong Kong	HKD	-	100.0	F	S
	Hero (Shanghai) Trading Co.Ltd.	Shanghai	CNY	1 254	100.0	F	S
Czech Republic	Hero Czech s.r.o.	Prague	CZK	200	100.0	F	S
Denmark	Semper Danmark ApS	Frederiksberg	DKK	50	100.0	F	S
Egypt	Hero Nutritional Food Industries SAE (Vitrac)	Cairo	EGP	149 608	100.0	F	P; S
	Hero Middle East and Africa Trading LLC	Cairo	EGP	2 050	100.0	F	S
	Hero for Commercial Investment LLC	Cairo	EGP	2 000	100.0	F	S
Finland	Oy Semper Ab	Espoo	EUR	3	100.0	F	S
Germany* **	Hero GmbH & Co. KG	Bielefeld	EUR	260 156	100.0	F	S
	Schönauer IAV AG	Bad Schwartau	EUR	403	100.0	F	H
	Schwartauer Werke GmbH & Co. KG	Bad Schwartau	EUR	57 500	100.0	F	P; S; R
	Hero Deutschland Beteiligungen GmbH	Bielefeld	EUR	25 565	100.0	F	H
	goodforgrowth GmbH	Berlin	EUR	150	100.0	F	S
Italy	Hero Italia SpA	Verona	EUR	3 616	100.0	F	S
Netherlands	Hero Nederland B.V.	Breda	EUR	4 531	100.0	F	S
Norway	Semper AS	Lysaker	NOK	933	100.0	F	S
Portugal	Hero Portugal Lda	Amadora	EUR	4 607	100.0	F	S
Russia	Hero Rus LLC	Moscow	RUB	10	100.0	F	S
Slovakia	Hero Slovakia s.r.o.	Nitra	EUR	7	100.0	F	S
Spain	Hero España SA	Alcantarilla	EUR	22 538	100.0	F	P; S; R
Sweden	Semper AB	Sundbyberg	SEK	45 000	100.0	F	P; S
Switzerland	Hero AG	Lenzburg	CHF	62 132	100.0	F	H; P; S
	Hero Beteiligungen AG	Lenzburg	CHF	30 433	100.0	F	H
	MadreNatura AG	Lenzburg	CHF	100	50.0	E	S
Türkiye	Hero Gida San.ve Tic. AS	Istanbul	TRY	63 632	100.0	F	P; S
United Kingdom	Hero UK Foods Ltd.	Bournemouth	GBP	-	100.0	F	H
	Organix Brands Ltd.	Bournemouth	GBP	47	100.0	F	S
	M&E Mills Ltd.	London	GBP	93	100.0	F	H
	The Mae Deli Ltd.	London	GBP	-	100.0	F	S
	Deliciously Ella Ltd.	London	GBP	-	100.0	F	H
	M&E Mills Manufacturing Ltd.	London	GBP	-	100.0	F	P
United States of America	Beech-Nut Nutrition Corporation	Amsterdam, NY	USD	1	100.0	F	P; S
	Hero USA Inc.	Amsterdam, NY	USD	15 000	100.0	F	H

* Consolidation: F = fully consolidated

** Activity: H = holding company and/or performs finance function; P = performs manufacturing and/or production activities; S = performs sales and/or marketing activities; R = performs research and development activities.

*** For the purpose of German commercial law, these consolidated Group financial statements release the companies from their obligation to publish their own financial statements in Germany, in accordance with Section 264 sub-section 3 of the German HGB (commercial code).

Other disclosures

33. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are disclosed in the notes to the financial statements.

The Hero Group is exposed to certain litigation claims in the USA. The proceedings of said claims are still ongoing and are being defended by the Group. While the outcome is still uncertain, because rulings by courts and other authorities may result in expenses that are not covered either partly or fully by insurance policies, and a reliable estimate of the potential financial impact is currently not possible, the Hero Group believes that the resolution of these claims will not materially impact the consolidated financial statement.

Other disclosures

34. Commitments

in CHF 1000.–

	2024	2023
Commitments for the acquisition of tangible fixed assets	12 635	713
Commitments for raw materials	93 994	71 624
TOTAL COMMITMENTS	**106 629**	**72 337**

35. Events after the Balance Sheet Date

On March 4, 2025, the Board of Directors resolved to pay the annual coupon of 5.00% on the hybrid capital of nominal CHF 140 million which is CHF 7.0 million.

Other disclosures

36. Related Party Transactions

in CHF 1000.–	Note	2024	2023
Sales of goods			
to joint ventures		2 233	2 532
Management services rendered			
to associated companies and joint ventures		347	483
Receivables/liabilities			
Trade receivables from associated companies and joint ventures		426	550
Other short-term receivables from associated companies and joint ventures		-	22
Short-term loan liabilities to AOH Nahrungsmittel Group	16	-	(132)
Short-term loan liabilities to associated companies and joint ventures		-	(1 541)
Key management personnel			
Salaries and other short-term employee benefits paid		(7 649)	(7 554)
Post-employment benefits paid		(470)	(461)
Long-term incentive plans - expense		(3 408)	(2 836)
Long-term incentive plans - dividend payment		(47)	(30)
Long-term incentive plans - provision		(9 696)	(5 701)
Long-term incentive plans - loan receivable	11,14	436	166

The key management personnel are defined as the Executive Board. Transactions with related parties, associated companies and joint ventures are conducted on commercial terms and conditions and at market prices.

For detailed descriptions of the long-term incentive plans refer to section "Long-term incentive plans" in note 23.

Other disclosures

37. Critical Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill

The Group tests annually in December whether goodwill has suffered any impairment, in accordance with the valuation principles stated in note 20, Intangible Assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. These calculations use cash flow projections based on financial budgets approved by management and forecasts covering a five-year period. Cash flows beyond the five-year period are projected using the estimated growth rates stated below. The growth rates generally correspond to the inflation rates plus general real gross domestic product (GDP) growth of the corresponding country or cluster. They are individually assessed and in case where management expects a significant deviation from general economic conditions they might be adjusted.

Management determined budgeted growth rates based on past performance and its expectations for the market development. Where general industry forecasts do not reflect the growth expectations of management for specific businesses, the growth rates used depart from forecasts included in such industry reports in order to better reflect the specific growth potentials expected by management. These assumptions have been used for the analysis of each CGU. The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating unit.

The growth rate used to extrapolate cash flows beyond the budget and the pre-tax discount rate have a significant impact on the sensitivity of the impairment test. For all CGU's no reasonable possible change in any key assumptions would lead to an impairment. In 2024, no goodwill was impaired.

Brands with indefinite life

The Group tests annually whether brands with indefinite life are impaired. These calculations require the use of estimates. The discount rates used are pre-tax and reflect specific risks relating to the relevant country. The growth rates used to extrapolate cash flows beyond the budget and the pre-tax discount rate have a significant impact on the sensitivity of the impairment test. In 2024, no impairment was identified.

Other disclosures

Income taxes

As described in note 8, the Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognized tax loss carryforwards

The Group has recognized deferred tax assets in relation to the recoverability of tax loss carryforwards (note 21). The recoverability of such assets is based on the ability of the entity to which the losses relate to generate future taxable profits. These calculations require the use of estimates. Management re-evaluates the recoverability at each balance sheet date.

Provisions

The Group has provisions for various cases based on estimates (note 23). Such estimates are based on the Group's experience, taking also into account economic conditions. Management believes that the total provisions for these items is adequate, based upon currently available information. As these provisions are based on management estimates, they may be subject to change as better information becomes available. Such changes that arise could impact the provisions recognized in the balance sheet in future periods and consequently the expenses recognized in the income statement in future periods.

Pension benefits

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations (note 22). An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Russian war on Ukraine

Hero suspended non-essential food sales in Russia and stopped all investment in the country. Hero continues to sell baby food to Russia. There is no significant impact on the valuation of assets and liabilities of Hero.

Property, plant and equipment impairment

Hero applied judgment and third party valuations in assessing the impairment need in relation to the transformation projects (see note 4). Impairments might change in case better information becomes available and could lead to additional impairment needs in future.

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To the General Meeting of
Hero AG, Lenzburg

Zurich, 4 March 2025

Report of the statutory auditor

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of Hero AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 63 to 154) give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the consolidated financial statements.

Goodwill and brands

Area of focus	Goodwill and brands amounting to CHF 320.1 million respectively CHF 127.0 million were significant for the Group's consolidated financial statements. As stated in the accounting principles included in the notes to the consolidated financial statements, the carrying value of goodwill and brands are tested annually for impairment. The Group performed its annual impairment test of goodwill and brands in the fourth quarter of 2024 and determined that there was no impairment. Key assumptions concerning the impairment test are disclosed in the consolidated financial statements (refer to note 37). In determining the recoverable amount of cash generating units, the Group must apply judgment in estimating – amongst other factors – future revenues and margins, long-term growth, and discount rates. Due to the significance of the carrying values for goodwill and brands and the judgment involved in performing the impairment test, this matter was considered significant to our audit.
Our audit response	We assessed the Group's internal controls over its annual impairment test and key assumptions applied as well as the authorization of the impairment test by the Board of Directors. We evaluated management's interpretation of cash generating units. We involved valuation specialists to assist in examining the Group's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Group's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information. Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill and brands.

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Silvan Rüegsegger
Licensed audit expert

Statutory Financial Statements of Hero AG, Lenzburg

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Income Statement

for the year ended December 31
Hero AG, Lenzburg
in CHF 1000.–

	Note	2024	2023
Net proceeds from sales of goods and services	1	194 020	193 728
Dividend income		2 484	2 182
Cost of materials		(71 354)	(73 575)
Employee expenses		(57 457)	(55 608)
Other operational costs		(56 363)	(54 868)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**11 330**	**11 859**
Depreciation and amortization		(6 242)	(5 187)
Earnings before interest and taxes (EBIT)		**5 088**	**6 672**
Financial income		8 878	8 632
Financial expenses		(14 862)	(13 257)
Operating result before taxes		**(896)**	**2 047**
Non-operational and extraordinary (costs) / income	1	17 247	(16 672)
Earnings before taxes		**16 351**	**(14 625)**
Tax expense		(259)	(283)
PROFIT / (LOSS) FOR THE YEAR		**16 092**	**(14 908)**

Balance Sheet

as at December 31, before appropriation of profit
Hero AG, Lenzburg
in CHF 1000.–

Assets	Note	2024	2023
Cash and cash equivalents		5 936	3 959
Trade receivables	4	9 507	10 744
Financial assets and other current receivables	4	44 006	32 463
Inventories	2	8 187	11 545
Accrued income and prepaid expenses		874	1 910
Current assets		**68 510**	**60 621**
Financial assets	4	286 528	294 926
Investments	3	474 845	457 064
Tangible fixed assets	2	7 845	17 367
Intangible assets		20 974	24 658
Non-current assets		**790 192**	**794 015**
TOTAL ASSETS		**858 702**	**854 636**

Balance Sheet

as at December 31, before appropriation of profit
Hero AG, Lenzburg
in CHF 1000.–

Liabilities and Equity	Note	2024	2023
Trade payables	4	7 820	13 536
Current interest-bearing liabilities	4	134 343	131 451
Other current liabilities	4	9 730	9 415
Deferred income and accrued expenses	2	27 895	30 511
Current provisions		71	951
Current liabilities		**179 859**	**185 864**
Non-current interest-bearing liabilities	2	375 943	375 000
Non-current provisions	2	8 977	7 267
Non-current liabilities		**384 920**	**382 267**
TOTAL LIABILITIES		**564 779**	**568 131**
Share capital		62 133	62 133
Statutory capital reserves			
Capital contribution reserve		63 632	63 632
Other capital reserves		25 758	25 758
Treasury shares	6	(1 764)	(3 407)
Profit carried forward		128 072	153 297
Profit / (loss) for the year		16 092	(14 908)
TOTAL EQUITY		**293 923**	**286 505**
TOTAL LIABILITIES AND EQUITY		**858 702**	**854 636**

Notes to the Statutory Financial Statements

Accounting principles

General

These financial statements were approved by the Board of Directors on March 4, 2025, and are subject to approval by the annual general meeting of shareholders to be held on March 18, 2025. They have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Bad debt reserve

Bad debt allowances are based on internal guidelines that require individual value adjustments to be undertaken. Certain residual balances are subject to additional allowances of a suitable percentage. For these additional allowances, the aging structure is taken into account for domestic debtors and the respective country default risk is considered for foreign debtors.

Derivative financial instruments

Hero AG uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. In line with article 960b CO, derivative financial instruments are recognized at cost on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

As per December 31, the balance of fair values is presented as net amount as financial asset or financial liability in the balance sheet.

In line with the lowest value principle, unrealized gains of derivatives designated as cash flow hedges are not recognized as per the balance sheet date. Any resulting gains or losses arising from changes in the fair value recognized are classified as financial income or financial cost.

Inventory

Inventories are recorded at the lower of acquisition or production cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the necessary cost to make the sale. Production costs include direct and indirect material and production costs. Inventory is valued using the weighted average method.
A valuation allowance is recognized for any damaged or slow-moving goods.

Notes to the Statutory Financial Statements

Tangible fixed assets

Tangible fixed assets are depreciated on a straight line method over the course of the useful economic life of the asset. The general useful economic lives for various asset categories can be summarized as follows:

• Land	indefinite
• Buildings	20 to 50 years
• Fixture and fittings	10 to 20 years
• Plant and machinery	3 to 10 years
• Motor vehicles	4 to 10 years
• Furniture	5 to 10 years
• IT hardware	3 to 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets

Brands and other intangible assets are carried at historical cost less accumulated amortization. Amortization is calculated using the following method to allocate the costs over their estimated useful lives:

• Brands	up to 25 years, straight-line method
• Software	1 to 10 years, reducing-balance method
• Other intangible assets	5 to 25 years, straight-line method

Investments

The carrying value of investments comprises costs less accumulated write-downs and are tested annually for impairment.

Long term incentive plan

Effective January 1, 2014, the Group issued a long term incentive plan for the executive board members. There is a two years waiting period for newly appointed executive board members before they may participate in the plan. Under the plan, the participants are offered the opportunity to invest up to 50% of their short-term incentive payment in shares. After a restriction period of three years, participants may sell the shares back to Hero AG at a price based on a formula defined in the plan. In conjunction with the plan, participants may be granted loans to fund the share issue. The shares are restricted and will ultimately revert to Hero AG. Any share repurchase from the management is accounted for as treasury shares. Treasury shares are reported as a negative item in equity. The shares which allow the executive board members to participate in the plan are revalued yearly by using the predefined enterprise valuation model. Such effects are recognized in the income statement as personnel expenses.

Notes to the Statutory Financial Statements

As of January 1, 2019, the Group introduced a new incentive plan for the members of the Group executive board and the members of the leadership circle including the functional heads of Hero. The plan is linked to the achievement of strategic KPI's and the performance of the share price of Hero which is calculated based on a formula defined in the plans. There is a minimum performance threshold of the strategic KPI's and the amount of pay-out is capped. The incentive plan is therefore aimed at providing an incentive to make significant contributions to the long-term performance and growth of Hero and shall increase the ability of Hero to attract, motivate and retain individuals of exceptional skills. Every year, a new plan is initiated in which the members of the plan are granted to participate with a standard basis between 15% and 50% of their base salary. For any participants not being a member of the Group executive board, the plan is settled in cash at the end of the vesting period. The members of the Group executive board have the option to either settle in cash or shares at the end of the vesting period.

At each balance sheet date, management estimates the pay-out at the end of the vesting period. The expense is recognized over the 3-year performance cycle in the income statement.

Current/non-current interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value. Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period. Premiums are recognized as accrued expenses and amortized on a straight-line basis over the loan's maturity period.

Notes to the Statutory Financial Statements

1. Explanations to positions in the income statement

Net proceeds from sales of goods and services

for the year ended December 31
in CHF 1000.–

	2024	2023
Sales of goods	123 964	126 647
Services	70 056	67 081
Net proceeds from sales of goods and services	**194 020**	**193 728**

Non-operational and extraordinary (costs) / income

The extraordinary income in 2024 of CHF 17.3 million relate to the profit made on the sale of the factory building and land to Ricola in December 2024 and the sale of the jam production to Hero Spain. It also includes an impairment on investments of CHF -3.0 million.

The extraordinary costs in 2023 of CHF 16.7 million relate to impairments of CHF 13.1 million mainly for tangible fixed assets and a restructuring provision of CHF 3.6 million due to the decision to stop production in Hero AG's jam factory in Lenzburg, Switzerland.

Notes to the Statutory Financial Statements

2. Explanations to positions in the balance sheet

as at December 31
in CHF 1000.–

	2024	2023
Packaging material	197	1 261
Raw material	26	1 294
Semi-finished and finished goods	7 964	8 990
Inventories	**8 187**	**11 545**
Land	1 258	4 749
Buildings	6 195	8 958
Plant and machinery	19	3 082
Other equipment and vehicles	373	578
Tangible fixed assets	**7 845**	**17 367**
Interest	3 593	3 602
Advertising	572	265
Promotions	694	484
Royalties and Licenses	-	927
Goods received no invoice received	710	1 326
Services received no invoice received	3 270	3 843
Personnel	14 713	11 299
Restructuring	-	3 550
Others	4 343	5 215
Deferred income and accrued expenses	**27 895**	**30 511**
Bank loans	100 000	100 000
Perpetual and subordinated bond	140 000	140 000
Straight bond	135 000	135 000
Subsidiaries	943	-
Non-current interest-bearing liabilities	**375 943**	**375 000**
Litigation	2 132	2 031
Others	6 845	5 236
Non-current provisions	**8 977**	**7 267**

Notes to the Statutory Financial Statements

3. Investments

The following table lists all of Hero AG's direct and material indirect shareholdings.

Company	Domicile	Ownership*	2024 Share capital in %	2024 Share of vote in %	2023 Share capital in %	2023 Share of vote in %
Hero Brasil S.A.	Itatiba, Brazil	D	50.0	50.0	50.0	50.0
Baby Gourmet Foods Inc.	Calgary, Canada	D	97.0	97.0	97.0	97.0
Autumn Harvest Ltd.	Hong Kong, China	I	100.0	100.0	100.0	100.0
Hero (Shanghai) Trading Co. Ltd.	Shanghai, China	D	100.0	100.0	100.0	100.0
Hero Czech s.r.o.	Prague, Czech Republic	I	100.0	100.0	100.0	100.0
Semper Denmark Aps	Copenhagen, Denmark	I	100.0	100.0	100.0	100.0
Hero Middle East and Africa Trading LLC	Cairo, Egypt	I	100.0	100.0	100.0	100.0
Hero Nutritional Food Industries SAE	Cairo, Egypt	I	100.0	100.0	100.0	100.0
Hero for Commercial Investment LLC	Cairo, Egypt	I	100.0	100.0	100.0	100.0
Oy Semper AB	Espoo, Finland	I	100.0	100.0	100.0	100.0
erdbär GmbH	Berlin, Germany	D	100.0	100.0	100.0	100.0
Hero Deutschland Beteiligungen GmbH	Bielefeld, Germany	D	100.0	100.0	100.0	100.0
Hero GmbH & Co. KG	Bielefeld, Germany	I	100.0	100.0	100.0	100.0
Hero Management GmbH	Bielefeld, Germany	D	100.0	100.0	100.0	100.0
Schwartauer Werke GmbH & Co. KG	Bad Schwartau, Germany	I	100.0	100.0	100.0	100.0
Hero Italia SpA	Verona, Italy	I	100.0	100.0	100.0	100.0
Hero Nederland B.V.	Breda, Netherlands	I	100.0	100.0	100.0	100.0
Semper AS	Lysaker, Norway	I	100.0	100.0	100.0	100.0
Hero Portugal Lda	Amadora, Portugal	I	100.0	100.0	100.0	100.0
Hero Rus LLC	Moscow, Russia	D	100.0	100.0	100.0	100.0
Hero Slovakia s.r.o.	Nitra, Slovakia	I	100.0	100.0	100.0	100.0
Hero España SA	Alcantarilla, Spain	I	100.0	100.0	100.0	100.0
Semper AB	Sundbyberg, Sweden	I	100.0	100.0	100.0	100.0
Semper Gluten Free AB	Sundbyberg, Sweden	I	-	-	100.0	100.0
Hero Beteiligungen AG	Lenzburg, Switzerland	D	100.0	100.0	100.0	100.0
MadreNatura AG	Lenzburg, Switzerland	D	50.0	50.0	50.0	50.0

* Ownership: D = Hero AG owns this investment directly; I = The investment is indirectly held via a subsidiary in the direct ownership of Hero AG.

Notes to the Statutory Financial Statements

Company	Domicile	Ownership*	2024 Share capital in %	2024 Share of vote in %	2023 Share capital in %	2023 Share of vote in %
Hero Gida San.ve Tic.AS	Istanbul, Türkiye	I	100.0	100.0	100.0	100.0
Hero UK Foods Ltd.	Bournemouth, United Kingdom	I	100.0	100.0	100.0	100.0
Organix Brands Ltd.	Bournemouth, United Kingdom	I	100.0	100.0	100.0	100.0
M&E Mills Ltd.	London, United Kingdom	I	100.0	100.0	-	-
M&E Mills Holdings Ltd.	London, United Kingdom	I	100.0	100.0	-	-
Mae Deli Ltd.	London, United Kingdom	I	100.0	100.0	-	-
M&E Mills Manufacturing Ltd.	London, United Kingdom	I	100.0	100.0	-	-
Beech-Nut Nutrition Corporation	Amsterdam (NY), USA	I	100.0	100.0	100.0	100.0
Hero USA Inc.	Amsterdam (NY), USA	I	100.0	100.0	100.0	100.0

* Ownership: D = Hero AG owns this investment directly; I = The investment is indirectly held via a subsidiary in the direct ownership of Hero AG.

M&E Mills Ltd., M&E Mills Holdings Ltd., Mae Deli Ltd. and M&E Mills Manufacturing Ltd., all based in London, UK are companies of the acquisition of Deliciously Ella which was made in December 2024.
Semper Gluten Free AB was sold in January 2024.
goodforgrowth GmbH was merged with erdbär GmbH during the course of 2024.

Hero for Commercial Investment LLC in Cairo, Egypt, was newly incorporated in 2023. Mimic B.V. in Breda, Netherlands, has no longer any business operations as of December 31, 2023.

Notes to the Statutory Financial Statements

4. Receivables from and payables to related parties

as at December 31

in CHF 1000.–

	2024	2023
Subsidiaries	16	854
Third	9 491	9 890
Trade receivables	**9 507**	**10 744**
Loan receivables Subsidiaries	40 775	27 846
Other current receivables Third	3 231	4 617
Financial assets and other current receivables	**44 006**	**32 463**
Loan receivables Management bodies	436	166
Loan receivables Subsidiaries	285 402	294 760
Third	690	-
Financial assets	**286 528**	**294 926**
Subsidiaries	1 329	2 042
Third	6 491	11 494
Trade payables	**7 820**	**13 536**
Loan payables Subsidiaries	127 112	101 910
Loan payables Third	7 231	29 541
Current interest-bearing liabilities	**134 343**	**131 451**
Subsidiaries	7 015	6 539
Third	2 715	2 876
Other current liabilities	**9 730**	**9 415**

Notes to the Statutory Financial Statements

5. Excess reserves

There was no significant release of excess reserves in 2024 nor 2023.

6. Treasury shares

Number of registered shares

	2024	2023
Inventory as at January 1	**32 926**	**43 557**
Acquisitions from executive board members	-	-
Sales to executive board members	(23 559)	(10 631)
Inventory as at December 31	**9 367**	**32 926**

In 2024, no registered shares were purchased. In the same year, 23 559 registered shares were sold at a price of CHF 59.43.

In 2023, no registered shares were purchased. In the same year, 10 631 registered shares were sold at a price of CHF 56.82.

Notes to the Statutory Financial Statements

7. Participation rights and options in the ownership of management bodies

as at December 31

	Number	2024 Total value in TCHF	Number	2023 Total value in TCHF
Participation rights in the ownership of				
Management bodies	52 305	3 517	28 746	2 117
Option rights in the ownership of*				
Management bodies	46 943	5 124	45 716	4 181

* Provisionally determined

8. Other information

in CHF 1000.–

as at December 31

	2024	2023
Lease obligations not recorded in the balance sheet	836	922
Liabilities to pension schemes	-	20
Guarantees in the name of Hero AG in the favour of third parties	22 281	17 547
Contingent liabilities	300	300

9. Number of employees

	2024	2023
The average number of full time employees was	between 50 to 249	between 50 to 249

Notes to the Statutory Financial Statements

10. Events after the balance sheet date

On March 4, 2025, the Board of Directors resolved to pay the annual coupon of 5.00% on the subordinated bond of nominal CHF 140 million.

There have been no other significant events between December 31, 2024, and the date of authorization of the financial statements that would require any adjustments or disclosure.

11. Bonds

Type of bond	Subordinated bond
Nominal value issued	CHF 140 million
Valor number	126892217/ISIN CH1268922171
Interest rate	5.00%
Maturity period	No fixed maturity
Maturity date	No fixed maturity

Type of bond	Senior bond
Nominal value	CHF 135 million
Valor number	34172588/ISIN CH0341725882
Interest rate	1.00%
Maturity period	October 28, 2016 to October 28, 2026
Maturity date	October 28, 2026

Type of bond	Subordinated bond
Nominal value	CHF 200 million
Valor number	34172587/ISIN CH0341725874
Interest rate	2.125%
Maturity period	No fixed maturity
Maturity date	October 27, 2023

Proposal of the Board on the appropriation of retained earnings

in CHF 1000.–

	2024	2023
Profit / (loss) of the year	16 092	(14 908)
Amount carried forward from last year	128 315	153 367
Loss from disposal of Treasury Shares	(243)	(70)
AVAILABLE FOR DISTRIBUTION	**144 164**	**138 389**
Total dividend amount 2024: CHF 1.95 on 6 213 272 registered shares of CHF 10.- par value	(12 116)	(10 074)
BALANCE CARRIED FORWARD	**132 048**	**128 315**

In the name of the Board of Directors:

Giovanni Ciserani

Chairman Board of Directors



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To the General Meeting of
Hero AG, Lenzburg

Zurich, 4 March 2025

Report of the statutory auditor

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hero AG (the Company), which comprise the balance sheet as at 31 December 2024, the income statement for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 157 to 170) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

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

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

Key audit matters

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

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Investments and related income statement accounts

Area of Focus	Primary functions of the Company include holding investments in its subsidiaries as well as financing and monitoring the group's activities. For statutory purposes, the Company is required to assess the valuation of its investments and determine potential impairments on an individual basis (refer to notes – accounting principles). Furthermore, the Company is required to evaluate the recoverability of its loans to subsidiaries. We consider investments and loans to subsidiaries significant to our audit as the amounts concerned are material and the assessments involve judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates.
Our audit response	We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information. Our audit procedures did not lead to any reservations concerning the recognition and measurement of investments and related income statement accounts.

Other information

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

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

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

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

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Silvan Rüegsegger
Licensed audit expert



01 Company Information

02 Financial Report

03 Sustainability Report

Working to deliver what is good for our planet, products, and people. You can find the details of our actions and projects in our four implementation pillars.



03A Sustainability Summary

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Sustainability Summary



Leopold Oetker

Member of the Hero Group Board of Directors and main Sustainability Commitment sponsor

"With impact comes responsibility. As a family-owned business, our Executive Board and Board of Directors are committed to caring for people and the planet. Sustainability remains a key focus, and Hero continues to integrate it thoughtfully into our broader growth strategy."

Introduction

The developments on our planet are a cause for great focus and attention. Greenhouse gases have reached record levels, the global mean surface temperature has climbed 1.54°C above the pre-industrial average[1]. 2024 was the warmest year ever. Our industry along with others is experiencing heatwaves, severe weather events and crop losses, disruptions to international supply chains and increasing social, and geopolitical tensions.

As a food company, we are not only directly impacted by ongoing turbulence, but recognize the significant effect our business has on the environment and society. For us, sustainability means thinking holistically, planning for the long term, and acting responsibly towards our customers, employees, suppliers, and the environment.

By integrating environmental, social, and governance (ESG) topics into our core business activities, we ensure that sustainability is not just a series of individual projects but an ongoing journey of continuous improvement.

1 Copernicus (2025): Global Climate Highlights 2024

Sustainability Summary



Mita Sen

Chief Strategy and Transformation Officer Hero Group and Lead Sustainability Management

"Since unifying our sustainability strategy, ambition, and structure in 2020, we have built a community of passionate leaders across functions and countries. We have established numerous foundations to embed sustainability into our company strategy and targets."

At Hero, we connect climate action, ecosystem protection, human prosperity, and sustainable food consumption. We integrate these principles into our strategy and define our commitments as milestones towards an ongoing journey.

With this sustainability summary, we invite you to explore our commitment, achievements and forward-looking ambitions. We highlight significant efforts and outline our action plans for the coming years, emphasizing our dedication to responsibility, both internally and externally. This section details our approach to ESG, showcasing key initiatives and metrics that align with our sustainability strategy.

Beyond this summary, we want to emphasize the enhanced substance, transparency, and relevance in our Sustainability Statement which takes a step towards the new European CSRD requirements, one year ahead of our obligation.[1] This preparation has provided us with valuable insights, helping us to identify both gaps and strengths, and supporting our continuous improvement journey.

1 Our statements reflect the legal framework prior to the EU Omnibus proposal from end of February 2025.

Our Sustainability Strategy

Our sustainability commitment is at the center of our Group mission to delight consumers by conserving the goodness of nature. We have developed our strategy to operationalize material topics within our organizational structure, embedding sustainability into dedicated functions, decision-making processes, and everyday work along our value chain: Through **Responsible Sourcing,** we use **Minimal-impact Production** to make **Better Product Design** by and for **Purposeful People**.

Our One Hero ambition reflects our commitment to integrating sustainability into every aspect of our operations, fostering a cohesive and collaborative mindset across the entire Hero Group. We are furthering our sustainability actions from local and global efforts coordinated by staff functions to one global strategy led by functions, supported by Group experts and implemented in all countries.

Strategy & Governance

We manage sustainability with a long-term, future-oriented approach, taking responsibility for environmental, economic, and social aspects across the entire value chain.

Our organizational structure ensures that we meet external regulatory obligations and fulfill our decarbonization plans in line with our SBTi commitment.

1 Responsible Sourcing

We work in partnership with our suppliers on emission reduction, resilient agriculture, fair labor conditions and transparent supply chains.

Under our bee careful initiative, we promote regenerative agriculture practices on and around our partners' farms.

2 Minimal-impact Production

We continuously improve the efficiency of our production, switch to renewable electricity, conserve energy and water and reduce waste.

We optimize our transport and deploy technologies for decarbonization.

3 Better Product Design

We design our products to be better for people and the planet - with more of the 'good' like fruits and vegetables, whole grains and fibre, and less of the 'bad' like refined sugar.

We are also working towards less environmental impact of product packaging.

4 Purposeful People

We grow and develop our team by fostering a values-led culture. We ensure our employees feel engaged, included, and motivated.

We prioritize personal development, health, and safety in our workplaces, and actively engage with local communities.

Grounded in data and insights, we work to support the United Nations Sustainable Development Goals. Particularly:

Sustainability Strategy

Science Based Target Commitment and Carbon Footprint



Hero has a strong commitment to reduce emissions along the full value chain. In 2021, we formalized our pledge and joined the Science Based Target initiative (SBTi). Our near and long-term targets were approved in 2023 by SBTi, confirming they are in line with the SBTi's 1.5ºC mitigation pathways to reach net-zero emissions by 2050. They also align with the global goal set of the UN Climate Change Conference of the Parties (COPs).

The evaluation of our corporate carbon footprint (CCF), conducted in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard, forms the foundation for accounting our emissions across the entire value chain. To calculate our footprint, we prioritize primary emission factors from suppliers whenever possible and supplement this with global data sources such as Ecoinvent and Defra. In 2024, we initiated a collaboration with Climate Partner to review our CCF methodology. Additionally, we disclose our climate data through CDP and EcoVadis.

Our Sustainability Strategy

Our science-based emissions reduction targets

Overall net-zero target

The Hero Group commits to reaching net-zero GHG emissions across the value chain by 2050 from a 2019 baseline.

Near-term targets

The Hero Group commits to reducing absolute Scopes 1 and 2 GHG emissions by **46.2%** by 2030 from a 2019 baseline*. The Hero Group also commits to reducing absolute Scope 3 GHG emissions by **28%** within the same timeframe.

Long-term targets

The Hero Group commits to reducing absolute Scopes 1 and 2 emissions by **90%** by 2050 from a 2019 baseline*. The Hero Group also commits to reducing absolute Scope 3 GHG emissions by **90%** within the same timeframe. The remaining emissions will be neutralized in line with SBTi criteria before reaching net-zero emissions.

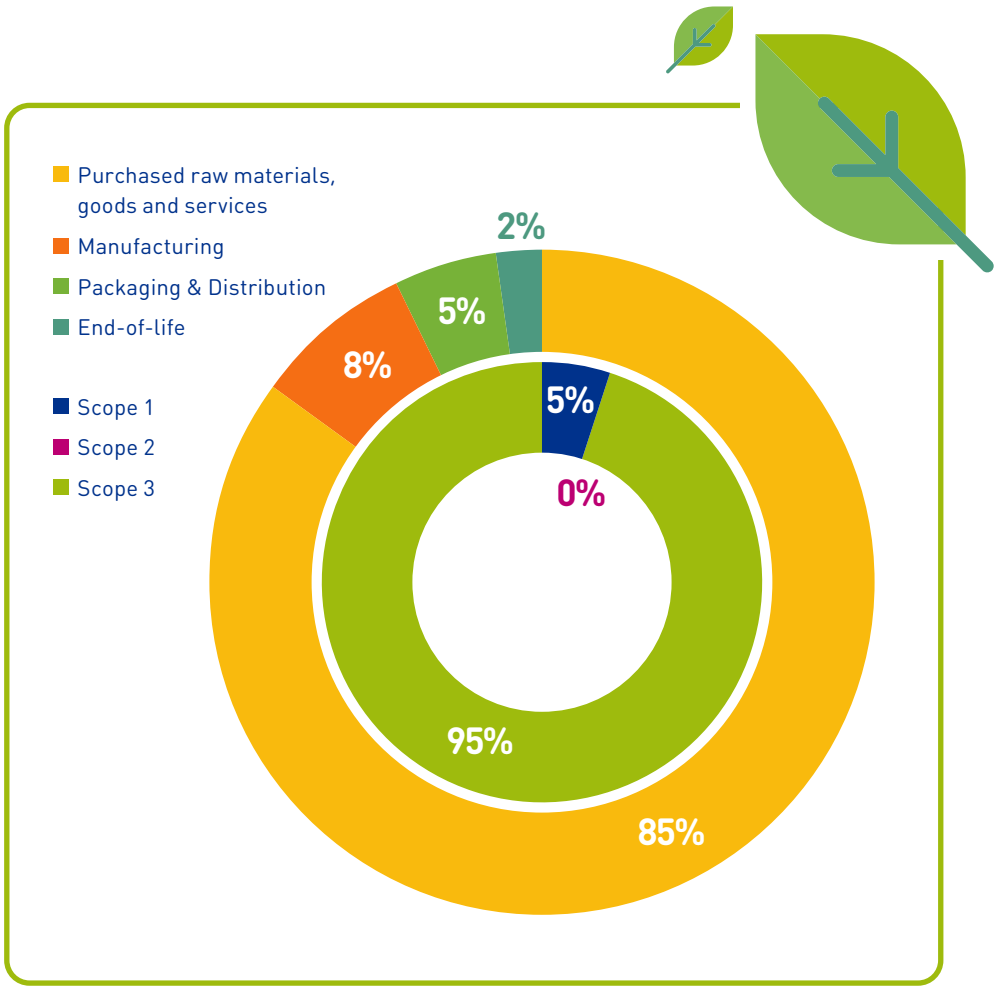


We will continue to publicly report progress against our approved SBTi targets in our Annual Report to ensure transparency, accountability, and corporate leadership.

* The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Sustainability Strategy

Scope 1 emissions (tCO_2e)	32,240
Scope 2 emissions (tCO_2e) (market-based)	310
Scope 3 emissions (tCO_2e)	578,913
Total (tCO_2e)	611,464
GHG emissions intensity (kg CO_2e per kg product sold)	2.5



The carbon footprint of the Hero Group amounted to 611,464 tons of carbon dioxide equivalents (CO_2e) in the reporting year. Compared to the previous year, we reduced our total emissions by 3%, while nominal company Net Sales increased by 2.6%. We aim to maintain this trend of healthy growth alongside decreasing greenhouse gas emissions. The reduction compared to our baseline follows actions taken on our hot spot materials, such as cocoa and glass, shifts in our portfolio mix, supplier engagement, and optimized energy consumption, including the use of 100% renewable electricity at all Hero Group manufacturing sites.

To further reduce emissions across our entire value chain, we have identified four key hotspots and developed responsibilities and action plans for each: ingredients, finished goods, packaging, and transport and logistics. Some highlight cases and future plans are explained in the following chapters and in our comprehensive Sustainability Statement.

Sustainability Strategy

Governance and Compliance

As a family-owned business, the Hero Group prioritizes caring for people and the planet in its corporate strategy, involving the Executive Board, the Board of Directors, and all employees. We are committed to ensuring that Hero takes credible actions to keep sustainability at the forefront as we plan for future growth. Our Code of Conduct and Human Rights Policy emphasize ethical behavior, transparency, and legal compliance. We furthermore promote integrity and honesty through various policies, including our anti-bribery and anti-corruption measures, as well as the SpeakUp® whistleblowing platform.

We set up our sustainability strategy in 2020 and built strong foundations since then. We have defined our material topics and strategic frame, set up a governance system, defined targets and metrics, and implemented decision-making processes and action plans. While the Hero Group CEO and Board of Directors oversee our ESG accountabilities and progress, we have established a governance structure at top management level to address the different topics and responsibilities.



General Management Meeting
2024

Sustainability Strategy

The Board of Director's Finance & Audit Committee observes compliance requirements while the Executive Board ensures that all directors, officers, and employees conduct with our corporate structure and sustainability targets in all business dealings.

CEO and Board of Directors accountability

ESG risks & compliance committee (FAC)

ESG operational committee (regular BoD)



Chief Financial Officer



Chief Strategy and Transformation Officer



Executive Functional Leads

Compliance of non-financial reporting	Sustainability core team experts	Operational execution
• Compliance with ESG frameworks (CSRD, EU DR, CSDDD etc.) • ESG risks and impacts included in Enterprise Risk Management (ERM)	• Setting the ambition, roadmap and strategy • Subject matter expertise on critical hot spots and industry benchmarks • Embed to deliver SBTi NetZero target	• Delivery of ESG strategy, initiatives, and policies aligned with the business objectives • Delivery of SBTi NetZero target

Compliance data reporting

Environment, social & governance data insights & analytics

Sustainability Strategy

In addition to bi-annual updates with our Executive Board, we have installed a Sustainability Steering Committee at senior leadership level to increase the frequency of reviews, provide for the early detection of risks and critical developments, and drive decision-making to ensure business integrity, compliance and continuous progress towards our goals.



The importance of sustainability for Hero is evident in our top executives' compensation package. Since 2023, emission reduction intensity targets on Scopes 1 and 2 have been part of top management's personal performance evaluations, alongside long-term incentives. Additionally, we have updated our CapEx procedure to require an assessment of CO_2e effects for every request, and to incorporate emission impacts into our decision-making processes.

Over the past year, we worked intensively and across disciplines on our CSRD obligations and ESG rating through the EcoVadis platform. These assessments refined our governance, metrics, and actions. Recognizing room for improvement, we commit to continuous progress in sustainability.

Sustainability Strategy

Material Topics and Risk Management

In 2023, we conducted our first double materiality assessment. This analysis considered both the potential and actual impacts of our company on environmental, social, and governance aspects, as well as their financial impacts on the company and our business model. The result is an overview of the key material topics for the Hero Group, highlighting risks and opportunities for our business success (financial materiality) and raising awareness of the impacts of our business activities on the environment and people (ecological and social materiality).



Sustainability Strategy

This early engagement with double materiality allowed us to delve deeper and gain a more comprehensive understanding of our material topics in 2024. Due to interdisciplinary work along the requirements of the CSRD, including assessments of impacts, risks, and opportunities, we significantly enhanced our internal knowledge and procedures on ESG risk management. We will continue to enhance our knowledge and transparency focusing on high risk and high impact areas.

In general, the management team conducts an annual Enterprise Risk Management Assessment (ERM) to identify and mitigate potential risks early, with sustainability as a dedicated focus. Risks, their causes, and potential effects, are compiled in a risk catalogue and assessed based on their probability and impact.

For critical risks, responsibilities are assigned at the highest management level, and countermeasures are implemented as needed to avoid, remedy, or mitigate them. This process ensures continuous risk management across various departments and informs our short, medium, and long-term planning.

Additionally, we conduct topic-specific assessments and develop strategies and action plans for relevant material topics under the guidance of our topic experts in different departments and the responsibility of our functional leads.



Hero ensures ethical behavior, human rights protection, and environmental performance through a dedicated sourcing process that includes mandatory criteria and external supplier ratings. The Hero Code of Conduct forms the basis of all business activities.

In 2024, our Human Rights Policy was approved at board level for rollout in early 2025. Key and strategic suppliers must have a sustainability rating via EcoVadis or Sedex, and SMETA-audits are conducted for high-risk suppliers.



Sustainability Pillars

1 Responsible Sourcing



2 Minimal-impact Production



3 Better Product Design



4 Purposeful people





Sustainability Pillars

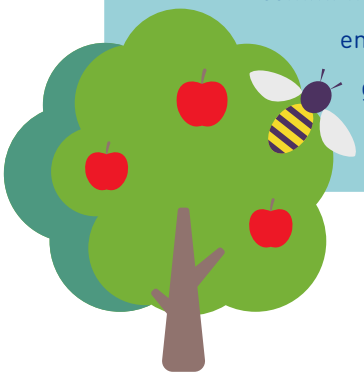
1 Responsible Sourcing

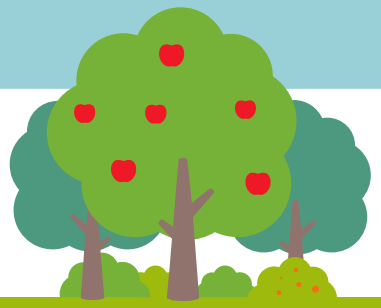
Our supply chains are a central component of our business. We source most of our raw materials regionally for our processing facilities. However, some materials, such as cocoa and tropical fruits, come from more distant regions. As a result, our supply chains can be multi-layered and complex. We are committed to minimizing negative impact wherever possible, focusing on raw materials with high emission footprints and those requiring special due diligence procedures.

Our Hero Group Code of Conduct, guided by the United Nations Global Compact (UNGC) and the International Labor Organization (ILO), forms the foundation of our sourcing activities. We expect our Group entities and business partners to develop their policies in accordance with these principles and require our employees worldwide to uphold these commitments every day. We review the performance of suppliers to enhance transparency regarding environmental, social and governance ambitions, achievements, and hot spots, and to identify areas for improvement within Hero's supply chain. We use EcoVadis ratings, supplier assessments via SEDEX and SMETA audits, and individual questionnaires to assess our supplier's maturity in addressing material sustainability topics.

56 %
key & strategic suppliers with ESG rating in EcoVadis

Over the past years, we have invested in tools, target and KPI definitions, knowledge management, new procedures and templates, as well as extensive collaboration with our suppliers. These efforts have deeply embedded sustainability aspects into the strategic and operational work of our procurement community, driving more standardized implementation of ESG data and KPIs.





Sustainability Pillars

Responsible Sourcing

Our strategic plans and priorities in procurement focus on four key areas:

I) implementing projects to reduce our emissions
II) adhering to non-negotiable compliance standards
III) promoting initiatives on regenerative agriculture practices, and
IV) enhancing data accuracy and reporting.

Key enablers of our commitment are our sourcing playbooks, which provide a consistent methodology for procurement strategies. These playbooks help us to identify risks, opportunities, and market innovations, and compare supplier performances and standards within each sourcing category. While quality and cost remain essential, we also consider carbon emissions, the human rights of workers who grow and process the ingredients, and the water and biodiversity impact of our sourcing. The findings are presented in interdisciplinary working sessions to align on concrete sustainability sourcing projects for execution.



Dialogue and sustainability
working sessions with suppliers

Sustainability Pillars

Responsible Sourcing

In our engagement with suppliers, we must take different levels of ESG maturity into consideration. In some cases, we actively exchange primary emission data, work on holistic programs, and engage on targeted drivers and levers with advanced suppliers. In other cases, we must consider and respect that business partners have just started their sustainability journey. We account for these differences and always strive for an equitable dialogue, building on our internal supplier engagement model.

One collaboration example is a project with our supplier and the procurement and packaging development teams to reduce emissions from our hot spot glass. Utilizing AI digital twin modeling, we successfully reduced the weight and CO_2e emissions per glass by 13% without compromising product safety and stability during the production and transport process.

Following several successful tests, we are now ready to switch to the optimized glass mold for our standard jam jar, achieving an absolute saving of 600 tons CO_2e per year from 2025 onwards. After the pilot, the methodology and learnings will be rolled out to our other glass formats and suppliers in the Natural Spreads and Baby & Toddler Food categories.



Weight and reduced-
emissions glass

Our recently-developed Hero Group Procurement Guidelines serve as a comprehensive framework ensuring that our procurement processes are fair, transparent, efficient, and aligned with our sustainability commitments and targets. We look forward to successfully rolling out and implementing these guidelines across the Hero Group in the upcoming year.

Sustainability Pillars

Responsible Sourcing

In line with our internal guidelines and risk mitigation, we purchase 100% of our cocoa-based ingredients with Rainforest Alliance or Fairtrade certification (Mass Balance) and 100% of our palm oil under RSPO certification (Segregated and Mass Balance).

Recognizing that this alone is not sufficient to ensure deforestation-free supply chains, we implement our own due diligence by reviewing affected supplier measures, processes, and relevant certifications.

We have joined two additional programs to enhance transparency in our cocoa supply chain. Apart from providing significant community support, including initiatives to prevent child labor and improve economic opportunities for women, they also have environmental benefits.

We provide insights on additional initiatives, such as the carbon sequestration through biochar in oat cultivation, within our Sustainability Statement chapters.



Cocoa agroforestry
in Côte d'Ivoire promoting carbon sequestration, biodiversity, and soil health

Sustainability Pillars

Responsible Sourcing – our bee careful Initiative

As a food company, our business relies on natural resources such as fertile soils and fresh water, as well as essential services provided by intact ecosystems, including pollination, humus creation, and nutrient cycles.

We recognize the importance of conserving, protecting, and nurturing a diverse range of fruit, vegetables, cereals, and other crops to ensure everyone can enjoy the goodness of nature. Healthy ecosystems and a wide variety of species are fundamental to our success.

The challenges faced by companies in the Forest, Land, and Agricultural (FLAG) sector present clear areas of focus for Hero. This is why our approach to agricultural challenges extends beyond carbon, aiming to conserve the goodness of nature in our products while fostering biodiversity, soil health, and water stewardship throughout our entire value chain.

Our special attention to pollinators is long term. In 2014, we launched our bee careful initiative to raise awareness about the importance of bees and pollinating insects, and to support their health and habitats. We have since expanded this initiative to now include efforts to preserve habitats, promote healthy soils, and encourage regenerative agriculture practices on and around our partners' farms.



Pollinators are essential
for Hero products

Sustainability Pillars

Responsible Sourcing – our bee careful Initiative



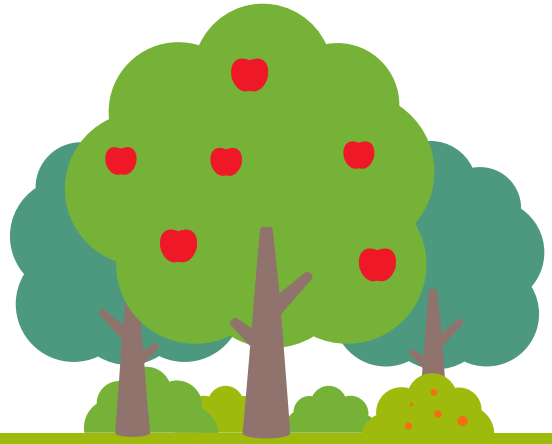
20 key raw materials defined in our biodiversity & ecosystem strategy

With the help of environmental experts from the Global Nature Fund and Bodensee Stiftung, we have conducted holistic biodiversity checks for our Natural Spreads products made in Germany and our Freche Freunde-branded Baby & Toddler Food pouches produced in Spain. We have analyzed internal information and conducted expert interviews to assess the impact of our business activities on biodiversity.

The results, discussed in interdisciplinary round table meetings, have been incorporated into action plans, including farmer cooperation via a biodiversity catalogue in Germany and a project on irrigation management and regenerative agriculture education for farmers in Spain. The assessments significantly increased our knowledge about the direct and indirect impacts we have on ecosystems, as well as strategies for mitigating negative impacts.

We made great progress in defining a biodiversity and ecosystem strategy in the year of reporting scope. We defined three key action subjects, 20 key raw materials that are either high volume or high risk, five key critical upstream risk areas of regular sourcing, as well as the generic risk areas of tropical fruits and raw cocoa where we source indirectly.

In line with our newly defined biodiversity and ecosystem strategy, we aim to transition from isolated projects to a cohesive set of strategies for greater and scalable impact. We are currently laying the groundwork for a harmonized approach that addresses identified impacts, risks and opportunities.





Sustainability Pillars

Responsible Sourcing – our bee careful Initiative

This approach leverages certifications and collaborative programs with suppliers, NGOs, and industry initiatives, such as the Regenerate Together Program by the Sustainable Agriculture Initiative (SAI) platform.

In 2024, we initiated a project to address water scarcity in Spain, a key risk area for our agricultural products. With the help of external partners, we implemented advanced water management practices on two farms that grow peaches and apricots, reducing water usage by 23% while maintaining production levels. This collaboration also decreased nutrient inputs and CO_2e emissions, demonstrating significant environmental and economic benefits.



Water management program
in apricot cultivation to address water scarcity

Also in Spain, we run a project to engage farmers and direct suppliers in regenerative agriculture practices by emphasizing education and tangible benefits. In collaboration with reNature agronomy experts, we established a three-year peer-learning program for farmers in Spain. This initiative translates Hero's Sustainable Farming Principles into actionable transition plans in the cultivation of apples and pears.

Initial farm-risk assessments and continuous soil sample analyses help define key criteria in soil health, water, biodiversity, and climate. With reNature experts, the farmers developed individualized plans to improve soil fertility and crop production, generate additional income through secondary crops, and use natural fertilizers and integrated pest management. The project also includes workshops to scale up regenerative agriculture practices in the region.

Sustainability Pillars

Responsible Sourcing – our bee careful Initiative

Our cooperation with German fruit farmers, with whom we have been using a biodiversity catalogue since 2023, is an award-winning initiative recognized by the German Federal Ministry of Environment. We financially support farmers who grow cherries, red currants, strawberries, and blueberries for our Natural Spreads in the implementation of practices that are beneficial for soil health and pollinators on more than 3,000 hectares of fruit farmland.

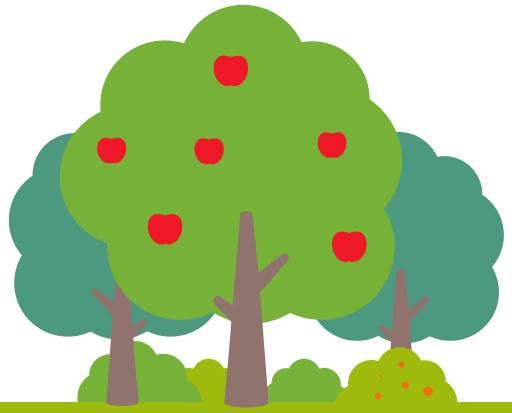
Looking ahead, we aim to broaden our efforts by leveraging certifications alongside other validated practices that provide environmental and often also economic benefits for farmers.



Photo credits: Katja Zimmermann

44 German farmers have participated in our biodiversity cooperation program since 2023

Acknowledgement of our **bee careful initiative**



Sustainability Pillars

2 Minimal-impact Production

Our manufacturing operations are crucial to both our success and our sense of responsibility. Therefore, we set ambitious goals for our community of production, maintenance, and logistics experts.

We are developing a fully integrated supply chain that spans locations and functions, supported by a category-led organization that enables a streamlined manufacturing footprint. Our dedicated global Supply Chain Excellence function is driving operational excellence.

In 2024, we launched the One Hero Excellence program in manufacturing to build capabilities and drive initiatives towards zero losses through 100% frontline ownership and leadership commitment.

We set an annual CO_2e intensity reduction target of 4.2% per ton produced, aligned with our SBTi commitment to cut Scopes 1 and 2 emissions by 46.2% by 2030, compared to our 2019 baseline. We exceeded our CO_2e intensity target in 2024, achieving a 18% reduction across manufacturing sites.

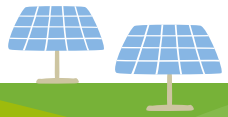
This success was driven by the switch to renewable electricity and strong performances at our manufacturing sites in Egypt, Türkiye, Brazil, and the US, while our ISO 14001 certified sites in Spain and Germany had already delivered significant reductions in previous years.

To continuously advance our internal net-neutral roadmap, we adhere to the principles of the 3 Rs. We reduce energy consumption wherever possible, re-use heat and energy, and replace fossil fuels by switching to electric processes, all while continuously optimizing our energy monitoring.

We have developed location-specific action plans, supported our targets with CapEx investments, and assigned dedicated representatives from every site to own the local roadmap. We track progress monthly on our Integrated Supply Chain dashboard and have established a long-term incentive for our leadership team, including leaders in Supply Chain, to reduce our Scopes 1 and 2 emissions.

100% electricity from renewable sources in all Hero Group production sites





2

Sustainability Pillars

Minimal-impact Production

In 2024, we commissioned our new 6,800m² factory in Spain, which is capable of producing 180 million pouches of fruit puree per year. The factory boasts an energy-efficient design, including thermally insulated enclosures, LED lighting, and an enthalpy free-cooling air conditioning system.





Photovoltaic System
on Hero Spain production site

It also features a centralized cooling plant using ammonia refrigerant, water-efficient toilets with timed sensors, and a photovoltaic solar plant generating approximately 400 MWh annually. Additionally, we optimized the pasteurization process of our fruit pouch production, achieving estimated savings of 75% in energy and 25% in water.

At our manufacturing site in Germany, steam is essential for our production processes but also a significant greenhouse gas emitter caused by gas-fired boilers. In a collaborative project between product development and manufacturing engineering, we optimized our Corny bar production by eliminating an energy-intensive boiling step.

By increasing the salt content during the cooking process of the candy mass, we reduced unnecessary water evaporation. This adjustment led to a 2.4% reduction in energy use per ton of finished product due to avoided steam generation. Furthermore, the team made great progress in exploring an alternative pasteurization process for our jams, which could significantly reduce energy consumption and CO_2e emissions.

2

Sustainability Pillars

Minimal-impact Production

Transportation of goods accounts for 13% of our overall corporate carbon footprint, making it a significant contributor to our emissions. To enhance logistics efficiency, we are implementing a transport control tower and executed a pan-European tender to optimize loads, routes, transport types, and fuel types, while leveraging digitalization initiatives. Our dedicated focus and plans show a significant reduction in CO_2e emissions from transport compared to our previous locally-organized logistics model.

Responsible and efficient water management is crucial for Hero as our food manufacturing processes, such as producing jams, baby food, and snacks, require significant water for cleaning, cooking, and ingredient handling.

Our guiding principles include avoiding water use where possible, reducing water consumption through efficiency measures, reclaiming and reusing water, and restoring and regenerating aquatic ecosystems, particularly in water-stressed regions.



Water
is crucial in various production processes

Our factory in the US made great progress in improving its water management by transitioning to more efficient recipes, enhancing automation in cleaning processes, introducing improvements in batching and filling to lower water usage, and implementing water reclamation systems to capture and reuse water in cooling processes, reducing freshwater usage and waste water generation.

Sustainability Pillars

2 Minimal-impact Production

Our sites in Türkiye and Spain introduced timed sensors and automated systems to enhance water efficiency. Meanwhile, teams in Brazil and Spain have explored water recovery for cooling and irrigation, with plans to expand water recycling and closed-loop systems. Overall, the total water withdrawal intensity improved by almost 3% versus previous year.

2.8% water withdrawal intensity reduction vs. PY

Minimizing waste is a key priority. Our guiding principle is to prevent waste whenever possible. When avoidance is not possible, we focus on reducing, reusing, and recycling materials, as landfill is the least favorable disposal option.

Our Waste Community focused on food waste and losses in finished products in the year under review. Through continuous improvement, technical and process-related changes as well as peer-learning exchanges between our manufacturing sites, we aim reduction of waste generated across our production sites.

One example of our efforts is an initiative in our German jam production, where we identified production losses and food safety risks due to improperly-closed jars. Through technical improvements and awareness training for production employees, we achieved significant results: a 75% reduction in the rejection rate and a food waste reduction of 49 tons of non-marketable jam per year.



Sustainability Pillars

3 Better Product Design

Our consumers demand for products of highest quality that are good for people and the planet. Colleagues from Quality, R&D, Marketing, Category Management, Packaging Development, and Consumer Service lead our key areas: food safety, health and nutrition, and resource use across all our products.

The Hero Group adheres to stringent Food Safety and Quality standards, including the Global Food Safety Initiative (GFSI), and regularly conducts comprehensive risk assessments to mitigate potential issues.

We actively engage with consumers to address concerns and continuously enhance product quality. By meticulously tracking metrics such as non-conformance rates and product recalls, we ensure ongoing improvement and effective risk mitigation related to food contamination. Compliance is maintained across the global supply chain through rigorous third-party audits and certifications.



Additionally, we regularly conduct internal audits, crisis management trainings and quality reports to review and refine our quality management and food safety system. We also undergo external audits for certifications like Rainforest Alliance, organic, kosher, and halal to meet customer demands for sustainable products and specific dietary regulations.

Continuous improvement is the cornerstone of the Hero Supply Chain Excellence program, leading to high first-time-right scores and significantly reducing product waste during the production process.

69% infant meals with high contribution of vegetables & legumes (≥ 40%)

Baby Food pureed products **94%** free from starch and fruit concentrates

This commitment extends to our product development efforts, where we have created a unique, tasty, healthier, and more natural portfolio that advances our mission. We strive to make our products healthier for both people and the planet.

Sustainability Pillars

Better Product Design

Our Goodness of Nature (GON) product development guidelines provide science-based insights for Hero food developers and marketers, guiding the creation and renovation of healthier products.

These guidelines emphasize nutritional targets per category, preferred ingredients, list those to avoid, and clearly define prohibited raw materials. They support product development and marketing with category-specific principles, ensuring alignment with our mission.



Hero GON
product development
guidelines 4th edition

We prioritize the health of vulnerable groups, such as infants and young children, by adhering to international nutritional guidelines, such as those from the World Health Organization (WHO), the European Food Safety Authority (EFSA), and using our internal GON Index to ensure products are healthier, and free from undesirable nutrients and ingredients. In 2024, the Research and Development team, supported by category leads, updated our GON Guidelines to incorporate latest food science and nutrition insights.

8.2% reduction of sugar in natural spreads portfolio since 2020

61% new launches with less than 5% sugar in Corny snack portfolio



Sustainability Pillars

Better Product Design

To enhance our products and policies, we have initiated several key updates and reviewed our product and nutrition policies. In 2024, our R&D team engaged with the Access to Nutrition Initiative (ATNI) and the European Food Information Council (EUFIC), highlighting the need for better external communication of our efforts.

Committed to transparency, we are developing a Hero Nutrition and Food Policy for 2025. This policy will include sections on Breast Milk Substitute (BMS), aligning with the WHO's International Code, and a Marketing to Children policy, detailing our guidelines for responsible advertising and engagement with children.

We made great progress in delivering on our GON targets: 61% of our snack bar launches contain less than 5% sugar, 85% are a source of fiber, and 31% provide a source of protein. Our better-for-you strategy in our Natural Spreads category, including reduced sugar and no added sugar options, along with reformulations in our core recipes, resulted in almost two out of five jams in our portfolio having a sugar content below 40%.

Aligned with the Planetary Health Principles, 69% of our infant meals feature a high content of vegetables and legumes. One of the drivers behind the increase was the recent reformulation of our infant meals portfolio in Spain and Nordic countries, which increased the vegetable and legume content by 18%. Additionally, after our efforts to eliminate palm oil from our baby food products, 98.6% of products in our baby food portfolio are now palm oil free.



Infant meals
with high content of vegetables and legumes

Sustainability Pillars

Better Product Design

To enhance and better integrate sustainability awareness into our business and project governance, we updated our innovation management tool (IMT). The tool highlights significant impacts in innovation and on renovation projects. Our approach focuses on emissions, packaging, nutrition, and biodiversity impacts, and we trained relevant teams in marketing and product change management.

Our Packaging Development team is dedicated to creating a positive environmental impact through a structured approach. Firstly, we aim to reduce existing packaging materials. Secondly, we are assessing options to design packaging materials for recycling. Thirdly, whenever feasible, we work to increase recycled content in materials, contributing to a circular economy.

In 2024, we finalized a Design-for-Recycling Assessment as part of our Packaging Sustainability Framework for all our Baby & Toddler Food products, and will implement adjustments where needed. One key milestone was the introduction of our new pouch production line with state-of-the-art packaging technology that will allow us to produce pouches that are ready for recycling as made from one same material.



Mono-material pouches
for improved recyclability

With this change, we also reduced the weight of the pouches by 20% on average. Furthermore, we have started to run the same assessment for our other categories and under the new guidelines of the European Packaging and Packaging Waste Regulation (PPWR).

Sustainability Pillars

4 Purposeful People

Hero is a global company with over 4,000 employees across 17 countries. Our workforce is a fundamental asset, and the well-being, engagement, and development of our people is essential for success.

This commitment is reflected in comprehensive policies and initiatives outlined in the Hero Human Deal. This roadmap aims to empower Hero's talent to drive sustainable business growth while leveraging our One Hero vision, working together as a single team towards our shared mission to delight consumers by conserving the goodness of nature.

To enhance our talent management and development, we have established a new talent and culture function and in-sourced our talent acquisition, prioritizing internal talent for open positions whenever possible. We have also initiated the creation of a job architecture framework to ensure consistency in role evaluation, and to create transparency and fairness across the entire Hero organization.



The Hero Human Deal
– our people and culture

Furthermore, our performance management system has been renewed to better balance output and behavior, ensuring that the way and manner of achieving goals is as important as the outcomes.

45% senior leadership roles filled by women







Sustainability Pillars

Purposeful People

Safety is our number one priority – before we do anything else, we make sure that we keep our people safe. Our company safety policy, Strive for Zero, aims to create transparency on our safety performance and encourages our people to take responsibility for safe behavior, and to alert others when they observe a risk. Our approach is to make sure we share what we learn when an accident or incident occurs so that we can take action to avoid recurrence.



Our Strive for Zero safety campaign

Hero has a comprehensive safety management system that includes protocols and instructions, regular audits, employee training programs, and incident reporting mechanisms. Overseen by the Health & Safety Community, this system is dedicated to continuously improving safety practices.

We implement preventive measures such as regular equipment maintenance, safety drills, and provide personal protective equipment (PPE) to employees. Encouraging active participation in safety initiatives is key, facilitated through safety committees and feedback mechanisms. Employees are trained to promptly identify and report potential hazards, which are then logged and resolved.

We regularly assess safety performance at all our sites and include safety culture questions in the engagement survey to capture employee feedback. Additional preventive initiatives to promote well-being, including mental health, are implemented.







Sustainability Pillars

Purposeful People

To ensure engagement and maintain close connections with our employees, we invited people from all over our organization – at every site and level – to participate in our regular employee surveys. The surveys covers every aspect of their experience working at Hero. In our last survey, 75% of our colleagues provided feedback, helping us understand our strengths as an employer and identify areas for improvement.

83%
of participants in our pulse survey said they are proud to work with Hero

We invest in the development and engagement of our employees through training programs, regular feedback, and career development opportunities to enhance satisfaction, retention, and overall performance.



International mobility and intercultural experiences are powerful assets in developing our talents. After the successful exchange program involving 28 factory workers from Spain in Germany, and several international career paths among administrative and commercial staff, 10 colleagues from seven Hero countries participated in the 125th anniversary celebration of our Schwartauer Werke site in Germany. The colleagues enjoyed a cultural exchange and continue to carry on our One Hero vision as local ambassadors.



Employee exchange
between Spain and Germany



Sustainability Pillars

Purposeful People

Hero emphasizes stakeholder engagement, particularly with affected communities. The company conducts consultations not only with business partners, but also with communities near our manufacturing sites and social projects in the wider area. This collaborative approach helps Hero to develop strategies that are both effective and socially responsible.

With a large workforce spread around the world, we can create positive impacts through local CSR activities. Our entities drive engagement around sustainability in various formats. Brazil initiated a sustainability-themed week, Switzerland and Germany invited colleagues to regular sustainability information sessions using the Green Bag format, and Spain conducted environmental training in cooperation with a local NGO.

We developed an inclusive interviewing guide and trained hiring managers on diversity and inclusion. Hero MEA organized a summer camp on sustainability for children, Germany trained apprentices to become sustainability scouts, and several colleagues worldwide participated in volunteering initiatives.

Hero supported local food banks and humanitarian aid organizations through product donations and charity events over the past year. Additionally, we provided financial and product donations in emergencies, such as the severe flooding in the Valencia region and hurricanes in Florida.



Employee volunteering initiative on global **Clean-Up Day**





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General Disclosures

Basis for preparation

BP-1 General basis for preparation of sustainability statements

The sustainability statement encompasses Hero's reporting on Environmental, Social and Governance (ESG) matters. Starting from 2025*, the Hero Group must comply with requirements specified by EU Corporate Sustainability Reporting Directive (CSRD) and will have to report in accordance with European Sustainability Reporting Standards (ESRS).

To proactively start meeting these requirements, we revised the report structure and content to ensure better alignment with the ESRS requirements. For a detailed overview of all the ESRS disclosure requirements addressed in the report, please refer to page 331.

The contents in this report have been prepared in accordance with requirements of Art. 964b and Art. 964j-l of the Swiss Code of Obligations, and in alignment with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Details of how our reporting aligns with TCFD disclosure requirements can be found on page 338.

This report was prepared for the reporting period January 1 to December 31, 2024, and was subject to approval by the Hero Board of Directors prior to publication.

Scope, reporting boundaries and data

Information in the sustainability statement includes Hero AG and all its subsidiaries, and has been prepared on the same consolidated basis as the Hero Group's 2024 financial statement, except for the recently-acquired Deliciously Ella business which is not in the scope for the 2024 report and will be included in scope as of 2025.

The scope extends to cover material impacts, risks and opportunities in the upstream and/or downstream value chain resulting from our double materiality assessment.

The extent to which the Group's policies, actions, targets, and metrics extend to our value chain is described in the sections relating to the topical standards.

No information corresponding to intellectual property, know-how or the results of innovation has been omitted from the sustainability statement.

* Unless changed as a result of Omnibus simplification package proposed by EU Commission on February 26, 2025.

General Disclosures

Note on the Swiss Code of Obligations

We summarize how this report complies with the requirements of Art. 964b of the Swiss Code of Obligations, which became mandatory for Swiss companies of public interest from 2023, on page 339.

We also adhere to the requirements of Art. 964j-l of the Swiss Code of Obligations (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor).

We have determined that we are exempt from the obligations of due diligence and reporting on conflict minerals (see page 320). Our disclosure related to due diligence on child labor can be found in Human rights and labor practices chapter of this report (see page 320).



BP-2 Disclosures in relation to specific circumstances

Time horizons

In this report, the Hero Group has not deviated from the medium- or long-term time horizons defined by ESRS 1 section 6.4, unless stated otherwise in the respective parts of report.

Value chain estimation

Scope 3 GHG emissions have been calculated using a hybrid method, combining primary activity data with secondary data from reputable sources, specifically, with emission factors from well-recognized databases such as EcoInvent, Defra and Exiobase.

This approach is consistent with the GHG Protocol's recommendations and allows us to have a solid carbon accounting process in place. We evaluated the resulting accuracy of information as moderate, which we consider to be acceptable at this stage of CSRD reporting readiness. We plan to use more primary data from our suppliers once it becomes available and will continuously update our emission factors to reflect enhanced contextual understanding.



General Disclosures

Sources of estimation and outcome uncertainty

Certain non-financial KPIs disclosed in this sustainability statement may include assumptions and estimates. Where relevant, we have included notes within the chapters to explain these assumptions. The availability and quality of data may require further improvement, which is part of our ongoing commitment in sustainability reporting.

Changes in preparation or presentation of sustainability information

As part of our decision to align the structure and content of this report with CSRD and ESRS, we will no longer be reporting in accordance with the Global Reporting Initiative (GRI). However, any information and KPIs previously reported under GRI will still be included if they are considered material based on Hero's double materiality assessment.

Furthermore, this change involves addition of new disclosures and metrics as required by the ESRS, including descriptions of material impacts, risks and opportunities, and policies, actions and metrics and targets to address them.

A high-level TCFD physical and transitional climate risks assessment has been performed using modelling scenarios from both Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) provided by the International Panel on Climate Change (IPCC). For more details, see the Climate change chapter on pages 232 to 238.

In 2024, we reviewed our Carbon Accounting methodology aligned with the Greenhouse Gas Protocol and implemented a distinction between emissions originating from land-related activities and those from non-land-related activities. The methodology review has been performed in close collaboration with one of the leading climate consultancies Climate Partner.

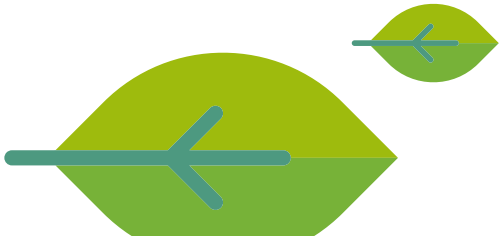
Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

This sustainability statement includes information presented in reference to the SASB standards and the Taskforce for Climate-related Financial Disclosures (TCFD). This information is clearly identified in respective parts of the sustainability statement.

Incorporation by reference

To streamline the structure and content of this sustainability statement, several disclosure requirements have been incorporated by reference to the different parts of Hero Group Annual Report, including:

- ERM process, see section Risk Management (page 46)
- Composition of Board of Directors and Executive Board, see section Corporate Governance (page 28)



General Disclosures

Governance

GOV-1 The role of the administrative, management and supervisory bodies

This section outlines the governance framework, including the roles and responsibilities of the Board of Directors and executive management in overseeing and implementing sustainability initiatives.

Composition and diversity of the governing bodies

The Board of Directors consists of five members, including one woman (20%). All members of the Board of Directors are non-executive members and independent. None of the Board of Directors is a dedicated representative of the employees or workers, which is in line with common practice and Swiss code of best practice for corporate governance in Switzerland. The interests of the employees are represented by the Chief People Officer in the Human Resource Committee of the Board of Directors.

The Executive Board consists of six members, two of them are women (33%).

For more information on the composition of the Board of Directors and the Executive Board as well as its members, please refer to the Corporate Governance section of this Annual Report (page 28).

Roles and responsibilities with regards to sustainability matters

The Board of Directors has the responsibility for the overall strategic direction ofthe Group, including the sustainability strategy, its impacts, risks, and opportunities. The sustainability ambition and targets are discussed and approved by the Board of Directors and its progress reviewed. The Board of Directors has decided to integrate ESG targets as KPIs in the Long-term Incentive (LTI) program of the Executive Board and senior management, including carbon footprint reduction and gender diversity in management.

The Finance and Audit committee (FAC) of the board has taken over the responsibility to supervise the compliance of the non-financial reporting of the Hero Group. The results of the Enterprise Risk Management process are reviewed in the FAC and approved in the Board of Directors. Sustainability matters have been incorporated in the annual Enterprise Risk Management process. For a more detailed description of the risk management process and its results please refer to the Annual Report section “Risk Management” (page 46).

General Disclosures

The Executive Board is responsible for the operational management of the sustainability agenda as well as the preparation of the non-financial report. Within the Executive Board, the Chief Strategy & Transformation Officer is leading the sustainability strategy, targets, and agenda development. The CFO is responsible for compliance with non-financial reporting requirements. The operational execution of the sustainability agenda is fully embedded in the respective Group functions and country organizations who deal with sustainability matters at their level of responsibility.

The Executive Board is supported by a dedicated core team on sustainability matters, which is composed of experts in regulatory requirements, environmental sustainability, and supply chain.

Skills and expertise

The Board of Directors and the Executive Board possess a diverse set of skills on sustainability matters coming from different industry experiences (consumer goods, food, finance, crops and seeds, e-commerce), other external mandates, projects, and personal networks.

The organizational expertise has been deliberately enriched by hiring experts in specific sustainability fields or by developing existing members of the organization into sustainability roles via training and learning on the job.

In areas where the organization is lacking specific know-how or capacity, Hero is collaborating with external experts and consultants.

GOV-2 Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies

We set up our sustainability strategy in 2020 and built strong foundations since then. Specifically, we have identified our material topics and set up a strategic frame, established a governance system, defined targets and metrics, and integrated sustainability into decision-making processes and action plans. The Hero Group CEO and Board of Directors oversee our ESG accountabilities and progress. Beside this, we put in place a governance structure at a top management level to address different sustainability topics and assign responsibilities.

The core component of this process involves bi-annual updates with our Board of Directors and quarterly updates with our Executive Board on the progress made towards our sustainability goals, effectiveness of our policies, and the implementation of respective actions.

Additionally, we have established a Sustainability Steering Committee at senior leadership level to increase the frequency of reviews, facilitate early detection of risks and critical developments, and drive decision-making to ensure business integrity, compliance, and continuous progress. In addition to its other responsibilities, the committee oversees the implementation of procedures for identifying and assessing material impacts, risks, and opportunities, as well as conducting supply chain and human rights due diligence processes.

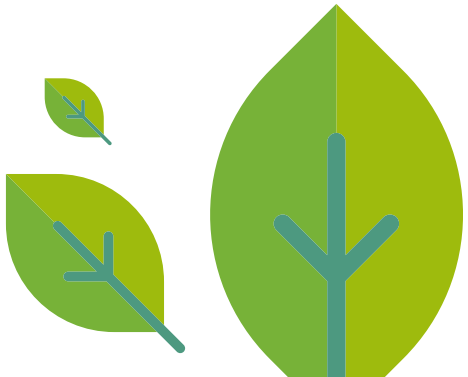
General Disclosures

GOV-3 Integration of sustainability-related performance in incentive schemes

At Hero we are committed to drive the sustainability agenda as laid out in our sustainability strategy by embedding sustainability related considerations into our decision-making process across multiple levels of organization.

To support this ambition, we introduced a Long-term Incentive (LTI) three-year plan in 2023, applicable to our senior leadership within the Group, which includes sustainability-related targets among other criteria. According to the LTI plan, variable remuneration of members of Hero's leadership circle is linked to the achievement of targets for reduction of Scopes 1 & 2 CO_2e emissions per produced ton and improvement of gender diversity in leadership roles.

As an organization, we are currently re-evaluating our LTI plan to make it more comprehensive by incorporating Scope 3 CO_2e emission-reduction targets going forward. For more information about CO_2e emission reduction targets included in the LTI plan, please refer to page 238 of Climate change chapter in this report.



GOV-5 Risk management and internal controls over sustainability reporting

Sustainability reporting is organized across multiple levels and functions within the Hero Group.

A dedicated central team sets guidelines, consolidates information, and undertakes quality checks. Business functions on central and local level provide the requested information. Functional leaders sign off the key content of the sustainability report for their area. The Executive Board reviews and prepares the consolidated sustainability report, which is then reviewed and approved by the Board of Directors.

The main risks identified in sustainability reporting include the accuracy of information, the completeness of information, and the timing of reporting. Such risks are mitigated by central guidance as well as checks and balances on multiple levels in the reporting process.

The dedicated central team is composed of experts in multiple functional areas, including regulatory reporting requirements, environmental sustainability, and supply chain. This team organizes the sustainability reporting process, sets the reporting guidelines, provides the reporting tools, consolidates the sustainability reporting information, and undertakes quality checks on the reported information.

General Disclosures

The business functions on central and local level are responsible for the provision of the requested sustainability reporting information. With this organizational set-up, Hero ensures that the information is collected from the functions closest to the respective source of information. Regular interaction with the central team ensures learning and alignment on the sustainability reporting requirements, as well as improved quality of information over time.

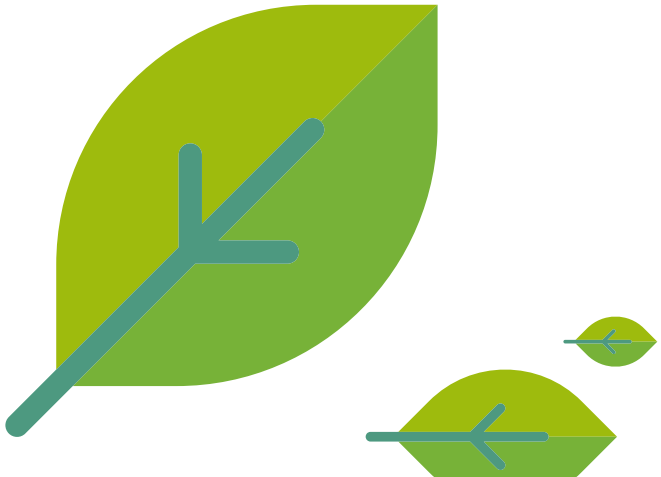
The Hero Group has assigned functional leaders as owners for the different disclosure requirements in sustainability reporting. On the one hand, this secures business ownership and on the other hand, another level of quality control on content. Functional leaders sign off the key content of sustainability reporting for their area.

Furthermore, our carbon footprint calculation methodology was reviewed by Climate Partner, one of the leading consultancies in this area, in 2024. The review confirmed that all relevant emissions' sources were accounted for and duly represented to ensure completeness and accuracy of information. Also, Climate Partner verified that the calculation of Hero's carbon footprint adheres to the principles outlined in the GHG Protocol and is consistent with industry best practices.

The Executive Board takes comprehensive responsibility for the consolidated sustainability reporting. It is responsible for the review of the sustainability report and to prepare it for discussion and approval by the Board of Directors.

Sustainability is a regular item on the agenda of the meetings of the Board of Directors. The Finance and Audit Committee of the board focuses on compliance of the non-financial reporting with applicable regulation. The Board of Directors reviewed and approved the sustainability report as part of the Annual Report 2024 in its meeting on March 4, 2025.

The Hero Group is continuously working on improving and professionalizing the reporting process, reporting tools, and the quality of information.



General Disclosures

Strategy

SBM-1 Strategy, business model and value chain

Hero Group sustainability strategy

Since unifying our sustainability strategy, ambition, and structure in 2020, we have established numerous foundations to embed sustainability into our overall company strategy.

We have built a community of passionate leaders across functions and countries, and defined targets based on a foundation of data and Hero-specific insights. Our strategy is grounded in our external and internal commitments to become net-zero by 2050, to ensure compliance with CSRD by 2025*, and elevate our role in upstream operations with our bee careful initiative.

We have operationalized material topics within our organizational structure, embedding sustainability into dedicated functions, decision-making processes, and everyday work along our value chain. Through **Responsible Sourcing**, we use **Minimal-impact Production** to make **Better Product Design** by and for **Purposeful People**.

* Unless changed as a result of Omnibus simplification package proposed by EU Commission on February 26, 2025.

Strategy & Governance

We manage sustainability with a long-term, future-oriented approach, taking responsibility for environmental, economic, and social aspects across the entire value chain.

Our organizational structure ensures that we meet external regulatory obligations and fulfill our decarbonization plans in line with our SBTi commitment.

1 Responsible Sourcing

We work in partnership with our suppliers on emission reduction, resilient agriculture, fair labor conditions and transparent supply chains.

Under our bee careful initiative, we promote regenerative agriculture practices on and around our partners' farms.

2 Minimal-impact Production

We continuously improve the efficiency of our production, switch to renewable electricity, conserve energy, and water and reduce waste.

We optimize our transport and deploy technologies for decarbonization.

3 Better Product Design

We design our products to be better for people and the planet - with more of the 'good' like fruits and vegetables, whole grains and fibre, and less of the 'bad' like refined sugar.

We are also working towards less environmental impact of product packaging.

4 Purposeful People

We grow and develop our team by fostering a values-led culture. We ensure our employees feel engaged, included, and motivated.

We prioritize personal development, health, and safety in our workplaces, and actively engage with local communities.

Grounded in data and insights, we work to support the United Nations Sustainable Development Goals. Particularly:

General Disclosures

Science Based Target Commitment (SBTi)

Hero has a strong commitment to reduce emissions along the full value chain, which we formalized by joining the Science Based Target initiative (SBTi). Our near and long-term targets were approved in 2023, confirming they are in line with the SBTi's 1.5ºC mitigation pathways to reach net-zero emissions (-90% across Scopes 1, 2, and 3) by 2050, and to achieve a mid-term goal of -46% emissions in Scopes 1 and 2, and -28% in Scope 3 by 2030.

This also aligns with the global goal set in the UN Climate Change Conference of the Parties (COPs).

The assessment of our footprint based on the Greenhouse Gas (GHG) Protocol Corporate Standard across the entire value chain forms the foundation for the accounting of our corporate carbon footprint. In line with the SBTi guidance, we have recalculated our baseline year 2019 to reflect our mergers and acquisitions activities and the divestment of our manufacturing sites in Sweden and Switzerland. We furthermore disclose our climate data through the CDP platform.

To ensure emissions reductions across our entire value chain, we have identified four key hotspots and developed responsibilities and action plans for each: ingredients, finished goods, packaging, and transport and logistics. Specific cases and future plans are explained in the Climate change section.

Hero Group business model

As a food company, we are directly affected by the impacts on our planet and people, and recognize the effect our business has on the environment and society. For us, sustainability means thinking holistically, planning for the long term, and acting responsibly towards our customers, employees, suppliers, and the environment.

By integrating environmental, social, and governance (ESG) topics into our core business activities across our value chain, we ensure that sustainability is not just a series of individual projects, but an ongoing journey of continuous improvement.



General Disclosures

We select the best possible ingredients from suppliers we trust, and turn them into natural, tasty, and nutritious products that are enjoyed by millions of people around the world.



1

Purchasing from trusted farmers

We select very best quality raw materials that nature has to offer. We aim to buy these ingredients directly from farmers we know and trust, and support them to give back to nature through promoting biodiversity and good soil health.

2

Innovative products

We begin by formulating the healthiest recipes, using nutrient-rich ingredients and minimizing processed sugar. Then, we work to continuously improve them.

3

Light touch manufacturing

Our careful manufacturing processes preserve the natural goodness of raw ingredients and keep our products natural. Our exhaustive quality controls ensure our products are nothing less than perfect.

4

Sustainable packaging

We keep our products safely sealed in convenient packaging that is easy to open, use, and recycle.

5

Efficient logistics

We move our products around as efficiently as possible, using full loads, careful route planning, and the most appropriate form of transport.

6

Happy consumers

Our products are enjoyed by 200 million consumers in countries across the world.

General Disclosures

SBM-2 Interests and views of stakeholders

We understand sustainability as a continuous improvement process that can only succeed in exchange with our stakeholders, both internally and externally. For Hero, dialogue is very important, especially with retailers and consumers, with suppliers and non-governmental organizations (NGOs), with neighbors and regulators, the media and, above all, our employees.

We conduct this dialogue regularly on various communication occasions and via different channels and instruments. Our largest exchange format on sustainability was the survey of 28 internal and 45 external stakeholders as part of our double materiality analysis in 2023.

At Group level, we leverage various platforms such as SAI and networks such as Trellis to maintain a link to the relevant industry trends. In addition, we are in contact with the various regional initiatives through our local companies, such as foodRegio and the Biodiversity in Good Company Initiative.



General Disclosures

Impact, risk, and opportunity management

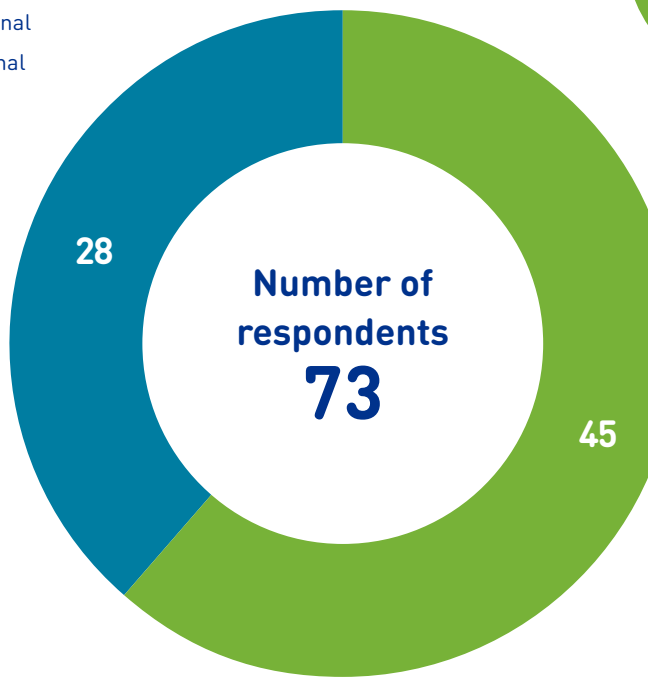
IRO-1 Process to identify and assess material impacts, risks, and opportunities

In 2023, we conducted a Double Materiality Assessment (DMA) to map and gain a deep understanding of our most material impacts on people and environment (Impact Materiality) as well as business risks and opportunities arising from sustainability topics (Financial Materiality).

Our starting point was the assessment of Hero's impacts on the environment and society, which identified and assessed the sustainability-related impacts of our own operations and value chain, conducted in 2021.

In 2023, these topics were reviewed against third-party frameworks as per EU guidance – for example, EU CSRD, GRI, and SASB. Existing topics were adjusted and additional topics added through this process.

A scan of key regulations, risks, trends, and consumer insights relevant to Hero's sustainability pillars was performed to identify new material topics. The list of 41 topics was validated with Hero's sustainability team and formed the basis for the online evaluation survey completed by internal and external stakeholders.



External Stakeholder – Breakdown of Responses by Type	
Civil Society/ NGO	3
Customers	2
Experts	17
Partners	15
Suppliers	8

General Disclosures

Internal stakeholders included employees and senior leaders in various functions, including Executive Board members.

External stakeholders included Hero customers, suppliers and partners, in addition to NGOs and sustainability experts (for example, academics).

The survey asked respondents to rank each sustainability topic in five areas: importance, scale of impact, scope, irremediability, and likelihood.

Further to the survey, a double materiality matrix mapping was performed to compare the materiality matrices of key customers, suppliers, and peers. Furthermore, the list of 41 sustainability topics was assessed for financial materiality, using same definitions as that used for the impact materiality assessment.

Each sustainability topic was assessed against the likelihood that it would prompt one of two triggers of financial value creation, using the six identified 'capitals' that are relevant for Hero: Financial, Manufacturing, Intellectual, Human, Social and Relationship, and Natural. Stakeholders looked at areas of their expertise only, not across all matters.

The results from the above steps were reviewed and calibrated by subject matter experts at Hero to finally determine how financially material a sustainability topic is.



General Disclosures

In 2024, Hero Group further consolidated the list of material topics to a total of nine material topics as per the double materiality matrix on this page.

This final list of material topics encompasses all the material issues identified by stakeholders in a structured and holistic way, and forms a basis for the disclosures in Hero's sustainability statement.

Through consolidation of material topics in the Double Materiality Matrix, we established clear ownership and focus across the Hero organization to support the sustainability agenda. This enabled our senior functional leaders to prioritize material sustainability matters in decision-making processes.

The Hero Group's Executive Board discussed and approved the final list of nine material topics in the beginning of 2024.



General Disclosures

In 2025, we will further refine our DMA process and methodology based on the final EFRAG guidance.

The following pages provide detailed information on the results of our double materiality assessment and the process we applied to identify and assess material impacts, risks and opportunities.

Food safety and quality Hero specific

As a global food company, the safety and quality of our products is our core foundation. Our key impact is that the products we deliver are safe to consume. The most important risk is that major food safety or product issues may lead to a loss of brand reputation and reduced trust in our products, resulting in financial losses.

For more details, please see chapter Food safety and quality on pages 291-296.

Health and Nutrition Hero specific

We are committed to develop healthier and more natural products that are good for consumers and the planet. At Hero, we follow strict product design guidelines based on the latest nutrition and health recommendations and consumer research.

Poor nutritional quality in some products may contribute to consumer health negatively. This is why Hero is dedicated to addressing the material impacts on consumers and end-users through responsible product development and ethical practices.

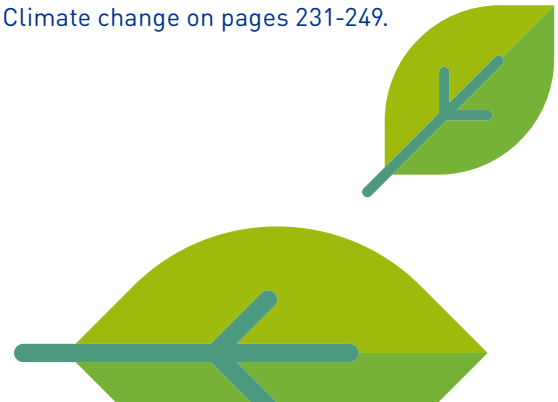
Opportunities arise from the growing consumer demand for healthier and more natural products. By adhering to strict guidelines and continuously innovating, Hero can strengthen its market position and enhance its reputation as a provider of healthy and sustainable products.

For more details, see chapter Health and nutrition on pages 298-306.

Climate change ESRS E1

Climate change is one of the most material topics for Hero due to its impact on both our own operations and our value chain. CO_2e emissions and energy use emerged as Hero's key impacts related to this topic. Simultaneously, this presents us with the chance to drive the sustainability transformation within our operations and value chain, leading to reduced climate impacts. Our key risks are climate-related regulatory changes as well as potential crop supply disruptions due to extreme weather events. Leading in decarbonization efforts presents a significant opportunity for business growth driven by attraction of environmentally-conscious customers and consumers.

For more details, please see chapter Climate change on pages 231-249.



General Disclosures

Water stewardship ESRS E3 & E4

Water stewardship is a material issue for Hero due to its critical role in production, regulatory compliance, and consumer expectations. The company's food manufacturing processes – such as producing jams, baby food, and snacks – require significant water for cleaning, cooking, and ingredient handling.

Efficient water management is essential for minimizing environmental impacts, reducing operational costs, and meeting growing regulatory requirements related to water usage and wastewater treatment, especially in water-scarce regions. Consumer awareness of sustainability is also increasing, with many consumers choosing products based on how companies manage natural resources such as water.

For more details, see chapters Water Stewardship on pages 250-257 (water stewardship in own operations) and Biodiversity and ecosystems on pages 258-277 (water stewardship in upstream value chain).

Biodiversity and ecosystems ESRS E4

As a food company, our business depends on natural resources such as fertile soils and fresh water as well as other essential services provided by intact ecosystems, like pollination, humus creation, and nutrient cycles.

We understand the importance of conserving, protecting, and nurturing a diverse range of fruit, vegetables, cereals, and other crops to ensure everyone can enjoy the goodness of nature. Our reliance on healthy ecosystems and a wide variety of species is fundamental to our success.

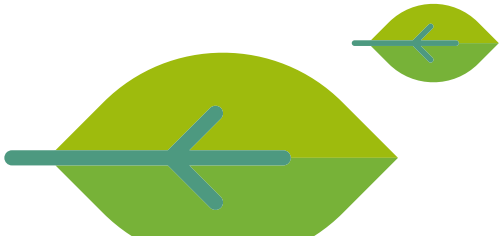
For more details, please see chapter Biodiversity and ecosystems on pages 258-277.

Resource use and circular operations ESRS E5

As a food company, we are depleting some crucial non-renewable resources, for example fossil fuels, through our operations and logistics, and plastic used in our packaging. Additionally, we impact the environment by generating solid and food waste.

As an immediate focus, we are looking closely at our packaging impact. Sustainable packaging is of key importance for our customers and consumers, representing both a hygiene factor as well as an opportunity to drive circularity in specific product packaging.

For more details, see chapter Resource use and circular operations on pages 278-288.



General Disclosures



Own workforce ESRS S1

Hero's policies and practices related to our own employees' impact over 4,000 people. Our impact ranges from providing a healthy and safe working environment, securing employment and appropriate grievance mechanisms, and fostering an inclusive work culture where employees feel they can be themselves.

Mitigating any negative impact and ensuring that we positively impact our own employees is a great opportunity for Hero. This encompasses creating a loyal, diverse and skilled workforce, and positively impacting their health and safety. Failing to do so is an equally significant risk.

For more details, see chapter Own workforce on pages 308-315.

General Disclosures

Human rights and labor practices ESRS S1 & S2

Hero recognizes there is a much bigger population employed in our upstream and downstream value chains. These populations are covered by our human rights due diligence process, risk and impact assessments, and human rights and modern slavery policies.

This topic refers to Hero's commitment to comply with internationally recognized standards, laws, and regulations. This includes the prevention of child and forced labor, and the right to work under fair and safe conditions.

We also recognize that we have a responsibility to respect and promote human and labor rights along our value chain. This includes conducting due diligence on our suppliers and contractors to ensure they meet our standards for environment, health and safety, as well as human rights and labor standards.

For more details, see chapters Own workforce on pages 308-315 (human rights and labor practices in own operations) and Human rights and labor practices on pages 316-321 (human rights and labor practices in upstream value chain).

Business ethics and governance ESRS G1

This topic refers to Hero's ethical business behavior, good governance as well as transparency and integrity to ensure a strict commitment to anti-corruption, fair competition, and compliance with legal obligations within Hero and towards customers and suppliers.

For more details, see chapter Business ethics and governance on pages 323-327.

Methodologies and assumptions

Following the DMA approval by the Executive Board, we unfolded the nine material topics from the double materiality assessment into a comprehensive list of material impacts, risks, and opportunities.

For this, we identified internally functional owners from business and Group functions, and subject-matter experts from the core sustainability team to share the insights about material topics and to deepen our knowledge within each area.

Several onboarding sessions helped to get a common understanding of the new regulation and objectives of the identification and assessment of material impacts, risks, and opportunities (IROs).

General Disclosures

An initial list of IROs was produced, discussed, tested and refined during a series of internal workshops, and presented to the selected panel of Executive Board members in June 2024. For climate change, robust tools and models are available to help companies identify and assess medium and long-term impacts, risks, and opportunities. For other areas, we focus primarily on short and medium-term horizons with the intent to evolve once reliable tools and models become available.

The final list of IROs has been validated throughout a series of follow-up reviews with functional owners in the second half of 2024 and validated by the members of Sustainability Steering Committee.

Scope

The Deliciously Ella business that was acquired in the fall of 2024 has not been included in the scope of DMA yet, and respectively not reflected in the list of material impacts, risks and opportunities. We plan to refine our DMA with Deliciously Ella in scope in the beginning of 2025.

Thresholds

Our Executive Board has set the materiality thresholds for sustainability matters and IROs at 'Moderate', meaning that impacts, risks, and opportunities assessed as 'Moderate' or above, and their associated ESRS topics, are deemed material and will inform the disclosures in our sustainability statement.





Environmental Information

Climate change 231

Water stewardship 250

Biodiversity and ecosystems 258

Resource use and circular operations 278

Environmental Information

Climate change

- Climate-related risks and risk management
- Climate scenario analysis and its impact on strategy and business model
- Integration of climate-related performance in incentive schemes
- Targets related to climate change mitigation
- The Hero Group Corporate Carbon Footprint
- Resources and financial planning
- Energy consumption and mix
- Gross Scopes 1, 2, 3 and Total GHG emissions



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
GHG Scopes 1, 2 & 3 emmissions have a negative impact on climate and environment	Impact (-)	■	■	■
Materials supply disruption and increased cost due to temperature changes, water scarcity, extreme weather events and other physical risks of climate change	Risk	■		
Cost of transition to low emission economy (technology and carbon taxes)	Risk	■	■	
Energy cost reduction thanks to investment in energy efficient technologies and optimization of production process	Opportunity		■	

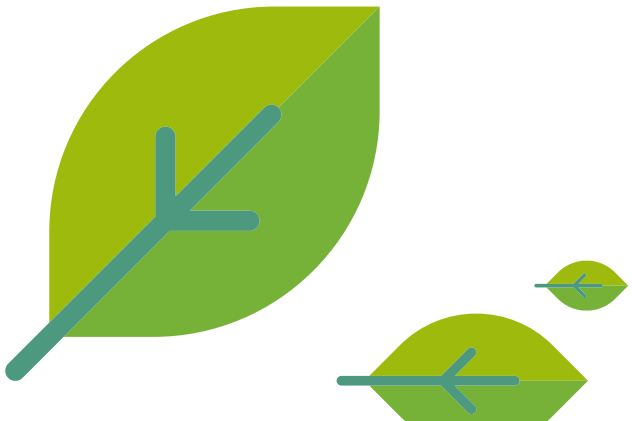
Note: *Impact (-) negative impact, impact (+) positive impact

Environmental Information

Climate change

The Hero Group sustainability strategy is built on four main pillars: Responsible Sourcing, Minimal-impact Production, Better Product Design, and Purposeful People. The strategy emphasizes environmental, social, and governance action encompassing the full value chain, with a focus on decarbonization, compliance, and our flagship bee careful initiative.

The Hero Group sustainability strategy and validated science-based targets are integral components of our climate transition plan that aligns with the Swiss climate goals, through adhering to TCFD recommendations. The components of the transition plan are outlined in this chapter.



Climate-related risks and risk management

Climate-related risks are treated the same way as other risks at Hero and fully embedded in our Enterprise Risk Management (ERM) process. This holistic risk management process supports the identification, assessment, and mitigation of climate-related risks, and considers their potential negative impact for us in achieving our business objectives and creating value. Climate risks are also considered in terms of their potential effects on our suppliers and customers across the value chain.

As of 2024, we have integrated climate-related risks across the relevant items of Hero Group's risk catalogue. For example, the risk of extreme weather events that may cause unpredictable crop yields forms a part of broader sourcing-related risk in the global risk catalogue.

We have analyzed climate-related risks against low and medium-emissions pathways that can vary significantly depending on the nature and speed at which jurisdictions act to align to the Paris Agreement trajectory. Outcomes of our qualitative climate scenario analysis are fed directly into the Enterprise Risk Management process.

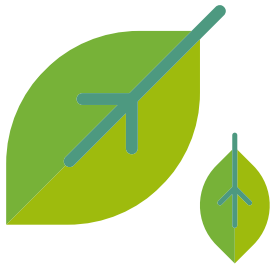
Environmental Information

Climate-related risks are also captured under 'Compliance' risk in our global risk catalogue. Failure to meet increasing climate-related regulatory requirements, driven by inadequate organizational processes and structures, is a risk for our organization.

We are taking action to mitigate our exposure to climate-related risks and our impact on the environment. For critical risks, responsibilities are assigned to risk owners at the highest management level, and countermeasures are implemented as needed to avoid, prevent, or mitigate them.

This process forms the basis for cross-divisional risk awareness management and informs our short, medium, and long-term planning. Consequently, it ensures the continuous management of risk factors within relevant functions and levels.

The Hero Group faces a variety of physical and transition climate-related risks, most of which are typical for companies operating in the food production industry.



In case of global insufficient action to mitigate climate change, the Hero Group expects that the impact of the following **physical risks** will increase significantly in the medium to long-term, and will have significant implications on the upstream value chain in the form of availability of materials critical for our business operations:

1. **Extreme weather events.** Increased frequency and severity of storms, floods, droughts, and heatwaves can disrupt supply chains, damage infrastructure, and reduce crop yields. These events may also impact our manufacturing facilities and related infrastructure.
2. **Temperature changes.** Rising temperatures can affect crop viability, alter growing seasons, and increase the prevalence of pests and diseases, impacting food production and quality. To a certain extent, rising temperatures will also impact the working conditions in our manufacturing facilities.
3. **Water scarcity.** Changes in precipitation patterns and increased competition for water resources can lead to water shortages, affecting the quality and availability of agricultural products as well as water access in processing operations.
4. **Sea level rise.** Coastal facilities and agricultural lands may be at risk from rising sea levels, leading to potential loss of land and increased costs for protective measures.

Environmental Information

In the case of a more rapid transition to a low carbon economy, the Hero Group expects that the following **transition risks** will apply in the medium to long-term and will be relevant to incorporate in our company strategy:

1. **Regulatory changes.** New regulations and policy aimed at reducing GHG emissions and promoting sustainability can require significant changes in sourcing and operations, potentially increasing costs and requiring compliance efforts.
2. **Market shifts.** Consumer preferences are increasingly favoring sustainable and low-carbon products. Companies that fail to adapt may lose market share to more environmentally-conscious competitors.
3. **Technological advancements.** The need to adopt new technologies with lower environmental impact can involve substantial investment and operational changes. Companies that lag in technological adoption may face competitive disadvantages.
4. **Reputation and brand value.** Companies perceived as not taking adequate action on sustainability may suffer reputational damage, affecting customer loyalty and investor confidence.
5. **Supply chain disruptions.** Transitioning to sustainable practices can disrupt existing supply chains, requiring new partnerships and potentially higher costs for sustainable materials and processes.

Addressing these risks requires a holistic approach, including investing in resilient infrastructure, adopting sustainable practices, and staying ahead of regulatory and market trends. This can help mitigate risks and capitalize on opportunities in the evolving landscape.

Climate scenario analysis and its impact on strategy and business model

The Hero Group performed scenario analysis to assess the potential impacts of climate change on our business. This involved modeling different climate scenarios to understand drivers, risks and opportunities, and integrating these insights into strategic planning. The goal is to ensure long-term sustainability and resilience in the face of environmental changes.

In order to gain insight in both physical and transitional risks in scenario analysis, input from both Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) are considered. These public scenarios are based on current scientific data and guide us in a high-level approach to climate scenario analysis.

The following global warming scenarios, modeled by the International Panel on Climate Change (IPCC), have been used in our climate scenario analysis:

Environmental Information

Scenario 1: RCP2.6 + SSP1

This scenario describes a rapid transition to sustainable development where global warming due to GHG emissions is not likely to exceed 1.5 degrees Celsius by 2100. Significant transitional risks are associated with this pathway due to policy change as well as certain opportunities to address consumer needs for healthy and low emission products.

Scenario 2: RCP4.5 + SSP2

This scenario describes a 'middle of the road' approach to sustainable development where global warming is likely to reach 2 to 3 degrees Celsius by 2100. While a multitude of physical risks are associated with this scenario, the focus for the Hero Group is on those risks related to the food system. Extreme weather events or a decline in ecosystem function can disrupt crop yields and supply chains for raw materials important for Hero.

While the RCPs and SSPs are designed to model the impact of global warming by 2100, our approach is focused on the near and medium-term impact of global warming on our business, representing so-called acute and chronic impacts.

During 2024, the Hero Group addressed the topic of scenario analysis with the help of external expertise, focusing on qualitative assessment of physical and transition risks for strategic raw materials and manufacturing locations by 2030 and 2050 (see table below).

The results of the exploratory study have initiated internal discussions and highlighted the importance of incorporating mitigation and adaptation to environmental impacts into our business model to enhance organizational resilience.

The scenario analysis shows that there are significant impacts to be foreseen in both scenarios analyzed, especially in the availability and cost of agricultural raw materials in our upstream value chain, and to some extent in our own operations and downstream activities.

It is therefore essential that the Hero Group embeds mitigation and adaptation actions in its strategy and business model. Our commitment to science based targets and the actions described in this chapter as part of our sustainability strategy are part of the Hero Group's contribution to a net-zero future.

The assessment developed below is a first step in deepening our connection between our functional strategies and climate impact. As a next step to completing this assessment we will further enhance our procurement playbooks and strategies (for example 2forAll), embedding sustainability into our day-to-day decision making.

We recognize this is a journey and will start first with the highest risk and impact commodities before expanding to our full portfolio at Hero. In addition, our four-pillar sustainability strategy is discussed and reviewed regularly to reflect any additional functional priorities we uncover.

Environmental Information

Risk description	Scenario 1: Rapid transition to sustainable development		Scenario 2: Middle of the road approach to sustainable development		Impact description
	Impact on organization by 2030	Impact on organization by 2050	Impact on organization by 2030	Impact on organization by 2050	
Physical risks					
Extreme weather events	**Upstream:** medium **Operations:** low **Downstream:** low	**Upstream:** medium **Operations:** low **Downstream:** low	**Upstream:** medium **Operations:** low **Downstream:** low	**Upstream:** high **Operations:** medium **Downstream:** medium	Weather events such as droughts, heavy rainfall, late frost, storms affect our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable in for example fruits and cereals and will increase to a high risk for multiple raw materials when global warming due to GHG emissions is not mitigated significantly. Operations and downstream value chain (transport) may also experience certain impact.
Temperature changes	**Upstream:** low **Operations:** low **Downstream:** low	**Upstream:** medium **Operations:** low **Downstream:** low	**Upstream:** medium **Operations:** low **Downstream:** low	**Upstream:** high **Operations:** medium **Downstream:** medium	Temperature changes affect the suitable growing areas for the raw materials in our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable and will increase to a high risk when global warming is not mitigated significantly. Temperature changes will also impact our operations and workforce as well as our downstream value chain to some extent in locations where high temperatures cause unfavorable conditions.
Water scarcity	**Upstream:** low – medium **Operations:** low-medium **Downstream:** low	**Upstream:** low – medium **Operations:** low-medium **Downstream:** low	**Upstream:** medium **Operations:** low-medium **Downstream:** low-medium	**Upstream:** high **Operations:** medium-high **Downstream:** low-medium	Water scarcity due to changed precipitation patterns affects our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable in some regions that we source from and operate in, such as southern Spain, and will increase to a high risk when global warming due to GHG emissions is not mitigated significantly. In the downstream value chain, some impact may be noticed, for example access to water is necessary for the preparation of powdered products.

Environmental Information

Risk description	Scenario 1: Rapid transition to sustainable development		Scenario 2: Middle of the road approach to sustainable development		Impact description
	Impact on organization by 2030	Impact on organization by 2050	Impact on organization by 2030	Impact on organization by 2050	
Physical risks					
Sea level rise	**Upstream:** low **Operations:** low **Downstream:** low	**Upstream:** low **Operations:** low **Downstream:** low	**Upstream:** low **Operations:** low **Downstream:** low	**Upstream:** medium **Operations:** medium **Downstream:** medium	Sea level rise is considered a low risk to the geographical footprint of our supply chain and operations in the short term, but may present higher risk in the longer term if climate change is unmitigated.
Transition risks					
Regulatory changes	**Overall:** medium	**Overall:** high	**Overall:** low	**Overall:** low	In a low emission scenario, new regulations and policy aimed at reducing GHG emissions and promoting sustainability can require significant changes in sourcing, transport, operations and end-of-life treatment of products potentially increasing costs and necessitating compliance efforts with value chain partners.
Market shifts	**Overall:** low-medium	**Overall:** medium-high	**Overall:** low-medium	**Overall:** low-medium	Consumer preferences are increasingly favoring sustainable and low-carbon products in both scenarios but would increase more in a low emission scenario due to an increase in global awareness and action. Companies that fail to adapt may lose market share to more environmentally-conscious competitors.
Reputation and brand value	**Overall:** low-medium	**Overall:** medium-high	**Overall:** low-medium	**Overall:** low-medium	Companies perceived as not taking adequate action on sustainability may suffer reputational damage in a low emission scenario, affecting customer loyalty and investor confidence.
Technological advancements	**Overall:** medium	**Overall:** high	**Overall:** low	**Overall:** medium	In a low emission scenario, the need to adopt new, cleaner technologies in operations and in the upstream value chain can involve substantial investment and operational changes. Companies that excel in technological adoption may find opportunities in cost-saving and competitive advantages.
Supply chain disruptions	**Overall:** low-medium	**Overall:** medium-high	**Overall:** low	**Overall:** low-medium	Transitioning to sustainable practices can disrupt existing supply chains and in turn impact our operations, requiring new partnerships and potentially higher costs for sustainable materials and processes. In a middle of the road scenario, this transition would occur at a slower pace.

Environmental Information

To generate more practical insight, we have also started a strategic project in the procurement function, defining the future strategy of fruit sourcing for Hero in Europe. This category of ingredients is critical for the Hero Group, and we are recognizing the effect of increasing extreme weather events on the availability of fruit.

The project incorporates physical and transition risks associated with climate change as well as biodiversity-related risks. The results of this project are expected by mid-2025, and the learnings will be used to define the critical parameters of Group-wide mitigation programs and activities, including upstream value chain, for instance, by exploring new sourcing origins for our key ingredients.

Our transition plan – measuring and managing our climate impact

We aim to reduce our environmental footprint to mitigate our impacts and become a net-zero company by 2050. Our near and long-term ambitions have been approved by the Science Based Targets initiative (SBTi). See details under Targets related to climate change mitigation and adaption below.

We have established an initial transition plan to achieve our near and long-term targets. We measure our progress using changes in climate-related indicators such as Scopes 1, 2, and 3 emissions.

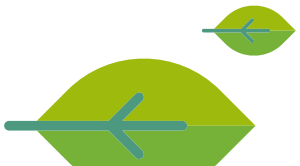
To achieve our near and long-term targets, we have identified our decarbonization levers along our value chain and across our business activities as described under the Hero Group Corporate Carbon Footprint below.

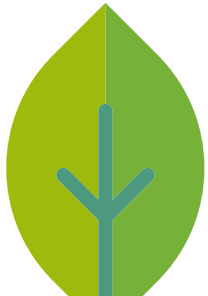
In 2025, we plan to continue the development of a comprehensive transition plan for climate change mitigation. The plan will include more granular climate scenario analysis as well as an emission reduction roadmap that quantifies the potential of emission reduction for each of decarbonization levers. The overall investment needs and respective funding will be an integral part of this process.

Integration of climate-related performance in incentive schemes

At Hero, we are committed to reducing our environmental footprint. As of 2023, we have introduced a Long-term Incentive (LTI) scheme applicable to our senior leadership within the Group. The focus of this scheme is on the year on year (YoY) reduction of CO_2e emission intensity for own operations.

The GHG intensity target for the incentive scheme is based on the SBTi cross-sector pathway of 4.2% per year to limit global warming below 1.5°C. Every three years, we adjust this carbon intensity target to align performance on our absolute science based target.





Environmental Information

Additionally, in 2024, we rolled out CO_2e intensity targets across all our manufacturing facilities as a part of the annual target setting process. With CO_2e reduction now being a primary environmental target for all manufacturing plants, we aim to further push renewable energy agenda across own operations.

Finally, as a Group we are in the process of re-evaluation of our LTI scheme to make it more comprehensive by inclusion of Scope 3 GHG emission reduction targets going forward.

Targets related to climate change mitigation and adaptation

The Hero Group is committed to reaching net-zero GHG emissions across our value chain by 2050 from a 2019 baseline. In 2023, the Science Based Target initiative (SBTi) approved our near and long-term science-based emission reduction targets, confirming they are in line with SBTi's 1.5ºC mitigation pathway for reaching net-zero by 2050.

We publicly report progress against our approved SBTi targets as part of this Annual Report to ensure transparency, accountability, and corporate leadership.

Our science-based emissions reduction targets (from a 2019 baseline):

1. **Overall net-zero target**
   The Hero Group commits to reaching net-zero GHG emissions across the value chain by 2050 from a 2019 baseline.
2. **Near-term targets**
   The Hero Group commits to reducing absolute Scopes 1 and 2 GHG emissions by 46.2% by 2030 from a 2019 baseline*. The Hero Group also commits to reducing absolute Scope 3 GHG emissions by 28% within the same timeframe.
3. **Long-term targets**
   The Hero Group commits to reducing absolute Scopes 1 and 2 GHG emissions by 90% by 2050 from a 2019 baseline*. The Hero Group also commits to reducing absolute Scope 3 GHG emissions by 90% within the same timeframe. The remaining emissions will be neutralized in line with SBTi criteria before reaching net-zero emissions.

* The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Environmental Information

In accordance with the GHG Protocol and CSRD requirements, we calculate and report our Scope 2 GHG emissions using both location-based and market-based methods. However, our SBTi target for Scope 2 GHG emissions was defined using the market-based method.

Our baseline year is 2019 and this defines our validated science-based emission reduction targets, with a total of 826 622 GHG emissions (tCO_2e).

100% of Hero's GHG inventory boundaries are included in our SBTi targets. Our GHG emission reduction targets cover all seven GHGs: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF6) and nitrogen trifluoride (NF3). We report our emissions in terms of carbon dioxide equivalent (CO_2e).

The Hero Group GHG emission reduction targets are science-based as they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement (limiting global warming to 1.5°C above pre-industrial levels). Hero is not excluded from the EU Paris-aligned benchmarks.

The targets have been prepared, submitted, reviewed, and validated through SBTi, confirming that they are in line with the 1.5°C trajectory.

To define and get approval for our science-based targets, we used the following SBTi frameworks:

- SBTi Corporate Near-Term Criteria
- SBTi Corporate Near-Term Tool
- SBTi Corporate Net-Zero Standard
- SBTi Corporate Net-Zero Tool

For carbon accounting, we use the GHG Protocol as our gold standard, which defines the GHG accounting rules to measure and report our emissions.

As per our GHG emission reduction targets validated by SBTi, we have set a 5% significance threshold for emission recalculations. Therefore, we annually evaluate different variables such as Mergers & Acquisitions, divestments, GHG protocol methodology updates, and supplier data availability that impact our SBTi baseline. If the 5% threshold is met, we will recalculate our baseline and revalidate our targets in accordance with the latest criteria.

Environmental Information

Hero Group Corporate Carbon Footprint

The Hero Group is committed to achieving net-zero emissions across our full value chain by 2050 in line with the Science Based Targets initiative (SBTi) Net-Zero Standard.

Our sustainability roadmap is grounded in data. We continuously refine our climate data and modeling, and work on gathering better data both in our own operations and in our value chain. Close cooperation on collection of primary data with our high-impact suppliers as well as the use of recognized databases such as EcoInvent, Defra, and Exiobase form the data backbone of our corporate carbon footprint.

The data we have collected has allowed us to publish Scopes 1, 2, and 3 data in this year's report:

Scope 1 emissions (tCO_2e)	32 240
Scope 2 emissions (tCO_2e) (market-based)	310
Scope 3 emissions (tCO_2e)	578 913
Total (tCO_2e)	611 464
GHG emissions intensity (kg CO_2e per kg product sold)	2.5

Our total carbon footprint for 2024 is 611 464 tons CO_2e, down from 632 654 tons in 2023.



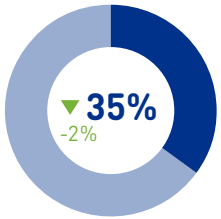
Environmental Information

Our value chain emissions remain the largest part of our footprint with 95% of total GHG emissions. To address these, we have identified four hot spots that contribute the most to our footprint: Purchased ingredients (including dairy), finished goods, packaging, and transport.

Leveraging available climate data with a focus on hotspots enables change. For example, we modeled decarbonization impact of manufacturing investments in our largest sites to inform our CAPEX planning. In 2024, we calculated product category footprint to provide insights to product owners as part of our product development process.

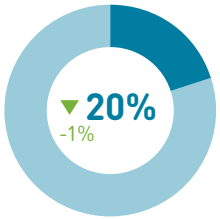
Our hotspots

What causes Hero Group's emissions?



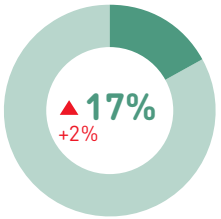
All ingredients

Emissions from the all the ingredients aggregated:
- Ingredients (cocoa, sugar, oils...)
- Fruit/Veg
- Meat/Fish
- Cereal
- Dairy



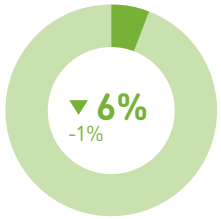
Finished Goods

Emissions from 3rd Party Manufacturing products



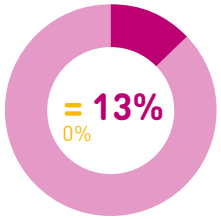
Packaging

Emissions from the packaginag used for our own products, mainly:
- Glass
- Metal
- Pulp& Paper



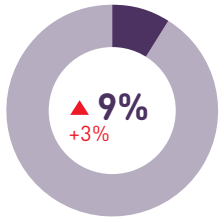
Energy

Emissions from energy consumption in all our own facilities (fuel, electricity)



Transport

Emissions from upstream, intercompany & downstream transport



Other

All remaining emissions, including Business travel and Employee Commuting

Environmental Information

The Hero Group has introduced guidelines and principles into relevant functions to promote the implementation of decarbonization action. Examples include the Goodness of Nature guidelines, the Packaging Principles and the Sustainable Farming Principles.

The levers below have been identified as essential for decarbonization at Hero. They encompass the full value chain. The key actions described are integrated into the Hero Group sustainability strategy.

Scope	Decarbonization lever	Location	Key actions at Hero
1 & 2	Energy sources	Own operations	Sourcing renewable electricity and low emission energy sources.
1 & 2	Manufacturing excellence – energy	Own operations	Operational principles for efficient use of energy. All manufacturing plants have created roadmaps to reach the committed science based targets through investment in equipment and technology.
3	Manufacturing excellence – resource use	Own operations	Operational principles for efficient use of materials, reduction of rework, optimized byproduct and waste handling for upcycling, and recycling.
3	Responsible sourcing strategy for direct and indirect procurement	Upstream	Procurement guidelines and sourcing strategy to facilitate best supplier choice and material origin choice.
3	Supplier engagement – primary production	Upstream	Sustainable farming principles are shared with suppliers to promote sustainable and low emission agricultural practices, such as precision farming for reduced use of agri-inputs, use of low-carbon fertilizer, cover cropping, use of biochar. Supplier cooperation projects to accelerate emission reduction.
3	Supplier engagement - processing	Upstream	Promote and collaborate on supplier renewable energy sources, resource efficiency, waste management
3	Transport excellence	Upstream, downstream	Optimize loads, routes, transport mode, fuel type
3	Product design – packaging	Upstream, own operations, downstream	Design packaging for circularity, minimize the environmental footprint, and reduce virgin resources
3	Product design - formulation	Upstream, own operations	Design products with low emission materials based on GON guidelines.
3	Customer engagement	Downstream	Cooperate with customers for optimized order handling and transport, reduce food waste.
3	Consumer engagement	Downstream	Transparent communication, recycling instructions, advocate for planetary health- inspired diet.
3	Travel policy	Own operations	Operational guidelines to reduce travel and promote the use of low emission transport types.
1,2,3	Investment strategy	Upstream, own operations	Evaluation of sustainability in M&A process. Inclusion of emission impact in CAPEX guidelines.
1,2,3	Business model innovation	Upstream, own operations, downstream	Integration of sustainability strategy in all functions, targeted investment in innovations.
1,2,3	Carbon capture & sequestration	Upstream, own operations	Evaluation of strategy for agricultural and technological removal of carbon from the atmosphere.

Environmental Information

In the upstream part of our value chain, the procurement team has designed sourcing strategies that, among others, take into account the need for climate action. We screen new suppliers for their maturity in addressing material sustainability topics. The team is also working together with strategic suppliers to improve emission data accuracy and to define and implement decarbonization projects in agriculture, renewable energy and product design.

Case study: The cocoa and cocoa-based ingredients used in our portfolio are a significant contributor to Hero Group's carbon footprint, driven by high volumes and a high emission intensity.

In addition to sourcing Rainforest Alliance certified cocoa, we joined a dedicated program with one of our major suppliers in 2023, allowing us to trace our cocoa-based ingredients back to farm-level in Ghana, Cameroon, and Côte d'Ivoire. Participating cocoa farms, which are deforestation-free verified through appropriate monitoring, promote agricultural practices that have reduced greenhouse gas emissions beyond the requirements of our existing Rainforest Alliance certification.

Another high-volume ingredient category for our product portfolio is cereals such as oat, wheat, and rye. To reduce the climate footprint of these cereals, we cooperate with several suppliers to address the agricultural practices used in cereal cultivation.

Case study: Replacing the fuels used in farm equipment with renewable sources and using a low-carbon fertilizer in cooperation with one supplier, reduced the agricultural emissions of oat, wheat and rye sourced from Sweden by around **35%**.

In another project, Hero is piloting the application of biochar, a form of charcoal produced from plant-based biomass, in German oat cultivation. Adding biochar to agricultural soils offers multiple benefits, including carbon storage, improved nutrient binding, and enhanced water-retention capacity.

In addition to continuing the pilot, we are also involved in scientific studies to explore the potential of biochar and close existing knowledge gaps further. In total, our cereal cooperations have led to more than one million kg of cereal grown in 2024 with more sustainable practices.

Environmental Information

In our own operations, a sustainability manufacturing community, where all our production sites are represented, was established in the beginning of 2024. Regular reviews take place to discuss the sustainability roadmap for all our plants. Members of the community share best practices, define and roll out optimized manufacturing processes, and review the performance towards GHG intensity targets.

Within our own Hero manufacturing sites and warehouses, we apply our overall sustainability principles, called the 3 Rs (reduce, reuse, replace) to minimize our manufacturing emissions.

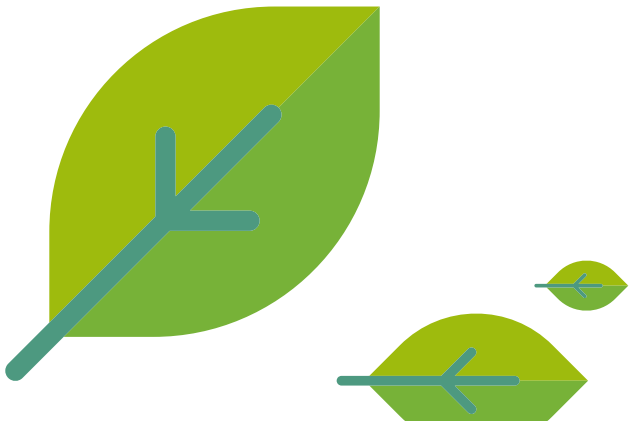
For energy, this means we first aim to reduce the consumed electricity, gas, and diesel as much as possible.

Case study: In our jam producing sites around the world, we aim to lower the temperature needed to evaporate all the water (this is a pre-step to cooking the fruit) by applying higher vacuum in our cooking vessels. This not only saves steam and with that natural-gas consumption, but at the same time preserves the goodness of nature as exposing the fruit to less heat helps them retain their natural flavor.

Then we reuse energy streams which would otherwise be wasted. Our compressors and boilers produce significant waste-heat during operation. This waste heat is captured and used as an additional heat-source to support other heat consuming processes like cleaning-in-place water or trace heating the jam until it is filled in the jars.

Finally, our engineers are looking for big transformative technical solutions to replace the fossil fuels we currently need to heat our processes with electricity and/or green thermal energy instead such as solar thermal solutions and e-boilers.

The Hero Group uses a digital tool in the product innovation process that incorporates sustainability aspects. We focus on reducing the carbon footprint of products through formulation and design and promote sustainable consumption patterns among consumers.



Environmental Information

Resources and financial planning

Supporting our sustainability roadmap as well as meeting increasing compliance requirements impact our approach in respect to annual budgeting and allocation of financial resources.

Currently, in order to support our sustainability agenda, all initiatives and respective funding requirements are collected across all entities in the Group every year as part of the annual planning exercise. The requirements are assessed in terms of alignment to our overall roadmap and specific impact on CO_2e.

As of 2025, we have also adjusted our formal CAPEX authorization process in order to incorporate and capture, where relevant, the CO_2e impact as part of the submitted proposal for approval. This is based on a carbon shadow price which is provided, and updated as needed, by our core sustainability team.

We are still in the process of shaping the medium to long term transition plan for Hero. The overall investment needs and respective funding will be an integral part of this process.



Environmental Information

Energy consumption and mix

Energy Consumption and Mix	Unit of measure	2024	2023	Change
Fossil-fuel energy consumption, incl.	**MWh**	**158 366**	**177 122**	**-11%**
Fuel consumption from coal and coal products	MWh			
Fuel consumption from crude oil and petroleum products	MWh	16 054	22 128	-27%
Fuel consumption from natural gas	MWh	141 913	138 122	3%
Fuel consumption from other fossil sources	MWh	-	-	-
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	399	16 872	-98%
Share in total energy consumption	**%**	**62%**	**65%**	**-3 p.p.**
Nuclear source energy consumption	**MWh**	**0**	**0**	-
Share in total energy consumption	%	**0%**	**0%**	-
Fuel consumption for renewable sources, incl. biomass	MWh	-	-	-
Consumption of purchased electricity, heat, steam, and cooling from renewable sources	MWh	95 075	94 440	1%
Consumption of self-generated non-fuel renewable energy	MWh	624	211	196%
Total renewable energy consumption	**MWh**	**95 698**	**94 651**	**1%**
Share in total energy consumption	**%**	**38%**	**35%**	**3 p.p.**
Total energy consumption	**MWh**	**254 064**	**271 772**	**-7%**
Energy intensity*	MWh/mCHF	203	223	-9%

Note: *Energy intensity from activities in high climate impact sectors (DR E1-5 paragraph 40)

Environmental Information

Gross Scopes 1, 2, 3 and Total GHG emissions

GHG emissions	Unit of measure	2024	2023	Change vs. 2023 in %
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions	tCO2eq	32 240	33 420	-4%
% of Scope 1 GHG emissions from regulated emission trading schemes	%			
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions	tCO2eq	15 029	15 373	-2%
Gross market-based Scope 2 GHG emissions	tCO2eq	310	5 504	-94%
Total Scope 1 and Scope 2 emissions				
Total Scope 1 and Scope 2 emissions (location-based)	tCO2eq	47 270	48 793	-3%
Total Scope 1 and Scope 2 emissions (market-based)	tCO2eq	32 550	38 924	-16%
Scope 3 GHG emissions				
Total Gross Scope 3 GHG emissions	tCO2eq	578 913	593 730	-2%
Category 1: Purchased goods & services	tCO2eq	469 952	482 002	-3%
Category 2: Capital goods	tCO2eq	2 067	3 874	-47%
Category 3: Fuel and energy-related activities (not in Scope 1 or Scope 2)	tCO2eq	6 979	7 254	-4%
Category 4: Upstream transportation and distribution	tCO2eq	46 949	46 738	0%
Category 5: Waste generated in operations	tCO2eq	1 788	2 191	-18%
Category 6: Business travelling	tCO2eq	4 040	3 335	21%
Category 7: Employee commuting	tCO2eq	2 837	3 038	-7%
Category 9: Downstream transportation	tCO2eq	33 498	34 443	-3%
Category 12: End-of-life treatment of sold products	tCO2eq	10 803	10 854	0%
Total GHG emissions				
Total GHG emissions (location-based)	tCO2eq	626 183	642 523	-3%
Total GHG emissions (market-based)	tCO2eq	611 464	632 654	-3%

Note: 2023 emissions have been restated in line with reporting framework applied for 2024, due to methodology refinement, aligned with the Greenhouse Gas Protocol.

Environmental Information

SBTi targets and GHG emissions intensity

GHG emissions	Unit of measure	Baseline (2019)	SBTi Targets 2030 Change vs. baseline, %	SBTi Targets 2050 Change vs. baseline, %
Total Scope 1 and Scope 2 emissions	tCO2eq	56 684	-46.2%	-90%
Total Gross Scope 3 GHG emissions	tCO2eq	769 938	-28.0%	-90%

Note: Scope 2 baseline emissions cover market-based emissions. Scope 3 baseline emissions cover all the categories reported in 2024. Rest of the categories are not applicable to Hero Group business.

GHG emissions intensity per net revenue	Unit of measure	2024	2023	Change, %
GHG emissions intensity (location-based)	tCO2eq/mCHF	500	526	-5%
GHG emissions intensity (market-based)	tCO2eq/mCHF	448	518	-6%
Net revenue	mCHF	**1 253**	**1 221**	



Environmental Information

Water stewardship

- Process to identify and assess material water stewardship-related impacts, risks, and opportunities
- Policies related to water stewardship
- Actions and resources related to water stewardship
- Targets related to water stewardship
- Water consumption



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Water withdrawals and discharges in own operations	Impact (-)		■	
Operations in areas of water risk, incl. areas of high-water stress	Risk		■	
Optimization of water use in production	Opportunity		■	

Note: *Impact (-) negative impact, impact (+) positive impact

Environmental Information

Water stewardship

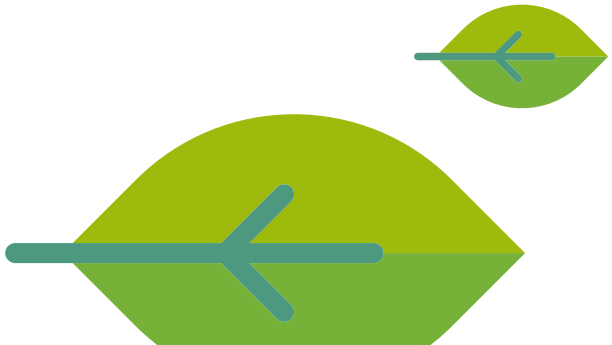
Water stewardship is a material issue for Hero due to its critical role in production, regulatory compliance, and consumer expectations. The company's food manufacturing processes – such as producing jams, baby food, and snacks – require significant water for cleaning, cooking, and ingredient handling.

Efficient water management is essential for minimizing environmental impacts, reducing operational costs, and meeting growing regulatory requirements related to water usage and wastewater treatment, especially in water-scarce regions. Consumer awareness of sustainability is also increasing with many consumers choosing products based on how companies manage natural resources like water.

Hero's approach to addressing water stewardship involves implementing water-saving technologies to improve water efficiency in production processes, upgrading equipment, reusing water where possible, and reducing water consumption per unit of production.

Ensuring water quality and complying with regulatory standards is a priority. We also emphasize transparency in reporting water usage and conservation efforts in our sustainability reports, and aim to set ambitious goals to reduce water consumption by 2030. Beyond operations, Hero is looking into engaging in water replenishment initiatives and supporting local conservation projects in regions facing water scarcity, such as Egypt and Spain.

Our global operations reflect our commitment to water stewardship in different regions. In Egypt, where water scarcity is a significant concern due to political challenges over the Nile, Hero MEA actively works to reduce water consumption year by year, tracking its progress to ensure sustainability. Hero Spain also implements efficient water management practices, including automated cleaning systems and water recovery, and has established policies for wastewater treatment that use low-impact chemicals to reduce pollution.



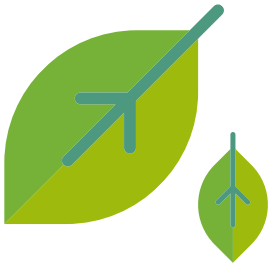
Environmental Information

Hero Türkiye integrates water stewardship into its sustainability efforts by conducting risk assessments and fostering community engagement while implementing responsible water management practices to minimize environmental impacts. In the US, our company Beech-Nut Nutrition (BNN) focuses on sustainable water usage in its baby food production, ensuring efficiency in water use, recycling, and compliance with local regulations. Despite not facing high water scarcity in upstate New York, BNN emphasizes community engagement and water conservation.

These regional examples illustrate Hero's localized and collaborative approach to responsible water management across its operations.

Process to identify and assess material water stewardship-related impacts, risks and opportunities

To effectively manage water stewardship, Hero utilizes a variety of tools to identify water-related risks, impacts, and opportunities across its operations and value chain. A key tool in this process is the WWF Water Risk Filter, which Hero has used to screen for water stress and related issues in its operations, particularly in Egypt and Spain, which are all recognized as facing significant water scarcity challenges.



Hero Group Sites of Operations			Physical Risk[2]
	Latitude	Longitude	Water
Production sites incl. offices			
Semper AB Sweden[1]	59,363,120	17,959,760	2.06
Schwartauer Werke	53,913,933	10,697,515	2.69
Hero Group HQ Switzerland[1]	47,391,281	8,193,189	2.78
Beech-Nut	42,938,340	74,228,040	2.47
Hero Türkiye	40,992,783	29,068,542	3.30
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Hero MEA (Egypt)	30,300,323	31,196,092	4.36
Hero Brasil	22,978,550	46,841,530	3.10
Sales offices			
Semper Finland	60,204,767	24,656,844	2.20
Semper Norway	59,914,990	10,720,440	1.95
Semper Denmark	55,658,817	12,513,418	2.26
Hero Russia	55,457,992	37,365,601	2.71
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Baby Gourmet	50,948,296	113,985,435	2.43
Organix	50,719,685	1,884,929	2.42
Hero Czech	50,049,309	14,357,751	2.68
Hero Slovakia	48,318,005	18,089,359	2.65
Hero Italy	45,439,964	11,000,121	3.01
Hero Portugal	38,723,152	9,128,848	3.01
Hero Global Export - China	32,529,746	106,804,852	3.20

1 Production Sites Sweden and Switzerland to close end of 2024
2 according to WWF Risk Filter Suite

Environmental Information

Our assessment showed that Egypt is classified as one of the most water-scarce countries globally, with water availability of just 600 cubic meters per capita per year (the global threshold for water scarcity is 1,000 cubic meters per capita). According to the WWF Water Risk Filter, the country faces extreme water stress due to its dependence on the Nile River, which provides around 95% of Egypt's water. The growing population and climate change are exacerbating the risk, with significant pressures on both water quantity and quality.

Also, Spain is increasingly affected by water scarcity, with the southeastern and central parts of the country being among the most water-stressed regions in Europe. The WWF Water Risk Filter highlights Spain's vulnerability, with water availability in many regions falling below 2,000 cubic meters per capita, which is a warning sign for increasing water stress. The country's Mediterranean climate, combined with periodic droughts, increases the risk to water availability.

Our operations teams in our two at-risk countries keep on monitoring the situation to assess any emerging risks that could directly impact our operations. However, for the time being the situation is quite stable and water sufficient.

In addition to water scarcity, WWF Water Risk Filter provides us with the valuable insights about water quality. Regions with high pollution levels in water bodies can be flagged, ensuring Hero addresses potential risks related to poor water quality affecting operations.

Finally, the WWF Water Risk Filter helps us identify areas at risk of physical disruptions, such as droughts or floods, that could hinder water availability and impact Hero's operations.

Once water risks are identified, Hero can explore several strategic opportunities for improving water stewardship:

- **Resource efficiency:** By improving water use efficiency in production processes, Hero can reduce operational costs and minimize its environmental footprint, particularly in water-scarce regions like Egypt and Spain.
- **Resilience:** Implementing strategies such as diversifying water sources and investing in water-efficient technologies can help Hero improve resilience to water-related disruptions.

We recognize the importance of consulting with local communities on water stewardship, especially in regions where water resources are under pressure. The engagement approach varies across its sites, reflecting differences in regional needs, local regulatory requirements, and the maturity of sustainability programs. Below is an overview of how different sites approach consultations with affected communities on water-related matters.

Environmental Information

Beech-Nut (US) maintains open communication with the surrounding community regarding water usage through public events, facility tours, and regular reporting. The company collaborates with local experts and authorities such as the New York State Department of Environmental Conservation (NYSDEC) to ensure compliance with water-related regulations and to maintain transparency on the impact of operations on the local community.

In Brazil, Hero conducted a survey involving key stakeholders to assess sustainability concerns, including water resources. The feedback gathered from this survey was used to define Hero's materiality matrix, which helps prioritize water-related issues and opportunities.

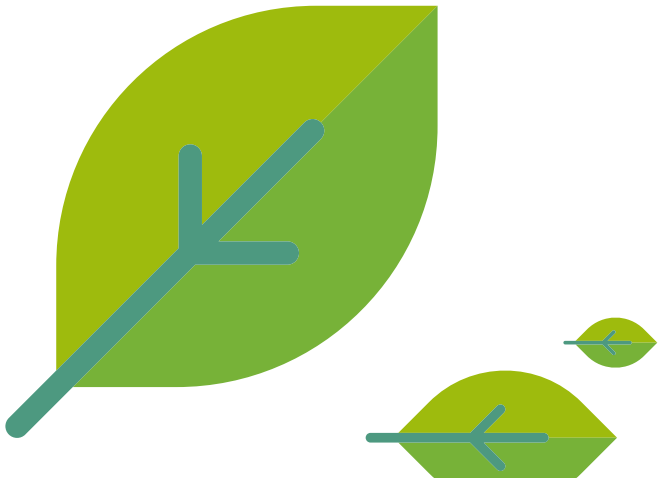
Schwartau (Germany) follows a continuous approval process for water usage, especially concerning community water resources, while Hero MEA (Egypt) works closely with local authorities to maintain water quality by supporting the cleaning of nearby water canals as well as consulting with sustainability experts on wastewater treatment. Hero Spain and Hero Türkiye gather information on environmental care as part of our evolving sustainability strategy and are likely to incorporate community consultations in the future.

Policies related to water stewardship

Hero is developing Water Stewardship Guidelines that will address various aspects of water management across its operations, including water sourcing, treatment, pollution prevention, and water usage efficiency.

The guidelines focus on applying practices that enhance water usage efficiency, reducing waste, and maximizing water reuse, particularly in regions facing water scarcity. Hero also focuses on preventing water pollution by ensuring that wastewater discharge does not harm surrounding communities and complies with high standards of water treatment.

Currently, the Hero supply chain team monitors the usage of water as part of monthly review process via the standard balanced scorecard across all sites. Furthermore, the sites all comply with the local regulations on wastewater discharge.



Environmental Information

Actions and resources related to water stewardship

Hero has implemented a range of actions to achieve its water stewardship objectives, focusing on water reduction, efficiency, reclamation, and ecosystem restoration, especially in water-stressed regions.

1. Avoiding excessive water usage:

- In Spain, water use is minimized by replacing water-intensive pasteurization processes and optimizing recipes. Future plans include exploring dry processing techniques and reducing water-intensive products in Hero's portfolio.
- Beech-Nut is reducing water consumption by transitioning to more efficient recipes and enhancing automation in cleaning processes.

2. Reduction of water use through efficiency measures:

- Hero MEA has implemented solenoid systems and automated processes to optimize water usage.
- Beech-Nut has introduced improvements in batching and filling to lower water usage.
- Schwartau focuses on efficient water sourcing, treatment via sand filters, and waste water management through grease traps.
- Other sites, such as Hero Türkiye and Hero Spain, have introduced timed sensors and automated systems to enhance water efficiency. Hero is also considering adopting water-saving technologies and real-time monitoring systems, alongside training employees on water conservation.

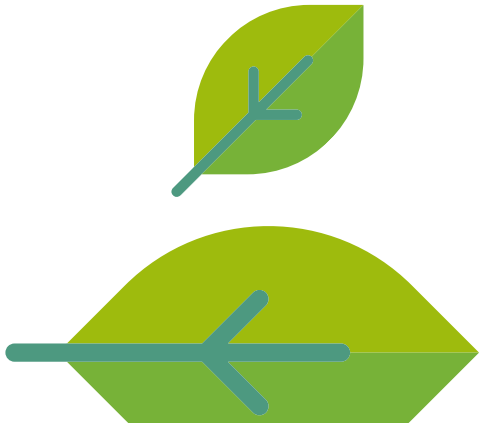
3. Reclaiming and reusing water:

- Beech-Nut has begun implementing water reclamation systems to capture and reuse water in cooling processes, reducing freshwater usage and waste water generation.

4. Restoring and regenerating aquatic ecosystems:

- Hero is committed to supporting local water ecosystem restoration, particularly in areas where water resources are overexploited. This involves collaborating with NGOs, governments, and other partners on wetland and watershed protection projects and contributing to local water conservation and clean-up initiatives.

These efforts highlight Hero's ongoing commitment to efficient water use, reclamation, and the regeneration of local water ecosystems with a focus on minimizing water risk and ensuring sustainability, particularly in regions with high water stress.



Environmental Information

Targets related to water stewardship

Hero measures water consumption as part of the standard KPI set. Beyond the Group-led process, local sites have complimentary measures based on local practices and requirements.

Water stewardship in our operations at Hero MEA (Egypt) has been a key focus area driven by the criticality of this essential resource in a country identified globally to be water scarce. In 2024, we managed to reduce water withdrawal intensity by over 5% in line with our annual target. This is a continuation of a long journey that we started back in 2019 when we withdrew 5.9 m^3 of water per MT of production. Through a comprehensive program tackling the main areas, we dropped this figure to 3.5 m^3/MT of production by the end of 2024, which represents almost 40% reduction in five years.

Similarly, in our Murcia plant in Spain, also located in a water stress area, the continuous focus on water and a list of specific actions delivered more than 8% water withdrawal intensity in 2024 compared to prior year.

Cumulatively, our production sites in high water risk areas (Egypt and Spain) reduced water withdrawal intensity by more than 7% in 2024 versus prior year. In 2025, Hero will maintain a strong focus on water stewardship across our production sites.

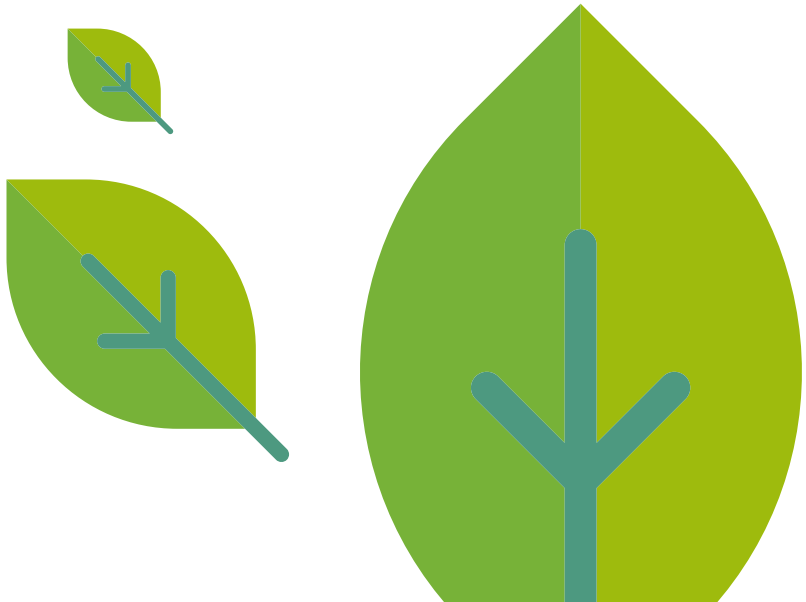


Environmental Information

Water consumption

Metric	Unit of measure	2024
Water consumption in own operations	m3	284 824
Water consumption in high water stress areas (Egypt and Spain), incl.	m3	167 618
water recycled and reused	m3	0
water stored	m3	50
Water consumption intensity	m3/mCHF	227
Total water withdrawals (all facilities), of which:	m3	1 011 334
Withdrawals from groundwater	m3	600 250
Withdrawals from municipal system	m3	411 083
Total water withdrawals in high water stress areas (Egypt and Spain)	m3	435 351
Water consumption intensity all facilities	m3/ton	1.64
Water consumption intensity in high water stress areas (Egypt and Spain)	m3/ton	2.27

Note: numbers exclude two plants (Sweden and Switzerland) divested in 2024 and commercial sites.



Environmental Information

Biodiversity and ecosystems

- Process to identify and assess biodiversity and ecosystem-related material impacts, risks, and opportunities
- Biodiversity and ecosystems-related strategy
- Policies related to biodiversity and ecosystems
- Actions and resources related to biodiversity and ecosystems



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Deforestation-linked commodities may promote land use change which harms climate, natural habitats and biodeversity	Impact (-)	■		
Intense agriculture practices may harm water and soil conditions including terrestrial and aquatic biodiversity	Impact (-)	■		
Water scarity may disrupt supply of key crops	Risk	■		
Regenerative agriculture practices may lead to resilient supply chains	Opportunity	■		

Note: *Impact (-) negative impact, impact (+) positive impact

Environmental Information

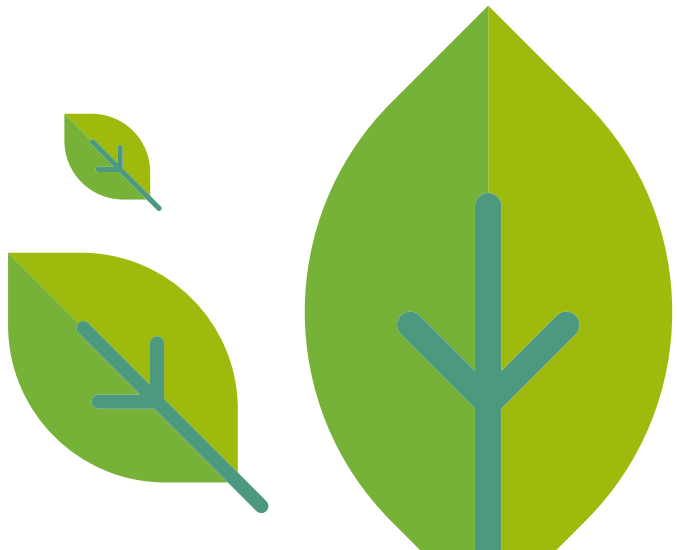
Biodiversity and ecosystems

As a food company, our business depends on natural resources such as fertile soils and fresh water, as well as other essential services provided by intact ecosystems, like pollination, humus creation, and nutrient cycles. We understand the importance of conserving, protecting, and nurturing a diverse range of fruit, vegetables, cereals, and other crops to ensure everyone can enjoy the goodness of nature. Our reliance on healthy ecosystems and a wide variety of species is fundamental to our success.

The Living Planet Report (2024) showed a 73% decline in wildlife populations around the world between 1970 and 2020. The WWF Risk Filter Suite highlights that biodiversity risks occur across all geographical regions and throughout the entire Hero value chain. The World Economic Forum Risk Report 2025 ranks biodiversity loss among the top three fundamental risks to the global economy within the next 10 years.

Climate change is a key driver of this development. However, agricultural impacts such as land-use change, overexploitation of natural resources, pollution, exploitation, and invasive species also negatively affect ecosystems. We recognize the significant impact that intensive agriculture can have on ecosystems.

Agriculture is both the cause and the victim of soil erosion, loss of biodiversity, and global warming. It also holds the potential to be a significant part of the solution by adopting regenerative practices that restore soil health, enhance biodiversity, and sequester carbon. It is crucial to protect, preserve, and restore nature to combat climate change, create a more regenerative food system, and improve livelihoods.



Environmental Information

The intricate challenges faced by companies in the Forest, Land, and Agricultural (FLAG) sector present a substantial opportunity. If addressed successfully, this sector can create a positive and enduring impact, not only on climate, but also on the interconnected issues of ecosystems and biodiversity. This is why our approach to addressing agricultural challenges extends beyond carbon, aiming to conserve the goodness of nature in our products while fostering regenerative agriculture practices throughout our entire value chain. These practices and measures focus on biodiversity, soil health, and water stewardship.

With special attention to pollinators, we initiated our bee careful initiative back in 2014 to raise awareness about the importance of bees and pollinating insects, and to support pollinator health and habitats.

Our double materiality assessment conducted in 2023 indicated a significant increase in the materiality of biodiversity and ecosystem-related topics compared to our previous materiality assessment from 2021. Given the importance of resilient ecosystems for our business and the understanding of our impact on nature, especially in our upstream value chain, we have broadened the scope of our bee careful initiative to include preserving habitats, promoting soil health, and encouraging regenerative agriculture practices on and around our partners' farms.

The following chapter outlines our approach to biodiversity and ecosystems, detailing how we have assessed our impacts, risks, and opportunities, developed a long-term strategy, and what actions we have already taken or plan to take in the near future.

Process to identify and assess biodiversity and ecosystem-related material impacts, risks, and opportunities

The IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) is addressing five key direct drivers and systemic risks that unequivocally impact biodiversity and ecosystem processes: Land-use change, climate change, pollution, natural resource use and exploitation, and invasive species. All drivers are connected and each driver in turn consists of a broader sub-set of impacts as well as dependencies linked to a food company like the Hero Group.

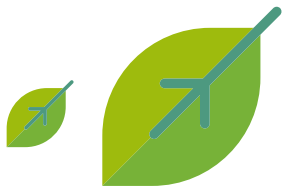
To get familiar with impact drivers and identify the most material impacts, risks, and opportunities by and for the Hero Group with regards to biodiversity and ecosystems, we have used the "Draft Sector Guidance – Food and Agriculture" by the TNFD (Taskforce on Nature-related Financial Disclosure) as well as the WWF (World Wide Fund for Nature) "Risk Filter Suite". The guidance paper and the risk filter tool assess physical as well as reputational business risks related to biodiversity and ecosystems.

Even though the Hero Group's business model is about food product manufacturing and distribution without any involvement of its own agricultural premises, we have chosen to take indicators from three sectors into our consideration to follow the relevance of our full value chain. We have assessed the impacts and dependencies of the agricultural sector as our upstream value chain, the food production sector as our own operations, and the food retailing as our downstream value chain.

Environmental Information

Risk Assessment Hero Group Value Chain		Hero Group upstream value chain		Hero Group core business	Hero Group downstream value chain
		Industry / Sector			
Risk Indicators	Impact/ Dependency	Agriculture (animal products)	Agriculture (plant products)	Food & Beverage Production	Food Retailing
Provisioning Services					
Water Scarcity	Dependency	5	5	5	2
Forest Productivity and Distance to Markets	Dependency	0	0	0	0
Limited Wild Flora & Fauna Availability	Dependency	1	1	3	0
Limited Marine Fish Availability	Dependency	0	0	0	0
Regulating & Supporting Services - Enabling					
Soil Condition	Dependency	4	5	0	0
Water Condition	Dependency	5	4	4	2
Air Condition	Dependency	3	3	2	1
Ecosystem Condition	Dependency	2	2	0	0
Pollination	Dependency	2	4	0	0
Regulating Services - Mitigating					
Landslides	Dependency	5	5	4	4
Wildfire Hazard	Dependency	4	4	3	3
Plant/Forest/Aquatic Pests and Diseases	Dependency	4	4	4	0
Herbicide Resistance	Dependency	4	4	0	0
Extreme Heat	Dependency	5	5	3	3
Tropical Cyclones	Dependency	5	5	4	4
Cultural Services					
Tourism Attractiveness	Dependency	0	0	0	0

The weightings of dependencies and impacts are given on a six point scale: 0 - indicator not applicable for sector, 1 - very low, 2 - low, 3 - medium, 4 - high, 5 - very high



Environmental Information

Risk Assessment Hero Group Value Chain		Hero Group upstream value chain		Hero Group core business	Hero Group downstream value chain
		Industry / Sector			
Risk Indicators	Impact/ Dependency	Agriculture (animal products)	Agriculture (plant products)	Food & Beverage Production	Food Retailing
Pressures on Biodiversity					
Land, Freshwater and Sea Use Change	Impact	5	5	1	1
Tree Cover Loss	Impact	5	5	1	1
Invasives	Impact	3	3	2	2
Pollution	Impact	5	5	4	4
Environmental Factors					
Protected/Conserved Areas	Impact	5	5	3	1
Key Biodiversity Areas	Impact	4	4	2	1
Other Important Delineated Areas	Impact	4	4	2	1
Ecosystem Condition	Impact	4	4	2	1
Range Rarity	Impact	3	3	1	0
Socioeconomic Factors					
Indigenous Peoples; Local Communities Lands and Territories	Impact	5	5	3	1
Resource Scarcity: Food - Water - Air	Impact	3	3	2	1
Labor/Human Rights	Impact	4	4	2	2
Financial Inequality	Impact	2	2	2	2
Additional Reputational Factors					
Media Scrutiny	Dependency	5	5	5	3
Political Situation	Dependency	3	3	3	1
Sites of International Interest	Dependency	3	3	2	0
Risk Preparation	Dependency	2	2	2	2

The weightings of dependencies and impacts are given on a six point scale: 0 - indicator not applicable for sector, 1 - very low, 2 - low, 3 - medium, 4 - high, 5 - very high

Source: WWF Risk Filter Suite (version 1.0)

Environmental Information

The risk indicators linked to the food and beverage production sector can be addressed directly. However, the indicators of the upstream agricultural sector and the downstream retail sector are within our direct sphere of influence only to a limited extent.

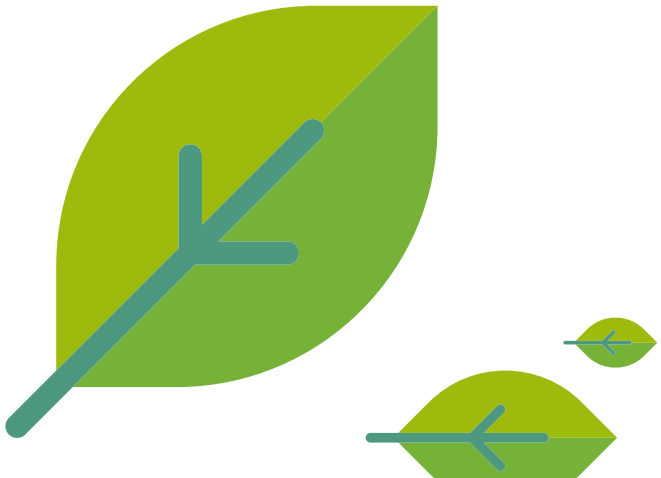
The risk assessment scheme on the previous pages summarizes the generic impacts and dependencies of the Hero Group business on biodiversity and ecosystems, also taking their systemic dependencies into consideration. The list of risk indicators as well as the weightings in the assessment are based on the scientific datasets of the WWF Risk Filter Suite (version 1.0).

The assessment is based on potential or generic impacts in the Hero Group upstream value chain, on its own site locations, as well as the downstream value chain. The upstream value chain strikes out as most material in correlation to biodiversity and ecosystems with highest impacts, dependencies, and risks. The physical impacts on ecosystems from the food industry including upstream and downstream value chain can be summarized to three main causes: Climate change, land-use change, and water exploitation.

These causes are closely related to conventional intensive agricultural practices that harm water and soil conditions, and negatively impact genetic, species, and ecosystem diversity. Based on this long list of indicators, a breakdown into tangible topics within the business context was conducted.

Ecosystems, biodiversity, and soils are unique to each geographical region and type of crop. This is why it is important to tailor agriculture initiatives in close partnership with farmers and suppliers, always considering regional and ecological context, impacts, risks, and needs.

The IRO assessment described above aims to provide structured insights on generic impacts, risks, and dependencies as a strategy base for the Hero Group. A direct consultation with affected communities has not been conducted in this generic assessment. The risk indicators show potential impacts and their weightings according to robust and reliable data made available by the WWF Risk Filter Suite.



Environmental Information

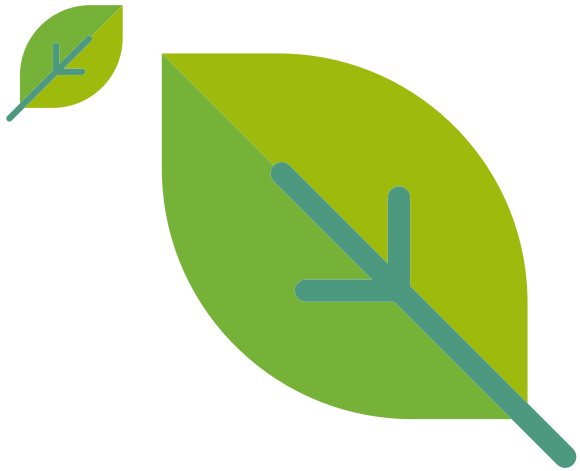
Hero sites located in or near protected key biodiversity areas

ESRS E4	E4-5	Number of sites owned, leased or managed in or near protected areas or key biodiversity areas that undertaking is negatively affecting	Number	5
ESRS E4	E4-5	Area of sites owned, leased or managed in or near protected areas or key biodiversity ares that undertaking is gegatively affecting	Hectars	25,5

Managing biodiversity and ecosystem-related impacts and risks begins with a closer examination of our own operations and areas under direct control. At Hero, we adhere to the International Union for Conservation of Nature (IUCN) definition of key biodiversity areas (KBAs) as well to the EU Environmental Agency's "Natura 2000" definition on protected areas. We align the localization of protected and biodiversity-sensitive areas with the findings of the KBA map search as well the Natura 2000 map viewer.

Regarding areas under our direct control, including production sites and offices, none are located directly within a protected area or key biodiversity area. Although no mitigation measures specific to biodiversity-sensitive areas apply directly to the Hero Group, we have implemented environmental practices such as the reduction of energy consumption, water use, and waste.

All of our Hero Group production sites and offices, due to their existence, impact ecosystems through land use, ecosystem fragmentation, ground sealing, and water use. Geographically, none of the sites in the Hero Group's operations or control are located directly within protected areas as defined by the International Union for Conservation of Nature and Natural Resources' "Key Biodiversity Areas" or the EU Environmental Agency's "Natura 2000 protected areas network". All sites under Hero control are situated in zones designated for industrial and commercial use.



Environmental Information

Hero Group Sites of Operations			Key Biodiversity Areas[2]		Area Risk Index[3]	
	Latitude	Longitude	Closest key biodiversity area	Distance	Biodiversity	Water
Production sites incl. offices						
Semper AB Sweden[1]	59,363,120	17,959,760	Tärnan – Riala	30 km	2.33	2.06
Schwartauer Werke	53,913,933	10,697,515	Lauerholz	4 km	3.00	2.69
Hero Group HQ Switzerland[1]	47,391,281	8,193,189	Tafeljura-Landschaft Baselland - Solothurn	19 km	3.00	2.78
Beech-Nut	42,938,340	74,228,040	Adirondack High Peaks Forest Tract	31 km	3.20	2.47
Hero Türkiye	40,992,783	29,068,542	Mogan lake	43 km	3.25	3.30
Hero Spain	37,971,903	12,10,894	Monte El Valle y Sierras de Altaona y Escalona	10 km	3.08	3.75
Hero MEA (Egypt)	30,300,323	31,196,092	Wadi El Natrun	120 km	3.50	4.36
Hero Brasil	22,978,550	46,841,530	Serra da Cantareira	70 km	2.88	3.10
Sales offices						
Semper Finland	60,204,767	24,656,844	Laajalahti-Vanhankaupunginlahti-Viikki	2 km	2.38	2.20
Semper Norway	59,914,990	10,720,440	Nordre Øyeren & Sørumsneset	24 km	2.38	1.95
Semper Denmark	55,658,817	12,513,418	Vest- og Sydamager med omgivende hav	4 km	2.38	2.26
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erdbaer GmbH	52,540,504	134,069	Döberitzer Heide	25 km	2.50	2.85
Hero BeNeLux	51,595,081	480,758	Biesbosch	14 km	2.38	2.77
Baby Gourmet	50,948,296	113,985,435	Eagle, Namaka and Stobart Lakes	60 km	2.75	2.43
Organix	50,719,685	1,884,929	Dorset Heaths and Forests	3 km	2.38	2.42
Hero Czech	50,049,309	14,357,751	Krivoklatsko region	26 km	2.50	2.68
Hero Slovakia	48,318,005	18,089,359	Tríbeč	12 km	2.40	2.65
Hero Italy	45,439,964	11,000,121	Lessini and Pasubio mountains	32 km	2.88	3.01
Hero Portugal	38,723,152	9,128,848	Sintra-Cascais	22 km	2.50	3.01
Hero Global Export - China	32,529,746	106,804,852	Eastern tidal flat of Nanhui	45 km	3.00	3.20

1 Production Sites Sweden and Switzerland to close end of 2024
2 Mapping conducted via KBA tool
3 according to WWF Risk Filter Suite

Environmental Information

Two Hero production sites are located near a protected key biodiversity area, meaning at a distance of up to 10 kilometers. Our affected production sites are Schwartauer Werke in Germany (4 km distance to KBA "Lauerholz") and Hero Spain (10 km distance to KBA "Monte El Valle y Sierras de Altaona y Escalona") and both have an ISO 14001-certified environmental management system.

This systematical identification, management, and continuous improvement of environmental aspects reduces the risks of negative impacts on ecosystems at production sites and in their immediate vicinity. It furthermore ensures that legal standards are monitored and complied with.

The certified and annually audited environmental management has not identified any threatened species that are negatively affected. Both production sites have semi-natural areas on the plant premises. Hero Spain has furthermore created a 0.9 ha orchard where lemon trees have been planted in an employee engagement activity.

Three Hero sales offices are located near a protected key biodiversity area. All three sites (Semper Finland office, Semper Denmark office, Hero UK&I office) are located in leased premises in urban surroundings under compliance with local regulatory and governmental requirements. In total, the five sites near key biodiversity areas add up to an area of circa 25.5 hectares.

Biodiversity and ecosystems-related strategy

Focusing on biodiversity and ecosystems, we have conducted our own assessment and defined a strategy. Our business model as a food company impacts biodiversity, ecosystems, and water primarily through agriculture in our upstream value chain. We source from areas with biodiversity risks and high water-stress, and we procure commodities with a high likelihood of negative impacts, including deforestation risk. On the flipside, we rely on natural resources and intact ecosystems to fulfill our mission to 'delight consumers by conserving the goodness of nature' through high-quality products.

We have recognized the potential of regenerative agriculture practices at Hero. We adhere to the frameworks established by the World Economic Forum and the Sustainable Agriculture Initiative (SAI) platform. We have defined regenerative agriculture as a set of practices designed to mitigate and adapt to climate change, enhance soil health, support biodiversity, retain water in the soil while reducing its consumption, and improve farmers' livelihoods through maintaining yields and a just transition approach.

These practices vary by region and case but generally include soil management techniques such as reduced tillage, minimized chemical use, organic fertilizers, soil cover, and methods that build organic soil carbon. Crop management measures include cover cropping, crop rotation, and crop diversification. Additionally, agroforestry, the development of natural habitats, the regeneration of water cycles, and the integration of livestock and grazing practices are key components.

Environmental Information

In addition to the framework from the SAI platform, we foster full implementation of Integrated Pest Management (IPM) on farms to reduce negative impacts on biodiversity.

Measuring these outcomes is complex, variable, and often location-specific, making it harder to standardize a certification process. We have initiated programs with partner farms and suppliers to implement regenerative farming practices and to protect, conserve, and restore natural ecosystems.

A significant part of this effort involves engaging and supporting farmers and smallholders who are crucial to maintaining these environments. We report on our initiatives in more detail in the section of actions taken below. We plan to scale those initiatives, taking key raw materials in key risk areas in special focus.

To come to these conclusions, we have evaluated Hero's business model in relation to biodiversity and ecosystems under the Science-based Targets for Nature (SBTN) five-step approach:

1. Assess impacts on nature (complete),
2. Interpret and prioritize (in progress),
3. Measure, set targets, and disclose (in plan for 2025-26),
4. Act (in progress), and,
5. Track measures and progress (in progress).

1. Assess impacts on nature

With the help of environmental experts from the Global Nature Fund and Bodensee Stiftung, we conducted holistic biodiversity checks in 2023 and 2024 for our Schwartau-branded Natural Spreads produced in Germany and for our Freche Freunde-branded Baby & Toddler Food pouches produced at Hero Spain.

In these projects, internal materials such as audit reports, overviews of raw materials and countries of origin, information on suppliers and certifications, as well as documents and processes from our production facilities, were analyzed to identify and assess both the direct and indirect impact of our business activities on biodiversity.

The review of the documented inputs was followed by more in-depth expert interviews, for example with our ingredient purchasing department, as well as supplementary questionnaires to our environmental management and maintenance departments.

With the help of the WWF Risk Filter Suite, consisting of the Biodiversity Risk Filter and Water Risk Filter, study results from the Sustainable Agriculture Initiative (SAI) and other findings from numerous scientific studies, it was possible to map and assess specific risks.

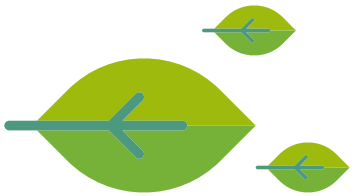
Environmental Information

At interdisciplinary round table meetings, external experts from the NGOs presented and discussed the results of the analysis and proposed measures with participants from the responsible departments from Schwartauer Werke and Hero Spain. The analysis and discussion produced valuable results for the further integration and promotion of biodiversity aspects in our business activities.

The results and suggestions have been incorporated into action plans via a biodiversity catalogue in Germany as well as a project on irrigation management and an education program on regenerative agriculture for farmers in Spain.

The two pilot assessments significantly increased our knowledge of the direct and indirect impact on biodiversity and ecosystems, as well as strategies for mitigating negative impacts. This knowledge enabled us to apply the methodology to our business and value chain for our core categories: Natural Spreads, Healthy Snacks, and Baby & Toddler Food and Snacks.

We have considered the results of our double materiality assessment, the risk indicators from our IRO definition, and the learnings from the biodiversity checks to create our Group-wide Biodiversity and Ecosystems strategy.



2. Interpret and prioritize

Three priority action subjects for the Hero Group have been determined:

I. stop deforestation and land-use-change
II. mitigate water scarcity, and,
III. promote regenerative agriculture practices.

Beyond environmental impact areas, we have also looked at the raw material level for our products per our three core categories. We assessed the top three ingredients with highest volume from our own database and added a mapping of high impact ingredients according to the SBTN High Impact Commodity List.

Until proven otherwise through certifications or the implementation of regenerative practices on farms, we recognize a significant likelihood of negative impacts from conventional intense agriculture as a primary concern. Finally, we have mapped the geographical origins of the ingredients we source against the findings in the WWF Biodiversity Risk Filter and Water Risk Filter to define key sourcing risk areas.

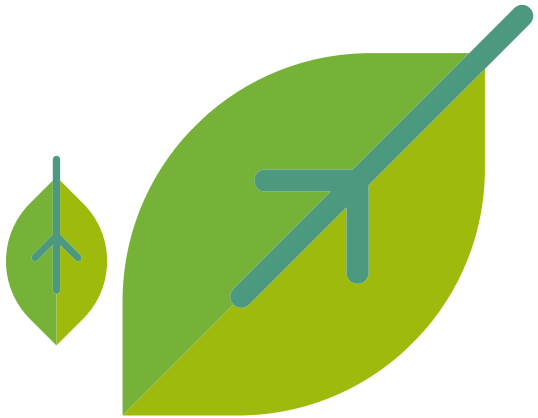
Overall, we have identified three action subjects, 20 key raw materials that are either high volume or high impact, five key sourcing risk areas as well as sourcing areas of tropical fruit and raw cocoa where we mainly source indirectly.

Environmental Information

This summary of action areas, commodities, and origins will guide our procurement team in upcoming conversations with farmers in our direct sourcing and suppliers in our indirect sourcing. While we cannot check on everything, everywhere, all at once, this assessment is the starting point for a long-term, phased procedure.

In consultation with our lead buyers and functional owners from other departments, we will develop specific action plans. Our next step will be to establish an additional layer of priority setting, internal processes, workstreams, and resources to address the overall findings. Given the complexity and diversity of our upstream value chain, we will follow a gradual approach.

The assessment shall be revisited regularly to reflect major changes in the Hero Group business model, relevant commodities, and scientifically defined high-risk areas. Findings from our climate scenario analysis and 2ForAll procurement strategy shall furthermore be incorporated.



Mission

bee careful - an impact-driven initiative to promote regenerative agriculture practices.

It is our goal to conserve the goodness of nature in our products while fostering biodiversity, soil health & water-stewardship throughout our entire value chain.

Action subjects

stop
Deforestation & land-use-change

mitigate
Water scarcity

promote
Regenerative agriculture

Key raw materials

	High volumes	High impact
	Sugar / Glucose, Strawberries, Raspberries	Sugarcane
	Oats, Wheat, Barley	Cocoa, Palm Oil, Rapeseed Oil, Tree Nuts, Dairy
	Apple, Pear, Banana	Banana, Maize, Rice, Dairy, Beef, Pork, Poultry

Key sourcing risk areas

Spain, Greece, Türkiye, Egypt, Morocco, tropical fruit origins, raw cocoa origins

Environmental Information

3. Measure, set targets, and disclose

To effectively set our targets, we need a comprehensive understanding of our baseline regarding supplier and raw material certifications, such as ISO 14001, GLOBALG.A.P., G.A.P. SPRING Add-On, G.A.P. BioDiversity Add-On, Farm Sustainability Assessment, EU Organic, USDA Organic, Regenerative Organic Certified, and Rainforest Alliance or Bonsucro.

Additionally, information on non-certified programs and standards, such as the implementation of efficient irrigation systems, water-stewardship programs, biodiversity-promoting measures like flowering areas or intercropping, and actions to promote soil health should also be considered. Based on the risk assessment results mentioned above, we will prioritize gathering information and identifying gaps for essential ingredients from key sourcing risk areas.

We plan to combine the collection and analysis of comprehensive data with the launch of our new Quality Management System IT tool, which shall request, store, and evaluate both quantitative and qualitative data points in one place. As our next step, we will focus on consolidating and harmonizing ingredient supplier information.

This process will involve reviewing our existing supplier onboarding templates and questionnaires, agreeing on supplier approval and ongoing monitoring documentation, and defining clear roles between quality, procurement, and other functions.

4. Act

While developing structure, tools, and data gathering processes for further transparency to build a comprehensive biodiversity transition plan, we already procure under defined criteria that consider environmental topics. Our Hero Group Code of Conduct, Sustainable Farming Principles, and upcoming Procurement Guidelines form the foundation for responsible sourcing.

In addition to our procurement frameworks, we have started our journey of taking concrete actions in our upstream value chain. We have initiated several projects with suppliers that aim for a positive impact and the transition of conventional agriculture towards a regenerative approach. These initiatives serve as examples on our general approach and learning curve to move from pilots to scalable standards.

Recognizing that ecosystems, biodiversity, and soils are unique to each region and crop, we understand that there is not one single solution that fits all needs. We acknowledge the context-specific nature of regenerative agriculture and the need to collaborate with farmers and affected communities. Under the umbrella of our bee careful initiative, we have initiated projects to work towards regenerative agriculture.

We have initiated projects on the efficient use of groundwater in Spain, on the reduction of pesticide use and promotion of natural predators in Türkiye, and on the creation of natural habitats, soil cover, and root penetration in Germany.

Environmental Information

We support farmer education programs in Egypt, Spain and Brazil, joined a program on agroforestry in Côte d'Ivoire, and investigated the potentials of biochar in Germany. Read more on our projects with farmers in the chapter of actions taken.

While we have intrinsically fostered individual initiatives over the past years, we want to move from separate projects to a unified set of levers to drive impact on a bigger scale in future.

5. Track measures and progress

The assessment and resulting strategy on biodiversity and ecosystems described above provides significant benefits by allowing us to focus our actions and prioritize our data and information needs. While we currently measure specific KPIs in our ongoing projects, we still need to develop a harmonized database that tracks all defined action subjects, corresponding commodities, certifications, and farm data.

Tracking progress requires us to establish a robust data baseline and measure actual impacts in our pilot projects. Given the complexity and interdependency of ecosystems within their regional and ecological contexts, we are still working on defining the right measurable and scalable metrics for biodiversity and ecosystems.

We uphold the efforts towards a standardized approach led by science-based and government-supported global initiatives such as Science Based Targets for Nature (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD).

Policies related to biodiversity and ecosystems

Our Hero Group Sustainable Farming Principles define our vision for a sustainable food system. The principles form the foundation of our collaboration with suppliers and farmers globally. They encompass climate action, nature conservation, land and soil management, water stewardship, health and safety, and working and living conditions. They guide our procurement of raw materials, helping us engage effectively with farmers, suppliers, and intermediaries, and inform our supplier ratings, where applicable.

In 2025, we will furthermore roll out new Hero Group Procurement Guidelines. The guidelines will serve as a comprehensive framework to ensure our procurement processes are fair, transparent, and efficient. Developed with input from Procurement and Supply Chain, Quality, Sustainability, Human Resources, IT and Compliance teams, these guidelines will be continuously improved through collaborative efforts. We look forward to successfully rolling out and implementing these procurement guidelines across the Hero Group in the coming year.

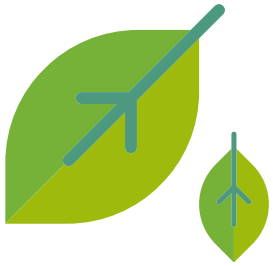
Environmental Information

In addition to the guidelines, our work is grounded in the binding requirements outlined in our Code of Conduct. The Code of Conduct is designed to help employees, members of our organization, and external business partners and suppliers understand the expectations for their behavior and decision-making. Since we can only achieve our goals with the support and cooperation of those we work with, our Code of Conduct is binding not only for internal stakeholders, but also serves as a basic requirement for our suppliers to confirm ongoing compliance.

Currently, we integrate biodiversity and ecosystem considerations within the frameworks stated above rather than having a separate stand-alone biodiversity and deforestation policy.

Actions and resources related to biodiversity and ecosystems

We have encouraged efforts around biodiversity and ecosystems since launching our bee careful initiative back in 2014. In line with our strategy explained above, we now aim to transition from isolated projects to a cohesive set of strategies to achieve greater and scalable impact. We are in the process of setting the foundation for a harmonized approach based on identified impact, risks, and opportunities.



To work on our defined three priority action subjects (I. stop deforestation and land-use-change, II. mitigate water scarcity, III. promote regenerative agriculture), we collaborate with colleagues from our Sustainability, Procurement, Quality, Compliance, and Supply Chain teams.

Our approach to biodiversity and ecosystems follows the mitigation hierarchy. We prioritize avoiding negative impacts wherever possible, and work to mitigate concrete causes and tangible risks. Additionally, we focus on ecosystem restoration and rehabilitation, aligning these efforts with our commitment to promoting regenerative agriculture practices in our upstream value chain. Currently, compensation or offsetting is not within the scope of our actions.

Actions to stop deforestation and land-use-change

The Hero Group's dedication to deforestation-free supply chains is a key component of our Science-Based Target initiative commitment and our biodiversity and ecosystems strategy, ensuring compliance with the EU Deforestation Regulation (EU DR).

Since 2023, we have purchased 100% of our cocoa-based ingredients with Rainforest Alliance or Fairtrade certification (Mass Balance) and 100% of our palm oil under Roundtable for Sustainable Palm Oil (RSPO) certification (Segregated and Mass Balance). Recognizing that this alone is not sufficient, we implement our own due diligence measures by reviewing affected supplier measures, processes, and relevant certifications.

Environmental Information

In 2024, we engaged with all suppliers of deforestation-risk affected products to ensure they take adequate measures to prevent deforestation in the upstream value chain and provide proper evidence thereof. We will require our suppliers to collect information such as geolocation coordinates of farmed land, country of production, and due diligence criteria to ensure that each batch of commodities in scope is registered with a Due Diligence Statement (DDS) number by the time the postponed EU Deforestation Regulation comes into force at the end of 2025.

We have established an interdisciplinary team to develop and implement all necessary information and processes to assess our primary supply chains and third party manufacturing for cocoa, palm oil, paper, and beef.

We joined a dedicated program with one of our major suppliers in 2023 that allows us to trace our cocoa-based ingredients back to farm-level in Ghana, Cameroon, and Côte d'Ivoire. In 2024, we further expanded our efforts by joining an agroforestry program from a different supplier in our cocoa value chain in Côte d'Ivoire.

Through our investments, we contribute to circa 168 hectares of cocoa plantations, applying agroforestry practices as a nature-based solution to increased biodiversity, soil health, and to sequester carbon. In 2024, 69% of the Hero Group's cocoa-based ingredients volumes were purchased under those two programs.

Palm oil is another commodity with increased risk for deforestation and land conversion. Following the mitigation hierarchy, the Hero Group has implemented an internal guideline on the use of palm oil. Generally, we use palm oil only in very low amounts in technical ingredients.

Furthermore, palm oil is not used in products unless it is not possible to use an alternative. The Hero Goodness of Nature (GON) guidelines for product development state that palm oil shall never be used in new developments of products within the Baby & Toddler Food category, and shall always be discussed and decided on a case-by-case basis for new product developments in the Healthy Snacks and Natural Spreads categories. In those cases where Hero is using palm oil, the ingredient must come from RSPO accredited sources.

Another commodity, sugarcane, is an ingredient partly used in our Natural Spreads portfolio. Even though sugarcane is not a commodity within the scope of the EU Deforestation Regulation (EU DR), its cultivation in tropical countries is associated with a higher generic risk of deforestation, land use change, and overexploitation of natural resources. The majority of our recipes use beet sugar, but for the remaining recipes using cane sugar, we have evaluated the possibilities of reformulation. This has resulted in a significant reduction of cane sugar use in our European and MEA Natural Spreads portfolio.

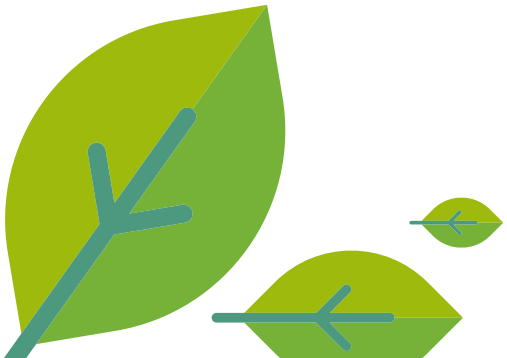
Environmental Information

In a joint project between Procurement and Product Development in 2024, we reworked all affected European recipes to reduce the amount of cane sugar by 95%. For our Natural Spreads in Hero Brazil, we continue to use cane sugar as it is the common local sweetener. This volume represents around 4% of the total sugar volume sourced at Hero, and all cane sugar purchased by Hero Brazil originates from Bonsucro-certified growers. This certification is a credible, metric-based process that demonstrates our commitment to environmental and social sustainability in sugarcane production.

Actions to mitigate water scarcity

Water scarcity in arid, semi-arid, and dry regions is a significant challenge for sustainable agriculture. Spain, a major source of our agricultural products, has been identified as a key upstream risk area in our risk assessment, making it a priority for our water-related actions.

In the context of climate change and growing water demand, agriculture must adopt technologies to reduce water consumption by improved irrigation efficiency, and to retain water in the soil – ensuring both economic and environmental sustainability.



In 2024, we initiated a partnership with Digital Data Farm, utilizing their "Irriman platform" developed by the Polytechnic University of Cartagena. This partnership includes two farms covering 10 hectares of stone fruit cultivation in southern Spain. Our collaboration aims to reduce water usage and improve irrigation efficiency by implementing effective water management practices.

Low-cost sensors and cloud computing monitor soil, plant, and atmosphere water status in real-time, helping farmers determine optimal irrigation timing and frequency. This reduces water and nutrient leaching while maximizing productivity. After one full cropping cycle under the deficit water irrigation program, our partner farms reported a reduction of irrigation water by 41% in peach cultivation and 33% in apricot cultivation while obtaining the same production output.

Our Hero Spain production site is located in the water-stressed region of Murcia, southern Spain, where we also source various agricultural products. As part of the "Respect for Water" project, Hero Spain has partnered with the Spanish NGO Asociación de Naturalistas del Sureste (ANSE) and the Alcantarilla city council to reduce our water footprint by the re-naturalization of the Rio Segura river near our production site. Through multi-day work assignments involving numerous colleagues, we have removed one hectare of invasive wild sugar cane and planted 275 native shrubs and 35 hackberry trees.

Environmental Information

This initiative enhances water infiltration, improves the water retention capacity of soils, and creates a healthier microclimate. Additionally, the project provides shade, reducing thermal stress and making the area more comfortable for the community while also supporting local biodiversity and pollinators. Overall, the initiative will return 2.8 million liters of water to the environment and offset more than 150 tons of CO_2e through the recovery of native biodiversity.

Our ingredient procurement team started to take upstream water risks into account when creating commodity strategies, our so-called sourcing playbooks. In line with our defined key raw materials and key affected regions, we map growing regions on a water-stress map and check on certifications and non-certified actions around water management with our suppliers.

This information will help us refine our future sourcing and is part of the 2forAll climate adaptation project. See more details on the 2forAll project under climate scenario part of Climate Change chapter.

Actions to promote regenerative agriculture practices

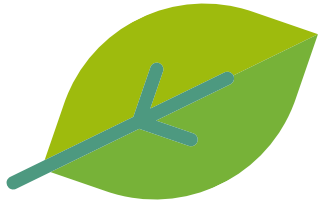
We source more than half of the ingredients for our Baby & Toddler Food and Snacks under organic certification. Organic agriculture can enhance biodiversity by promoting a variety of crops and natural pest predators, which helps maintain ecosystem balance. It also improves soil health using organic matter and reduces chemical inputs, fostering beneficial microorganisms.

While organic agriculture generally supports biodiversity and soil health, it does have some limitations. For instance, organic farming can sometimes lead to lower yields compared to conventional methods, which might necessitate more land to produce the same amount of food. This can potentially lead to habitat loss.

Additionally, organic practices may not always provide sufficient nutrients to the soil, especially in the absence of synthetic fertilizers, which can affect long-term soil fertility. At Hero we source ingredients from organic and from conventional agriculture. Both can benefit from additional practices of regenerative agriculture.

We adhere to the SAI platform's definition of regenerative agriculture as a global benchmark and advocate for the implementation of Integrated Pest Management systems on farms to minimize negative impacts on biodiversity. We are member of the Sustainable Agriculture Initiative (SAI) platform and the Crops Working Group.

In collaboration with over 170 members from the agri-food industry, a global proposed approach on regenerative agriculture practices has been aligned. Those defined practices will also guide our approach and interaction with our agricultural supply chain.



Environmental Information

We participate in the SAI "Regenerating Together" program to identify existing and potential business partners who share our vision of driving positive impacts and achieving measurable outcomes, particularly in areas where we source through specialized agricultural intermediaries rather than directly from partner farms.

Our agricultural sector specialist suppliers actively manage specific sectors or crops, often overseeing large groups of farmers or even owning farmland. This means that the Hero Group is not in direct contact with the farmers but with bigger suppliers or cooperatives.

Cooperation with sector specialist suppliers is especially crucial for commodities such as sugar, cereals, and tropical fruit.

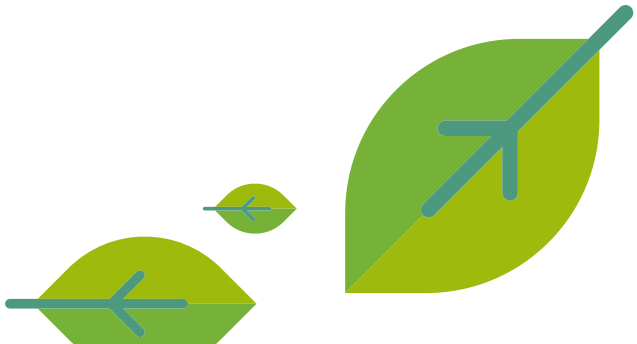
Additionally, we maintain direct interactions with some strategic farmers from whom we source, ensuring a comprehensive approach to sustainable agriculture. To engage our farmers and direct suppliers in regenerative agriculture, we emphasize education and the tangible benefits of these practices.

In collaboration with agronomy experts from reNature, we have established a three-year peer-learning program for farmers in northern Spain. This initiative aims to translate Hero's Sustainable Farming Principles into actionable transition plans at farm level. Two farmers, covering nearly 13 hectares of apple and pear cultivation, are participating in the program. Initial farm-risk assessments and continuous soil sample analyses form the foundation for defining key criteria in areas such as soil health, water, biodiversity, and climate.

Together with reNature's regenerative agriculture experts, the farmers have developed individualized transition plans based on their specific needs and opportunities. These plans aim to improve soil fertility, crop production, generate additional income through secondary crops, and utilize natural fertilizers and integrated pest management practices. The project also includes capacity-building workshops to scale up regenerative agriculture practices in the region.

Similar initiatives are being implemented with direct suppliers in Brazil and Türkiye. Hero Brazil has launched the "Projeto Cultivando" supplier program to establish comprehensive responsible sourcing standards. This program includes individual supplier assessments covering agronomy expertise, pesticide control, as well as land and soil management, classifying suppliers into three maturity levels.

With tailored support and resources, the team helps farmers meet and advance sustainability requirements, promoting regenerative agriculture practices.



Environmental Information

To support sustainable farming practices and enhance biodiversity, our Turkish team has developed farmer handbooks for key crops such as apples and peaches, ensuring the high-quality standards we require for our baby food. These handbooks advocate for natural practices, including the use of trap plants, natural predators, and homemade pesticides, reducing reliance on chemical pesticides.

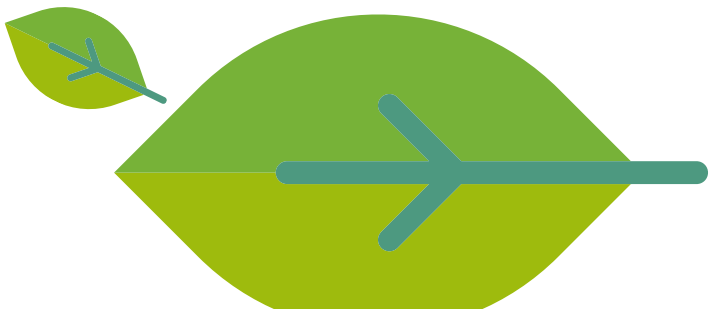
Hero Türkiye has also introduced a crop monitoring application that covers 250 hectares and supports 100 farmers, representing approximately 80% of the total area sourced by the Turkish team. By utilizing satellite images, the application detects issues in orchards at early stages, enabling prompt and localized interventions. This early intervention allows treatments to be applied only to specific areas rather than the entire orchard, saving fuel and water while minimizing disruption to the natural balance in the fields.

Our team at Hero Middle East & Africa (MEA) has been involved in a long-term project in cooperation with the Egyptian Ministry of Agriculture, NGOs, and policymakers to help save the Egyptian honeybee from extinction. Honey is one of the signature products of Hero MEA, which is why they have implemented a honey supplier calibration program to move to approved non-harmful treatments. Additionally, they have provided beekeeper education on risk factors and conservation methods. Hero MEA has been partnering on the project with the Department of Bee Research Egypt.

To enhance biodiversity and soil health through regenerative agriculture practices in our regional fruit sourcing, our team at Schwartauer Werke has initiated a farmer cooperation program via a biodiversity catalogue.

In 2023 and 2024, a total of 44 German farms growing cherries, strawberries, currants, and blueberries covering 3,023 hectares of fruit farmland participated. A dedicated catalogue lists concrete measures to promote pollinator and soil health, and offers a co-investment where farmers apply and document the methods on their farms. In the two-year period of the program so far, 105 hectares of flowering habitat were created through blooming stripes, tramline greening, as well as greening and flowering areas.

Additionally, 130 hectares of blooming intercrop, 172 hectares of alternating mulching, 159 nesting aids for birds, and five on-farm expert consultations on regenerative practices were supported through the program. The farms participating benefit from an increased pollinator population and soil improvement while Hero benefits from verified and documented initiatives and an increased loyalty and engagement of its partner farms.



Environmental Information

Resource use and circular operations

- Process to identify and assess material resource use and circular economy-related impacts, risks, and opportunities
- Policies related to resource use and circular economy
- Actions related to resource use and circular operations
- Targets related to resource use and circular economy
- Resource inflows
- Resource outflows



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
High recycled content and recyclability of packaging reduce use of resources and environmental impact	Impact (+)	■	■	■
Changing regulations on plastics and packaging leading to investment in new technologies	Risk	■	■	■
Inefficient production process may result in food waste	Risk	■	■	
Waste directed to landfill has negative impact on environment	Impact (-)	■	■	■

Note: *Impact (-) negative impact, impact (+) positive impact

Environmental Information

Resource use and circular operations

Hero's mission is to preserve the goodness of nature. The company recognizes that efficient resource use and circular operations are crucial for reducing environmental impact and ensuring long-term business viability.

In our practices related to resource management, particularly waste, this translates to minimizing waste directed to landfills and reducing food waste through efficient supply chain processes. Our approach prioritizes waste prevention at source. When waste creation is unavoidable, we adhere to the EU Waste Hierarchy, focusing on waste reduction, reuse, and recycling as primary strategies. Disposal is considered only as a last resort, with landfill use being the least favorable option.

Our commitment to sustainability is reinforced by ISO 14001 Environmental management systems certifications at our two biggest production sites, Germany and Spain. We recognize that access to raw materials depends on sustainable practices for material usage and waste management. Accordingly, our production sites align their operations with Hero's sustainability efforts and comply with local regulations. For example, our Beech-Nut site in the US adheres to the National Strategy for Reducing Food Loss and Waste and Recycling Organics, published in June 2024.

In 2024 we used almost 300,000 tons of packaging materials for our manufactured products. Packaging solutions are essential to ensuring the safety and quality of food products. Strict legal requirements related to food safety contribute to the complexity of packaging design. Packaging must protect products throughout distribution, at the point of sale, and until consumption.

The goal of circularity is to create a system where the environmental footprint of production and consumption is minimized, and resources continue circulating in the economy. Within these parameters, Hero has decided to focus efforts on creating a positive environmental impact by following a structured approach.

Firstly, we aim to reduce existing packaging materials; secondly, we assess options to design packaging materials for recycling; and thirdly, whenever feasible, we work to increase recycled content in materials.

Through these concerted efforts, Hero underscores its commitment to sustainability, preserving natural resources, and promoting environmentally-responsible practices across its global operations.

Environmental Information



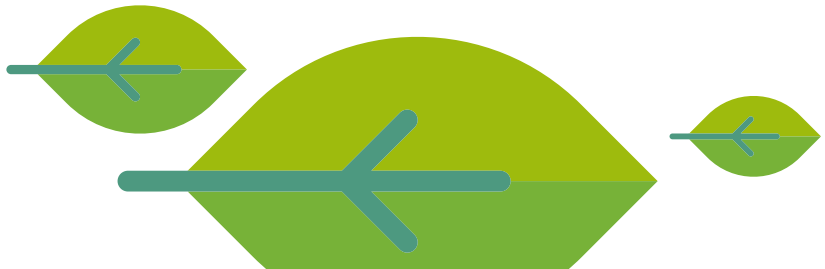
Process to identify and assess material resource use and circular economy-related impacts, risks, and opportunities

Hero employs a comprehensive approach to identify material impacts, risks, and opportunities associated with resource use. This process encompasses evaluating resource inflows, outflows, and waste management practices across its operations and value chain.

To ensure a thorough assessment, the company leverages a range of methodologies and tools to analyze its assets and activities. A key component of this approach is the detailed examination of resource inflows and outflows to evaluate the efficiency and sustainability of operations.

This includes monitoring the use of raw materials, energy, and other critical resources while tracking waste generation and emissions. By doing so, Hero identifies opportunities to enhance resource efficiency and minimize waste.

At each manufacturing site, raw material inflows and waste outflows are recorded and analyzed monthly. This regular tracking ensures continuous visibility into waste generation and enables targeted interventions to optimize resource use and support Hero's sustainability objectives.



Environmental Information

Hero's process to identify material impacts, risks, and opportunities related to circular economy is a challenge due to the complexity of our business. To improve visibility that enables the identification of hotspots in packaging and potential areas of improvement Hero has invested in a Product Lifecycle Management (PLM) tool that will be hosting all packaging material specifications existing at Hero. Impacts, opportunities, and risks related to recyclability and recycled content of packaging will become visible and accessible with our PLM tool.

Opportunities transitioning to a circular economy can lead to cost savings, improved operational performance, and a stronger brand reputation on the one hand. In 2025 we will work to evaluate our opportunities related to circularity of our packaging. On the other hand, transitioning to a circular economy also comes with challenges and risks. These include the need for significant investment in new technologies, processes and materials and potentially reduced equipment efficiencies. However, failure to implement efficient transition strategies towards a circular economy can affect the competitiveness of Hero in the future and compliance with the new packaging regulations.

The material resources prioritized by Hero include packaging, raw materials, energy, and water. These resources are critical for the company's operations, and their efficient use is essential for minimizing environmental impact and ensuring sustainability. Every new investment is considering the latest available technology that helps to reduce virgin, non-regenerative resources.

On top of this, we have partnered with a company that provides a cloud-based database with complimentary data and insights on the extremely complex legislative and regulatory packaging landscape across our markets.

Finally, we have launched a pilot in one of our core categories (Healthy Snacks) to look at packaging materials in a holistic way from cradle to grave. This systematic approach will reveal risks and opportunities along the value chain and guides us as to which hot spots we need to tackle first.



Environmental Information

Our strategy for packaging

Goals, drivers and foundation

Goals

Circularity

Net-Zero

Drivers

Reduce

Rethink

Recycle

Foundation

Legislative and regulatory evolution

Consumers' and customers' preferences

Technical and economical feasibility

(Local) recycling infrastructure requirements

Policies related to resource use and circular economy

The Hero Waste Guidelines are currently being developed based on the principles of the waste hierarchy to which we adhere, including best practices across our production sites. An overview of the key components of our approach is detailed in the paragraphs below as it will form a basis for the upcoming guidelines.

At the core of our internal hierarchy is the goal of preventing waste whenever possible. For instance, we return certain packaging materials, such as plastic raw material containers, intermediate bulk containers (IBCs), and pallets directly to suppliers to eliminate waste at its source.

When prevention is not feasible, we prioritize reuse and recycling. Recycling at Hero includes practices such as composting organic materials at various stages of the manufacturing process and recovering energy through methods like bioethanol or biogas production. Additionally, in our German operations, food waste is repurposed as animal feed. If these options are exhausted, we evaluate the most sustainable waste disposal methods, with incineration as the preferred option over landfill, which is always a last resort.

At sites utilizing glass jars for packaging infant and toddler foods, we continuously explore ways to prevent glass breakage. When breakage occurs, the broken glass is collected, recycled, and returned to raw material vendors for reprocessing into new glass containers. Through this approach, Hero remains committed to minimizing waste, optimizing resource use, and supporting circular economy principles across its operations.

Environmental Information

Reduce

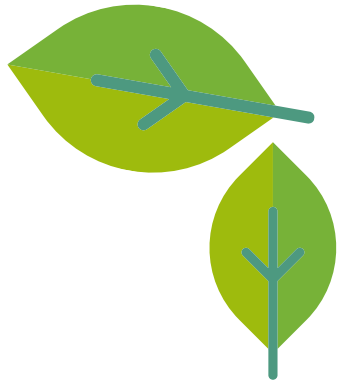
We will use less material and therefore less GHG emissions per packaging material

Rethink

We will rethink our value chain holistically and prevent leakage into the environment

Recycle

We will only use design for recycling criteria (and recycled if possible) in our packages to enable a circular economy



In relation to circularity, we structured sustainable packaging approach around three main principles:

1. **REDUCE,** where we use less material and therefore less GHG emissions per packaging material
2. **RETHINK,** where we rethink our value chain holistically to prevent leakage into the environment
3. **RECYLE,** where we design using recycling criteria (and recycled content if possible) in our packages to enable a circular economy

Our packaging strategy has been built on three interconnected layers: Goals, Drivers, and Foundation.

At the top, the goals of circularity and net-zero are highlighted, representing the ultimate objectives of achieving a closed-loop system and minimizing greenhouse gas emissions from our packaging materials.

These goals are driven by our three R's: Reduce, which focuses on minimizing packaging material; Rethink, which encourages innovative approaches to packaging design; and Recycle, which emphasizes the importance of recovering and reusing materials.

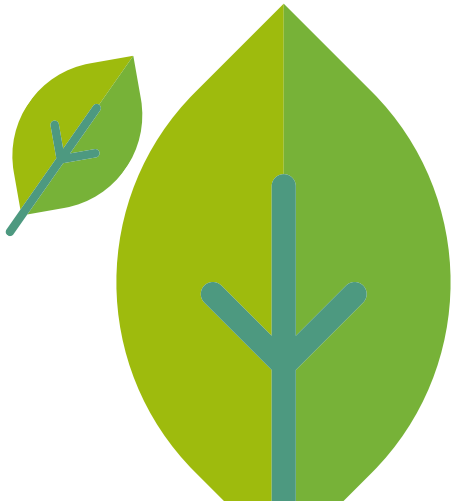
The foundation supports these efforts through four critical elements: Adherence to evolving legislative and regulatory requirements, alignment with consumer and customer preferences, ensuring technical and economic feasibility, and addressing local recycling infrastructure needs. Together, these layers create a cohesive strategy for advancing sustainable packaging solutions.

Environmental Information

Hero's commitment to sustainable sourcing is reflected in its standards and guidelines, which prioritize the use of renewable resources and responsible sourcing methods. Here are some key aspects of Hero's approach.

Hero has started to incorporate eco-design principles into its product development process. This involves designing products and packaging with sustainability criteria in mind, ensuring that they are easy to recycle and have minimal environmental impact.

To reduce its reliance on virgin resources, Hero strives to increase the use of recycled resources. This transition is crucial for minimizing environmental impact and promoting sustainability. We are continuously following regulatory frameworks like the Packaging and Packaging Waste Regulation (PPWR) in Europe as these will steer our decisions with regards to circular economy in the next five to 10 years.



Hero issued Group Sustainable Packaging Principles that outlines the company's commitment to incorporating recycled materials into its packaging in 2022. In 2025, we plan to review this document and will re-assess which packaging materials need to be recyclable next and how to increase the recycled content of packaging materials in our strategically important product ranges.

To explore innovative solutions that replace multi-material packaging and single-use plastics with more sustainable alternatives is a journey in collaboration with our suppliers towards technically and economically viable solutions.

As part of our sourcing strategy, we are prioritizing raw and packaging materials that are obtained from suppliers who adhere to sustainable practices and minimize the environmental impact of resource extraction.

Hero also addresses post-consumer waste by promoting recycling and re-use initiatives. Our packaging strategy and Sustainable Packaging Principles outline the company's efforts to ensure that packaging materials can be easily recycled and re-used at the end of their lifecycle. We are also educating our consumers on how to separate and recycle our packaging by providing clear on pack disposal instructions.

Environmental Information

Actions related to resource use and circular operations

In 2024, Hero established a Waste Community comprised of internal experts with each manufacturing site represented by a dedicated waste manager. This group convened quarterly, at a minimum, throughout the year.

The initial focus of the Waste Community was to standardize waste data collection and reporting across all sites. Priority areas included defining food waste, hazardous waste, and recycled waste.

Upstream waste prevention within our value chain has been integral to Hero's strategic sourcing efforts. By working closely with farms and distributors, we aim to procure materials that meet our quality and sustainability standards prior to their arrival at our facilities.

This proactive approach prevents food waste by eliminating the need to discard materials that fail to meet specifications. In cases where materials are outside specifications but still usable, our Research & Development teams make recipe adjustments to incorporate them effectively. This practice is particularly prevalent at our larger fruit and vegetable processing plants in Spain and the US.

Looking ahead, the Waste Community aims to continue sharing best practices across sites. A key focus will be enhancing on-site waste separation to facilitate recycling. For example, our Schwartau site in Germany already separates waste into more than 40 categories, while some other sites separate into fewer than 10. The success of these efforts also hinges on identifying industry partners who can repurpose our waste as input resources for their operations.

Within our production sites, such as Hero Spain, Schwartau Werke, and Beech-Nut Nutrition US, we have established cross-functional teams to lead these initiatives within the local context. These teams are tasked with preserving food resources wherever possible through process optimization and collaborative problem-solving.

Through these collaborative initiatives, Hero remains steadfast in its commitment to sustainable waste management and continuous improvement.

Regarding circularity, Hero continues to implement and optimize processes, measures, and tools to better consider circularity in all our activities. For this, Hero integrated sustainability roles and responsibilities into functions and categories in 2024.

Environmental Information

As of 2025, all projects that touch raw materials, packaging materials, and production processes are governed by functional experts and top category management. By doing so, we ensure that decisions regarding the development of our products and process technology are made taking into account resource use and circularity considerations.

To walk the talk, we took important decisions about packaging to bring circularity and reduction of virgin materials to life. Specifically, in Baby and Toddler Snack pouches we classified the primary packaging as material and decided to change the multilayer non-recyclable packaging for pouches into mono-material pouches by 2026.

Risk assessment has revealed that the multi-layer non-recyclable packaging material has a negative impact on the environment with declining consumer acceptance. In collaboration with suppliers, Hero manufacturing, procurement, R&D and quality teams worked on a sustainable solution. In 2024, we commissioned our new, energy efficient, state of the art pouch factory in Murcia, capable of producing 180 million recyclable mono-materials pouches.

Furthermore, foils for bars and other certain snacking product ranges represent a strategically important and volume-wise significant part of our business. A couple of years back we managed to reduce the weight of bar wrappers produced in our German hub by 14%. As we encounter new packaging regulations, we are considering modifying the wrapper materials for externally-produced bars to stay compliant with future requirements.

Further weight reduction and a certified recyclability is our aim, and we are striving for implementation by 2030 once the regulatory framework is clear and reliable. Same considerations are being made for snacks for babies and toddlers.

As an alternative to plastic films, we also investigated paper materials between 2022 and 2024. There is good progress visible, but it will take minimum of four to five years until paper suppliers and converters can deliver sustainable options that protect our products during the expected and necessary shelf life while complying with regulations and economic needs. Glass jars represent another big part of our packaging materials.

Thanks to former European circularity initiatives, glass re-usage and recycling is quite well-established. Glass is basically fully recyclable today. Depending on country-specific disposal systems, the current shard content in the glass production process is between 30 and 70%. To bring circularity to the next level, efforts on community level need to be made to further improve municipal collection systems and increase the shard content in glass jars.

Following our packaging guiding principles, re-usage of jars would be preferred as the most sustainable option. Facing reality, this is not scalable in baby food and jam jars today, hence we decided to further reduce the glass weight to the maximum possible extent. Glass breakage in the whole value stream and food safety are the biggest concerns and need to be kept under control at all times in the process.

Environmental Information

Today Hero is running a relevant B2B business. Products are filled in a sophisticated multi-layer non-recyclable primary packaging material with special shelf life and quality requirements. Efforts have been made in partnership with suppliers over the last three years to switch to mono-material, so far without success. However, we will continue to work closely with our suppliers to find better alternatives.

As circularity does not end at the point of sales, it is key to extend thoughts to the end of life of products upfront in the design phase. As mentioned before, circularity depends on local sustainability schemes. Recycling of many packaging materials like paper, glass, and PET plastic is well established in some countries where Hero has business operations.

In European Union member states, the new PPWR (Packaging and Packaging Waste Regulation) outlines what is expected from industry within the next five years and beyond. Not all details are fully regulated yet, meaning that the entire industry, including Hero, is waiting for clarification. More on this topic is expected in the course of 2025. In the meantime, we are actively monitoring regulatory developments and using these regulations as a foundation for packaging optimization.

These actions and resources reflect Hero's commitment to sustainability and responsible resource management, ensuring that the company minimizes its environmental impact while promoting an even more circular economy.

Targets related to resource use and circular economy

As part of our annual planning process, Hero establishes a zero-base production loss target for its food manufacturing operations. This target applies across all manufacturing facilities utilizing fruit, vegetables, meats, and grains.

Targets are set with consideration for portfolio mix, capital investments, and process changes at each plant, as well as through internal benchmarking of similar technologies across facilities. Each site measures its production losses and establishes local reduction targets, leveraging available resources while aligning with corporate-level guidance.

The production loss target is tracked as a key performance indicator and may be adjusted in response to current supply chain dynamics and business constraints. Progress is measured against defined targets. Hero remains committed to enhancing operational efficiency and reducing waste, ensuring that valuable resources – such as fruit, vegetables, cereals, and meat – are utilized effectively to support the company’s economic goals.

In addition to production loss prevention, we also focus our performance internally on write offs. Reporting and tracking of root causes takes place each month at each site, with continuous improvement efforts aimed at reducing overall waste and optimizing resource use.

Environmental Information

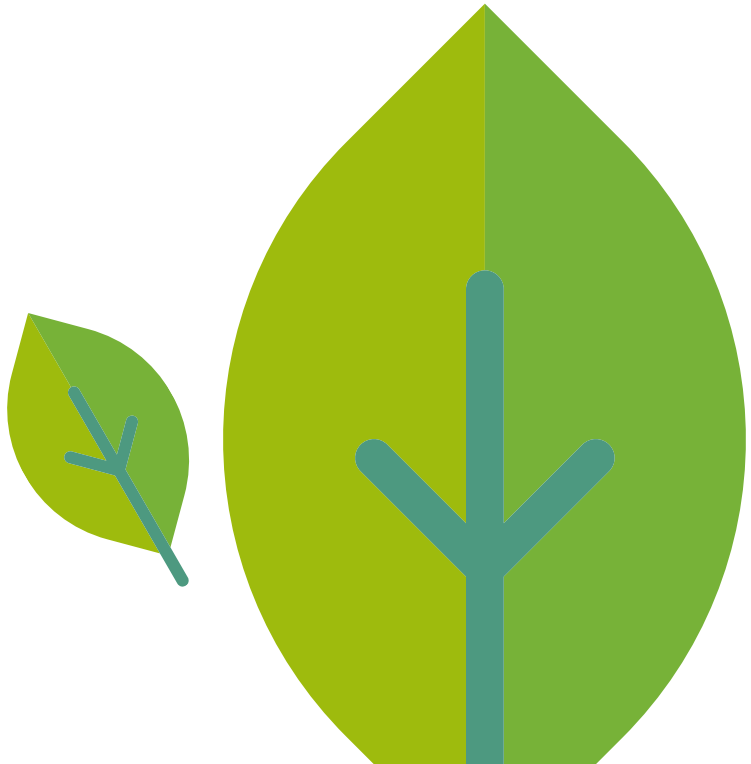
Resource inflows

Resource inflows metrics	Unit of measure	2024	2023	Change
Total weight of products and technical and biological materials used	tons	296 000	300 000	-1%
Weight of reused or recycled components, intermediary products and materials used	tons	33 750	31 500	7%
Percentage of reused or recycled components, intermediary products and materials	%	11.4%	10.5%	+0.9 p.p.

Resource outflows

Resource outflows metrics	Unit of measure	2024
Total waste generated	**tons**	**12 270**
Hazardous waste diverted from disposal, incl.	**tons**	**3**
Preparation for reuse	tons	0
Recycling	tons	3
Other recovery	tons	0
Non-hazardous waste diverted from disposal, incl.	**tons**	**8 564**
Preparation for reuse	tons	0
Recycling	tons	8 564
Other recovery	tons	0
Hazardous waste directed to disposal, incl.	**tons**	**3**
Incineration	tons	2
Landfill	tons	1
Other disposal	tons	0
Non-hazardous waste directed to disposal, incl.	**tons**	**3 701**
Incineration	tons	774
Landfill tons	tons	2 787
Other disposal	tons	140
Total non-recycled waste	**tons**	**3 704**
Percentage of non-recycled waste	%	30%
Total hazardous waste	tons	69
Total radioactive waste	tons	0

Note: numbers exclude two plants (Sweden and Switzerland) divested in 2024 and commercial offices







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Social Information

Food safety and quality

- Material impacts, risks, and opportunities
- Policies related to food safety and quality
- Processes for engaging with consumers and end-users about impacts
- Processes to remediate negative impacts and channels for consumers to raise concerns
- Taking actions related to material food safety and quality impacts on consumers
- Performance metrics



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Poor quality and unsafe product may contribute to consumers' health negatively	Impact (-)		■	■
Real or perceived poor quality and unsafe product poses a potential reputational and legal risk	Risk		■	■

Note: *Impact (-) negative impact, impact (+) positive impact

Social Information

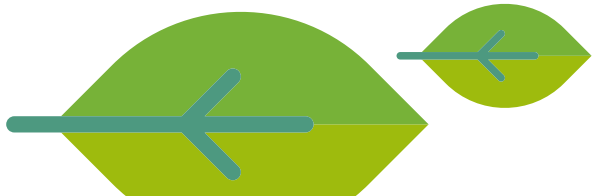
Food safety and quality

Ensuring the safety of our products is our top priority. By adhering to the principles outlined in our Quality & Food Safety Policy, we continuously strengthen our quality culture and food safety standards.

Products are not released to the market if there are any concerns related to food safety, and strict procedures and safety policies are in place to secure this. Products will be recalled should we get any indication of a food safety risk.

Hero upholds stringent quality and food safety standards, complies with applicable regulations, and adheres to the Global Food Safety Initiative (GFSI) schemes. These standards are regularly updated and enforced across all operations.

The company identifies and mitigates risks associated with food safety and quality through comprehensive risk assessments and management plans. By maintaining high standards and proactive risk management, Hero aims to protect consumer health and uphold its reputation for quality.



Material impacts, risks, and opportunities

Hero is dedicated to addressing the material impacts on consumers and end-users by providing safe quality products. The following list accurately represents the material impacts and risks, related to Quality & Food Safety:

1. Poor quality and unsafe product may contribute to consumer health negatively (Negative impact)
2. Real or perceived poor quality and unsafe product poses a potential reputational and legal risk (Risk)

Hero's product portfolio includes products such as baby and toddler food, healthy snacks, and natural spreads, and accompany the consumer from birth throughout their lives. These products are designed to be safe and nutritious (following Hero's Goodness of Nature guidelines) and are legally compliant.

Because of our activities, Hero is exposed to the risk (genuine, perceived or alleged) of products being contaminated and unsafe for consumers. The risk that raw materials are accidentally or intentionally contaminated throughout the supply chain or that product defects occur due to human error, equipment failure or other factors cannot be fully excluded.

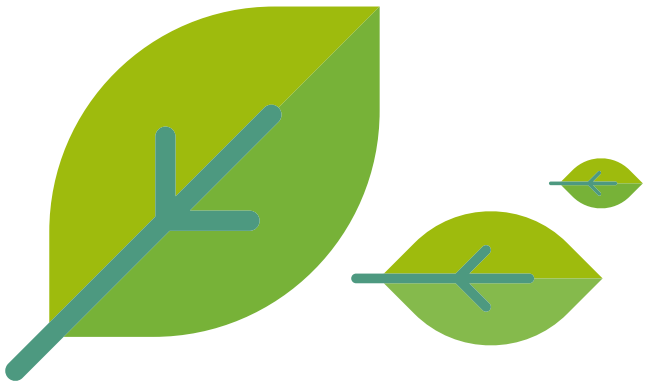
Social Information

Any contamination or deviation from quality and food safety standards could result in negative health impact on consumers. The most sensitive and most regulated products are Food for Special Medical Purposes (FSMP) and infant formula.

The negative impact is neither widespread nor systemic. Rare incidents may be related to a specific production run or a specific batch of raw material.

Labelling errors can have potentially serious consequences for both consumer safety and brand reputation. Therefore, on-pack labelling needs to provide clear and accurate ingredient information so consumers can make informed decisions regarding the products they buy.

Additionally, vulnerable consumers (infants, people with allergies, etc.) are at risk of negative health impact when they do not consume the products based on the information on pack (for example, ingredients, allergen presence, dosing).



Policies related to food safety and quality

Hero has a Quality & Food Safety (Q&FS) Policy and internal position statements to address the material impacts, risks, and opportunities. The Q&FS policy addresses the Hero portfolio.

Hero follows a strict process for handling customer and consumer complaints, with clear criteria for escalation, investigation, communication, and remediation. Serious cases can lead to wider escalation following the Crisis Management standard.

Hero closely monitors the regulatory environment and communicates necessary changes to ensure compliance with quality and food safety standards across the operations. This proactive approach helps the company stay informed about emerging issues and adapt its strategies accordingly.

Processes for engaging with consumers and end-users about impacts

The Hero Group actively engages with consumers through various channels which include both direct engagement and engagement with credible proxies that have insights into consumer situations.

Social Information

Our consumer/customer service departments across the organization are in daily contact with consumers through different channels (for example, phone, email, social media) to make sure that their food safety and quality related questions are addressed properly.

Throughout the year, Hero engages with external experts and organizations to enhance its food safety culture and practices. These organizations include universities, industry associations, for example, Specialized Nutrition Europe (SNE), regulators such as the Codex Committee, local authorities such as British Specialist Nutrition Association (BSNA), and research associations such as the Campden research association (CCFRA) and the Soil Association.



Processes to remediate negative impacts and channels for consumers to raise concerns

If we learn about illnesses that may be linked to our products, we take immediate action. We collaborate with internal and external technical experts to investigate the situation, communicate with customers, consumers and authorities, and if appropriate issue a recall to remove affected products from the market. In 2024, we conducted two recalls.

Timely and controlled handling of such incidents is of utmost importance to ensure the highest level of oversight and the safety of our consumers. All incidents must be investigated without any undue delays and in accordance with the escalation process.
Product incidents related to the safety or quality of our products are dealt with through a highly standardized process detailed in our Consumer complaint standard and Crisis Management standard.

Both standards are part of Hero's Quality Management System (QMS) review cycle executed quarterly by each entity and consolidated once a year at a global level. In the management review the effectiveness of remediation actions is discussed and evaluated.

Consumer complaints are reported locally, investigated by the producer, and then aggregated in the monthly report for the VP Quality Hero Group.

Social Information

Taking actions related to material food safety and quality impacts on consumers

All facilities making Hero products (internal and external) are GFSI certified – in total, six of our own plants and all third-party manufacturing facilities. As part of this certification process, all the facilities have Hazard Analysis and Critical Control Point (HACCP), Food Defense, Food Fraud, Allergen and Traceability programs in place.

Hero works with a Contaminants & Other Food Hazards Risk Assessment Standard to enable early warnings of risk and consistent implementation. These mitigations can consist of extra analysis, different sourcing, change in recipe, and change of process.

Additionally, Hero is aiming to extend the scope of GFSI certification beyond its own and third-party manufacturing facilities. For example, already in 2024, Hero sourced 91% of ingredients from GFSI-certified tier 1 supplier facilities. Also, Hero commercial entities are preparing for certification against GFSI broker/trader standard throughout 2025 and 2026. In 2024, three commercial entities (Hero Benelux, Baby Gourmet Canada, and Hero Italy) successfully passed GFSI broker certification.

Ensuring the highest standards of safety and quality in our products necessitates collaboration across various organizational levels. The VP Quality oversees the Group-wide definition and implementation of food safety and quality strategy, along with the deployment of relevant policies and standards.

Local country management is accountable for ensuring that safe and high-quality products are available in the market. Meanwhile, quality and food safety teams at manufacturing sites are tasked with identifying and implementing preventive and corrective measures in accordance with established policies and standards.

To further improve the effectiveness of our Quality Management System (QMS), we are investing in a new QMS software tool that will be rolled out globally in 2025. This will enable better collaboration across the organization as well as streamline data and knowledge exchange.

Performance metrics

Quality and food safety performance is monitored on a monthly and quarterly basis. Historically, metrics analyzed include Complaints per Million Units Sold, per Million Units produced (CPMU), Right First Time (RFT), Recalls/Withdrawals, and GFSI audit non-conformance.

Supply chain traceability is a major concern for entities in the industry. Obtaining food safety certifications and ensuring suppliers meet food safety guidelines helps companies safeguard product safety and communicate the quality of their products to retailers and consumers.

Social Information

This is why as of this Annual Report (2024), we have introduced new measurements of our food safety and quality performance, informed by SASB Standard for Processed Foods recommendations, such as percentage of ingredients sourced from tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program, and others.

Projects to enhance the Q&FS performance are established through internal consultations involving the Integrated Supply Chain, Quality Leadership Team, R&D, and local quality representatives. These quality improvement plans are incorporated into yearly objectives.



Food Safety and Quality Metrics	Unit of measure	2024
Global Food Safety Initiative (GFSI) audit non-conformance (major)	**Number**	**0**
Associated corrective actions for non-conformance (major)	Number	0
Global Food Safety Initiative (GFSI) audit non-conformance (minor)	**Number**	**75**
Associated corrective actions for non-conformance (minor)	Number	75
TPM products sourced from TPM supplier facilities certified to a Global Foods Safety Initiative (GFSI)	**Percentage**	**100%**
Ingredients sourced from Tier 1 supplier facilities certified to a Global Foods Safety Initiative (GFSI)	**Percentage**	**91%**
Number of notices of food safety violations received	**Number**	**0**
Of which have been corrected	%	-
Number of recalls issued	**Number**	**2**



Social Information

Health and nutrition

- Material impacts, risks, and opportunities
- Policies related to health and nutrition
- Processes for engaging with consumers and end-users about impacts
- Processes to remediate negative impacts and channels for consumers to raise concerns
- Metrics and targets



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Poor quality in some products may contribute to consumer health negatively	Impact (-)			■
Consumer demand shifting towards healthier products creates business growth opportunities	Opportunity			■
Potential reputational risk resulting from marketing communications practices being perceived as unethicial	Risk			■

Note: *Impact (-) negative impact, impact (+) positive impact

Social Information

Health and nutrition

At Hero, health and nutrition are at the core of everything we do. With over 80 years of expertise in nutrition research, our mission is to create naturally-sustainable, healthy foods that not only support people's well-being, but also contribute to a healthier planet. Hero's strategy for tackling health and nutrition material topic is built around several key initiatives:

1. **Research & Development.** At Hero R&D, we focus on the acquisition of the latest scientific knowledge to develop innovative sustainable healthy foods. Our internal Nutritional Policy (GON guidelines 4th edition, 1st edition published in 2019) is based on the latest nutrition and health recommendations. The guidelines outlines our commitment to nutritional targets for product innovation and renovation, and are applicable to the whole Hero portfolio across geographies.
2. **Customer engagement.** We actively engage with our customers to understand their health and nutrition needs. This feedback is used to continuously improve our product offerings.
3. **Collaboration.** We collaborate with various stakeholders, including universities, research institutions, NGOs, health experts and nutritionists, to ensure that our products contribute to a healthy balanced diet and are accepted by our consumers. These efforts are part of Hero's broader strategy to maintain a strong commitment to health and nutrition, which is a core aspect of our business and sustainability goals.

Material impacts, risks, and opportunities

Hero is dedicated to addressing the material impacts on consumers and end-users through responsible product development and ethical practices.

The types of consumers and/or end-users subject to material impacts by our operations or through our value chain include:

1. **Consumers of products that may impact health.** We are dedicated to developing safe and healthier products that benefit both consumers and the planet. We adhere to strict product design guidelines, demonstrating our commitment to delivering nutritious, healthier, and safe options. These efforts aim to address the diverse needs and material impacts on various consumer groups across all life stages.
2. **Consumers with privacy and data protection concerns.** Our commitment to excellence encompasses not only the quality of our products, but also strict adherence to legal compliance and ethical conduct. As such, we offer support to our local markets on the compliance with local privacy and data protection regulations, supporting our markets on the issuing of privacy policies, privacy related agreements, and consent request forms. Concretes example of how we protect personal data are the application of cookie consent on our brand websites or working only with market research agencies that fully comply with EU General Data Protection Regulation (GDPR).

Social Information

3. **Consumers who need clear product information.** We ensure that our product labels and information are accurate and accessible. This is crucial for consumers to make informed decisions and avoid any potential misuse of products.
4. **Vulnerable consumers.** Special care is given to vulnerable groups, such as infants, toddlers, and children. We adhere to all relevant regulations and guidelines to develop products that are safe, nutritious, and specifically tailored to their needs.

The process to identify material impacts, risks, and opportunities related to health and nutrition at Hero involves several key steps:

1. **Stakeholder engagement.** We actively engage with a wide range of stakeholders, including universities, research organizations, NGOs, health and nutrition experts, industry associations, customers, employees, and suppliers to gather insights and understand their perspectives on health and nutrition. This engagement helps Hero to identify the most relevant and material issues. Examples: Engagement with the World Federation of Advertisers helps keep Hero updated with all the latest policies related to marketing communications. Collaboration with the European Food Information Council (EUFIC) helps us to stay up-to-date on the latest scientific developments concerning food and health.
2. **Materiality assessment.** Hero conducts a thorough materiality assessment to prioritize the health and nutrition issues that are most significant to the company and its stakeholders. This involves analyzing the potential impacts and risks associated with each issue and determining their relevance to Hero's business strategy and objectives.
3. **Risk management.** We integrate health and nutrition considerations into our risk management framework. This includes identifying potential risks related to health and nutrition, assessing the likelihood and impact, and developing strategies to mitigate these risks.
4. **Opportunity identification.** We focus on identifying opportunities related to health and nutrition. This involves the systematic exploration of both the latest scientific evidence in nutrition knowledge, and consumer and market trends. The latest scientific evidence on nutrition knowledge is identified through our research agenda in collaboration with universities and NGOs. Consumer and market trends are identified through a variety of sources (industry trend reports, market research trend reports, trend portal, food conferences and fairs, etc.) and forging an internal multi-functional interpretation of the most relevant consumer and market trends that could provide opportunities for Hero. These trends are then activated with international commercial teams via a consumer centric ideation and innovation process that includes multiple iterative loops of consumer inputs and feedback prior to assessing the true potential of entering those spaces with our product portfolio. We often validate consumer acceptance of our product portfolio quantitatively prior to launching new propositions on markets.

Social Information

5. **Continuous monitoring and reporting.** We continuously monitor the identified material impacts, risks, and opportunities related to health and nutrition. We regularly report on our progress and updates our strategies based on new insights and developments.

These steps ensure that Hero remains proactive in addressing health and nutrition issues, aligning our efforts with stakeholder expectations and business objectives. In the case of material negative impacts, we are committed to ensuring that our products are safe and beneficial for consumers, adhering to strict guidelines and international nutritional recommendations.

Our activities result in several positive impacts on consumers and end-users, namely:

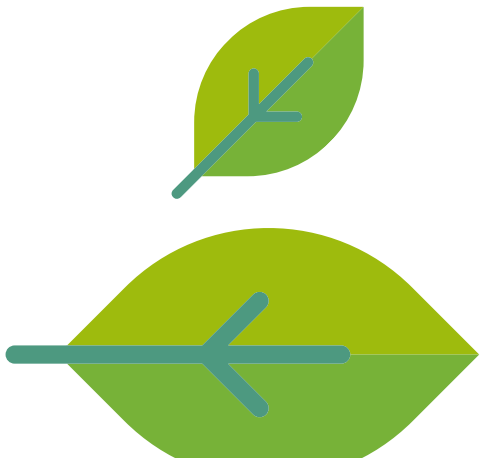
- **Product design.** Hero focuses on developing healthier products that are good for consumers and the planet.
- **Accessibility.** By ensuring accurate and accessible product information, we help consumers make informed decisions and avoid potential misuse of products.
- **Vulnerable groups.** Hero pays special attention to vulnerable groups, such as infants and children, by adhering to international nutritional recommendations and guidelines.

These positive impacts benefit a wide range of consumers, including those who are particularly vulnerable to health impacts. The positive impacts are not limited to specific countries or regions but are part of Hero's global commitment to health and nutrition.

Policies related to health and nutrition

Our commitment to health and nutrition is reflected in the foundational nutritional principles that guide the design of our products, as outlined in our internal Nutritional Policy (GON Guidelines, 4th Edition).

These guidelines are based on the latest health and nutrition recommendations from reputable organizations, including the World Health Organization (WHO), the European Food Safety Authority (EFSA), and the Nordic Nutrition Recommendations (NNR2023). They also adhere to local and international regulations, ensuring a globally consistent approach to nutrition and health.



Social Information

Hero's nutrition guidelines

1. **Expertly developed standards.** Our guidelines were developed by experienced nutrition experts within our R&D teams, who are part of a global network advancing nutrition research.
2. **Comprehensive and inclusive.** These guidelines are designed to address material impacts, risks, and opportunities for all consumers and end-users, with special attention to vulnerable groups such as infants and young children.
3. **Support for product development.** The guidelines provide category-specific principles to support product development and marketing teams in driving innovation and improvement.
4. **Commitment to better nutrition.** Our guidelines underscore our dedication to meeting nutritional targets in product innovation and renovation, ensuring applicability across the entire Hero portfolio, regardless of geography.
5. **Alignment with trends and standards.** The guidelines are aligned with the latest market trends, including the new Nutri-Score algorithm effective January 2024, and international nutritional recommendations for commercial baby foods, such as those from the WHO. This alignment ensures our products are healthier and more natural, benefiting both consumers and planet.

Measuring healthiness

Guided by our internal Nutrition Policy, we, together with the ETH Zurich (Switzerland) and the University of Murcia (Spain), developed a science-based index (GON Index) that assesses the healthiness of our product portfolio in 2015.

The GON Index ranks foods on a scale of 1 to 5, with 1 representing very poor performance and 5 representing excellent performance. The criteria established in the GON Index are derived from a synthesis of insights gained from established nutritional recommendations, regulatory and technical considerations, and consumer research.

This index is complemented by a set of key performance indicators (KPIs) that provide measurable insights into our progress. By doing so, we can effectively ensure that our offerings meet the evolving expectations of consumers while addressing nutritional needs.

We regularly review and report on our performance, using these insights to refine our strategies and adapt to the latest scientific advancements, market trends, and regulatory developments. This dynamic approach enables us to stay ahead and deliver products that support a healthier future for everyone. Through transparency and continuous improvement, Hero remains dedicated to championing health and nutrition in everything we do.

In our ongoing efforts to promote transparency and accountability, we are finalizing a public version of our Nutrition Guidelines (Nutrition Policy), which will be published in 2025. This initiative will further demonstrate our commitment to providing sustainable and nutritious products that meet the needs of our consumers and contribute to a healthier planet.

Social Information

Responsible marketing policy

Regarding marketing communications, our Code of Conduct states: "We represent our foods in a way that does not mislead nor encourage over-consumption. On infant foods in particular, we abstain from targeting our advertisements to children under six years of age as per our Code of Conduct." Additionally, we adhere to all applicable local regulations and policies.

For infant milk products, we currently follow local regulations and recommend alignment with the WHO Code, which forms the foundation of our Breast Milk Substitution (BMS) policy. This policy will be published in 2025. Markets are also responsible for complying with any additional local regulations. In line with our Code of Conduct, we refrain from directly communicating with children under six years of age. We also strictly adhere to relevant local advertising laws.

We are in the process of developing comprehensive policies and guidelines for responsible marketing communications. These will include general principles for responsible marketing as well as tailored guidelines for communications directed at more vulnerable groups, such as children. Our goal is to finalize and deploy these policies and guidelines by the end of 2025.

Regulatory affairs are reviewing claims made by the marketing team to ensure that no local laws are being violated. When required, we seek for advice and support from our legal counsels.

Overall, our policies comprehensively address material impacts, risks, and opportunities related to consumers and end-users, ensuring the well-being of all consumers while focusing on the needs of vulnerable groups.



Social Information

Processes for engaging with consumers and end-users about impacts

Hero's Innovation Standard outlines how the perspectives of consumers and end-users inform their decisions and activities aimed at managing actual and potential impacts on these groups.

Here's a detailed explanation based on the Hero Innovation Standard:

(a) Engagement with consumers and end-users: We engage directly with relevant consumers or/and end-users via ad-hoc market research projects as a key input to innovation and product development.

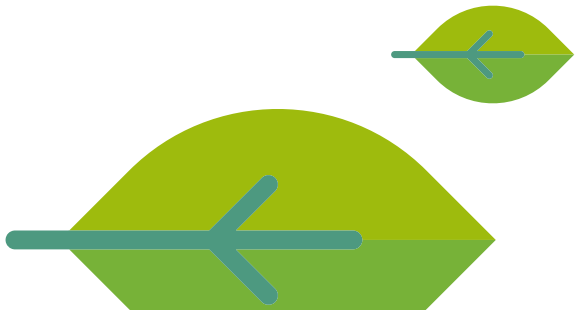
(b) Stages and frequency of engagement: Engagement occurs at multiple stages of the innovation process, including the initial idea generation, feasibility assessment, development, and post-launch monitoring. The type of engagement varies from surveys and focus groups to direct feedback mechanisms. This continuous engagement helps Hero to stay aligned with consumer needs and expectations throughout the product lifecycle.

(c) Operational responsibility: The VP Research & Development holds the operational responsibility for ensuring that consumer engagement happens and that the results inform Hero's approach. This role involves overseeing the innovation process and ensuring that consumer insights are integrated into product development and improvement.

(d) Assessing engagement effectiveness: We assess the effectiveness of our engagement with consumers and end-users through various metrics and feedback loops. This includes analyzing consumer satisfaction, product performance, and the impact of engagement activities on product development. Insights and outcomes from these engagements are documented and used to refine Hero's approach to innovation.

Hero takes specific steps to gain insight into the perspectives of particularly vulnerable or marginalized consumers, such as children. These include conducting targeted research and consultations with advocacy groups and experts in these areas. By doing so, Hero ensures that our products are inclusive and meet the needs of all consumer groups.

These comprehensive engagement practices help Hero to manage actual and potential impacts on consumers and end-users effectively, ensuring that our products are safe, beneficial, and aligned with consumer expectations.



Social Information

Metrics and targets

At Hero, the process for setting nutrition targets in our portfolio is comprehensive, evidence-based, and involves both academic research in nutrition and health science, governmental agencies, and the direct engagement with consumers and end-users.

(a) Setting targets: Hero engages directly with academia, institutions, NGOs, consumers, and end-users through various methods such as regular meetings, scientific events, discussions, surveys, focus groups, and direct feedback mechanisms. This engagement helps us understand the public health needs and expectations of our consumers, which informs the setting of relevant and achievable targets.

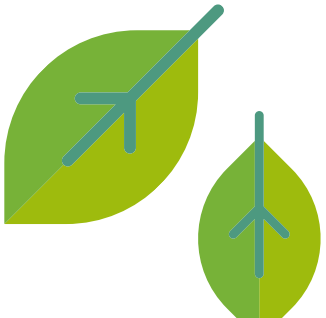
(b) Tracking performance: We track our performance against the set targets using a centralized system managed by the Group R&D organization that logs all relevant data and metrics. This system allows Hero to monitor progress, identify any deviations from the targets, and implement corrective actions as needed. Regular assessments and audits are conducted to ensure that the performance tracking is accurate and comprehensive.

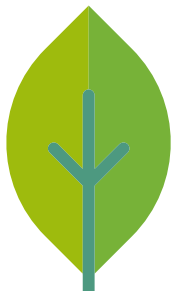
(c) Identifying lessons and improvements: We conduct regular reviews to evaluate the effectiveness of our actions and identify areas for improvement. This involves analyzing the data collected through the tracking system and feedback from stakeholders. By continuously assessing our performance, we can identify lessons learned and make necessary adjustments to our innovation and reformulation strategies and targets towards the evolution of natural, sustainable, and healthy food.

These processes ensure that Hero's targets are tracked effectively, and continuously improved based on performance evaluations.

At Hero, we have defined 13 commitments focused on health and nutrition. These commitments are categorized and aim to enhance the inclusion of beneficial nutrients and ingredients, such as vegetables, legumes, whole grains, fiber, and protein.

Additionally, they target the reduction or elimination of less desirable components, including sugar, palm oil, animal meat, starch, and highly processed sugars.

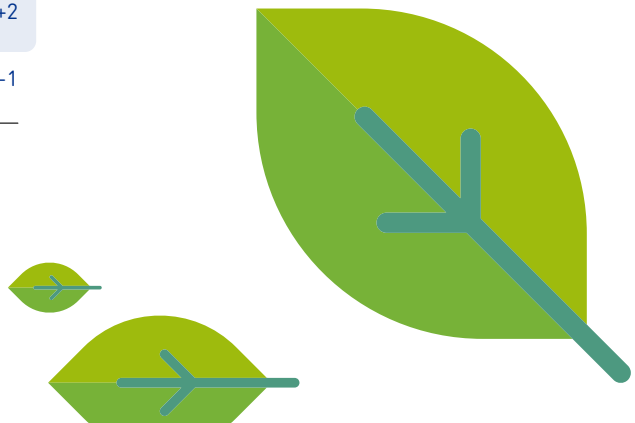




Social Information

Theme	Description of measure	2024	2023	Change, p.p.
Beneficial nutrients and ingredients	75% Infant meals following planetary health principles on high contribution of vegetables and legumes (min. 40%) by 2028	**69%**	**56%**	**+13**
	75% Infant cereals to contain whole grains (min. 30%) by 2025	62%	65%	-3
	55% Baby food products to be Organic by 2025	50%	56%	-6
	100% Snack bars offerings claimable "source of fiber" (3g/100g) by 2028	85%	93%	-8
	25% Snack bars offerings claimable "source of protein" (>12% of total energy) by 2028	31%	16%	+15
Less desirable nutrients and ingredients	15% Reduction of sugar content in snack bars with more than 30% sugar by 2028 (vs. baseline of 2023)	**1%**	**0%**	**+1**
	40% New launches in snack bars with less than 5% sugar by 2028 (during the period between 2023 and 2028)	61%*	61%	0
	20% Reduction of sugar in our jams by 2028 (vs. baseline of 2020)	8%	8%	+1
	50% Jams with reduced sugar (<40% sugar) by 2028	37%	36%	+1
	0% Jams with highly processed sugars by 2028	4%	4%	0
	100% Infant pureed products without starch and from fruit concentrates by 2028	94%	94%	0
	60% Infant meals following Planetary Health Principles on meat reduction by 2028	56%	54%	+2
	0% Palm oil in our baby food products by 2025	1%	3%	-1

Note: *Cumulative for the period of 2023-2024





Social Information

Own workforce

- Human rights
- Processes to remediate negative impacts and channels for own workers to raise concerns
- Processes for engaging with own workers about impacts
- Employee health and safety
- Diversity & Inclusion (D&I)
- Employee engagement and development
- Characteristics of own employees
- Diversity metrics
- Health and safety metrics
- Incidents, complaints, and severe human rights impacts



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Safe and healthy working environment has a positive impact on employees' physical and mental wellbeing	Impact (+)		■	
Employee career progression through life-long learning, training and development	Impact (+)		■	
Competitive and transparent reward and recognition system ensures that employees are paid fairly and adequately	Impact (+)		■	
Equity, diversity and inclusion in the workplace result in employees feeling valued and empowered	Impact (+)		■	
Failure to maintain health and safety standards may result in workplace accidents and cause negative reputational and financial effect	Risk		■	
Failure to provide learning and developing opportunities may negatively affect employee hiring and retention	Risk		■	

Note: *Impact (-) negative impact, impact (+) positive impact

Social Information

Own workforce

Hero is a global company with 4,000 employees across 17 countries. Our workforce is a fundamental asset, and the well-being, engagement, and development of our people is essential for success. This commitment is reflected in comprehensive policies and initiatives outlined in the Hero Human Deal. This roadmap aims to empower Hero's talent to drive sustainable business growth while leveraging our One Hero strategy.

Own workforce plays a pivotal role in our ability to achieve business objectives and maintain a competitive edge and thus it has been identified as one of the company's material matters in the 2023 Double Materiality Assessment (DMA).

By having a broad approach to employee engagement, which includes topics such as health and safety, diversity and inclusion, and career development, Hero ensures that its workforce remains a key driver of its success.

Human rights

Hero's Human Rights Policy commitments relevant to its own workforce are comprehensive and aligned with international standards, including the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

The policy ensures that Hero respects human rights and does not contribute to human rights violations. Specifically, through our Human Rights Policy, we address trafficking in human beings, forced labor or compulsory labor, and child labor among others.

Equally, the policy aims at the elimination of discrimination, including harassment, promoting equal opportunities, and other ways to advance diversity and inclusion. We respect the dignity of every individual, regardless of their race, gender, religion, age, or any other characteristic.

The policy applies to all companies within the Hero Group, requiring all employees, especially those in positions of responsibility, to understand and comply with its provisions. The policy is designed to coexist with the diverse legal systems and socio-cultural environments in the countries where Hero operates.

It respects local legal frameworks while striving to exceed legal requirements in countries with less stringent regulations. This approach ensures that Hero's operations do not cause or contribute to human rights violations, regardless of the local context.

Social Information

Processes to remediate negative impacts and channels for own workers to raise concerns

By ensuring fair treatment, diversity, and inclusion within its workforce, Hero strengthens its position as a responsible and attractive employer.

However, we recognize that despite our best efforts, there may be instances where our actions inadvertently result in adverse human rights impacts. In such cases, we are committed to providing access to effective remedies for those affected so that impacted individuals have a fair and accessible process for seeking redress.

Where we identify that our actions or omissions have caused or contributed to adverse human rights impacts, we will take appropriate remedial actions.

For example, in cases of workplace accidents, Hero has a clear protocol for providing immediate medical assistance and conducting thorough investigations to prevent recurrence. Hero also offers support to affected employees, including medical leave and rehabilitation programs.

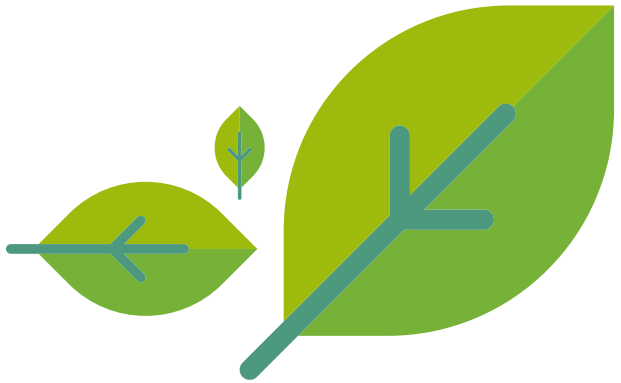
Hero has established grievance mechanisms that allow employees to raise concerns confidentially and without fear of retaliation. The SpeakUp® platform provides our employees with an anonymous direct channel as a confidential means to communicate any doubts that may arise regarding the interpretation or application of the Human Rights Policy and related regulations, as well as to report any irregularity, wrongdoing, or infringement detected in relation to the policy or any behavior that affects the rights of individuals.

All communications received through this channel are treated in accordance with the principles of confidentiality, respect, integrity, privacy, and security, and with full respect for rights and guarantees in the process, both in the analysis and verification of the communications received and in their resolution, and, when necessary, for the adoption of corrective measures.

Moreover, in line with what is required by the EU "Whistleblower Directive", SpeakUp® introduces a confidential and secure reporting channel that ensures that whistleblowers are protected effectively against retaliation.

If complaints reach us through a different channel, we include it in this tool as well to make sure that every complaint is properly registered and addressed.

For more information about SpeakUp® platform, please visit the Business Ethics and Governance chapter in this report.



Social Information

Processes for engaging with own workers about impacts

Through our culture, open way of communication and managing change, we engage directly with all our employees. Furthermore, we have instruments, such as performance management meetings and the annual employee survey, apart from very close contact with unions and works councils at all of Hero's locations where these exist.

The frequency of meeting with representatives differs per country, legal obligations are always met, and frequency of engagement goes up whenever there is a need to discuss important matters that have an impact on our workforce (for example, restructuring, new leadership or investments).

To ensure engagement and maintain close connections with our employees, Hero conducts an employee survey annually. The survey includes open questions that allow our employees to make very specific comments and to indicate particular topics to be addressed by their employer.

Thanks to the employee survey, we have a constant evaluation of our policies and instruments, and a good understanding of our strengths and areas for improvement as an employer. In our last survey the participation rate reached 75% of the workforce across entire organization, with 83% of participants saying they are proud of working for the Hero Group.

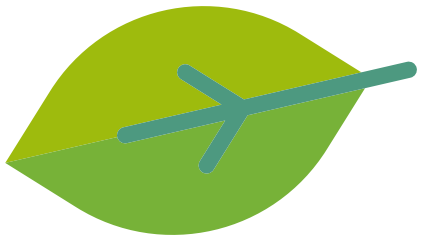
At local levels, the responsibility for engagement with our employees lies with the highest level of leadership for each site, namely general or country managers, while responsibility for engagement through annual employee survey sits with the Executive Board, where the Chief Executive Officer together with the Chief People Officer lead the process centrally.

Employee health and safety

Hero prioritizes the health and safety of its workforce through a comprehensive safety management system that includes robust safety protocols and instructions, regular audits, employee training programs, and incident reporting mechanisms.

The system is overseen by the Health & Safety Community, which is responsible for monitoring compliance and continuously improving safety practices. Hero outlines specific preventive measures such as regular equipment maintenance, safety drills, and the provision of personal protective equipment (PPE) to employees.

As a part of safety management system, Hero has a workplace accident prevention policy, Strive for Zero, that aims to ensure the safety, health, and well-being of all employees. It includes guidelines for identifying potential hazards, implementing safety measures, and promoting a culture of safety within the organization.



Social Information

Hero encourages active participation from employees in safety initiatives through safety committees and feedback mechanisms. Employees are trained to identify and report potential hazards promptly. These safety observations are logged and resolved.

Hero's Health & Safety Community drives the initiatives that focusses on constantly improving the working conditions and minimizing the risks of colleagues working in our manufacturing plants. This is to ensure we do everything in our power to mitigate risks. Hero has implemented comprehensive safety training programs, regular workplace safety audits and safety observations rounds, and ergonomic assessments to prevent workplace injuries and promote a safe working environment.

Hero plans to introduce familiarization First Aid training to ensure all employees at production sites know how to respond when an accident happens on site and at home until medical support arrives.

Furthermore, we have established policies within every entity to ensure wellbeing of all our employees: Balanced working from home policies, medical support programs, stimulating people to take their holidays, and so forth.

Hero has launched different wellness initiatives across entities that include fitness challenges, healthy eating workshops, and mindfulness sessions to promote overall well-being. Additionally, Hero entities have created flexible work policies to help employees balance work and personal life, enhancing their mental health and job satisfaction.

Going forward we plan to implement mental health support initiatives, including access to counseling services and stress management workshops, to mitigate the negative impacts of workplace stress on employees' mental well-being.

Hero regularly assesses their safety performance and includes safety culture questions as part of the engagement survey to capture employee feedback.

Hero uses various metrics such as employee satisfaction surveys, absenteeism rates, and incident reports to track the effectiveness of its safety and wellness initiatives. Regular reviews and feedback sessions help assess the impact and make necessary adjustments.



Social Information

Diversity & Inclusion (D&I)

Hero is committed to promoting diversity and inclusion within its workforce. The company focuses specifically on fostering an inclusive work culture where employees feel they can be themselves.

While inclusion has been highlighted as a strength in our employee survey, we are continuing our efforts to make sure that we provide equal access to opportunities and resources. In 2024, Hero worked with an external consultant to assess current HR processes and identify ways to prevent discrimination at every stage of the employee life cycle, from attraction to separation. As a first step, we have built an inclusive interviewing guide and trained hiring managers to make sure they focus solely on what matters for the role. As a result, we expect to attract and select a more diverse pool of talents.

Employee engagement and development

Hero invests in the development and engagement of its employees through training programs, career development opportunities, and employee engagement initiatives such as a regular employee survey. These efforts help enhance employee satisfaction, retention, and overall performance.

To enhance our talent management and development, we have established a new talent and culture function led by the VP Talent & Culture, and focusing on talent acquisition, talent development, and identification of critical capabilities. Hero focusses on having a balanced internal and external filling of vacancies, and by this tries to ensure that internal talents can progress within our organization.

Hero faces a shortage of skilled production workers, and it is being addressed through a competitive compensation and attractive working conditions.

In addition, we consider international mobility and intercultural experiences as a powerful means to develop our talents. In 2024, we successfully implemented an exchange program of 28 workers from Spain to Germany, as well as initiated several international career paths among administrative staff.

We have also initiated the creation of a job architecture framework to manage equal pay reporting and related topics across the entire Hero organization.

Finally, our performance management system has been renewed to better balance output and behavior, ensuring that the way and manner of achieving goals will be as important as the outcomes.

Social Information

Characteristics of own employees

Number of employees	2024
Total number of employees (Headcount) as of December 31, incl.	3 970
Germany	1 189
Egypt	795
Spain	721
Other countries	1 265
Employee turnover (Headcount)	493
Employee turnover rate (%)	12%

Number of employees by gender	Headcount 2024	
	Headcount	%of total
Female	1 566	39%
Male	2 404	61%
Other	0	0%
Not reported	0	0%
Total employees	**3 970**	**100%**

Number of employees by contract type/gender	Headcount 2024				
	Female	Male	Other	Not reported	Total
Permanent employees	1 281	1 597	0	0	2 878
Temporary employees	260	638	0	0	898
Non-guaranteed hours employees	25	169	0	0	194
Full-time employees	1 337	2 355	0	0	3 692
Part-time employees	229	49	0	0	278

Diversity metrics

Diversity metrics	Headcount 2024	
	Headcount	% of total
Top management female	44	45%
Top management male	53	55%
Total top management	**97**	**100%**
Employees under 30 years old	438	11%
Employees 30-50 years old	2 294	58%
Employees over 50 years old	1 188	30%
Not reported	50	1
Total employees	**3 970**	**100%**

Note: *Top management includes all positions in the scope of Hero Group Long Term Incentive (LTI) plan.



Social Information

Health & Safety metrics

Health and safety metrics	Unit of measure	2024	2023	Change, %
Coverage of people by Health and safety management system	%	100%	100%	0%
Number of work-related accidents	Number	69	74	-7%
Rate of work-related accidents (per million hours worked)	Rate	9.9	10.5	-6%
Number of cases of recordable work-related ill health	Number	N/A*	N/A*	-0%
Number of days lost due to work-related injuries and fatalities	Number	963	1 609	-40%
Fatalities own employees	Number	0	0	0%
Fatalities contractors at our sites	Number	0	0	0%

Note: *Information is not available due to legal restrictions on data collection and data protection

Incidents, complaints and severe human rights impacts

Incidents, complaints and severe human rights impacts	2024	2023	Change, %
Total number of incidents of discrimination, including harassment	0	0	0%
Number of complaints filled,	1	0	-
of which still open	1	0	-
Material fines, penalties, and compensation for damages related to incidents and complaints above	0	0	0%
Number of severe human rights issues and incidents	0	0	0%
Material fines, penalties, and compensation for severe human rights issues and incidents	0	0	0%

Social Information

Human rights and labor practices

- Material impacts, risks, and opportunities
- Policies related to human rights and labor practices
- Channels for value chain workers to raise concerns
- Compliance with due diligence requirements of the Swiss Code of Obligations



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Sourcing child labor risk prone commodities may have negative impact on young workers	Impact (-)	■		
Reputational or legal exposure in case of forced or child labor	Risk	■		

Note: *Impact (-) negative impact, impact (+) positive impact

Social Information

Human rights and labor practices

Human rights and labor practices are considered material to Hero due to their significant impact on the company's operations, reputation, and stakeholder relationships. The company recognizes that respecting human rights and ensuring fair labor practices are fundamental to its long-term success and sustainability. This materiality is reflected in Hero's commitment to integrating human rights considerations into its business strategy and operations.

This chapter focuses on human rights and labor practices in Hero's upstream value chain. Human rights and labor practices in Hero's own operations are covered under the Own workforce chapter in this report.

Overall, Hero's approach to human rights and labor practices is comprehensive and aligned with its broader sustainability goals. The company's efforts to strengthen governance, implement robust policies, conduct due diligence, and monitor progress reflect its dedication to upholding human rights and ensuring fair labor practices throughout its entire value chain.

Material impacts, risks, and opportunities

As part of the sustainability due diligence process, we acknowledge that children (including young workers) stand out as a vulnerable group that potentially could be affected due to the nature of agricultural practices and supply chains at certain origins of ingredients used to manufacture our products.

Specifically, the supply chains of agricultural ingredients such as cocoa and fruit are prone to risk of child labor. These supply chains are often complex, including many smallholders and multiple layers of subcontracting, making it challenging to monitor and enforce labor standards.

Child labor is considered a systemic issue in particular ingredients' supply chains in specific countries. These impacts are often deeply rooted in the socio-economic conditions of the regions and require comprehensive and sustained efforts to address.

Social Information

Policies related to human rights and labor practices

Hero's Human Rights Policy commitments that are relevant to value chain workers are comprehensive and aligned with international standards, including the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Hero's Human Rights Policy is built on several key pillars:

- **Applying the Human Rights Policy.** This involves integrating human rights considerations into all aspects of the company's operations and decision-making processes.
- **Conducting human rights due diligence and disclosure.** Hero conducts human rights due diligence in line with the expectations of the UN Guiding Principles for Business and Human Rights to identify, prevent, and mitigate human rights risks.
- **Providing access to remedy.** Hero is committed to providing access to effective remedies for those affected within its operations or supply chain, so that impacted individuals have a fair and accessible process for seeking redress. Moreover, we are committed to continuously improving our human rights performance, including our approach to addressing grievances and providing access to remedy.
- **Maintaining oversight, governance and accountability.** Hero's Board of Directors oversees our work on human rights. Furthermore, we have designated our Chief People Officer, a member of our Executive Board, as the individual responsible for overseeing human rights within the Hero Group.
- **Ownership and management of our work on human rights** is allocated to the relevant division and function within the Hero Group and guided by the Sustainability Steering Committee.
- **Protecting human rights defenders.** We acknowledge the crucial role that human rights defenders play in realizing and upholding human rights. We plan to engage with human rights defenders among other affected stakeholders as an essential part of ongoing human rights due diligence.

The policy explicitly addresses intolerance of the use of any forms of forced labor, including prison labor, indentured labor, modern forms of slavery and any form of human trafficking, as well as child labor.

This applies to all legal entities within Hero as well as our suppliers and business partners. We work with them to address any human rights risks and strive to ensure that they implement corrective actions where necessary.

Our Code of Conduct further reinforces this commitment by outlining the company's expectations for fair practices in terms of human rights, non-discrimination, child labor, forced and compulsory labor, and rights of association.

Social Information

The Code of Conduct requires all Hero Group entities and business partners to adhere to these principles and ensure compliance with applicable laws. We cascade our expectations down the supply chain with the goal that our suppliers and contractors also respect human rights and meet our standards for sourcing.

The Code of Conduct explicitly states that Hero acknowledges its responsibility to respect human rights and ensure that its activities do not cause or contribute to human rights violations. This alignment with the UN Guiding Principles on Business and Human Rights underscores Hero's commitment to ethical conduct and protecting people's fundamental rights.

Channels for value chain workers to raise concerns

Hero has established specific channels for value chain workers to raise their concerns or needs directly with the company. These channels include confidential grievance mechanisms that allow workers to report issues without fear of retaliation.

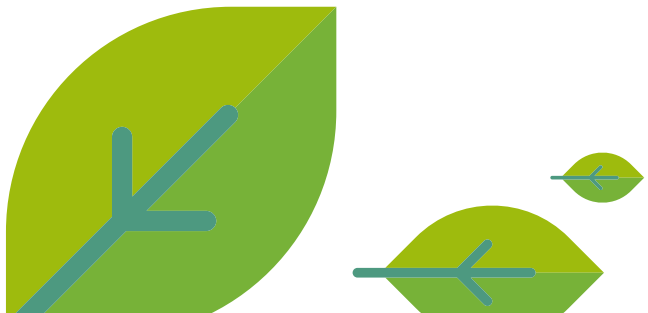
Our SpeakUp® platform enables associates and third parties, including individuals in our supply chains, to anonymously report misconduct, including irregularities, and raise concerns. The SpeakUp® lines are free and accessible online and by phone, 24 hours per day, seven days per week.

In addition, Hero's commitment to protecting individuals who use these grievance mechanisms against retaliation forms a part of the SpeakUp® Policy. Hero has strict policies in place to ensure that value chain workers can raise concerns without fear of retribution.

The company provides confidential reporting channels and guarantees that all reports are handled with the utmost discretion. This commitment to non-retaliation is a key component of Hero's approach to upholding human rights and labor practices.

Hero tracks and monitors issues raised and addressed through its grievance mechanisms, the actions taken to address them, and the outcomes achieved.

No severe human rights impacts or incidents connected to our upstream or downstream value chain were reported to Hero in 2024.



Social Information

Compliance with due diligence requirements of the Swiss Code of Obligations

In compliance with the Article 964j of the Swiss Code of Obligations, the Hero Group undertakes to report on the due diligence requirements regarding minerals and metals from conflict areas and child labor.

Conflict minerals

Hero uses metal for cans and caps for certain products following the appropriate regulations regarding food quality. We do not import nor process any metals or minerals defined in the Swiss Code of Obligations article 964j and related provisions of the Swiss Ordinance on Due Diligence and Transparency in relation to minerals and metals from Conflict-Affected Areas and Child Labor (DDTrO).

Child labor due diligence process

Hero has implemented a child labor due diligence process in line with the requirements of the Swiss Code of Obligations article 964j and related provisions of the Swiss Ordinance on Due Diligence and Transparency in relation to minerals and metals from Conflict-Affected Areas and Child Labor (DDTrO).

Specifically, Hero put in place a risk management process to identify child labor risks in the supply chain, as informed by OECD Due Diligence Guidance for Responsible Business and OECDFAO Guidance for Responsible Agricultural Supply Chains.

Child labor risks are identified and assessed based on the classification of commodities that are known to be prone to risk of child labor (cocoa, fruit) and countries of origin indicated as having elevated risk of child labor by UNICEF and the Rainforest Alliance.

Once key risk areas are identified and assessed, respective preventive and mitigation actions are put in place in active dialogue and collaboration with our suppliers and sub-suppliers.
Supporting evidence about measures put in place by our business partners to prevent and mitigate the risk of child labor is collected using various channels and forms, for example:

- Sustainability ratings from acknowledged Supply Chain evaluation platforms (Ecovadis, Sedex) with human rights rating in line with our requirements.
- Audit reports from SMETA (Sedex Members Ethical Trade Audit).
- Specific contract terms addressing child labor and human rights.
- Supplier programs minimizing risk for child labor and remedy in case of discovery of child labor.

In cases when suppliers cannot provide sufficient evidence, an escalation process is in place that ultimately may lead to the termination of cooperation with the supplier(s) in question. Equally, we have an escalation process in place in case an incident of child labor is identified.

Social Information

To strengthen the effectiveness of child labor risk prevention and risk mitigation measures, we conduct an annual review to identify potential areas for improvement of our risk management process.

Other elements of our child labor due diligence process include the Human Rights Policy as well as SpeakUp® channel (reporting procedure to raise concern about child labor).

The policy covers a comprehensive list of human rights, including child labor, and was approved by the Board of Directors and communicated to internal and external stakeholders in 2024. For more details about the Human Rights Policy, refer to section called "Policies related to Human Rights and labor practices" above.

In 2023, Hero introduced the SpeakUp® platform through which both external and internal parties anonymously can raise a reasonable concern about actual or potential adverse impact related to child labor without fear of retaliation. For more details about the SpeakUp® platform, refer to sub-chapter called "Channels for value chain workers to raise concerns" above.

Lastly, in 2023 we joined a dedicated program run by one of our major suppliers that allows us to trace our cocoa-based ingredients back to farm-level in Ghana, Cameroon, and Côte d'Ivoire.

The program also offers additional benefits such as community-based initiatives aimed at preventing child labor, improving economic opportunities for women, promoting access to education, and supporting healthcare and nutrition.

We also work with our main suppliers to address social issues associated with cocoa cultivation and supply chain through the Rainforest Alliance or Fairtrade certification. These certifications provide several economic social benefits for growers, such as requirements for safe working conditions, fair wages, and prohibition of forced and child labor.





Governance Information

Business ethics and governance 323

Governance Information

Business ethics and governance

- Role of the administrative, management, and supervisory bodies related to business conduct
- Business conduct policies and corporate culture
- Management of relationships with suppliers
- Prevention and detection of corruption and bribery
- Incidents of corruption or bribery



Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
		Upstream	Own operations	Downstream
Ethical corporate culture offers enployees a thriving work environment	Impact (+)		■	
Reputational risk due to unethical practices	Risk	■	■	
Failure to protect whistle-blowers could undermine the efficiency of channels for raising business ethics-related concerns	Risk		■	

Note: *Impact (-) negative impact, impact (+) positive impact

Governance Information

Business ethics and governance

At Hero, we have zero tolerance for unethical business practices. Our ethical culture drives ethical decision making in every aspect of our business, including compliance with external laws and regulations, a clear policy framework, and controls that create transparency and accountability.

This chapter addresses our approach to managing the critical topic of business ethics and governance, which was identified by our stakeholders as a material topic.

Role of the administrative, management, and supervisory bodies related to business conduct

Hero's corporate governance in relation to business conduct is a joint effort between the Board of Directors and Executive Board. Working together, these bodies are responsible for upholding ethical business practices and ensuring compliance with relevant regulations and guidelines. By combining their expertise in business conduct matters with understanding of compliance requirements, the Board of Directors and Executive Board collectively contribute to high standards of business integrity and transparency across the Hero Group.

The Board of Director observes compliance requirements with norms and regulations, including applicable anti-bribery and anti-corruption laws, supported by regular updates provided by external auditors.

Business conduct policies and corporate culture

Hero's approach to corporate culture is centered around its commitment to ethical behavior, transparency, and compliance with laws. The company promotes a culture of integrity and honesty, which is anchored in Hero's Code of Conduct and is strengthened by a range of other policies. These include the Anti-bribery and Anti-corruption Policy, Code of Conduct Supplier and Business Partner, and SpeakUp® Policy.

The Code of Conduct requires Hero employees and business partners to apply fair practices, to adhere to our ethical standards, and to act with integrity in terms of human rights, non-discrimination, child labor, forced and compulsory labor, rights of association, anti-corruption, and anti-competitive behavior.

Governance Information

We expect our business partners to work out their policies in accordance with these principles and live this commitment every day. Suppliers and business partners that have signed the Hero Group Code of Conduct Supplier and Business Partner agree that ongoing compliance to this code is a pre-requisite of working with Hero and its subsidiaries.

The Anti-bribery and Anti-corruption Policy strictly prohibits bribery and corruption in any form, and mandates compliance with all applicable anti-bribery and anti-corruption laws. The policy is consistent with United Nations Convention against Corruption and addresses topics such as bribery, facilitation payments, sponsorships and donations, political contributions, entertainment, and conflicts of interest.

It also provides binding instructions for granting and accepting benefits from business partners or third parties, ensuring that all directors, officers, and employees conduct themselves with integrity and honesty.

Additionally, the policy includes provisions for investigating allegations of corruption and taking appropriate action to remediate identified impacts.

The SpeakUp® Policy describes how anyone inside or outside of Hero can report on things that 'do not feel right' in our organization and explains what they can expect when reporting a wrongdoing and how they will be protected when doing so.

In 2023, Hero introduced the SpeakUp® platform through which both external and internal parties anonymously can file a report on possible misconduct without fear of retaliation. With these measures, Hero strives to mitigate the risks of unethical behavior leading to reputational damages and violation of applicable laws and regulations.

The tool ensures that any person who speaks up is protected. All questions or issues raised are treated confidentially by the SpeakUp® Office at Hero. The right of non-retaliation is guaranteed under the applicable law and violation of this right are not tolerated.

This includes the risk of losing your job or suffering any kind of reprisal as a result. Any form of threat or retaliation aimed at those issuing a report or speaking up may lead to disciplinary measures.

At Hero, the SpeakUp® Office exists at both Group and local level, and is made up of the relevant HR leader and CFO (for example, at Group level the SpeakUp® Office is made up of the Chief People Officer and Group CFO).

These people are expected to operate with the highest integrity when it comes to conducting objective investigations and any subsequent follow-up into reports of misconduct. It may be that in some situations an external independent consultant is part of or constitutes the SpeakUp® Office.

Governance Information

Management of relationships with suppliers

Our suppliers from all over the world have a major impact on our sustainability performance, and we expect strategic and key suppliers to sign our Code of Conduct, which governs environmental, social, business ethical, and human rights aspects.

Hero's approach to its relationships with suppliers is built on trust, integrity, and mutual respect. The company recognizes the risks associated with its supply chain and the potential impacts on sustainability matters.

To mitigate these risks, we use external tools and certification systems such as EcoVadis to view our suppliers' sustainability ambitions and achievements, and to guide us on areas of risk or opportunity to make improvements.

For suppliers that decline to provide an EcoVadis rating, we run an alternative process to demonstrate their sustainability strategy and outcomes, for example via Sedex or SMETA audit.

By integrating these social and environmental criteria into its supplier selection process, Hero aims to foster a sustainable and ethical supply chain that aligns with its corporate values and commitment to sustainability. At the end of 2024, we launched a new screening template that allow us to evaluate the degree of sustainability maturity of potential new suppliers, and to make our sourcing decisions taking into account these criteria.

Hero's Code of Conduct outlines the company's expectations for suppliers to operate in a socially responsible manner, respecting human rights, labor laws, and environmental regulations. This includes ensuring fair labor practices, non-discrimination, and the prohibition of child labor and forced labor.

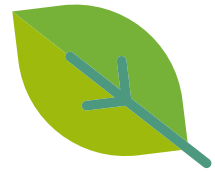
Equally through our Code of Conduct we expect that our suppliers apply similar business conduct requirements towards their suppliers, cascading down the ethical standards of doing business throughout entire upstream value chain.

Prevention and detection of corruption and bribery

The anti-bribery and anti-corruption system at Hero is designed to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery. Key elements of the system include our Code of Conduct, Anti-bribery and Anti-corruption Policy, and the SpeakUp® platform.

Through these policies and tools, we have established a solid foundation for the prevention and detection of corruption and bribery at Hero.

Additionally, in 2024, Hero launched the Anti Bribery and Corruption (ABC) online training program that was designed to educate and empower our employees with the knowledge and tools necessary to identify, prevent, and address bribery and corruption in all its forms.

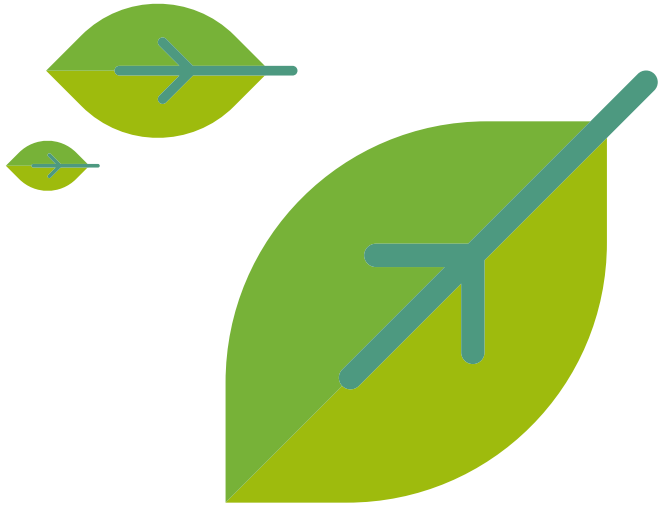


Governance Information

To ensure the effectiveness of this initiative, the company plans to make the ABC training a requirements for all current and new employees.

By participating in this training, employees gain a clear understanding of their responsibilities in preventing bribery and corruption, be better prepared to handle ethical dilemmas and report suspicious activities, and contribute to a unified and proactive approach in upholding our corporate values.

This approach will foster a consistent and comprehensive understanding of the anti-bribery and anti-corruption policy across the organization, enhance our ability to detect and prevent unethical practices at all levels, and reinforce our dedication to creating a safe and transparent workplace for everyone.



Incidents of corruption or bribery

Metrics	2024	2023	Change, %
Number of convictions for violation of anti-corruption and anti- bribery laws	0	0	-
Amount of fines for violation of anti-corruption and anti- bribery laws	0	0	-
Number of confirmed incidents of corruption and bribery, including:	0	0	-
incidents in which own workers were dismissed	0	0	-
incidents in which partner contracts were terminated	0	0	-



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Statement on sustainability due diligence 337

Alignment with TCFD recommendations 338

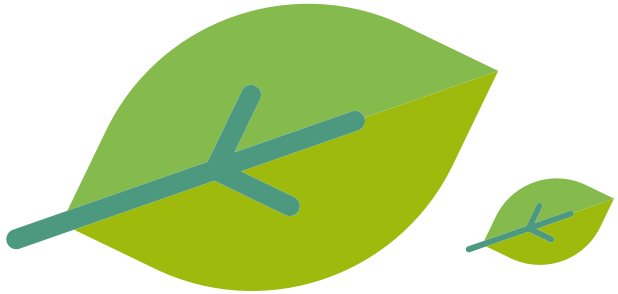
Swiss Code of Obligations 339

Appendix

Material impacts, risks, and opportunities (IROs)

Section	Chapter	Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
				Upstream	Own operations	Downstream
Environmental information	**Climate change**	GHG Scopes 1, 2 & 3 emmissions have a negative impact on climate and environment	Impact (-)	■	■	■
		Materials supply disruption and increased cost due to temperature changes, water scarcity, extreme weather events and other physical risks of climate change	Risk	■		
		Cost of transition to low emission economy (technology and carbon taxes)	Risk	■	■	
		Energy cost reduction thanks to investment in energy efficient technologies and optimization of production process	Opportunity		■	
	Water Stewardship	Water withdrawals and discharges in own operations	Impact (-)		■	
		Operations in areas of water risk, incl. areas of high-water stress	Risk		■	
		Optimization of water use in production	Opportunity		■	
	Biodiversity and ecosystems	Deforestation-linked commodities may promote land use change which harms climate, natural habitats and biodiversity	Impact (-)	■		
		Intense agriculture practices may harm water and soil conditions including terrestrial and aquatic biodiversity	Impact (-)	■		
		Water scarcity may disrupt supply of key crops	Risk	■		
		Regenerative agriculture practices may lead to resilient supply chains	Opportunity	■		
	Resource use and circular operations	High recycled content and recyclability of packaging reduce use of resources and environmental impact	Impact (+)	■	■	■
		Changing regulations on plastics and packaging leading to investment in new technologies	Risk	■	■	■
		Inefficient production process may result in food waste	Risk	■	■	
		Waste directed to landfill has negative impact on environment	Impact (-)	■	■	■

Note: * Impact (-) negative impact, impact (+) positive impact



Appendix

Material impacts, risks, and opportunities (IROs)

Section	Chapter	Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
				Upstream	Own operations	Downstream
Social information	**Food Safety and Quality**	Poor quality and unsafe product may contribute to consumers' health negatively	Impact (-)		■	■
		Real or perceived poor quality and unsafe product poses a potential reputational and legal risk	Risk		■	■
	Health & Nutrition	Poor nutritional quality in some products may contribute to consumer health negatively	Impact (-)			■
		Consumer demand shifting towards healthier products creates business growth opportunities	Opportunity			■
		Potential reputational risk resulting from marketing communications practices being perceived as unethical	Risk			■
	Own workforce	Safe and healthy working environment has a positive impact on employees' physical and mental wellbeing	Impact (+)		■	
		Employee career progression through life-long learning, training and development	Impact (+)		■	
		Competitive and transparent reward and recognition system ensures that employees are paid fairly and adequately	Impact (+)		■	
		Equity, diversity and inclusion in the wokplace result in employees feeling valued and empowered	Impact (+)		■	
		Failure to maintain health and safety standards may result in workplace accidents and cause negative reputational and financial effect	Risk		■	
		Failure to provide learning and developing opportunities may negatively affect employee hiring and retention	Risk		■	
	Human Rights and labor practices	Sourcing child labor risk prone commodities may have negative impact on young workers	Impact (-)	■		
		Reputational or legal exposure in case of forced or child labor	Risk	■		
Governance information	**Business ethics and governance**	Ethical corporate culture offers employees a thriving work environment.	Impact (+)		■	
		Reputational risk due to unethical practices	Risk	■	■	
		Failure to protect whistle-blowers could undermine the efficiency of channels for raising business ethics-related concerns	Risk		■	

Note: * Impact (-) negative impact, impact (+) positive impact

Appendix

ESRS disclosure requirements

ESRS Standards/Disclosure requirements		Pages
ESRS 2 - General Disclosures	BP-1 General basis for preparation of sustainability statements	211
	BP-2 Disclosures in relation to specific circumstances	212
	GOV-1 The role of the administrative, management and supervisory bodies	214
	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	215
	GOV-3 Integration of sustainability-related performance in incentive schemes	216
	GOV-4 Statement on due diligence	337
	GOV-5 Risk management and internal controls over sustainability reporting	216
	SBM-1 Strategy, business model and value chain	218
	SBM-2 Interests and views of stakeholders	221
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	329
	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	222
	IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	331
Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)		-
E1 - Climate Change	E1.GOV-3 Integration of Climate related performance in incentive schemes	238
	E1-1 Transition plan for climate change mitigation	238, 241
	E1.SBM-3 Climate-related risks	233-234
	E1.IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	232, 234
	E1-2 Policies related to climate change mitigation and adaptation	-
	E1-3 Actions and resources in relation to climate change policies	243, 246
	E1-4 Targets related to climate change mitigation and adaptation	239
	E1-5 Energy consumption and mix	247
	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	248
	E1-7 GHG removals and GHG mitigation projects financed through carbon credits	-
	E1-8 Internal carbon pricing	-
	E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	-
E2 - Pollution		Not material

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ESRS disclosure requirements

ESRS Standards/Disclosure requirements		Pages
E3 - Water and Marine Resources	E3.IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	252
	E3-1 Policies related to water and marine resources	254
	E3-2 Actions and resources related to water and marine resources	255
	E3-3 Targets related to water and marine resources	256
	E3-4 Water consumption	257
	E3-5 Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	-
E4 - Biodiversity and Ecosystems	E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	266
	E4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	258
	E4.IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	262
	E4-2 Policies related to biodiversity and ecosystems	271
	E4-3 Actions and resources related to biodiversity and ecosystems	272
	E4-4 Targets related to biodiversity and ecosystems	-
	E4-5 Impact metrics related to biodiversity and ecosystems change	264
	E4-6 Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	-
E5 - Resource Use and Circular Economy	E5.IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	280
	E5-1 Policies related to resource use and circular economy	282
	E5-2 Actions and resources related to resource use and circular economy	285
	E5-3 Targets related to resource use and circular economy	287
	E5-4 Resource inflows	288
	E5-5 Resource outflows	288
	E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-

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ESRS disclosure requirements

ESRS Standards/Disclosure requirements		Pages
S1 - Own Workforce	S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	308
	S1-1 Policies related to own workforce	309, 311
	S1-2 Processes for engaging with own workers and workers' representatives about impacts	311
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	310
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	312-313
	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-
	S1-6 Characteristics of the undertaking's employees	314
	S1-7 Characteristics of non-employee workers in the undertaking's own workforce	-
	S1-8 Collective bargaining coverage and social dialogue	-
	S1-9 Diversity metrics	314
	S1-10 Adequate wages	-
	S1-11 Social protection	-
	S1-12 Persons with disabilities	-
	S1-13 Training and skills development metrics	-
	S1-14 Health and safety metrics	315
	S1-15 Work-life balance metrics	-
	S1-16 Compensation metrics (pay gap and total compensation)	-
	S1-17 Incidents, complaints and severe human rights impacts	315
S2 - Workers in the Value Chain	S2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	316-317
	S2-1 Policies related to value chain workers	318
	S2-2 Processes for engaging with value chain workers about impacts	-
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	319
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	320
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-

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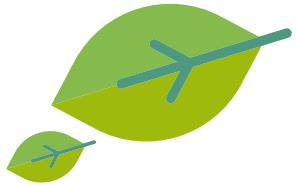
ESRS disclosure requirements

ESRS Standards/Disclosure requirements		Pages
S3 - Affected Communities		Not material
S4 - Consumers and End-users / informed disclosures for entity-specific " Food safety and quality" and "Helath and Nutrition" material matters	S4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	292, 299
	S4-1 Policies related to consumers and end-users	293, 301
	S4-2 Processes for engaging with consumers and end-users about impacts	304
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	294
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	295
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	305
G1 - Business conduct	G1.GOV-1 The role of the administrative, supervisory and management bodies	324
	G1-1 Corporate culture and business conduct policies and corporate culture	324
	G1-2 Management of relationships with suppliers	326
	G1-3 Prevention and detection of corruption and bribery	326
	G1-4 Confirmed incidents of corruption or bribery	327
	G1-5 Political influence and lobbying activities	-
	G1-6 Payment practices	-

Appendix

Data points that derive from other EU legislation

Disclosure Requirement and related datapoint	Pages
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	214
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	214
ESRS 2 GOV-4 Statement on due diligence paragraph 30	337
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	-
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	-
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	-
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	-
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	238
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	240
ESRS E1-4 GHG emission reduction targets paragraph 34	239
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	247
ESRS E1-5 Energy consumption and mix paragraph 37	247
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	247
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	248
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	249
ESRS E1-7 GHG removals and carbon credits paragraph 56	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	-
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).	-
ESRS E1-9 Degree of exposure of the portfolio to climaterelated opportunities paragraph 69	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	-
ESRS E3-1 Water and marine resources paragraph 9	254
ESRS E3-1 Dedicated policy paragraph 13	254
ESRS E3-1 Sustainable oceans and seas paragraph 14	-
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	257
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	257
ESRS 2- SBM 3 - E4 paragraph 16 (a) I Activities negatively affecting biodiversity sensitive areas	265-266
ESRS 2- SBM 3 - E4 paragraph 16 (b) Material negative impacts with regards to land degradation, desertification or soil sealing	-
ESRS 2- SBM 3 - E4 paragraph 16 (c) Operations that affect threatened species	-
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	271
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	-



Appendix

Data points that derive from other EU legislation

Disclosure Requirement and related datapoint	Pages
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	272
ESRS E5-5 Non-recycled waste paragraph 37 (d)	288
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	288
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	-
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	-
ESRS S1-1 Human rights policy commitments paragraph 20	309
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	309
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	309
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	311
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	310
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	315
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	315
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	-
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	-
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	315
SRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	315
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	317
ESRS S2-1 Human rights policy commitments paragraph 17	318
ESRS S2-1 Policies related to value chain workers paragraph 18	318, 324
SRS S2-1 Non respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	-
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	318
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	319
ESRS S3-1 Human rights policy commitments paragraph 16	-
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	-
ESRS S3-4 Human rights issues and incidents paragraph 36	-
ESRS S4-1 Policies related to consumers and end-users paragraph 16	-
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	-
ESRS S4-4 Human rights issues and incidents paragraph 35	-
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	325
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	325
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	327
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	-

Appendix

Statement on sustainability due diligence

CORE ELEMENTS OF DUE DILIGENCE	Paragraphs in the sustainability statement
a. Embedded due diligence in governance, strategy and business model	GOV-1 The role of the administrative, management and supervisory bodies (pages 214-215) GOV-2 Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies (page 215) GOV-3 Integration of sustainability-related performance in incentive schemes (page 216)
b. Engaging with affected stakeholders in all key steps of the due diligence	SBM-2 Interests and views of stakeholders (page 221) Process to identify and assess material water stewardship-related impacts, risks and opportunities (page 254) Health and nutrition/Stakeholder engagement (page 300) Processes for engaging with consumers and end-users about impacts (page 304) Processes for engaging with own workers about impacts (page 311)
c. Identifying and assessing adverse impacts	IRO-1 Process to identify and assess material impacts, risks, and opportunities (pages 222-223) Process to identify and assess material water stewardship-related impacts, risks and opportunities (pages 252-254) Process to identify and assess biodiversity and ecosystem-related material impacts, risks, and opportunities (pages 262-263) Process to identify and assess material resource use and circular economy-related impacts, risks, and opportunities (pages 280-281)
d. Taking actions to address adverse impacts	Hero Group Corporate Carbon Footprint (pages 243-245) Actions and resources related to water stewardship (page 255) Actions and resources related to biodiversity and ecosystems (pages 272-277) Actions related to resource use and circular operations (pages 285-287) Taking actions related to material food safety and quality impacts on consumers (page 295) Health and nutrition (page 301) Own workforce/ Employee health and safety (pages 311-312) Compliance with due diligence requirements of the Swiss Code of Obligations (pages 320-321)
e. Tracking the effectiveness of these efforts and communicating	Gross Scopes 1, 2, 3 and Total GHG emissions (page 248) Water consumption (page 257) Resource outflows (page 288) Food safety and quality/Performance metrics (pages 295-296) Health and nutrition/Metrics and targets (pages 305-306) Own workforce/ Health & Safety metrics (page 315)

Appendix

Alignment with TCFD recommendations

Theme	Recommended disclosures	Section of report/chapter	Sub-chapter	Pages
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	General disclosures/ Governance	GOV-1 The role of the administrative, management and supervisory bodies	214-215
			GOV-2 Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies	215
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	General disclosures/ Governance	GOV-1 The role of the administrative, management and supervisory bodies	214-215
			GOV-2 Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies	215
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental information/ Climate change	Climate-related risks and risk management	233-234
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental information/ Climate change	Hero Group Corporate Carbon Footprint	243-246
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental information/ Climate change	Climate scenario analysis and its impact on strategy and business model	234-238
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Environmental information/ Climate change	Climate-related risks and risk management	232-234
	b) Describe the organization's processes for managing climate-related risks.	Environmental information/ Climate change	Climate-related risks and risk management	232-234
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental information/ Climate change	Climate-related risks and risk management	232-234
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental information/ Climate change	Integration of Climate related performance in incentive schemes	238-239
			Energy consumption and mix, Gross Scopes 1, 2, 3 and Total GHG emissions, GHG emissions intensity	247-249
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environmental information/ Climate change	Hero Group Corporate Carbon Footprint	241
			Gross Scopes 1, 2, 3 and Total GHG emissions	248
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Environmental information/ Climate change	Targets related to climate change mitigation and adaptation	239-240

Appendix

Swiss Code of Obligations

This Sustainability Report covers the reporting requirements as defined by the provisions of the amended Swiss Code of Obligations related to transparency on non-financial matters. For easy reference, please find below a table with page numbers of the relevant sections:

Swiss CO-Art.964b	Disclosure	Pages
Description of the business model	General disclosures/Strategy	219-220
Environmental matters	Policies adopted	254, 271, 282-284
	Measures taken	243-245, 255, 272-277, 285-287
	Main related risks	231-234, 250, 252-253, 258, 262-266, 278
	Main performance indicators	247-249, 257, 264, 288
Social issues	Policies adopted	293, 301-303
	Measures taken	295, 304
	Main related risks	291-292, 298
	Main performance indicators	295-296, 305
Employee-related issues	Policies adopted	309, 311-312
	Measures taken	312-313
	Main related risks	308
	Main performance indicators	314-315
Respect for human rights	Policies adopted	309, 318
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