



Conserving the Goodness of Nature

# Hero Group Sustainability Report 2021





# About this report

This is our first standalone Group sustainability report. It builds on the experience we have gained in the last few years from creating GRI-compliant reports for operations in Spain, Germany, Sweden, Brazil, the Netherlands, Turkey, and the UK. It has been created to share our ambition to be a more sustainable company, and the targets we have set ourselves.

It is our intention to be transparent in our approach, hence we have included data where it is available and a key data summary in table format.

Over time, we intend to increase the data that we disclose – particularly our progress towards our ambition to be a climate positive business and in relation to our supply chain.

We have used the guidance of the Global Reporting Initiative (GRI) combined with the findings from our materiality assessment to decide what to include and to define our key performance indicators (KPIs). The GRI provides a common language, enabling us to share our impacts in a form that can be most easily understood.



**HERO**  
**CLIMATE**  
**POSITIVE**



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Sustainability governance

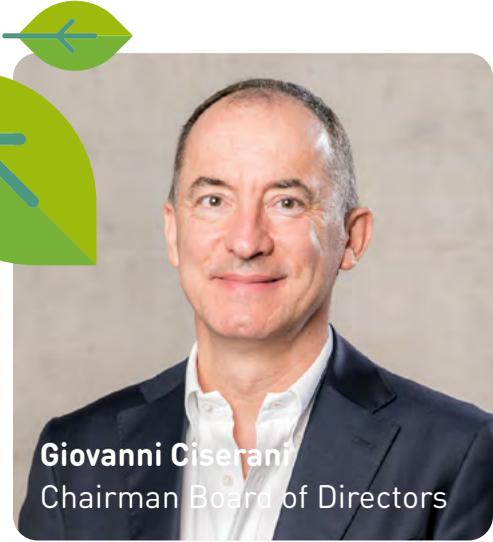
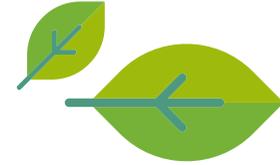
**How we do it**

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Press the title if you want to go straight to the subject



**Giovanni Ciserani**  
Chairman Board of Directors



**Rob Versloot**  
Chief Executive Officer

## Joint Chairman / CEO Message

# Our approach to sustainability

The wording of our mission may have changed over the years since the founding of the multiple brands that make up the Hero Group internationally, but its essence was never lost in translation.

Today, the Hero Group employs thousands of people around the world, and our brands are loved by millions more – but our mission remains the same.

Our mission is, and has always been, to delight consumers by conserving the goodness of nature. It's what we do and it's what we're good at. We apply the bare minimum of processing to the best quality natural ingredients to create nutritious, healthy, and convenient products that bring nature into people's homes.

Sustainability has been part of Hero's DNA from the very beginning but, in the last few years, we have stepped up our efforts to make a more positive and visible Group-wide contribution. We are a purpose-led company and want to future-proof our organization while making a meaningful positive difference to the wider world.

We now have a focused sustainability team made up of people from across our organization and a bold sustainability commitment to be climate positive. We have talked to our colleagues, and listened to experts outside Hero, to fully understand our material impacts and where we can make a difference.

Our goals are to give back to nature more than we take, and to positively contribute to the lives of the people who make Hero a success: our suppliers, our employees and our more than 200 million consumers worldwide.

Sincerely,

**Giovanni Ciserani**  
Chairman Board of Directors

**Rob Versloot**  
Chief Executive Officer



# Our Sustainability Commitment

## OUR AMBITIONS

**Planet**  
To give back to nature more than we take

**Product**  
To conserve nature's goodness via naturally healthy food

**People**  
To positively contribute to the lives of the people who make Hero a success

## OUR STRATEGY

**1 Sustainable Sourcing**  
We work in partnership with our suppliers on sustainable agriculture and fair labor conditions. We are also innovating to make our ingredient sourcing and packaging more sustainable.

**2 Net Neutral Production**  
We are making our operations carbon neutral by conserving energy and water, reducing waste, switching to renewable energy, and balancing our footprint.

**3 Naturally Healthy Food**  
We aim to capture and conserve the quality and goodness of nature and are always innovating to make our products better for both people and the planet.

**4 Purposeful People**  
We strive to keep our team feeling engaged, included, and motivated. We support employee development, safety at work and social responsibility in our communities.

In defining our goals, we work to support the United Nations Sustainable Development Goals for 2030. Particularly:





Materiality

# Focusing our efforts



## Materiality

# Choosing where to focus our efforts

Our sustainability strategy is the toolkit that we are using to meet our commitment to be climate positive.

This strategy is informed by an extensive consultation process. Over the last few years, we have spoken to hundreds of partners and stakeholders in the various countries in which we operate. This was done to make sure we understand the impacts our operations have on the wider world, and that we are taking the right steps to manage them. We have also undertaken an enterprise risk management process which identifies operational, strategic, and reputational risks to our business.

In 2021, we worked with external experts to collate this information into a materiality assessment. We conducted a further 48 interviews with policy makers, representatives from civil society, food system experts, regulators, and NGOs – as well as experts within our business. We asked them to rank a list of 38 topics according to how material they thought they were for Hero. We define 'material' as issues that are likely to have an impact on our business, and that matter most to our stakeholders. In this way, we can be sure that we are focusing our

efforts on the areas where we can have the biggest impact on our planet, our society, and our economy.

The chart shown here summarizes the main findings of this work, and confirms that our strategy addresses the right topics – the places where we can make the most positive difference. These are sourcing sustainably to protect soil health and biodiversity, conserving natural resources via net neutral production, and making natural, healthy foods.

We are also going a step further. Our work to ensure that our own people are safe, fairly treated, and engaged was not covered by our sustainability strategy. As a result of the feedback received through the materiality assessment, we have introduced a fourth strategic pillar: Purposeful People.

Finally, we are looking at how we can improve the way we communicate how we govern our sustainability program.





Carbon footprint

# Embracing a planetary diet

More information [The Planetary Health Diet - EAT \(eatforum.org\)](https://eatforum.org/)



# Healthy for us, healthy for the planet: Embracing a planetary diet

We know that a healthier ecosystem will mean a healthier humankind. We are working hard to make Hero a more sustainable company and that means taking action on climate change, promoting sustainable agriculture, encouraging biodiversity, and driving demand for more sustainable foods. Our ambition is to give more to nature than we take.

We are creating principles and guidelines to clarify our goals and standardize our approach across all the markets where we operate. These cover sustainable agriculture, sourcing, packaging, and distribution and transport. Each document contains the minimum standards of action or behavior expected, as well as aspirational goals which we will work towards over time.



## CASE STUDY

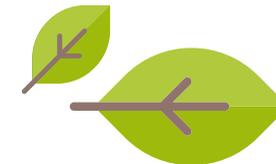
### Taskforce on Climate Related Financial Disclosures

We recognize the importance of considering climate change risks and opportunities within our business planning in line with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD). As explained above, we have focused on establishing baseline data relating to our climate impacts, on setting reduction targets, and on building the measurement systems that

will allow us to track our progress against these. Over the coming year we will develop further our governance, strategy, risk management systems, metrics and targets, for all our global business, ahead of the binding implementation of TCFD recommendations for Swiss-based companies from 2024.

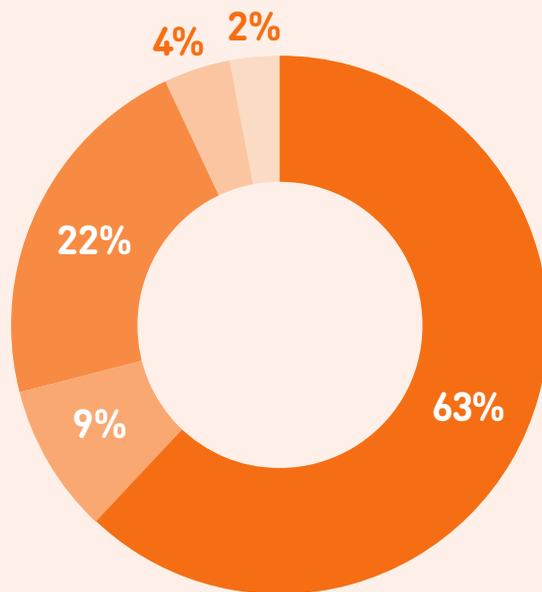
[Learn more about TCFD >>](#)

Climate change represents a huge risk to our business: extreme weather causes droughts and floods which can impact crop yields and disrupt our supply chain. Adapting to the impacts of climate change is a sad necessity, but we remain committed to playing our full part in reducing emissions from our operations and in using our influence to achieve the same across our supply chain.



## Our footprint

- Purchased raw materials, goods and services
- Manufacturing
- Packaging & distribution
- Use
- End-of-life



### Becoming a climate positive business

Our aim is to be a climate positive business that gives back to nature more than we take. This means considering our entire value chain and exploring ways to proactively bring benefits to our environment, rather than just extracting what we need. In practice, this means embracing sustainable agriculture and treating water, land,

and energy like the very precious resources that they are.

Having a clear understanding of carbon emissions associated with our business is a crucial first step. We are being supported by sustainability consultants from Quantis to fully understand our carbon footprint and to set science-based reduction targets.

In 2021, we calculated our corporate footprint according to the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting standard. The analysis includes all our direct emissions (scope 1), indirect emissions (scope 2), and our indirect emissions resulting from value chain activities (scope 3). Once we knew this, we were able to set science-based targets which are aligned with the aims of the Paris Agreement, which seeks to limit global warming to well below 2°C compared with pre-industrial levels. We have chosen to set a 1.5°C ambition level for emissions related to scopes 1 and 2. This means we aim to cut GHG emissions for scopes 1 and 2 by 42% by 2030. See page 45 for our emissions data.

Our aim is to be net carbon zero across our entire business and value chain as well. During 2022, we will define targets for our scope 3 emissions and begin building a strategy that will deliver our climate positive ambition.

### Purchased goods

More than half of Hero's total carbon footprint is embedded in the raw materials we purchase to make our products. Although estimates vary, it is widely agreed that agriculture and land clearing (typically deforestation) to produce food represents at least a fifth of all greenhouse gas emissions globally.

We want to help to redesign our agricultural systems so that we can enhance productivity while minimizing carbon emissions and reducing negative impacts on biodiversity. As a starting place, this means making efficient use of land, water, and other resources. However, productive and resilient agriculture relies other things too, particularly good soil health, an abundance of pollinators, and diversity in the landscape.

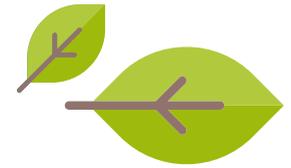
The first pillar of our sustainability strategy – Sustainable Sourcing – is dedicated to addressing this challenge. We wish to work with suppliers who share our values and are eager to adopt more climate-friendly approaches.

### Manufacturing

Manufacturing represents just 9% of our total carbon footprint, but is one of the aspects where we have total control. We are rapidly phasing out our use of fossil fuels by making our manufacturing processes as efficient as possible and switching to renewable energy. Our second pillar – Net Neutral Production – addresses this in more detail.

Science Based Target initiatives





## Packaging

Product packaging represents around 17% of our total carbon footprint. The first pillar of our sustainability strategy includes further information about the action we are taking to reduce the impact of our packaging. We estimate that by switching materials and increasing the recyclability of our packaging, we can reduce half of our carbon impact coming from packaging.

## Distribution

We recognize that emissions from our distribution partners comprise part of our wider carbon footprint and are working with them to find ways to reduce the impact of moving our products around.

In the Nordic countries, our Semper business has been leading the way in embracing more environmentally-friendly transport solutions which are then being adopted elsewhere. In one instance, products made in Sweden were being transported to the Netherlands before being sent on to China, so our export team worked with its logistics partner to streamline the journey our products take from factory to market. Today, those products take a more direct route, avoiding unnecessary mileage and reducing our carbon emissions as a result.



## Supporting our consumers to cut emissions

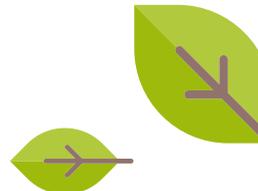
We aim to help drive the transition to a more sustainable food system by addressing waste in our value chain and by encouraging consumers to embrace plant-based foods. The third pillar of our sustainability strategy – Naturally Healthy Products – seeks to tackle this.

## Neutralize residual emissions

We are working hard to reduce our greenhouse gas emissions and want to achieve a net zero carbon footprint. To do this, we will use nature-based solutions to compensate for residual emissions. We will prioritize carbon removal within our own value chain.

When we export goods from Spain, we favor ships and railways over trucks and, when we do use road transport, stack pallets to make the best use of available space, and only use refrigerated trucks when the product requires it.

In the UK, our team at Organix has been working with its logistics provider, Howard Tenens, for a decade, pioneering the use of alternative fuels. Howard Tenens transports our product with dual-fuel trucks, operating on a mixture of biomethane and diesel, which produces less-harmful air pollutants. Similarly, in Italy, our distribution partner uses the most efficient Euro 6 vehicles and recently added three trucks which run on liquified natural gas.





# Hero's value chain

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.



## Sustainable packaging

We keep our products safely sealed in convenient packaging that is easy to open, use, and recycle.

4



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

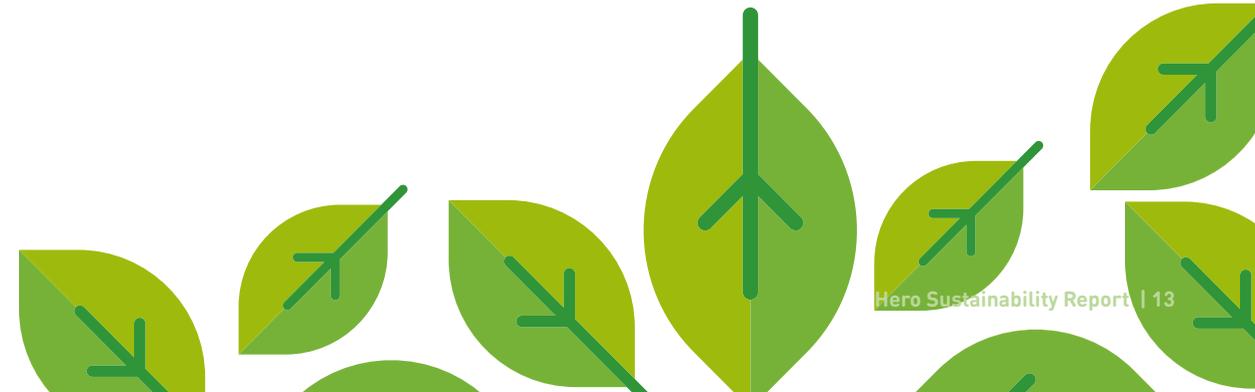
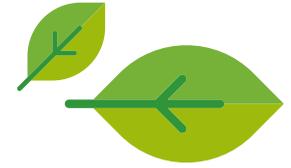
## Happy consumers

Our products are enjoyed by 200 million consumers in countries across the world.



**Christine Crosby**  
Sustainability Director Hero Group

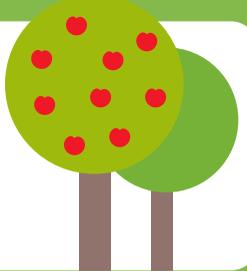
“Our evolved four-pillar sustainability strategy is designed to minimize our impact on the planet, while bringing meaningful benefits to our consumers and employees. During 2021, we laid the foundations on which we will build in the years ahead: we set goals, established baselines, launched a series of projects and programs, and nominated leaders to drive our pillars forward.”





Four pillars

# Our sustainability strategy

**1 Sustainable Sourcing** 

**2 Natural Resources** 

**3 Naturally Healthy Food** 

**4 Purposeful People** 



# 1 Sustainable Sourcing Partnering with our suppliers

As a multi-national company making so many different products, our supply chain is both complex and global. We manage this complexity by having very clear standards and communicating them to our suppliers.

Whether they are providing us with machinery or berries, jam jars or cocoa, every supplier is expected to comply with our code of conduct. We assess them against sustainability criteria because we want to work with suppliers who share our values.

Sourcing our raw ingredients sustainably is a particular focus for us. After all, our mission is to delight consumers by conserving the goodness of nature. For us, this means more than simply bottling the highest quality, best tasting

fruit and vegetables – we want to help conserve nature, too.

Since agriculture is one of the main drivers of deforestation and biodiversity loss, we are working with our farmer suppliers to explore how we can have a positive impact on soil health and biodiversity. We want to give back more than we take.

We source our packaging with nature in mind, too. We want to use materials that are easy to recycle – such as cardboard – and are exploring a variety of innovations that can replace single-use plastics.



~ **Désiré Mouanga-Biyenda**  
Procurement Director  
Hero Group

## Maintaining our high standards

Our procurement team has a big job on its hands: as well as buying food ingredients by the ton, they are responsible for everything we bring into our company – from a box of paperclips to the machines that are needed when we open a new production line.

We have a Sourcing Playbook which sets out the high standards we expect for everything we source, as well as clear guidance on our sourcing practices. During 2022, we will do more to develop and implement the playbook, as well as train our people and suppliers on our updated Code of Conduct, supplier management, sustainable agriculture principles, and packaging. The playbook brings our sustainability strategy to life in our supply chain: we use the playbook to choose which suppliers to use, and agree our relationships with them.

Our dairy supplier is a great example: we chose to buy milk from Arla because their farmers are among the most climate-efficient dairy farmers in the world – they have spent decades transitioning to more resource-efficient agricultural and transport models. Likewise, we are increasing the volume of ingredients we procure from suppliers of organic fruit and vegetables in Spain because of their focus on lower carbon farming. We are now working with our preferred suppliers of various

ingredients to scope opportunities for future collaboration on sustainability and potential in-setting opportunities.

When we cannot source directly from a supplier, we maintain our standards through external tools and certification systems such as Sedex and EcoVadis. These increase the transparency of our supply chain by giving us access to information about a supplier's approach to corporate social responsibility and sustainability. These tools are integrated into our supplier assessment tool, meaning that sustainability is always considered when we select a supplier.

We also rely on external organizations that certify commodities, such as Rainforest Alliance-certified cocoa, RSP0 certified sustainable palm oil, and Fairtrade. In 2021 we sourced 57% cocoa from certified sources and 98% palm oil from certified sources in our Healthy Snacks and Natural Spreads ranges.





## 1 Sustainable Sourcing



### Promoting agricultural best practice

We want our agricultural supply chain to be transparent so that we know exactly what raw materials we buy and how they are grown. This means buying directly from farmers whom we know and trust. Over time, we are increasing the volume of ingredients that we source directly from farmers and reducing the number of farmers from whom we source. This allows us to deepen our relationships and work in partnership with them to think about how we can make farming more sustainable.

We are eager to support the transition to a sustainable and regenerative approach to agriculture – one which promotes biodiversity and has a positive impact on soil health.

Our sustainable agricultural principles cover three areas: protecting soil health, reducing inputs (like water and fertilizers), and promoting good labor conditions.

### More information

We support our farmer suppliers to adopt these best practices. In doing so, they are increasing the health and fertility of their soil and protecting and improving biodiversity. This produces better crops, better foods, and better raw materials as well as reducing carbon emissions from farming, and even capturing and sequestering (storing) carbon in the soil.

In Spain, for example, we continue our multi-year collaboration with all organic vegetable farmers to source more sustainably. As part of this, we are initiating best practice pilots with vegetable farmers near Cartagena, supporting them with climate friendly farming practices and certifications, as well as advising them on cultivation.

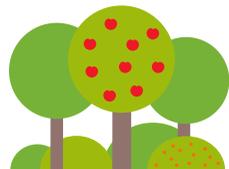
In Germany, we have similar on-farm engagement with our strawberry farmers. We continue to support them with new qualifications and share best practice on sustainable cultivation practices. For example, we are working closely with 12 lead farms to advise on crop rotation, cultivation of flowering strips, and beneficial insects as pollinators.



Methodologies are still being developed to decarbonize our food system, and there are many unanswered questions about the best approach, so we have joined the EU Carbon+ Farming Journey Coalition to work collectively to solve this challenge. The group comprises actors from across the food chain, including public, private, and civil society organizations. This European farmer-centric initiative was catalyzed by the World Economic Forum and aims to accelerate progress towards carbon neutrality goals. We are actively involved, helping to prepare a collection

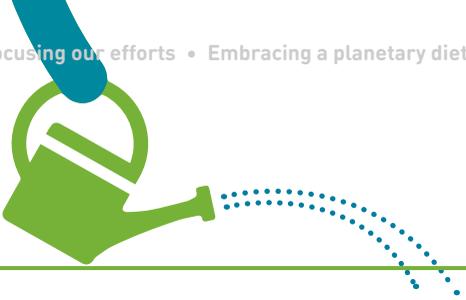
of recommendations for the EU Commission on how best to drive the uptake of climate-friendly farming practices.

We have shared information about the impact of a number of projects with our fruit and vegetable suppliers. For instance, our partnership with a carrot supplier in Spain is exploring how to minimize the use of water by switching to a drip irrigation system along with reducing the use of pesticides and fertilizer. We shared information about these supplier partnerships at COP 26.





1 Sustainable Sourcing




**Local and international suppliers**

**56% local**  
**44% international**

**Regional sourcing**

Hero may be a multinational company, but we offer our consumers food grown locally whenever we can. Not only does this allow people to support farmers in their wider community, it also helps to keep food kilometers down.

A short supply chain and quick processing also means that we can offer our consumers jams, fruit, and vegetables at their freshest.

Around 95% of all the fruit we source for our Schwartau products comes from Europe and two-thirds is sourced directly from the supplier. 70% of our cherries and 45% of our strawberries for the Schwartau brand are sourced from within Germany, where our factory is based.

For many of our other brands, the story is the same: in Switzerland, our Hero Origine range is supplied by a hand-picked group of Swiss farmers who provide high-quality, local fruit and vegetables.

In the US, 55% of fruit and vegetables in our Beech-Nut products are sourced from local farmers. In Spain, 66% of all fruit and vegetables are grown in the country, with more than 95% of all peaches, apples, pears, potatoes, and onions all grown in the area close to our factory.

**Supporting the least developed countries**

While we aim to buy locally wherever we can, we rely on imports for tropical fruits. We buy our bananas from growers in Central America and our mangos from farmers in North Africa. We are committed to supporting emerging economies through our procurement practices and are beginning to collect data that will allow us to measure this spend.

**Fostering biodiversity through pollinator programs**

Bees pollinate around 80% of the world's plants – fruit in particular. Without bees, not only would orchard yields and fruit quality be considerably lower, some fruit species would practically disappear. The success of the Hero Group depends upon thriving pollinator species and we work closely with our farmers to protect them.

We encourage our farmers to adopt good agricultural practices that respect the environment. For instance, from 2016 to 2019, we worked with our flour supplier in northern Spain to create floral margins around six hectares of cereal crops – selecting plants that would help pollinators thrive. The project was monitored by a specialist entomologist who was able to confirm an increase in the number and diversity of bees and other pollinators. It also helped the recovery of a protected butterfly species.

In Turkey, we have introduced 37 bee boxes and aim to introduce 50 million new bees over the next five years. We conducted a project – *There's a Bee in this Garden* – to demonstrate the vital importance of bees to our apricot, apple, and peach suppliers: we covered several trees in bee-proof netting and saw yields plummet and quality drop. We shared this information with our farmer suppliers to demonstrate the vital importance of pollinators to their livelihoods.



**37 bee boxes**



to introduce  
**50 million**  
new bees over the next five years





## 1 Sustainable Sourcing



We are working with our fresh fruit suppliers in Germany, too, promoting biodiversity by encouraging wild bees: since 2018, we have set up 26 bee boxes on farmland and have handed out more than 100,000 sachets of insect-friendly flowers for them to give away at events. We offer contract strawberry farmers in North Germany free-of-charge advisory services on sustainable cultivation. In 2021, we began communicating with our cherry and redcurrant suppliers to better understand further opportunities for collaborating to improve biodiversity. We have a 10-year contract with our supplier of redcurrants, which has provided them with the financial stability necessary to allow them to invest in a new energy-efficient cooling system.

In Egypt, we support a project which aims to preserve the native indigenous bee species, *Apis mellifera lamarckii*, which has lived in the Nile Valley for more than 5,000 years. This nature-loving, disease-resistant type of honeybee is in danger of extinction, leading to a great loss in biological diversity. Our project provides modern top-bar hives which are easier to manage than traditional mud tube hives and is helping to educate and inspire Egyptian beekeepers to embrace their native bee to ensure it continues its important work of pollinating large-scale plants. More broadly, we are raising awareness within



The PET bottles produced by our team in Benelux already contain 50% recycled plastics...



...and the recycled content in Schwartzau's cartons is over 85%.

### By 2025, at least half of the material we use to make our packaging will come from recycled sources.



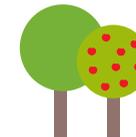
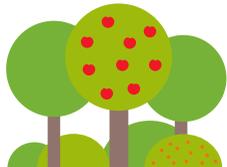
the beekeeping community of the harm – to both bees and humans – of uncontrolled chemical treatment methods. We presented at the Egyptian Honey Festival, held in Cairo in November, and provided information about common bee diseases and natural methods to control them, as well as briefing beekeepers on our specific procurement standards because we only procure the best quality honey, created using good manufacturing methods and excellent hygienic practices.

### Better packaging

We assess the sustainability of our packaging in two ways: what is it made from, and how easy it is to recycle. By 2025, at least half of the material we use to make our packaging will come from recycled sources, helping to stimulate the market for recycled materials, as well as cutting our use of virgin materials. In addition, every one of the products made in our factories will be sold in packaging that is 100% recyclable. We will label the materials clearly to make it easier for consumers to dispose of it in the correct place.

These standards are made plain our Packaging Guidelines which were implemented across the Group during 2021.

A number of our brands have already met or exceeded our ambitious targets. The PET bottles produced by our team in Benelux already contain 50% recycled plastic, and the recycled content in Schwartzau's cartons is over 85%.





## 1 Sustainable Sourcing



our highest-volume healthy snack bar line – Corny Cereal bars – are wrapped in a fully-recyclable thin foil as this offers the best ratio of packaging weight to product weight. In 2021, we introduced a thinner foil which cut the materials required by 14%. The plastic saving across all our markets is 59 metric tons per year, equivalent to around one million 500 ml PET bottles.

Other markets have projects under way: in both Spain and Portugal, we have undertaken to remove the plastic film from our jam trays, saving tons of plastic in the process. At the end of 2021, erdbär switched its Baby & Toddler Food pouches out of a combination of materials into a fully recyclable polyethylene pouch. In Germany, where erdbär is based, the national waste infrastructure relies heavily on incineration and the company is now lobbying for an increased focus on closed loop recycling to increase availability and drive the price of food-grade recycled plastics down.

When we cannot use recyclable materials, we are exploring light-weighting, or reducing the amount of material used to a minimum. For instance,

packaging more sustainable, too. For instance, our Hero plant in Spain now receives banana puree in one-ton carton containers, replacing the 200kg aseptic drums we used previously.

There are steps we can take to reduce packaging from our offices, too. In the Czech Republic, we installed a special water filtering tap in our kitchen sink and made glass carafes available. Compared with the previous year, we estimate that this investment avoided the purchase of around 7,500 1.5 liter PET bottles, saving approximately 300kg of plastic waste a year. The same measures were taken at our headquarters in Switzerland.



across all our markets we save



plastic per year





1 Sustainable Sourcing

# Benefits of pollinators

1

Maintain ecosystems

2

Increase food production

3

Help 75% of crops producing fruits and seeds to pollinate

4

Provide micronutrient rich foods

5

Increase biodiversity

Credit: Food and Agriculture Organization of the United Nations



## 2 Net Neutral Production Reducing our impact

Some call us a food manufacturer – we disagree. It's Mother Nature who makes the food – all we do is conserve the goodness. We owe her a tribute.

Over the past century, mankind has not been very kind to our planet. Today, we all realize that we need to take urgent steps to dramatically reduce our environmental impact – and that includes the Hero Group.

Our first step is to reduce the impact of our production facilities: we are cutting our use of energy and water, and looking at how we can reduce our waste.

These activities will help to reduce the direct carbon emissions associated with our business. Through our climate positive ambition, we aim to halve our carbon footprint.

Once we have done everything possible to minimize Hero's carbon footprint, we will prioritize insetting – carbon compensate within our own value chain – before considering the purchase of additional carbon compensation credits to balance our emissions.



~ **Kyriakos Kasapidis**  
CFO Supply Chain Hero Group



### Our sustainability fund

The Hero Group spent 6.4% of capital expenditure on sustainability projects in 2021. In future years, we aim to dedicate one tenth of our capital expenditure budget to sustainability. The conditions around this ring-fenced fund are strict: it cannot be used just to meet new regulations or to upgrade existing equipment – it must be invested in activity which genuinely shifts our approach. For instance, we use heating and cooling in many of

the processes in our factories, but do not currently make full use of the potential of this stored energy.

Our sustainability fund allows us to invest in temperature recovery systems that help us capture and reuse this energy elsewhere in our facilities. The Sustainability Fund will also allow us to explore the potential for on-site generation of renewable energy.





## 2 Natural Resources

### Using energy efficiently

We are working with external experts, Veolia, to identify opportunities to optimize our energy use at our production sites. They are visiting our sites, reviewing relevant documents, and interviewing site personnel before making recommendations about which technical measures are most appropriate for reducing our energy consumption – and consequently our carbon footprint. Veolia's analyses are enabling us to build strong, clear business cases for using the sustainability fund to make step-changes in our approach to managing our energy use.

We also invest in smaller changes which aggregate to make a big difference. Nearly 40% of all lighting in our production facilities is provided with low-

energy LED lightbulbs instead of energy-hungry fluorescent lightbulbs and, when we renovate a site, we always switch to LEDs. We are also investing in motion-sensors so that we are only using the lighting we need.

One of the most effective ways to manage energy better is by empowering the workforce to participate in the challenge. We are raising awareness among our line operators and team leaders about the ways in which simple behavior changes can make a difference. This can be as simple as changing temperature set points, or making sure equipment is switched off when not in use.



### Switching to renewable energy

In addition to using energy more efficiently, we are also exploring switching to purchasing renewable energy from the grid. In Germany, for example, our erdbär business purchases green electricity from the grid for its head office and is encouraging its suppliers to do the same. Since 2020, all the electricity used by Semper's production facilities and offices in Sweden has been generated by hydropower.

We are also able to generate renewable energy on site in some locations: our site in Switzerland has been powered exclusively by hydropower for five years, for instance. Our Scandinavian production facilities are well placed to take advantage of hydropower and biofuels, and we are currently considering how best to do this.

### Working towards zero waste

It takes energy to grow and transport food so, at Hero, we view food waste as a waste of energy, too. As part of our commitment to reduce our carbon footprint, we want to play our full part in minimizing food waste. We know the vast majority of food waste arises on farms or with our customers and consumers and, while we do not have any control over these environments, we know we can have a positive influence. For instance,



in Switzerland, our 'too good to go' message on our specialty product packaging – for example, ravioli and rösti (hash browns) – encourages consumers to be guided by their senses rather than the 'best before' date.

The one part of our value chain where we do have control is at our manufacturing sites. It is our ambition to send zero food waste or packaging waste to landfill from any of our production facilities. The first step towards this ambitious target is to have full oversight of where waste is being created so that we can put in place processes to eliminate or divert it. We know there is more we can do to reduce both material waste





## 2 Natural Resources

(like packaging and pallets) and biological waste from our food production processes. We are now exploring how to increase the amount of food waste that is diverted into animal feed, anaerobic digestion, or composting. When we have goods in our distribution centers with a short shelf life, we aim to send them to discounter stores or to donate them. For more information on food donations, see page 38.

In Germany, we have launched a pilot project to explore how to repurpose waste from our production processes: we are collecting the cherry pits and raspberry seeds that are a waste product of creating Samt (or velvet smooth) Schwartau jams and passing them to the Schierbecker company, which uses them to create new products, and explore opportunities for upcycling these by-products.

In the first year of our collaboration, we diverted 100 metric tons of pits and seeds. In Sweden, we are conducting a pilot study where crumbs from our gluten-free crispbread production line in Sweden are used as feed at a local insect farm – not only avoiding food waste but supporting sustainable protein production too.

We recently conducted a six-month project at our Beech-Nut factory in the US aimed at defining zero waste, establishing a baseline for data collection,

conducting onsite assessments, identifying best practice, and training our employees. We worked in partnership with the Rochester Institute of Technology (RIT) to devise a reduce-reuse-rethink/redesign strategy that has led to the formation of a Green Team of employees and management to drive the change.

### Cutting our water use

Water is a key ingredient in many of our products. We also require it for cleaning our manufacturing machinery and sites, and for cooling or heating ingredients and products.

We estimate that around a quarter of our total water use is as an ingredient with the remaining three-quarters being used for cleaning, cooling, and steam. However, we do not yet have detailed data about the volume of water that we use across all our sites. As a first step, we are improving our data gathering processes so we have full oversight of our water footprint.

In some of the warmer countries in which we operate, water is a scarce resource and is already used carefully. We aim to replicate this approach in all our markets. This will be achieved partly by raising awareness of our water use and encouraging behavior change, and partly through redesigning our processes so we can make better

use of it. For instance, water that is used to clean ingredients is currently discharged, but this 'grey water' could be utilized again for a non-food use such as cleaning the factory floors. With Veolia's support, we are exploring opportunities to recycle our water.

**Switzerland has reduced its water consumption year-on-year since 2013 thanks to employee education, optimization of cleaning processes, water-saving nozzles on hoses, increased batch size, and use of optimized spray heads.**

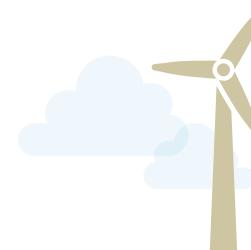
As well as managing our water use, we are thoughtful about how we manage our wastewater. At our Semper factory in Sweden, for instance, we have several wastewater streams and return the cleanest water directly to nature. We monitor the wastewater continuously to ensure it meets strict regulations on quality and then discharge it into the wetlands next to our facility where any remaining organic matter is broken down naturally before entering the Götene river. This reduces the burden on the municipal wastewater system.

### Compensating for our remaining emissions

However hard we work at reducing our carbon footprint, the nature of food manufacturing means that we will always produce some carbon emissions. Once we have done everything feasible to reduce our emissions, we will compensate for the remainder by buying carbon compensation.

A number of our sites and brands have already chosen to do this. For instance, in the Benelux, we choose to offset the emissions from our distribution system by purchasing Green Care projects. In the UK, our Organix team offset employee travel emissions with Carbon Footprint Ltd, which plants trees on our behalf, helping to reduce deforestation and absorb CO<sub>2</sub>.

In due course, our ambition is to invest in carbon removal projects within our supply chain. This practice, known as insetting, has the dual benefit of cutting carbon and strengthening the security of our supply chain by promoting adaptation.





# 3 Naturally Healthy Food Sharing the goodness of nature

We aim to capture and conserve the quality and goodness from fresh fruit, grain, and dairy products.

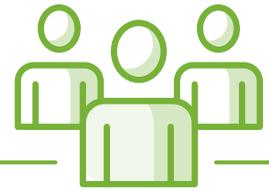
Whether our products are enjoyed by a baby or an octogenarian, they provide the nutrients needed for a healthy life. All our food contains the very best natural ingredients which have been prepared using the minimum amount of processing, meaning they taste as close to homemade as possible.

Our team of scientists and nutritionists looks at everything we make and thinks about what we can do to make them even better – for instance finding ways to cut sugar while including more wholegrains and nutrient-rich ingredients.

We have a role as educators, too. We are passionate advocates for Mother Nature and are using the power of our brands to help people understand how the right food choices can support the natural world.



~ **Christian Schierbaum**  
Chief Marketing Officer  
Hero Group



## Advancing our mission

### What do people want?

We anticipate our consumers' needs and concerns

### What does this mean for Hero?

We then consider how our categories and products could meet these needs or address those concerns

### How can we help?

We put theory into practice by optimizing our current portfolio of products or developing new ones





### 3 Naturally Healthy Food

## Sustainable brands

Between them, our brands reach millions of people every year. This provides us with an exciting opportunity to talk to consumers about the issues that matter most. Our marketing team is currently developing Brand Sustainability Commitments which begin to define what each of our brands stands for, and what we think each one can usefully do to make a meaningful difference. For instance, we know a plant-forward diet is better for the planet – and often better for our bodies – so we have begun to innovate tasty new vegetarian recipes through Semper's Vego Eko baby food brand.



## Food safety

It goes without saying that our approach to food safety is rigorous – as a food business, this is our number one priority and we do not compromise. We take care to select the best ingredients and conduct tests before we even begin preparing our products. We test again during the production process and test the finished product, too. And after all that, we conduct regular and continuous testing to ensure our products meet the highest possible quality standards.

Our Group VP Quality is responsible for standardizing our approach across different markets and a Head of Quality at each of our manufacturing sites is responsible for implementing these standards at the factory level. We share best practice between sites and keep a close eye on vulnerabilities, trends, and new regulations to ensure the safety of our products and wellbeing of our consumers.

In 2022, our focus will be on improving data collection to give us full oversight at Group level.

## Embracing the goodness of nature

Our healthy, natural, and sustainable products may be inspired by nature, but they are confirmed by science. That's the reason why we carry out research in collaboration with several research centers and universities around the world. Together, we are defining what the food industry needs to do to benefit both the planet and the future of our society.

Our research program covers five main strategic areas which are aligned with our mission to 'conserve the goodness of nature': human milk, complementary feeding, food naturalness, minimal processing, and food sustainability. We share our research results by publishing reports in peer-reviewed journals and scientific congresses.





### 3 Naturally Healthy Food

One example is our work on naturalness. Providing natural foods and products is central to our mission but, while consumers generally perceive natural foods as being tasty, healthy and environmentally friendly, there is no clear or legal definition on food naturalness or the use of the word 'natural' in marketing communications. We set out to better understand what natural means and how it can be measured in food products. In 2015, we developed the Food Naturalness Index (FNI), an objective tool that accurately measures the degree of food naturalness, and we defined a strategy for its external scientific validation. In 2017, we worked with the Swiss Federal Institute

of Technology (ETH Zürich) and University of Murcia to provide an overview of the factors that influence consumers' perception of food naturalness. We identified 15 attributes across food origin, food production, and the final product. Our final paper (Román et al., 2017) was published in the renowned peer-reviewed journal *Trends in Food Science and Technology* and has become the reference paper on the topic – it has been cited more than 200 times in other academic papers, proving just what a need there was to have a meaningful definition of naturalness. In 2019, we formally communicated the Food Natural Index externally.

Recently, as a part of the scientific validation of our Food Naturalness Index, we collaborated with ETH Zürich on a pilot study to better understand how it relates to consumers' perceptions of naturalness in snacks. The study was published in *Food Quality & Preference*, one of the top peer-reviewed journals in the food science area.

Based on the results of this project, we developed our Goodness of Nature (GON) guidelines to ensure that our products are as natural and healthy as possible. The guidelines contain category-specific principles to guide us on how to design new products, reformulate our portfolio, and bring our ambition to conserve the goodness of nature to life.

For each of our core categories, we have strict rules about what ingredients we try to avoid (such as salt or additives) and those we will never include (like artificial colors or flavors). We then focus on making sure our products have the best possible nutritional profile by including plenty of fiber, fruit, vegetables, nuts, and legumes. We want each product to have the shortest possible ingredients list and for these ingredients to be from trusted, traceable sources and, where relevant, to be certified as sustainable. We have a series of targets (grounded in a planetary health diet) to raise our products' scores in the years ahead.

The GON guidelines are our public declaration for change, our testimony on how to start walking the walk, and our promise to continue developing healthier and more natural foods.





### 3 Naturally Healthy Food

## Our categories

### Baby & Toddler Food



Our approach for our Baby & Toddler Food category is guided by a simple aim: to support parents to raise healthy, happy children.

We want to provide food products that help parents nurture their children and cement healthy eating habits early on. To achieve this, we have two key objectives for our Baby & Toddler Food: make food that is naturally nutritious and help develop healthy habits by providing a wide variety of textures and flavors to broaden the palate.



We are innovating in a number of ways to achieve this, such as offering more veggie-forward and plant-protein options and switching to lower sugar non-hydrolyzed cereals.

How we run our Baby & Toddler Food companies is important, too. Three of our brands – Baby Gourmet, Organix, and erdbär – are either certified as B-Corps or currently undergoing the certification process. B-Corps are businesses which balance profit with the needs of people and the planet.

### Naturally nutritious food

All our Baby & Toddler Food brands follow Hero's mission to conserve the goodness of nature. Our products are carefully designed to meet dietary and nutritional guidelines and are made with the goal of trying to stay as close to nature as possible. This means using the highest quality, baby-food grade ingredients with no artificial flavors, colors, or preservatives. We favor produce grown organically and apply the barest minimum of processing to the best quality ingredients. As you would expect, we have strict quality control processes in place, too.



One good example is erdbär's Freche Freunde brand in Germany. These products are designed to help children form an early friendship with fruit and vegetables, creating healthy eating habits that will last a lifetime. As with all our Baby & Toddler brands, erdbär follows strict rules about what goes into its products (never any salt, added sugar, nor flavors) to cultivate children's palates so they enjoy food in its natural, unadulterated state. Indeed, erdbär's stated mission is to 'put the fun into healthy so kids eat better'.

In many cultures, cereals are one of the first foods that a baby is given when they are being weaned. We use a diverse range of cereals – such as oats, wheat, and multigrains – and favor wholegrains. In Canada, our Baby Gourmet Plus range of all-natural organic baby food pouches are made from simple but delicious combinations of ingredients that help parents feed their child a balanced diet which includes omega-3, fiber, iron, and protein.

Many infant food brands hydrolyze their infant cereals. Hydrolysis is a manufacturing process that produces free sugar, resulting in a sweeter





### 3 Naturally Healthy Food

product. Our research has proven that hydrolysis is an unnecessary production step; in our taste tests, babies and their parents welcomed our less-sweet cereals that do not contain any added sugars nor produced sugars. In 2019, this research led us to successfully launch new non-hydrolyzed infant cereals under our Hero Baby brand in Spain. Our infant cereals are contributing to the reduction of sugar intake in infants, which is highly relevant given the fact that around 40% of Spanish children are overweight. As a result, Hero was given the NAOS Award by the Spanish Agency for Food Safety and Nutrition, which is endorsed by the Spanish Ministry of Consumer Affairs.

#### Developing healthy habits (by broadening the palate)

We know that a baby's early food experiences can build habits which last a lifetime – so we want to help make sure these are healthy habits. We offer a variety of flavors, ingredients, and textures that arouse a child's curiosity and make food a pleasure.

During the first year of life, healthy infants are expected to treble their birthweight, which requires a diet with more nutrients per kcal than an adult. However, eating too few fruit and vegetables is associated with overweight issues later in life. In Sweden, we partnered with Umeå University to conduct the OTIS study,

which explored the impact on eating behaviors of systematically exposing weaning infants to a variety of vegetables and fruit, including those with more sour and bitter flavors. The study found that a diet rich in variety not only fulfils a fast-growing infant's nutritional needs, but also led to significantly higher intake of vegetables and fruit as they grew older.

We have introduced a number of infant and toddler meals that place fruit and vegetables in the spotlight, providing greater vegetable variety and more choice with regards to the source of protein. These products contain less or no meat, and instead use plant proteins from cereals and legumes. In the Nordic countries, for example, our organic Semper Vego Eko range was created in response to the OTIS study and consumers' desire for more vegetarian options. Semper increased the vegetable content in its range to be at least 50% and has launched the STEP app to support parents to incrementally increase their child's consumption of vegetables and fruit. In the Benelux, we have introduced 100% vegetarian meals under our Organix brand and, in Canada, our Baby Gourmet brand has created a range of popular 'veggie-forward' products, which is being launched in 2022.

**50%** increased veggie content

#### CASE STUDY



#### Introducing Baby Gourmet

Baby Gourmet was founded by sisters Jennifer Carlson and Jill Vos, who were disappointed with the bland, boring Baby & Toddler Food on their supermarket shelves. They set out to create healthy and delicious products that babies would love and parents would feel good about feeding to them. They started by selling homemade food at farmers markets and, 16 years later, are presiding over a company with 22 employees, which produces approximately 1.6 million cases of baby and toddler meals and snacks every year. In 2021, Hero acquired the business to help them grow and reach new markets.

Today, the sisters remain fully committed to creating their products without artificial coloring, flavors, processed syrups, salt or sugar – and Jill still tastes every product personally. They also aim to provide functional benefits by formulating products to include more nutritious ingredients. For instance, instead of making their

finger food snacks with rice and corn, they use chickpeas and lentils because these ingredients have more health benefits. Likewise, its Slammer Snacks contain ingredients with immune strengthening properties and seven grams of protein, and its Mushies snacks are freeze-dried puree drops that melt in the mouth.

Baby Gourmet products meet the 'Clean Label' standards, and the team is now working with the Clean Label Project to advocate for change in the category. Baby Gourmet also has a philanthropic arm – Heart of Baby Gourmet – which supports mothers with feeding their babies. Their goal is to donate a million meals by 2025 and, by the end of 2021, they had already donated more than 700,000.

already donated (more than) meals  
**700,000**





### 3 Naturally Healthy Food

One of the barriers many parents face in getting their baby to eat healthily is providing variety. erdbär has sought to address this challenge by piloting a fresh food delivery business that makes it easy for parents to offer their baby lots of different flavors, textures, and tastes. Electric bikes travel the city, delivering reusable tubs of freshly-prepared vegetables, fruit, pulses, and

grains, helping parents to feed their offspring healthy meals, and to persevere with offering a wide variety of foods. In 2021, the scheme reached 800 households in Berlin and will be introduced elsewhere in 2022.

In the UK, our Organix brand's 'Good for Planet. Good for Me' campaign helps babies, toddlers, and pre-schoolers develop a healthier relationship with food by providing parents with 90 fun activities to encourage younger children to eat a rainbow of fruit and vegetables.



### CASE STUDY



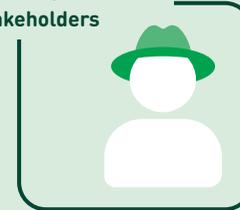
#### Beech-Nut – supporting FDA's 'Closer to Zero' action plan

Any food that is grown and cultivated from the earth – including fruit, vegetables, and grains – absorb naturally occurring elements at trace levels from the air, water, and soil, and these cannot be completely eliminated from our food.

At Beech-Nut, we take the responsibility to provide nutritious food as our highest purpose. We are fully committed to working with the FDA (US Food and Drug Administration) on its 'Closer to Zero' action plan. We believe that establishing science-based 'action levels' for the presence of naturally-occurring heavy metals in baby food is what is best for our industry and the consumers we serve.

We have long had a robust ingredient testing program in place, and are committed to continuously enhancing our food sourcing, safety, and quality standards based on up-to-date scientific technology and knowledge. We will continue to work with the FDA, farmers, and other stakeholders to further advance next generation quality and safety initiatives, using superior management techniques.

We will continue to work with the FDA, farmers, and other stakeholders





3 Naturally Healthy Food



### Baby & Toddler Milk



Breast-feeding is the best nutrition for babies, especially during the first months of their life. Our belief in the goodness of nature means that we have developed our unique infant formula inspired by breast milk and based on the latest scientific evidence to support parents when, for whatever reason, breast-feeding is not possible.

Just like breast milk, our advanced infant formula products 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. Thanks to milk fat, our babies can grow without palm oil.

The ingredients in our unique infant formulas have been chosen following 80 years of studying and learning from nature to ensure babies have the best start in life. We work together with universities, hospitals, and research centers,

as well as with our External Scientific Advisory Board to design better products and share knowledge. Our findings have appeared in more than 130 academic papers published in peer-reviewed journals or delivered at scientific congresses.

Our ambition is to continue innovating to provide all babies and parents with accessible, high quality infant formula products which are as close as possible to what nature intended: breast milk and breast-fed outcomes for babies' healthy growth and development.





### 3 Naturally Healthy Food

## Healthy Snacks



We want to make it as easy as possible for consumers to enjoy tasty and healthy snacks. We aim to create products that keep sugar, saturated fats, and salt to a minimum while containing plenty of protein and fiber.

Our wide range of wholesome cereal bars, nut bars, and sandwich bars contain the finest quality ingredients, which are then gently processed and carefully packaged. They offer on-the-go people a quick energy kick plus protein and nutrients.

Corny's Your Protein Bar, for instance, combines great taste with 30% high-quality protein from soy and milk, and contains no added sugar. The Corny Nussvoll bar is – as the name suggests – full of nuts, which are an excellent source of protein and slow-release energy.

We offer 20 different flavors under our leading brand, Corny, which is sold in 40 countries. We also have brands that have been created for a particular market, such as B'Tween in the Netherlands.

Our ambition is to introduce new ranges that make it even easier for consumers to snack on fruit and veg.





### 3 Naturally Healthy Food

## Natural Spreads



We produce market-leading jams and spreads and, while our first priority is to make them taste delicious, we are always mindful of making sure they are good for consumers, too. We aim to push the boundaries and advance our mission to conserve the goodness of nature.

Schwartau is the best-selling jam brand in Germany. We recently expanded our portfolio with a reduced sugar variant – Schwartau Weniger Zucker.



**35%** less sugar than the original versions

Zucker. This range contains 30% less sugar than the original versions while still tasting indulgent. Like other products from this brand, they are made from carefully-selected fruit of the highest quality, and are free of preservatives, dyes, and aromas. Using less sugar also means less CO<sub>2</sub>. Following the success of this launch, we have set an ambition to reduce the sugar across all our Natural Spread products by 35% by 2025.

In 2020, we also introduced an organic version of our leading Schwartau jams to meet a consumer need for more planet-friendly spreads. In Brazil, we did the same with our Queensberry range of jams in 2021.

We wanted to enable more households to enjoy our great-tasting, natural products and, in 2021, we introduced a 25g sachet of Vitrac jam, our leading jam brand in Egypt, making it more accessible to families on a lower income.



### CASE STUDY

## Using our brands to raise awareness of the importance of pollinators

Without bees and other pollinators, scientists estimate that our entire food chain would be significantly disrupted, and the availability and diversity of fresh produce would decline substantially. Given our reliance on fruit to make so many of our products, we feel an urgent need to raise awareness of the huge importance of pollinators, and to help protect them.

For the last three years, Schwartau has run a biodiversity initiative in Germany supported by the Naturschutz Bund (NABU), a German conservation organization. For every promotional jar of jam we sell, we put 5c towards planting pollinator-friendly trees in northern Germany. We achieved our target of planting 2,000 trees by the end of 2021 – enough to cover the equivalent of 28 football pitches. We also give away seed sachets with

every purchase of our bee supporter jams, encouraging people to plant bee-friendly flowers near their home. Around one million promotional jars reached consumer's breakfast tables in 2021, helping to sensitize jam lovers to the critically important issue of declining bee populations. We are now exploring how best to expand this successful initiative with our suppliers and farmers.



**2,000** trees planted





# 4 Purposeful People Taking care of our employees and communities

We are a values-led, family company, and that's reflected in our culture. We work hard but understand that a good work/life balance makes our people more engaged, effective, and motivated.

Everything revolves around our people. We want each of our people to have a long and happy career at Hero, which is why we are investing in their development. We are an equal opportunities employer with programs in place to make our workforce diverse and our workplaces inclusive and safe.

Creating a deep and meaningful connection to our local communities has been a key part of our family DNA for decades. Our responsibility extends beyond the four walls of our offices and factories and, every year, we raise money and give our time and products to local causes.



~ **Bill Parker**  
Chief People Officer  
Hero Group

## A values-led organization

Hero's values explain what we are at our heart – they play a critical role in connecting us, especially considering how we exist as a grouping of multiple companies in different geographies. Our shared values create a deeper sense of belonging as both individuals and entities. They are the social glue that binds all our differences together.

Our previous values took us where we have got to today, but we recognized that it was time to revisit them and make sure they were the right values to lead us into the future. Since Hero is all about people, who else could design our new values but our employees? Over a six-month period, we held focus groups, conducted individual interviews, and invited our people to complete online surveys.

By the end, a quarter of the organization had participated in the exercise, from all geographies, all plants, and all levels of the business. We gathered an enormous amount of feedback and information and then scientifically analyzed it using proven methodologies before boiling it all down to the four new values:



**Create wow**



**Nourish others**



**Everyone Hero**



**Take responsibility**





#### 4 Purposeful People



##### Create wow

We dare to do things differently, seek to always win with consumers and customers, and endeavor to be forever relevant and vital to our world. It's about Curiosity, Innovation and Consumer/ Customer Focus.



##### Nourish others

We treat everyone with honesty, care and respect and provide our people, customers, and consumers with what they need to thrive. It's about Honesty, Empowerment, Respect and Diversity.



##### Everyone Hero

We work together in pursuit of our common mission and strategy, strengthening our local businesses by leveraging the power of the collective. It's about Purpose, Performance and Teamwork.



##### Take responsibility

We make good choices today to build a more sustainable business and environment fit for the needs of tomorrow. It's about Sustainability, Ownership, Heritage and Quality.

The new values are distinctively Hero and actionable by everyone, every day. They reflect who we are today but also contain an aspirational element that describes the dreams of the organization. And they are so powerful and meaningful for us because they are the voice of everyone.

### A great place to work

We want our people to enjoy their jobs, to feel valued and fairly remunerated, and to want to build a long, fulfilling and happy career with Hero. We are proud of our retention rate because it demonstrates that we are getting these things right.

At the end of this reporting period, we had 3,651 total employees – either full or part time – as well as another 133 FTE contractors. Our employees are entitled to a competitive package.

As a family company, we recognize the importance of work/life balance and offer support to new parents. In many of our companies this includes generous maternity pay, as well as access to extended parental leave for both sexes.



To empower its team and improve efficiency, our German Baby & Toddler Food business, erdbär, opted to restructure as a holacracy in 2018. They replaced the traditional management hierarchy with a dynamic structure where the company mission is viewed as the 'boss', and individuals in the team are empowered to make decisions. By stripping away almost all bureaucracy and making their management processes more efficient, erdbär employee engagement and satisfaction rose – and turnover doubled – within two years.





## 4 Purposeful People

### Employee engagement

An engaged workforce is happy and productive, and we work hard to keep our people connected to our company's mission. Since 2015, we have strengthened our communications across the Group, introducing intranets in all the company entities.

Quarterly Townhall meetings keep colleagues up to date on the company health, while monthly Hero TV broadcasts take a lighter-hearted approach coupled with serious business topics, with the ultimate aim to connect and inspire employees.

It's not just one way traffic – employees are continuously encouraged to join in the conversation and have their say via comments on collaborative platforms and internal social media channels, such as Pigeonhole and Yammer.

We recognize the value of asking for feedback and conduct a biennial Group-wide listening exercise to hear how the company is viewed by our people. The survey seeks to instill an open dialogue and covers everything from strategy to internal initiatives, our leadership team, and the quality of our organization.

The high participation rate – at around 90% – shows the high levels of engagement of the employees at Hero. Overall engagement stood at 7.9 from 10 in the last survey, held in 2019. Group strategy awareness was 7.3 while the Power of One internal initiative scored 7.4. The company values scored 8.2 out of 10. The survey also showed that the desired and current state of areas reviewed were relatively close. According to the Meyer Monitor change ambition model, Hero Group ranks as an 'excellent' company. The next survey will be held in 2022.



### CASE STUDY

## Engaging our people on sustainability

We have made a commitment to be climate positive and we have comprehensive programs in place to achieve this. However, without behavioral change, we will never get there, which is why we are taking steps to bring the sustainability message to life for every member of our team. We regularly communicate our sustainability goals across the whole business and share best practice between the different markets so we can learn from each other. We are empowering our people to drive our sustainability agenda forward with every decision they make by reminding them that one of our values is 'Take responsibility', which includes doing the right thing for the planet, even when it's difficult or inconvenient. One good example is our new green travel policy, which aims to normalize the lessons we learned during Covid-19 lockdowns and permanently reduce

emissions from business travel. We have embraced a hybrid way of working that supports employee wellbeing by promoting remote and virtual working. Our goal is to maintain travel flexibility and, from 2022 onwards, we will target a 50% reduction in business travel compared with a pre-pandemic baseline year of 2018.





## 4 Purposeful People

### Keeping our people connected

Hero is a global company, with operations in many different markets. While our ability to respond to local consumer preferences is a core strength, we recognize the importance of creating a common culture across the Group, and of ensuring that we are effectively sharing knowledge between teams.

In 2018, we formed a central function – Group IT – to provide centralized services to all Hero companies with a view to boosting productivity and increasing reliability. This included standardizing our IT systems by bringing all our teams on to Office 365. This has improved our ability to communicate and collaborate across markets and helped to strengthen our Group identity. Under the banner of Project PHI, we are further harmonizing and modernizing a number of core processes and systems throughout the business so that we are able to work together more efficiently.

### Training and development

We recognize the importance of having a supportive manager and the value of constructive feedback. That's why we have a process in place that means that every year, each employee has a structured conversation with their line manager about their performance and career ambitions. This is supported by a range of training opportunities that help our people build their skills and/or prepare for management responsibilities. A multitude of local training programs are available in person and online in all our subsidiaries, reflecting the specific local needs as well as the culture and personality of each location. We also have a number of key global programs in place.

Many new starters who join Hero participate in SoulH, our international onboarding program. This helps people get closer to the soul of Hero by diving into our rich heritage and diversity, before inviting them to work together to make business improvement ideas.

Every employee has access to training anywhere, anytime, through a digital training platform that offers dozens of courses in a multitude of learning formats and on a variety of topics for both business and personal development.



We also offer specifically tailored programs to help prepare and develop our leaders. Supervisors, and those preparing to become managers, take part in Leader Route, a workshop that aims to cultivate visionary forward-thinking, tactical execution skills, and team awareness. Development continues with Leader Track where managers are assisted in finding their authenticity, learning how to engage, motivate, and commit team members to the strategy, vision, and mission of the company. The most advanced program is the Power of

One Leadership Experience, a transformational experience where leaders do a deep dive into their own leadership style and how it aligns with the company values, mission, and strategy.

### Equality, diversity, and inclusion

One of our values is to 'Nourish others'. This means treating everyone with honesty, care, and respect. We want everyone to feel able to be themselves at work – and to feel truly welcome at Hero. We view diversity as a strength and treat everyone





#### 4 Purposeful People



as a valuable contributor to our collective success. We are committed to building teams that reflect the populations that we serve – and that means making sure that our workplaces are inclusive.

During 2021, a working group sought to deepen our understanding of equality, diversity and inclusion, and to raise awareness within our leadership teams. We conducted a series of focus groups to better understand what it is like to work at Hero and identify any barriers or challenges. We engaged an external consultant to discuss the topic with our Executive Board and developed a comprehensive Group-wide strategy to drive further positive change. Our next challenge is to establish the baseline data against which we can track progress.

We are proud that 40% of our total workforce is female but recognize that the composition of our senior management teams does not reflect that. At present, just 31% of our senior leaders are female so, in 2022, our focus will be on supporting women.

In addition, we will be actively working to create an anti-racist culture and inclusive environment within which all ethnicities can thrive and perform. See page 47 for more details on our workforce.

#### Keeping our people safe

We operate eight production facilities around the world and keeping the workforce safe is the number one priority in each one.

We have comprehensive safety protocols in place which include training all our people to identify and mitigate hazards or risks, as well as specific safety training for particular tasks.

Across the Hero Group, teams at our offices and manufacturing facilities actively engage on safety and health.



Individual employees are encouraged and supported to run fundraising activities, from cake sales in the office to sponsored challenges. One member of the team in our headquarters rowed across the Atlantic in 2021, raising just over €23,000 for a cancer charity, a local hospice, and a children's organization. We also run activities at different sites so all our team can get involved or contribute:

- In Turkey, we recently launched a campaign which aims to teach children how to recycle in creative ways





CASE STUDY

## Safety in Brazil

In Brazil, our team holds an annual five-day event designed to inform and train employees to identify hazards and risks in order to prevent accidents. In 2021, we themed the event around the circus to make

it more memorable and engaging. Beyond safety, we also look to support our team's health and wellbeing: we provide advice on nutrition and mental health and have raised awareness of breast and prostate cancer.



CASE STUDY

## Health & Safety in Switzerland

We surveyed our people in 2020 to better understand issues related to occupational health management. The results were shared with our teams at the start of 2021 and, together, we developed a plan of action to reduce accidents and incidents that could lead to absence or sickness. This included training for all our people on

how to reduce the risk of slips and trips, as well as specific training for our leadership team on managing incidents. We have now introduced structured absenteeism and return-to-work interviews to ensure we are learning from any incidents and giving our people the support they need to get back to work.



- For the last nine years, a group of volunteers from our Spanish office has visited the Sierra Espuña to plant trees and promote reforestation. To date, we have planted more than 5,000 trees, which are expected to sequester over 900 metric tons of carbon dioxide in their lifetime
- The Baby Gourmet team in Canada supports Women in Need Society (WINS), a Calgary-based charity that helps women and their families emerge from poverty and achieve self-sufficiency. They were able to donate over 600 meals to help support their programs and associated families
- In the US, the Beech-Nut Mission Team actively supports the 'No Kid Hungry' initiative, which aims to end child hunger in the US. Every year, they also donate Thanksgiving meal kits to families in the local community and distributed 500 in 2021.

As a food producer, one of the most powerful ways we can support our local communities is by donating our products to people who need them. We donate surplus products that are still in date and good to eat to food banks or pantries which distribute it to charities and community groups that can make use of them.



- Last year, our Beech-Nut team in the US donated over 390 metric tons of food direct from its factories to local food banks
- In Switzerland, we participate in two food donation schemes: 'Too Good To Go' and 'Tischlein' and, in 2021, donated the equivalent of around 215,000 meals
- In Sweden, Semper supports the Stockholm Food Mission, regularly donating products with a shorter shelf life to their two social supermarkets, where members, usually people with low income, can purchase food at very low prices
- In the early months of the Covid-19 pandemic, our Turkish business donated 100,000 jars.



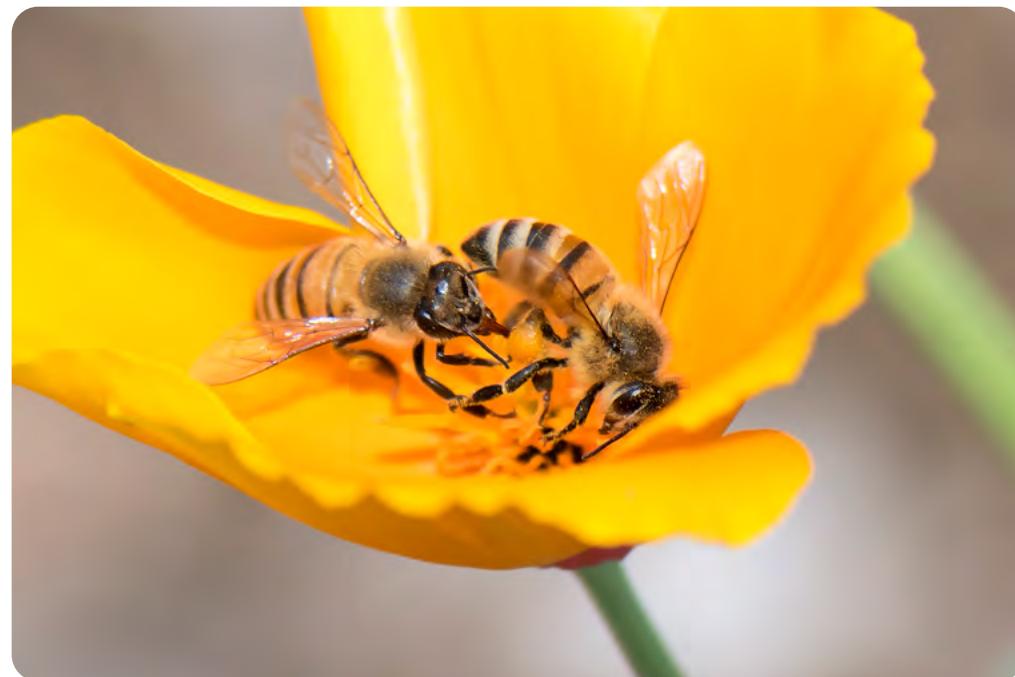


“Biodiversity is the number of plant and animal species on the planet. The higher this number, the more stable an ecosystem. Insects are essential in our ecosystems and in food production. They are indispensable as pollinators in fruit and vegetable production, and highly relevant in non-chemical pest control.

The **bee careful** initiative, one among Hero’s efforts to fight the decline of biodiversity, highlights Hero as a pioneer among food companies that not only understands the need for action, but also develops and supports badly-needed projects.”



~ Prof. Jürgen Tautz  
Universität Würzburg, Germany



For seven years, we have supported the work of Professor Jürgen Tautz at the University of Würzburg, one of the world’s foremost experts in pollinator species. His knowledge underpins our educational website [www.bee-careful.com](http://www.bee-careful.com) which aims to show people the enormous importance of bees and is regarded as a leading resource for information about bee health. In addition to this global website, we have created regional **bee careful** websites to connect consumers with information about bee health in their own country. Collectively, these websites were visited more

than 850,000 times in 2020. We are now exploring how we can bring this unique cache of information to an even greater audience by translating the content and making it more regionally relevant.

After decades of contributing to the body of knowledge around the importance of pollinators to our global food system, we are now exploring ways to support our suppliers to actively protect and promote bee health.

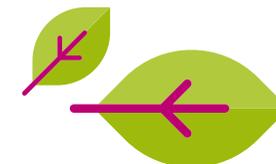




Sustainability governance

# How we do it





## Governance

# Our sustainability governance

Strong governance makes good business sense: it helps us to maintain our high ethical and professional standards by making sure our approach is well managed. It also allows us to communicate our objectives and the actions we are taking to meet them clearly. This transparency is increasingly important for our stakeholders.

### How we govern our sustainability strategy

#### Core team

Our Group Sustainability Director is responsible for the delivery of our Group sustainability strategy and initiatives. She is supported by a Group Sustainability Manager, who has a specific focus on Research, Nutrition and Innovation.

This core team manages the overall governance of the program, including running workshops, building an engaged community across all our markets, and managing data and reporting.

The core team presents to the steering committee to agree new targets and activities.

#### Steering committee

Every quarter, the steering committee meets to discuss key topics and make decisions about how to bring our sustainability strategy to life. These meetings are chaired by our Group Sustainability Director and attended by sponsors on the Executive Board including our Chief Executive Office, Chief Supply Chain Officer, Chief Marketing Officer, and Chief People Officer.

In addition, our Group Sustainability Director presents to the Executive Board six times a year and to the Board of Directors twice a year.

#### Pillar leads

Each of the four pillars of our sustainability strategy is owned by a Group vice president or director with accountability for that area of our



business. They are responsible for determining the actions for that pillar, and for keeping the business on track to meet our targets.

#### Cluster champions

Within each market or brand, there is a dedicated sustainability lead who coordinates either local or brand sustainability activity in support of our Group ambitions and scorecard. They have

responsibility for tracking relevant data, building the business case for action against each of the four pillars, and ensuring we are on track towards our goals. They are also accountable for deepening the understanding of sustainability among their colleagues through sharing best practice and regular communications – including contributing to our external reports.





### Our Code of Conduct

Our Code of Conduct sets out the ethical principles of our business and makes clear what we expect from both our own people and others with whom we choose to conduct business. The Code was created with reference to the United Nations Global Compact (UNGC) and the International

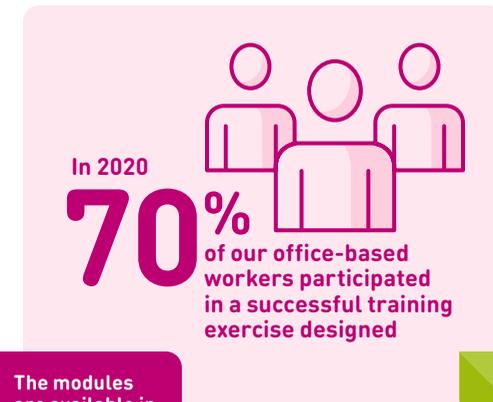
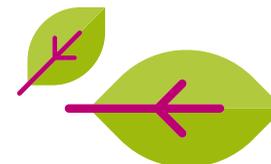
Labor Organization (ILO). It sets out our intention to offer healthy, nutritious, safe, and high-quality products to our consumers, while applying fair practices in terms of human rights, non-discrimination, child labor, forced and compulsory labor, rights of association, anti-corruption, and anti-competitive behavior.

### Ensure our high standards are maintained

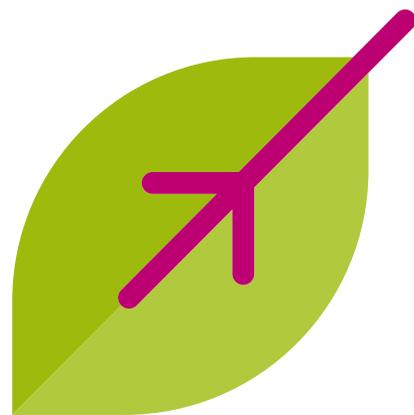
Our Code of Conduct makes clear our standards to both our own people and those with whom we do business. We go further than simple stating them, however. We hold routine training sessions on key issues to help our people to understand and apply the standards in our Code of Conduct. These issues are Anti-Bribery and Corruption, Privacy and Personal Data Security, and Cyber-Security.

In 2020, 70% of our office-based workers participated in a successful training exercise designed to help our people identify and avoid online scams that attempt to extract sensitive personal information. We have now partnered with Proofpoint to continue training in personal data security. The modules are available in 37 languages to ensure teams in all our markets can benefit.

We have also created a dedicated online learning platform for sustainability – GoodHabitz – that supports colleagues to manage the implications of GDPR regulations.



The modules are available in **37** languages



# Multi-disciplinary steering community

## Steering team



Leopold Oetker



Rob Versloot



Witte Van Cappellen

## Sustainability leads



Christine Crosby



Benjamin Bachmann



Mita Sen



Garnt Nieuwsma



Marleen v/d Wende

## Pillar leads

### 1 Sustainable Sourcing



Désiré Mouanga-Biayenga

### 2 Natural Resources



Kyriakos Kasapidis

### 3 Naturally Healthy Food



Luis Manuel Sanchez



Sebastian Portius

### 4 Purposeful People



Bill Parker

## Cluster leads

Our cluster leads are supported by a team of experts located in each cluster.



Catharina Tennefors  
Northern Europe



Tuba Kengil  
Hero MEA Turkey



Ana Paula Ferraz  
Hero Brazil



Pasquale Minuto  
Beech-Nut



Chloe Douglas-Crampton  
Baby Gourmet



Sebastian Portius  
Central Europe



Pablo Serrano  
Southern Europe



Kenneth Verschooten  
Global Export



Alexander Sergeev  
Hero Russia



GRI tables

# Data tables and GRI index 2021





# Data tables

## Impacts of the Covid-19 pandemic

The Covid-19 pandemic continued to cause a number of operational challenges during this time, sometimes delaying or disrupting our plans. In some cases, this may have had an effect on our data so we share some of the key impacts below and will bear these in mind as we analyze data trends in the years to come:

### Postponed activity

Transformation projects that allowed us to manage the impacts of the Covid-19 pandemic were prioritized over other programs of work, meaning delays to some planned transformation activities.

### Supply chain disruption

Many of our suppliers were affected by labor and transport issues which caused some disruption to our ability to source raw materials such as ingredients and packaging.

### Reduced in-person interactions

The shift to homeworking meant that in-person training was postponed or replaced with virtual sessions. The reduction in face-to-face contact between our people also effected engagement levels.

## Our GHG Footprint

Total emissions	748,000	tCO <sub>2</sub> e
Scope 1 emissions	39,000	tCO <sub>2</sub> e
Scope 2 emissions	10,500	tCO <sub>2</sub> e
Scope 3 emissions	698,500	tCO <sub>2</sub> e
Emissions intensity	2.77	kgCO <sub>2</sub> e per kg sold product

## Sustainable Sourcing

### Pillar 1: Sustainable Sourcing KPIs

% of cocoa purchased from a certified sustainable source ^	57%
% of palm oil purchased from a certified segregated source ^	98%
% of procurement spend that was with national suppliers *	56%
Total weight of packaging used (kg)	87 million
% of packaging made from recycled content	44%

^ Data only relates to Hero Group's Schwartau entity on the basis that volumes purchased by all other entities are negligible.

\* Accounts for suppliers of packaging, fruits, vegetables, ingredients and third party manufacturing. A national supplier is located in the same country as the entity from which the materials (direct goods) are procured. This is an approx. figure, we are working to improve the accuracy of our supplier data collection (eg we source from some suppliers in their home country, but also for our international entities).

## Natural Resources

### Pillar 2: Net Neutral Production KPIs

Energy Consumption ^	281,080GWh
Energy Intensity ^	1.3MWh per mt produced content
Production Losses *	3.2%

^ Data includes production sites and offices co-located at the same place as a production site. The scope of this energy data differs to the scope of energy data used for the emissions.

\* Represents the value of materials used as inputs in production which are not present in the final Bill of Materials in Finished Goods from Hero Group's own production.





## Natural Healthy Food

### Pillar 3: Naturally Healthy Food KPIs

Value in December 2021

% of products for kids (> 3 years old) with Nutri-score A or B	67%
% of products for adults with Nutri-score A, B or C*	62%
% of products with a minimum 'very natural' score according to the Food Naturalness Index (>3.5)*	69%
% of Baby & Toddler Food meals with more than 60 calories	88%
% of Baby & Toddler Food meals with a high contribution of vegetables and legumes (min. 40 %)	47%
% of Baby & Toddler Food meals following Planetary Health Principles on meat reduction	44%
% of Baby & Toddler Food products that are a 'source of' or 'rich in' fiber*	26%
% of Baby & Toddler Food products that are organic**	52%
% of cereal-based Baby & Toddler Food products containing whole grains (min. 30%) or legumes (min. 20%)	46%
% of Baby & Toddler Food products without palm oil	94%
% of puréed Baby & Toddler Food products without starch and fruit concentrates	90%
% of Healthy Snacks products containing whole grains (min. 30%) and / or nuts (min. 40%)	42%
% reduction in sugar content across our Healthy Snacks product lines	5% (vs. May 2020 baseline)
% reduction in salt content across our Healthy Snacks product lines	5% (vs. May 2020 baseline)
% reduction in saturated fat content across our Healthy Snacks product lines	8% (vs. May 2020 baseline)
% of jam offerings with reduced sugar (<40g)	29%
% of Natural Spreads products without highly processed sugars	96%

\* This considers all products in the Baby & Toddler Food, Health Snacks & Natural Spreads categories

\*\* Products are classed as 'organic', 'rich in' fiber or a 'source of' fiber when they have externally-certified labelling on the product marketing them in this way.



## Purposeful People

### Pillar 4: Purposeful People KPIs

		Value
Average number of employees (as full-time equivalents)		3651
Average number of contractors (as full-time equivalents)		133
Total number of employees	Female	1513 (40%)
	Male	2226 (60%)
Number of full-time employees	Female	1393
	Male	2193
Number of Part time employees (less than 25 hours a week)	Female	99
	Male	25
Number of Female employees by age group	Under 30 years old	15%
	30-40 years old	28%
	40-50 years old	28%
	Older than 50 years old	29%
Number of Male employees by age group	Under 30 years old	12%
	30-40 years old	28%
	40-50 years old	30%
	Older than 50 years old	30%
Number of Senior Leaders employees ^ *	Female	16
	Male	35
Number of Director level employees ^**	Female	51
	Male	81
Number of Management level employees ^	Female	143
	Male	233
Number of Senior Leadership team by age group °	Under 30 years old	2%
	30-40 years old	20%
	40-50 years old	42%
	Older than 50 years old	36%
Number of identified successors to Senior Leader roles	Female	41
	Male	30
Number of employees who have attended Leadertrack ¹	Female	55
	Male	84

		Value
Number of employees who have been promoted in the last 12 months	Female	80
	Male	64
Number of new full-time employee hires split by Female / Male	Female	152
	Male	188
Number of new Females hired by age group	Under 30 years old	45%
	30-40 years old	34%
	40-50 years old	14%
	Older than 50 years old	7%
Number of new Males hired by age group	Under 30 years old	44%
	30-40 years old	30%
	40-50 years old	17%
	Older than 50 years old	9%
Number of employees who left the company (employee turnover)	Female	128
	Male	173
Number of Female leavers split by age group	Under 30 years old	35%
	30-40 years old	31%
	40-50 years old	20%
	Older than 50 years old	14%
Number of Male leavers split by age group	Under 30 years old	27%
	30-40 years old	34%
	40-50 years old	21%
	Older than 50 years old	18%

^ Data not provided for Hero HQ Switzerland.

\* Senior Leader considered to be: Executive Board member, Cluster General Manager, Country Manager, VP Category, Group SC and Heads of Function.

\*\* Director level considered to be: VP or General Manager-1, Director, Local management team member and local head of function.

° Senior leadership teams as determined by each entity.

¹ Leadertrack is our Leadership course. Leadertrack empowers our people to authentically lead and help others grow in different and fast-paced contexts.





## GRI Context Index 2021

### Global Reporting Initiative (GRI) Index 2021

The Global Reporting Initiative provides a common language, enabling us to share our impacts in a form that can be most easily understood.

The following index indicates where in this sustainability report, in our Annual Report or elsewhere, you will find information pertaining to a particular GRI indicator.

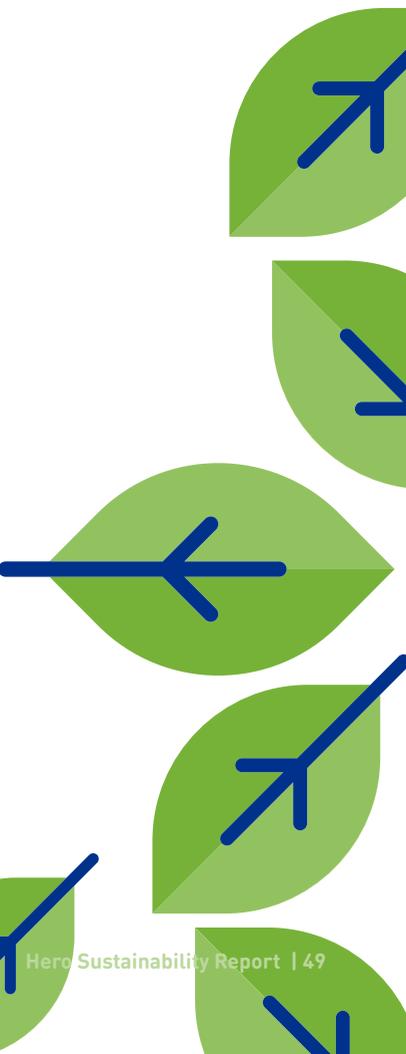
These indicators are explained in more detail on the GRI website: [www.globalreporting.org](http://www.globalreporting.org). The data in this report relates to the fiscal year ending December 31, 2021, unless otherwise stated.

Statement of use	The Hero Group has reported in accordance with the GRI Standards (2021) for the period January 2021 – December 2021 (unless otherwise stated)		
GRI 1 used	GRI 1: Foundation 2021		
Applicable GRI Sector Standards	None apply		
General disclosures			
<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location</b>	
<b>GRI 2: General Disclosures 2021</b>	2-1	Organizational details	<a href="#">Hero Group Annual Report 2021 &gt;&gt;</a>
	2-2	Entities included in the organization's sustainability reporting	Hero Group Sustainability Report 2021. Our methodologies, page 58
	2-3	Reporting period, frequency, and contact point	We report annually for the 12 months of January to December. Stephen Chetcuti, Corporate Communications Director Hero Group, <a href="mailto:stephen.chetcuti@hero.ch">stephen.chetcuti@hero.ch</a>
	2-4	Restatements of information	Non-applicable. First Group sustainability report.
	2-5	External assurance	Non-applicable. We have not obtained external assurance for our first report as we focused on building our data collection and reporting processes. We plan external assurance in future years.
	2-6	Activities, value chain and other business relationships	Hero Group Sustainability Report 2021, Hero's Value Chain, page 12. Sustainable Sourcing and Partnering with our suppliers, page 15. Hero Annual Report 2021, Our Categories and Regional Footprint, page 38-49
	2-7	Employees	Hero Group Sustainability Report 2021, Purposeful People, page 33 and Our People KPIs, page 47 3649 employees (full-time equivalent)



**GRI 2:  
General Disclosures  
2021**

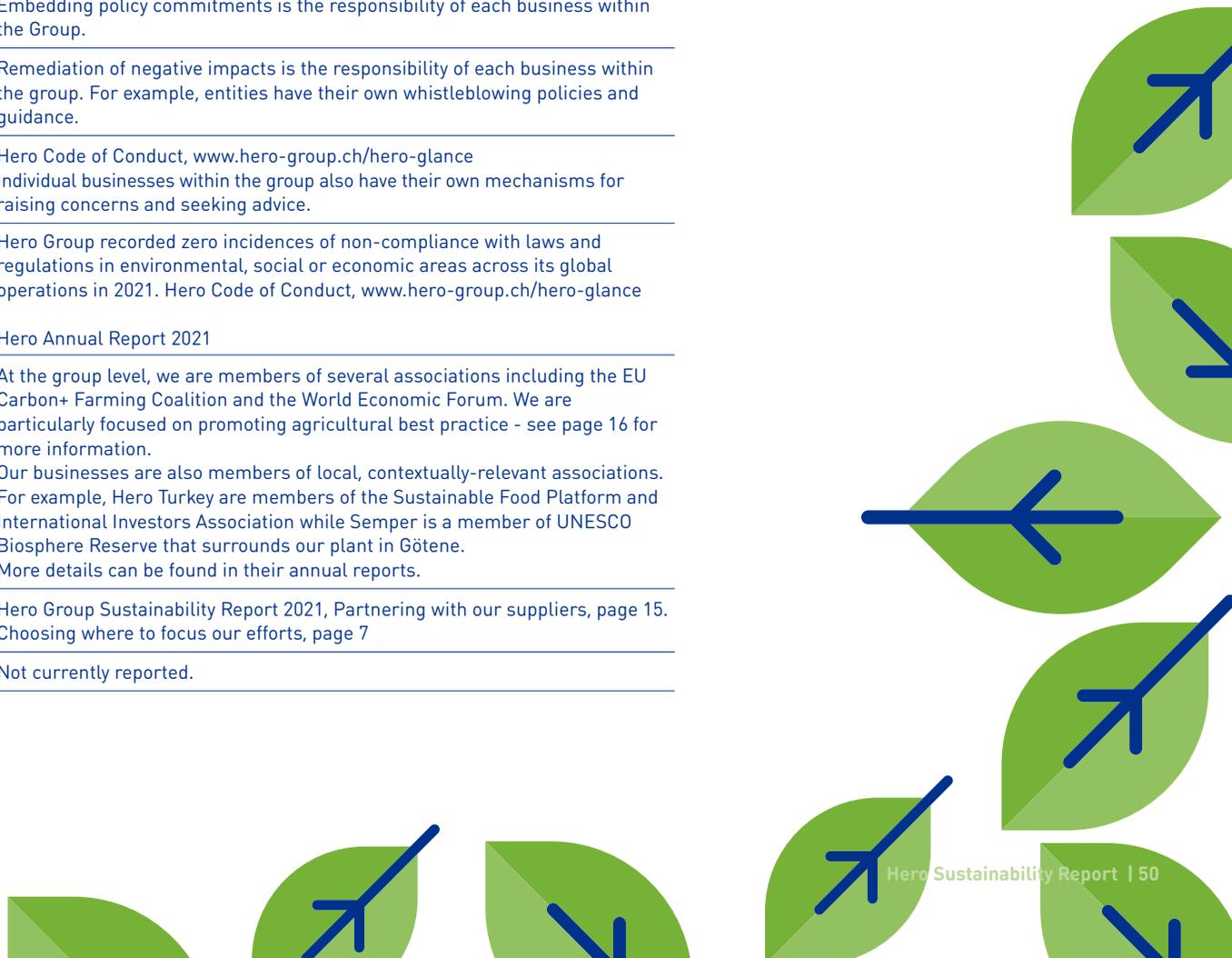
2-8	Workers who are not employees	Hero Group Sustainability Report 2021, Our People KPIs, page 47 133 contractors (full-time equivalent)
2-9	Governance structure and composition	Hero Group Sustainability Report 2021, Sustainability governance, page 40 Hero Annual Report 2021, Corporate Governance, page 48
2-10	Nomination and selection of the highest governance body	Hero Annual Report 2021, page 53
2-11	Chair of the highest governance body	Hero Annual Report 2021, page 58
2-12	Role of the highest governance body in overseeing the management of impacts	Hero Group Sustainability Report 2021, Sustainability governance, page 40
2-13	Delegation of responsibility for managing impacts	Hero Group Sustainability Report 2021, Sustainability governance, page 40
2-14	Role of the highest governance body in sustainability reporting	This report has been reviewed and signed off by Hero's Board of Directors. Hero Group Sustainability Report 2021, Sustainability governance, page 40
2-15	Conflicts of interest	Hero Code of Conduct. <a href="http://www.hero-group.ch/hero-glance">www.hero-group.ch/hero-glance</a>
2-16	Communication of critical concerns	Not currently reported
2-17	Collective knowledge of the highest governance body	Hero Group Sustainability Report 2021, Sustainability governance, page 40  The board are kept informed of the group's sustainability strategy via six annual updates from the Group Sustainability Director.
2-18	Evaluation of the performance of the highest governance body	Hero Annual Report 2021, Board and management compensation, page 66
2-18	Evaluation of the performance of the highest governance body	Hero Annual Report 2021, Board and management compensation, page 66
2-19	Remuneration policies	Hero Annual Report 2021, Board and management compensation, page 66
2-20	Process to determine remuneration	Hero Annual Report, 2021, Board and management compensation, page 66
2-21	Annual total compensation ratio	Not currently reported
2-22	Statement on sustainable development strategy	Hero Group Sustainability Report 2021, Joint Chairman / CEO message, page 4





**GRI 2:  
General Disclosures  
2021**

2-23	Policy commitments	The Hero Group's fundamental business principle is to create long-term success for our owners, to be sustainable, and ultimately create value for society. Hero Code of Conduct <a href="http://www.hero-group.ch/hero-glance">www.hero-group.ch/hero-glance</a> . Our Sustainability Commitment <a href="http://www.hero-group.ch/sustainability-commitment">www.hero-group.ch/sustainability-commitment</a> . Further information on our policies including our Risk and Information policies can be found throughout our Annual Review. <a href="#">Hero Group Annual Report 2021 &gt;&gt;</a>
2-24	Embedding policy commitments	Embedding policy commitments is the responsibility of each business within the Group.
2-25	Processes to remediate negative impacts	Remediation of negative impacts is the responsibility of each business within the group. For example, entities have their own whistleblowing policies and guidance.
2-26	Mechanisms for seeking advice and raising concerns	Hero Code of Conduct, <a href="http://www.hero-group.ch/hero-glance">www.hero-group.ch/hero-glance</a> . Individual businesses within the group also have their own mechanisms for raising concerns and seeking advice.
2-27	Compliance with laws and regulations	Hero Group recorded zero incidences of non-compliance with laws and regulations in environmental, social or economic areas across its global operations in 2021. Hero Code of Conduct, <a href="http://www.hero-group.ch/hero-glance">www.hero-group.ch/hero-glance</a> .  Hero Annual Report 2021
2-28	Membership associations	At the group level, we are members of several associations including the EU Carbon+ Farming Coalition and the World Economic Forum. We are particularly focused on promoting agricultural best practice - see page 16 for more information. Our businesses are also members of local, contextually-relevant associations. For example, Hero Turkey are members of the Sustainable Food Platform and International Investors Association while Semper is a member of UNESCO Biosphere Reserve that surrounds our plant in Götene. More details can be found in their annual reports.
2-29	Approach to stakeholder engagement	Hero Group Sustainability Report 2021, Partnering with our suppliers, page 15. Choosing where to focus our efforts, page 7
2-30	Collective bargaining agreements	Not currently reported.



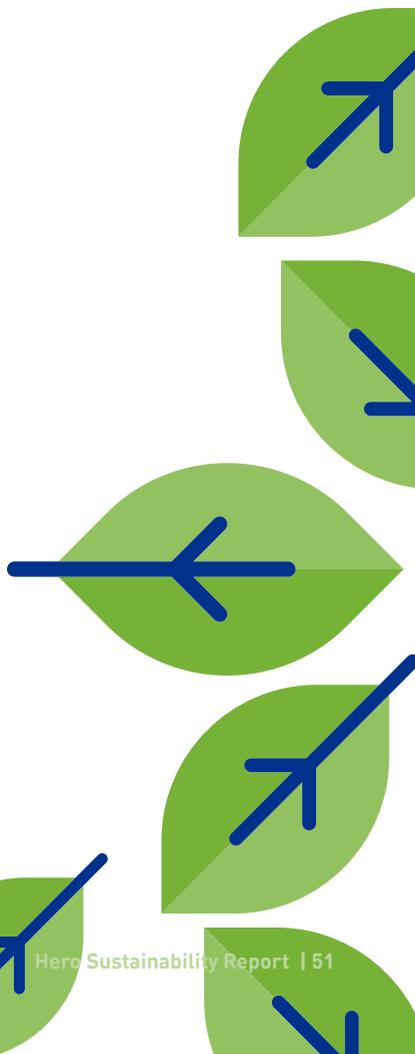


## Material topics

<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
	3-2	List of material topics	<a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>

## Economic performance

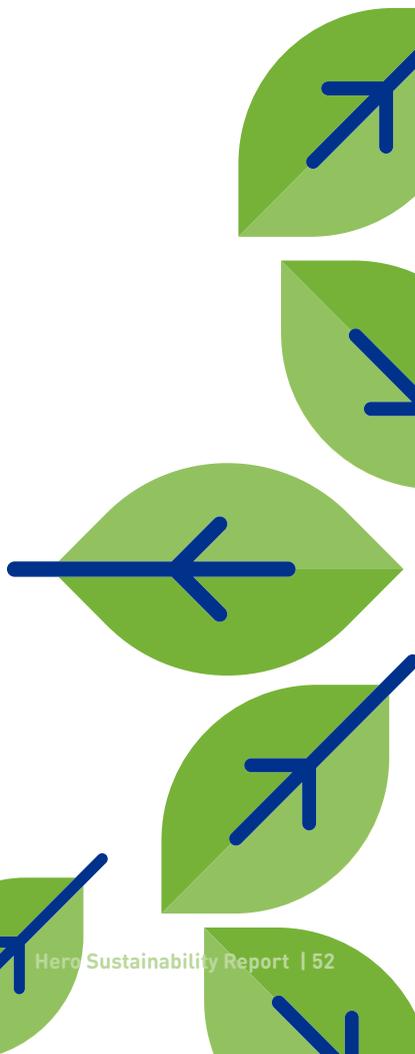
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a> Hero Group Annual Report 2021, Our Strategy, page 14 Joint Chairman / CEO message, page 6
	201-1	Direct economic value generated and distributed	Hero Group Annual Report 2021 <a href="https://hero-group.ch/annual-reports">https://hero-group.ch/annual-reports</a>
<b>GRI 201: Economic Performance 2016</b>	201-2	Financial implications and other risks and opportunities due to climate change	Hero Group Sustainability Report 2021, Taskforce on Climate Related Financial Disclosures, page 9 Hero Group Annual Report 2021, Risk Management, page 79
	201-3	Defined benefit plan obligations and other retirement plans	Hero Group Annual Report 2021, Pension obligations and Long term incentive plans, page 102
	201-4	Financial assistance received from government	Not applicable, we do not receive significant financial assistance from government that would materially affect our position. There is no government presence in the See Hero Group Annual Report 2021, Financial Statements for further detail on income.
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021 Sustainable sourcing: Partnering with our suppliers page 15
<b>GRI 204: Procurement practices 2016</b>	204-1	Proportion of spending on local suppliers	Approximately 56% of our procurement spend on direct materials is spent with national suppliers. A national supplier is located in the same country as the entity from which the materials (direct goods) are procured. We will continue to refine our criteria for local, national and international suppliers and enhance the accuracy of this measurement. Hero Group Sustainability Report 2021, Regional sourcing, page 17





## Materials

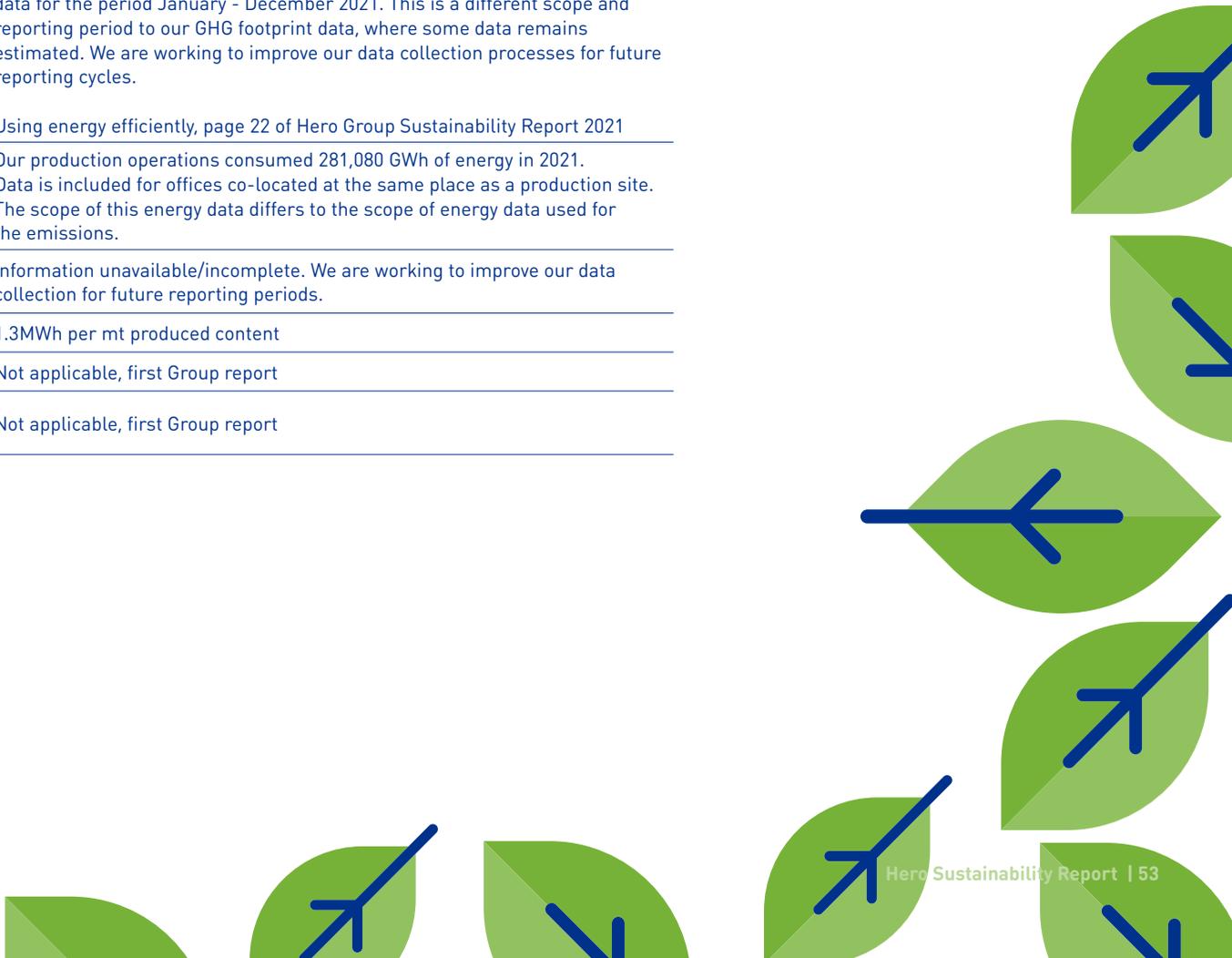
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	<p>Hero Group Sustainability Report 2021, Focusing our efforts, page 6  <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a></p> <p>As most of our materials are from agricultural inputs, and therefore are renewable by nature, the key focus for renewable compared with non-renewable input is in our product packaging.</p>
	301-1	Materials used by weight or volume	<p>Better packaging page 13 of our Hero Group Sustainability Report 2021. We do not have complete packaging data for this reporting year, however 87 million kg of packaging was used in our own production facilities from the twelve month period Oct 1, 2020 – Sept 30, 2021. We continue to refine our definitions, collation processes and reporting of packaging data and expect to see improvements in accuracy in future years.</p>
<b>GRI 301: Materials 2016</b>	301-2	Recycled input materials used	<p>Better packaging page 13 of our Hero Group Sustainability Report 2021. Of the total included above, 38 million kg of packaging made from recycled materials were used in 2021 (in our own production facilities). This is approximately 43% of our total packaging using recycled materials. We continue to refine our definitions, collation processes and reporting of packaging data and expect to see improvements in accuracy in future.</p>
	301-3	Reclaimed products and their packaging materials	<p>Not available this year, we are working to improve our data collection for future reporting periods.</p>





## Energy

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	<p>Hero Group Sustainability Report 2021, Focusing our efforts, page 6  <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a></p> <p>This data covers our production sites and some offices, where those offices are co-located with our factories. While some office space is excluded, the majority of our operations are within scope of the reported data. This represents actual data for the period January - December 2021. This is a different scope and reporting period to our GHG footprint data, where some data remains estimated. We are working to improve our data collection processes for future reporting cycles.</p> <p>Using energy efficiently, page 22 of Hero Group Sustainability Report 2021</p>
	302-1	Energy consumption within the organization	<p>Our production operations consumed 281,080 GWh of energy in 2021. Data is included for offices co-located at the same place as a production site. The scope of this energy data differs to the scope of energy data used for the emissions.</p>
<b>GRI 302: Energy 2016</b>	302-2	Energy consumption outside of the organization	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	302-3	Energy intensity	1.3MWh per mt produced content
	302-4	Reduction of energy consumption	Not applicable, first Group report
	302-5	Reductions in energy requirements of products and services	Not applicable, first Group report





## Water and effluents

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	303-2	Management of water discharge-related impacts	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	303-3	Water withdrawal	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	303-4	Water discharge	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	303-5	Water consumption	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.

## Biodiversity

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	304-2	Significant impacts of activities, products and services on biodiversity	Choosing where to focus our efforts, page 6. Using our brands to raise awareness of the importance of pollinators, page 17. Bee careful, page 39 of our Hero Group Sustainability Report 2021.
<b>GRI 304: Biodiversity 2016</b>	304-3	Habitats protected or restored	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	303-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.



## Emissions

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021
	305-2	Energy indirect (Scope 2) GHG emissions	See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021
	305-3	Other indirect (Scope 3) GHG emissions	See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021
	305-4	GHG emissions intensity	See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021
	305-5	Reduction of GHG emissions	Not applicable, first Group report.
	306-6	Emissions of ozone-depleting substances (ODS)	Incorporated within our total scope 2 emissions. See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021.
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Incorporated within our total scope 2 emissions. See our GHG emissions footprint table on page 45 of our Hero Sustainability Report 2021.

## Waste

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	306-2	Management of significant waste-related impacts	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	306-3	Waste generated	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	306-4	Waste diverted from disposal	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	306-5	Waste directed to disposal	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.



## Supplier environmental assessment

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	We are in the process of improving our screening systems and data. For details see Sustainable Sourcing page 15 of our Hero Group Sustainability Report 2021
	308-2	Negative environmental impacts in the supply chain and actions taken	For details see Sustainable Sourcing page 15 of our Hero Group Sustainability Report 2021
<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	Total number of new full-time employee hires = 340. Number of employees who left the company (employee turnover) = 301. See Hero Group Sustainability Report 2021, Our People KPIs, page 47 for breakdown by age and gender.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	401-3	Parental leave	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.

## Training and education

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.
	404-2	Programs for upagerading employee skills and transition assistance programs	Training and development, page 36 of our Hero Group Sustainability Report 2021. In the reporting period, 71 employees were identified as successors to senior leadership roles across Hero (41 female and 30 male) 139 of our employees (4% of our total headcount) attended our Leader Track course (55 females and 84 males).
	404-3	Percentage of employees receiving regular performance and career development reviews	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.



## Diversity and equal opportunity

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	Equality, diversity and inclusion, page 36 of our Hero Group Sustainability Report 2021. Of our senior leadership team, 31% are female and 69% male. Of our total employee headcount, 40% are female and 60% are male. We are working to expand the scope of diversity metrics for our employee data.
	405-2	Ratio of basic salary and remuneration of women to men	Information unavailable/incomplete. We are working to improve our data collection for future reporting periods.

## Supplier social assessment

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	We are in the process of improving our screening systems and data. For details see Sustainable Sourcing page 15 of our Hero Group Sustainability Report 2021
	414-2	Negative social impacts in the supply chain and actions taken	For details see Sustainable Sourcing page 15 of our Hero Group Sustainability Report 2021

## Customer health and safety

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	We are in the process of improving our data collection. See Food Safety page 25 of Hero Group Sustainability Report 2021 for more details.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the report period, there were four product recalls. This KPI includes our strategic partnership with German organic baby food company erdbär (goodforgrowth GmbH).



## Customer privacy

<b>GRI 3: Material topics 2021</b>	3-3	Management of material topics	Hero Group Sustainability Report 2021, Focusing our efforts, page 6 <a href="http://www.hero-group.ch/our-materiality-matrix">www.hero-group.ch/our-materiality-matrix</a>
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Within the reporting period, there were zero confirmed breaches of data privacy.

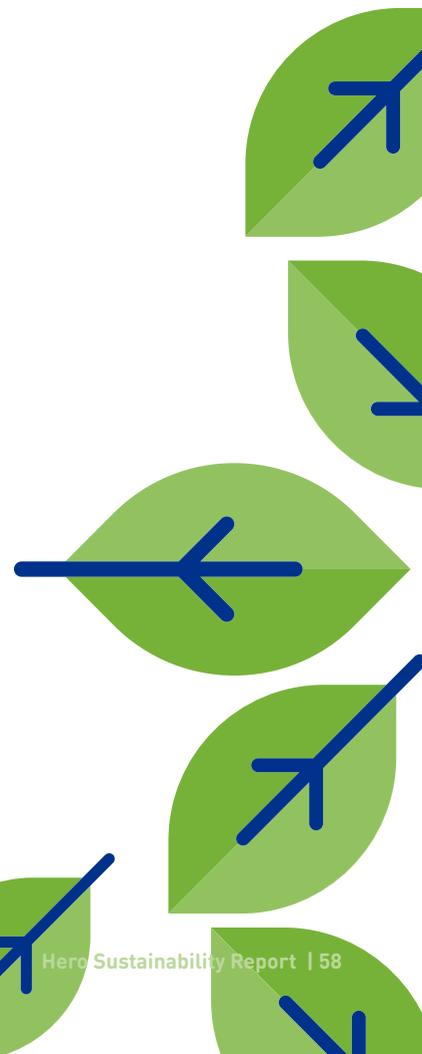
## Our reporting methodologies

This is our first Group-level report and we have focused our efforts this year to identify our material issues and start to build robust data collection systems. It is our intention to communicate transparently and to be robust in our approach, hence we have included data where it is available, in particular for our GHG footprint. In the next year, we will improve our existing processes with the intention to increase the data that we disclose – particularly our progress towards our ambition to be a climate positive business and in relation to our supply chain. We have worked with external partners to review our first-year data. Where we do not have specific KPI data we are confident in reporting this year, be that for accuracy or completeness reasons, we have provided a narrative update in the main body of the report on our key activities and ambitions.

Our reporting year is January 1 to December 31, unless stated otherwise. Our environmental and energy use data only covers production sites and co-located offices, commercial only office space is excluded as it is not part of our current monthly energy monitoring system. However, these commercial entities have been included in our GHG footprint calculations. We continue to work to improve our data collection processes. Any new site or business acquired part-way through a reporting year is not required to provide its annual data to Hero Group in that year. Other metrics reported in here may have different start dates but still cover a 12-month period closely aligned with Hero Group's financial year.

## Calculating our GHG emissions

Hero Group reports full GHG emissions in carbon dioxide equivalent (CO2e) in metric tons. In 2021, we calculated our corporate footprint according to the GHG Protocol Corporate Accounting and Reporting standard.



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