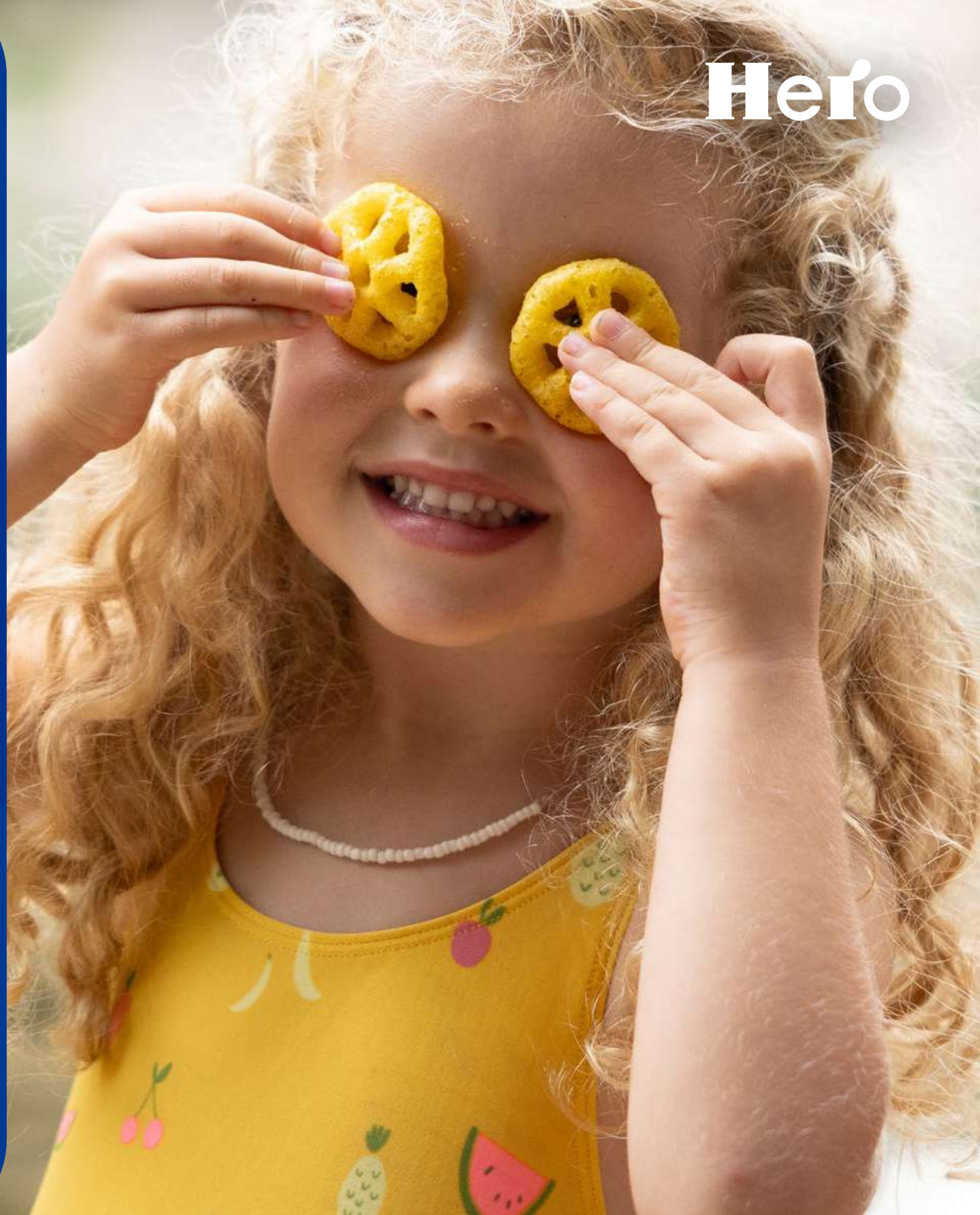


Hero

**ANNUAL
REPORT**

2025



To delight
consumers through
honest goodness in
every bite

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Joint Chairman / CEO Message

Hero Group Board of Directors Chairman Herbert Scheidt and CEO Christian Schierbaum take a look back at 2025 and give their outlook on the next financial year.

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Click title to access section directly

Financial key figures



Categories

Better Snacking
41%

Naturally Good Food
37%

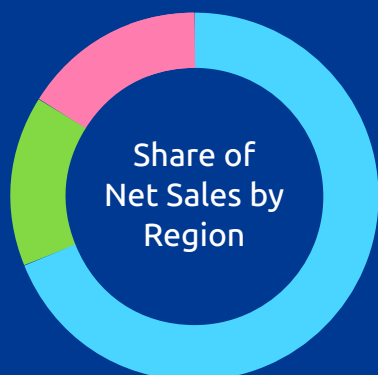
Others
22%

Platforms

Early Life **21%**
Better Confectionary **18%**
Wholesome Goodness **2%**

Baby & Toddler Food **18%**
Natural Spreads **19%**

Baby & Toddler Milk **8%**
Specialities **9%**
Non Branded **5%**



Europe
69%

Emerging Markets
15%

North America
16%

See a description of our categories and platforms on pages 14 to 22 of this report

in CHF million

Net Sales

	2025	2024*
Net Sales	1,187.1	1,195.0
Organic Growth	+2.2%	+9.7%
Adjusted for currency and acquisition effects		
EBIT before exceptional transformation effects**	71.1	63.3
in % Net Sales	6.0%	5.3%
EBIT	71.3	54.7
in % Net Sales	6.0%	4.6%
Net Income	47.0	36.5
in % Net Sales	4.0%	3.1%
Total Equity	592.2	606.8
Equity Ratio in %	46.5%	48.1%
EBITDA before exceptional transformation effects**	105.7	105.3
EBITDA	107.4	110.3
Net Debt	197.4	209.3
Net Debt / EBITDA	1.8	1.9

Organic Growth

Adjusted for currency and acquisition effects

EBIT before exceptional transformation effects**

in % Net Sales

EBIT

in % Net Sales

Net Income

in % Net Sales

Total Equity

Equity Ratio in %

EBITDA before exceptional transformation effects**

EBITDA

Net Debt

Net Debt / EBITDA

* Restated (refer to Note 2 of the consolidated financial statements)

** Please refer to Finance Review (page 55) for background and details on exceptional transformation effects

Sustainability key figures

Our corporate carbon footprint

tCO ₂ eq	FY25	FY24
Total carbon footprint (SC 1-2-3)¹	617,656	649,086
reduction versus previous year	-5%	
Scopes 1-2 (market-based)	31,775	32,919
reduction versus previous year	-3%	
Scope 3	585,881	616,167
reduction versus previous year	-5%	
GHG emissions intensity (tCO₂eq/mCHF)	520	543

¹ Data reported in 2024 has been restated due to: overall methodological refinements, improved activity data accuracy and external/supplier emission factor updates

Other strategic initiatives

1 Responsible Sourcing



- 92% of Hero's ingredients sourced from GFSI-certified tier 1 supplier facilities
- 100% Third Party Manufacturing products sourced from supplier facilities with GFSI certification
- 47% of all core and strategic suppliers (direct and indirect) have EcoVadis rating (171 out of 362)

* This supplier classification revised compared to last year

2 Minimal-impact Production



- 11% reduction in CO₂ /mt per kg produced in manufacturing emissions
- 8% reduction in water intensity
- 100% renewable electricity at all production sites

3 Better Product Design



- Mono-material pouch fully recyclable with 20% average weight reduction
- 78% snack bar offerings claimable 'source of fiber' (3g/100g)

4 Purposeful People



- Half of our employees overall performance rating driven by values-based behaviors
- 46% of senior leadership are women

Full list of strategic initiatives in Sustainability Summary

Joint Chairman / CEO Message

2025

Pivotal year for Hero

With successful operational performance and major strategic milestones under our belt, 2025 can definitely be marked as a pivotal year for the Hero Group. While we delivered strong financial results, we also completed key transformation initiatives, advanced our leadership structure, and set a renewed strategic direction for the future.

New strategic focus: Hero 2035

In course of 2025, we defined our long-term strategy, Hero 2035, with the vision to become a leader in Better Snacking. Better Snacking is a growing and attractive market. With our strong brands, leading market positions and a very successful track record we are convinced that Hero has the right to win in this space. Better Snacking is our biggest category already (with a share of 40.7% of our Net Sales) and has been our growth engine in recent years. Developing our Better Snacking business is our focus as a company. It is what we want to drive and where we are putting most of our resources and efforts.

Our ambition is to expand our position in multiple Snacking platforms through organic growth, entry into new segments, and targeted acquisitions. With our current Better Snacking portfolio of various baby toddler and pre-schooler brands ("Early Life" platform), Corny ("Better Confectionery" platform) and Deliciously Ella ("Wholesome Goodness" platform), we have a strong base from which to build.

Besides Better Snacking, we will continue to support our strong and valuable businesses in the Naturally Good Food category with the Natural Spreads and Baby Food platforms as well as in other categories.

To reflect this direction, we created a new category reporting structure, distinguishing Better Snacking, Naturally Good Food, and Others categories and their respective platforms.



Herbert Scheidt
Chairman Board of Directors



Christian Schierbaum
Chief Executive Officer

Joint Chairman / CEO Message

Continued Profitable Growth in 2025

We achieved organic growth and a notable improvement in profitability while shifting the portfolio towards the strategic core and discontinuing significant parts of our nonbranded business:

- Organic sales grew 2.2%, with +7.0% in Better Snacking
- EBIT increased by 30.4% to CHF 71.3 million (from CHF 54.7 million in prior year)
- Net Income rose by 28.9% to CHF 47.0 million (from CHF 36.5 million)

Sales growth was driven particularly by our Better Confectionery (+10.7%) and Wholesome Goodness (+22.7%) platforms, led by Corny and Deliciously Ella, the UK-based brand we acquired in 2024.

We are pleased to see all our platforms contributing to our sales growth, except for our non-core business segments Specialties and Non-Branded that we deliberately streamlined to reduce complexity.

Looking at our geographies, strong contributions came from North America, Germany, and Emerging Markets, with our US business continuing its profitable growth trajectory through commercial excellence and supply chain efficiencies.

Despite ongoing inflationary pressures, particularly regarding raw materials, Hero improved its Gross Margin by 1.1 percentage points, supported by supply chain efficiencies, a shift of our portfolio to higher-margin snacking segments, and selective pricing to mitigate cost inflation.

With cost controls in the other operating areas, we increased our EBIT (before extraordinary transformation one-offs) by 12.3% to CHF 71.1 million in 2025. We are particularly pleased that the business performance is built on our strong market positions. Hero outperformed the market in all core categories in the period under review, and gained market shares in the majority of country / category cells.

Major transformation projects and acquisitions

Between 2023 and 2025, we implemented several major restructuring initiatives, including:

- The sale of the Gluten Free business in the Nordics
- Closure and sale of our factories in Lenzburg (Switzerland) and Götene (Sweden)
- Streamlining of our factories in the US and Spain

These now completed transformation projects have simplified our portfolio, strengthened our supply chain, and were instrumental in mitigating cost inflation and improving our Gross Margin. The financial benefits from these measures exceed CHF 10 million annually.

We also welcomed Pinati, a Brazilian snacking brand acquired in September 2025, to our Group, strengthening our presence in Snacking and bringing more scale and growth to our Brazilian operations.

Joint Chairman / CEO Message

Leadership changes

The year under review saw important leadership transitions:

- Herbert Scheidt became Chairman of the Board of Directors in April
- Christian Schierbaum succeeded Rob Versloot as CEO in June following a carefully-managed succession
- Menno Oosterhoff joined as Chief Markets & Sales Officer (August 2025)
- Isabelle Sakai joined as Chief Categories & Marketing Officer (January 2026)

We are very confident that this renewed leadership team amalgamates the capabilities, experiences, and mindset to successfully bring to life our new Hero 2035 strategy and to drive the next stage of Hero's growth and development.

Sustainability

Since the development of our sustainability strategy in 2019, we have institutionalized practices that drive consistent, measurable progress. We are taking actions to reduce the environmental impacts of our operations, also tackling the areas that are hardest to decarbonize, by aligning Responsible Sourcing with Minimal-impact Production to make Better Product Design by and for Purposeful People. We have put in place structures, processes and projects that will allow us to deliver our goal of becoming a net-zero carbon business by 2050.

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

People

Hero is a multinational company with over 4,000 employees in 20 countries. People from across our businesses come together as one team, sharing best practices and creating synergies that drive growth. Our flat organization design and open, flexible way of working means every contribution is visible and everyone can make an impact. Opportunities are there to be taken, and ambitions can be realized.

In 2025, we further advanced the Hero Human Deal, our strategic framework designed to empower our people and support sustainable business growth. This year, we fully insourced our talent acquisition function, and elevated talent management as a core pillar of our people strategy.

To drive greater consistency and fairness, we made significant progress in designing and implementing a unified job architecture across the Group. This work is creating transparency in role expectations and, ensuring that every colleague can clearly see how they contribute and how they can grow.

Safety remains our unwavering first priority. Through our Strive for Zero safety program, we continue to build a culture of shared responsibility, accountability, and transparency. The program enables us to better understand our performance, learn from incidents and near misses, and maintain our commitment to ensuring everyone returns home safely each day.

Behind every product we craft and every milestone we achieve stands the dedication, passion, and professionalism of our people. Their commitment makes Hero what it is today, and we are deeply grateful for their ongoing contribution to our shared success.

Joint Chairman / CEO Message

Outlook

The geopolitical and economic environment remains challenging in 2026. Tariffs continue to affect our US operations, although our local production footprint helps to limit exposure. Higher fruit prices are also creating inflationary pressure in segments such as Natural Spreads.

With our strategic focus on Snacking, strong market positions, and a streamlined supply chain, we are well equipped to mitigate these headwinds. Capacity expansion projects in Germany (bars) and Spain (pouches) will further enhance scale and efficiency.

We are confident that by implementing our new Hero 2035 strategy, we are well positioned to accelerate organic growth, driven by our Snacking platforms, and to continue on our trajectory of margin and profit expansion in 2026.

Sincerely,



Herbert J. Scheidt

Chairman Board of Directors



Christian Schierbaum

Chief Executive Officer



01 Company Information

02 Financial Report

03 Sustainability Report

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The Hero Group is a multinational food company focused on branded nutritional food products. The company was founded in 1886 in Lenzburg, Switzerland, where its headquarters are still located today.

Hero is structured into three categories, Better Snacking, Naturally Good Food, and Others, each of which includes dedicated growth platforms.

The mission of the Group is **to delight Consumers through honest Goodness in every Bite**. We boast an international footprint and our portfolio consists of many well-known local and global brands.

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

Find out more about our history



Click here to go
to our website



Our Mission

To delight Consumers through honest Goodness in every Bite

Consumers are at the heart of our existence. As a food company we want them to enjoy what they eat, and to do so we need to truly understand their daily needs, what they believe in and what they value, and bring this to life in our product offers and brands.

Founded on principles of trust and transparency, we have always sought to create authentic foods and snacks that are made good, do good, and feel good without compromise. By pairing our passion for food with depth of nutritional knowledge, we offer a goodness that we believe in and feel good about.

What we do, how we do it, and what we believe in is motivation and responsibility for everything we do, without exception.

While 'in every Bite' is a reference to our focus on Better Snacking, it is also intended figuratively and encompasses all the products we offer.

We are a values-driven company

[Click here to find out more](#)



To delight
consumers through
honest goodness in
every bite



Our Vision

Become a leader in Better Snacking

Snacking has been an important part of our company for many decades, starting with the launch of our Corny cereal bars in 1984. More recently, we expanded our offers in baby toddler snacking across various markets and brands. Over the years, our snacking business has been registering double-digit growth consistently, surpassing the CHF 480 million in sales.

Massive growth is predicted in this segment as people change their daily habits to include more snacking opportunities. We at Hero believe that this is the way forward for our company.

A growth focus on Better Snacking provides a huge opportunity for a unified, purposeful company with a high value creation. Better Snacking is already our biggest business, has been our growth engine in recent years, and delivers a significantly higher gross margin.

With our current portfolio of various baby toddler snacking brands (Early Life), Corny (Better Confectionery) and Deliciously Ella (Wholesome Goodness), we have a strong base to cover multiple Better Snacking areas with tasty, enjoyable offers throughout consumers' lives.

We are developing our portfolio and strengthening our brands, businesses and capabilities to achieve our vision.

We will also maintain our businesses in Natural Spreads, Baby & Toddler Food, and Baby & Toddler Milk, in addition to some local / regional Specialties.





Our Strategy

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

In May last year, we introduced the Hero 2035 strategy. Our ambition is to expand our position in multiple Snacking platforms, addressing different consumer needs. This will be achieved through organic growth, entry into new segments, and targeted acquisitions.

With our strong and credible baby toddler, pre-schooler, and adult snacking brands, leading market positions and a very successful track record, we are convinced that Hero has the right to win in this space.

Better Snacking is our biggest category already with a share of 40.7% of our Net Sales and has been our growth engine in past years. It is what we want to drive and where we are putting most of our resources and efforts.

We will drive growth in this category by investing in our global and local brands, driving our multi-channel sales capabilities in this area, and innovation. Our M&A efforts will also focus largely on opportunities within the snacking world.

Besides Better Snacking, we will continue to support our strong and valuable businesses in the Naturally Good Food category with the Natural Spreads and Baby Food platforms as well as in the Others category.





Our Categories

In line with newly defined Hero 2035 strategy, we have re-organized the portfolio set-up of the company and created three distinct categories, each which include specific platforms.

Categories at a glance

1. Better Snacking

2. Naturally Good Food

3. Others

In our Better Snacking category, we have the Early Life, Better Confectionary, and Wholesome Goodness platforms. Our Naturally Good Food category includes our heritage platforms Natural Spreads and Baby & Toddler Food.

The Others category comprises Baby & Toddler Milk, Specialties, such as our Gastro business in Switzerland and Cassis in the Netherlands, and our Non-Branded business.





Our Categories

Better Snacking

The snacking trend is on the rise, and we as a company are adapting to our consumers' needs and habits. Different people in different age groups and with different goals want to have snacks based on their requirements.

This is the reason why we have different portfolio offerings in snacking, from our younger consumers when parents look at care and exploration of new food, to discovery and creativity, and eventually self-affirmation, a sense of belonging and freedom as children start school.

For adults, snacking is taking on a new meaning. Not all, however, have the same reason for doing so – from nutritionally-better guilt-free indulgence to wholesome goodness.

Hero provides options for different age groups, from toddler to preschoolers and all the way up to adults.



Early Life – baby and toddler snacks

In line with the new snacking mindset, 2025 has been a year of significant progress for our baby and toddler snack portfolio. Our brands have continued to focus on delivering innovative, high-quality solutions across both dry and wet snack segments.

In North America, Baby Gourmet has driven strong innovation with the introduction of fruit and yogurt smoothies in pouches, peach puffs, veggie-filled extruded snacks, and mini oat, fruit, and veggie bites. In parallel, Beech-Nut in the United States has strengthened its fruit and the fruit and veggie pouch offering, and successfully launched a new range of mixed berries oat bites.





Our Categories

Across Europe, we have enhanced the visual identity of our baby food brands' pouches and snacks, incorporating a more engaging and playful design to better connect with active toddlers. This initiative has been implemented by Semper in the Nordics, Hero Solo in Southern Europe, and Freche Freunde in Germany. In addition, together with Sunar in Czechia and Slovakia and Organix in the UK, these brands have expanded their portfolios with innovative snack formats, such as Freche Freunde's beetroot biscuits and Organix's Gruffalo oaty bars.

By continuously evolving our portfolio, we remain committed to offering nutritious, developmentally-appropriate snacks that promote healthy growth and create positive, enjoyable experiences for young children and their families worldwide.



Early Life – preschooler snacking

The up-aging into preschooler snacking has been one of the key developments in the Better Snacking category. In 2024, we proudly launched Goodies, a brand dedicated to meeting the evolving snacking needs of slightly older children. This is a global brand with a strong presence in Europe, UK, MEA, Türkiye and with plans for continued expansion in 2026.

In 2025, the brand evolved to one where kids had the power to decide: designed for kids and by kids. From the creative idea, packaging and new food types and flavors, preschoolers have clearly decided the future of this brand.

As snacking becomes an increasingly integral part of preschooler's daily routines, parents often struggle to find options that strike the right balance between taste, nutrition, and age-appropriate ingredients. And on top of that, there is the acceptance of the consumer, the kids.

Many mainstream choices are not specifically designed for little ones, leaving a gap in the market for snacks that are both tasteful and thoughtfully crafted. The Goodies mission is to provide high-quality, great-tasting snacks that parents can trust and children love. We believe that snacking should be both enjoyable and wholesome, empowering parents with better choices without compromising on taste.



Our Categories

In 2025, Goodies' presence expanded to more than 10 countries. We extended the portfolio with new products adapted to preschoolers' main snacking and nutritional needs. We also integrated a range of new snacks: savory snacks that are baked not fried, fruit-based gummies or fruit bars, cereal-based bars, and fruit-based pouches. In addition, we initiated a strong collaboration with the BBC with their popular program Bluey.



Better Confectionery

Better Confectionery is the current mainstay of the Better Snacking category with Hero's most-sold brand, Corny. After an impressive double-digit growth journey for many years, the Corny brand now generates more than CHF 200 million turnover and is expected to continuously grow double-digit in the coming years.

Why is this brand and platform so strong? We offer the easy step to satisfy sweet cravings without feeling guilty, and in an environment where snacking becomes an even stronger habit, replacing traditional meals, the desire for satisfying sweet cravings without feeling guilty has become even stronger.

Our Corny base multipacks and BIG bars continue to be the strongest sales pillars across markets and offer consumers the best of both worlds: an indulgent treat with a better nutritional profile compared to confectionery. The Corny portfolio is constantly being innovated and updated year after year.

After the successful launch of Cookies & Cream in 2024, we launched our new flavor Cinnamon Roll in a multipack format in Germany, the Netherlands, and in our Export markets in the year under review. More countries and a BIG format will follow in 2026.

Building on the successful Corny base flavor Chocolate Banana, we launched a sugar-free variant in Germany and some of our Export countries in 2025. Leveraging the demand for zero-sugar products, we also introduced the first Corny BIG ZERO products to our Nordic markets, Spain, the Netherlands and our Export markets.



Our Categories



Since the launch of Corny Protein in March 2024, we saw great success stories in numerous markets. In 2025, we continued to grow our assortment by adding delicious flavors to our ranges:

- Corny Protein Soft: White Choc Strawberry and Dark Choc Brownie
- Corny Protein Power: Peanut Caramel and Choco Banana

Given the ever-rising protein trend, we created and launched a new nuts with protein concept – the Corny Nuts & Protein range – which is available in Germany in a chocolate and vanilla variant.

Wholesome Goodness

Wholesome Goodness caters for consumers who are holistically health conscious with a preference for snacks made from naturally tasty ingredients. These consumers want ingredients that are fully identifiable and easily available. With growing consumer concern regarding ultra-processed foods, this segment sees exponential growth.

In September 2024, Deliciously Ella became part of the Hero family. This brand delivers what consumers expect from a Wholesome Goodness snack. With carefully selected and minimally processed ingredients that you can find in your kitchen cupboard, it is not only naturally plant-based but also tasty.

2025 was a strong year for the Deliciously Ella brand, which predominantly sells in the UK. Recognized by The Grocer magazine as the fastest growing snacking brand, it grew double-digit and managed to expand both its portfolio and distribution footprint. With a new collaboration with coffeehouse Caffè Nero, as well as a continued strong social media presence, awareness of the brand is continuously growing. The Deliciously Ella app provides members with delicious ways to feel better across thousands of delicious and simple plant-based recipes, exercises and mindfulness.



Our Categories

The Breakfast Bakes, launched late 2024, became a core pillar within the range, and 2025 brought yet another strong innovation with:

- Cocoa & Almond Energy Bar
- Roasted Peanut Protein Bar
- Oat Bar Mixed Berry
- Almond Butter Protein Granola
- Chocolate Topped Oat Bars in two flavors: Raspberry and Raisin

A limited-edition Luxury Festive Mix with dipped almonds and cherries and a luxury spiced nuts mix was also launched.



Advancing science for sustainable and healthy foods

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

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

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

Performance

In 2025, the Better Snacking category posted an organic growth of 7.0%, reaching CHF 482.7 million in sales, up from CHF 452.0 million the previous year. The Better Snacking category accounted for 40.7% of total Group Net Sales, up from 37.8% of Net Sales in 2024.



Our Categories

Naturally Good Food

We are proud of our heritage businesses, particularly in Natural Spreads and Baby & Toddler Food (BTF). These are very important areas for Hero and ones that we want to sustain with the best portfolio in place.

Our Natural Spreads belong to our DNA – we’ve been making jams for more than 100 years and this area is very close to our hearts. We have a lot of passion and expertise, allowing us to claim many market leadership positions. When consumers open one of our jam jars with the familiar popping sound, they know they will find quality and taste.

With this, our ambition for Natural Spreads is clear: stay strong and defend our market share.

Across markets, we see meaningful developments. In Spain, Hero Temporada is being relaunched with a fresh look to improve shelf standout and reinforce its upper mainstream positioning. Meanwhile, in Egypt, Hero Delicia has been relaunched aiming to evolve into a multi-segment spreads brand through a comprehensive approach. Germany, on the other hand, continues to boost sales in this category with attractive summer promotions focusing on flavors that have already proven successful in the past, such as Apricot Cinnamon Roll and Strawberry Cheesecake.

Through these efforts, we reaffirm our dedication to maintaining the relevance and competitiveness of Natural Spreads, preserving trust and opening doors to new consumers.

The Better For You (B4Y) segment continues to be the growth engine of the category, delivering the highest growth rates in jams. Within the B4Y portfolio, ‘Zero’ has emerged as the fastest-growing segment, showing exceptional momentum in markets like Germany, Italy, and the Netherlands.

Our Zero range is the fastest-growing segment in jams





Our Categories

But B4Y is more than growth; it's about innovation and leadership. Since its launch in 2019, we have expanded the portfolio and transformed the category with recipes that set the standard for 'Zero' and 'Less Sugar' products. Today, B4Y represents the largest contribution to the category and defines the future of spreads.

Moving forward, our R&D teams developed new varieties that will roll out in 2026 across the Netherlands, Germany, Switzerland, Spain, Italy, and Portugal. And we're not stopping there – new flavors for both regular and B4Y ranges are in the pipeline for the coming years to keep us competitive and exciting for consumers.

These efforts across all jam markets ensure that we remain a leader in taste, quality and innovation – both today and in the future.



For our BTF segment, we have leadership positions in many markets where we operate with a portfolio of strong brands, including Hero Solo and Hero Baby, Semper, Sunar, Beech-Nut, and Baby Gourmet, and we play in the jars, meals, and cereals areas.

We choose high-quality, baby-food-grade ingredients, avoid adding salt and sugar, and use no artificial flavors, colors, or preservatives. We then apply the barest minimum of processing under the strictest quality control.

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

In 2025, we introduced a renovated Semper Cereals portfolio in Nordics, launched a new Sunar conventional meal jars range in Czechia & Slovakia, and further extended Hero Baby jars and cereals in Türkiye, Beech-Nut jars in the US, and Hero Solo jars in Spain.

Performance

The Natural Good Food category contributed 37.4% of Hero Group sales and achieved a sales total of CHF 443.5 million in the year under review. Sales increased organically by 2.7% in 2025.



Our Categories

Others

Hero has a tradition within a number of other product areas that include Baby & Toddler Milk, our Non-Branded business, and what we define as Specialties, products such as our Gastro business in Switzerland, desserts and toppings in Germany, and Cassis in the Netherlands.

Baby & Toddler Milk

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

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

Our most advanced innovations contain unique combination of milk fat with MFGM (milk fat globule membrane) and HMOs (human milk oligosaccharides), one of the most important nutrients naturally present in breast milk. They have been developed based on latest trends thanks to over 80 years of studying and learning from nature to ensure babies have a good start in life. Accordingly, in 2025, Semper NutriSemp and Hero Pedialac+ formulas with 5-HMOs was launched in China, and Sunar premium renovated with 2-HMOs is ready for launch in Czechia & Slovakia in early 2026.

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

Performance

In 2025, Hero reported sales of CHF 260.9 million – or just under 22% of the total – in our Others category. This category decreased by 6.9% organically, an intentional decline as part of the Group's strategy to focus on different areas of the business.

Taken alone, BTM grew 3.8% in local currencies, supported by a strong market presence in Egypt.





Regional Footprint

Regional footprint

The Hero Group maintains a strong international presence, supported by a diversified regional footprint and a broad network of production facilities.

Europe is the Group's largest sales region, accounting for 69.2% (CHF 821.1 million) of Net Sales. In Europe, Hero sells the full range of product with a focus on Better Snacking. Hero maintains solid positions in many European countries, reflecting our long-established market presence, trusted brands, and ongoing commitment to delivering high-quality, nutritious food products tailored to local consumer needs.

North America contributed 15.9% (CHF 189.3 million) of Net Sales, driven by continued demand for our natural and organic product categories. North America is Hero's second largest sales region. In this region, Hero's product offerings include Early Life snacks and Baby & Toddler Food. The region remains an important pillar of our growth strategy, offering opportunities for innovation and further penetration in key retail channels.

Emerging Markets, which include mainly Brazil, China, Egypt, Russia, and Türkiye, represented 14.9% (CHF 176.6 million) of Net Sales and continue to play an important role in the Group's future. In this region, Hero sells all its product offerings with a focus on Baby & Toddler Milk, Natural Spreads and Baby & Toddler Food. With their growing consumer populations and rising demand for high-quality infant and nutrition products, these markets provide significant long-term potential.

Our regional sales structure is supported by a global production network spanning Brazil (Itatiba, SP), Egypt (Cairo), Germany (Bad Schwartau), Spain (Alcantarilla), Türkiye (Ankara), UK (Milton Keynes), and United States (Amsterdam, NY). These facilities enable us to produce closer to our consumers, optimize supply chains, strengthen quality control, and respond efficiently to regional market needs. The combination of a resilient manufacturing base and a balanced geographic sales distribution underscores the Hero Group's commitment to serving consumers around the world with high-quality, minimally-processed foods.





Corporate Governance

Principles

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

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

Hero's Corporate Governance Report is based on the SIX Swiss Exchange Directive on Information relating to Corporate Governance. Unless otherwise indicated, the following information on corporate governance relates to conditions on the balance sheet as at December 31, 2025.





Corporate Governance

Group structure

Hero AG is the legal parent entity for the Hero Group. It comprises the headquarters functions as well as the Swiss business operations. The companies belonging to the Hero Group are listed in note 32 (page 148-149) of the consolidated financial statements.

The Hero Group is organized in a matrix. The Group Executive Board members cover the overall responsibility for the operations and individual functions, and the company's general managers have performance responsibility for their regional cluster and/or countries. The Hero Group's business functions are driven by a product platform-led organization, supported by strong and credible brands and an efficient supply chain organization to leverage capabilities and drive efficiencies.

In the year under review, there were the following changes in the Board of Directors and Executive Board leadership team:

Board of Directors

Effective end of March 2025, Giovanni Ciserani resigned from his role as Chairman of the Board of Directors for personal reasons. Herbert Scheidt, previously Vice-Chairman of the Board of Directors, was appointed as the new Chairman.

Executive Board

Beginning June 2025, Christian Schierbaum, who held the position as Chief Business Officer, succeeded Rob Versloot as CEO of Hero Group. Rob Versloot retired from his position after leading the Hero Group for more than 12 years.

In August 2025, Menno Oosterhoff succeeded Markus Lenke as Chief Markets & Sales Officer Hero Group.

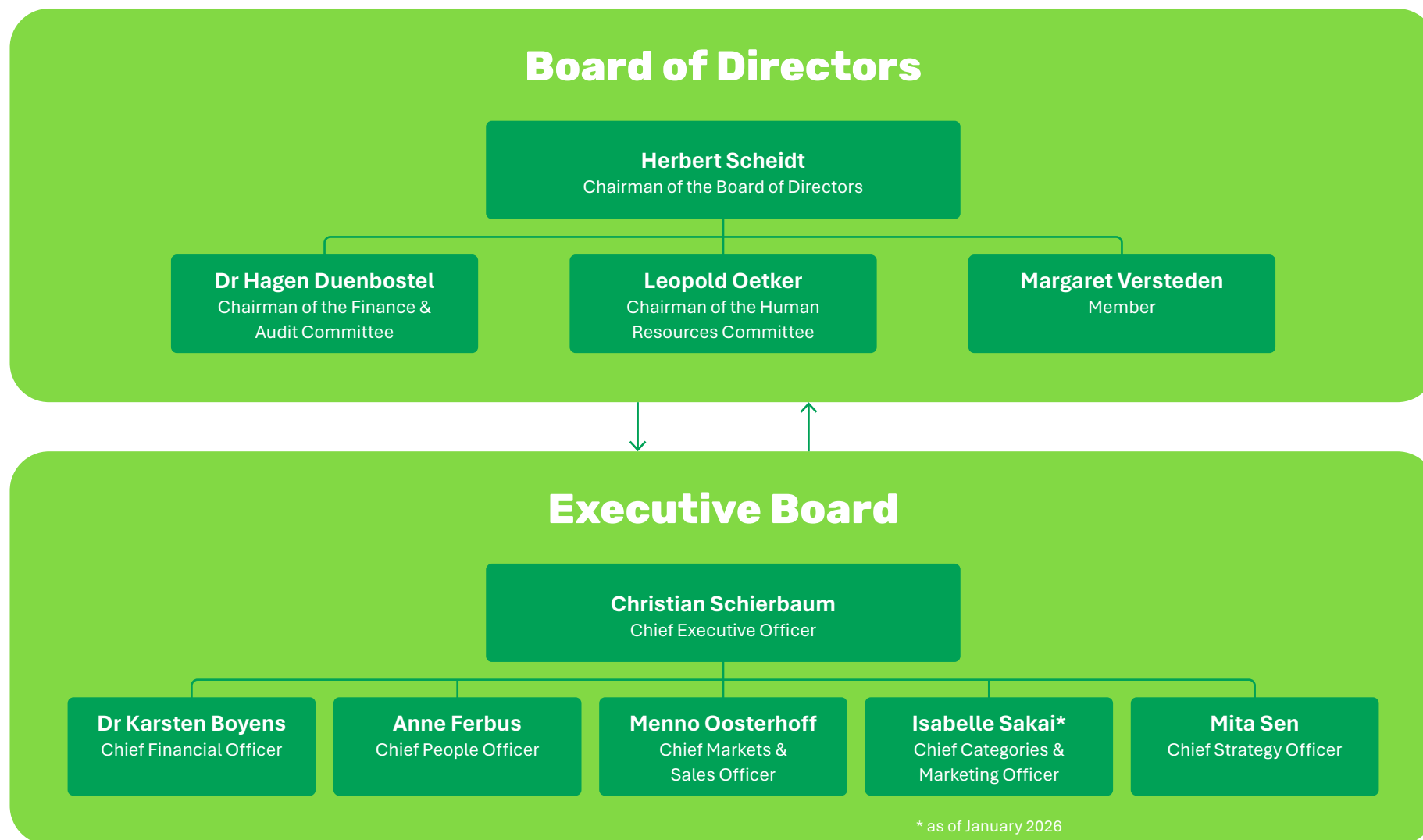
The position of Chief Business Officer is replaced with the position of Chief Categories & Marketing Officer (CCMO). Isabelle Sakai takes the role of the CCMO as of the beginning of January 2026.

The chart on the next page shows the organizational structure of the Hero Group as of December 31, 2025 (including the position of CCMO as of January 1, 2026).



Corporate Governance

Governance & operational structure of Hero Group





Corporate Governance

Shareholders and capital structure

Shareholders

Schwartau International GmbH, Bad Schwartau, Germany, holds 99.0% of the share capital of Hero AG*. The Dr Arend Oetker family, Germany, is the ultimate shareholder of Schwartau International GmbH, Bad Schwartau. A total of 1.0% of the share capital is held by Executive Board members in relation to the long-term incentive plan.

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

Share capital

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

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



Contingent capital and capital band

As of December 31, 2025, the share capital may be increased through the issuance of a maximum of 938,328 fully-paid registered shares with a par value of CHF 10.00 each. The contingent share capital is available for the exercise of any rights in connection with convertible and other bonds, as well as in connection with option rights of the Executive Board members related to the long-term incentive plan (refer to Board and Management Compensation section).

As of December 31, 2025, there were no convertible or other bonds with the right to acquire shares in Hero AG.

As of December 31, 2025, there is no capital band.



Corporate Governance

Hybrid capital

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

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

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

Limitations on transferability

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

Board of Directors

Internal organization

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

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

Within this mandate, the Finance & Audit Committee monitors and ensures the company's compliance with non-financial reporting as well as human rights and supply chain due diligence requirements. Please refer to page 349 where Hero provides an overview on reporting compliance with the Swiss Code of Obligations Paragraph 964.



Corporate Governance

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

The Human Resources Committee mainly reviews and proposes the compensation system and remuneration for the Executive Board, senior vice presidents, vice presidents, and general managers of our subsidiaries. It proposes the composition of and changes to the Executive Board to the Board of Directors and reviews the organization structure and personal development programs. A total of 5 meetings were held in 2025.

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

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

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

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

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

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

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

In 2025, Board Chairman Giovanni Ciserani stepped down for personal reasons at the end of March. He was replaced by Herbert Scheidt who previously held the post of Vice-Chairman. Leopold Oetker was also appointed Vice-Chairman of the board in April. The other members of the Board of Directors are Dr Hagen Duenbostel and Margaret Verstedten.



Corporate Governance

Responsibilities between the Board of Directors and Executive Board

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

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

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

For further description of the Executive Board members' responsibilities, refer to page 36.

Information and control instruments relating to the Executive Board

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

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

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





Corporate Governance



left to right:

Dr Hagen Duenbostel | Margaret Verstedden | Herbert J. Scheidt | Leopold Oetker





Corporate Governance



Herbert J. Scheidt

Chairman of the Board of Directors

Career history

Herbert J. Scheidt was appointed Chairman of the Hero Group Board of Directors in April 2025. Previously, he held the post of Vice-Chairman. He is also Member of the Group's Finance & Audit Committee and is a Member of the Human Resources Committee.

Scheidt obtained a BA and an MA in Economics from the University of Sussex (UK) and an MBA from the University of New York. He was Chairman of the Vontobel AG Board of Directors from 2011 to April 2022, before which he served as the bank's CEO.

Prior to that, he worked for Deutsche Bank AG in various senior roles for two decades from 1982, culminating with his appointment as CEO of Deutsche Bank (Schweiz) AG in 2001.

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

Other mandates

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



Leopold Oetker

Vice-Chairman / Shareholder

Career history

Leopold Oetker joined the Hero Board of Directors in 2016 and was appointed Vice-Chairman and Chairman of the Human Resources Committee in 2025. He is also a Member of the Hero Group's Finance & Audit Committee.

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



Corporate Governance

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

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

Other mandates

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



Dr Hagen Duenbostel

Member

Career history

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

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

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





Corporate Governance

Other mandates

Dr Duenbostel is Founder and Managing Director of the strategy consulting firm DOVECOTE GmbH in Innsbruck, Austria. Since November 2022, Dr Duenbostel has been Chairman of the Audit Committee of the Max Planck Society for the Advancement of Science e.V. (MPG). He is a Member of C.H. Boehringer Sohn AG & Co. KG Advisory Board in Ingelheim, Germany. Since 2024, Dr Duenbostel has occupied the position of Deputy Chair of the Supervisory Board of the Georg von Holtzbrinck Publishing Group. In 2025, he was appointed as a member of the University Foundation Committee of the University of Göttingen.



Margaret Verstedden

Member

Career history

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

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

She was appointed CEO Albert Heijn, Etos, and Gall & Gall in 2025. Previously, she was Chief Executive Officer of bol.com, the leading retail platform in the Netherlands and Belgium. Verstedden's career saw her working at Bain & Company, where she was a managing partner, specializing in FMCG, retail, and eCommerce. Prior to this, Verstedden also worked at Nike as General Manager for Central and Northern Europe, and as strategy consultant at BCG in Australia, Southeast Asia, and Europe for eight years.

Other mandates

Verstedden has no other significant board mandate besides Hero.





Corporate Governance

Executive Board



left to right:

Dr Karsten Boyens Chief Financial Officer | **Menno Oosterhoff** Chief Markets & Sales Officer | **Isabelle Sakai** Chief Categories & Marketing Officer
Christian Schierbaum Chief Executive Officer | **Mita Sen** Chief Strategy Officer | **Anne Ferbus** Chief People Officer



Corporate Governance

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

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

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



Christian Schierbaum

Chief Executive Officer

Career history

Christian Schierbaum joined the Hero Group as Chief Marketing Officer (CMO) in September 2019 and took on the expanded role of Chief Business Officer (CBO) in 2022 before being appointed CEO of the Company as of June 2025.

He brings with him 30 years of commercial experience, which he acquired in various marketing, sales, and business leadership roles within leading consumer goods companies such as Wella, Reckitt Benckiser, and Mondelez. In his last role at Mondelez, he served as member of the company's Europe Leadership Team, heading the Gum & Candy business across Europe as well as the overall marketing function for Europe.

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



Corporate Governance



Dr Karsten Boyens

Chief Financial Officer

Career history

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

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

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

Other mandates

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



Anne Ferbus

Chief People Officer

Career history

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

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

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

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



Corporate Governance



Menno Oosterhoff

Chief Markets & Sales Officer

Career history

Menno Oosterhoff joined the Hero Group in August 2025 as Chief Markets & Sales Officer.

He is a well-established FMCG professional with a proven track record in driving market growth and sales excellence. Oosterhoff has experience in different fields within the industry, working with a variety of cultures in a multitude of geographies.

He spent over 15 years with P&G in leadership roles in Europe and the Middle East Africa before moving to FrieslandCampina in a global directorship position. Before joining Hero, Oosterhoff worked as board member and CEO of the consumer business unit at the WEPA Group.

He completed his Master's degree in Business Administration at the Erasmus University in Rotterdam.



Isabelle Sakai

Chief Categories & Marketing Officer

Career history

Isabelle Sakai joined Hero in January 2026 as Chief Categories & Marketing Officer (CCMO). Her responsibilities span Category Strategy, Marketing Excellence, R&D and Innovation.

Isabelle brings nearly 30 years of international marketing experience across FMCG, fashion, and retail. She spent close to 18 years at Procter & Gamble in a variety of categories and countries, before joining Mondelez International in 2014, where she held regional leadership roles across EMEA. She later served as Group Chief Marketing Officer and Executive Committee Member at Bata Group, and subsequently as Global Chief Marketing Officer at Mark Anthony Brands International.

Isabelle holds a Master's degree in Marketing and Business Administration from ICN Business School (France), with part of her studies completed at HEC Montreal University (Canada).





Corporate Governance



Mita Sen

Chief Strategy Officer

Career history

Mita Sen joined the company in February 2019 as VP Strategy & Business Development before taking on the role of Chief Strategy & Transformation Officer in November 2022. In 2024, she added sustainability to her remit. After completion of major transformation projects at the beginning of 2025, her role was redefined as Chief Strategy Officer.

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

She completed her MBA at INSEAD in 2011.

Executive Board Name	Nationality	Title	Member since
Christian Schierbaum	Swiss / German	Chief Executive Officer	2019
Dr Karsten Boyens	Swiss / German	Chief Financial Officer	2016
Anne Ferbus	French	Chief People Officer	2023
Menno Oosterhoff	Dutch	Chief Markets & Sales Officer	2025
Isabelle Sakai	French	Chief Categories & Marketing Officer	2026
Mita Sen	Canadian	Chief Strategy Officer	2022

Board and management compensation

Compensation governance

Hero Group's executive compensation framework is overseen by the **Human Resources Committee (HRC)** of the Board of Directors. The HRC is responsible for proposing, reviewing, and recommending compensation policies applicable to the Executive Board (EB), ensuring alignment with Hero's long term strategic direction, shareholder interests, and Swiss regulatory requirements. The shareholder representative on the Board of Directors reviews and approves the Board of Directors compensation.

The HRC annually reviews the compensations based on a combination of individual performance and market benchmarks, internal equity considerations, and the effectiveness of the remuneration system in supporting Hero's business objectives and talent strategy. The Board of Directors, through its Human Resources Committee, reviews and approves the remuneration system and annual compensations.



Corporate Governance

Compensation structure for Board of Directors

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

Compensation structure for Executive Board members

Hero Group's compensation philosophy for the Executive Board is built on the principles of pay-for-performance, market competitiveness, internal fairness, and long-term value creation. Actual compensation of EB members are benchmarked against local compensation data from Mercer (general industry benchmark).

Executive compensation comprises three elements:

1. Base salary (guaranteed pay)

Base salaries reflect the role's complexity, market benchmarks, and the individual's experience and performance. Annual salary adjustments are determined based on performance assessments and market competitiveness.

2. Short Term Incentive (STI) plans

In 2025, Hero Group introduced a redesigned Short-Term Incentive (STI) plan applicable to all Executive Board members. The revised plan is intended to reinforce the organization's pay-for-performance principles, promote stronger cross-functional collaboration, and ensure greater consistency and alignment across incentive structures.

Business performance is assessed using three annual key performance indicators. Group Net Income accounts for 50 percent of the evaluation, while Group Organic Net Sales Growth contributes 30 percent, and Group Free Cash Flow represents the remaining 20 percent.

The final STI payout is determined by multiplying the Target STI amount by both the Business Performance Factor and the Individual Performance Factor.

The overall pay-out of the Short-Term Incentive plan component is capped at 180% of the target amount, and no payout is made if minimum threshold are not achieved.

3. Long Term Incentive (LTI) plan

Hero Group's Long Term Incentive plan is designed to:

- Promote long term value creation and alignment with shareholder interests.
- Tie compensation to multi year performance across financial, strategic, and ESG dimensions.
- Strengthen retention of key leadership talent

Performance is assessed over a three-year period based on KPIs connected to sustainable growth and profitability, innovation and environmental and social governance.

Under the new incentive structure, the relative weight of LTI has increased in the pay mix of the Executive Board members, reducing reliance on STI and aligning Hero more closely with external market benchmarks.



Corporate Governance

Outlook

The Hero Group will continue to review compensation structures to ensure:

- Alignment with strategic ambitions, including digitalization, growth and sustainability
- Adherence to evolving Swiss governance standards
- Internal fairness and transparent pay-for-performance outcomes
- Long term value creation for employees and shareholders

Besides these remuneration components, selected Executive Board members may participate in the long-term success of the company by investing up to 50% of their short-term variable cash bonus payment in shares of Hero AG [refer to note 23 of the consolidated financial statements on page 126-127 of this Annual Report for an explanation of the provisions of this Long-Term Incentive plan]. Refer to note 36 on page 151 of this Annual Report for an overview of the Executive Board's compensation.

Shareholders' participation rights

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

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

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

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

Change of control measures

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



Corporate Governance

Auditors

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

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

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

The agreed fees with Ernst & Young AG for the audit of the consolidated financial statements for the year ending December 31, 2025, amounted to CHF 900,918. In 2025, Ernst & Young AG charged a total of CHF 127,564 for additional services. The additional services mainly include transaction and tax-related support.

Information policy

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

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

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

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





Risk Management

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



Hero's risk management process includes an assessment of the company's most significant strategic and operational risks. Once a year, potential risks are identified in a process that considers a survey at Group and cluster level, the input from the double materiality assessment, and latest changes in compliance regulations. The survey results are based on the input from the Executive Board, the Cluster General Managers and the Functional leaders.

By including the outcome of the double materiality assessment, Hero systematically considers climate-related root causes in the assessment of the different operational and strategic risks. The individual assessments are aggregated and evaluated in terms of possible damage that would result should the risk event materialize, the probability of occurrence, and potential reputational impact.

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

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



Risk Management

Risk factors

Based on the 2025 risk management process, the risks “Business Transformation” and “Increased Public Awareness” were deleted from the major risk areas. Significant business transformation projects were successfully completed during 2025. The risk “Public Awareness” is included in the assessment of other material risk factors, e.g. environmental sustainability or product quality.

The increase in cyberattacks, its media coverage, and business dependency on technology lead to a more threatening perception of the IT systems and security risk. On the other hand, with the first go-live experience of the newly-developed ERP system in major countries, the risk from ERP implementation failure was reduced significantly. Otherwise, there are only minor changes to the company’s major risks compared to 2024.

Product pricing, IT Systems & Security, and sourcing of labor, materials and energy are the risks with highest potential impact on Hero’s performance. The factors identified below are currently considered the most relevant for Hero’s business and performance.

Sourcing

Risk: Ability to source necessary levels of labor, energy and materials, meeting quality and price requirements.

Risk description: Due to increasing impacts from climate change, regional geopolitical developments, and inaccurate forecasting, supply chains suffer from shortages, and prices of raw materials, packaging and energy become inflationary. Over-reliance on a limited number of suppliers or regions increases concentration risk. Hero cannot source the necessary volumes of materials, meeting quality and price requirements. As a result, sales decrease and margin diminishes or supply chains must be restructured, adding further efforts and cost.

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





Risk Management

Product pricing

Risk: Ability to maintain or increase product prices.

Risk description: Due to increasing opposition of trade partners and buying alliances, limited market power and high price sensitivity of consumers, the company is unable to maintain or increase its prices in pace with cost increases.

Due to an inflationary environment, price increases might be required that could trigger volume declines. Both the difficulty to increase prices, as well as potential volume losses, can lead to deteriorating margins and/or Hero products being delisted. Further, the ability to invest in brand and innovation diminishes.

Mitigation: Hero invests to strengthen its core brands and product innovation and renovation, increasing its market power. The Group further strives for strategic customer relationships and diversified channel distribution, thereby reducing customer concentration risk. Hero uses a systematic approach for cross-border price management for international customers and buying groups.

IT systems and security

Risk: Temporary loss of systems and services.

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

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

Risk: Delay or disruption in the implementation of new ERP system.

Risk description: Hero invests in its IT infrastructure as well as a more harmonized, modern ERP system. Due to complexity in local application landscapes, insufficient resource allocation and other organizational roadblocks, the project implementation process is delayed and/or disrupted locally. As a result, implementation costs increase, and local business objectives cannot be met.

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





Risk Management

Food safety / product quality

Risk: Incidents of real or perceived failure to meet quality and food safety standards.

Risk description: Hero is facing increased scrutiny and demand on product quality and healthier nutrition and higher regulatory and food safety standards from authorities, customers and consumers, NGOs, media, and certification bodies. In addition, improved ability to measure lower analytical values through advancing technology increases vulnerability in a complex supply chain. As a result, compliance with product standards and stakeholder expectations become more costly while stakeholders perceive Hero standards as inadequate. Any major event triggered by a serious food safety, regulatory compliance issue, or product sabotage could have a negative effect on Hero's reputation or brand image, and result in a loss of consumer trust, potential litigation, and negative financial performance from recall actions and lost sales.

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

Supply chain inefficiency

Risk: Not meeting strategic savings and production targets.

Risk description: Due to increased volume volatility, poor stock management and planning capabilities, and lack of flexibility, the strategic savings and production targets cannot be met. Climate-related shortages of raw and packaging material further complicate efficient production planning processes. This leads to additional efforts, inventory write-offs, and diminished margins.

Mitigation: The Group uses standardized performance management scorecards to identify risks and drive consistent cost, service and quality levels. Further, the Group aligns investments, people development, and incentive systems with its strategic priorities. The company has systems and processes in place to better predict demand requirements and volatility. The manufacturing footprint is reviewed and streamlined to optimize resource efficiency at Hero's production sites.

Geopolitics and tariffs

Risk: Political conflict causing trade impediments.

Risk description: Great power conflicts escalate, leading to supply chain and commercial disruptions, and exacerbate conflicts in Hero's operating regions. Hero cannot source or sell the volumes necessary to meet business goals and faces higher costs for security and political pressure to discontinue business activities in certain regions. Trade policies (tariffs, sanctions) on suppliers or regions may indirectly affect raw material availability or costs and create disadvantage compared to local competitors.



Risk Management

Mitigation: Geopolitical developments are monitored and assessed continuously. Supplier transitions are built up in order to increase flexibility, allowing Hero to adapt sourcing during adverse economic conditions. Processes and manuals are in place to deal with crises.

Environmental sustainability

Risk: Sustainable business practices to satisfy own, regulatory, and market expectations are not incorporated.

Risk description: Due to increased regulatory compliance requirements, such as for example (a) a more circular economy for plastic and packaging, (b) sustainable farming practices caused by potential reduction of available farming land due to Nature Restoration laws, and (c) supply chain due diligence directives, supply chains must be restructured and heavily audited. Therefore, additional costs occur. Failure to meet expectations (e.g. emission reduction, reporting) may harm the company's reputation, sales, and access to financing.

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

The Group commits to recording and reducing its environmental footprint and developing relevant people skills and works on preparing compliant sustainability reporting and meeting supply chain due diligence requirements.

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

Employee attraction and engagement

Risks: Not meeting own workforce requirements.

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

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

FX devaluation, hyperinflation and currency control

Risk: Significant volatility in Foreign Exchange (FX) rates development.

Risk description: Due to geopolitical volatility, the inability of governments to stabilize local finances, devaluation of foreign exchange rates against the CHF, and hyperinflation especially in emerging markets, lead to significant foreign exchange losses reducing Hero's profitability and equity position.



Risk Management

Capital flow and foreign exchange restrictions of countries can disrupt business operations resulting in sales and margin losses and Hero's ability to transfer profits into hard currencies.

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

Regulatory compliance

Risk: Not complying with existing laws and regulations.

Risks description: Inadequate organizational processes and structures lead to failure to meet existing and new binding laws and regulations (for example, child labor along the value chain, unethical practices such as corruption and bribery, antitrust, data protection, taxation, food safety, financial and non-financial reporting). This may result in financial losses due to fines and litigation costs, additional efforts across the company to reconcile shortcomings, and may lead to reputational damage.

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

Financial / balance sheet risks

Risk: Impairment of company assets and increase of liabilities.

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

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

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

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

Insurance program

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

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02 Financial Report

03 Sustainability Report

The Hero Group ended the year with an organic growth of 2.2% with our EBIT before exceptional transformation effects at CHF 71.1 million. You can find the complete Group financial results [here](#).

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Financial Review

In the year under review, Hero achieved **strong financial results** while shifting the portfolio towards the strategic core and completing major transformation projects:

- Organic sales grew 2.2%, with +7.0% in Better Snacking.
- EBIT increased to CHF 71.3 million (from CHF 54.7 million in prior year).
- Net Income rose to CHF 47.0 million (from CHF 36.5 million).
- Cashflow from Operating Activities reached CHF 96.1 million (from CHF 74.8 million).
- Net Debt was reduced to CHF 197.4 million (prior year: CHF 209.3 million).

New category view: Following its strategic decision to further focus the business on Better Snacking, Hero adjusted its product category view.

The category "Better Snacking" distinguishes the platforms "Early Life" (snacking for toddlers and pre-schoolers), "Better Confectionery" (mainly under the Corny brand) and "Wholesome Goodness" (Deliciously Ella) addressing different consumer needs.

The category "Naturally Good Food" comprises the platforms "Natural Spreads" and "Baby & Toddler Food" (non-snacking products for babies and toddlers). The category "Others" include Baby & Toddler Milk, Specialties and Non-Branded business.

More details on the new product category segmentation are provided in Section "01 Company Information – Our Categories" (pages 14-22).

Restatement: To sharpen product portfolio performance management and optimize investments in advertising and promotion in the context of the new strategic direction, Hero reassessed the classification of payments to customers and display production costs. This reassessment resulted in several customer arrangements being classified as deductions from Net Sales rather than Advertising & Promotion expenses. Display production costs were reclassified from Advertising & Promotion expenses to Cost of Goods Sold. The prior-year financial statements 2024 have been restated to ensure proper comparability and to allow a like-for-like performance review. Note 2 of the annual report provides further details on the effects of these restatements.

Completion of transformation projects: The transformation projects, initiated in 2023 and 2024, particularly focusing on the optimization of Hero's supply chain footprint were successfully completed in the year under review with limited impact on the financial statements.

Acquisition of Pinati in Brazil: In September 2025, Hero acquired the brand Pinati to enter the Brazilian snacking market.



Financial Review

Net Sales

On a like-for-like basis, at constant foreign exchange rates and adjusting for acquisition and discontinuation effects, Hero achieved organic Net Sales growth of 2.2% in 2025 (prior year 9.7%). In nominal terms, Net Sales declined by 0.7% to CHF 1,187.1 million (previous year: CHF 1,195.0 million). The gap between organic and nominal growth resulted from the appreciation of the Swiss Franc against several major currencies, causing a negative currency translation effect of -4.2%, and from acquisitions / divestments effects contributing +1.3%.

Net Sales by Regional Segments

The regions Europe, North America and Emerging Markets form our operational segments according to IFRS 8

In **Europe**, both nominal and organic Net Sales were flat year-on-year. A negative currency impact of -1.6% was offset by the acquisition effect from Deliciously Ella (acquired in September 2024). Better Snacking performed particularly well in Germany and in the UK with Deliciously Ella being a growth driver.

Europe saw the Specialties and the Non-Branded business decline, in line with our strategic intent to streamline our non-core portfolio, e.g. via the discontinuation of co-packing business in Spain.

In **North America**, where Hero sells Early Life Snacks and Baby & Toddler Food in the US and Canada under the Beech-Nut and Baby Gourmet brands, Net Sales grew 3.2% in local currencies in 2025.

The US branded business performed particularly well, achieving 7.1% organic growth overcompensating the discontinuation of non-branded co-packing business. Nominal Net Sales declined 3.3% due to a negative foreign exchange impact of -6.4%.

In **Emerging Markets**, nominal Net Sales declined by -0.9%. Negative currency translation effects neutralized the organic growth of 11.7% in local currencies, mainly driven by the devaluation of the Turkish Lira and the Egyptian Pound against the Swiss Franc.

in CHF million

	Net Sales 2025	Net Sales 2024	2025 vs 2024 in %	Acquisition & Divestment effect	Currency effect	Organic Growth
Europe	821.1	820.8	0.0%	1.8%	-1.6%	-0.1%
North America	189.3	195.9	-3.3%	-	-6.4%	3.2%
Emerging Markets	176.6	178.31	-0.9%	0.6%	-13.9%	11.7%
HERO GROUP	1 187.1	1 195.0	-0.7%	1.3%	-4.2%	2.2%



Financial Review

Net Sales by Product Categories and Platforms

Better Snacking grew 7.0% at constant foreign exchange rates, increasing by 6.8% nominally, reflecting a negative foreign exchange translation effect of -2.7% and positive acquisition impact of 2.5%. The acquisition impact relates to Deliciously Ella which Hero acquired in September 2024 and the Super Saude Nutricional S.A. in Brazil with its snacking brand Pinati which Hero acquired in September 2025. The organic Net Sales growth in Better Snacking was driven by a 2.7% volume increase as well as pricing effects, particularly in product segments containing chocolate. In line with the strategic focus the share of Better Snacking has increased from 37.7% in 2024 to 40.7% in 2025.

Within the category **Better Snacking** the platform **Early Life** saw Net Sales growth of 2.8% in local currencies and a strong volume development of +4.9%. While we saw strong growth momentum in our pouch business, we faced some supply challenges in dry snacks limiting our growth in this platform in 2025. **Better Confectionary**, with its main brand Corny, posted a healthy organic Net Sales growth of 10.7%, driven by pricing related to high cocoa price inflation and increasing sales in the highly dynamic Protein snacking segment. With its newly acquired brand Deliciously Ella, Hero posted an organic Net Sales growth of 22.7% in **Wholesome Goodness**, a still small but very promising platform.

The category **Naturally Good Food** with its platforms **Baby & Toddler Food** and **Natural Spreads** grew 2.7% organically in 2025. Net Sales in Baby & Toddler Food delivered an organic growth of 4.4%. The US and Spain with their strong market positions contributed predominantly to that growth. At the same time the significant devaluation of the US dollar is negatively impacting the currency effects.

Natural Spreads grew 1.2% at constant foreign exchange rates in 2025, supported by double-digit growth in Egypt and healthy growth in Germany. Low-sugar products remained the key growth driver in Europe.

In line with the strategic priorities the category **Others** declined by 6.9% organically with heterogenous developments across the platforms. **Baby & Toddler Milk** posted an organic Net Sales growth of 3.8% in 2025. Like 2024, Hero achieved double digit Net Sales growth in local currency in Egypt defending its strong market position. In Europe, declining birth rates led to lower Net Sales. Due to heavy negative currency effects from Emerging Markets, the nominal Net Sales of the platform declined by -4.8%.

Net Sales of **Specialties**, which Hero sells mainly in Europe, declined by -5.8% organically in 2025. The decline in Specialties in the year under review follows a planned portfolio simplification in Switzerland and Spain. Hero's **Non-Branded** business declined by -21.9% at constant foreign exchange rates. The strong decline in 2025 is intentional and was the result of our decision to further streamline our supply chain by discontinuing B2B production on underutilized production lines.



Financial Review

in CHF million

	Net Sales 2025	Net Sales 2024	2025 vs 2024 in %	Acquisition & Divestment effect	Currency effect	Organic Growth
Early Life	250.7	251.5	-0.3%	0.4%	-3.4%	2.8%
Better Confectionary	211.4	192.9	9.6%	0.6%	-1.7%	10.7%
Wholesome Goodness	20.6	7.6	172.0%	152.8%	-3.5%	22.7%
Better Snacking	482.7	452.0	6.8%	2.5%	-2.7%	7.0%
Baby & Toddler Food	214.4	218.4	-1.9%	0.1%	-6.4%	4.4%
Natural Spreads	229.2	234.5	-2.3%	-	-3.5%	1.2%
Naturally Good Food	443.5	452.9	-2.1%	0.1%	-4.9%	2.7%
Baby & Toddler Milk	94.7	99.5	-4.8%	-	-8.6%	3.8%
Specialties	106.3	106.8	-0.5%	6.6%	-1.3%	-5.8%
Non-Branded	59.8	83.8	-28.6%	-4.5%	-2.2%	-21.9%
Others	260.9	290.1	-10.1%	0.8%	-4.0%	-6.9%
HERO GROUP	1 187.1	1 195.0	-0.7%	1.3%	-4.2%	2.2%

Gross Margin

In 2025, Hero's **Gross Margin** improved strongly to 29.4%, up from 28.3% in prior year.

The improvement was driven by:

- the portfolio shift towards branded business, especially to Better Snacking products with higher margin
- the completion of efficiency-enhancing transformation projects in the supply chain
- successful pricing in selective product segments, passing on cost inflation e.g. related to cocoa.

With this significant Gross Margin progress in 2025, Gross Profit reached CHF 349.5 million, an increase of CHF 11.5 million over the prior year.

Operational Expenses represented 22.4% of Net Sales, an increase over prior year's ratio (prior year: 21.6%). The increase reflects higher investments in brand advertising and product promotion as well as our organizational capabilities.

Net Other Expenses decreased significantly from CHF 25.3 million in 2024 to CHF 12.1 million in 2025. This development decrease in Net Other Expenses is the result of various effects, main driver being that the transformation cost impact improved from -CHF 8.6 million to +CHF 0.2 million.



Financial Review

Overview exceptional transformation one-off effects on Operating Profit

in CHF 1000.-

	2025	2024
Closing of production in the factory in Lenzburg, Switzerland	(2 036)	8 831
Closing of production in the factory in Götene, Sweden	1 396	(6 014)
Sale of Glutenfree business in the Nordics	1 562	2 206
Discontinuation of production lines in Spain and USA	(726)	(13 659)
Exceptional transformation one-off effects on Operating Profit	196	(8 636)
thereof impairments on assets	(1 493)	(13 600)
thereof other restructuring and project income / (expenses)	1 689	4 964

Adjusted for the transformation effects, the Operating Profit (EBIT) reached CHF 71.1 million, an improvement of CHF 7.8 million over prior year (prior year: CHF 63.3 million). Including one-off transformation effects, **Operating Profit** (EBIT) increased strongly to CHF 71.3 million, up CHF 16.6 million or 30.4% from the prior year (2024: CHF 54.7 million).

Financial result and taxes

In 2025, **Finance Expense Net** was at -CHF 26.2 million, a significantly higher expense compared to -CHF 7.1 million in 2024. The increase is driven largely by an impairment on a third-party loan receivable, reflecting uncertainty regarding its recoverability.

Income Taxes amounted to +CHF 2.4 million (prior year: -CHF 10.0 million). The income tax benefit in 2025 resulted from the reassessment and recognition of previously unrecognized deferred taxes on US tax loss carry-forwards, reflecting the sustainably improved profitability of the US business. At the same time, deferred tax assets were not recognized for certain other jurisdictions with current-year tax losses. The net impact of deferred taxes on tax loss carry-forwards was +CHF 11.3 million in 2025.

Net Income

The Hero Group's **Net Income** for the year landed at CHF 47.0 million, significantly up from CHF 36.5 million the year before.

Cash flow and financial position

Net **Cash inflow from Operating Activities** amounted to CHF 96.1 million, a big step-up from CHF 74.8 million the year before, driven by improved operating performance and a tight Net Working Capital management. Total investments in tangible and intangible assets amounted to CHF 46.6 million (2024: CHF 45.7 million). In September 2025, Hero acquired Super Saude Nutricional S.A., a snacking business in Brazil for CHF 4.6 million. In addition, Hero made a first earn-out payment of CHF 4.5 million related to the Deliciously Ella acquisition in September 2024.

Total Assets of the Group increased slightly to CHF 1,273.1 million (2024: CHF 1,260.4 million).



Financial Review

The Hero Group's **Equity Ratio** amounted to 46.5% in 2025 (2024: 48.1%). The lower equity ratio is the result of a decrease in Hero Group's equity from CHF 606.8 million in 2024 to CHF 592.2 million in December 2025, mainly due to an Other Comprehensive Income loss of -CHF 42.9 million driven by negative foreign exchange translation effects.

The company's **Net Debt** position came down by CHF 11.9 million to CHF 197.4 million (2024: CHF 209.3 million).

With **EBITDA** at CHF 107.4 million (2024: CHF 110.3 million), Hero's Net Debt / EBITDA ratio improved to 1.8 (prior year: 1.9), underscoring Hero's solid financial strength.

Outlook

With the strategic focus on Better Snacking, strong brand positions across markets, and a streamlined production footprint following the completion of major transformation projects, Hero is well positioned to accelerate growth, driven by Snacking, and continue its profitability expansion in 2026.



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Consolidated Financial Statements

Consolidated Income Statement

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

	Note	2025	2024 (restated)*
Net sales	5	1 187 120	1 195 022
Cost of sales	24	(783 083)	(799 649)
Distribution expense		(54 569)	(57 367)
Gross profit		349 468	338 006
Advertising and promotion		(67 205)	(63 722)
Marketing and sales		(84 402)	(84 150)
Research and development		(11 313)	(12 431)
Administrative expense		(103 183)	(97 761)
Other income	6	13 168	14 002
Other expense	6	(25 242)	(39 275)
Operating profit	5	71 291	54 669
Finance income	7	9 265	5 957
Finance expense	7	(35 425)	(13 046)
Share of result of associates and joint ventures	31	(226)	(1 020)
Net monetary loss arising from hyperinflationary economies		(211)	(69)
Income before tax		44 694	46 491
Income tax (expense)/income	8	2 352	(9 996)
INCOME FOR THE YEAR		47 046	36 495
Attributable to:			
Equity holders of the parent		46 520	35 161
Non-controlling interests		526	1 334
INCOME FOR THE YEAR		47 046	36 495

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

*) see note 2 - restatement of customer arrangements and display production costs



Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

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

	2025	2024
INCOME FOR THE YEAR	47 046	36 495
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations and hyperinflation adjustments	(42 258)	10 288
Income tax effects	533	(127)
	(41 725)	10 161
Net gain/(loss) on cash flow hedge	(454)	737
Income tax effects	3	(5)
	(451)	732
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(42 176)	10 893
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of land	-	9 511
Income tax effects	-	(1 729)
	-	7 782
Reclassification of expired put-option on minority interests	1 041	-
Income tax effects	-	-
	1 041	-
Remeasurement gain/(loss) on defined benefit plans	(1 865)	12 611
Income tax effects	89	(2 127)
	(1 776)	10 484
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	(735)	18 266
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(42 911)	29 159
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	4 135	65 654
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	3 695	65 615
Non-controlling interests	440	39
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	4 135	65 654

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



Consolidated Financial Statements

Consolidated Balance Sheet

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

Assets	Note	2025	2024
Non-current assets			
Property, plant and equipment	18	253 405	258 391
Intangible assets	20	506 776	494 771
Right-of-use-assets	19	23 190	27 159
Investments in associated companies and joint ventures	31	-	456
Non-current receivables	14	6 527	25 668
Deferred tax assets	21	36 281	15 723
Net defined benefit assets	22	7 136	11 381
TOTAL NON-CURRENT ASSETS		833 315	833 549
Current assets			
Inventories	24	202 980	183 861
Derivative financial assets	11	643	2 358
Income tax receivables		6 970	7 671
Trade receivables, prepayments and other receivables	13	160 829	166 588
Cash and cash equivalents	12	68 400	66 367
TOTAL CURRENT ASSETS		439 822	426 845
TOTAL ASSETS		1 273 137	1 260 394

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



Consolidated Financial Statements

Consolidated Balance Sheet cont'd

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

	Note	2025	2024
Equity and liabilities			
Shareholders' equity			
Share capital	25	62 133	62 133
Share premium		63 632	63 632
Hybrid capital	25	139 060	139 060
Treasury shares		(4 249)	(4 249)
Other reserves	25	(400 911)	(358 086)
Retained earnings		724 194	696 684
Equity attributable to the equity holders of the parent		583 859	599 174
Non-controlling interests		8 326	7 619
TOTAL EQUITY		592 185	606 793
Non-current liabilities			
Borrowings	11,15	97 456	50 000
Debentures	11,15	-	135 000
Lease liabilities	15,19	17 511	22 089
Deferred tax liabilities	21	55 596	48 809
Net defined benefit liabilities	22	24 539	27 921
Provisions	23	18 207	19 934
Other liabilities	17	8 299	12 418
Total non-current liabilities		221 608	316 171
Current liabilities			
Trade and other payables	16	293 717	255 523
Borrowings	11,15	9 155	62 587
Debentures	11,15	135 000	-
Lease liabilities	15,19	6 633	5 960
Derivative financial liabilities	11	1 724	561
Provisions	23	3 786	1 573
Income tax payables		9 329	11 226
Total current liabilities		459 344	337 430
TOTAL LIABILITIES		680 952	653 601
TOTAL EQUITY AND LIABILITIES		1 273 137	1 260 394

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



Consolidated Financial Statements

Consolidated Statement of Changes in Equity

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

	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Share capital (note 25)	Share premium	Hybrid capital (note 25)	Treasury shares (note 25)	Other reserves (note 25)	Retained earnings		
BALANCE AT JANUARY 1, 2024	62 133	63 632	139 060	(4 249)	(388 303)	678 327	8 540	559 140
Income for the year	-	-	-	-	-	35 161	1 334	36 495
Other comprehensive income	-	-	-	-	30 454	-	(1 295)	(29 159)
Total comprehensive income	-	-	-	-	30 454	35 161	39	65 654
Reclassification of revaluation reserve on sale of land	-	-	-	-	(237)	237	-	-
Distribution on hybrid capital	-	-	-	-	-	(7 014)	-	(7 014)
Dividend payments to the parent	-	-	-	-	-	(10 027)	-	(10 027)
Dividend payments to non-controlling interests	-	-	-	-	-	-	(960)	(960)
BALANCE AT DECEMBER 31, 2024/ JANUARY 1, 2025	62 133	63 632	139 060	(4 249)	(358 086)	696 684	7 619	606 793
Income for the year	-	-	-	-	-	46 520	526	47 046
Other comprehensive income	-	-	-	-	(42 825)	-	(86)	(42 911)
Total comprehensive income	-	-	-	-	(42 825)	46 520	440	4 135
Distribution on hybrid capital	-	-	-	-	-	(7 014)	-	(7 014)
Dividend payments to the parent	-	-	-	-	-	(11 996)	-	(11 996)
Dividend payments to non-controlling interests	-	-	-	-	-	-	(243)	(243)
Capital contribution from non-controlling interests	-	-	-	-	-	-	755	755
Acquisition of subsidiaries	-	-	-	-	-	-	121	121
Acquisition of non-controlling interests	-	-	-	-	-	-	(366)	(366)
BALANCE AT DECEMBER 31, 2025	62 133	63 632	139 060	(4 249)	(400 911)	724 194	8 326	592 185

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



Consolidated Financial Statements

Consolidated Statement of Cash Flows

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

	Note	2025	2024
Cash flows from operating activities			
Income for the year		47 046	36 495
Adjustments for:			
Income tax expense/(income)	8	(2 352)	9 996
Depreciation property, plant and equipment	18	21 979	30 801
Impairment property, plant and equipment	18	1 493	13 600
Depreciation right-of-use-assets	19	7 278	6 648
Amortization intangible assets	20	5 395	4 565
(Gain) / loss on disposal of fixed assets		23	(16 156)
Net monetary loss arising from hyperinflation economies		211	69
(Gain) on fair value adjustment of investment in associates	29	(2 028)	-
(Gain) on adjustment of earn-out liability	11	(2 836)	-
(Gain) on disposal of subsidiary	30	-	(4 196)
Fair value result, net and other non-cash financial expense		23 837	1 336
Interest income	7	(3 323)	(4 126)
Interest expense	7	7 405	7 276
Share of result of associates and joint ventures	30	226	1 020
Net (gain) /loss in foreign exchange	7	(5 925)	(589)
Cash flows before changes in net working capital		98 429	86 739
Inventories		(26 415)	8 119
Trade and other receivables		1 193	(13 033)
Trade and other payables		43 125	(12 002)
Accruals and provisions		1 194	18 346
Changes in net working capital		19 097	1 430
Interest paid		(7 176)	(7 023)
Income tax paid		(14 228)	(6 365)
NET CASH FROM OPERATING ACTIVITIES		96 122	74 781



Consolidated Financial Statements

Consolidated Statement of Cash Flows cont'd

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

	Note	2025	2024
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29	(3 988)	(30 105)
Payment to acquire debt of subsidiary acquired	29	-	(4 800)
Earn-out payment	11	(4 515)	-
Capital contribution to joint ventures	31	-	(1 200)
Purchase of property, plant and equipment	18	(33 935)	(39 286)
Purchase of intangible assets	20	(12 656)	(6 435)
Loan repayment received		-	546
Disposal of intangible assets		-	38
Disposal of subsidiary, net of cash disposed	30	-	11 492
Disposal of property, plant and equipment		1 653	33 090
Loans made		(22)	(317)
Interest received		1 241	1 329
NET CASH USED IN INVESTING ACTIVITIES		(52 222)	(35 648)



Consolidated Financial Statements

Consolidated Statement of Cash Flows cont'd

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

	Note	2025	2024
Cash flows from financing activities			
Distribution on hybrid capital third parties		(7 014)	(7 014)
Proceeds from bank loans	15	48 685	9 118
Repayment of bank loans	15	(54 398)	(29 970)
Proceeds from financial liabilities	15	363	6 861
Repayment of financial liabilities	15	(2 684)	(1 418)
Payment of lease liabilities excluding interest	19	(7 279)	(6 419)
Capital increase from non-controlling interests		755	-
Payment of dividends to shareholders		(11 996)	(10 027)
Payment of dividends to non-controlling interests		(243)	(960)
NET CASH USED IN FINANCING ACTIVITIES		(33 811)	(39 829)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		10 089	(696)
Movement in cash and cash equivalents			
At start of year		66 367	68 226
Increase / (Decrease) in cash and cash equivalents		10 089	(696)
Effects of exchange rate changes on cash and cash equivalents		(8 056)	(1 163)
AT END OF YEAR	12	68 400	66 367

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



Notes to the Consolidated Financial Statements

1. General

Hero AG (Hero) is a limited company headquartered in Lenzburg, Switzerland. Schwartau International GmbH, Bad Schwartau, Germany, a subsidiary of AOH Nahrungsmittel GmbH & Co. KG, Germany, holds 99.0% of the share capital of Hero, 1.0% are held by executive board members in relation with the long term incentive plan. The Group's primary activities are the production and selling of consumer food products in the product areas of better snacking, natural spreads, baby and toddler food, baby and toddler milk and specialties which are sold in Europe, North America and Emerging Markets. All figures in the financial statements are presented in thousands of Swiss francs (TCHF) except where otherwise indicated. These financial statements were approved by the Board of Directors on March 3, 2026, and are subject to approval by the annual general meeting of shareholders to be held on March 17, 2026.

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

Basis for Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These principles have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements for the year ending December 31, 2025, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared under the historic cost convention, unless otherwise stated (i.e. revaluation of land, certain financial assets and liabilities at fair value). The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 37.



Notes to the Consolidated Financial Statements

Consolidation

Consolidation Method

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

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

Eliminations in the Course of Consolidation

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

Related Parties

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

Changes in the Scope of Consolidation

As per May 26, 2025 Hero Group acquired the remaining 50% of MadreNatura AG, Lenzburg (Switzerland). MadreNatura AG was a joint-venture until Hero took full control in May 2025.

As per September 1, 2025 Hero Brasil acquired 75% of Super Saude Nutricional S.A. (Pinati), Campo Largo (Brasil).

As per October 31, 2025 Hero Group acquired the remaining 3% of Baby Gourmet Foods Inc., Calgary (Canada).

Changes in accounting policies and disclosures

New and amended standards and interpretations

The following amendment applies for the first time in 2025

- Amendments to IAS 21: Lack of Exchangeability

The amendment had no material impact on the Group's financial statements.

Future changes in IFRS Accounting Standards

There are no plans for early adoption of published standards, interpretations or amendments prior to their mandatory effective date. In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard sets out requirements for the presentation and disclosure of information in financial statements. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. The Group is currently evaluating all impacts this new standard will have on the presentation of the income statement and the notes to the consolidated financial statements. It is too early to assess whether this standard will have a material impact on the financial statements. The Group does not expect that other changes in IFRS Accounting Standards, which are published but not yet effective, will have a material impact on the Group's consolidated financial statements.



Notes to the Consolidated Financial Statements

Customer arrangements restatement as per December 31, 2024

Nature of restatement

As part of our ongoing efforts to enhance transparency and align with industry best practices, the company has reviewed the classification of trade spend within the income statement. Historically, several customer arrangements for trade promotions were recorded as operational expenses, mainly under Advertising and Promotion (A&P). Following this review, it was recognised that several customer arrangements do not meet the strict criteria of being a distinct service under IFRS 15 and therefore have been corrected and reclassified from operational expenses to net sales deduction to better reflect their nature as reductions to revenue rather than expenses.

Reason for the correction

This reclassification ensures compliance with IFRS and provides a clearer representation of the company's commercial arrangements with customers. The reclassified arrangements primarily consist of promotional activities and services which are not entirely distinct from sales agreements with customers and therefore are considered adjustments to the transaction price rather than operating expenses.

Impact on financial statements

The restatement affects only the presentation of Net Sales and expenses within the income statement, the operating profit is not impacted.

Display production costs restatement as per December 31, 2024

Nature of restatement

In 2025, the Group revised its accounting policy for the classification of certain display production costs. Hero entities frequently sell finished goods together in displays as a single product. Historically, the production costs for displays were classified within Advertising and Promotion expenses (A&P), while the finished goods itself sold with the displays were included in Cost of Sales. Following the reassessment of cost classification, management concluded that display production costs form an integral part of the products costs sold and therefore shall be presented within Cost of Sales.

Reason for the change of accounting policy

The revised classification provides more relevant and reliable information about the Group's gross margin by reflecting the full cost of products sold to customers. It also improves comparability of gross margins between products, countries and reporting periods, and better reflects the economic substance of displays that are sold as part of a product offering.

Impact on financial statements

The restatement affects only the presentation of Cost of Sales and Advertising and Promotion expenses (A&P), within the income statement, the operating profit is not impacted.



Notes to the Consolidated Financial Statements

	2024 (reported)	Restatement Customer arrangements	Restatement Display production costs	2024 (restated)
Net Sales	1 252 900	(57 878)	-	1 195 022
Cost of sales	(791 180)	-	(8 469)	(799 649)
Distribution expense	(59 895)	2 528	-	(57 367)
Gross profit	401 825	(55 350)	(8 469)	338 006
Advertising and promotion	(126 147)	53 956	8 469	(63 722)
Marketing and sales	(84 897)	747	-	(84 150)
Research and development	(12 431)	-	-	(12 431)
Administrative expense	(97 761)	-	-	(97 761)
Other income	14 002	-	-	14 002
Other expense	(39 922)	647	-	(39 275)
Operating profit	54 669	-	-	54 669



Notes to the Consolidated Financial Statements

3. Foreign Currency Translation and Hyperinflation Adjustments

Foreign currency translation

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

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

Foreign Exchange Rate Table

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

	2025	2024
AVERAGE EXCHANGE RATES		
EUR/CHF	0.9371	0.9534
USD/CHF	0.8290	0.8832
GBP/CHF	1.0962	1.1288
SEK/CHF	0.0850	0.0833
CLOSING EXCHANGE RATES		
EUR/CHF	0.9314	0.9435
USD/CHF	0.7927	0.9033
GBP/CHF	1.0674	1.1374
SEK/CHF	0.0861	0.0821

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

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



Notes to the Consolidated Financial Statements

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

Hyperinflationary economies

The Group has considered Türkiye (since April 1, 2022) to be a hyperinflationary economy in the context of IAS 29 'Financial Reporting in Hyperinflationary Economies'. In 2025 and in 2024, the cumulative inflation index of Türkiye, as measured by the consumer price index published by the Turkish Statistical Institute, exceeds 100% over the last three years.

The adjustments resulting from the application of IAS 29 do not have a significant impact on the Group's operating results and balance sheet. An adjustment is recorded for the losses on the net monetary positions, which is a loss of CHF 0.2 million (2024: CHF 0.1 million) resulting from the loss in purchasing power of the net monetary positions during 2025 of the Group's subsidiary in Türkiye.

4. Significant Events in the Reporting Periods

Significant events 2025

The financial position and performance of the Group was affected by the following events and transactions during the reporting period 2025:

- Acquisition of Super Saude Nutricional S.A. (Pinati), see note 29.
- Acquisition of Madre Natura AG, see note 29.
- The completion of transformation projects started in the years 2023 and 2024 had no significant impact on the financial statements 2025.

Significant events 2024

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

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

Overview transformation effects on Operating Profit

in CHF 1000.-

	2025	2024
Closing of production in the factory in Lenzburg, Switzerland	(2 036)	8 831
Closing of production in the factory in Götene, Sweden	1 396	(6 014)
Sale of Gluten Free business in the Nordics	1 562	2 206
Closing production line in Beech-Nut and Spain	(726)	(13 659)
Transformation effects on operating profit	196	(8 636)
thereof impairments on assets	(1 493)	(13 600)
thereof other restructuring and project income and expenses, net	1 689	4 964

	Note	2025	2024
Transformation effects on operating profit		196	(8 636)
thereof transformation income	6	2 958	11 037
thereof transformation expenses	6	(2 762)	(19 673)



Segment disclosures

5. Disaggregated Revenue and Segment Information

Revenue from contracts with customers

The Hero Group manufactures and sells better snacks (within platforms: early life, better confectionary, wholesome goodness), baby and toddler food, baby and toddler milk, natural spreads, and specialties products. Besides this core activity, Hero trades with other food products and manufactures goods for other business partners. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. This amount reflects the list price after deductions of returns, trade discounts, price promotions to customers, sales taxes and other pricing allowances.

Payments made to customers for distinct commercial services are booked as an expense. Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery and therefore, there is no significant finance component included in the contracts. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

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

Segment Reporting

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



Segment disclosures

The segment Europe produces and sells mainly consumer food products such as Early Life snacks, Better Confectionary, Wholesome Goodness, Baby & Toddler Food, Baby & Toddler Milk, Natural Spreads, and Specialties. The segment North America produces and sells mainly consumer food products in the area of Early Life snacks and Baby & Toddler Food. The segment Emerging Markets mainly includes China, Egypt, Russia, Türkiye, Brazil and other export countries which produce and sell mainly consumer food products such as Natural Spreads, Better Confectionary, Baby & Toddler Food and Baby & Toddler Milk. The Group's financing (incl. finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Unallocated amounts relate to headquarters costs in relation to finance and M&A transactions, executive management and market organization at headquarters level.

The accounting policies of the operating segments are the same as for these consolidated financial statements. Hero manages the segment result on operating profit level. Average net working capital is composed of income tax receivables, trade and other receivables, prepayments and inventories less trade and other payables, short-term income tax payables and short-term provisions. Non-current assets comprise property, plant and equipment, intangible assets and right-of-use assets. Net sales by categories have been adjusted to distinguish between net sales of branded products and non-branded products. The net sales reporting of the product categories reflect the strategic direction of the company with focus on branded business.



Segment disclosures

Information about operating segments

for the year ended December 31, 2025 in CHF 1000.-

	Europe	North America	Emerging Markets	Unallocated	Total
Net sales	821 147	189 336	176 637	-	1 187 120
Cost of sales	(545 522)	(118 102)	(114 075)	(5 384)	(783 083)
Distribution expense	(37 093)	(14 321)	(3 155)	-	(54 569)
Gross profit	238 532	56 913	59 407	(5 384)	349 468
Operating profit*	90 923	20 741	23 427	(63 800)	71 291
Depreciation and amortization	(25 606)	(6 622)	(1 996)	(428)	(34 652)
Impairment	(937)	(556)	-	-	(1 493)
Average net working capital	69 976	30 509	29 317	(8 398)	121 404
CAPEX (tangible)	29 540	2 102	3 122	(829)	33 935

Information about major countries

	Switzerland (country of domicile)	Germany	USA	Spain	Sweden	UK	Other	Total
Net sales	77 710	331 927	167 960	97 115	74 692	70 429	367 287	1 187 120
Non-current assets (PPE, intangible & RoU assets)	76 765	162 853	89 465	58 459	84 583	36 883	274 363	783 371

Information about categories/platforms

	Better Snacking			Naturally Good Food		Others			Total
Categories (Net sales)	482 730			443 509		260 881			1 187 120
	Early Life	Better Confectionary	Wholesome Goodness	Baby & Toddler Food	Natural Spreads	Baby & Toddler Milk	Specialties	Non-Branded	Total
Platforms (Net Sales)	250 701	211 426	20 603	214 355	229 154	94 726	106 333	59 822	1 187 120

* Includes transformation one-off income of CHF 0.2m in Europe



Segment disclosures

Information about operating segments

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

	Europe	North America	Emerging Markets	Unallocated	Total
Net sales**	820 831	195 879	178 312	-	1 195 022
Cost of sales**	(556 637)	(128 028)	(112 117)	(2 866)	(799 649)
Distribution expense**	(38 625)	(15 645)	(3 097)	-	(57 367)
Gross profit**	225 569	52 206	63 097	(2 866)	338 006
Operating profit*	83 891	3 110	27 848	(60 180)	54 669
Depreciation and amortization	(27 741)	(11 367)	(2 071)	(835)	(42 014)
Impairment	(1 775)	(11 825)	-	-	(13 600)
Average net working capital	67 933	34 937	29 012	(7 197)	124 685
CAPEX (tangible)	34 167	1 627	2 577	916	39 287

Information about major countries

	Switzerland (country of domicile)	Germany	USA	Spain	Sweden	UK	Other	Total
Net sales	82 559	328 037	172 715	106 527	77 133	54 794	373 257	1 195 022
Non-current assets (PPE, intangible & RoU assets)	66 344	150 345	107 346	63 145	82 583	39 805	270 753	780 321

Information about categories/platforms

	Better Snacking			Naturally Good Food		Others			Total
Categories (Net sales)	451 959			452 930		290 133			1 195 022
	Early Life	Better Confectionary	Wholesome Goodness	Baby & Toddler Food	Natural Spreads	Baby & Toddler Milk	Specialties	Non-Branded	Total
Platforms (Net Sales)	251 471	192 913	7 575	218 409	234 521	99 533	106 833	83 767	1 195 022

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

** Restated (referred to Note 2 for further details)



Income statement information

6. Details on Other Income/Expense

in CHF 1000.-

	Note	2025	2024
Transformation Income	4	2 958	11 037
Compensation for damages		2 262	789
Gain from VAT settlement		2 410	1 467
Reversal of accruals and provisions		111	398
Gain on fair value adjustments of investments in associates	29	2 028	-
Stock refunds		182	119
Change in value of earn-out and put option liabilities	11	2 836	10
Government grants	10	25	44
Other		356	139
TOTAL OTHER INCOME		13 168	14 002
Transformation costs	4	(2 762)	(19 673)
Cost for organizational changes and ERP implementation		(16 024)	(8 739)
Legal and recall expenses		(1 155)	(801)
Compensation and destruction of inventory		(1 560)	(1 066)*
Government obligation payments and expenses for VAT exposure		(1 614)	(6 569)
Loss on disposal of assets		(58)	(255)
Other		(2 069)	(2 172)
TOTAL OTHER EXPENSE		(25 242)	(39 275)*

* Restated (referred to Note 2 for further details)

In 2025, transformation income was a gain on the sale of the assets in the Nordics and the US, and a reversal of provision for legal dispute following sale of site. In 2025, transformation costs originated from Hero's decision to move its jam factory to Hero Spain and impairment charges in frames of discontinuation of production lines in Spain and the US.

Cost for organizational changes relate to personnel costs in Europe and roll-out of a Group wide ERP system.



Income statement information

In 2024, transformation income is related to the gain on the sale of the factory in Lenzburg (Switzerland) and the profit from the sale of the Gluten Free business in the Nordics. Transformation costs originated from the closing and selling of the factory in Götene (Sweden) and from impairment charges in connection with the discontinuation of production lines in the US and Spain.

Cost for organizational changes mainly related to the implementation of a Group-wide ERP system (project PHI).

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

7. Finance Income/Expense

Interest income and expense

Interest is recognized using the effective interest method.

in CHF 1000.-

	Note	2025	2024
Interest income		3 323	4 126
Gains from financial instruments at fair value through profit or loss		-	740
Net foreign exchange gains		5 925	589
Other financial income		17	502
TOTAL FINANCE INCOME		9 265	5 957
Interest expense		(6 230)	(5 994)
Interest expense leases	19	(1 175)	(1 282)
Losses from financial instruments at fair value through profit or loss		(2 421)	-
Other financial expense		(25 600)	(5 770)
TOTAL FINANCE EXPENSE		(35 425)	(13 046)

Other financial expense consist primarily of an impairment charge on a financial asset and of non-income tax and bank fees and valuation allowances.



Income statement information

8. Income Tax

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

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

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

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

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

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

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



Income statement information

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2024 country-by-country reporting and 2025 financial information for the constituent entities in the Group. The effective tax rates in most of the jurisdictions in which the Group operates is above 15%. However, the Group has recognised a Top-up Tax of CHF 0.1 million (2024: CHF 0.2 million) for

one jurisdiction. The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows.

in CHF 1000.-

	2025	2024
Current income tax expense	(12 629)	(10 584)
Current income tax expense relating to prior periods	(545)	(435)
Deferred income tax	15 526	1 023
TOTAL INCOME TAX EXPENSE	2 352	(9 996)



Income statement information

Analysis of tax rate

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

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

in CHF 1000.-

	2025	2024
Income before taxes	44 694	46 491
Tax expense based on expected Group tax rate of the year	(10 394) 23.3%	(10 419) 22.4%
Impact of expense not entitled for deduction for tax purposes	(1 894)	(1 830)
Impact of non taxable income and exclusively tax deductible expense	2 030	2 945
Impact of tax expense related to profits of other periods and other items	(545)	(435)
Utilization of previously unrecognized tax losses	356	297
Reassessment of unrecognized tax losses of prior periods*	16 143	(49)
Impact of unrecognized tax losses of current period	(5 186)	(1 251)
Impact of deferred taxes on hybrid coupon	1 085	1 055
Impact of difference between statutory and deferred tax rate	(425)	(601)
Impact of tax law changes	132	440
Impact of changes in the local tax rates	1 050	(148)
EFFECTIVE GROUP TAX (EXPENSE)/INCOME	2 352	(9 996)

*The reassessment of unrecognized tax losses of prior periods mainly relate to the US



Income statement information

9. Additional Information on the Nature of Expense

in CHF 1000.-

	Note	2025	2024
Wages and salaries		(211 161)	(214 938)
Social security costs		(46 412)	(42 170)
Pension costs – defined contribution plans		(5 291)	(3 971)
Pension costs – defined benefit plans		(2 670)	(2 527)
TOTAL PERSONNEL EXPENSE		(265 534)	(263 606)



Income statement information

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

Year ended December 31, 2025						
		Right-of-use assets	Property, plant and equipment	Property, plant and equipment	Intangible assets	Intangible assets
	Note	Depreciation	Depreciation	Impairment	Amortization	Impairment
Cost of sales		(1 225)	(17 547)	-	(27)	-
Distribution expense		(1 237)	(471)	-	(8)	-
Advertising and promotion		-	-	-	(900)	-
Marketing and sales		(930)	(564)	-	(869)	-
Research and development		(43)	(172)	-	(2)	-
Administrative expense		(2 093)	(3 225)	-	(3 589)	-
Other expense		(1 750)	-	(1 493)	-	-
TOTAL	18, 19, 20	(7 278)	(21 979)	(1 493)	(5 395)	-

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



Income statement information

10. Government Grants

Government grants are recognized only when the Group complies with the applicable conditions and if there is reasonable assurance that the grants will be received. Government grants are deferred and recognized in the income statement over the period necessary to match them with the related costs which

they are intended to compensate on a systematic basis, or the carrying amount of the asset to which the grant relates is reduced by the grant. The grant is then recognized as income over the useful life of the depreciable asset by way of a reduced depreciation charge.

in CHF 1000.-

	Note	2025	2024
Export subsidies in Egypt		482	708
Other		64	66
TOTAL GOVERNMENT GRANTS		546	774

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

in CHF 1000.-

		2025	2024
Government grants deducted from cost of sales		521	730
Government grants included in other income	6	25	44
TOTAL GOVERNMENT GRANTS		546	774



Balance sheet information

11. Financial Instruments

General

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

Financial assets at fair value through profit or loss

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

Financial liabilities at fair value through profit or loss

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

Financial assets at amortised cost

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



Balance sheet information

Borrowings (Financial liabilities at amortised cost)

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

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

Derivative Financial Instruments and Hedge Accounting

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

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is attributable to a highly probable forecast transaction.

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

Cash flow hedges are accounted for, as described below:

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss.

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



Balance sheet information

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

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

For put option policy see note 29.

Fair Value Estimation

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



Balance sheet information

Fair values

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

in CHF 1000.-

in CHF 1000.-		Carrying amount		Fair value	
	Note	2025	2024	2025	2024
Financial assets - cash flow hedges					
Current					
Foreign exchange hedges		330	2 358	330	2 358
Interest rate hedges		313	-	313	-
Total (current)		613	2 358	613	2 358
Financial assets measured at amortized cost					
Non-current					
Third party loan receivable	14	1 189	21 222	1 137	21 222
Loans to related parties	36	436	436	436	436
Current					
Trade receivables	13	139 080	142 165	-	-
Cash and cash equivalents	12	68 400	66 367	-	-
Total (non-current and current)		209 105	230 190	1 573	21 658



Balance sheet information

in CHF 1000.-

in CHF 1000.-		Carrying amount		Fair value	
	Note	2025	2024	2025	2024
Financial liabilities - cash flow hedges					
Current					
Foreign exchange hedges		1 724	561	1 724	962
Other financial liabilities measured at amortized cost					
Non-current					
Borrowings	15	96 634	50 000	96 547	49 993
Debentures	15	-	135 000	-	134 990
Loans to third parties	15	822	-	822	-
Earn-out liability on acquisition of Deliciously Ella	29	3 044	10 348	3 044	10 348
Earn-out liability on acquisition of Pinati	29	781	-	781	-
Earn-out liability on acquisition of Madre Natura	29	956	-	956	-
Current					
Trade and other payables	16	282 140	243 852	-	-
Borrowings	15	8 881	62 587	-	-
Debentures	15	135 000	-	135 001	-
Loans to third parties	15	274	-	-	-
Loans to related parties	16	99	-	-	-
Put option liabilities over non-controlling interests		-	401	-	401
Total (non-current and current)		528 631	502 188	237 151	195 732

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



Balance sheet information

Fair value

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

Debentures

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

Third party loan receivable

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

The applicable interest rate is SOFR plus 8.25%. The final maturity date is May 30, 2029. The note can be partially or in full repaid earlier. In 2023 Hero received a repayment of USD 6.8 million (CHF 6.1 million). In 2019 Hero received a repayment of USD 12.7 million (CHF 12.6 million). The current valuation includes a loss allowance equal to the lifetime expected credit loss (ECL). (refer to note 7)

Put option liability Baby Gourmet Foods Inc.

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

The put option on the non-controlling interests of 3% over Baby Gourmet was recognized at an estimated present value of the redemption amount of CHF 1.0 million at the acquisition date. In 2025, Hero AG acquired the remaining 3% of Baby Gourmet. The put option was measured at CHF 0.4 million as of December 2024. The put option is classified as current liability at the end of 2024. Since the put option has not been exercised, we have released the financial liability and reclassified the remaining amount through equity.

Earn-out liability Deliciously Ella

As of September 14, 2024, Hero bought 100% of M&E Mills Ltd (Deliciously Ella). Hero paid an initial purchase price and agreed on an Earn-Out arrangement based on results (Net Sales and EBIT) from 2025-2026. As part of the accounting for the acquisition of Deliciously Ella, a contingent consideration (earn-out) with an estimated fair value of GBP 9.0 million (CHF 9.9 million) was recognized at the acquisition date. It was remeasured to GBP 9.1 million (CHF 10.3 million) as of December 2024 year-end.



Balance sheet information

During 2025, Hero renegotiated the Earn-Out arrangement to fix it at GBP 7 million (CHF 7.7 million). GBP 4 million (CHF 4.4 million) has been paid in December 2025. The remaining GBP 3 million (3.3 CHF million) will need to be paid in 2027.

The remaining Earn-Out liability of GBP 3 million is recognized at the discounted fair value as of December 31, 2025 (CHF 3.04 million).

Earn-out liability Pinati

As of August 31, 2025, Hero Brazil bought 75% of Super Saude Nutricional S.A. (Pinati). Hero paid an initial purchase price and agreed on an Earn-Out payment ranging between TBRL 6,300 and TBRL 7,000 (between CHF 0.9 million and CHF 1.0 million), contingent upon achieving the EBITDA target for the calendar year 2026. If the minimum target of TBRL 6,300 (CHF 0.9 million) is not met, no earn-out payment will be made. An Earn-out with an estimated fair value of TBRL 5,398 (CHF 0.78 million) has been recognized as of December 2025 year end.

Earn-out liability MadreNatura

As of May 31, 2025, Hero AG bought the remaining 50% of MadreNatura AG (MadreNatura). Hero paid an initial purchase price and agreed on an Earn-Out arrangement in the amount of 50% of the company's average Enterprise Value exceeding EUR 2.2 million (CHF 2.1 million) as per its audited financial statements 2028 and 2029.

As part of the acquisition of the remaining 50% of MadreNatura, an Earn-Out with an estimated fair value of EUR 1.02 million (CHF 0.96 million) has been recognized as of December 2025 year end.

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the reporting period ending December 31, 2025, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.



Balance sheet information

As at December 31, 2025, the Group held the following financial instruments measured at fair value:

at December 31, 2025 in CHF 1000.-

	Assets measured at fair value		Liabilities measured at fair value	
	Level 1	Level 2	Level 2	Level 3
Forward foreign exchange hedges	-	643	1 724	-
Earn-out liability on acquisitions	-	-	-	4 781

at December 31, 2024 in CHF 1000.-

		Level 2	Level 2	Level 3
Forward foreign exchange hedges	-	2 358	962	-
Earn-out liability on acquisitions	-	-	-	10 348

Earn-out liability on acquisitions

in CHF 1000.-

	2025	2024
Balance at January 1,	10 348	-
Payments	(4 515)	-
Additions	1 710	9 932
Fair value changes through profit or loss	(2 836)	-
Interest expense	432	132
Foreign exchange differences	(358)	284
Balance at December 31	4 781	10 348

Liabilities for which fair values are disclosed

in CHF 1000.-

	2025			2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Borrowings	-	96 547	-	-	99 994	-
Debentures	-	-	-	134 990	-	-
Put option liabilities over non-controlling interests	-	-	-	-	-	401



Balance sheet information

The Group holds the following forward foreign exchange contracts:

in CHF 1000.-

	2025	2024
Contracts with positive fair values		
Notional amount of forward foreign exchange contracts	23 523	36 323
Contracts with negative fair values		
Notional amount of forward foreign exchange contracts	(162 600)	(179 466)

The Group entered into forward foreign exchange contracts during financial year 2025 locking in several foreign exchange rates. The maturity of the open derivative positions is less than 12 months.

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

in CHF 1000.-

	Total hedging gain / (loss) recognized in OCI	Amount reclassified from OCI to profit or loss (cost of sales)
Year ended December 31, 2025		
Highly probable forecast transaction	(454)	737
Total	(454)	737
Year ended December 31, 2024		
Highly probable forecast transaction	737	(633)
Total	737	(633)



Balance sheet information

12. Cash and Cash Equivalents

in CHF 1000.-

	Note	2025	2024
Cash at banks		68 400	66 367
TOTAL CASH AND CASH EQUIVALENTS	11	68 400	66 367

Cash and cash equivalents at the end of the period include deposits with banks of CHF 0.8 million (2024: CHF 0.5 million) held by some subsidiaries which are not freely transferable to the holding company because those deposits are used to

secure bank facilities and guarantees or blocked by exchange control regulations. Cash equivalents contain cheques. The weighted average effective interest rate on cash and cash equivalents in 2025 was 2.55% (2024: 1.90%).



Balance sheet information

13. Trade Receivables, Prepayments and Other Receivables

in CHF 1000.-

	Note	2025	2024
Trade receivables from customers		140 292	143 583
Trade receivables from related and associated parties		-	575
Less: Allowance for expected credit losses		(1 212)	(1 993)
TRADE RECEIVABLES NET	11	139 080	142 165
Prepayments		6 699	7 631
VAT		10 251	10 622
Other receivables		4 799	6 170
TOTAL RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES		160 829	166 588

Other receivables consist primarily of employee advances, refundable taxes, deposits, subsidies and other non-income taxes.

Allowance for expected credit losses

in CHF 1000.-

	2025	2024
Balance at January 1	(1 993)	(2 692)
Charge for the year	(577)	(108)
Amounts used / written off	940	(34)
Unused amounts reversed	374	681
Exchange rate differences	44	160
BALANCE AT DECEMBER 31	(1 212)	(1 993)



Balance sheet information

Maturity of trade receivables

Year ended December 31, 2025 in CHF 1000.-

	Total carrying amount	Of which are not overdue	Overdue < 30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue 90-120 days	Overdue > 120 days
Trade receivables, gross	140 292	122 671	8 884	2 240	1 651	1 504	3 342
Allowance for expected credit losses	(1 212)	(818)	(110)	(5)	(64)	(2)	(213)
TRADE RECEIVABLES, NET	139 080	121 853	8 774	2 235	1 587	1 502	3 129

Year ended December 31, 2024 in CHF 1000.-

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

14. Non-current Receivables

in CHF 1000.-

	Note	2025	2024
Long term incentive plan loan receivable	11	436	436
Third party loan receivable	11	1 189	21 222
Other non-current receivables		4 902	4 010
TOTAL NON-CURRENT RECEIVABLES		6 527	25 668

In 2025 and 2024, other non-current receivables mostly relate to prepaid taxes on uncertain tax treatment.



Balance sheet information

15. Borrowings and Leases

in CHF 1000.-

	Note	2025	2024
Current			
Bank borrowings and overdrafts	11	8 881	60 356
Debentures	11	135 000	-
Loan liabilities third parties	11	274	2 231
Lease liabilities	19	6 633	5 960
TOTAL CURRENT BORROWINGS AND LEASES		150 788	68 547
Non-current			
Bank borrowings	11	96 634	50 000
Loan liabilities third parties	11	822	-
Lease liabilities	19	17 511	22 089
Debentures	11	-	135 000
TOTAL NON-CURRENT BORROWINGS AND LEASES		114 967	207 089

Covenants

Hero is engaged in different kinds of financings and most of them are related to certain financial covenants. The main covenants are Net Debt / EBITDA and interest coverage. Covenants are tested and reported on a half-year basis. As per December 31, 2025 and 2024 no covenant was breached.

Bank and loan liabilities

The weighted average effective interest expense rate for bank and loan liabilities in 2025 was 31.68% for Emerging Markets and 1.19% outside Emerging markets (2024: 42.09% for Emerging Markets and 0.94% outside Emerging markets).

The interest rates for the majority of current bank overdrafts and loan liabilities were between 15.00% - 49.00% for Emerging Markets and 1.10% - 1.70% excluding Emerging Markets (2024: 15.00% - 56.00% for Emerging Markets and 1.73% - 2.20% excluding Emerging Markets). Non-current borrowings had a weighted average fixed interest rate of 1.20% (2024: 0.88%).

Debentures

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



Balance sheet information

Reconciliation of borrowings/liabilities arising from financing activities	Non-current borrowings and leases	Current borrowings and leases
BALANCE AT DECEMBER 31, 2023/JANUARY 1, 2024	251 782	38 664
Repayment of bank loans	-	(29 970)
Proceeds from bank loans	-	9 118
Repayment of financial liabilities	(14)	(579)
Proceeds from financial liabilities	-	1 236
Payment of lease liabilities	-	(6 419)
New lease liabilities	11 911	-
Changes of lease liabilities	(222)	-
Reclassifications of lease liabilities	(6 999)	6 999
Acquisition of a subsidiary	932	-
Amortization of bond discounts	-	144
Reclassifications of bank loans	(50 000)	50 000
Foreign currency translation effects	(301)	(646)
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	207 089	68 547
Repayment of bank loans	(64)	(54 334)
Proceeds from bank loans	46 570	2 115
Repayment of financial liabilities	(260)	(2 424)
Proceeds from financial liabilities	-	363
Payment of lease liabilities	-	(6 104)
New lease liabilities	2 554	-
Changes of lease liabilities	(48)	-
Reclassifications of lease liabilities	(6 794)	6 794
Acquisition of a subsidiary	1 250	2 066
Amortization of bond discounts	-	194
Reclassifications of Debentures	(135 000)	135 000
Foreign currency translation effects	(330)	(1 429)
BALANCE AT DECEMBER 31, 2025	114 967	150 788



Balance sheet information

16. Trade and Other Payables

in CHF 1000.-

	Note	2025	2024
Trade payables	11	142 937	107 828
Amounts due to related and associated companies	11, 36	99	-
Accrued expenses	11	128 165	131 490
VAT and other taxes		8 656	8 552
Social security		2 921	2 718
Put option liabilities	11	-	401
Other payables	11	10 939	4 534
TOTAL TRADE AND OTHER PAYABLES		293 717	255 523

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

17. Other Non-current Liabilities

in CHF 1000.-

	Note	2025	2024
Withholding taxes		108	100
Income taxes		1 240	1 350
Earn-out liability	11	3 044	10 348
Other liabilities		3 907	620
TOTAL OTHER NON-CURRENT LIABILITIES		8 299	12 418



Balance sheet information

18. Property, Plant and Equipment

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

The general useful lives for various asset categories can be summarized as follows:

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

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



Balance sheet information

in CHF 1000.-

Property, Plant and Equipment	Land	Buildings	Plant and machinery	Other equipment	Total
Cost or valuation					
BALANCE AT JANUARY 1, 2024	30 942	220 622	420 037	50 572	722 173
Additions	29	1 197	20 708	17 352	39 286
Acquisitions of subsidiary (Note 29)	-	-	646	474	1 120
Derecognition/disposals of assets	(4 973)	(24 478)	(58 428)	(1 537)	(89 416)
Revaluation	9 511	-	-	-	9 511
Reclassification	-	-	(330)	(1 005)	(1 335)
Foreign exchange differences & hyperinflation adjustments	(2 184)	8 166	14 054	38	20 074
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	33 325	205 507	396 687	65 894	701 413
Additions	-	1 123	7 805	25 007	33 935
Acquisitions of subsidiary (Note 29)	-	-	202	47	249
Derecognition/disposals of assets	-	(389)	(6 012)	(4 313)	(10 714)
Reclassification	-	22	2 872	(3 214)	(320)
Foreign exchange differences & hyperinflation adjustments	(1 020)	(14 854)	(20 872)	(2 573)	(39 319)
BALANCE AT DECEMBER 31, 2025	32 305	191 409	380 682	80 848	685 244
Accumulated depreciation					
BALANCE AT JANUARY 1, 2024	1 300	104 860	315 650	33 717	455 527
Additions	-	6 020	20 816	3 965	30 801
Derecognition/disposals of assets	(1 300)	(20 504)	(48 995)	(1 537)	(72 336)
Impairment	-	-	13 600	-	13 600
Foreign exchange differences & hyperinflation adjustments	-	3 128	12 069	233	15 430
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	-	93 504	313 140	36 378	443 022
Additions	-	5 214	13 369	3 396	21 979
Derecognition/disposals of assets	-	(370)	(4 619)	(4 049)	(9 038)
Impairment	-	-	1 493	-	1 493
Foreign exchange differences & hyperinflation adjustments	-	(5 824)	(17 970)	(1 823)	(25 617)
BALANCE AT DECEMBER 31, 2025	-	92 524	305 413	33 902	431 839
Carrying amount					
At December 31, 2024	33 325	112 003	83 547	29 516	258 391
At December 31, 2025	32 305	98 885	75 269	46 946	253 405



Balance sheet information

Revaluation of land

Land is carried at revalued amounts.

Country	Fair Value	Price / m2	Valuation Date	External Valuation
Switzerland	2 349	CHF 497	December 2024	Recent transaction
Germany	11 274	EUR 65	September 2024	Marsh
Spain	5 944	EUR 74	August 2024	gesvalt
Brazil	3 254	BRL 199	August 2024	CPCON
Türkiye	6 116	TRY 9 565	August 2024	TSKB
Egypt	1 976	EGP 2 650	July 2024	Elhabashy
USA	2 412	USD 7	September 2024	Armstrong Appraisals
TOTAL	33 325	N/A		

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

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

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

in CHF 1000.-

	2025	2024
Balance at January 1	12 958	17 964
Disposal of Land		(3 491)
Foreign exchange differences	909	(1 515)
BALANCE AT DECEMBER 31	13 867	12 958



Balance sheet information

19. Right-of-use Assets and Lease Liabilities

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

Group as a lessee

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

I) Right-of-use assets

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

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

II) Lease liabilities

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



Balance sheet information

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

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

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



Balance sheet information

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

in CHF 1000.-

	Buildings	Plant and machinery	Other equipment	Total
Gross				
BALANCE AT JANUARY 1, 2024	23 720	3 003	12 664	39 387
Additions	8 365	397	3 622	12 384
Acquisition of a subsidiary	835	99		934
Contract modifications & remeasurements	(889)	(79)	(1 777)	(2 745)
Foreign exchange differences & hyperinflation adjustment	(198)	72	362	236
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	31 833	3 492	14 871	50 196
Additions	929	412	2 515	3 856
Acquisition of a subsidiary	8			8
Contract modifications & remeasurements	(379)	(89)	(1 569)	(2 037)
Foreign exchange differences & hyperinflation adjustment	(767)	(72)	(189)	(1 028)
BALANCE AT DECEMBER 31, 2025	31 624	3 743	15 628	50 995
Accumulated depreciation				
BALANCE AT JANUARY 1, 2024	9 259	1 704	7 772	18 735
Additions	3 520	469	2 659	6 648
Contract modifications & remeasurements	(768)	(79)	(1 685)	(2 532)
Foreign exchange differences & hyperinflation adjustment	(176)	44	208	76
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	11 835	2 138	8 954	22 927
Additions	3 787	532	2 959	7 278
Contract modifications & remeasurements	(339)	(89)	(1 596)	(2024)
Foreign exchange differences & hyperinflation adjustment	(343)	(57)	24	(376)
BALANCE AT DECEMBER 31, 2025	14 940	2 524	10 341	27 805
Carrying amount				
At December 31, 2024	19 888	1 354	5 917	27 159
At December 31, 2025	16 684	1 219	5 287	23 190



Balance sheet information

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

in CHF 1000.-

	Note	2025	2024
As at 1 January		28 049	21 665
Additions		3 856	12 384
Acquisition of a subsidiary		8	934
Decreases		(48)	(222)
Accretion of interest		1 175	1 282
Payments of lease liabilities including interest		(8 454)	(7 701)
Foreign exchange differences		(442)	(293)
AS AT 31 DECEMBER		24 144	28 049
Thereof non-current	15	17 511	22 089
Thereof current	15	6 633	5 960

The following are the amounts recognised in the income statement:

in CHF 1000.-

	2025	2024
Depreciation expense of right-of-use assets	(7 278)	(6 648)
Interest expense on lease liabilities	(1 175)	(1 282)
Expense relating to short-term leases	(2 160)	(1 887)
Expense relating of low-value assets	(473)	(780)
Variable lease payments	(1 315)	(997)
TOTAL AMOUNT RECOGNISED IN THE INCOME STATEMENT	(12 401)	(11 594)

The Group had total cash outflows for leases of CHF 12.4 million in 2025 (2024: CHF 11.4 million)



Balance sheet information

20. Intangible Assets

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

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

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

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

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

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

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

Impairment of Non-Financial Assets

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



Balance sheet information

Research and Development Costs

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

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



Balance sheet information

in CHF 1000.-

	Goodwill	Brands	Customer relations/ distribution networks	Software & other intangible assets	Total
Cost					
BALANCE AT JANUARY 1, 2024	317 801	171 646	23 732	69 119	582 298
Additions	-	-	-	6 435	6 435
Acquisition of subsidiaries	30 372	9 526	5 149	1 070	46 117
Derecognition/disposals of assets/business	-	-	-	(1 036)	(1 036)
Reclassification	-	-	-	1 335	1 335
Foreign exchange differences & hyperinflation adjustments	4 090	2 292	639	1 071	8 092
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	352 263	183 464	29 520	77 994	643 241
Additions	3 829	-	305	12 656	16 790
Acquisition of subsidiaries	4 255	2 747	439	-	7 441
Derecognition/disposals of assets/business	-	(977)	-	(5 021)	(5 998)
Reclassification	-	(213)	(14)	(1 041)	(1 268)
Foreign exchange differences & hyperinflation adjustments	(4 470)	(2 999)	(1 797)	(1 401)	(10 667)
BALANCE AT DECEMBER 31, 2025	355 877	182 022	28 453	83 187	649 539
Accumulated amortization					
BALANCE AT JANUARY 1, 2024	31 126	56 438	20 955	33 994	142 513
Additions	-	-	870	3 695	4 565
Derecognition/disposals of assets	-	-	-	(998)	(998)
Foreign exchange differences & hyperinflation adjustments	1 015	31	537	807	2 390
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	32 141	56 469	22 362	37 498	148 470
Additions	-	-	1 177	4 218	5 395
Derecognition/disposals of assets	-	(535)	(5)	(4 736)	(5 276)
Foreign exchange differences & hyperinflation adjustments	(1 734)	(8)	(1 430)	(2 655)	(5 827)
BALANCE AT DECEMBER 31, 2025	30 407	55 926	22 104	34 325	142 762
Carrying amount					
At December 31, 2024	320 122	126 995	7 158	40 496	494 771
At December 31, 2025	325 470	126 096	6 349	48 862	506 776



Balance sheet information

Software & other intangible assets

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

In 2025, TCHF 11 961 development costs (mainly software) were capitalized (2024: TCHF 5 886). It includes mainly the ongoing implementation of a new group wide Enterprise Resource Planning (ERP) system. The carrying value of the new group wide ERP asset as of December 31, 2025 is CHF 39.7 million (2024: 30.6 million). Amortization period is 10 years.

Impairment tests

Goodwill and intangible assets with indefinite useful lives are allocated to the respective cash-generating units (CGUs), which for goodwill primarily represents a geographical cluster. The recoverable amount of a CGU is determined based on value-in-use calculations. In 2025 as well as in 2024, the recoverable amounts exceeded the carrying amounts for all CGUs.

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



Balance sheet information

December 31, 2025

Cluster & Country-CGU

	Goodwill	Indef. life brands	Perpetual growth	WACC pre-tax	Growth rates p.a. years 2026-2031	Profit margin change between years 2026 and 2031	Impairment
	in CHF million		in %	in %	in %	in pp	
Cluster Central Europe	160.1	21.3	1.4	7.3	(7.9) - 6.6	1.1	no
Cluster Northern Europe	121.2	63.2	2.4	8.2	2.1 - 6.6	1.6	no
Cluster MEA & Türkiye	0.8	-	6.3	21.8	2.2 - 19.8	1.4	no
Beech-Nut	-	14.1	2.2	19.2	2.2 - 11.1	-	no
Hero Brazil	2.6	2.2	2.9	11.7	2.9 - 13.4	5.5	no
erdbär	25.1	17.7	2.2	8.0	2.1 - 16.1	1.1	no
Baby Gourmet	7.8	5.6	1.9	8.1	1.9 - 6.0	3.2	no
MadreNatura*	3.8	-					
Pinati*	4.1	2.7					
TOTAL	325.5	126.8					

December 31, 2024

Cluster & Country-CGU

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

* The goodwill recognized relates to the company acquired during the financial year. As the acquisition occurred in the current period, no annual impairment test was performed, and management identified no indicators of impairment as at the reporting date (refer to note 29).



Balance sheet information

21. Development of Deferred Tax Assets and Liabilities

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

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

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

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

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

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

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

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



Balance sheet information

in CHF 1000.-

	Deferred tax assets 2025	Deferred tax liabilities 2025	Deferred tax assets 2024	Deferred tax liabilities 2024
Assets				
Property, plant and equipment	2 714	(16 004)	3 512	(16 945)
Intangible assets	10 727	(49 871)	8 307	(48 595)
Right-of-use assets	60	(4 084)	-	(5 580)
Financial assets	-	(150)	-	(91)
Trade receivables, prepayments and other receivables	225	(620)	752	(4)
Inventories	387	(2 806)	297	(1 179)
Liabilities				
Net employee defined benefit assets/liabilities	3 274	(886)	3 788	(1 649)
Accruals and provisions	4 030	(873)	3 479	(285)
Trade and other payables	5 027	(2 370)	6	(2 639)
Lease liabilities	3 049	(127)	5 610	-
Financial liabilities	1 651	-	449	(13)
Capitalized unused tax losses and tax credits*	27 332	-	17 694	-
TOTAL DEFERRED TAXES	58 476	(77 791)	43 894	(76 980)
DEFERRED TAXES, NET	-	(19 315)	-	(33 086)

Reflected in the consolidated balance sheet as follows:

in CHF 1000.-

	2025	2024
Deferred tax assets	36 281	15 723
Deferred tax liabilities	(55 596)	(48 809)
DEFERRED TAX (LIABILITIES) / ASSETS, NET	(19 315)	(33 086)

* The recognition of the capitalized tax losses mainly relates to the US. The increase in 2025 compared to 2024 is due to the reassessment of the recoverability of these tax losses in the US.



Balance sheet information

Unrecognized deferred tax assets for unused tax losses

in CHF 1000.-

	2025	2024
Unrecognized deferred tax assets expire in:		
reporting year +1	-	-
reporting year +2	589	-
reporting year +3	577	-
reporting year +4	427	551
reporting year +5 and beyond	13 901	23 974
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS FOR UNUSED TAX LOSSES	15 494	24 525

Net deferred tax assets / (liabilities)

in CHF 1000.-

	Note	2025	2024
Balance at January 1		(33 086)	(26 735)
Deferred tax income / (expense)	8	15 526	1 023
Change in scope of consolidation	29	(725)	(4 011)
Deferred taxes directly recognized in OCI		(625)	(3 988)
Reclasses		-	703
Foreign exchange differences and hyperinflation adjustments		(405)	(78)
BALANCE AT DECEMBER 31		(19 315)	(33 086)



Balance sheet information

22. Defined Benefit Obligations

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

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

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

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions as well as changes in the effect of the asset ceiling are charged or credited to other comprehensive income in the period in which they arise.

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



Balance sheet information

Depending on the legal, economic and fiscal circumstances in each country, different retirement benefit systems are provided for the employees of the Group. As a rule, these systems are based on length of service and salary of the employees. Pension obligations in the Group relate to both defined benefit and defined contribution plans. Defined benefit plans are funded and unfunded. Most Group companies sponsor defined benefit pension schemes which are funded by payments to separate trustee-administered funds. The obligations of German companies are unfunded. The latest actuarial valuations under IAS 19 were carried out as at December 31, 2025, for all significant pension plans.

The Group's largest pension plans are in Switzerland and Germany (Schwartauer Werke). They account for 91% (2024: 91%) of the Group's defined benefit obligations and 94% (2024: 94%) of the Group's plan assets.

Pension plans in Switzerland

Pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are overseen by a regulator as well as by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are governed in regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. In case of an underfunding, various measures can be taken such as the adjustment of the pension commitment by

altering the conversion rates or increasing current contributions. The employer can also make additional restructuring contributions. The BVG prescribes how employees and employer have to jointly fund potential restructurings.

The Swiss pension plan "Hero Pensionskasse" has the legal structure of a foundation. All actuarial risks are borne by the foundation. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an annual actuarial report is drawn up in accordance with the requirements of the BVG. The report is not produced using the projected unit credit method, as required by IFRS Accounting Standards. The definitive funded status according to the BVG is determined in the first quarter of the following year. According to estimates, the funded status at December 31, 2025 is 123% (2024: 120%, final). In addition, a report is prepared annually in accordance with IFRS requirements.

The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy whenever necessary – especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the foundation's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy). The Board of Trustees delegates the implementation of the investment policy – in accordance with the investment strategy as well as various principles and objectives – to an external Investment Trust. The Swiss pension plan "Hero Pensionskasse" is treated as defined benefit plan under IAS 19 because both the actuarial risks and the investment risks are borne not only by the insured but also by the company.



Balance sheet information

The pension plan in Switzerland has been set up according to the Swiss method of defined contributions but does not fulfill all the criteria of a defined contribution pension plan according to IAS 19. For this reason, the Swiss pension plan is treated as defined benefit plan in the consolidated financial statements.

Pension plan Schwartauer Werke, Germany Schwartauer Werke grants pension benefits to its employees in addition to the state plan. The plan is an unfunded plan and the risks associated to the plan are covered by pension liabilities of Schwartauer Werke.

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

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

Multi-employer plans

The Group has multi-employer defined benefit plans in the US, the Netherlands and Sweden. For these plans there is no consistent and reliable basis for allocating the obligation, plan assets and cost of the plans to the individual entities participating in the plan.

Therefore, defined benefit accounting cannot be used and these plans are treated as a defined contribution plans in accordance with IAS 19. Expected contributions for 2026 are TCHF 967.

The most significant multi-employer plan is Beech-Nut Bakery and Confectionery Union and Industry International Health Benefits and Pension Fund (B&C Pension fund). It is funded by employer contributions made pursuant to collective bargaining agreements between employers and the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union. The plan is funded on an hours worked basis. The rate is set based on the pension rules. The plan rates are set by the Pension Board of Trustees. This Board consists of 6 employers and 6 union officials. Beech-Nut's share in the scheme is approximately 0.4% of the plan (2024: 0.4%).

The scheme shows 2025 based on latest information a USD 4.3 billion deficit (2024: USD 4.5 billion deficit).

Due to its funding issues, the B&C Pension fund received approximately \$3.4 billion in Special Financial Assistance from the PBGC in June 2024 per the American Rescue Plan Act of 2021.

Although the plan received federal assistance, it remains classified as being in critical status for regulatory purposes and continues to report a substantial funding shortfall relative to projected benefit obligations.



Balance sheet information

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

Amounts recognized in the balance sheet:

in CHF 1000.-

	2025	2024
Switzerland		
Present value of funded obligations	72 228	78 879
(Fair value of plan assets)	(85 717)	(90 257)
Surplus of funded obligations	(13 489)	(11 381)
Asset ceiling	6 353	-
(ASSET) IN THE BALANCE SHEET	(7 136)	(11 381)
Germany		
Present value of unfunded obligations	20 563	23 203
LIABILITY IN THE BALANCE SHEET	20 563	23 203
Other		
Present value of funded obligations	4 993	5 766
(Fair value of plan assets)	(5 302)	(5 798)
(Surplus)/Deficit of funded obligations	(309)	(32)
Present value of unfunded obligations	4 284	4 750
Total deficit of defined benefit pension plans	3 975	4 718
LIABILITY IN THE BALANCE SHEET	3 975	4 718
Total		
Present value of funded obligations	77 221	84 642
(Fair value of plan assets)	(91 019)	(96 055)
Surplus of funded obligations	(13 798)	(11 413)
Present value of unfunded obligations	24 847	27 921
Total deficit of defined benefit pension plans	11 049	16 540
Asset ceiling	6 353	-
(ASSET) IN THE BALANCE SHEET	(7 136)	(11 381)
LIABILITY IN THE BALANCE SHEET	24 539	27 921



Balance sheet information

Movement in the net defined benefit obligation over the year:

in CHF 1000.-

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

* mainly discount rate decrease



Balance sheet information

Movement in the net defined benefit obligation over the year:

in CHF 1000.-

	Present value of obligation	Fair value of plan assets	Total	Impact of minimum funding requirement/ asset ceiling	Total
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	112 595	(96 055)	16 540	-	16 540
Current service cost	1 833		1 833	-	1 833
Interest expense/(income)	1 967	(1 130)	837	-	837
	3 800	(1 130)	2 670	-	2 670
Remeasurements:					
Return on plan assets, excluding amounts included in interest expense/(income)	-	(3 620)	(3 620)	-	(3 620)
Loss from change in financial assumptions*	(3 009)	-	(3 009)	-	(3 009)
Experience gain	2 141	-	2 141	-	2 141
Change in asset ceiling, excl. amounts incl. in interest expense/(income)	-	-	-	6 353	6 353
	(868)	(3 620)	(4 488)	6 353	1 865
Contributions:					
Employers	-	(1 571)	(1 571)	-	(1 571)
Plan participants	1 317	(1 317)	-	-	-
Payments from plans:	-	-	-	-	-
Benefit payments	(13 791)	11 952	(1 839)	-	(1 839)
Curtailments	-	-	-	-	-
Foreign exchange differences	(983)	720	(263)	-	(263)
AT DECEMBER 31, 2025	102 070	(91 021)	11 049	6 353	17 402

* Mainly discount rate decrease



Balance sheet information

Significant actuarial assumptions:

in %	Switzerland		Germany		Other*	
	2025	2024	2025	2024	2025	2024
Discount rate	1.25	1.00	4.20	3.60	3.99	4.02
Salary growth rate	1.25	1.25	2.50	2.50	0.03	0.03
Pension growth rate	0.00	0.00	2.10	2.10	1.26	1.33

* Weighted average

Assumptions regarding future mortality:

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

in years	Switzerland		Germany		Other*	
	2025	2024	2025	2024	2025	2024
Retiring at the end of the reporting period:						
Male	23	23	21	21	21	21
Female	25	25	24	24	24	24
Retiring 20 years after the end of the reporting period:						
Male	25	25	24	24	22	23
Female	27	27	27	27	24	25

* Weighted average



Balance sheet information

Sensitivity of the defined benefit obligation:

2025

in CHF 1000.-

		Impact on defined benefit obligation			
Change in assumption		Increase in assumption		Decrease in assumption	
Discount rate	0.50%	(5 111)	(5.0%)	5 554	5.4%
Salary growth rate	0.50%	397	0.4%	(413)	(0.4%)
Pension growth rate	0.25%	1 890	1.9%	(559)*	(0.5%)
		Increase by 1 year in assumption		Decrease by 1 year in assumption	
Life expectancy		3 040	3.0%	(2 776)	(2.7%)

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

Sensitivity of the defined benefit obligation:

2024

in CHF 1000.-

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

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



Balance sheet information

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the

Composition of plan assets:

Plan assets are comprised as follows:

in CHF 1000.-

	2025	in %	2024	in %
Equity instruments	26 771	29.4	28 515	29.7
Bonds	36 865	40.5	39 584	41.2
Property	26 255	28.8	26 373	27.5
Cash and cash equivalents	1 130	1.2	1 583	1.7
TOTAL	91 021	100.0	96 055	100.0

end of the reporting period) has been applied as when calculating the pension liability recognized within the balance sheet.

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

The assets of the Swiss pension funds which represent 94% (2024: 94%) of the Group's plan assets are comprised of:

- 28% (2024: 28%) Equity instruments with quoted prices in an active market (level 1 fair value classification).
- 41% (2024: 41%) Bonds with quoted prices in an active market (level 1 fair value classification).
- 31% (2024: 29%) Property with quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data (level 2 fair value classification).
- 1% (2024: 2%) Cash and cash equivalents.



Balance sheet information

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

Asset volatility

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

Changes in bond yields

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

Inflation risk

The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

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



Balance sheet information

Expected contributions

Expected contributions to post-employment benefit plans for the year ending December 31, 2026 are TCHF 1 513

Weighted average duration

The weighted average duration of the defined benefit obligations are:

	Switzerland		Germany		Other*	
	2025	2024	2025	2024	2025	2024
in years	11	11	11	12	10	10

* Weighted average



Balance sheet information

23. Provisions

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



Balance sheet information

in CHF 1000.-

	Litigation	Employee related	Other	Total
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	2 181	16 923	2 404	21 508
Additional provisions	130	2 505	1 450	4 085
Utilized	(31)	(227)	(66)	(324)
Unused amounts reversed/reclassifications	497	(3 635)	189	(2 949)
Foreign exchange differences	(5)	(225)	(97)	(327)
BALANCE AT DECEMBER 31, 2025	2 772	15 341	3 880	21 993
Analysis of total provisions				
Current provisions	515	-	3 271	3 786
Non-current provisions	2 257	15 341	609	18 207

Litigation

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

Employee related

This position represents a provision for long term incentive plans in the amount of CHF 12.2 million (2024: CHF 11.5 million) as well as provisions for jubilee, early retirement and indemnity payments.

Long-term investment plan

Effective January 1, 2014, the Group issued a long term investment plan for the executive board members. There is a two year waiting period for newly employed executive board members before they may participate in the plan. Under the plan, the participants are offered the opportunity to invest up to 50% of their short-term incentive payment in shares. After a restriction period of three years, participants may sell the shares back to Hero at a price based on a formula defined in the plan. In conjunction with the plan, participants may be granted loans to fund the share issue. As the shares are restricted and will ultimately revert to the company and the share

price does not reflect the fair value of the Hero shares, the Group has accounted for the plan under an IAS 19 long-term benefits model. Under the IAS 19 model, management has estimated the future payment at the end of the restriction period and the expense is recognized over a four-year vesting period in the income statement. At each reporting date the amount is re-assessed and recognized in the income statement.

Long-term incentive plan

As per January 1, 2019, the Group introduced an additional incentive plan for the members of the Group executive board and the members of the leadership circle including the general managers of the subsidiaries and functional heads of Hero.

The plan is linked to the achievement of strategic KPI's and the performance of the share price of Hero which is calculated based on a formula defined in the plans. There is a minimum performance threshold of the strategic KPI's and the amount of pay-out is capped.



Balance sheet information

The incentive plan is therefore aimed at providing an incentive to make significant contributions to the long-term performance and growth of Hero and shall increase the ability of Hero to attract, motivate and retain individuals of exceptional skills. Every year, the Human Resources Committee has the right to decide for this discretionary plan if a new cycle is initiated. The plan members participate with a percentage of their base salary depending on the role.

Each performance cycle is three full calendar years, starting in the year of the grant date and ending with the year preceding the vesting date. For any participants not being a member of the Group executive board, the plan is settled in cash at the end of the vesting period. The members of the Group executive board have the option to either settle in cash or shares at the end of the vesting period.

At each balance sheet date, management estimates the pay-out at the end of the vesting period. The expense is recognized over the three-year performance cycle in the income statement. As the shares are restricted and will ultimately revert to the company and the share price does not reflect the fair value of the Hero shares, the Group has accounted for the plan under an IAS 19 long-term benefits model.

Other provisions

Other provisions are set up for obligations which do not fall into one of the before mentioned group of provisions and include mainly provisions for non income tax, audit and tax advisory.



Balance sheet information

24. Inventories

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

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

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

in CHF 1000.-

	2025	2024
Raw materials and supplies	62 575	56 076
Semi-finished goods	20 103	18 269
Finished goods	120 302	109 516
TOTAL INVENTORIES	202 980	183 861
Write down of inventories	(3 947)	(2 642)
Inventory expensed in cost of sales*	(783 083)	(799 649)

* Restated (referred to Note 2 for further details)



Capital structure/management

25. Shares, Hybrid Capital and Other Reserves

Share Capital

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

Hybrid Capital

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



Capital structure/management

Number of shares

	2025	2024
Total shares issued January 1	6 213 272	6 213 272
Total shares issued at December 31	6 213 272	6 213 272
Less: Treasury shares	(61 672)	(61 672)
TOTAL SHARES OUTSTANDING AT DECEMBER 31	6 151 600	6 151 600

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

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

Hybrid capital

in CHF 1000.-

	2025	2024
Hybrid capital third parties	139 060	139 060
TOTAL HYBRID CAPITAL AT DECEMBER 31	139 060	139 060

Hybrid Capital Third Parties

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

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

The terms and conditions of the bonds are such, that in accordance with IAS 32, the bonds qualify for treatment as equity in the financial statements of the Group.

Payments of the coupons relating to the bonds are recorded as distribution on hybrid capital third parties.



Capital structure/management

Other reserves

in CHF 1000.-

	Revaluation reserve	Legal reserves	Fair value reserve	Cash flow hedge reserve	Pensions reserve	Foreign currency translation reserve	Total
BALANCE AT JANUARY 1, 2024	15 087	25 758	0	(274)	(12 423)	(416 451)	(388 303)
Hedge accounting	-	-	-	737	-	-	737
Revaluation of land *	9 232	-	-	-	-	-	9 232
Remeasurements	-	-	-	-	12 611	-	12 588
Tax effects	(1 634)	-	-	(5)	(2 217)	(127)	(3 893)
Foreign exchange differences & hyperinflation adjustments	-	-	-	-	-	11 767	11 767
Reclassification on sale of land to retained earnings	(237)						(237)
BALANCE AT DECEMBER 31, 2024/JANUARY 1, 2025	22 448	25 758	0	458	(1 939)	(404 811)	(358 086)
Hedge accounting	-	-	-	(454)	-	-	(454)
Put option	-	-	1 041	-	-	-	1 041
Remeasurements	-	-	-	-	(1 853)	-	(1 865)
Tax effects	-	-	-	3	89	533	625
Foreign exchange differences & hyperinflation adjustments	-	-	-	-	-	(42 172)	(42 172)
Reclassification on sale of land to retained earnings	-	-	-	-	-	-	
BALANCE AT DECEMBER 31, 2025	22 448	25 758	1 041	7	(3 715)	(446 450)	(400 911)

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



Capital structure/management

Revaluation reserve

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

Legal reserve

Legal reserves are not available for distribution.

Fair value reserve

The fair value reserve includes unrealised gains and losses on financial assets classified as fair value through other comprehensive income (FVOCI), net of tax.

Cash flow hedge reserve

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

Pensions reserve

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

Foreign currency translation reserve

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

26. Dividend

Dividends

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

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

At the Annual General Meeting in 2026 a dividend in respect of 2025 of CHF 2.75 per share amounting to a total dividend of CHF 17.1 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the year ending December 31, 2025. Dividend paid in 2025: CHF 1.95 per share amounting to a total dividend of CHF 12.1 million. Dividend paid in 2024: CHF 1.63 per share amounting to a total dividend of CHF 10.1 million.



Risk Management

27. Financial Risk Management

Financial instruments risk management policies

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

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 18-month period for hedges of forecasted sales and purchases and net investment hedges. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

At December 31, 2025 the Group hedged 40% of its net exposure of its expected foreign currency sales and purchases in 2026 (2024: 53% for 2025). Those hedged sales and purchases were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.



Risk Management

Derivatives designated as hedging instruments - Cash flow hedge

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales and forecast purchases. The forecast transactions are highly probable. The cash flow hedges of the expected future sales and purchases in 2026 and 2025 were assessed to be highly effective.

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

The estimated potential intra-day loss in the VAR model amounts to TCHF 50 as per December 31, 2025 (2024: confidence interval 99%; TCHF 768.8)

Foreign Currency Risk Table

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

	2025	2024
Increase/(decrease)	5%	5%
in USD/EUR/GBP/SEK rate	(5%)	(5%)
Effect on profit before tax	613	681
in CHF 1000.-	(613)	(681)
Effect on comprehensive income/equity	1 987	2 041
in CHF 1000.-	(1 987)	(2 041)

Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's long-term borrowings are with fixed maturity and interest rates. The Group is mainly exposed to interest risk in case of refinancing of matured borrowings.



Risk Management

Credit Risk

The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative and cash transactions are limited to highly creditworthy financial institutions. From time to time the Group also makes loans to related parties. Where material the Group seeks adequate pledges or guarantees. The maximum credit risk represents the net carrying value of the loans and receivables. Credit risks arise from the possibility that customers may not be able to settle their trade receivables or other financial assets, like the seller note, as agreed. Hero considers a financial asset in default when contractual payments are more than 120 days past due.

However, in certain cases, Hero may also consider a financial asset to be in default when internal or external information indicates that Hero is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. There is no significant concentration of credit risk for trade receivables as no customer accounts for more than 10% or more of net sales of the Group. The credit risk for the seller note has significantly deteriorated in 2025. The expected lifetime credit default risk has been recognized.

To manage this risk, the Group periodically assesses country and customer credit risk, assigns individual credit limits, and takes actions to mitigate credit risk where appropriate. The provisions for expected credit losses for customers are based on a forward-looking expected credit loss, which includes possible default events on the trade receivables over the entire holding period of the trade receivables. In measuring the expected credit losses, trade receivables are grouped based on shared credit risk and days past due. In determining the expected credit loss rates, the Group considers current and forward-looking macroeconomic factors that may affect the ability of the customers to settle the receivables, and historical loss rates for each category of customers.

Liquidity Risk

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



Risk Management

Liquidity Risk Table

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

in CHF 1000.- at December 31, 2025

	Carrying value	Within 1 year	1 – 2 years	2 – 3 years	3 – 4 years	5 years and more	Total
Derivatives							
Forward contracts – cash (inflow)	(643)	(643)	-	-	-	-	(643)
Forward contracts – cash outflow	1 724	1 724	-	-	-	-	1 724
Forward contracts – net	1 081	1 081	-	-	-	-	1 081
Borrowings	106 612	20 601	51 042	20 616	16 411	481	109 150
Debentures	135 000	136 125		-	-	-	136 125
Lease liabilities	24 144	6 633	6 289	3 344	1 724	6 536	24 526
Put option liabilities			-	-	-	-	
Trade and other payables (note 16)	282 140	282 140	-	-	-	-	282 140
TOTAL	548 977	446 580	57 331	23 960	18 135	7 017	553 022



Risk Management

in CHF 1000.- at December 31, 2024

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



Capital Management

28. Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new capital. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. No changes were made in the objectives, policies or processes during the years ended December 31, 2025, and December 31, 2024.

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

The gearing ratios at December 31, 2025, and December 31, 2024, were as follows:

in CHF 1000.-

	2025	2024
Total borrowings, debentures, lease liabilities	265 757	275 637
Less: cash and cash equivalents	(68 400)	(66 367)
Net debt	197 357	209 270
Equity attributable to the equity holders of the parent	583 860	599 175
Gearing ratio	34%	35%



Group structure

29. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Where the Group writes a put option over non-controlling interests, the Group assesses whether it has present access to returns associated with the ownership interests subject to the put option. If the Group concludes that it does not have present access, the non-controlling interests are not derecognised and continue to receive an allocation of profit or loss and other comprehensive income.



Group structure

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

Acquisitions 2025

MadreNatura AG

On May 26, 2025, the Hero Group obtained control over MadreNatura AG through the acquisition of the remaining 50% of the shares of MadreNatura AG. Hero paid an initial purchase price and agreed on an earn-out payment based on net sales and EBITDA for 2028 and 2029. The earn-out payment is recorded as a liability, see note 11.

From the date of acquisition, MadreNatura contributed TCHF 1,305 of revenue and -TCHF 1,288 net loss to the Group. If the combination had taken place at the beginning of 2025, the Group's revenue from the acquisition would have been TCHF 2,662 and the net loss would have been -TCHF 1,736.

The Group incurred acquisition-related costs of TCHF 13 mainly on legal fees and due diligence costs. These costs have been included in 'administrative expense'.

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

Super Saude Nutricional S.A.

On September 1, 2025, the Hero Group obtained control over Super Saude Nutricional S.A. through the acquisition of 75% of the shares of Super Saude Nutricional S.A. The company operates under the brand Pinati, which is predominantly sold in Brazil and manufactures and sells snacks. It allows Hero to enter the Brazilian snacking market. Hero paid an initial purchase price and agreed on an earn-out payment based on EBITDA for 2026. The earn-out payment is recorded as a liability, see note 11.

From the date of acquisition, Pinati contributed TCHF 1,094 of revenue and -TCHF 510 net loss to the Group. If the combination had taken place at the beginning of 2025, the Group's revenue from the acquisition would have been TCHF 3,121 and the net loss would have been -TCHF 882.

The Group incurred acquisition-related costs of TCHF 150 mainly on legal fees and due diligence costs. These costs have been included in 'administrative expense'.

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

Baby Gourmet Foods Inc.

On October 31, 2025, Hero Group has acquired the remaining non-controlling interest (NCI) of 3% of Baby Gourmet Foods Inc. by reducing the amount of principal and interest outstanding under the loan agreements and a cash component of TCHF 215.



Group structure

As at May 27, 2025 in CHF 1000.-

		Fair value recognized on acquisition - provisionally determined
MadreNatura AG	Note	2025
Intangible assets		306
Trade receivables, prepayments and other receivables		1 095
Short term financial assets		764
Cash and cash equivalents		428
Trade and other payables		(1 800)
Deferred tax liabilities		(85)
Total identifiable net assets at fair value		708
Goodwill arising on acquisition		3 836
Fair value of existing equity investment of 50%*		2 272
Purchase consideration for the remaining 50% of the shares		2 272
Thereof cash paid		1 330
Thereof earn-out	11	942
Cash paid		(1 330)
Cash and cash equivalents acquired with subsidiary		428
Cash outflow on acquisition		(902)

*) The total consideration of TCHF 2'272 for 50% of the shares resulted in a fair value gain of TCHF

2'028 on the existing carrying value which was booked in profit or loss in 2025.

The total consideration paid for the remaining 50% of the shares and the fair value adjustment of the existing carrying value results in a goodwill of TCHF 3'836.



Group structure

As at September 1, 2025 in CHF 1000.-

		Fair value recognized on acquisition - provisionally determined
	Note	2025
Super Saude Nutricional S.A. (Pinati)		
Property, plant and equipment		250
Right-of-use assets		8
Intangible assets		3 197
Inventories		311
Trade receivables, prepayments and other receivables		1 441
Indemnification asset		395
Cash and cash equivalents		1 770
Deferred tax assets		555
Trade and other payables		(3 370)
Contingent liabilities		(1 579)
Loan liabilities		(1 258)
Deferred tax liabilities		(1 217)
Total identifiable net assets at fair value		503
Non-controlling interests (25% of net assets)		(126)
Goodwill arising on acquisition		4 255
Purchase consideration		4 631
Thereof cash paid		4 641
Thereof earn-out	11	772
Thereof indemnification asset		(782)
Cash paid		(4 641)
Cash and cash equivalents acquired with subsidiary		1 770
Cash outflow on acquisition		(2 871)



Group structure

Acquisitions 2024

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

From the date of acquisition, Deliciously Ella contributed TCHF 7,603 of revenue and TCHF 202 net income the Group. If the combination had taken place at the beginning of 2024, the Group's revenue would have been TCHF 23,830 higher and the net income would have been TCHF 693 higher.

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

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



Group structure

As at September 14, 2024 in CHF 1000.-

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



Group structure

30. Disposals/Non-current Assets Held for Sale

Disposals 2025

There were no disposals in 2025.

Disposals 2024

On January 4, 2024, the Group sold its Gluten Free business in Sweden.

in CHF 1000.-

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



Group structure

31. Interest in Associates and Joint Ventures

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

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

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

The Group previously held a 50% interest in MadreNatura AG, a company founded on December 17, 2019 by Hero AG and its joint-venture partner to sell baby and toddler food.

On May 26, 2025, the Group acquired the remaining 50% of the shares in MadreNatura AG and obtained full control of the company. As a result, MadreNatura AG was fully consolidated from this date onwards.



Group structure

Summarized statement of financial position of joint venture:

in CHF 1000.-

	2025	2024
Current assets	-	3 636
Thereof cash and cash equivalents	-	387
Non-current assets	-	-
Current liabilities	-	2 725
Thereof current financial liabilities	-	-
Non-current liabilities	-	-
Equity	-	911
Group's share in equity 50%	-	456
Group's carrying amount of the investment	-	456
Other non material associates and joint ventures	-	0
TOTAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES	-	456

	2025	2024
Capital contribution to joint-venture	-	1 200

Summarized statement of profit or loss joint venture:

in CHF 1000.-

	2025	2024
Revenue from contracts with customers	1 366	4 077
Depreciation and amortization	-	-
Interest income	21	36
Interest expense	-	-
Loss before tax	(452)	(2 039)
Income tax expense	-	-
Loss for the year	(452)	(2 039)
Group's share of loss for the year	(226)	(1 020)
Foreign exchange differences	12	19
GROUP'S SHARE OF TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(214)	(1 001)



Group structure

32. Principal Group Companies

Country	Name of company	Location	Share capital in thousands local currency		Equity interest in %	Consolidation method*	Activity**
Brazil	Hero Brasil S.A.	Itatiba	BRL	79 000	50.0	F	P; S
	Super Saúde Nutricional S.A.****	Campo Largo, PR	BRL	7 822	37.5	F	S
Canada	Baby Gourmet Foods Inc.	Calgary	CAD	25 439	100.0	F	S
China	Autumn Harvest Ltd.	Hong Kong	HKD	-	100.0	F	S
	Hero (Shanghai) Trading Co.Ltd.	Shanghai	CNY	1 254	100.0	F	S
Czech Republic	Hero Czech s.r.o.	Prague	CZK	200 200	100.0	F	S
Denmark	Hero Denmark Aps	Frederiksberg	DKK	50	100.0	F	S
Egypt	Hero Nutritional Food Industries SAE (Vitrac)	Cairo	EGP	543 615	100.0	F	P; S
	Hero for Commercial Investment LLC	Cairo	EGP	2 000	100.0	F	S
Finland	Hero Finland Oy	Espoo	EUR	3	100.0	F	S
Germany***	HERO GmbH & Co. KG	Bielefeld	EUR	15 339	100.0	F	S
	Schönauer IAV AG	Bad Schwartau	EUR	403	100.0	F	H
	Schwartauer Werke GmbH & Co. KG	Bad Schwartau	EUR	57 500	100.0	F	P; S; R
	Schwartauer Werke Verwaltungsgesellschaft mbH	Bad Schwartau	EUR	870	100.0	F	H
	Hero Management GmbH	Bad Schwartau	EUR	25	100.0	F	H
	Hero Deutschland Beteiligungen GmbH	Bielefeld	EUR	26	100.0	F	H
	erdbär GmbH	Berlin	EUR	150	100.0	F	S
Italy	Hero Italia SpA	Verona	EUR	3 616	100.0	F	S
Netherlands	Hero Nederland B.V.	Breda	EUR	4 531	100.0	F	S
Norway	Hero Norway AS	Lysaker	NOK	933	100.0	F	S
Portugal	Hero Portugal Lda	Amadora	EUR	4 607	100.0	F	S
Russia	Hero Rus LLC	Moscow	RUB	10	100.0	F	S
Slovakia	Hero Slovakia s.r.o.	Nitra	EUR	7	100.0	F	S
Spain	Hero España SA	Alcantarilla	EUR	22 538	100.0	F	P; S; R
	Exyco Foods	Alcantarilla	EUR	111	100.0	F	P; S
Sweden	Hero Sweden AB	Sundbyberg	SEK	45 000	100.0	F	S
Switzerland	Hero AG	Lenzburg	CHF	62 133	100.0	F	H; S
	Hero Beteiligungen AG	Lenzburg	CHF	30 433	100.0	F	H
	MadreNatura AG	Lenzburg	CHF	100	100.0	F	S
Türkiye	Hero Gıda San.ve Tic. AS	Istanbul	TRY	188 632	100.0	F	P; S



Group structure

Country	Name of company	Location	Share capital in thousands local currency		Equity interest in %	Consolidation method*	Activity**
United Kingdom	Hero UK Foods Ltd.	Bournemouth	GBP	-	100.0	F	H
	Hero UK Holding Ltd.	Bournemouth	GBP	47	100.0	F	S
	M&E Mills Ltd.	London	GBP	93	100.0	F	H
	The Mae Deli Ltd.	London	GBP	-	100.0	F	S
	Deliciously Ella Ltd.	London	GBP	-	100.0	F	H
	M&E Mills Manufacturing Ltd.	London	GBP	-	100.0	F	P
United States of America	Beech-Nut Nutrition Corporation	Amsterdam, NY	USD	1	100.0	F	P; S
	Hero USA Inc.	Amsterdam, NY	USD	18 334	100.0	F	H

* Consolidation: F = fully consolidated

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

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

**** Full control and therefore fully consolidated since Hero has the majority in voting rights.



Other disclosures

33. Contingent Liabilities

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

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

34. Commitments

in CHF 1000.-

	2025	2024
Commitments for the acquisition of tangible fixed assets	6 402	12 635
Commitments for raw materials	112 142	93 994
TOTAL COMMITMENTS	118 544	106 629

35. Events after the Balance Sheet Date

On March 3, 2026, the Board of Directors resolved to pay the annual coupon of 5.00% on the hybrid capital of nominal CHF 140 million which is CHF 7.0 million.



Other disclosures

36. Related Party Transactions

in CHF 1000.-	Note	2025	2024
Sales of goods			
to joint ventures		682	2 233
Management services rendered			
to associated companies and joint ventures		121	347
Receivables/liabilities			
Trade receivables from associated companies and joint ventures		-	426
Short-term loan liabilities to AOH Nahrungsmittel Group	16	99	-
Key management personnel			
Salaries and other short-term employee benefits paid*		(17 022)	(7 649)
Post-employment benefits paid		(504)	(470)
Long-term incentive plans - expense		(2 267)	(3 408)
Long-term incentive plans - dividend payment		(102)	(47)
Long-term incentive plans - provision		(9 393)	(9 696)
Long-term incentive plans - loan receivable	11,14	436	436

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

*The salaries and other benefits paid in 2025 include extraordinary payments related to the changes in the executive board, e.g. pro-rata payments of all outstanding long-term and short-term incentive plans of the leaving executive board members.

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



Other disclosures

37. Critical Estimates

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

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

Goodwill

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

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

The growth rate used to extrapolate cash flows beyond the budget and the pre-tax discount rate have a significant impact on the sensitivity of the impairment test. For all CGU's no reasonable possible change in any key assumptions would lead to an impairment. In 2025, no goodwill was impaired.

Brands with indefinite life

The Group tests annually whether brands with indefinite life are impaired. These calculations require the use of estimates. The discount rates used are pre-tax and reflect specific risks relating to the relevant country. The growth rates used to extrapolate cash flows beyond the budget and the pre-tax discount rate have a significant impact on the sensitivity of the impairment test. In 2025, no impairment was identified.



Other disclosures

Income taxes

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

Recognized tax loss carryforwards

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

Provisions

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

Pension benefits

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

Russian war on Ukraine

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

Property, plant and equipment impairment

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

Third party loan receivable

Hero applied judgment in assessing the impairment need in relation to the third-party loan receivable. The counterparty is in a highly leveraged financial position with an uncertain outcome. The impairment need might change depending on the successful turnaround and financial rehabilitation of the business.



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To the General Meeting of
Hero AG, Lenzburg

Zurich, 3 March 2026

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Hero AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 58 to 153) give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.



Basis for opinion

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

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



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Key audit matters

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

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

Goodwill and brands

Area of focus Goodwill and brands amounting to CHF 325.5 million respectively CHF 126.2 million were significant for the Group's consolidated financial statements. As stated in the accounting principles included in the notes to the consolidated financial statements, the carrying value of goodwill and brands are tested annually for impairment. The Group performed its annual impairment test of goodwill and brands in the fourth quarter of 2025 and determined that there was no impairment. Key assumptions concerning the impairment test are disclosed in the consolidated financial statements (refer to note 37). In determining the recoverable amount of cash generating units, the Group must apply judgment in estimating – amongst other factors – future revenues and margins, long-term growth, and discount rates. Due to the significance of the carrying values for goodwill and brands and the judgment involved in performing the impairment test, this matter was considered significant to our audit.

Our audit response

We assessed the Group's internal controls over its annual impairment test and key assumptions applied as well as the authorization of the impairment test by the Board of Directors. We evaluated management's interpretation of cash generating units. We involved valuation specialists to assist in examining the Group's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Group's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of goodwill and brands.



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**Other information**

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

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

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

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

**Board of Directors' responsibilities for the consolidated financial statements**

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

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

**Auditor's responsibilities for the audit of the consolidated financial statements**

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

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



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Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Silvan Rügsegger
Licensed audit expert



Statutory Financial Statements of Hero AG, Lenzburg

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Income Statement

for the year ended December 31

Hero AG, Lenzburg

in CHF 1000.-

	Note	2025	2024
Net proceeds from sales of goods and services	1	183 446	194 020
Dividend income		1 801	2 484
Cost of materials		(66 340)	(71 354)
Employee expenses		(60 529)	(57 457)
Other operational costs		(55 247)	(56 363)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		3 131	11 330
Depreciation and amortization		(3 858)	(6 242)
Earnings before interest and taxes (EBIT)		(727)	5 088
Financial income		5 135	8 878
Financial expenses		(14 615)	(14 862)
Operating result before taxes		(10 207)	(896)
Non-operational and extraordinary (costs) / income	1	(8 149)	17 247
Earnings before taxes		(18 356)	16 351
Tax expense		(325)	(259)
PROFIT / (LOSS) FOR THE YEAR		(18 681)	16 092



Balance Sheet

as at December 31
Hero AG, Lenzburg
in CHF 1000.-

Assets	Note	2025	2024
Cash and cash equivalents		13 683	5 936
Trade receivables	4	8 971	9 507
Financial assets and other current receivables	4	31 454	44 006
Inventories	2	9 167	8 187
Accrued income and prepaid expenses		128	874
Current assets		63 403	68 510
Financial assets	4	289 900	286 528
Investments	3	469 846	474 845
Tangible fixed assets	2	7 525	7 845
Intangible assets	2	21 498	20 974
Non-current assets		788 769	790 192
TOTAL ASSETS		852 172	858 702



Balance Sheet

as at December 31
Hero AG, Lenzburg
in CHF 1000.-

	Note	2025	2024
Liabilities and Equity			
Trade payables	4	12 258	7 820
Current interest-bearing liabilities	4	299 412	134 343
Other current liabilities	4	14 207	9 730
Deferred income and accrued expenses	2	26 655	27 895
Current provisions		71	71
Current liabilities		352 603	179 859
Non-current interest-bearing liabilities	2	225 931	375 943
Non-current provisions	2	9 815	8 977
Non-current liabilities		235 746	384 920
TOTAL LIABILITIES		588 349	564 779
Share capital		62 133	62 133
Statutory capital reserves			
Capital contribution reserve		63 632	63 632
Other capital reserves		25 758	25 758
Treasury shares	6	(1 001)	(1 764)
Profit carried forward		131 982	128 072
Profit / (loss) for the year		(18 681)	16 092
TOTAL EQUITY		263 823	293 923
TOTAL LIABILITIES AND EQUITY		852 172	858 702



Notes to the Statutory Financial Statements

Notes to the Statutory Financial Statements

Accounting principles

General

These financial statements were approved by the Board of Directors on March 3, 2026, and are subject to approval by the annual general meeting of shareholders to be held on March 17, 2026. They have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Bad debt reserve

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

Derivative financial instruments

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

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

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

Inventory

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



Notes to the Statutory Financial Statements

Tangible fixed assets

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

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

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

Intangible assets

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

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

Investments

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

Long term investment plan

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



Notes to the Statutory Financial Statements

Long-term incentive plan

As of January 1, 2019, the Group introduced a new incentive plan for the members of the Group executive board and the members of the leadership circle including the general manager of the country and functional heads of Hero.

The plan is linked to the achievement of strategic KPI's and the performance of the share price of Hero which is calculated based on a formula defined in the plans. There is a minimum performance threshold of the strategic KPI's and the amount of pay-out is capped. The incentive plan is therefore aimed at providing an incentive to make significant contributions to the long-term performance and growth of Hero and shall increase the ability of Hero to attract, motivate and retain individuals of exceptional skills. Every year, the Human Resources Committee has the right to decide for this discretionary plan if a new cycle is initiated. The plan members participate with a percentage of their base salary depending on the role. For any participants not being a member of the Group executive board, the plan is settled in cash at the end of the vesting period. The members of the Group executive board have the option to either settle in cash or shares at the end of the vesting period.

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

Current/non-current interest-bearing liabilities

Interest-bearing liabilities are recognized in the balance sheet at nominal value.

Discounts and issue costs for bonds are recognized as prepaid expenses and amortized on a straight-line basis over the bond's maturity period. Premiums are recognized as accrued expenses and amortized on a straight-line basis over the loan's maturity period.



Notes to the Statutory Financial Statements

1. Explanations to positions in the income statement

Net proceeds from sales of goods and services

for the year ended December 31
in CHF 1000.-

	2025	2024
Sales of goods	105 671	123 964
Services	77 775	70 056
Net proceeds from sales of goods and services	183 446	194 020

Non-operational and extraordinary (costs) / income

The extraordinary expense in 2025 of CHF 8.1 million refers to the impairment of CHF 8.6 million of the investment in MadreNatura AG and CHF 0.5 million profit made on the sale of machinery related to the factory closure in Lenzburg.

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



Notes to the Statutory Financial Statements

2. Explanations to positions in the balance sheet

as at December 31 in CHF 1000.-	2025	2024
Packaging material	100	197
Raw material	14	26
Semi-finished and finished goods	9 053	7 964
Inventories	9 167	8 187
Land	1 258	1 258
Buildings	5 943	6 195
Plant and machinery	63	19
Other equipment and vehicles	261	373
Tangible fixed assets	7 525	7 845
Software	5 811	4 323
Brands	4 813	4 096
Goodwill	10 410	11 907
Other	464	648
Intangible fixed assets	21 498	20 974
Interest	3 758	3 593
Advertising	2 937	572
Promotions	-	694
Goods received no invoice received	1 162	710
Services received no invoice received	1 064	3 270
Personnel	10 476	14 713
Trade terms	5 259	3 919
Others	2 000	4 343
Deferred income and accrued expenses	26 655	27 895
Bank loans	85 000	100 000
Perpetual and subordinated bond	140 000	140 000
Straight bond	-	135 000
Subsidiaries	931	943
Non-current interest-bearing liabilities	225 931	375 943
Litigation	2 239	2 132
Others	7 576	6 845
Non-current provisions	9 815	8 977



Notes to the Statutory Financial Statements

3. Investments

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

Company	Domicile	Ownership*	2025 Share capital in %	2025 Share of vote in %	2024 Share capital in %	2024 Share of vote in %
Hero Brasil S.A.	Itatiba, Brazil	D	50.0	50.0	50.0	50.0
Super Saúde Nutricional S.A.	Campo Largo, Brazil	I	37.5	75.0	-	-
Baby Gourmet Foods Inc.	Calgary, Canada	D	100.0	100.0	97.0	97.0
Autumn Harvest Ltd.	Hong Kong, China	I	100.0	100.0	100.0	100.0
Hero (Shanghai) Trading Co. Ltd.	Shanghai, China	D	100.0	100.0	100.0	100.0
Hero Czech s.r.o.	Prague, Czech Republic	I	100.0	100.0	100.0	100.0
Hero Denmark Aps	Copenhagen, Denmark	I	100.0	100.0	100.0	100.0
Hero Nutritional Food Industries SAE	Cairo, Egypt	I	100.0	100.0	100.0	100.0
Hero for Commercial Investment LLC	Cairo, Egypt	I	100.0	100.0	100.0	100.0
Hero Finland Oy	Espoo, Finland	I	100.0	100.0	100.0	100.0
erdbär GmbH	Berlin, Germany	D	100.0	100.0	100.0	100.0
Hero Deutschland Beteiligungen GmbH	Bielefeld, Germany	D	100.0	100.0	100.0	100.0
HERO GmbH & Co. KG	Bielefeld, Germany	I	100.0	100.0	100.0	100.0
Hero Management GmbH	Bad Schwartau, Germany	D	100.0	100.0	100.0	100.0
Schwartauer Werke GmbH & Co. KG	Bad Schwartau, Germany	I	100.0	100.0	100.0	100.0
Schwartauer Werke Verwaltungsgesellschaft mbH	Bad Schwartau, Germany	I	100.0	100.0	100.0	100.0
Schönauer IAV AG	Bad Schwartau, Germany	I	100.0	100.0	100.0	100.0
Hero Italia SpA	Verona, Italy	I	100.0	100.0	100.0	100.0
Hero Nederland B.V.	Breda, Netherlands	I	100.0	100.0	100.0	100.0
Hero Norway AS	Lysaker, Norway	I	100.0	100.0	100.0	100.0
Hero Portugal Lda	Amadora, Portugal	I	100.0	100.0	100.0	100.0
Hero Rus LLC	Moscow, Russia	D	100.0	100.0	100.0	100.0
Hero Slovakia s.r.o.	Nitra, Slovakia	I	100.0	100.0	100.0	100.0
Hero España SA	Alcantarilla, Spain	I	100.0	100.0	100.0	100.0
Hero Sweden AB	Sundbyberg, Sweden	I	100.0	100.0	100.0	100.0
Hero Beteiligungen AG	Lenzburg, Switzerland	D	100.0	100.0	100.0	100.0
MadreNatura AG	Lenzburg, Switzerland	D	100.0	100.0	50.0	50.0

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



Notes to the Statutory Financial Statements

Company	Domicile	Ownership*	2025 Share capital in %	2025 Share of vote in %	2024 Share capital in %	2024 Share of vote in %
Hero Gıda San.ve Tic.AS	Istanbul, Türkiye	I	100.0	100.0	100.0	100.0
Hero UK Foods Ltd.	Bournemouth, United Kingdom	I	100.0	100.0	100.0	100.0
Hero UK Holdings Ltd.	Bournemouth, United Kingdom	I	100.0	100.0	100.0	100.0
Deliciously Ella Ltd.	London, United Kingdom	I	100.0	100.0	100.0	100.0
M&E Mills Ltd	London, United Kingdom	I	100.0	100.0	100.0	100.0
M&E Mills Manufacturing Ltd.	London, United Kingdom	I	100.0	100.0	100.0	100.0
The Mae Deli Ltd.	London, United Kingdom	I	100.0	100.0	100.0	100.0
Beech-Nut Nutrition Corporation	Amsterdam (NY), USA	I	100.0	100.0	100.0	100.0
Hero USA Inc.	Amsterdam (NY), USA	I	100.0	100.0	100.0	100.0

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

A 75% interest in Super Saúde Nutricional S.A. was acquired by Hero Brazil in August 2025. In addition, Hero AG acquired the remaining 50% interest in MadreNatura AG in May 2025 and purchased the remaining 3% interest in Baby Gourmet Foods Inc. in October 2025.



Notes to the Statutory Financial Statements

4. Receivables from and payables to related parties

as at December 31

in CHF 1000.-

	2025	2024
Subsidiaries	12	16
Third	8 959	9 491
Trade receivables	8 971	9 507
Loan receivables Subsidiaries	26 666	40 775
Other current receivables Third	4 066	3 231
Financial assets and other current receivables	30 732	44 006
Loan receivables Management bodies	436	436
Loan receivables Subsidiaries	289 464	285 402
Third	-	690
Financial assets	289 900	286 528
Subsidiaries	2 579	1 329
Third	9 679	6 491
Trade payables	12 258	7 820
Loan payables Subsidiaries	148 166	127 112
Loan payables Third	151 246	7 231
Current interest-bearing liabilities	299 412	134 343
Subsidiaries	8 274	7 015
Third	5 933	2 715
Other current liabilities	14 207	9 730



Notes to the Statutory Financial Statements

5. Excess reserves

There was no significant release of excess reserves in 2025 nor 2024.

6. Treasury shares

Number of registered shares

	2025	2024
Inventory as at January 1	9 367	32 926
Sales to executive board members	(9 141)	(23 559)
Inventory as at December 31	226	9 367

In 2025, no registered shares were purchased. In the same year, 9,141 registered shares were sold at a price of CHF 74.13.

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



Notes to the Statutory Financial Statements

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

as at December 31

	Number	2025 Total value in TCHF	Number	2024 Total value in TCHF
Participation rights in the ownership of				
Management bodies	61 446	4 195	52 305	3 517
Option rights in the ownership of*				
Management bodies	26 745	2 717	46 943	5 124

* Provisionally determined

8. Other information

in CHF 1000.-

as at December 31

	2025	2024
Lease obligations not recorded in the balance sheet (maturity 1-5 years)	2 242	836
Liabilities to pension schemes	67	-
Guarantees in the name of Hero AG in the favour of third parties	31 554	22 281
Contingent liabilities	398	300

9. Number of employees

	2025	2024
The average number of full time employees was	between 50 to 249	between 50 to 249



Notes to the Statutory Financial Statements

10. Events after the balance sheet date

On March 3, 2026, the Board of Directors resolved to pay the annual coupon of 5.00% on the subordinated bond of nominal CHF 140 million.

There have been no other significant events between December 31, 2025, and the date of authorization of the financial statements that would require any adjustments or disclosure.

11. Bonds

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

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



Proposal of the Board on the appropriation of retained earnings

in CHF

	2025	2024
Profit / (loss) of the year	(18 681)	16 092
Amount carried forward from last year	132 067	128 315
Loss from disposal of Treasury Shares	(85)	(243)
AVAILABLE FOR DISTRIBUTION	113 301	144 164
Total dividend amount		
2025: CHF 2.75 on 6 213 272 registered shares of CHF 10.- par value	(17 086)	(12 098)*
BALANCE CARRIED FORWARD	96 215	132 067

* Proposed dividend distribution adjusted to the actual distribution; difference due to treasury shares

In the name of the Board of Directors:

Herbert Scheidt

Chairman Board of Directors



Ernst & Young Ltd
Maagplatz 1
P.O. Box
CH-8010 Zurich

Phone: +41 58 286 31 11
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To the General Meeting of
Hero AG, Lenzburg

Zurich, 3 March 2026

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Hero AG (the Company), which comprise the balance sheet as at 31 December 2025, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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



Basis for opinion

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

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



Key audit matters

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

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



2

Investments and related income statement accounts

Area of focus Primary functions of the Company include holding investments in its subsidiaries as well as financing and monitoring the group's activities. For statutory purposes, the Company is required to assess the valuation of its investments and determine potential impairments on an individual basis (refer to notes – accounting principles). Furthermore, the Company is required to evaluate the recoverability of its loans to subsidiaries. We consider investments and loans to subsidiaries significant to our audit as the amounts concerned are material and the assessments involve judgment in estimating – amongst other factors – future revenues and margins, long-term growth and discount rates.

Our audit response We examined the Company's valuation model and analyzed the underlying key assumptions, including future revenues and margins, long-term growth and discount rates. We assessed the historical accuracy of the Company's estimates and considered its ability to produce accurate long-term forecasts. We evaluated the sensitivity in the valuation resulting from changes to the key assumptions applied and compared these assumptions to corroborating information.

Our audit procedures did not lead to any reservations concerning the recognition and measurement of investments and related income statement accounts.



Other information

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

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

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

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



Board of Directors' responsibilities for the financial statements

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



3

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young Ltd

Willy Hofstetter
Licensed audit expert
(Auditor in charge)

Silvan Rügsegger
Licensed audit expert

01 Company Information

02 Financial Report

03 Sustainability Report

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

03A Sustainability Summary

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Sustainability Summary

Introduction

2025 unfolded against a backdrop of intensifying international challenges. Scientific assessments confirmed that six of the nine planetary boundaries, critical thresholds for Earth's stability, have now been transgressed, including climate change, biodiversity loss, and ocean acidification.

At the same time, the sustainability agenda faces mounting political confusion, and mixed public sentiment. These developments have reshaped the landscape in which companies operate, challenging the pace and consistency of progress with sustainability.

Despite these headwinds, the Hero Group remains firmly committed to sustainability. As a global company with a shared mission, values, and goals, we continue to embed ecological, social, and governance (ESG) principles into our strategy, business decisions, functional responsibilities, and operational duties.



Leopold Oetker

Hero Group Board of Directors
Vice-Chairman and
Sustainability C sponsor

“As a family-owned business, we think in terms of generations, and thus have a long-term perspective that is essential for achieving our sustainability goals. Even amid political backlash and global uncertainty, Hero remains committed to ongoing efforts and continuous improvement. Sustainability is not a trend for us; it’s a principle we live by.”





Sustainability Summary

For Hero, sustainability is not a theoretical ambition but a reality we live daily. We are directly affected by supply chain disruptions, rising input costs, and climate-related impacts such as extreme weather and crop volatility. These challenges reinforce the relevance of our long-term sustainability strategy.

We believe that resilience is built through consistency, transparency, and integration. That is why we continue to align our operations with science-based targets, strengthen our governance structures, and invest in actions on our defined material topics. This **Sustainability Summary** offers a crisp and engaging overview of our progress, priorities, and ambitions. It complements our detailed **Sustainability Statement** in reference to the ESRS Exposure Draft disclosure framework of the Corporate Sustainability Reporting Directive (CSRD), providing stakeholders with a concise yet meaningful view of how the Hero Group is navigating complexity while staying true to its purpose.



Mita Sen

Chief Strategy Officer Hero Group
and Sustainability Lead

“Sustainability is not a stand-alone project – it must be embedded into each part of our corporate management. It means thinking long-term, acting with broader responsibility, and making decisions that reflect environmental, social, and governance priorities. At Hero, we continue to integrate ESG into our strategy and operations because we are creating a company not only for this generation but for generations to come.”



Sustainability Strategy

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

Our One Hero ambition reflects our commitment to integrate sustainability into categories, countries, functions, and brands, fostering a cohesive and collaborative mindset across the entire Hero Group. Our sustainability actions drive local and global efforts led by functions to one global strategy led by functions supported by Group experts and implemented in all countries.

Strategy & Governance

We manage sustainability with a long-term, future-oriented approach, taking responsibility for environmental, economic, and social aspects across the entire value chain. Our organizational structure ensures that we meet external regulatory obligations and fulfill our decarbonization plans in line with our SBTi commitment.

1 Responsible Sourcing

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

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

2 Minimal-impact Production

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

We optimize our transport and deploy technologies for decarbonization.

3 Better Product Design

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

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

4 Purposeful People

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

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

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





Sustainability Strategy

Science Based Target Commitment and Carbon Footprint

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

Our corporate carbon footprint (CCF), conducted in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard, forms the foundation for evaluating our emissions across the entire value chain. To calculate our footprint, we prioritize primary emission factors from suppliers whenever possible and supplement this with global data sources such as ecoinvent, Defra, and EXIOBASE. In 2025, a methodology review was performed in close collaboration with one of the leading climate consultancies, Climate Partner. Additionally, we disclose our climate data through the ESG rating platform EcoVadis.





Sustainability Strategy

Our science-based emissions reduction targets



Overall net-zero target

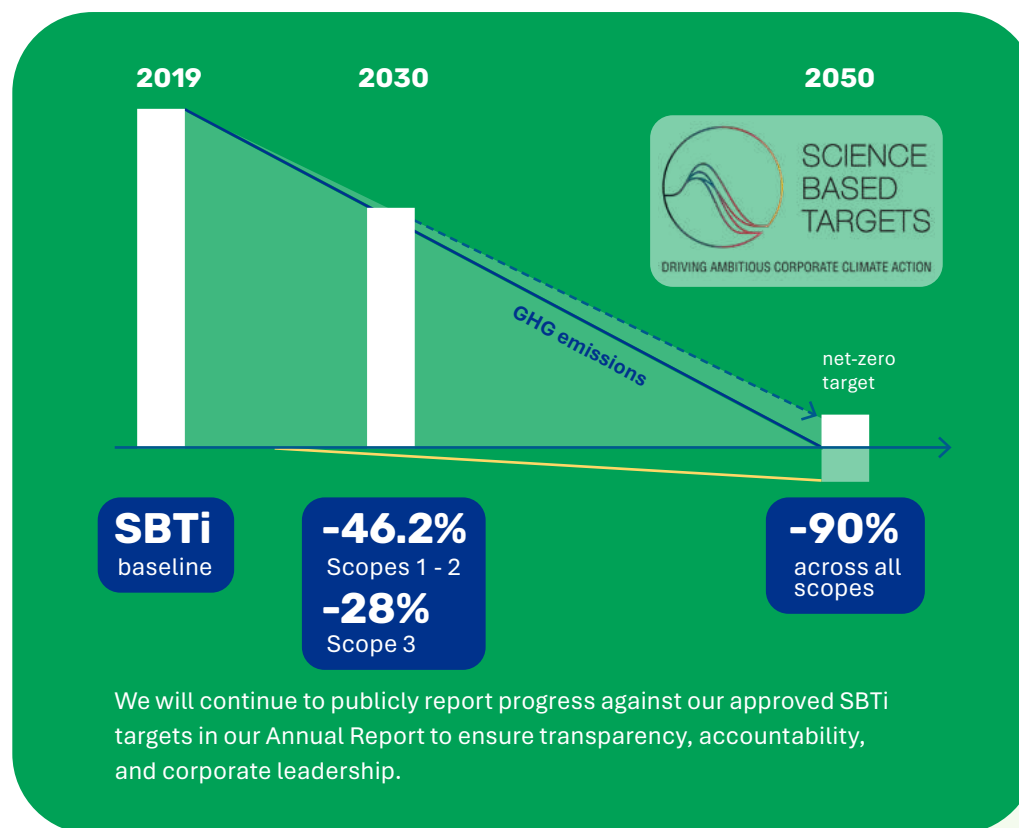
The Hero Group commits to reaching net-zero GHG emissions across the value chain by 2050.

Near-term targets

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

Long-term targets

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



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



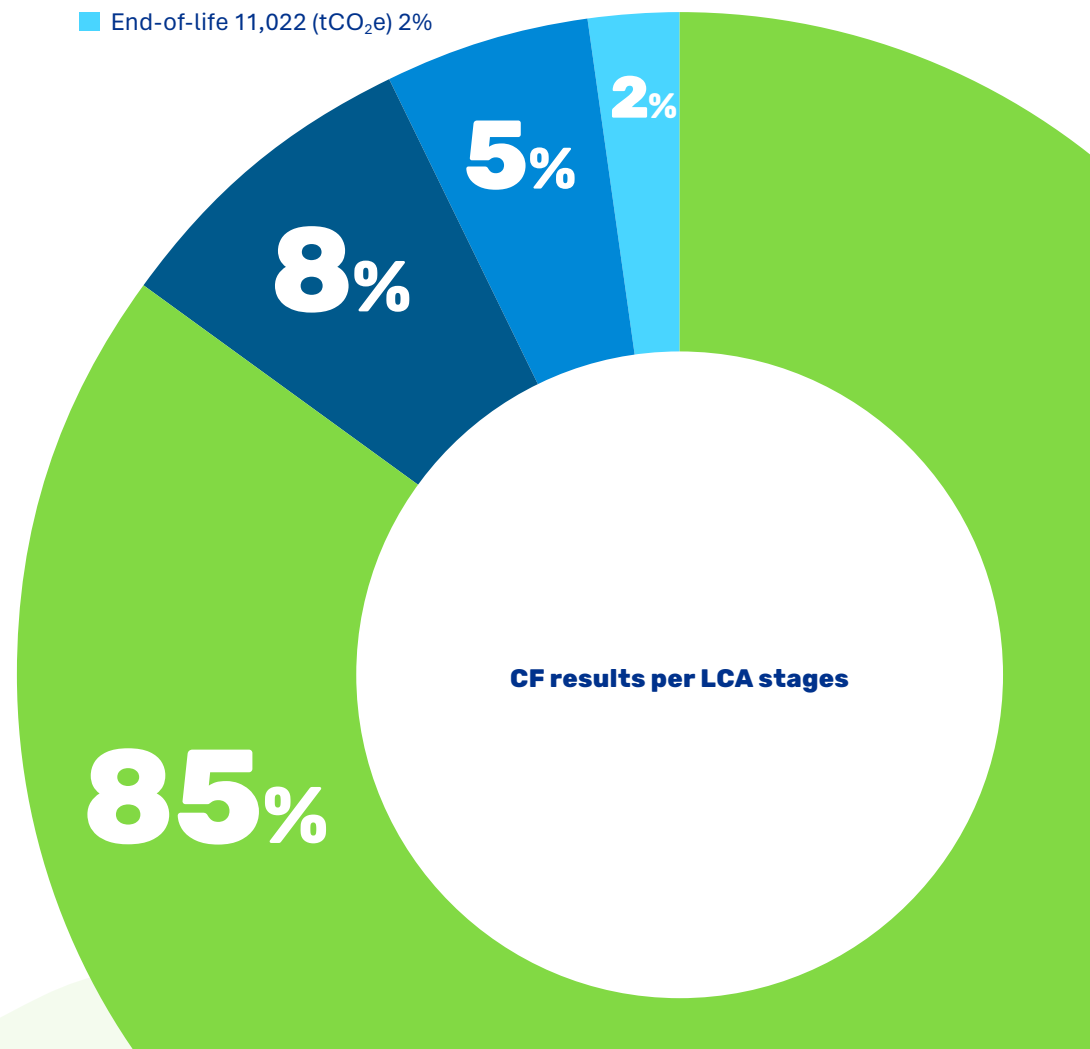
Sustainability Strategy

Hero Group corporate carbon footprint	2025
Scope 1 emissions (tCO ₂ e)	31,573
Scope 2 emissions (tCO ₂ e) (market-based)	202
Scope 3 emissions (tCO ₂ e)	585,881
Total (tCO ₂ e)	617,656
GHG emissions intensity (kg CO ₂ e per kg product sold)	2.7

The Hero Group's carbon footprint amounted to 617,656 tons of carbon dioxide equivalents (CO₂e) in the reporting year. Compared to the previous year, we reduced our total emissions by 5%, while nominal company Net Sales decreased by -1%. Compared to our baseline year (2019), we have reduced our total emissions by 22%, while Net Sales increased by +4.8%. We aim to maintain this trend of healthy growth alongside decreasing greenhouse gas emissions.

The reduction compared to our baseline reflects actions taken to address our hotspots, including supplier engagement – particularly targeting high GHG-intensity commodities such as cocoa and glass – portfolio changes whereby high-emissions products have been deprioritized, and energy consumption optimized, including the use of 100% renewable electricity at all Hero Group manufacturing sites. External pressures, including inflation, taxation, and geopolitical challenges, have resulted in lower production volumes and a corresponding decline in sales volumes. To further reduce emissions across our entire value chain, we have identified four key hotspots and developed a reduction roadmap for each: ingredients, finished goods, packaging, and transport and logistics. Some highlight cases and future plans are explained in the following chapters, and in our comprehensive **Sustainability Statement**.

- Purchased raw materials, goods and services 525,241 (tCO₂e) 85%
- Manufacturing 49,379 (tCO₂e) 8%
- Packaging & Distribution 31,821 (tCO₂e) 5%
- End-of-life 11,022 (tCO₂e) 2%





Sustainability Strategy

Governance and Compliance

As Hero continues to grow as an international company with a shared mission, values, and goals, our sustainability governance and compliance structures have become increasingly harmonized and centrally managed – reflecting our commitment to operating as One Hero.

Oversight of environmental, social, and governance (ESG) matters is anchored at the highest level, with the Board of Directors responsible for strategic direction, the Finance and Audit Committee monitoring compliance with non-financial reporting obligations and the Human Rights Committee monitoring social compliance. The Executive Board, led by the Chief Strategy Officer, drive ESG implementation across the organization. They are supported by a dedicated core sustainability team, and functional leads, who are accountable for specific disclosure and operational topics.

The Sustainability Steering Committee, composed of members of the Executive Board and senior leaders from key functions, meets regularly to review progress, identify emerging risks, and steer strategic decisions that safeguard compliance and accelerate ESG performance across the organization. Where needed, external experts are engaged to support methodological robustness, such as in our corporate carbon footprint compliance frameworks. This integrated governance approach ensures that sustainability matters are not only a strategic priority, but a shared responsibility across all levels of the Hero Group.



General Management Meeting 2025

In addition, ESG targets are embedded in our Long-Term Incentive (LTI) program, linking executive remuneration to climate and diversity goals.



Sustainability Strategy



ESG Governance

Board of Directors

Overall strategic direction, oversight, and accountability.

Board of Directors (BoD)**Senior Executive Sponsors**

Steer and lead the transformation. Approval of strategies, investments, and ESG roadmap.

Senior Executive Sponsors (EB)

ESG risks & compliance committee
(FAC): Chief Financial Officer

ESG operational & steering committee:
Chief Strategy & Transformation Officer

Functional Leads

Define targets per function. Deliver and manage actions and policies aligned with business objectives.

**Finance, reporting,
and compliance**

**Business function
execution**

**Core
Sustainability
Team**

Setting ambition, roadmap and strategy. Subject matter expertise.

Responsible for overall implementation.



Sustainability Strategy

Material Topics and Risk Management

Extreme weather and resource volatility in 2025 underscored why ESG risk management is critical for business resilience. Severe drought and spring frosts across Europe caused sharp declines in fruit yields, while Türkiye faced its harshest drought in over 65 years, threatening water security and agricultural output. At the same time, global cocoa prices surged by more than 200% due to climate change and biodiversity loss, disrupting supply chains and increasing cost pressure. These events illustrate how environmental risks translate into financial and operational challenges, reinforcing the need for proactive management.

Risk management is embedded in the Hero governance system through an annual Enterprise Risk Management (ERM) process, which identifies and mitigates risks early. Building on the double materiality assessment conducted in 2023, the Hero Group carried out a comprehensive Impact, Risk, and Opportunity (IRO) Assessment in 2025, aligned with CSRD and ESRS standards. This process evaluated 89 potential IROs and identified 21 material matters as most relevant to the Hero Group business model. Critical risks are escalated to the highest management level, with responsibilities assigned and countermeasures implemented to avoid, remedy, or mitigate impacts.

Impact, Risk, and Opportunity Assessment 2025

# of potential IROs assessed	89
# of IRO evaluators	27
# of material IROs identified	21
# of material IROs on environmental matters	12
# of material IROs on social matters	9
# of material IROs on governance matters	0

Topic-specific assessments and action plans are developed under the guidance of functional leads and subject-matter experts. Our sourcing process enforces ethical standards and human rights protection through mandatory criteria and external supplier ratings, supported by the Hero Code of Conduct. Key and strategic suppliers must maintain a sustainability rating via EcoVadis or Sedex, and SMETA audits are conducted for high-risk suppliers. In 2025, we strengthened this framework with a comprehensive human rights impact assessment and the rollout of our Human Rights Policy. This structured approach ensures continuous oversight and informs short, medium, and long-term planning.



Sustainability Pillars

Strategy & Governance

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

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

1 Responsible Sourcing

Transform how we work with supplier.

2 Minimal-impact Production

Optimize and clean our own house: carbon, water and waste.

3 Better Product Design

Redesigning the products and packaging we sell.

4 Purposeful People

Through people across our full value chain.

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





Sustainability Pillars



1 Responsible Sourcing

Our supply chains are vital to our business. While most raw materials are sourced regionally for our processing facilities, some materials such as cocoa and tropical fruits come from more distant regions, making our supply chains complex and multi-tiered.

The Hero Group [Code of Conduct](#) and Hero Group [Human Rights Policy](#), based on the principles of the UN Global Compact (UNGC) and the International Labor Organization (ILO), underpin all sourcing activities. We expect our entities and partners to align with these standards and require employees worldwide to uphold them daily. To improve transparency and identify areas for improvement, we monitor supplier performance on environmental, social, and governance topics. This includes using EcoVadis ratings, Sedex assessments, SMETA audits, and tailored questionnaires to evaluate supplier maturity in managing key sustainability issues.

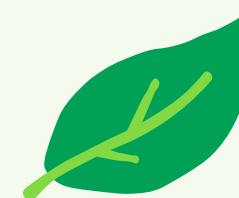
In recent years, we have strengthened sustainability within procurement by investing in tools, clear targets and KPIs, knowledge sharing, and standardized processes.

Our procurement team leads our responsible sourcing efforts, working closely with Quality, R&D, Packaging, and Legal.



Strategic Plans and Priorities

- **Ethical sourcing:** Select and partner with responsible suppliers aligned with our Code of Conduct and ESG standards.
- **Climate action:** Cut Scope 3 GHG emissions across operations and the value chain.
- **Supply chain resilience:** Reduce exposure to climate-related risks like extreme weather, water scarcity, and soil erosion.
- **Human rights:** Ensure no child labor, forced labor, and unsafe working conditions in supply chains.
- **Biodiversity and regenerative agriculture:** Grow the bee careful initiative to promote biodiversity, soil health, and water stewardship.





Sustainability Pillars

1 Responsible Sourcing

Engaging suppliers on sustainability

Our suppliers vary in their ESG maturity, so we tailor our approach accordingly. With advanced partners, we exchange primary emissions data, collaborate on holistic programs, and address key drivers for improvement. For those at the start of their sustainability journey, we focus on building awareness and fostering equitable dialogue through our internal supplier engagement model.

To strengthen this process, we have introduced the Hero Group Procurement Guidelines, a comprehensive framework designed to ensure fair, transparent, and efficient procurement practices aligned with our sustainability commitments. These guidelines will be rolled out across the Group in the coming year, reinforcing our ambition to integrate sustainability into every stage of sourcing.

Packaging: AI-driven glass innovation

To reduce CO₂e emissions in packaging, our packaging development and procurement teams partnered with a glass supplier to redesign our 340g jam jars using AI digital twin modeling. This technology allowed us to create thinner yet stable glass, reducing jar weight by 13% without compromising safety or durability during production and transport.

The initiative began in 2022 with digital simulations and progressed to practical tests at our supplier and on our production lines. In 2025, the new lighter jars were successfully rolled out for Hero spreads in multiple markets. This change is projected to save 700 tons of CO₂e in the first year, excluding transport benefits, and we plan to expand the approach to other glass formats, markets, and suppliers within our platforms.

73 tons
expected of CO₂e
removal in 2025



Ingredients: Biochar in oat cultivation

At Hero, we believe nature-based solutions are essential for mitigating climate change and strengthening ecosystems. That's why we are pioneering the use of biochar in oat cultivation in Germany. Biochar is a charcoal-like material made from plant biomass. It not only stores carbon, but also improves water retention, soil health, and biodiversity by creating habitats for beneficial microorganisms.

In 2024, we launched our first pilot with a German oat farm, achieving 35 tons of CO₂e removal through certified insetting. In 2025, we scaled up to two additional farms and achieved an expected 73 tons of CO₂e removal. The project uses EBC-certified biochar, the process follows DIN ISO 14064-2, and aligns with our validated Science Based Targets initiative (SBTi) commitment.

Oats grown with biochar are now used in our Corny Haferkraft BIG bars in Germany. This is an important step toward climate protection, regional partnerships, and agricultural innovation.



Sustainability Pillars

1 Responsible Sourcing

bee careful: An initiative to promote Regenerative Agriculture Practices

Our focus on pollinator health is longstanding. In 2014, we launched the bee careful initiative to raise awareness of the vital role bees and other pollinating insects play in food systems and to support their habitats. Over time, this program has evolved beyond pollinator protection to include actions that promote healthy soils and encourage regenerative agriculture practices on and around our partner farms.



**Our goal is
to conserve
natural
resources**

As a food company, our success depends on healthy soils, clean water, and the essential services provided by thriving ecosystems such as pollination, nutrient cycles, and humus formation. We recognize the need to protect and nurture a diverse range of fruits, vegetables, cereals, and other crops to ensure the goodness of nature for future generations.

The challenges facing the Forest, Land, and Agriculture (FLAG) sector require a holistic approach. At Hero, we are continuously looking to go beyond carbon reduction to safeguard biodiversity, soil health, and water stewardship across our value chain. We recognize the link between deforestation, biodiversity loss, and climate change. Eliminating deforestation is a must within our sustainability commitments. As a major driver of land-use emissions, deforestation will be addressed through our externally validated SBTi Forest, Land and Agriculture (FLAG) target.

In recognition of our efforts to strengthen supply chain resilience, the German government awarded Schwartauer Werke, one of the Hero Group's entities, the Corporate Social Responsibility Award in the 'Effective Protection of Climate and Biodiversity' category in April 2025. This achievement underscores our commitment to climate protection, biodiversity, and sustainable agriculture.



Sustainability Pillars



2 Minimal-impact Production

Our manufacturing operations remain central to both our business success and our commitment to responsibility. To deliver on this, we set ambitious goals for our global community of production, maintenance, and logistics experts.

We are building a fully integrated supply chain that connects locations and functions, enabling a streamlined manufacturing footprint. Our dedicated Supply Chain Excellence team continues to drive operational improvements across the network.

Aligned with our Science Based Targets initiative (SBTi), we set an annual CO₂e intensity reduction target of 6% per ton produced, contributing to our goal of reducing Scopes 1 and 2 emissions by 46.2% by 2030 (vs. 2019 baseline).

To advance our decarbonization roadmap in manufacturing, we follow the 3 Rs principles:

- **Reduce energy consumption wherever possible**
- **Re-use heat and energy**
- **Replace fossil fuels by switching to electric processes and green thermal energy sources**

These efforts are supported by continuous optimization of energy monitoring, location-specific action plans, targeted CAPEX investments, and dedicated site representatives who own local roadmaps. Progress is tracked monthly via our Integrated Supply Chain dashboard, and we have introduced long-term incentives for leadership, including Supply Chain leaders, to drive reductions in Scopes 1 and 2 emissions. In addition, all of our sites run on 100% certified renewable electricity.

Strategic Plans and Priorities

- **Efficiency improvement:** Optimize processes, resource use, and equipment.
- **Climate Action:** Cut Scope 1 and 2 GHG emissions across own operations.
- **Water resource protection:** Minimize withdrawals and consumption.
- **Waste management:** Advance circular solutions, improve waste segregation, and minimize food waste.



Sustainability Pillars

2 Minimal-impact Production

Minimizing our production impact is a shared responsibility across key functions. Manufacturing, maintenance, and logistics teams play critical roles in driving sustainable practices in our own operations. By working collaboratively, these teams ensure that operational processes, investment decisions, and distribution strategies are aligned to reduce environmental impact and advance our sustainability objectives.

Hero Excellence Program: Embedding sustainability in operations

The Hero Excellence Program is our framework for operational excellence across the supply chain. It builds capabilities, drives zero-loss initiatives, and ensures full frontline ownership supported by leadership commitment. Using structured methods like the PDCA cycle, we standardize processes, improve efficiency, and integrate sustainability into daily operations.

Energy, water, and waste management are key parts of this approach, with protocols applied across all sites and technology used to reduce environmental impacts while improving overall production efficiency. By leveraging the global manufacturing excellence community, we continuously share learnings and insights, enabling all sites to accelerate improvements and embed best practices throughout the organization.



Long-term incentives driving decarbonization

The Hero Group's long-term incentive (LTI) program links leadership accountability to emissions reduction. Initially focused on Scopes 1 and 2 intensity per ton produced, the framework expanded to include Scopes 1, 2, and 3 per ton sold in 2025.

Governance is embedded in the Hero Excellence Program and supported by monthly Decarbonization Community meetings, site-level roadmaps, and performance tracking via the Integrated Supply Chain Scorecard. Progress is reinforced through annual objectives, internal CO₂e pricing in investment decisions, and CAPEX for energy efficiency, electrification, and renewable sourcing. These measures ensure decarbonization is integrated into operations and incentivized at all leadership levels.





Sustainability Pillars

2 Minimal-impact Production

Driving circularity and waste reduction across sites

Hero sites in Spain and Germany maintain ISO 14001 certification for environmental management, ensuring compliance through annual audits and continuous improvement. Beyond standard measures, we implement innovative circular solutions across our large sites: Hero Spain converts olive pits into biodiesel, while Schwartauer Werke annually upcycles over 80 tons of cherry pits into oils, protein flours, and biobased plastics.

In Brazil, we reuse plastic bags and divert 20 tons of non-compliant products from landfill to reinforce waste reduction. Our US site focuses on process optimization and recycling, while Hero MEA in Egypt has achieved zero landfill waste through full recycling and energy recovery partnerships. These actions reflect our commitment to minimizing waste and advancing resource efficiency across all operations.





Sustainability Pillars



3 Better Product Design

Strategic Plans and Priorities

- **Food safety and quality:** Ensure all products and packaging are safe and free from harmful materials, reducing any risk to consumer health and wellbeing.
- **Product development and marketing:** Create products that delight consumers through honest goodness in every bite - better for people and planet.
- **Circular packaging:** Promote responsible packaging by designing for increased recyclability and recycled content and minimizing waste.

Our consumers expect products of the highest quality; crafted to be good for both people and planet. At the Hero Group, we uphold rigorous Food Safety and Quality standards, including compliance with the Global Food Safety Initiative (GFSI). Comprehensive risk assessments are conducted regularly to identify and mitigate potential issues. We actively engage with consumers to address concerns and continuously improve product quality. By monitoring metrics such as non-conformance rates and product recalls, we ensure ongoing improvement and effective risk management related to food contamination.

Compliance across our global supply chain is maintained through stringent third-party audits and certifications. Internally, we conduct regular audits, crisis



management training, and quality reviews to strengthen our food safety systems. Externally, we undergo certification audits for Rainforest Alliance, organic, kosher, and halal standards, meeting customer expectations for sustainable products and diverse dietary needs.

Better Product Design is a collaborative effort. Creating products that are healthier, more sustainable, and loved by consumers requires cross-functional collaboration between Quality, Category, R&D, and Countries. Together, these teams make better product design a reality; combining safety, sustainability, and consumer satisfaction.



Sustainability Pillars

3 Better Product Design

Food safety and quality: A shared responsibility

A dedicated Food Regulatory function and Quality team work closely with local experts to maintain compliance and proactively manage risks across our categories and countries.

To reinforce this culture, we have introduced the One Hero Food Safety & Quality onboarding program, designed to build a shared understanding of food safety and quality across the company. The training covers essential principles, from preventing contamination to ensuring products deliver the highest standards of taste, nutrition, and safety. It emphasizes our commitment to protecting consumer health, maintaining brand trust, and meeting regulatory requirements, while equipping every colleague with the tools and knowledge to uphold these standards. At Hero, food safety is everyone's responsibility, and this program ensures that commitment is embedded in every step of our operations.



Product development and marketing: Embedding sustainability

The Hero Group's product portfolio is designed to meet nutritional needs across all life stages, spanning the Growing Up and Adult categories and covering Better Snacking, Naturally Good Food, and Others (heritage) products. Our R&D team acts as a trusted partner and problem solver, creating healthier and better products that consumers love.

To embed environmental aspects into product development, we have enhanced our Innovation Management Tool (IMT) so that sustainability criteria are applied from the earliest concept stage. Starting in 2025, all innovation and renovation projects are assessed for their impact on emissions, packaging, nutrition, and biodiversity. Teams across categories, marketing, R&D, and product change management have been trained on this process, supported by functional experts.

Embedding sustainability also means communicating it responsibly. To achieve this, we provide dedicated training for marketing teams in every Hero country. These sessions cover sustainability fundamentals, helping teams understand the environmental and social impact of our products and messaging, along with guidance on making accurate, transparent, and compliant green claims. They also support each brand in defining and articulating its own sustainability commitments. By equipping our marketing teams with the right knowledge and tools, we ensure consistent, credible communications that reinforce Hero's commitment to sustainability in various consumer touchpoints.



Sustainability Pillars

3 Better Product Design**Circular packaging:
Innovating and optimizing**

We manage packaging through clear principles and targeted actions to minimize environmental impact. Since introducing our Sustainable Packaging Principles in 2021, we have focused on waste prevention, resource efficiency, circular design, and recyclability. Over the past years, we have conducted comprehensive packaging assessments across multiple materials and categories, including glass and metal, baby food products, and snacking formats. In 2025, we assessed the films and bags used in snacking products, as these will fall within scope in 2026. These assessments guide our transition toward solutions that reduce emissions, improve recyclability, and align with upcoming EU Packaging and Packaging Waste (PPWR) requirements.

13%
lighter jam jars**14%**
less foil for
snack bar
packaging**20%**
less material for
mono-material
pouches

To track progress, we monitor packaging metrics monthly and prioritize recycled glass, metal, and cardboard wherever possible. Since 2019, we have achieved significant reductions across multiple product lines. Snack bar packaging now uses 14% less foil, jam jars are 13% lighter, and mono-material pouches require 20% less material while being fully recyclable.





Sustainability Pillars

3 Better Product Design**Clean Label and Transparent Declaration**

The Hero Group is committed to keeping food real by prioritizing simple processing, clean sourcing, and transparency. Clean Label is not an exception but a consumer-driven expectation that aligns with our sustainability strategy and product development principles. We focus on creating products with recognizable ingredients, minimal processing, and clear communication about quality and safety.

This commitment is exemplified by our US company Beech-Nut, which partnered with the Clean Label Project to provide independent verification of product integrity. In total, 16 of Beech-Nut's top-selling products have earned the Purity Award and Pesticide-Free Certification, confirming compliance with rigorous standards for contaminants such as heavy metals and pesticides. The Clean Label Project uses ISO-accredited laboratories for testing, adding a trusted third-party layer of assurance.

Beech-Nut goes even further through its own ISO 17025-accredited laboratory, testing raw ingredients and finished products more frequently than industry requirements. This rigorous process ensures that only the highest-quality ingredients reach consumers, reinforcing Hero's promise of transparency and safety.

**16**

of Beech-Nut's
top-selling
products have
earned the **Purity
Award & Pesticide-
Free Certification**

By combining internal expertise with external certification, Hero strengthens consumer trust and demonstrates leadership in clean labeling as part of our broader commitment to sustainability and responsible food production.



Sustainability Pillars



4 Purposeful People

Hero is a multinational company with over 4,000 employees in 20 countries. People from across our businesses come together as one team, sharing best practices and creating synergies that drive growth. Our flat organization design and open, flexible way of working mean every contribution is visible and everyone can make an impact. Opportunities are there to be taken, and ambitions can be realized.

Our people are our greatest asset, and their wellbeing, engagement, and development are essential to our success. This commitment is reflected in the Hero Human Deal, a roadmap designed to empower talent and support our One Hero vision.

Strategic Plans and Priorities

- **Talent:** Attract the best talent and provide development opportunities to build future-ready skills and advance career progression.
- **Capabilities:** Promote lifelong learning and build capabilities required to navigate the challenges of a volatile, uncertain, complex, and ambiguous world.
- **Culture:** Safeguard employees' rights by fostering open dialogue with management and ensuring transparent, equitable rewards.
- **Organization:** Promote a culture that encourages innovation and curiosity, empowers teamwork, fosters care and respect, and upholds integrity and accountability in every action.

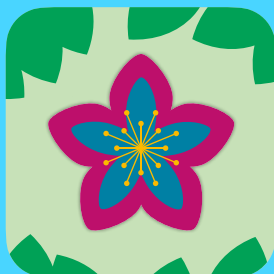


4,000+
employees in
20 countries

At Hero, our People Pillar brings together key functions – HR, Health & Safety, Legal, Management, and Communications – to create a workplace where employees feel valued, supported, and empowered. This pillar goes beyond policies, fostering a culture that prioritizes wellbeing, encourages collaboration, and helps every individual reach their full potential. We focus on safe and healthy working conditions, promote mental and physical wellbeing, and provide the tools and opportunities needed for success. At the same time, we strive to motivate and inspire, enabling employees to deliver their best work while maintaining a healthy work-life balance. By investing in our people and embedding these principles across the organization, we aim to build a strong, engaged workforce that drives sustainable growth and reflects Hero's values.



Sustainability Pillars

4 Purposeful People**Enable Hero 2035 strategy through impactful people & culture**

Create wow



Everyone Hero



Nourish others



Take responsibility

Talent

Insource talent acquisition



Develop middle-management



Best talents in critical roles



Critical advantage capabilities



Lifelong learning



Leading in a VUCA world

**Capabilities****Culture**

Open-source change



Reward & recognition



Inclusion

**Organization**

Set-up for growth



High performing commercial unit



Agile design & ways of working



“I feel valued”

“I feel invested”

“I feel cared for”

“I feel empowered and understood by my management”



Sustainability Pillars

4 Purposeful People



Our values: The foundation of our culture

[Values are at the heart of everything we do](#) at Hero. They guide how we behave, connect us across multiple countries, and unite diverse teams under a shared purpose. Our values shape our culture and are embedded into processes from performance management to recruitment, from induction to ongoing inclusion. They also underpin our commitment to equity, diversity, and inclusion, ensuring that every employee feels respected and empowered.

This strong foundation of shared values also drives our unwavering commitment to ethical business conduct. In 2025, we strengthened this commitment by launching mandatory Anti-Bribery & Corruption (ABC) training for all employees. To protect our business and promote a fair, transparent environment, the course equips everyone with practical tools to identify, prevent, and report unethical practices. It covers how to recognize bribery and corruption risks and provides best practices for compliance. By completing the training, we reinforce our culture of integrity and accountability, safeguard our reputation, and uphold our commitment to ethical business across all markets.

Strive for Zero: Our mission on Health & Safety

Employee health and safety is a core part of our culture and a strategic priority. Through our Strive for Zero approach, we aim for zero accidents, zero occupational illnesses, and zero negative impacts on wellbeing; integrating both physical and mental health into a safe, sustainable work environment.



The Hero Safety Community connects experts across sites to share best practices and harmonize standards. Regular audits, risk assessments, and training on leadership, ergonomics, and mental health reinforce awareness. Digital tools support monitoring and standardized processes. We go beyond legal compliance by embedding advanced safety systems, promoting employee participation, and integrating health and safety into strategic decisions; because all injuries and illnesses are preventable, and safeguarding wellbeing is essential to sustainable success.

Where people thrive: A great place to work

At the Hero Group, we are dedicated to being a great place to work by investing in our people and fostering a culture where everyone can thrive. Our international workforce demonstrates remarkable loyalty and commitment: 42.4% of employees have been with Hero for more than 10 years, especially in Spain, Germany, and MEA, where our largest offices and production sites are located. Nearly 16% have been with us for six to 10 years, 18% for two to five years, reflecting both strong retention and the dynamic growth and renewal of talent across the Group.

Our commitment to creating an outstanding work environment is recognized externally as well. Hero UK&I was ranked #11 on the UK's Best Workplaces™ 2025 list in the medium-sized business category by Great Place to Work® UK, following their certification last year. Similarly, Hero Spain has once again been recognized as one of the country's best employers, earning the Top Employer certification for the third consecutive year - a testament to their dedication to employee wellbeing and professional development, especially during times of transformation.



Sustainability Pillars

4 Purposeful People

We continue to create a motivating environment where everyone can grow and succeed, supported by training opportunities, an inclusive culture, and wellness initiatives that care for employees both inside and outside of work.

By investing in our people, prioritizing wellbeing, and championing diversity and inclusion, Hero continues to build a strong, engaged workforce that drives sustainable growth and truly reflects our values as a great place to work.



Purposeful partnerships and local engagement

At the Hero Group, we believe in using business as a force for good. Our commitment goes beyond delivering quality products; it extends to creating positive impact in the communities where we operate. Through purposeful partnerships, we work closely with local organizations and NGOs to address social needs and foster long-term change.

This includes initiatives such as food donations to local food banks and humanitarian organizations, ensuring that nutritious products reach those most in need. We also encourage corporate volunteering, where employees dedicate time and skills to community projects, from clean-up campaigns to educational and social programs. These efforts strengthen our sense of responsibility and connection.

A great example comes from Hero UK&I, which actively gives back through food donations, volunteering, fundraising, and event support. In 2025, the team launched a long-term partnership with KidsOut, an organization dedicated to bringing joy and happiness to some of the most vulnerable and disadvantaged children across the UK. Together, we share the belief that every child deserves a little sunshine, no matter their circumstances. This partnership reflects our values of inclusivity, care, and spreading positivity, ensuring every child gets the happiness they deserve.





Sustainability Statement

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General Disclosures

Basis for preparation

BP-1 General basis for preparation of sustainability statements

The Sustainability Statement on pages 200 – 337 presents the Hero Group's reporting on Environmental, Social, and Governance (ESG) matters.

Although the Hero Group will not fall within the scope of the EU Corporate Sustainability Reporting Directive (CSRD) until 2028 (covering the reporting year 2027), the company has proactively chosen to begin reporting in alignment with the disclosure requirements set out in the European Sustainability Reporting Standards (ESRS) since 2024.

At the time of preparing this report, the European Parliament's review process (Omnibus) of the CSRD and ESRS is still ongoing. Following the "stop-the-clock" directive introduced through the EU Omnibus Package in February 2025, the application of CSRD was postponed by two years for many companies, and EFRAG was mandated to revise the existing ESRS. To ensure transparent disclosure and proactively address material topics, this report is based on the ESRS Exposure Drafts published by EFRAG in July 2025. While further revisions may occur during negotiations expected to conclude by mid-2026, these drafts currently represent the most reliable and current guidance and therefore serve as the foundation for this Sustainability Statement until the final adoption of updated standards.

Furthermore, the content in this report has been prepared in accordance with the requirements of the Swiss Code of Obligations (Art. 964b and Art. 964j-l), and in alignment with recommendations of the Task Force on Climate-related Financial

Disclosures (TCFD). Details of how our reporting aligns with TCFD disclosure requirements can be found on page 348.

This report was prepared for the reporting period January 1 to December 31, 2025, and was subject to approval by the Hero Board of Directors prior to publication. To streamline the structure and content of this Sustainability Statement, several disclosure requirements have been incorporated by reference to the different parts of Hero Group Annual Report, including its Enterprise Risk Management process (see section Risk Management on page 211), and composition of Board of Directors and Executive Board (see section Corporate Governance on page 329). Furthermore, the Appendix includes an index and references to disclosure requirements along with corresponding page numbers.

Scope, reporting boundaries, and data

The information presented in this Sustainability Statement covers Hero AG and all its subsidiaries and has been prepared on the same consolidated basis as the Hero Group's 2025 Financial Statement. An exception applies to the recently acquired Super Saúde Nutricional S.A. (Pinati) business in Brazil, which is excluded from the scope of the ESG report 2025 and will be included starting from the 2026 reporting period.

In addition to the acquisition of Super Saúde Nutricional S.A. (Pinati) in September 2025, two further changes in reporting scope compared to the previous year should be noted. At the end of 2024, the Hero Group closed its manufacturing sites in Switzerland and Sweden. As a result, these manufacturing sites are no longer included in the 2025 reporting, but our commercial sites in these locations remain in the scope of the disclosures.



General Disclosures

Conversely, from the 2025 reporting period onwards, we have included data and information on Deliciously Ella in the United Kingdom, which was acquired by the Hero Group in Autumn 2024 and was not yet within the scope of the Sustainability Statement 2024.

The scope of the Sustainability Statement extends to cover material impacts, risks, and opportunities in the upstream and/or downstream value chain resulting from our Double Materiality Assessment and Impact, Risk, and Opportunity Assessment. The extent to which the Hero Group's policies, actions, targets, and metrics extend to our value chain is described in the sections relating to the topical chapters.

No information related to intellectual property, know-how, or the results of innovation has been omitted from this Sustainability Statement, except where such information is classified or considered sensitive.

BP-2 Disclosures in relation to specific circumstances

Time horizons, value chain estimation, and outcome uncertainty

The reporting period covered by this Sustainability Statement, including the calculation of metrics, aligns with the reporting period of the Financial Statements and covers the calendar year 2025. The time horizons referenced in this report (short, medium, and long-term), are consistent with the definitions provided in Section 6.2 of the ESRS Exposure Drafts, unless otherwise specified in the relevant sections of the report.

Certain non-financial metrics disclosed in this Sustainability Statement may be based on assumptions and estimates. Where applicable, explanatory notes have been included within the respective chapters to clarify these assumptions. The availability and quality of some data require further improvement. This remains a key focus of our ongoing commitment to enhancing sustainability reporting and operational excellence.

Greenhouse Gas (GHG) emissions from Scope 3 have been calculated using a hybrid approach that combines primary activity data with secondary data from reputable sources, such as emissions factors from ecoinvent, Defra, and EXIOBASE. This methodology aligns with the recommendations of the GHG Protocol and supports a robust carbon accounting framework. We currently assess the accuracy of the resulting data as moderate, which we consider appropriate at this stage of CSRD reporting readiness. As more primary data from our suppliers becomes available, we plan to increase its use and will continue to update our emission factors to reflect improved contextual understanding.

Changes in preparation versus prior Sustainability Reporting

Although the Hero Group will only fall under the scope of the EU Corporate Sustainability Reporting Directive (CSRD) from 2028, we have aligned the structure and content of this report with the European Sustainability Reporting Standards (ESRS). Our previous report for the 2024 reporting year was based on the ESRS set adopted in July 2023.





General Disclosures

The ESRS Exposure Drafts simplify the original 2023 standards by reducing several mandatory datapoints and streamlining the structure through clearer separation of mandatory content, application requirements, and illustrative guidance. They also introduce a more practical and top-down approach to the Double Materiality Assessment, consolidate disclosure objectives, and enhance alignment with global frameworks such as GRI and ISSB. In line with the updated ESRS structure, several chapters in this report have been revised. The General Disclosures chapter now consolidates content previously found under Governance Information, and chapter titles have been adjusted to reflect the new standard.

The topics *Food Safety and Quality* and *Health and Nutrition*, which were identified as material in Hero's 2023 Double Materiality Assessment and previously reported as separate chapters, are now integrated under the new chapter *S4 – Consumers and End Users*.

Another key change in preparation of this report stems from a revised assessment of the Hero Group's impacts, risks, and opportunities (IRO), conducted through an enhanced IRO process. Further details on the assessment and its role as the basis for disclosures can be found from page 215 onward.

This report reflects three key changes in quantitative data. First, as outlined in the scope section, the closed manufacturing sites in Switzerland and Sweden are no longer included in the reporting boundary, while the commercial sites in these countries stay in scope. Second, data from Hero's 202 Third, we conducted an in-depth review of our Carbon Accounting methodology with an external partner to ensure alignment with the latest developments of the GHG Protocol.

Our GHG emissions inventory has therefore been revised in line with our validated Science Based Targets commitment, without exceeding the re-baselining threshold defined. This ensures continued alignment with the latest climate science and SBTi criteria. In addition, the Hero Group is preparing to submit Forest, Land, and Agriculture (FLAG) targets to further address land-based emissions and enhance carbon removals.

With respect to governance, the Hero Group Board of Directors and Executive Board have undergone changes, including the appointment of a new Chairman and CEO. Details on these changes are provided in the Corporate Governance section of the Annual Report from page 329. Despite these personnel changes, governance responsibilities for ESG topics remain unchanged; the Board's Finance & Audit Committee continues to oversee compliance, while the Executive Board ensures that all directors, officers, and employees act in accordance with our corporate structure and sustainability objectives.

Disclosures stemming from other legislation

This sustainability statement includes information presented in reference to the Taskforce for Climate-related Financial Disclosures (TCFD). This information is identified in the respective parts of the Sustainability Statement.

The Appendix of this Sustainability Statement, starting on page 338, provides index overviews and detailed references to disclosure requirements, including corresponding page numbers for ESRS disclosures, data points derived from other EU legislation, our statement on sustainability due diligence, alignment with TCFD recommendations, and disclosure obligations under the Swiss Code of Obligations.



General Disclosures

Swiss Code of Obligations

We summarize how this report complies with the requirements of Art. 964b of the Swiss Code of Obligations, which became mandatory for Swiss companies of public interest from 2023, in pages 349. We also adhere to the requirements of Art. 964j-l of the Swiss Code of Obligations (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor). We have determined that we are exempt from the obligations of due diligence and reporting on conflict minerals (see page 316). Our disclosure related to due diligence on child labor can be found in the chapter S2 – *Workers in the Value Chain* (see page 308).

Under the Swiss Ordinance on Climate Disclosure Article 964c of the Swiss Code of Obligations, the requirement for machine-readable sustainability reporting (digital tagging) applies to reporting periods beginning on January 1, 2025, with the first reports due in 2026. However, the exact taxonomy to be used for tagging is not defined in the Swiss Ordinance. While digital taxonomies for such disclosures have already been developed within the European Union, they have not yet been formally adopted. In its statement from September 17, 2025, the Swiss Federal Council acknowledges that the obligation for machine-readable format, for example, via XBRL, will not apply in the European Union until 2027, and that the digital reporting standards in the EU are not expected to be finalized until then.

The Hero Group will omit machine-readable formatting for its 2025 sustainability reporting due to the current lack of formally-adopted digital taxonomies in Switzerland. In line with the Swiss Ordinance's "comply or explain" principle, this decision reflects the practical challenges of implementation and avoids unnecessary transitional costs. The company remains committed to meeting regulatory requirements and will adopt machine-readable reporting once feasible and officially mandated.

EU Taxonomy

The EU Taxonomy is a classification system designed to guide companies and investors toward environmentally-sustainable economic activities. It sets out detailed criteria for determining the eligibility and alignment of revenue, capital expenditure (CAPEX), and operational expenditure (OpEx) with six environmental objectives, including climate change mitigation and adaptation.

As part of the Corporate Sustainability Reporting Directive (CSRD), the Hero Group falls under the scope of mandatory EU Taxonomy reporting, starting in fiscal year 2027, with disclosures required in the Annual Report published in 2028. Until then, reporting remains voluntary. In preparation, we are actively assessing relevant activities, developing internal methodologies, and aligning data structures to ensure readiness. However, we will omit EU Taxonomy disclosures from our Annual Reports for 2025 and 2026 in line with current regulatory timelines and guidance.



General Disclosures

Governance

GOV-1 The role and responsibilities of administrative, management, and supervisory bodies

At the Hero Group, the Board of Directors holds overall responsibility for the company's strategic direction, including its sustainability strategy and the associated impacts, risks, and opportunities. The Board discusses and approves the sustainability ambition and targets and regularly reviews progress. As part of its commitment, the Board has integrated ESG targets, such as carbon footprint reduction, into the Long-Term Incentive (LTI) program for the Executive Board and senior leadership.

The Finance and Audit Committee (FAC) of the Board oversees compliance with the Hero Group's non-financial reporting obligations. It also reviews the outcomes of the annual Enterprise Risk Management (ERM) process, which also incorporates sustainability-related risks. Final approval of the ERM results rests with the Board of Directors. For further details, please refer to the Risk Management section of the Annual Report from page 211.

The operational responsibility for the sustainability agenda lies with the Executive Board. Within this body, the Chief Strategy & Transformation Officer leads the development of the sustainability strategy, actions and targets, working closely with a

core team of subject matter experts, the executive board, function leads and countries. The Chief Financial Officer holds ultimate accountability to ensure compliance with non-financial reporting requirements. Implementation is embedded across Group functions and country organizations, each accountable for sustainability within their respective areas of responsibility.

The leadership team is supported by Hero's dedicated core sustainability team, composed of experts in regulatory compliance, environmental sustainability, supply chain management, and data analysis. Complementing this, Excellence organizations such as Procurement, Manufacturing, and Quality contribute specialized knowledge and drive continuous improvement through Group-wide standards and procedures.

Together, these teams identify key ESG drivers, strategic levers, regulatory requirements, and emerging topics. They actively shape the work of the functions by building knowledge, and guiding the development or adaptation of strategies and processes to address specific sustainability challenges. This integrated setup ensures that ESG awareness and decision-making are embedded in the responsibilities and daily actions across the organization.





General Disclosures

ESG Governance

Board of Directors

Overall strategic direction, oversight, and accountability.

Board of Directors (BoD)**Senior Executive Sponsors**

Steer and lead the transformation. Approval of strategies, investments, and ESG roadmap.

Senior Executive Sponsors (EB)

ESG risks & compliance committee
(FAC): Chief Financial Officer

ESG operational & steering committee:
Chief Strategy Officer

Functional Leads

Define targets per function. Deliver and manage actions and policies aligned with business objectives.

**Finance, reporting,
and compliance**

**Business function
execution**

**Core
Sustainability
Team**

Setting ambition, roadmap and strategy. Subject matter expertise.
Responsible for overall implementation.

Composition, diversity, and independency of the governing bodies

The Board of Directors of the Hero Group comprises four members, including one woman, representing a gender diversity rate of 25%. All members (100%) serve in non-executive and independent capacities. In line with common practice and the Swiss

Code of Best Practice for Corporate Governance, the Board does not include employee or worker representatives. However, employee interests are represented through the Chief People Officer, who participates in the Board's Human Resources Committee.



General Disclosures

The Executive Board consists of six members. With a new appointment effective from 2026, the Executive Board will achieve gender parity, comprising three women and three men.

For further details on the composition and individual members of the Board of Directors and the Executive Board, please refer to the Corporate Governance section of this Annual Report, starting on page 329.

Skills and expertise

The Board of Directors and Executive Board of the Hero Group bring a broad range of sustainability-related expertise, shaped by diverse industry backgrounds, including consumer goods, food, retail, finance, and agriculture, as well as external mandates, project experience, and professional networks. Sustainability is a regular item on the agendas of both boards, and expertise in areas such as ESG compliance, impact and risk management, climate strategy, and human rights continue to evolve through ongoing learning and the development of individual capabilities and organizational maturity.

To strengthen organizational capabilities, the Hero Group has deliberately expanded its sustainability expertise by hiring specialists in key areas and by upskilling internal talent through targeted training and on-the-job learning. Where specific knowledge or capacity is not available internally, Hero collaborates with external experts and consultants to ensure high-quality, up-to-date input.

Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies

Supervision of strategy, material impacts, risks and opportunities, and target setting

The Hero Group established its sustainability strategy in 2020 and has since built a robust foundation by identifying material topics and IROs, setting strategic priorities, defining data baselines and targets, and embedding sustainability into decision-making processes across the organization. Oversight of this strategy, including the setting and monitoring of sustainability targets, is led by the CEO and the Board of Directors, who are regularly updated on progress and policy effectiveness.

To ensure structured governance, the Hero Group has implemented a multi-tiered oversight framework. The Board of Directors receives biannual updates on sustainability performance, while the Executive Board is briefed quarterly. A dedicated Sustainability Steering Committee at senior leadership level meets to monitor progress, identify emerging risks, and guide strategic decisions. This committee also oversees the implementation of procedures for identifying and assessing material IROs, including climate management, supply chain, and human rights due diligence.



General Disclosures

Sustainability targets are derived from the overarching corporate strategy and are cascaded through functions and subsidiaries. In 2025, the Hero Group enhanced its Innovation Management Tool (IMT) to integrate sustainability criteria such as emissions, packaging, nutrition, and biodiversity at the earliest stages of product development. Innovation and renovation projects are now assessed for their sustainability impacts, and this information is embedded into decision-making. This integration reinforces the Hero Group's commitment to aligning strategic initiatives with material sustainability considerations and long-term value creation.

GOV-2 Integration of sustainability-related performance in incentive schemes

At the Hero Group, we are committed to advancing our sustainability agenda. To support this ambition, we introduced a three-year Long-Term Incentive (LTI) plan for senior leadership in 2023, linking variable remuneration to the achievement of key sustainability targets alongside financial and strategic objectives.

Specifically, the LTI includes performance indicators for reducing Scopes 1 and 2 CO₂e emissions per ton of product and improving gender diversity in leadership roles.

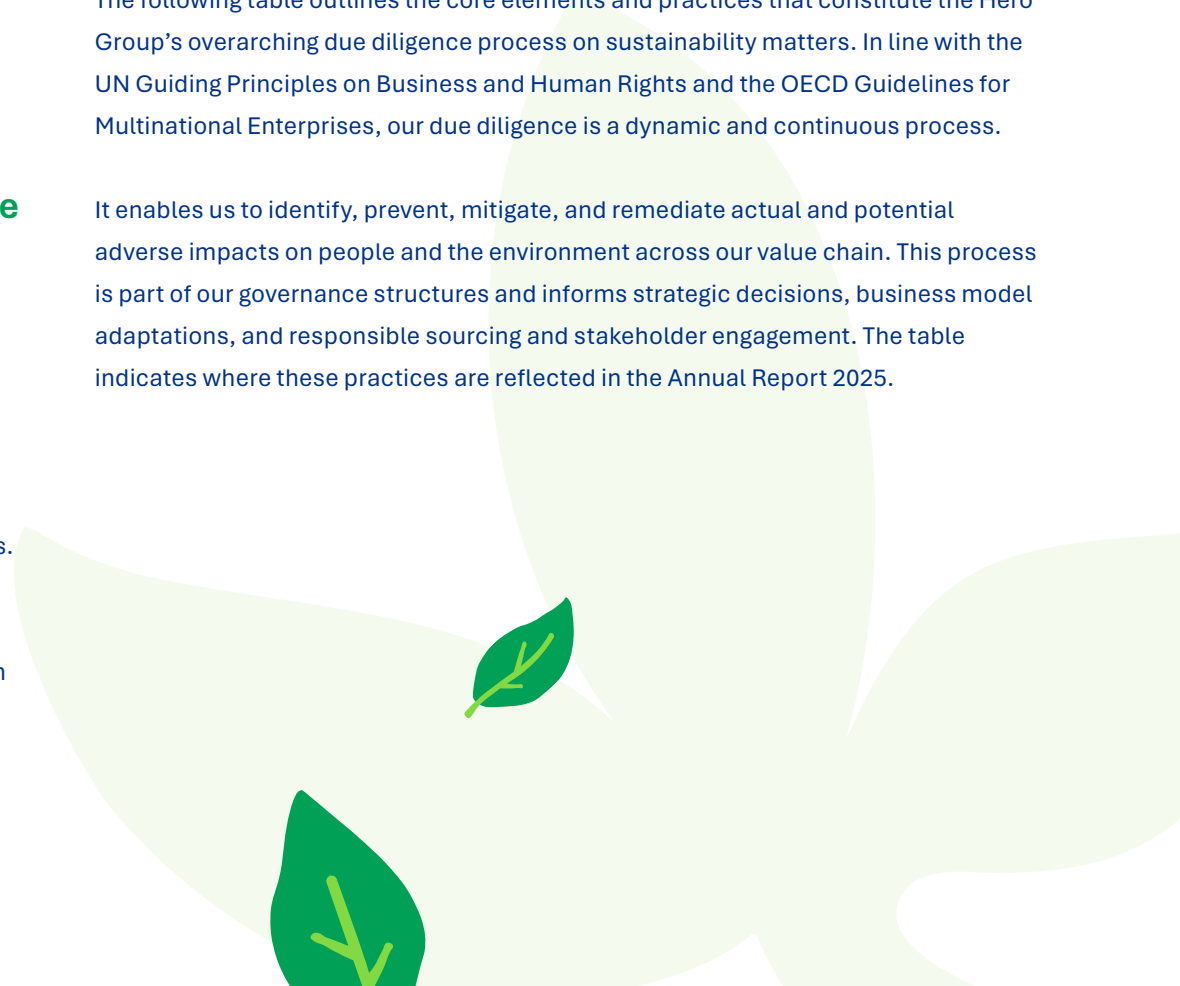
In 2025, the LTI framework was further strengthened by incorporating an intensity-based target for Scope 3 CO₂e emission reductions. This enhancement ensures even stronger alignment between executive incentives and Hero Group's broader climate commitments.

For more information on the emission reduction targets included in the LTI, please refer to the chapter *E1 – Climate Change* from page 228 of this report.

GOV-3 Statement on due diligence

The following table outlines the core elements and practices that constitute the Hero Group's overarching due diligence process on sustainability matters. In line with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, our due diligence is a dynamic and continuous process.

It enables us to identify, prevent, mitigate, and remediate actual and potential adverse impacts on people and the environment across our value chain. This process is part of our governance structures and informs strategic decisions, business model adaptations, and responsible sourcing and stakeholder engagement. The table indicates where these practices are reflected in the Annual Report 2025.





General Disclosures

Core Elements of Due Diligence	Paragraphs in the Sustainability Statement	Pages
Embedding due diligence in governance, strategy, and business model	GOV-1 Role of the administrative, management and supervisory bodies in relation to sustainability	206-208
	GOV-2 Integration of sustainability-related performance in incentive schemes	209
	GOV-3 Statement of due diligence	209
	GOV-4 Risk management and internal controls over sustainability reporting	211
	SBM-1 Strategy, business model, and value chain	212
Engaging with affected stakeholders	SBM-2 Interests and views of stakeholders	213-214
	S1-2 Processes for engaging with own workers	301
	S2-2 Processes for engaging with stakeholders via channels to raise concerns	310
	S4-2 Processes for engaging with consumers and end-users	323-324
Identifying and assessing negative impacts on people and the environment	IRO-1 Process to identify and assess material impacts, risks, and opportunities	215
	E1 Process to identify and assess material IROs related to climate change	227-251
	E3 Process to identify and assess material IROs related to water	252-260
	E4 Process to identify and assess material IROs related to biodiversity and ecosystems	261-274
	E5 Process to identify and assess material IROs related to resource use and circular economy	275-288
	S1 Process to identify and assess material IROs related to own workforce	290-307
	S2 Process to identify and assess material IROs related to workers in the value chain	308-316
	S4 Process to identify and assess material IROs related to consumers and end-users	317-326
	G1 Process to identify and assess material IROs related to business conduct	328-337
	E1-5 Actions and resources related to climate change	231-251
Taking action to address negative impacts on people and the environment	E3-2 Actions and resources related to water	254-260
	E4-3 Actions and resources related to biodiversity and ecosystems	264-270
	E5-2 Actions and resources related to resource use and circular economy	280-285
	S1-1 Actions and resources related to own workforce	294-299
	S2-1-3 Actions and resources related to workers in the value chain	312-315
	S4-1-2 Actions and resources related to consumers and end-users	321-323
	G1-1 Actions and resources related to business conduct	331
	Compliance with due diligence requirements of the Swiss Code of Obligations	349
	E1-6, E1-7, E1-8, E1-9 Metrics related to climate change (Corporate Carbon Footprint)	247-249,251
	E3-3, E3-4 Metrics related to water	260
Tracking the effectiveness of these efforts	E4-4, E4-5 Metrics related to biodiversity and ecosystems	274
	E5-3, E5-4, E5-5 Metrics related to resource use and circular economy	288
	S1-4 Metrics related to own workforce	306-307
	S4-4 Metrics related to consumers and end-users	326
	G1-4, G1-5, G1-6 Metrics related to consumers and end-users	337



General Disclosures

GOV-4 Risk management and internal controls over sustainability reporting

Hero Group has established a structured, multi-level governance and internal control system to ensure the integrity, accuracy, and compliance of its sustainability reporting in line with the European Sustainability Reporting Standards (ESRS). The Board of Directors holds ultimate oversight of the sustainability strategy and reporting, including the identification and management of material impacts, risks, and opportunities (IROs), and formally approves the consolidated sustainability report as part of the annual reporting cycle. Operational responsibility lies with the Executive Board, supported by a dedicated Non-Financial Reporting Manager who oversees project coordination and regulatory alignment. A central sustainability team; comprising experts in regulatory reporting, environmental sustainability, and supply chain; develops reporting guidelines, provides tools, consolidates data, and performs quality checks. Sustainability reporting is embedded across Group and country-level functions, with business units closest to the data source responsible for delivering accurate and complete information.

The Finance and Audit Committee (FAC) supports this oversight by monitoring compliance with non-financial reporting obligations and reviewing the outcomes of the Enterprise Risk Management (ERM) process, which integrates sustainability-related risks.

Functional leaders are assigned ownership of specific disclosure requirements and are accountable for reviewing and signing off on the content relevant to their areas. To mitigate key risks such as data inaccuracy, incompleteness, and reporting delays, the Hero Group has implemented internal controls, roles and responsibilities, review cycles, and targeted checks and balances. Regular interaction between local teams and the central sustainability function drives alignment, knowledge sharing, and continuous improvement in data quality.

Where internal capacity is limited, Hero collaborates with external experts to ensure methodological robustness and compliance with international standards. For example, in 2024 and early 2025, the Group's carbon footprint methodology was externally reviewed and confirmed to align with the GHG Protocol and industry best practices. Additionally, a comprehensive Human Rights Impact Assessment was conducted in 2025 with external support, contributing to internal capacity building and the development of targeted procedures and mitigation measures.

This integrated approach ensures that sustainability-related risks and opportunities are systematically identified, assessed, and embedded into the Hero Group's strategic planning, risk management, and decision-making processes.





General Disclosures

Strategy and Stakeholders

SBM-1 Strategy, business model, and value chain

The Hero Group is a multinational food company focused on branded nutritional food products. Our portfolio is structured into two categories, Growing Up and Adult. These categories encompass three primary business areas – Better Snacking, Naturally Good Food, and Others – each containing designated platforms. The mission of the Group is to delight Consumers through honest Goodness in every Bite. We boast a global footprint, and our portfolio consists of many well-known international and local brands. We explain our mission, vision, and business strategy, as well as changes versus previous reporting period in more detail in the *Company Information* section of this Annual Report from page 10.

As a food company, we are directly affected by the impacts on our planet and people and recognize the effect our business has on the environment and society, too. For us, sustainability means thinking holistically, planning for the long term, and acting responsibly towards our customers, employees, suppliers, and the environment. By integrating environmental, social, and governance (ESG) topics into our core business activities across our value chain, we ensure that sustainability is not just a series of individual projects, but an ongoing journey of continuous improvement.





General Disclosures

SBM-2 Interests and views of stakeholders

The Hero Group views sustainability as a continuous improvement process that thrives through active dialogue with stakeholders, both internal and external. This belief is embedded in the company's approach to stakeholder engagement, which is structured, and strategically aligned with its business model and governance. Stakeholder engagement at Hero is conducted regularly through various channels and formats, including direct dialogue with retailers, consumers, suppliers, NGOs, regulators, media, neighbors, and especially employees.

As part of the Hero Group's ongoing commitment to quality management, consumer feedback, including complaints and regulatory inquiries, is systematically evaluated and tracked. Interactions with the consumer service team provide valuable insights into stakeholder expectations by analyzing patterns in feedback and complaints. These insights are regularly communicated to management through structured reporting and quality incident documentation, ensuring that leadership remains well-informed and responsive to consumer concerns.

Strategy & Governance

We manage sustainability with a long-term, future-oriented approach, taking responsibility for environmental, economic, and social aspects across the entire value chain. Our organizational structure ensures that we meet external regulatory obligations and fulfill our decarbonization plans in line with our SBTi commitment.

1 Responsible Sourcing

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

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

2 Minimal-impact Production

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

We optimize our transport and deploy technologies for decarbonization.

3 Better Product Design

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

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

4 Purposeful People

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

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

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





General Disclosures

The Hero Group is a member of the UN Global Compact and engages with platforms such as the Sustainable Agriculture Initiative (SAI) and ESG networks like Trellis.

Stakeholder insights and broader developments on material topics are systematically captured through the Hero Group's Impact, Risk, and Opportunity (IRO) Assessment. These efforts are complemented by targeted tools such as Human Rights Impact Assessments and a range of exchange formats, for example, via the Biodiversity in Good Company association or the Alimarket Meeting on Packaging Solutions for Mass Consumption. Together, these mechanisms ensure that stakeholder concerns, particularly those related to material impacts, risks, and opportunities, are considered in strategic decision-making.





General Disclosures

Impact, Risk, and Opportunity Management

IRO-1 Process of Double Materiality and impact, risk, and opportunity assessment

In 2023, the Hero Group conducted its first Double Materiality Assessment to identify its most significant sustainability impacts from an inside-out perspective (impact materiality) as well as from an outside-in perspective (financial materiality). This assessment was built on Hero's 2021 impact analysis and was aligned with the EU Corporate Sustainability Reporting Directive (CSRD) draft available at the time, as well as guidance from Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB).

A comprehensive scan of emerging regulations, risks, and consumer trends informed the refinement of existing topics and the identification of new ones. A validated list of 41 sustainability topics was evaluated through a structured survey involving internal stakeholders, including employees, senior leaders, and Executive Board members, and external stakeholders such as customers, suppliers, NGOs, and academic experts.

Each topic was assessed across five dimensions: importance, scale, scope, irremediability, and likelihood. To assess financial materiality, Hero applied its six-capital model (Financial, Manufacturing, Intellectual, Human, Social and Relationship, and Natural), evaluating the likelihood that each topic could trigger value creation or risk. Subject matter experts, both internal and external, reviewed and calibrated the results to ensure robustness.

The outcome was a consolidated Double Materiality Matrix, which established clear ownership and focus across the organization. This enabled senior functional leaders to embed sustainability priorities into strategic decision-making. The final list of material topics was approved by the Hero Group's Executive Board in early 2024 and forms the foundation of the company's sustainability disclosures. Details of the assessment process are available in the Hero Group Sustainability Report 2023 and Annual Report 2024. A comprehensive update is planned for 2026, aligned with the by-then-adopted 'Post-Omnibus' Corporate Sustainability Reporting Directive framework.

During 2024, the Hero Group introduced an Impact, Risk, and Opportunity (IRO) Assessment. This assessment added specificity to the materiality process and deepened the understanding of how sustainability topics intersect with strategic risks and opportunities across the business. The input and IRO definition followed the expertise of colleagues from different departments and helped us to gain a deeper understanding of sub-topics and our impacts with Hero Group business activities.





General Disclosures

In 2025, we further enhanced our IRO approach to meet more formal requirements on objectivity, replicability, and comparability, anchored in EU CSRD and ESRS Exposure Drafts. The IRO assessment methodology began with comprehensive desktop research of potential material topics and sub-topics. This research was guided by authoritative sources including ESRS 1 Appendix A (formerly Application Requirements 16), relevant regulatory frameworks, industry standards, scientific and academic literature, peer benchmarking, and internal evaluations.

Examples, beside the topic list from the ESRS, are the Swiss Code of Obligations, the German Supply Chain Due Diligence Act, the EU Forced Labor Regulation, as well as EU Deforestation Regulation, the SBTi framework, TNFD recommendations on Nature-related Financial Disclosures, the TNFD Sector Guidance for Food and Agriculture, the SBTN Target-setting Guide, the World Economic Forum Global Risk Report, the OECD Due Diligence Guidance, the OECD-FAO Guidance for Responsible Agricultural Supply Chains, the WWF Risk Filter tool, and topic overviews from GRI, CDP, and EcoVadis.

Detailed source references for each material topic are provided in the respective chapters of this report. As a result of this process, the Hero Group compiled a long list of 89 potential impacts, risks, and opportunities. To ensure clarity and consistency, the formulation and categorization of impacts, risks, and opportunities were supported by technical input from external auditors.

In close collaboration with the designated owners of the Hero Group's material topics at top management level, internal subject matter experts from across various functions were assigned to assess and validate the long list of identified impacts, risks, and opportunities (IROs) in relation to Hero's business activities. A total of 27 evaluators participated in the process, ensuring a broad representative input base, including three members of the Executive Board and one representative from the Board of Directors.

To ensure consistency and replicability, a detailed guidance document was provided to all evaluators, outlining the assessment methodology and scoring criteria. All scoring dimensions were clearly defined to ensure uniform understanding across evaluators. Materiality was determined using quantitative thresholds within a standardized scoring framework.

To assess the materiality of impacts, the severity of each impact was evaluated across the three dimensions, namely scale, scope, and irremediability, followed by an assessment of likelihood. For risks and opportunities, the dimensions assessed were magnitude and likelihood. These scores reflect the theoretical significance of each IRO to the Hero Group's business model, independent of existing mitigation measures.



General Disclosures



For financial magnitude, thresholds were aligned with the Hero Group's Enterprise Risk Management (ERM) standards. This integration ensures that material sustainability topics are treated with equal rigor in strategic planning and reporting. Each IRO could receive a maximum score of 25 points, with a materiality threshold set at 16 points. IROs scoring above this threshold were automatically classified as material, while those scoring just below were subject to our Executive Board's review for final determination.

The Hero Group prioritizes negative impacts based on a structured scoring framework that evaluates severity and likelihood, independent of existing mitigation measures. This prioritization is informed by due diligence processes, including risk assessments and a formal Human Rights Impact Assessment for the topic of workers in the value chain.

All material IROs are disclosed in accordance with ESRS topical standards. Where necessary, Hero supplements these disclosures with entity-specific narratives to reflect the unique characteristics of its business model and value chain.

The methodology applied in this assessment aligns with the general requirements outlined in ESRS 1 of the CSRD Exposure Draft and was further strengthened by technical input from external auditors. The scope of the assessment covers the Hero Group's entire value chain and all material topics identified in the initial Double Materiality Assessment conducted in 2023.

Compared to the previous year, the 2025 assessment process was significantly enhanced. It featured a broader and more detailed set of topics and sub-topics, a more rigorous scoring methodology, expanded participation from internal experts, closer alignment with the evolving ESRS guidance, and formal approval by the Executive Board. The IRO framework takes a dual perspective, evaluating both the company's impacts on society and the environment, and its dependencies on natural and social capital. This integrated approach enables a more comprehensive understanding of sustainability-related risks and opportunities.

Outcome of Double Materiality and impact, risk, and opportunity assessment

The 2023 Double Materiality Assessment identified eight of the 10 overarching ESG topics defined in the ESRS as material for the Hero Group. The topic *E2 – Pollution* was not classified as material; however, its related subtopics are addressed in other chapters. Air pollution is covered in *E1 – Climate Change*, water pollution in *E3 – Water*, and soil pollution in *E4 – Biodiversity and Ecosystems*.

A similar approach applies to *S3 – Affected Communities*. While the topic itself was not identified as material, relevant subtopics are addressed in the chapters *S1 – Own Workforce*, *S2 – Workers in the Value Chain*, *S3 – Consumers and End-Users*, and *G1 – Business Conduct*.



General Disclosures

The 2025 Impact, Risk, and Opportunity (IRO) Assessment identified a total of 21 IROs as material to the Hero Group's business model:

16

negative impacts

4

positive impacts

1

risk

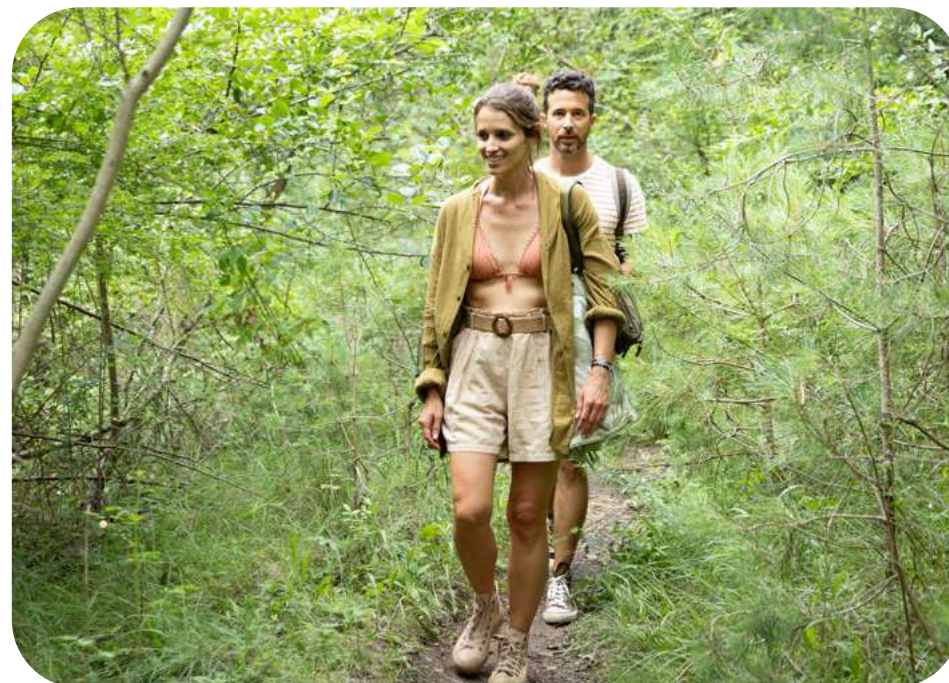
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opportunities

The assessment results and the list of material IROs were reviewed and approved by our Executive Board in September 2025. These IROs form a critical foundation for the Hero Group Sustainability Statement and underpin the subsequent disclosures of our policies, targets, metrics, and actions for each IRO.

The majority of topics and sub-topics included in this list of IROs remain largely consistent with the previous reporting period. However, the formulation and level of aggregation have been standardized across all impacts, risks, and opportunities. Notably, the chapter *S2 – Workers in the Value Chain* includes additional subtopics compared to the previous year. This expansion is driven by enhanced internal knowledge management following a comprehensive Human Rights Impact Assessment conducted in 2025.

The chapter *G1 – Business Conduct* also reflects a significant change: it no longer identifies any material IROs, in contrast to the three reported in this area last year. This shift does not imply that the underlying sub-topics have lost relevance. Rather, it results from the application of a standardized IRO Assessment methodology, which includes clearly defined scoring criteria and thresholds.



Detailed disclosures on all material impacts, risks, and opportunities, including their relevance across the Hero Group value chain, as well as the associated policies, targets, metrics, and actions, are provided in the dedicated chapters of this Sustainability Statement. For ease of reference, the identified material IROs are listed below, along with an indication of where the corresponding disclosures can be found within the statement.





General Disclosures

ESG matter	Material Impacts, Risks, and Opportunities (IROs) Environment	IRO # (code)	Detailed disclosure
E1 – Climate Change	Negative impact on climate change due to GHG emissions (Scopes 1,2,3) from own operations and value chain.	E1 - I	240-244
	Risk of financial losses due to supply chain disruption, reduced yields and lower quality of agricultural products, driven by temperature changes, extreme weather events, water scarcity, soil erosion and other physical risks of climate change.	E1 - II	245-250
E3 – Water	Negative impact on water availability as a result of water withdrawals and water consumption in own operations.	E3 - I	254-256
	Negative impact on water quality because of industrial water use and discharge without proper treatment.	E3 - II	257-258
E4 – Biodiversity and Ecosystems	Negative impact on ecosystems due to increased withdrawal or exploitation of natural resources, caused by business growth.	E4 - I	263-265
	Negative impact on ecosystems and climate change due to deforestation, and land conversion, driven by deforestation-linked commodities.	E4 - II	266-267
	Negative impact on ecosystems, water, and soil conditions due to intense conventional agriculture practices, including excessive use of fertilizers and pesticides.	E4 - III	268-270
	Positive impact on ecosystems, water, and soil conditions due to promotion of regenerative agriculture practices.	E4 - IV	268-270
E5 – Resource Use and Circular Economy	Negative impact on environment due to waste directed to landfill.	E5 - I	280-282
	Negative impact on environment and people due to food waste, driven by wasted resources when making the products, and methane emissions being generated when sent to landfills.	E5 - II	282-283
	Negative impact on climate change due to GHG emissions, caused by the use of fossil-based, virgin materials (plastics) in packaging.	E5 - III	284-285
	Negative impact on environment and people due to microplastics passing into soil, water, and living beings, caused by plastic product packaging and its improper disposal.	E5 - IV	284-285



General Disclosures

ESG matter	Material Impacts, Risks, and Opportunities (IROs) Social	IRO # (code)	Detailed disclosure
S1 – Own Workforce	Negative impact on employees' physical and mental wellbeing due to poor health and safety standards.	S1 - I	294-296
	Positive impact on employees' working conditions due to employees' rights of collective bargaining, freedom of association, and right to form unions.	S1 - II	296-297
	Positive impact on employees' career progression due to training and development, promotion offers, and life-long learning.	S1 - III	297-298
	Positive impact on employees' living standards due to competitive and transparent reward and recognition system that ensures fair and adequate remuneration.	S1 - IV	298-299
S2 – Workers in the Value Chain	Negative impact on young workers in the value chain due to sourcing of child labor risk prone commodities and/or other materials from areas with elevated risk of child labor.	S2 - I	312-314
	Negative impact on vulnerable workers in the value chain due to sourcing of forced labor risk prone or human trafficking risk prone commodities and/or other materials from areas with elevated risk of forced labor.	S2 - II	314-315
	Negative impact on vulnerable workers in the value chain due to sourcing of commodities and other materials from areas with elevated risk of working conditions with inadequate health and safety standards.	S2 - III	314-315
S4 – Consumers and End-Users	Negative impact on consumers' health due to poor quality and unsafe products.	S4 - I	321-322
	Negative impact on consumer's health and wellbeing due to plastic packaging and additive materials that could present risks of harm to human health.	S4 - II	323

ESG matter	Material Impacts, Risks, and Opportunities (IROs) Governance	IRO # (code)	Detailed disclosure
G1 – Business Conduct	No material IRO above defined threshold	G1 - I	331



General Disclosures

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The Hero Group's material Impacts, Risks, and Opportunities (IROs), as identified through the Double Materiality and IRO Assessment processes, are increasingly embedded in the company's business model and strategic decision-making. The IROs span the upstream, operational, and downstream segments of the value chain, reflecting the interconnected nature of environmental, social, and governance (ESG) aspects with core business activities.

Many of Hero's material IROs originate directly from the corporate sustainability strategy introduced in 2020. The strategic focus areas – responsible sourcing, minimal-impact production, better product design, and purposeful people – serve as the foundation for more detailed analyses of related sub-topics, impact areas, and potential or actual business risks and opportunities. For example, negative environmental impacts such as greenhouse gas emissions and water use are linked to both upstream agricultural practices and downstream packaging and logistics.

Conversely, positive impacts arise from initiatives such as regenerative agriculture and circular packaging design. Material risks, including supply chain disruptions due to climate change or reputational risks from human rights violations, have the potential to significantly affect Hero's ability to achieve its strategic goals. Opportunities, such as increasing consumer demand for sustainable products, are actively pursued through innovation and product development, even if they do not meet the formal thresholds to be classified as material.



While the current financial effects of material risks and opportunities are not yet fully quantified in the Sustainability Statement, Hero acknowledges that certain risks, particularly those related to climate change, resource scarcity, and regulatory compliance, could lead to material adjustments in asset valuations or cost structures in future reporting periods. These risks are monitored through the Enterprise Risk Management (ERM) framework, which is aligned with the IRO assessment.

Anticipated financial effects are considered across short, medium, and long-term horizons. For instance, investments in responsible sourcing and innovation are expected to generate long-term cost efficiencies and enhance brand value, although they may result in increased capital expenditures in the short term. These projections are integrated into Hero's financial planning and scenario analysis processes.



General Disclosures

The Hero Group's business strategy, which incorporates ESG considerations, demonstrates resilience through its proactive approach to identifying and managing material impacts and risks while leveraging emerging opportunities. The company conducts various scenario analyses and stress tests to evaluate the robustness of its business model under actual and potential sustainability-related risk conditions. These assessments are carried out either as part of the Enterprise Risk Management (ERM) framework or through standalone exercises, such as climate scenario analyses and human rights impact assessments. The analyses are aligned with strategic planning time horizons and are informed by both internal expertise and external benchmarks.

Resilience assessments confirm that Hero's current strategy can adapt to foreseeable sustainability challenges, particularly in areas such as climate adaptation, biodiversity protection, and human rights due diligence. Where gaps are identified, targeted actions, such as policy development, action planning, and investment in innovation, are initiated.





General Disclosures

General Disclosures on Policies, Actions, Metrics, Targets

Overview and management of policies, actions, metrics, and targets

To provide a meaningful understanding of how the Hero Group addresses its material impacts, risks, and opportunities, this section outlines the company's relevant policies, actions, and targets per material topic. In line with ESRS guidance, a policy refers to a concise description of the principles, commitments, and approaches the company applies to manage sustainability topics, whether by identifying, preventing, mitigating, or remediating actual or potential adverse impacts. The policies, guidelines, and frameworks outlined apply to the entire Hero Group and all affiliated entities, except for the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional (Pinati), which are currently in the onboarding phase.

The disclosures presented here reflect the level at which these topics are managed across the organization and illustrate how they relate to the Hero Group's strategy and business model. Where applicable, the structure of the disclosures aligns with internal management priorities, allowing for a coherent view of how material topics are addressed. In cases where the same policies, actions, metrics, or targets apply to multiple material topics, the information is disclosed in aggregate, with cross-references to ensure transparency and traceability. More information can be found in the dedicated topic chapters of this Sustainability Statement.

E1 – Climate Change

Climate change is a strategic priority for the Hero Group, directly impacting food production, supply chain stability, and business resilience. The chapter *E1 – Climate Change* from page 227 identifies two material IROs. The management of these IROs and the Hero Group Corporate Carbon Footprint is anchored in our validated Science Based Targets initiative (SBTi) commitment, which serves as the Group's climate policy and aligns with a 1.5°C pathway under the Paris Agreement.

Key actions include setting near- and long-term emission reduction targets, implementing a climate transition plan, and integrating climate actions into investment and operational decisions. Metrics track Scope 1, 2, and 3 emissions, with annual reporting ensuring transparency. The approach is supported by robust governance, and data, supplier engagement, internal training and process adjustments, as well as continuous improvement along the full value chain.

E3 – Water

Water is a critical resource for the Hero Group, underpinning food production, regulatory compliance, and sustainability ambitions. The chapter *E3 – Water* from page 252 identifies two material IROs. The management of these IROs includes developing Water Stewardship Guidelines, implementing site-specific reduction targets, and tracking performance through metrics such as water intensity (usage) and total consumption.



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Actions encompass technical upgrades, process optimization, and continuous monitoring, with a Group-wide strategy, serving as a policy, to be finalized by 2026. While all sites pursue local goals, the current Group ambition is a 5% annual reduction YoY in water intensity. This approach is embedded in the Hero Excellence Program, ensuring that water management is integral to operational excellence.

E4 – Biodiversity & Ecosystems

Biodiversity and resilient ecosystems are vital for the Hero Group, underpinning sustainable food production and business continuity. The chapter *E4 – Biodiversity and Ecosystems* from page 261 identifies four material IROs. The management of these IROs is steered by a strategy, established in 2024 and aligned with the Kunming-Montreal Global Biodiversity Framework.

This strategy is implemented through policies including Sustainable Farming Principles, Procurement Guidelines, and a Deforestation Policy (to be fully implemented by 2026). Key metrics track supplier scoring, certified sourcing rates, and the number and area of sites near protected biodiversity areas.

Targets include establishing a baseline for biodiversity and soil health, achieving full compliance with the EU Deforestation Regulation, and expanding regenerative agriculture across the value chain. Actions focus on supplier engagement, certification, farm-level data collection, and pilot projects, ensuring that biodiversity management is embedded in operations and closely linked to climate goals.

E5 – Resource Use & Circular Economy

Resource use and circularity targets, shape how materials are sourced, managed, and cycled across the value chain. The chapter *E5 – Resource Use and Circular Economy* from page 275 identifies four material IROs. Their management is anchored in two guiding frameworks: the Hero Sustainable Packaging Principles, which steer all packaging decisions toward waste prevention, resource reduction, circular design, and recyclability; and the Hero Excellence Program, which drives continuous improvement in supply chain and manufacturing through values-based leadership, systematic loss analysis, and best practice sharing.

Building on these frameworks, the Group implements targeted actions such as packaging weight reduction, recyclable mono-material pouches, and upcycling by-products, with harmonized metrics established in 2025, and formal targets to follow in 2026.

S1 – Own Workforce

The Hero Group employs over 4,000 people across around 20 countries, making its workforce central to business success and sustainability. The chapter *S1 – Own Workforce* from page 290 identifies four material IROs. The management of these IROs is guided by the Hero Human Deal people strategy, and the Hero Human Rights Policy, complemented by local frameworks addressing country-specific HR topics.

Health and safety are governed by the Hero Strive for Zero Strategy and the corporate Occupational Health and Safety Policy. Key actions include fostering a culture rooted in the Hero corporate values, implementing ISO 45001-certified health and safety



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management at all manufacturing sites, and ensuring continuous employee training, development, and motivation. These measures strengthen engagement, cooperation, and well-being across the organization.

S2 – Workers in the Value Chain

The Hero Group's business depends on global agricultural supply chains, directly influencing the lives, working conditions, and labor practices of numerous people. The chapter *S2 – Workers in the Value Chain* from page 308 identifies three material IROs. Their management is guided by the Hero Group [Human Rights Policy](#) and [Code of Conduct](#), which strictly prohibit child labor, forced labor, and unsafe working conditions among other aspects.

Key risk management and mitigation actions include supplier onboarding with mandatory Code of Conduct acceptance, EcoVadis and Sedex assessments, SMETA audits for high-risk origins, and the rollout of grievance mechanisms such as the SpeakUp® platform. The Group's approach is reinforced by international frameworks, legal requirements, ongoing Human Rights Impact Assessments, and continuous improvement through gap analysis, supplier risk mapping, and corrective actions.

S4 – Consumers & End-Users

Food Safety and Quality, together with Health and Nutrition, are critical priorities for a food company like the Hero Group. The chapter *S4 – Consumers and End-Users* from page 317 identifies two material IROs. Their management, along with additional relevant topics, is guided by the Quality & Food Safety Policy, the Quality Management System, and the Crisis Management Standard, supported by adherence to frameworks such as the Global Food Safety Initiative.

For health and nutrition, the Hero Group Recipe and Nutrition Design Guidelines apply. Key actions include implementing robust risk management plans and testing protocols, expanding certifications, engaging with consumers, and providing targeted training for Marketing, Category, and Product Development teams. ESG criteria are integrated into product innovation, and product development is guided by the Planetary Health Diet to ensure safety, quality, and nutritional value, good for people and the planet.

G1 – Business Conduct

Business conduct at the Hero Group is shaped by a zero-tolerance approach to unethical practices, supported by robust governance and compliance frameworks. Although no material IROs were identified under the defined threshold, several topics remain highly significant and are detailed in chapter *G1 – Business Conduct* from page 328. The Group's [Code of Conduct](#) sets clear standards for integrity, human rights, anti-bribery, anti-corruption, fair competition, and environmental responsibility.

Strict compliance with international and local laws is enforced through the Anti-Bribery and Anti-Corruption Policy, while the SpeakUp® platform enables secure, anonymous reporting and protects whistle-blowers. Additional frameworks, including the Antitrust Compliance Program and Human Rights Policy, reinforce ethical standards. These policies are implemented through mandatory training, regular audits, digital compliance tools, and transparent reporting. Supplier relationships are managed with standardized payment terms and due diligence, supported by dispute resolution and continuous improvement mechanisms.



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E1 – Climate Change

- Introduction and Strategy
- Climate Transition Plan
- Climate Scenario Analysis
- Impact, Risk, and Opportunity Management
- Corporate Carbon Footprint incl. Metrics Tables
- Additional Disclosure Requirements incl. Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Climate Change	Type of IRO	Up-stream	Own operations	Down-stream
E1 - I	Negative impact on climate change due to GHG emissions (Scope 1,2,3) from own operations and value chain.	Negative impact	X	X	X
E1 - II	Risk of financial losses as a result of supply chain disruption, reduced yields, and lower quality of agricultural products, driven by temperature changes, extreme weather events, water scarcity, soil erosion, and other physical risks of climate change.	Risk	X		





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E1 – Climate Change

Introduction and Strategy

As a multinational food company, the Hero Group is directly exposed to the impacts of climate change. Rising temperatures, shifting weather patterns, and resource scarcity affect agricultural yields, supply chain stability, and food security – core elements of our business. At the same time, food production is a significant contributor to greenhouse gas emissions, making climate change mitigation and adaptation both a responsibility and a strategic necessity for our company.

The Hero Group sustainability strategy and our validated Science Based Targets (SBTi) are integral components of our corporate strategy and our climate transition plan, which aligns with EU and Swiss climate goals and adheres to the TCFD recommendations. Our SBTi targets are consistent with a 1.5°C pathway under the Paris Climate Agreement, ensuring that our decarbonization efforts contribute to limiting global warming in line with international science-based standards.

External drivers such as evolving regulatory requirements, customer expectations, and environmental developments help shape our approach. By integrating climate considerations into investment decisions, operational planning, and product development, we ensure that climate management is not an add-on, but an integral part of how we operate and grow.

The components of the transition plan are outlined in this chapter.

Climate Transition Plan

A climate transition plan is a strategic roadmap that outlines how the Hero Group will achieve its climate commitments and adapt its business model to a low-carbon economy. It helps ensure our actions are credible, science-based, and aligned with global and regional climate goals, while increasing long-term business resilience.

This chapter provides an overview of the Hero Group's validated Science Based Targets, the methodology and metrics behind them, and their compatibility with the Paris Agreement and EU Climate Law. Our targets are enabled by dedicated resources, clear roles of administrative, management and supervisory bodies, investment planning, and decarbonization projects. Furthermore, this chapter addresses dependencies and locked-in greenhouse gas emissions and concludes with a high-level overview of climate actions across Scopes 1, 2, and 3.

Climate commitment

Validated Science Based Targets

The Hero Group acknowledges climate change as a critical business and societal challenge. In 2021, we formalized our pledge and committed officially to the Science Based Targets initiative (SBTi), embedding climate action into our corporate strategy. This commitment acts as an internal Climate Policy, guiding our decarbonization efforts across the entire Hero value chain and ensuring that climate considerations shape investment decisions, operational planning, and product development.



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Our approach is anchored in global frameworks such as the Paris Agreement and the UN Climate Change Conference of the Parties (COP) goals.

Climate action is integrated into our governance structure through the Sustainability Steering Committee, reporting to the Executive Board. Policies, guidelines, and frameworks apply to all Hero Group entities, except for the recently acquired company Super Saúde Nutricional, which is currently in the onboarding phase. Dedicated processes, such as supplier engagement tracking, performance dashboards, and a dedicated carbon reporting tool, ensure transparency and accountability.

The Hero Group's GHG emission reduction targets were validated by SBTi in September 2023. These targets are aligned with the SBTi Net-Zero Standard (version 1.0) and the SBTi Near-Term Target Criteria (version 5.1). These are gross targets, meaning carbon credits, or avoided emissions, are not included as a means of achieving them, in accordance with CSRD requirements and SBTi criteria.

Only after achieving a 90% reduction in absolute Scope 1, Scope 2 (market-based), and Scope 3 GHG emissions will the remaining residual emissions be neutralized in accordance with SBTi criteria, enabling the Hero Group to reach net-zero emissions by 2050.

Our Science Based Targets

Overall net-zero target

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

Near-term targets (by 2030)

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

Long-term targets (by 2050)

Hero Group commits to reduce absolute Scope 1 and 2 GHG emissions **90%** by 2050 from a 2019 base year. Hero Group also commits to reduce absolute Scope 3 GHG emissions **90%** within the same timeframe.

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





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Our baseline year (2019) recorded 790,209 tCO₂e. We report progress annually in our Sustainability Statement to ensure transparency and accountability.

As a company with FLAG (Forest, Land and Agriculture) emissions, which include emissions from land-use change (LUC), land management (non-LUC), and carbon removals, the Hero Group is required to set specific FLAG targets in addition to its general SBTi greenhouse gas reduction goals by 2028. These targets address critical issues such as deforestation and sustainable sourcing. Recognizing the importance of FLAG impact in our operations, we have decided to submit our FLAG targets to SBTi at the end of 2025 and expect validation in 2026. This process is also linked to our commitment to stop deforestation in the Hero value chain, which is anchored in our deforestation policy drafted in 2025 with roll out planned from 2026. Our engagement with SBTi includes participation in revision drafts for the Net-Zero Standard and FLAG criteria, ensuring alignment with evolving best practices.

Hero applies the GHG Protocol as the standard for carbon accounting across all scopes. Scope 2 emissions are calculated using both location-based and market-based methods, with SBTi targets defined using the market-based approach. In line with SBTi requirements, we have a re-baseline policy: our baseline is reviewed every five years or when significant changes occur (e.g., mergers, methodology updates, better data granularity).

Beyond our SBTi commitments, the Hero Group has also set internal operational targets to accelerate progress, including a 12,000 tCO₂e annual reduction across our value chain, a 6% annual intensity reduction in manufacturing emissions based on product output, and a long-term target covering all scopes aligned to SBTi requirements.

Our SBTi commitment serves as an internal Climate Policy that steers Hero's decarbonization roadmap. It ensures that climate management is embedded in governance and decision-making processes, shaping how we grow responsibly and sustainably across the full value chain.

Methodology and metrics

The calculation of our corporate carbon footprint (CCF) is performed in accordance with the Greenhouse Gas (GHG) Protocol Corporate Standard, which serves as the reference methodology for accounting greenhouse gas emissions across our entire value chain. Specific GHG categories that are not applicable to our operations are excluded from reporting in line with GHG Protocol guidance and our validated SBTi targets, ensuring transparency and relevance of disclosed data.

For the calculation and consolidation of emissions data, the Hero Group is using the Sphera Sustainability Cloud Solution, which integrates multiple databases and supports transparent and accurate reporting. In addition, we are piloting Life Cycle Assessment (LCA) capabilities through SimaPro to enable more granular decarbonization actions at the product level. This exploratory phase will inform future strategies for emissions reduction at recipe level.

Supplier engagement is a key element of our data quality improvement strategy under our decarbonization efforts across our value chain. Supplier-specific emission factors are prioritized where available and where they are consistent with the GHG Protocol and our corporate carbon footprint methodology. In the absence of supplier-specific data, secondary emission factors are applied, sourced from recognized and credible databases, including ecoinvent, DEFRA, Agribalyse, and the World Food LCA



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Database (WFLDB). This approach supports the reliability of Scope 3 emissions reporting and strengthens our overall methodology.

At the end of 2024, we initiated a collaboration with Climate Partner to review our carbon accounting methodology and verify that Hero Group's CCF fulfils the requirements of the GHG Protocol and adheres to common industry practices for carbon accounting. This review finalized during 2025, and all the resulting methodological improvements have been implemented during the current reporting period.

Differentiating FLAG and non-FLAG emissions is essential for setting credible targets in sectors linked to agriculture and forestry. This is why as part of the preparation for our SBTi FLAG target submission, we worked with external consultants to split our baseline GHG emissions into FLAG and non-FLAG emissions. This process included a systematic review of FLAG and non-FLAG emissions across all reporting years, ensuring alignment with GHGP and SBTi requirements. Global warming potential factors applied throughout the reporting period are based on IPCC AR6 (2021), the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, which provides the most up-to-date scientific consensus on climate change and updated global warming potential values for greenhouse gases.

Those two projects led to adjustments to our 2019 baseline figures, with the overall impact remaining below the 5% threshold defined in our re-baselining policy.

Compatibility with Paris Agreement and EU Climate Law

The Hero Group strategy and business model are aligned with the objectives of the Paris Agreement and the European Climate Law, including climate neutrality by 2050. Our validated Science Based Targets initiative (SBTi) commitment ensures that current and planned mitigation measures follow a 1.5°C pathway.

Past actions have focused on improving energy efficiency and reducing direct emissions, while current efforts include renewable energy sourcing and supplier engagement to address Scope 3. Future initiatives embedded in our Climate Transition Plan aim to achieve significant reductions by 2030 and net-zero emissions by 2050, supporting compatibility with a sustainable economy.

Climate management

Resources and role of administrative, management, and supervisory bodies

Climate action at the Hero Group is firmly embedded in the company's overall business strategy and supported by a comprehensive governance framework. Oversight is provided by the Executive Board (EB) through the Sustainability Steering Committee, which ensures strategic alignment and monitors progress. The core sustainability team coordinates cross-functional initiatives, while functional owners and excellence teams drive implementation within their respective areas.

Our corporate carbon footprint, complemented by additional data provided by a dedicated Sustainability Insights Lead, supports functions in understanding key levers and emission drivers within their business areas. This enables the prioritization of strategic actions and the development of targeted plans for relevant functions,



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which are then cascaded down to individual initiatives and, ultimately, personal targets across the organization.

Target setting is integrated across functions and supported by structural processes such as the supply chain scorecard, regular EB updates, integration into investment and budget decisions, and close interaction with category teams to address key emission drivers. These mechanisms ensure transparent monitoring and continuous improvement.

The Hero Group implemented a long-term incentive (LTI) program two years ago, initially tied to Scopes 1 and 2 emission intensity per ton of manufactured product. Beginning in 2025, this framework transitioned to a comprehensive approach encompassing Scopes 1, 2, and 3 per ton of product. The previous target, reducing manufacturing emissions intensity by 6% per ton of finished products year on year, remains applicable for 2025. As our organization advances in its decarbonization journey and gains access to more granular data, the LTI methodology will continue to be reviewed to ensure alignment with both sustainability objectives and business priorities.

Financial and investment planning

Delivering on our SBTi commitment, supporting our sustainability roadmap, and meeting evolving compliance requirements significantly shape our annual budgeting and resource allocation processes. To ensure alignment with the Hero Group climate transition plan, sustainability-related initiatives and their respective funding needs

are collected across all Group functions and entities as part of the annual planning cycle. These requirements are assessed based on their contribution to our overall roadmap and their specific impact on CO₂e reduction.

Starting in 2025, we have enhanced our formal CAPEX authorization process to incorporate climate considerations. We updated our CAPEX guidelines to include emissions as a relevant KPI in the overall decision-making procedure. Investment proposals must now include an assessment of its CO₂e impact, supported by a carbon shadow price. This internal carbon price not only reflects non-monetary environmental costs but also supports decision-making by disclosing potential long-term costs or savings associated with carbon taxes.

We started the integration of this mechanism for several investment decisions in 2025 and plan to implement the model as a standard indicator over the next years for all investments and all entities. By integrating this mechanism into investment and business case evaluations, we ensure that climate impact is systematically factored into financial decisions.

We are shaping the medium- to long-term transition plan for the Hero Group. As part of this process, the overall investment requirements and corresponding funding strategies will be defined, including quantitative short- and medium-term CAPEX and OPEX figures, as well as anticipated long-term ranges. These measures will ensure that financial planning fully supports the implementation of our strategic ambition for climate change mitigation.



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Decarbonization levers

Decarbonization levers are the strategic actions and technologies that enable significant reductions in greenhouse gas emissions across the value chain. At the Hero Group, these levers span upstream sourcing, manufacturing, packaging,

and logistics, ensuring a holistic approach to emission reduction. The key actions described below are integrated into the Hero Group decarbonization roadmap, guiding our transition toward a low-carbon future.

Scope	Decarbonization lever	Location	Key actions at Hero
1 & 2	Energy sources	Own operations	Sourcing renewable electricity and low-emission energy sources.
1 & 2	Manufacturing excellence: energy	Own operations	Operational principles for efficient use of energy. Defined roadmap per plant to reach the committed Science Based Targets through investment in equipment and technology.
3	Manufacturing excellence: resource use	Own operations	Operational principles for efficient use of materials, reduction of rework, optimized byproduct and waste handling for upcycling and recycling.
3	Responsible sourcing strategy for direct and indirect procurement	Upstream	Procurement guidelines and sourcing strategies to facilitate best supplier choice and material origin choice.
3	Supplier engagement: primary production	Upstream	Sustainable farming principles shared with key suppliers to promote responsible and low-emission agricultural practices, such as precision farming for reduced use of agri-inputs, use of low-carbon fertilizer, cover cropping, use of biochar. Supplier collaboration projects to accelerate emission reduction.
3	Supplier engagement: processing	Upstream	Supplier collaboration and promotion of renewable energy sources, resource efficiency, waste management.
3	Transport excellence	Upstream, downstream	Optimize loads, routes, transport mode, and fuel type.
3	Product design: packaging	Upstream, own operations, downstream	Follow the packaging and waste hierarchy: Reduce, Reuse, and Recycle. Design packaging for recyclability, minimize the environmental footprint, and reduce virgin resources.
3	Product design: formulation	Upstream, own operations	Design products with low-emission materials based on internal Recipe & Nutrition Design Guidelines
3	Customer engagement	Downstream	Cooperate with customers for optimized order handling and transport, reduce food waste.
3	Consumer engagement	Downstream	Transparent communication, recycling instructions, and insights for planetary health-inspired diet.
1,2,3	Investment strategy	Upstream, own operations	Evaluation of ESG aspects and ESG risk management in M&A process. Inclusion of emission impact in CAPEX guidelines.
1,2,3	Business model innovation	Upstream, own operations, downstream	Integration of sustainability strategy in functions, targeted investment in innovations.
1,2,3	Carbon capture and sequestration	Upstream, own operations	Evaluation of opportunities for removal of carbon from the atmosphere.



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Dependencies of the transition plan and locked-in GHG emissions

The Hero Group climate transition plan, validated by the Science Based Targets initiative (SBTi), is aligned with a 1.5°C pathway and relies on several critical dependencies. These include the timely deployment of low-carbon technologies, supportive policy frameworks, evolving market demand for sustainable solutions, and the availability of future financial resources. External factors such as energy infrastructure development and supply chain stability may also influence the speed and cost of implementation. We actively monitor these conditions to ensure alignment with our strategic roadmap.

Locked-in emissions, those resulting from existing long-lived assets and product portfolios, represent a significant challenge to achieving our climate targets. While technically addressable, progress has been constrained by the balance between cost efficiency and the urgency of implementation. Renewable energy and alternative fuels are available but have not yet been fully deployed across all operations because of infrastructure limitations and market readiness.

If unmanaged, these emissions could jeopardize the achievement of the Hero Group's transition plan and increase exposure to regulatory, financial, and reputational risks. To mitigate these risks, measures to upgrade production technologies, phase out high-emission product formulations, and engage suppliers in decarbonization efforts have been embedded. Implementation depends on future capital investments and resource availability, which may constrain execution if external conditions shift.



By actively managing these dependencies and integrating mitigation actions within our SBTi-aligned strategy, we aim to reduce locked-in emissions over time and maintain progress toward our climate goals.

Climate actions

Guided by the principles of the 3 Rs – reducing energy consumption, reusing heat and energy, and replacing fossil fuels with green energy sources – the Hero Group is reducing Scopes 1 and 2 emissions through renewable electricity, electrification of processes, implementation of green thermal energy sources, and energy efficiency measures. Since 2024, all manufacturing sites operate on 100% certified renewable electricity.

Key initiatives include heat recovery, boiler optimization, and advanced energy monitoring. Site-specific projects range from economizers to heat reuse and boiler shutdowns, and process redesigns. Additional actions include solar thermal systems and new steam boilers. Centralized steam meter procurement and behavioral programs complement technical upgrades, driving progress toward significant reductions in 2026 and beyond.

Scope 3 emissions account for the largest share of Hero Group's footprint. In 2025, the Hero Group advanced decarbonization by focusing on four hotspots: ingredients, packaging, finished goods, and transport. Key initiatives include agroforestry programs in cocoa cultivation, scaling biochar projects for regenerative oat farming, and sourcing low-carbon sugar, collectively reducing thousands of tons of CO₂e.



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Packaging innovations, such as lightweight glass jars, deliver significant reductions while a Transport Control Tower optimizes routes and increases HVO fuel use. Sustainability criteria are embedded in product development, ensuring reformulations and portfolio choices support climate goals. Supplier engagement and procurement training remain critical enablers.

We explain our climate actions in more detail in the sub-chapter of IRO E1 – I from page 240.

Climate Scenario Analysis

A climate scenario analysis is a forward-looking tool that helps us understand how different climate futures could impact our business and strategy. It enables the Hero Group to test the resilience of our operations, supply chains, and financial planning under varying climate conditions, ensuring we remain prepared for both transition and physical risks.

As part of this analysis, we apply two scenarios: RCP2.6 combined with SSP1, representing a low-emission pathway aligned with the Paris Agreement and sustainable development, and RCP4.5 combined with SSP2, reflecting a moderate-emission trajectory with more fragmented progress on climate action. The climate scenarios have been developed by the Intergovernmental Panel on Climate Change (IPCC) in collaboration with the global climate research community and allow us to explore a range of potential outcomes for temperature rise, policy responses, and socio-economic developments.

The Hero Group identifies and assesses climate-related impacts, risks, and opportunities through a structured IRO assessment process, described in detail in the sub-chapter *Impact, Risk, and Opportunity Management*. This process draws on internal analyses and external frameworks such as SBTi, GHGP, EU Climate Law, Swiss Ordinance on Climate Disclosures, ESRS 1 Appendix A, TCFD, GRI, and IPCC publications, as well as Hero's Climate Scenario Analysis and Decarbonization Roadmaps. The assessment considered 10 sub-topics, including GHG emissions across Scopes 1–3, energy efficiency, carbon pricing, supply chain disruption from physical climate risks, infrastructure damage, and shifting consumer preferences. Based on materiality thresholds, two IROs have been identified as material and prioritized for action, which are disclosed in detail later in this chapter, including corresponding policies, targets, and actions.

The material climate-related risk identified through our IRO assessment is the risk of financial losses due to supply chain disruption, reduced yields, and lower quality of agricultural products, driven by temperature changes, extreme weather events, water scarcity, soil erosion, and other physical impacts of climate change. This risk is classified as a climate-related physical risk, as it results from the direct physical consequences of climate change rather than from policy, market, or technological transitions. Through this scenario analysis, we have assessed the resilience of our business model in relation to climate change, and the identified risk, and disclose the key findings in the following section.



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Scenario 1: RCP2.6 + SSP1

This scenario reflects a rapid transition toward sustainable development, limiting global warming to no more than 1.5°C by 2100. While this pathway involves significant transitional risks driven by policy changes and regulatory shifts, it also presents opportunities to meet growing consumer demand for healthy, low-emission products.

Scenario 2: RCP4.5 + SSP2

This scenario represents a middle-of-the-road pathway, where global warming is projected to reach 2–3°C by 2100. It is associated with numerous physical risks, particularly those impacting the food system. For the Hero Group, the most critical risks include disruptions to crop yields and raw material supply chains caused by extreme weather events and declining ecosystem functionality.

Scenario analysis and risk assessment

While the RCPs (Representative Concentration Pathways) and SSPs (Shared Socioeconomic Pathways) model global warming impacts by 2100, the Hero Group focuses on near- and medium-term effects on our business, addressing both acute and chronic risks. In 2024, we initiated climate scenario analysis with external expertise, assessing physical and transition risks for strategic raw materials and manufacturing sites by 2030 and 2050.

The study revealed significant potential impacts, particularly on the availability and cost of agricultural raw materials in our upstream value chain, with some effects on operations and downstream activities. Extreme weather events, temperature shifts, and water scarcity are already affecting crops such as fruits and cereals, and will intensify if global warming is not mitigated. These changes could disrupt supply chains, increase costs, and create operational challenges in certain regions.

Transition risks include stricter regulations, higher compliance costs, and evolving consumer preferences for sustainable products, alongside reputational risks for companies that fail to act. Conversely, proactive adoption of low-carbon technologies and sustainable sourcing offers opportunities for competitive advantage balanced with higher upfront costs to adopt. These findings underscore the need to embed mitigation and adaptation measures into our strategy to strengthen resilience. Our commitment to Science Based Targets and the actions outlined in this chapter form part of the Hero Group's contribution to a net-zero future.



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Risk description	Scenario 1: Rapid transition to sustainable development		Scenario 2: Middle of the road approach to sustainable development		Impact description
	Impact on organization by 2030	Impact on organization by 2050	Impact on organization by 2030	Impact on organization by 2050	
Physical risks					
Extreme weather events	Upstream: medium	Upstream: medium	Upstream: medium	Upstream: high	Weather events such as droughts, heavy rainfall, late frost, storms affect our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable in some raw materials and will likely increase when global warming due to GHG emissions is not mitigated significantly. Operations and downstream value chain (transport) may be impacted as well.
	Operations: low	Operations: low	Operations: low	Operations: medium	
	Downstream: low	Downstream: low	Downstream: low	Downstream: medium	
Temperature changes	Upstream: low	Upstream: medium	Upstream: medium	Upstream: high	Temperature changes affect the suitable growing areas for the raw materials in our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable.
	Operations: low	Operations: low	Operations: low	Operations: medium	Temperature changes will also impact our operations and workforce as well as our downstream value chain to some extent in locations where high temperatures cause unfavorable conditions.
	Downstream: low	Downstream: low	Downstream: low	Downstream: medium	
Water scarcity	Upstream: low – medium	Upstream: low – medium	Upstream: medium	Upstream: high	Water scarcity due to changed precipitation patterns affects our agricultural supply chain, leading to shortages of raw materials and increased prices. This effect is already noticeable in some regions that we source from and operate in, such as southern Spain, and will increase to a high risk when global warming due to GHG emissions is not mitigated significantly. In the downstream value chain, some impact may be noticed, for example, access to water is necessary for the preparation of powdered products.
	Operations: low-medium	Operations: low-medium	Operations: low-medium	Operations: medium-high	
	Downstream: low	Downstream: low	Downstream: low-medium	Downstream: low-medium	



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	Scenario 1: Rapid transition to sustainable development		Scenario 2: Middle of the road approach to sustainable development		
Risk description	Impact on organization by 2030	Impact on organization by 2050	Impact on organization by 2030	Impact on organization by 2050	Impact description
Physical risks					
Sea level rise	Upstream: low	Upstream: low	Upstream: low	Upstream: medium	Sea level rise is considered a low risk to the geographical footprint of our supply chain and operations in the short term but may present higher risk in the longer term if climate change is unmitigated.
	Operations: low	Operations: low	Operations: low	Operations: medium	
	Downstream: low	Downstream: low	Downstream: low	Downstream: medium	
Transition risks					
Regulatory changes	Overall: medium	Overall: high	Overall: low	Overall: low	In a low emission scenario, new regulations and policy aimed at reducing GHG emissions and promoting sustainability can require significant changes in sourcing, transport, operations, and end-of-life treatment of products potentially increasing costs and necessitating compliance efforts with value chain partners.
Market shifts	Overall: low-medium	Overall: medium-high	Overall: low-medium	Overall: low-medium	Consumer preferences are increasingly favoring sustainable and low-carbon products in both scenarios but would increase more in a low emission scenario due to an increase in global awareness and action. Companies that fail to adapt may lose market share to more environmentally conscious competitors.
Reputation and brand value	Overall: low-medium	Overall: medium-high	Overall: low-medium	Overall: low-medium	Companies perceived as not taking adequate action on sustainability may suffer reputational damage in a low emission scenario, affecting customer loyalty and investor confidence.
Technological advancements	Overall: medium	Overall: high	Overall: low	Overall: medium	In a low emission scenario, the need to adopt new, cleaner technologies in operations and in the upstream value chain can involve substantial investment and operational changes. Companies that excel in technological adoption may find opportunities in cost-saving and competitive advantages.
Supply chain disruptions	Overall: low-medium	Overall: medium-high	Overall: low	Overall: low-medium	Transitioning to sustainable practices can disrupt existing supply chains and in turn impact our operations, requiring new partnerships and potentially higher costs for sustainable materials and processes. In a middle-of-the-road scenario, this transition would occur at a slower pace.



Environmental Information

Resilience in relation to climate change

To generate practical insights, the Hero Group launched a strategic procurement project to define the future fruit sourcing strategy for Hero in Europe, a critical ingredient category increasingly affected by the impact of climate change, such as extreme weather events. This project integrates socio-economic, climate and biodiversity risks and aims to inform group-wide mitigation programs, including exploring new sourcing origins.

The '2ForAll' assessment confirms that climate change impacts both environmental and socio-economic parameters. The fruit team can derive meaningful actions to future-proof sourcing of strategic raw materials. However, the study's scope was limited to selected materials and lacked comprehensive quantitative data for the mid- to long-term. The next step is to expand the analysis to include additional commodities essential for Hero's 2035 vision to become a leader in better snacking.

This assessment marks the first step in linking functional strategies with climate impact. Next, we will enhance procurement sourcing strategies, embedding sustainability into ongoing decision-making. We will begin with high-risk, high-impact commodities before scaling across the portfolio. Our four-pillar sustainability strategy will continue to be reviewed regularly to reflect emerging priorities and insights.



Impact, Risk, and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of climate change-related sub-topics and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources were consulted. These included ESRS 1 Appendix A, Global Reporting Initiative Standard (GRI), EU Climate Law, Swiss Ordinance on Climate Disclosures regulation, Task Force on Climate-related Financial Disclosures framework (TCFD), Greenhouse Gas Protocol (GHGP), Science Based Target framework (SBTi), Science Based Target Forest, Land and Agriculture guidance, and publications from the International Panel on Climate Change (IPCC). Additionally, insights were drawn from the Hero Climate Scenario Analysis, internal Decarbonization Roadmap in Manufacturing, and internal Decarbonization Roadmap in Procurement.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to climate change. This list spans 10 sub-topics, including GHG emissions (Scopes 1, 2, 3) from own operations and value chain, energy loss and energy waste, energy-efficient technologies, carbon taxes, supply chain disruption driven by physical risks of climate change, damaged infrastructure caused by climate hazards, shifting consumer preferences towards low-carbon product offers, and shifting consumer preferences towards non-branded or lower-cost products, driven by the rising cost of living as a consequence of climate change.



Environmental Information

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201. As a result of the assessment, two IROs related to climate change, one negative impact and one risk, have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS E1, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section. The topics not listed as material are relevant and being addressed by the Hero Group; however, they did not meet the defined threshold for materiality within the IRO framework. Despite their non-material classification, several aspects of climate change are reported in the following section.

IRO E1 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Climate change	Type of IRO	Up- stream	Own operations	Down- stream
E1 - I	Negative impact on climate change as a result of GHG emissions (Scope 1,2,3) from own operations and value chain.	Negative impact	X	X	X

Our climate management approach is anchored in the Hero Group's validated Science Based Targets initiative (SBTi) commitment, which serves as our overarching climate policy. These targets align with a 1.5°C pathway under the Paris Agreement and define our ambition to reach net-zero greenhouse gas emissions across the value chain by 2050. To achieve this, the Hero Group distinguish between three scopes of emissions: Scope 1 covers direct emissions from our own operations, Scope 2 includes indirect emissions from purchased energy, and Scope 3 encompasses all other indirect emissions across our value chain.

Management of Scopes 1 and 2 emissions

The governance and roadmap for Scopes 1 and 2 actions are embedded in the Hero Excellence Program, which integrates operational excellence with sustainability principles. This framework drives continuous improvement through standardized methodologies such as the PDCA cycle, ensuring that efficiency gains and emission reductions are systematically planned, implemented, and monitored.

The Hero Group's climate strategy in manufacturing is anchored in the SBTi framework and Hero Excellence Program, guided by the Reduce, Reuse Replace principle. Governance ensures ambition translates into action through monthly Decarbonization Community meetings, site-level roadmaps, and performance tracking via the Integrated Supply Chain Scorecard. Investment decisions integrate emissions considerations, applying an internal CO₂e price to reflect environmental costs, while long-term leadership incentives and annual targets embed decarbonization into operations. This structured approach fosters transparency, accountability, and alignment across all sites, making climate action a core part of our strategic agenda.



Environmental Information

Metrics for Scopes 1 and 2 focus on CO₂e intensity per ton produced, are tracked at site level and consolidated at Group level. The Hero Group's near-term SBTi target commits to reducing absolute Scopes 1 and 2 emissions by 46.2% from a 2019 baseline by 2030, supported by annual performance objectives for manufacturing leads and monthly reviews. Long-term, the Hero Group aims for a 90% reduction by 2050, with remaining emissions neutralized in line with SBTi criteria. These targets are integrated into operational planning and linked to long-term incentives for leadership, ensuring accountability at all levels.

The policies, guidelines, and frameworks outlined apply to the entire Hero Group and all affiliated entities, except for the recently-acquired company Super Saúde Nutricional, which is currently in the onboarding phase.

The key levers at our manufacturing sites focus on reducing Scopes 1 and 2 emissions through a combination of energy efficiency and structural transformation following the 3 Rs principles: reduce energy consumption, reuse heat and energy, and replace fossil fuels for green thermal sources. We prioritize certified electricity from renewable sources, electrification of processes where technically feasible, and insulation measures to minimize heat loss in thermal systems. These actions are complemented by investments in advanced technologies and process redesigns that enable resource optimization and reduce dependency on fossil fuels.

Since 2024, all Hero Group manufacturing sites have been powered by 100% renewable electricity, marking a significant milestone in reducing Scope 2 market-based emissions. Across all sites, we are pursuing electrification as a long-term goal, replacing gas-based systems with electric alternatives. We are also exploring opportunities to reduce and reuse energy through technical upgrades such as heat pumps, e-boilers, photovoltaic installations, and biogas solutions.

To strengthen efficiency across all sites, the procurement of steam meters has been centralized, leveraging Group-wide synergies and creating a streamlined database for all locations. This initiative not only improved technical benchmarks but also reinforced our identity as One Hero. Energy monitoring remains a priority, with new software pilots under way at Hero Spain and Schwartauer Werke in Germany. Refrigerant management is integrated into audits and local compliance processes, ensuring accurate data collection and reporting across all sites. Each manufacturing site, leveraging group initiatives, has developed a location-specific action plan backed by targeted CAPEX investments and dedicated representatives responsible for the local roadmap.

At Beech-Nut in the US, boiler optimization through down-tuning and derating has already delivered a 7% reduction in tCO₂e emissions. Looking ahead to 2026, the site plans to install a boiler feedwater economizer, expected to achieve an additional 6% reduction. Further opportunities in steam system optimization and heat recovery are under investigation.



Environmental Information



Hero MEA in Egypt has implemented an economizer for its boiler system, reducing emissions by approximately 6%. For 2026, the site will continue optimizing steam systems and heat recovery processes. The roadmap also includes an automatic blow-down system for boiler total dissolved solids (TDS) and redistribution for steam traps, further improving efficiency.

Hero Spain has taken significant steps by implementing boiler shut-down lists and reusing compressor waste heat. The ISO 50001-certified facility operates three steam boilers fueled by natural gas, equipped with economizers and condensate recovery systems to optimize energy use. In addition, Hero Spain is piloting energy-monitoring software and plans to expand heat recovery initiatives in 2026, including reusing waste heat from chilling systems and air compressors to heat Cleaning-in-Place (CIP) equipment for production-lines.

Schwartauer Werke combines technical improvements with behavioral initiatives. In 2025, the site introduced a mandatory shutdown checklist to ensure equipment is switched off after operations. For 2026, Schwartau will discontinue in-jar pasteurization, a change projected to reduce emissions by more than 6%. The site also participates in ISO 50001 audits and is piloting advanced energy-monitoring software.

Hero Türkiye is preparing to install a new water economizer for their existing steam boiler, expected to deliver a 1% CO₂e reduction. The site is furthermore investigating to introduce new compressors with better energy efficiency and waste heat recovery to supply the CIP and jar-washing water with warm water.

Hero Brazil will implement solar thermal energy to heat Cleaning-in-Place water, targeting a 4% reduction. The site is furthermore investigating the possibility to introduce new compressors with better energy efficiency and waste heat recovery to supply the CIP and jar-washing water with warm water.

Looking ahead, 2026 will mark another step in Scopes 1 and 2 emission reduction as we continue our group and local defined initiatives.

Management of Scope 3 emissions

For Scope 3, our approach extends beyond our own operations to the entire value chain. The Hero Group's SBTi commitment and Procurement Guidelines form the foundation of our climate strategy and policy for sourcing activities. Our Hero procurement teams play a pivotal role by screening suppliers within our hotspots for sustainability maturity and collaborating with strategic partners to improve emission data accuracy and implement decarbonization projects in areas such as renewable energy, commodity certification, regenerative agriculture practices, and packaging optimization. Specific levers for emission reduction are defined and explained in the *Climate Transition Plan* section of this chapter.

Metrics for Scope 3 are based on modelled data and supplier-specific data where available, with ongoing efforts to improve accuracy through engagement and data-sharing initiatives. The Hero Group's near-term SBTi target commits to reducing absolute Scope 3 emissions by 28% from a 2019 baseline by 2030, with a long-term ambition of a 90% reduction by 2050.



Environmental Information

These targets are embedded in sourcing strategies and monitored through supplier scorecards and ESG compliance processes, ensuring that climate action is a shared responsibility across the value chain.

To operationalize these targets, specific goals and initiatives are developed for each procurement category. Potential projects are identified by procurement leads in collaboration with suppliers and are reviewed, rated, and prioritized. Investment decisions and prioritization incorporate an emissions perspective, ensuring that decarbonization projects are funded based on both impact and feasibility.

The policies, guidelines, and frameworks outlined apply to the entire Hero Group and all affiliated entities, except for the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase.

Scope 3 emissions represent the largest share of the Hero Group footprint, accounting for 95 percent. To address this, we focus efforts on four key hotspots: purchased ingredients, finished goods, packaging, and transport. In 2025, we enhanced transparency by mapping emissions by supplier and engaging those with the highest impact to jointly identify decarbonization opportunities, supported by continuous exchange of primary data wherever possible.

To ensure a systematic approach, we introduced a project rating method that evaluates initiatives based on impact, cost, availability, and ease of implementation. Approved projects are integrated into the annual planning and budgeting process. As we continue to mature in our decarbonization roadmap, projects become increasingly complex, driving the need for strong collaboration across the value chain.

Our procurement community plays a critical role in driving these actions. We provide ongoing training on the impact of sourcing decisions, focusing on data optimization, supplier engagement, and responsible sourcing.

Buyers work closely with suppliers to identify decarbonization opportunities, guided by sourcing strategies, which provide a consistent methodology for assessing risks, opportunities, and market innovations. These tools ensure sustainability is embedded in procurement strategies alongside quality and cost, while also considering human rights, water use, and biodiversity impacts.

Agroforestry in cocoa cultivation is a major initiative to reduce emissions and enhance biodiversity in the Hero supply chain. Through partnerships with suppliers, we support programs in Côte d'Ivoire that interplant suitable tree species with cocoa crops. This approach improves soil health, prevents deforestation, sequesters carbon, and potentially provides an additional source of income for farmers. Our investments contribute to approximately 900 hectares of cocoa plantations applying agroforestry practices, with an estimated carbon removal of around 4,000 tons of CO₂e over the program's lifetime, while also delivering social benefits such as farmer training and additional income streams.

In oat cultivation, we are scaling our biochar project, a nature-based solution that locks carbon in the soil and improves soil health. After a successful pilot in 2024, which achieved 35 tons of permanent CO₂e removal, the project was expanded to two additional farms in 2025, targeting 73 tons of permanent CO₂e removal.



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The initiative follows DIN ISO 14064-2 standards, uses EBC-certified biochar, and is TÜV-certified for transparency. Biochar application not only sequesters carbon, but also enhances water retention and biodiversity in the soil, supporting regenerative agriculture in our supply chain.

Transport remains a critical focus area. In 2025, Hero implemented a Transport Control Tower across European operations, extending to key routes in Egypt and Türkiye by year-end. This central coordination improves data visibility on routes, load occupancy, and CO₂e emissions, enabling optimization measures such as consolidating loads, using larger truck types, and increasing full truckload efficiency for Finished Goods transportation. The system integrates EcoTransIT for primary CO₂e data, strengthening reporting accuracy. Additional actions include expanding the share of HVO-fueled trucks, introducing mega trailers on selected routes, and revising temperature control guidelines to reduce the need for refrigerated transport. These measures collectively enhance operational efficiency and reduce emissions in line with our SBTi-aligned climate strategy without compromising on quality.

Product and packaging reformulations and portfolio optimization are also powerful levers to reduce emissions while meeting evolving consumer expectations. Sustainability criteria are firmly embedded in our product development process. Using our digital innovation management tool, every new product concept is assessed from the earliest stage for its potential impact on emissions, packaging, nutrition, and biodiversity. This approach ensures that sustainability considerations are integrated into project discussions and decision-making, driving conscious choices that support our long-term climate objectives.

A standout example is our collaboration with a glass supplier and internal packaging development teams to lower the carbon footprint of our standard jam jars. Leveraging artificial intelligence, we created a digital twin and developed a thinner glass design that reduces weight and cuts CO₂e emissions by 13% per jar without compromising stability or product safety. Following successful tests, we are now transitioning to this optimized glass format, delivering annual savings of between 600 and 700 metric tons of CO₂e.

Beyond packaging, we are also innovating our product portfolio. For instance, our dessert sauces for foodservice customers have been reformulated to include vegan versions of popular chocolate and caramel toppings, responding to the growing demand for plant-based alternatives and low-carbon products.

Reduction of around

800 metric tons
of CO₂e

by using renewable
energy and improving
production efficiency





Environmental Information

IRO E1 - II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up- stream	Own operations	Down- stream
Climate change					
E1 - II	Risk of financial losses as a result of supply chain disruption, reduced yields, and lower quality of agricultural products, driven by temperature changes, extreme weather events, water scarcity, soil erosion, and other physical risks of climate change.	Risk	X		

Climate change is fundamentally reshaping the landscape for companies that rely on agricultural raw materials. It is no longer a distant threat; climate impacts are already disrupting agricultural supply chains and affecting Hero Group's sourcing. Rising temperatures, extreme weather events, water scarcity, and soil erosion have led to reduced yields and lower quality in key raw materials.

In 2025, fruit shortages across Europe drove prices up by over 20%, while hailstorms and heatwaves downgraded berry quality to processing grade only. The previous year, cereal yields fell to their lowest level since 2007 due to drought and excessive rainfall, forcing adjustments in sourcing.

Meanwhile, cocoa prices have surged by more than 300% over the past three years, fueled by persistent climate stress and biodiversity loss in West Africa. These examples illustrate how physical climate risks translate into financial losses through price volatility, supply constraints, and increased operational costs, making proactive risk management essential for the Hero Group's resilience and long-term value creation.

To address these challenges, Hero has anchored its climate risk management at the core of procurement and supply chain decisions. Our Enterprise Risk Management, Climate Scenario Analysis and our 2ForAll assessment help us identify and prioritize environmental, regulatory, and social impacts across our value chain. Our Human Rights Policy ensures that ethical sourcing and social resilience are maintained, even in regions most affected by climate stress.

To measure progress and manage risks effectively, we use a range of metrics. Our enterprise risk management system evaluates the likelihood and potential impact of climate-related disruptions, assigning clear responsibilities, and defining countermeasures. We monitor supplier sustainability performance through recognized platforms such as EcoVadis and Sedex. These metrics are essential for identifying vulnerabilities and guiding our response.



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Our actions are both strategic and hands-on. The procurement team uses advanced weather prediction tools to anticipate and respond to climate-related developments that could affect our fruit and vegetable sourcing. We invest in innovative projects such as agroforestry in cocoa cultivation, which helps conserve forests, reduce emissions, and support biodiversity. Our biochar project, initially launched for oat cultivation in Germany and now expanded to multiple farms, delivers measurable carbon sequestration, improves soil health, and enhances water retention.

Our project in Spain focuses on supporting farmers' transition towards regenerative agriculture practices in high-risk sourcing areas, while our water management project uses digital technology to optimize irrigation in Spanish fruit cultivation, achieving significant water savings and cost reductions. These initiatives are complemented by supplier engagement programs, mandatory sustainability ratings, traceability efforts, and community projects that address social risks exacerbated by climate change.

Through this integrated approach, combining strategy, measurement, target-setting, and action, the Hero Group is building resilience against the physical risks of climate change. While our strategy and actions cannot fully safeguard our supply chains and financial performance against the complex and evolving risks of climate change, they represent essential first steps in mitigating these risks. More importantly, they help us expand our internal knowledge base and strengthen decision-making processes throughout the organization.

By continuously investing in scenario analysis, resilience planning, and climate-related targets for senior leadership, we are building the foundation for a more adaptive and integrated response to the physical risks of climate change, supporting both the long-term sustainability of our business and the agricultural communities we rely on.

The frameworks and actions described apply to Hero Group entities operating within the European Union, while our sourcing activities extend globally. Although procurement management is not yet fully harmonized across all Hero entities worldwide, we actively pilot and refine new procedures with our EU-based teams. This approach accelerates learning and continuous improvement, paving the way for greater alignment and best practice adoption across the entire Hero Group in the future.





Environmental Information



Corporate Carbon Footprint

CCF summary and metrics table

The Hero Group is committed to achieving net-zero greenhouse gas emissions across its entire value chain by 2050, in alignment with the Science Based Targets initiative (SBTi) Net Zero Standard. We report in accordance with the GHG Protocol methodology and the ESRS requirements for climate disclosure. In 2024, we started working with Climate Partner to review our corporate carbon footprint (CCF) methodology. Throughout 2025, we implemented identified improvements and adjustments in preparation for submitting our SBTi FLAG targets. Further details on methodology and our re-baseline process can be found in the sub-chapter Methodology and Metrics on page 230.

Our decarbonization roadmap is firmly grounded in robust data. We continuously enhance the quality of climate data and modeling across our operations and value chain. Close collaboration with high-impact suppliers for primary data collection, combined with recognized databases such as ecoinvent, Defra, and EXIOBASE, amongst others, forms the backbone of our corporate carbon footprint. This comprehensive approach enables us to publish Scope 1, Scope 2, and Scope 3 emissions data in this year's report.

The Hero Group's carbon footprint amounted to 617,463 tons of carbon dioxide equivalents (CO₂e) in the reporting year. Compared to the previous year, we reduced our total emissions by 5%, while nominal company Net Sales decreased by -1%. Compared to our baseline year (2019), we reduced our total emissions by 22%, while Net Sales increased by +4.8%. We aim to maintain this trend of healthy growth alongside decreasing greenhouse gas emissions.

The Hero Group's GHG hotspot analysis identifies the areas contributing most to our carbon footprint across the value chain. The largest impacts stem from purchased ingredients, packaging, finished goods, and transport, guiding our strategic focus for decarbonization initiatives.

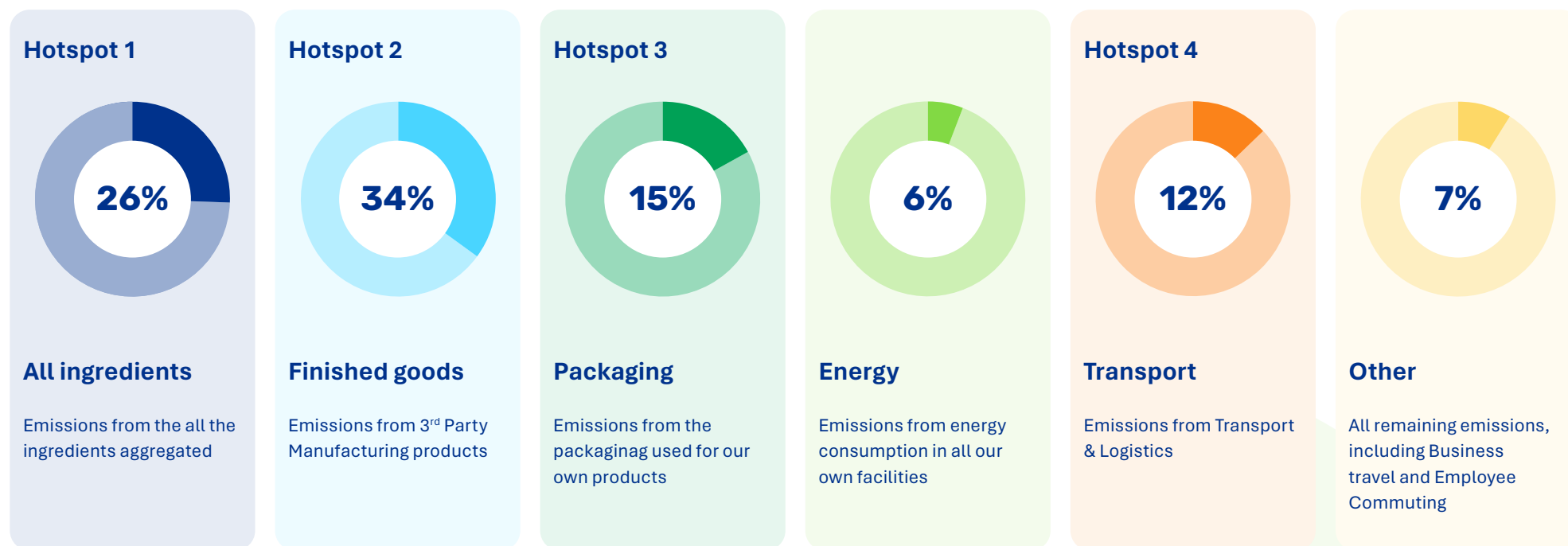
The emission reduction compared to our baseline follows actions taken on our hot spot materials, such as cocoa and glass, shifts in our portfolio mix, supplier engagement, and optimized energy consumption, including the use of 100% renewable electricity at all Hero Group manufacturing sites.

Hero Group corporate carbon footprint	2025
Scope 1 emissions (tCO ₂ e)	31,573
Scope 2 emissions (tCO ₂ e) (market-based)	202
Scope 3 emissions (tCO ₂ e)	585,881
Total (tCO ₂ e)	617,656
GHG emissions intensity (kg CO ₂ e per kg product sold)	2.7



Environmental Information

Our Corporate Footprint – hotspots





Environmental Information

Metrics on GHG emissions	Unit	2024	2025
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions	tCO ₂ e	32,605	31,573
% of Scope GHG emissions from regulated emission trading schemes	%	0%	0%
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions	tCO ₂ e	15,032	14,277
Gross market-based Scope 2 GHG emissions	tCO ₂ e	314	202
Total Scope 1 and Scope 2 GHG emissions			
Total Scope 1 and Scope 2 GHG emissions (location-based)	tCO ₂ e	47,637	45,800
Total Scope 1 and Scope 2 GHG emissions (market-based)	tCO ₂ e	32,919	31,775
Scope 3 GHG emissions			
Total Gross Scope 3 GHG emissions	tCO ₂ e	616,167	585,881
Category 1: Purchased goods and services	tCO ₂ e	506,277	480,279
Category 2: Capital goods	tCO ₂ e	2,066	2,140
Category 3: Fuel and energy-related activities (not in Scope 1 or Scope 2)	tCO ₂ e	7,056	6,502
Category 4: Upstream transportation and distribution	tCO ₂ e	47,412	44,961
Category 5: Waste generated in operations	tCO ₂ e	1,808	2,104
Category 6: Business traveling	tCO ₂ e	4,092	3,795
Category 7: Employee commuting	tCO ₂ e	2,926	3,061
Category 9: Downstream transportation	tCO ₂ e	33,622	32,014
Category 12: End-of-life treatment of sold products	tCO ₂ e	10,905	11,022
Total GHG emissions			
Total GHG emissions (location-based)	tCO ₂ e	663,805	631,682
Total GHG emissions (market-based)	tCO ₂ e	649,086	617,656

Note 1: 2024 emissions have been restated in line with reporting framework applied for 2025 due to GHG methodology refinement and data quality improvement.

Note 2: The metrics outlined consolidate the entire Hero Group and all affiliated entities, with the exception of the recently-acquired company Super Saúde Nutricional, which is currently in the onboarding phase of data gathering.

GHG removals and carbon credits

The Hero Group has not purchased or financed carbon credits from the voluntary market in the reporting period and does not plan to cancel any credits in the near term.

In line with the Science Based Targets initiative (SBTi) guidance, the Hero Group acknowledges the importance of Beyond Value Chain Mitigation (BVCM) as a complementary action to accelerate global decarbonization. While the primary focus remains on reducing emissions within Hero's value chain, we are monitoring developments and best practices in BVCM to identify actions that could support our journey without compromising progress toward our near- and long-term targets. Our identified decarbonization projects remain focused on reducing emissions at source through initiatives such as renewable energy adoption, electrification, sustainable sourcing, and process optimization. Should carbon credits or BVCM actions be considered in the future, the Hero Group will ensure they meet recognized quality standards and do not impede progress toward its validated Science Based Targets.

Internal carbon pricing

The Hero Group applies a carbon price in investment decision-making. As part of our sustainability roadmap, we increased the focus on the greenhouse gas impact of investments with the update of our CAPEX guidelines in late 2024. When a project or initiative is expected to cause a relevant emission impact, this impact must be described, the reduced or additional emissions must be calculated, and the theoretical financial impact must be disclosed in the business case.



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This theoretical financial impact is calculated using the Hero Group's internal carbon pricing estimate at that time, ensuring consistency with the pricing used in financial statements, such as for impairment tests. The methodology was rolled out in 2025 and used for a number of big investment decisions. We plan to implement the model as a standard indicator over the next years for all investments and all entities.



Additional Disclosure Requirements

Energy consumption and mix

The Hero Group maintains a comprehensive approach to energy management, ensuring full transparency and alignment with recognized sustainability standards. The Group's energy consumption profile is still predominantly natural gas as the principal fossil energy source, while coal is not utilized within operations. Over recent reporting periods, the Hero Group demonstrated a clear trend toward increasing the share of renewable energy in its overall mix. This transition is primarily achieved through the procurement of renewable electricity, complemented by a smaller proportion of self-generated renewable energy.

The Group's strategy is underpinned by robust data collection processes. This enables consistent monitoring of energy intensity and supports ongoing efforts to reduce the environmental impact of operations.





Environmental Information

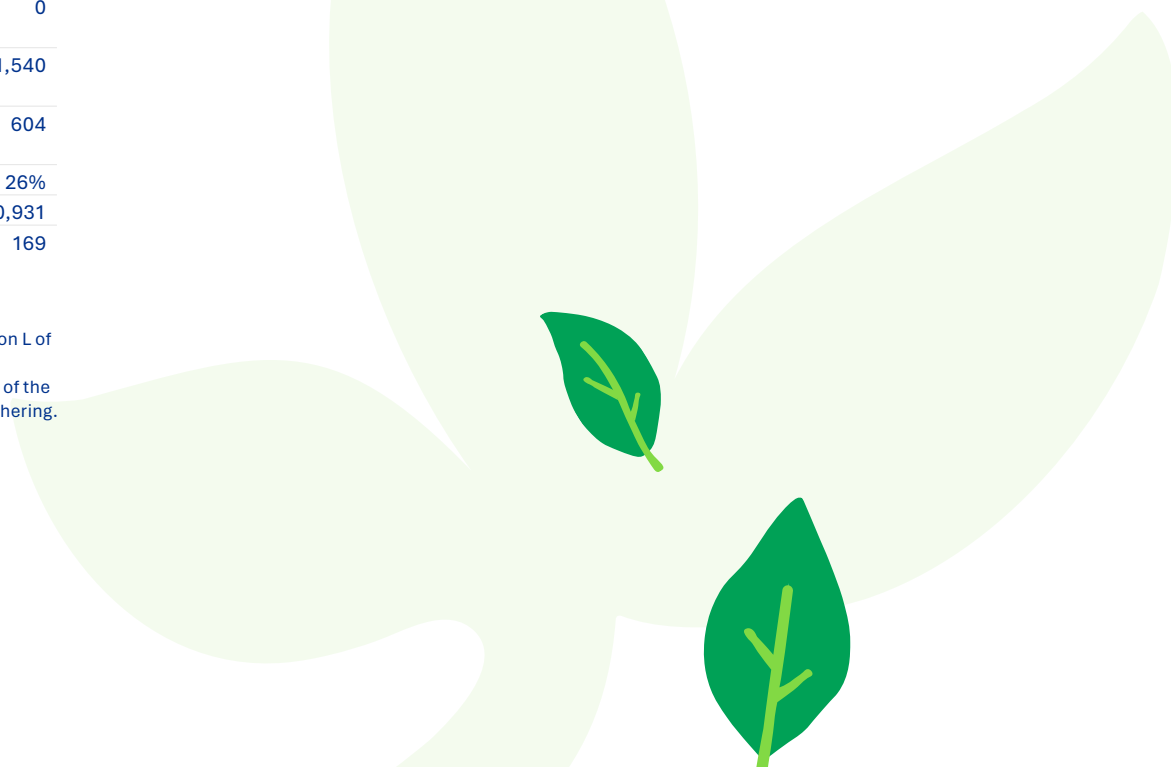
Metrics on energy consumption and mix	Unit	2024	2025
Fossil-fuel energy consumption, incl.	MWh	159.661	148.786
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	17.197	13.772
Fuel consumption from natural gas	MWh	142.059	134.630
Fuel consumption from other fossil sources	MWh	0	0
Consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources	MWh	404	383
Share in total energy consumption	%	62%	74%
Nuclear source energy consumption	MWh	0	0
Share in total energy consumption	%	0%	0%
Total renewable energy consumption, incl.	MWh	96,017	52,145
Fuel consumption from renewable sources, incl. Biomass	MWh	0	0
Consumption of purchased electricity, heat, steam and cooling from renewable sources	MWh	95,393	51,540
Consumption of self-generated non-fuel renewable energy	MWh	624	604
Share in total energy consumption	%	37%	26%
Total energy consumption	MWh	255,679	200,931
Energy intensity*	MWh / mCHF	214	169

Note 1: *Energy intensity from activities in high climate impact sectors as listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

Note 2: The metrics outlined consolidate the entire Hero Group and all affiliated entities, with the exception of the recently-acquired company Super Saúde Nutricional, which is currently in the onboarding phase of data gathering.

Statement related to coal, oil and gas economic activities

The Hero Group does not engage in economic activities related to coal, oil, or gas as defined by the referenced NACE codes (B.05, B.06, B.09.1, C.19, D.35.1, D.35.3, D.46.81). Accordingly, no significant CAPEX amounts were invested during the reporting period in these activities. Our investment strategy remains focused on supporting our sustainability roadmap and transition plan in line with our SBTi commitment.





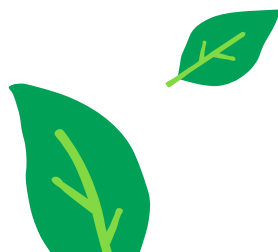
Environmental Information

E3 – Water

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up-stream	Own operations	Down-stream
	Water				
E3 - I	Negative impact on water availability as a result of water withdrawals and water consumption in own operations.	Negative impact	X	X	
E3 - II	Negative impact on water quality because of industrial water use and discharge without proper treatment.	Negative impact	X	X	





Environmental Information

E3 – Water

Introduction and Strategy

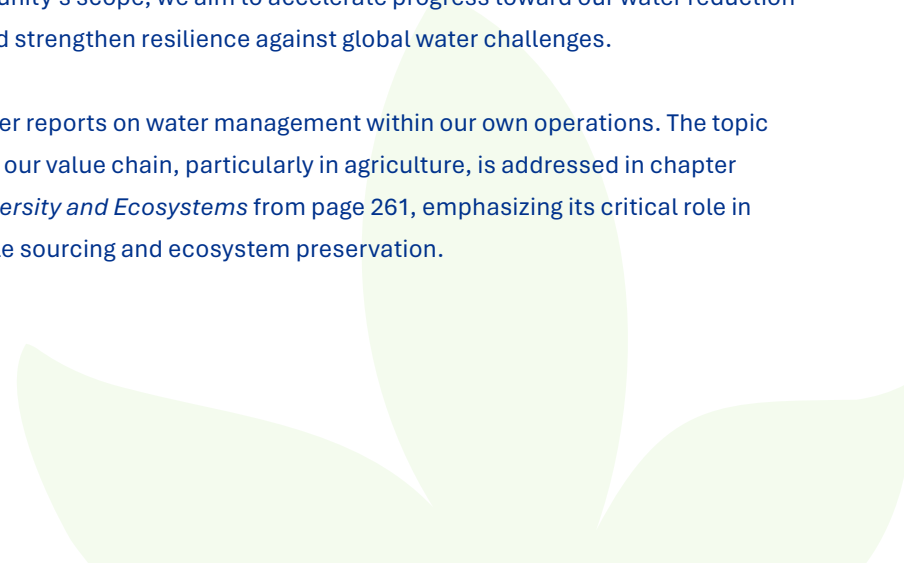
Water is a fundamental resource for all life on our planet, serving essential functions in hydration, sanitation, food production, energy generation, commerce, and ecosystem support. For the Hero Group, water is a material issue because of its critical role in food production, regulatory compliance, and meeting consumer expectations. Our manufacturing processes such as producing snacks, spreads, and baby food, require significant amounts of water for cleaning, cooking, and ingredient handling. Efficient water management is therefore vital to minimizing environmental impacts, reducing operational costs, and meeting increasingly stringent regulatory requirements, particularly in water-scarce regions.

Our approach to addressing these challenges is embedded within the Hero Excellence Program, the overarching framework for operational excellence across our supply chain. This program drives continuous improvement, process harmonization, environmental integration, and resource optimization – principles that directly shape our ambition of responsible water management. We apply structured methodologies such as PDCA (Plan–Do–Check–Act), a cyclical improvement model that helps us plan targeted actions, implement them, monitor results, and adjust for ongoing progress.

Standardizing water management protocols across all sites ensures consistency and compliance, while embedding water stewardship into operational excellence aligns our efforts with sustainability goals and regulatory requirements. Leveraging technology and data analytics enables us to minimize water waste and maximize reuse opportunities. Through this integrated approach, water management is not an isolated initiative but a core element of Hero's journey toward sustainable growth and operational excellence.

Looking ahead to 2026, water management will become an additional focus area within the Manufacturing Excellence Community, which already drives roadmaps for emission reduction, efficiency improvements, and waste management. This integration will allow water-related initiatives to benefit from shared expertise, structured governance, and cross-functional collaboration, ensuring that water stewardship is embedded in every aspect of operational excellence. By expanding the community's scope, we aim to accelerate progress toward our water reduction targets and strengthen resilience against global water challenges.

This chapter reports on water management within our own operations. The topic of water in our value chain, particularly in agriculture, is addressed in chapter *E4 - Biodiversity and Ecosystems* from page 261, emphasizing its critical role in sustainable sourcing and ecosystem preservation.





Environmental Information



Impact, Risk, and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of water-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources were consulted. These included ESRS 1 Appendix A, the WWF Water Risk Filter, the ISO 14001 and EMAS environmental management guidelines, as well as local laws and regulations in the countries, states, and cities where Hero manufacturing sites and office are located.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to water management in its own operations. This list spans seven sub-topics, including water withdrawals and water consumption, water quality and discharge, water shortages or low water quality in areas of high-water stress, water-efficient technologies, and optimization of water consumption.

The methodology and process behind the IRO assessment are described in detail in the General Disclosures section of the Sustainability Statement from page 201. As a result of the assessment, two IROs related to water management, two negative impacts, have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS E3, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section.

IRO E3 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Water	Type of IRO	Up- stream	Own operations	Down- stream
E3 - I	Negative impact on water availability as a result of water withdrawals and water consumption in own operations.	Negative impact	X	X	

The Hero Group acknowledges that water withdrawals and consumption in its own operations can negatively impact water availability, particularly in regions facing high water stress. To address this, we have initiated a structured approach that combines policy development, performance metrics, and target setting per manufacturing site.

In 2024, we developed Water Stewardship Guidelines as a foundational framework for responsible water management. While these guidelines have not yet been fully cascaded to all country organizations because of the prioritization of the Emission Reduction Roadmap, they serve as a critical input for the creation of a comprehensive Group-wide water strategy. This strategy will be finalized in 2026 and rolled out across all entities with mandatory, detailed, and location-specific requirements to be implemented by 2027. Until then, all manufacturing sites pursue individual goals for reducing water intensity and invest in infrastructure for measurement, management, and initiatives aimed at lowering water consumption per ton of finished product.



Environmental Information

Performance is tracked through a set of metrics anchored in the Supply Chain Scorecard, with water intensity (measured as cubic meters per ton of produced goods) as the core indicator. Additional metrics include total water consumption, total water recycled and reused, total water stored, water consumption intensity (per ton of finished goods and/or per million CHF), and total water withdrawals, disaggregated by source (groundwater and municipal systems). Metrics capture total water consumption, withdrawal, and water intensity across all manufacturing sites. This includes areas with high water stress, currently Egypt and Spain. All data is available per site and aggregated at Group level.

The policies, guidelines, frameworks, metrics, and actions outlined apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Both entities have undergone due diligence as part of the acquisition process and, until their procedures are fully harmonized with Hero Group standards, will continue to apply their local due diligence frameworks.

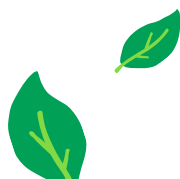
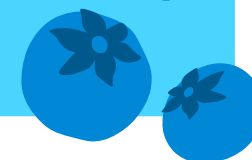
Targets for water intensity reduction are defined locally and tracked via the Supply Chain Scorecard, with ownership assigned to the Supply Chain Lead. These targets are embedded in short-term incentive schemes and supported by initiatives, some requiring capital investment. The Group-level ambition is derived from local targets and currently stands at a 5% reduction in water intensity year-on-year. This approach ensures accountability at site level while driving collective progress towards responsible water use.

Water efficiency initiatives at Hero manufacturing sites are tailored to each location's production focus, technical infrastructure, and progress made in previous years.

Hero MEA (Egypt) has achieved a 41% reduction in water consumption per ton of finished product since 2019. This success is rooted in technical upgrades, process optimization, and a strong culture of awareness. In 2025, the site began implementing an automatic control system for cooling tunnels, optimizing water flow and minimizing waste, an initiative expected to yield an additional 1.7% reduction in water use.

Hero Spain's production site in Murcia is located in one of Europe's most water-stressed regions, where sustainable water management is critical. Hero Spain operates under ISO 14001 and EMAS certifications, ensuring robust environmental management. In 2025, the site expanded and upgraded water metering, enabling precise, process-level tracking and early detection of inefficiencies. Centralizing Cleaning-in-Place (CIP) systems for seasonal fruit lines is projected to save about 1,700 m³ of water annually. Boiler operations have also been optimized: economizers pre-heat incoming water using waste heat, and condensate from production lines is recovered and reused, reducing both fresh water and energy needs. Upgraded steam meters and process controls further enhance data reliability and operational efficiency.

Save about
1,700 m³
of water annually





Environmental Information

To address the negative impact on water availability from operational withdrawals and consumption, Hero Spain launched the Respect for Water project in 2024 to restore the natural ecosystem of the Rio Segura river, which runs alongside the factory. The initiative focuses on groundwater recharge and improving soil water retention through ecological restoration. Over the past two years, invasive giant reed has been removed from a 1,000 m² riverside area, and hundreds of native trees and shrubs have been planted. These actions enhance infiltration, stabilize soils, and create a healthier microclimate, ensuring that water remains in the ecosystem rather than being lost through evaporation or runoff. The hydrological impact is significant: the restored area will return 2.8 million liters of water annually to the environment, strengthening local water resilience in a region where every drop counts. By combining biodiversity recovery with water stewardship, Hero is not only mitigating operational water stress but also contributing to the long-term sustainability of the Murcia watershed.

Schwartauer Werke (Germany), also ISO 14001 certified, intensified water-saving efforts in 2025 through both technical and organizational measures. Monthly reporting and regular routines with production leaders keep water efficiency top of mind. Technical actions include replacing CIP nozzles for more efficient cleaning, upgrading to energy-efficient electrical cabinet cooling, and installing closed cooling loops for pumps on a Corny bar line to recycle cooling water and minimize losses.

Hero Türkiye has launched several targeted initiatives. In 2025, the site expanded the use of economical water guns and optimized lot sizes to reduce the frequency of CIP cycles.

Plans for 2026 include switching to purified water, introducing a dry steam cleaner for the Corny line, and reducing CIP times. The installation of water counters and a SCADA (Supervisory Control and Data Acquisition) system will enable real-time monitoring, rapid detection of leaks or inefficiencies, and prompt corrective action.

Beech-Nut (US) focused on understanding process flows through sub-metering and improved shutdown procedures, including a four-day production schedule to cut water use during downtime in 2025. Discontinuing the production of kosher products, which required extra water-intensive cleaning, also contributed to significant savings. For 2026, the site plans to retrofit equipment in the steam boiler and air compressor rooms to reduce boiler feedwater and cooling water needs, alongside expanding water metering infrastructure for more precise management.

Hero Brazil started implementing a heat exchanger in the vacuum pump's sealing water system in 2025, allowing for heat recovery and reduced water and energy consumption. In 2026, an effluent equalization tank will be installed to improve wastewater management and compliance. The site also aims to reduce water use by shortening CIP heating times and lowering pre-rinse temperatures.

These site-specific actions demonstrate the Hero Group's commitment to continuous improvement in water stewardship, leveraging both technical innovation and operational best practices to drive measurable reductions in water consumption and support sustainable manufacturing.



Environmental Information

IRO E3 - II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up- stream	Own operations	Down- stream
E3 - II	Negative impact on water quality because of industrial water use and discharge without proper treatment.	Negative impact	X	X	

The Hero Group Manufacturing Excellence team introduced Water Stewardship Guidelines in 2024 as the basis for a future Group-wide water strategy, which will be finalized in 2026 and rolled out with mandatory site-specific requirements by 2027. Until then, sites follow local regulations, pursue individual water reduction goals, and invest in infrastructure for monitoring and efficiency.

We ensure water quality management across our manufacturing sites by strictly complying with local regulations, applying site-specific technical solutions, and maintaining continuous monitoring. Each site adheres to the water treatment and discharge standards set by the relevant authorities in their country, state, or municipality. Where applicable, sites such as Schwartauer Werke and Hero Spain operate under ISO 14001 or EMAS-certified environmental management systems, providing a structured framework for ongoing improvement and regular audits.

The approach to water treatment varies by location. At Hero Spain, on-site treatment includes physical separation, pH adjustment, and biological processes to ensure wastewater meets strict conductivity and biochemical oxygen demand limits before discharge, complemented by automated cleaning systems, water recovery processes, and employee training to prevent pollution.

At Hero MEA, a dedicated treatment station processes up to 50m³ of water per day, about 10 to 12% of the site's total water use, with performance verified through regular internal analyses as part of a broader water stewardship program that has achieved a 40% reduction in water withdrawal intensity since 2019.

At Beech-Nut (US), pH is adjusted on-site, and compliance is confirmed by external laboratory testing as required by local authorities, while investments in water reclamation systems allow the capture and reuse of water in cooling processes. In Brazil, primary treatment is performed before effluent is stored and sent to an external company for further processing, with monthly monitoring to ensure standards are met. At Schwartauer Werke in Germany and Hero Türkiye, wastewater is managed through municipal or neighboring facilities, with Hero sites adhering to all applicable discharge requirements and, in Schwartau's case, using sand filters and grease traps for pre-treatment.



Environmental Information

The planned Water Stewardship Policy strengthens Hero's commitment to protecting local water quality. This includes robust treatment and monitoring, investment in technologies to control consumption, and measures to maximize reuse and recycling. It also promotes engagement with communities and NGOs on water conservation and ecosystem restoration projects. Currently, Hero does not set Group-wide targets for water quality or treatment. The focus remains on meeting or exceeding local legal requirements. However, the future strategy will introduce KPIs for water quality, recycling and reuse rates, and withdrawals in high-risk areas.

Across all locations, continuous controls, internal audits, and transparent reporting ensure that water quality is managed responsibly and in line with local expectations and global sustainability standards.

Additional Disclosure Requirements

Areas of high-water stress

To effectively manage water stewardship, Hero utilizes a variety of tools to identify water-related risks, impacts, and opportunities across its operations and value chain. A key tool in this process is the WWF Water Risk Filter, which Hero has used to screen for water stress and related issues in its operations, particularly in Egypt and Spain, which are both recognized as facing significant water scarcity challenges.

Our assessment confirms that Egypt is among the most water-scarce countries in the world, with water availability of only about 600 cubic meters per person per year, well below the global scarcity threshold of 1,000 cubic meters. According to the WWF Water Risk Filter, Egypt faces extreme water stress due to its heavy reliance on the Nile River, which supplies around 95% of the country's water. This dependency, combined with population growth and the impacts of climate change, is intensifying pressure on both water quantity and quality.

Spain is also increasingly affected by water scarcity, particularly in the southeastern and central regions, which rank among the most water-stressed areas in Europe. The WWF Water Risk Filter highlights Spain's vulnerability, with water availability in many regions dropping below 2,000 cubic meters per person – a clear warning sign of growing water stress. The Mediterranean climate, coupled with recurring droughts, further amplifies the risk to water availability.





Environmental Information



Our operations teams in these two high-risk countries continuously monitor local conditions to identify emerging risks that could affect production. For now, the situation remains stable and water supply is sufficient. Beyond scarcity, the WWF Water Risk Filter also provides valuable insights into water quality, helping us flag regions where pollution levels in water bodies could pose operational risks. It further identifies areas exposed to physical disruptions such as droughts or floods, which could impact water availability and business continuity.

Understanding these risks allows Hero to pursue strategic opportunities to strengthen water stewardship. Improving water-use efficiency in production processes reduces both operational costs and environmental impact, particularly in water-scarce regions like Egypt and Spain. At the same time, investing in water-efficient technologies and diversifying water sources enhances resilience, ensuring our operations remain robust in the face of water-related challenges.

Hero Group sites of operation	Latitude	Longitude	Physical risk ¹ water
Manufacturing sites incl. offices			
Schwartauer Werke (Germany)	53,91476	10,69651	■ 2.69
Deliciously Ella (UK)	51,96604	-0,87975	■ 2.49
Beech-Nut (US)	42,94059	-74,22880	■ 2.47
Hero Türkiye	40,99066	29,07530	■ 3.30
Hero Spain	37,97540	-1,2088	■ 3.75
Hero MEA (Egypt)	30,30198	31,19949	■ 4.36
Hero Brazil	-22,96526	-46,84658	■ 3.10
Super Saúde Nutricional (Brazil)	-25,43843	-49,44196	■ 2.17
Sales offices			
Hero Nordics (Finland)	60,21106	24,81828	■ 2.20
Hero Nordics (Sweden)	59,36293	17,96013	■ 2.06
Hero Nordics (Denmark)	55,65890	12,51292	■ 2.26
Hero Russia	55,76687	37,63374	■ 2.71
erdbär (Germany)	52,54097	13,40670	■ 2.85
Hero Benelux	51,59532	4,80754	■ 2.77
Baby Gourmet (Canada)	50,94856	-113,98570	■ 2.43
Hero UK&I	50,71975	-1,88422	■ 2.42
Hero Czechia	50,04901	14,35895	■ 2.68
Hero Slovakia	48,31922	18,08920	■ 2.65
Hero Switzerland	47,39067	8,19276	■ 2.78
Hero Italy	45,44032	11,00045	■ 3.01
Hero Portugal	38,71015	-9,22745	■ 3.01
Hero Export – China	31,22906	121,45602	■ 3.20

¹ According to WWF Risk Filter Suite



Environmental Information

Metrics on water	Unit	2024	2025
Water consumption in own operations	m ³	282,046	258,503
Water consumption in high water stress areas (Egypt & Spain, incl.)	m ³	167,618	168,821
Water recycled and reused	m ³	0	0
Water stored	m ³	50	0
Water consumption intensity	m ³ /CHF	236	218
Total water withdrawals (all facilities), of which:	m ³	1,011,333	987,644
Withdrawals from groundwater	m ³	600,250	607,268
Withdrawals from municipal system	m ³	411,083	380,376
Total water withdrawals in high water stress areas (Egypt & Spain)	m ³	435,351	482,110
Total water withdrawal intensity in all facilities	m ³ /ton	1.62	1.39
Water consumption intensity in high water stress areas (Egypt & Spain)	m ³ /ton	2.24	1.99





Environmental Information

E4 – Biodiversity and Ecosystems

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Biodiversity and ecosystems	Type of IRO	Up-stream	Own operations	Down-stream
E4 - I	Negative impact on ecosystems due to increased withdrawal or exploitation of natural resources, caused by business growth.	Negative impact	X	X	
E4 - II	Negative impact on ecosystems and climate change due to deforestation, and land conversion, driven by deforestation-linked commodities.	Negative impact	X		
E4 - III	Negative impact on ecosystems, water, and soil conditions due to intense conventional agriculture practices, including excessive use of fertilizers and pesticides.	Negative impact	X		
E4 - IV	Positive impact on ecosystems, water, and soil conditions due to promotion of regenerative agriculture practices.	Positive impact	X		





Environmental Information

E4 – Biodiversity and Ecosystems

Introduction and Strategy

As a food company, our business relies on healthy ecosystems. However, biodiversity risks affect our entire value chain and are among the top three global economic risks over the next decade according to the World Economic Forum. Climate change and agricultural practices, such as land-use change, overexploitation, and pollution are major drivers of ecosystem degradation. Agriculture contributes to biodiversity loss but also holds potential for regeneration. This is why practices that restore soil health, enhance biodiversity, and sequester carbon are central to our strategy.

Our *bee careful* initiative, launched in 2014, aims to conserve the goodness of raw ingredients in our products while fostering biodiversity, soil health, and water stewardship throughout our value chain. With the backing of this initiative, the Hero Group developed a biodiversity and ecosystems strategy in 2024, aligned with the Kunming-Montreal Global Biodiversity Framework.

The formal responsibility for strategy, insights, and action plans lies with a dedicated expert in our sustainability core team. The implementation is jointly managed by sustainability, procurement, and the environmental communities of our manufacturing sites, ensuring that strategic goals are translated into action.

Our biodiversity and ecosystems strategy is closely linked to our climate commitments. In chapter *E1 – Climate Change*, we outline our approach to setting an SBTi FLAG target, which addresses land-related emissions from forestry and agriculture. This integrated approach ensures that actions on deforestation and land-use change contribute both to climate mitigation and biodiversity protection.

Hero collaborates with NGOs such as Global Nature Fund and Bodensee Stiftung, whose Biodiversity Check insights helped to shape our Group-wide strategy. External partners including Sustainable Agriculture Initiative (SAI), reNature and Digital Data Farm (DDF) support implementation and provide technical expertise. Our actions are guided by legal frameworks such as the EU Biodiversity Strategy for 2030, the Nature Restoration Regulation, the EU Soil and Water Frameworks, and the SAI Principles on Regenerative Agriculture. While our data baseline and quantitative targets for a biodiversity transition plan are still in development, our strategic direction is clear: to foster biodiversity, soil health, and water stewardship throughout our value chain.





Environmental Information

Impact, Risk, and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of biodiversity and ecosystem-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad spectrum of internal and external sources was consulted. These included ESRS 1 Appendix A, the WWF Biodiversity Risk Filter, the IPBES Business and Biodiversity Assessment, the draft sector guidance for food and agriculture by the Taskforce on Nature-related Financial Disclosures (TNFD), the Science Based Targets for Nature (SBTN) Corporate Manual, the Kunming-Montreal Global Biodiversity Framework, the EU Biodiversity Strategy for 2030, the EU Nature Restoration Regulation, and the EU Deforestation Regulation. Additionally, insights were drawn from a holistic internal Biodiversity Check conducted in 2023 in collaboration with the Global Nature Fund and Bodensee Stiftung.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to biodiversity and ecosystems. This list spans 10 sub-topics, including the increased withdrawal and exploitation of natural resources, deforestation and land conversion, intensive conventional agricultural practices, ecosystem degradation (for example, infertile soils, pollinator loss, pest pressure), water scarcity and disrupted water cycles, ecosystem collapse and the loss of essential ecosystem services, as well as regenerative agriculture and nature restoration practices.

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201. As a result of the assessment, four IROs related to biodiversity and ecosystems, three negative impacts and one positive impact, have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS E4, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section.

IRO E4 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Biodiversity and ecosystems	Type of IRO	Up- stream	Own operations	Down- stream
E4 - I	Negative impact on ecosystems due to increased withdrawal or exploitation of natural resources, caused by business growth.	Negative impact	X	X	



Environmental Information

The Hero Group recognizes that business growth in the food sector inherently increases pressure on ecosystems through the withdrawal and exploitation of natural resources, particularly in agriculture, which dominates our upstream value chain. To address this, the Hero Group developed a biodiversity and ecosystems strategy in 2024, grounded in science-based frameworks and tailored to our sourcing realities.

Our strategy follows the Science-Based Targets for Nature's (SBTN) five-step approach. We used tools including the WWF Risk Filter Suite, the SBTN High Impact Commodity List, and biodiversity checks conducted with Global Nature Fund and Bodensee Stiftung to identify priority action areas, key sourcing risk regions, and high-volume or high-impact raw materials across the Hero Group's core categories: Better Snacking and Naturally Good Food. Methodology and details of the strategy development are outlined in the *Sustainability Statement* of our previous [Annual Report for 2024](#).

We aim to mitigate ecosystem degradation in the Hero value chain by trying to stop deforestation and land-use-change, mitigating water scarcity, and promoting regenerative agriculture practices. We have launched several programs and pilot projects that we describe in more detail in relation to the following IROs.



Mission

bee careful - an impact-driven initiative to promote regenerative agriculture practices.

It is our goal to foster biodiversity, soil health and water-stewardship throughout our entire value chain.

Action subjects



stop
**Deforestation &
land-use-change**



mitigate
Water scarcity



promote
**Regenerative
agriculture**

Key raw materials



Platform
**Better
snacking**

High volume
Wheat, Oats, Maize
and strategic fruits

High impact*
Palm Oil, Banana, Cocoa
and Rice

*High impact acc. to SBTN HIC list



Environmental Information

Our Sustainable Farming Principles and Code of Conduct provide the foundation for responsible sourcing across the Hero Group. In 2025, we introduced new internal Procurement Guidelines to strengthen supplier engagement and enhance transparency. In addition, we are developing a Hero Group Deforestation Policy, scheduled for full implementation in 2026, and an internal Position Statement on Regenerative Agriculture Practices that sets out our ambition and related standards.

These policies, guidelines, and frameworks apply to the entire Hero Group and all affiliated entities, with the exception of our recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. In line with internal priorities, our joint procurement teams serving European markets are at the core of process implementation, pilots, and initiatives related to these action areas. At the same time, our procurement teams in Brazil and Türkiye are advancing programs tailored to their sourcing realities and local ecosystem needs.

We have developed a scoring model to assess the maturity of agricultural partners and their environmental practices. The model is structured into four stages: Not Engaged, Engaged, Advanced, and Leading. A supplier's position within these stages is determined by a combination of environmental certifications and non-certifiable practices. Certifications include GLOBAL G.A.P., GGFSA, GG BioDiversity Add-On, GG SPRING Add-On, Organic, Rainforest Alliance, Fairtrade, among others, while non-certifiable practices are aligned with the SAI Regenerative Agriculture Framework.

To gather and consolidate farm-level data, we will roll out an environmental questionnaire through our Quality Management System IT tool. With all content preparation completed in 2025, we will focus on technical and roll out process of the questionnaire in 2026. Our objective is to establish a comprehensive baseline of data and scoring for our key raw materials. Based on this foundation, we aim to define concrete targets to help business partners progress within the scoring model and to identify the priorities and action plans required to achieve this goal.

While our biodiversity transition plan, including databases and a set of quantitative targets, is still in development, our strategic direction is clear: we aim to reduce negative impacts from conventional agriculture and scale regenerative practices across high-risk areas. This approach reflects our commitment to halting ecosystem degradation and aligns with the Kunming-Montreal Global Biodiversity Framework.





Environmental Information

IRO E4 - II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Biodiversity and ecosystems	Type of IRO	Up- stream	Own operations	Down- stream
E4 - II	Negative impact on ecosystems and climate change due to deforestation, and land conversion, driven by deforestation-linked commodities.	Negative impact	X		

At the Hero Group, we recognize the critical link between deforestation, biodiversity loss, and climate change. Deforestation-free supply chains are a cornerstone of both our biodiversity and ecosystems strategy, and our commitment to the Science Based Targets initiative. Deforestation is a key driver of land-use emissions and is therefore covered by our approach to setting an externally-validated SBTi Forest, Land and Agriculture (FLAG) target, as explained in chapter *E1 – Climate Change* from page 227.

By aligning our deforestation measures with FLAG requirements, we will strengthen the connection between climate and nature goals, ensuring consistency across reporting and action plans.

In alignment with Hero Group's commitment to a deforestation-free supply chain, supported by the upcoming EU Deforestation Regulation (EUDR), we are establishing policies, metrics, targets, and actions to mitigate deforestation, and land conversion risks from our sourcing practices. A deforestation-free policy has been drafted in 2025 and will be embedded in sourcing guidelines across all Global entities from 2026 onwards.

Since 2023, Hero has had a commitment to sustainably-sourced cocoa-based ingredients and palm oil. We have thus purchased our cocoa-based ingredients with Rainforest Alliance or Fairtrade certification under a mass balance system for all entities. In palm oil, we have significantly reduced its use and only where necessary source certified palm oil under mass balance.





Environmental Information

In 2024, we engaged all suppliers of deforestation-risk commodities to ensure they adopt measures to prevent deforestation in upstream value chains and provide proper documentation. Suppliers are required to collect geolocation coordinates of farmed land, country of production, and due diligence criteria to ensure that each batch of commodities in scope is registered with a Due Diligence Statement (DDS) number by the time the EUDR enters into force.

To support this, we established an interdisciplinary team to design and implement processes for assessing primary supply chains and third-party manufacturing for cocoa, palm oil, paper, and beef. We also joined a dedicated program with a major supplier in 2023 that enables farm-level traceability for cocoa in Ghana, Cameroon, and Côte d'Ivoire. In 2024, we expanded our efforts by joining an agroforestry program in Côte d'Ivoire, contributing to approximately 900 hectares of cocoa plantations applying nature-based solutions to enhance biodiversity, improve soil health, and sequester carbon.

Palm oil remains a commodity with elevated deforestation risk, and we apply a strict internal guideline based on the mitigation hierarchy. Palm oil is used only in very small amounts for technical purposes and never in new product developments for Baby & Toddler Food. For jams and our snacking products for adults, its use is evaluated case by case, and when used, it must come from RSPO-accredited sources. This approach is documented in our Hero Group product development guidelines and in our internal Position Statement on Palm Oil.

Beyond the EUDR scope, we also address risks linked to sugarcane cultivation. Although cane sugar is not covered by EUDR, its production in tropical regions carries a generic risk of deforestation and resource overexploitation. We have significantly reduced cane sugar use in our European and MEA assortments of spreads by 95% through recipe reformulation. For Hero Brazil, where cane sugar remains a common sweetener, we source exclusively from Bonsucro-certified growers, ensuring compliance with credible environmental and social sustainability standards.

Our targets include full EUDR compliance, 100% certified cocoa and palm oil sourcing, and achieving farm-level traceability for all cocoa commodities. Actions to deliver these targets include supplier engagement, system integration of traceability data related to deforestation-free status of goods, certification audits, and cross-functional training. Through these measures, the Hero Group not only prepares for regulatory requirements but also advances its broader sustainability ambition to protect ecosystems and combat climate change.

By embedding deforestation-free principles into our sourcing strategies, strengthening traceability, and fostering supplier collaboration, we mitigate environmental risks and build resilient, and transparent value chains, placing biodiversity and climate responsibility at the core of our business strategy.





Environmental Information

IRO E4 – III & IV

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Biodiversity and ecosystems	Type of IRO	Up- stream	Own operations	Down- stream
E4 - III	Negative impact on ecosystems, water, and soil conditions due to intense conventional agriculture practices, including excessive use of fertilizers and pesticides.	Negative impact	X		
E4 - IV	Positive impact on ecosystems, water, and soil conditions due to promotion of regenerative agriculture practices.	Positive impact	X		

Agricultural practices have a profound influence on ecosystems, soil health, pollinators, and water cycles. At the Hero Group, we are committed to mitigating negative impacts from conventional farming while promoting positive outcomes through regenerative practices. This commitment is embedded in a comprehensive framework of strategy, policies, metrics, targets, and actions. Our Strategy on Biodiversity and Ecosystems, Sustainable Farming Principles, Code of Conduct, and Procurement Guidelines form the foundation for responsible sourcing.



These frameworks apply across the Group, with onboarding under way for recent acquisitions.

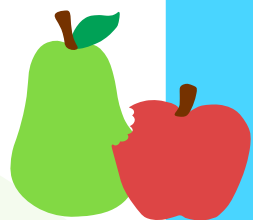
To strengthen transparency and accountability, the Hero scoring model Evaluate & Elevate has been designed to assess suppliers' environmental practices. The model considers both certifications, such as GLOBAL G.A.P., Organic, Rainforest Alliance, and Fairtrade, and non-certifiable practices aligned with the SAI Regenerative Agriculture Framework. Implementation will begin once farm-level data is collected through an environmental questionnaire launched in 2025. By 2026, we aim to establish a baseline for European markets, expand globally by 2028, and use this foundation to define quantitative targets for biodiversity and soil health. While this holistic data process is being rolled out, we are monitoring progress through indicators such as hectares of pollinator-friendly habitats, cover crops, mulched land, nesting sites, water savings, and carbon sequestration.

Our targets include establishing the baseline for the supplier scoring model by 2026, expanding data collection to global procurement by 2028, and setting measurable biodiversity and soil health goals over the next years. In parallel, we continue to scale initiatives such as agroforestry cooperation, the reNature program, biodiversity catalogue, biochar projects, and collaborations with suppliers, driving tangible improvements for ecosystems and communities.



Environmental Information

Our agroforestry program integrates diverse tree species into cocoa plantations in Côte d'Ivoire, creating habitats for pollinators and wildlife while improving soil health, carbon sequestration, and water retention. This approach also supports local communities through social initiatives that promote education and economic opportunities. The program was started in 2024 with a contribution to 168 hectares of cocoa plantation applying agroforestry practices. In 2025, Hero expanded the coverage of the agroforestry program to 900 hectares of cocoa plantations. This area is part of Hero's total cocoa land footprint of about 1,800 hectares, with roughly half suitable for agroforestry practices. The initiative is expected to deliver significant biodiversity benefits and carbon removals, estimated at around 4,000 tons of CO₂e through tree planting and soil improvements.



900

hectares of cocoa
plantations covered in
agroforestry program



In Spain, the reNature program accelerates the shift to regenerative agriculture, helping farmers adopt practices that restore soil health and enhance biodiversity. Through detailed soil analyses, risk assessments, and collaborative peer-learning workshops, the initiative reduces chemical inputs, promotes crop diversification, and builds resilience against climate change. Since 2023, two farms with 12.6 hectares of farmland have been transformed, producing nearly 400 tons of apples and pears annually for our baby and toddler meals and children's snacks at Hero Spain, while contributing to healthier soils, improved water retention, and thriving ecosystems.

Our Biodiversity Catalogue empowers farmers to implement science-based measures such as flowering strips, nesting aids, and mulching techniques that actively restore habitats and strengthen ecosystem resilience. In 2023 and 2024, 44 farms in Germany cultivating cherries, strawberries, blueberries, and red currants adopted these practices across roughly 3,000 hectares of fruit farmland, creating pollinator-friendly environments and improving soil health.

This leadership in biodiversity earned the Hero Group's entity Schwartauer Werke the prestigious Corporate Social Responsibility Award from the German Government in Spring 2025. Building on this success, the initiative expanded in the reporting year to 70 smallholder raspberry farmers in Serbia, extending nature-positive practices to new regions and reinforcing our commitment to sustainable agriculture.



Environmental Information

The SulFruit cooperation in Brazil marks a significant step in extending Hero's biodiversity and regenerative agriculture efforts to tropical sourcing regions. This initiative engages local farmers in implementing nature-based practices that restore habitats, improve soil health, and strengthen ecosystems resilience. By integrating regenerative principles into berry production, the initiative not only supports biodiversity, but also delivers tangible results, producing approximately 84 tons of strawberries and 174 tons of blackberries annually under regenerative agriculture practices.

Complementing this, the Digital Data Farm Water Program in cooperation with the Polytechnic University of Cartagena demonstrated how digital innovation can drive both sustainability and efficiency in agriculture. By applying precision irrigation technology to peach and apricot cultivation in Spain, the program achieved remarkable results on nine hectares of peach orchards and one hectare of apricot farmland. For peaches, irrigation water use was reduced by 41%, water productivity increased by 64%, while farmers saw costs drop. For apricots, water use dropped by 33%, water productivity rose by 50%, while costs for water and nutrient management was reduced. These improvements were realized while maintaining high yields, proving that resource efficiency and productivity can go hand in hand. The three-year pilot-initiative that started in 2024 supports Global G.A.P. SPRING certification practices and sets a benchmark for scaling water stewardship across Hero's high-water risk sourcing regions.

Finally, our biochar project introduces carbon-rich material into oat cultivation to regenerate soils and lock carbon for centuries. By enhancing microbial activity, water retention, and nutrient efficiency, the initiative fosters biodiversity within soil ecosystems while delivering durable carbon removals aligned with SBTi FLAG targets, advancing Hero's decarbonization roadmap. In 2024, we launched the first pilot on a German oat farm and scaled to two additional farms in 2025, supplying oats for our Corny bars. The project and calculations follow the DIN ISO 14064-2 standards. The biochar used is certified under the European Biochar Certificate (EBC) and sourced from responsibly-managed forestry.

Together, these programs demonstrate the Hero Group's holistic approach to biodiversity: **restoring ecosystems, strengthening climate resilience, and building sustainable food systems for future generations.**





Environmental Information

Additional Disclosure Requirements

Own operations near a biodiversity sensitive area

Managing biodiversity and ecosystem-related impacts and risks begins with a closer examination of our own operations and areas under direct control. At Hero, we adhere to the International Union for Conservation of Nature (IUCN) definition of key biodiversity areas (KBAs) as well as to the EU Environmental Agency's Natura 2000 definition on protected areas. We align the localization of protected and biodiversity-sensitive areas with the findings of the KBA map search as well as the Natura 2000 map viewer.

Regarding areas under our direct control, including production sites and offices, none are located directly within a protected area or key biodiversity area. Although no mitigation measures specific to biodiversity-sensitive areas apply directly to the Hero Group, we have implemented environmental practices such as the reduction of energy consumption, water use, and waste.

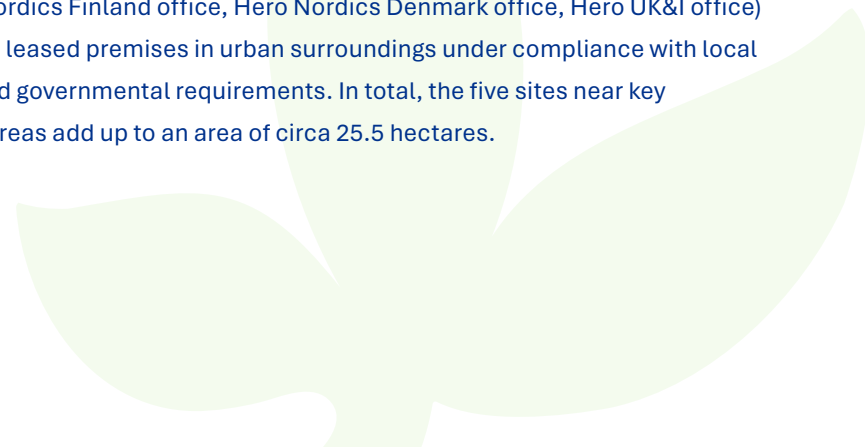
All Hero Group production sites and offices, due to their existence, impact ecosystems through land use, ecosystem fragmentation, ground sealing, and water use. Geographically, none of the sites in the Hero Group's operations or control are located directly within protected areas as defined by the International Union for Conservation of Nature and Natural Resources' KBAs or the EU Environmental Agency's Natura 2000 protected areas network. All sites under Hero control are situated in zones designated for industrial and commercial use.

Two Hero manufacturing sites are located near a protected key biodiversity area, meaning at a distance of up to 10 kilometers. Our affected production sites are Schwartauer Werke in Germany (4 km distance to KBA Lauerholz) and Hero Spain (10 km distance to KBA Monte El Valle y Sierras de Altaona y Escalona) and both have an ISO 14001-certified environmental management system.

This systematic identification, management, and continuous improvement of environmental aspects reduces the risks of negative impacts on ecosystems at production sites and in their immediate vicinity. It furthermore ensures that legal standards are monitored and complied with.

The certified and annually-audited environmental management has not identified any threatened species that are negatively affected. Both production sites have semi-natural areas on the plant premises. Furthermore, Hero Spain has created a 0.9 ha orchard where lemon trees were planted in an employee engagement activity.

Three Hero sales offices are located near a protected key biodiversity area. All three sites (Hero Nordics Finland office, Hero Nordics Denmark office, Hero UK&I office) are located in leased premises in urban surroundings under compliance with local regulatory and governmental requirements. In total, the five sites near key biodiversity areas add up to an area of circa 25.5 hectares.





Environmental Information

Hero Group Sites of Operation			Key biodiversity areas ¹		Area risk index ²	
	Latitude	Longitude	Closest KBA	Distance	Biodiversity	Water
Manufacturing sites incl. offices						
Schwartauer Werke (Germany)	53,91476	10,69651	Lauerholz	■ 4 km	■ 3.00	■ 2.69
Deliciously Ella (UK)	51,96604	-0,87975	Upper Nene Valley Gravel Pits	■ 40 km	■ 3.15	■ 2.49
Beech-Nut (US)	42,94059	-74,22880	Adirondack High Peaks Forest Tract	■ 31 km	■ 3.20	■ 2.47
Hero Türkiye	40,99066	29,07530	Mogan lake	■ 43 km	■ 3.25	■ 3.30
Hero Spain	37,97540	-1,2088	Monte El Valle y Sierras de Altaona y Escalona	■ 10 km	■ 3.08	■ 3.75
Hero MEA (Egypt)	30,30198	31,19949	Wadi El Natrun	■ 120 km	■ 3.50	■ 4.36
Hero Brazil	-22,96526	-46,84658	Serra da Cantareira	■ 70 km	■ 2.88	■ 3.10
Super Saúde Nutricional (Brazil)	-25,43843	-49,44196	Várzeas da Região Metropolitana de Curitiba	■ 39 km	■ 2.88	■ 2.17
Commercial offices						
Hero Nordics (Finland)	60,21106	24,81828	Laajalahti-Vanhankaupunginlahti-Viikki	■ 2 km	■ 2.38	■ 2.20
Hero Nordics (Sweden)	59,36293	17,96013	Tärnan – Riala	■ 30 km	■ 2.33	■ 2.06
Hero Nordics (Denmark)	55,65890	12,51292	Vest- og Sydamer med omgivende hav	■ 4 km	■ 2.38	■ 2.26
Hero Russia	55,76687	37,63374	Faustovo flood-plains of Moscow river	■ 71 km	■ 2.50	■ 2.71
erdbaer (Germany)	52,54097	13,40670	Döberitzer Heide	■ 25 km	■ 2.50	■ 2.85
Hero Benelux	51,59532	4,80754	Biesbosch	■ 14 km	■ 2.38	■ 2.77
Baby Gourmet (Canada)	50,94856	-113,98570	Eagle, Namaka and Stobart Lakes	■ 60 km	■ 2.75	■ 2.43
Hero UK&I	50,71975	-1,88422	Dorset Heaths and Forests	■ 3 km	■ 2.38	■ 2.42
Hero Czechia	50,04901	14,35895	Krivoklatsko region	■ 26 km	■ 2.50	■ 2.68
Hero Slovakia	48,31922	18,08920	Trábeč	■ 12 km	■ 2.40	■ 2.65
Hero Switzerland	47,39067	8,19276	Tafeljura-Landschaft Baselland - Solothurn	■ 19 km	■ 3.00	■ 2.78
Hero Italy	45,44032	11,00045	Lessini and Pasubio mountains	■ 32 km	■ 2.88	■ 3.01
Hero Portugal	38,71015	-9,22745	Sintra-Cascais	■ 22 km	■ 2.50	■ 3.01
Hero Export – China	31,22906	121,45602	Eastern tidal flat of Nanhui	■ 45 km	■ 3.00	■ 3.20

1 Mapping conducted via KBA tool

2 According to WWF Risk Filter Suite





Environmental Information

Traceability of products, components, and raw materials

Traceability of products, components, and raw materials is not only a legal requirement in the food industry but also a cornerstone of Hero Group's food safety and quality management systems, serving as a vital enabler for achieving ecosystem-related objectives. It ensures that all quality-relevant data across production steps are documented and traceable, enabling rapid identification of product origin, supplier involvement, and customer delivery. This capability spans the entire value chain, from raw material sourcing to final product delivery, and is embedded in our daily operations and reviewed regularly.

Besides the food safety and quality aspects, traceability is also central to our biodiversity and ecosystems strategy. By mapping the origin of raw materials and their movement through the value chain, we can identify and mitigate risks such as deforestation, habitat loss, and soil degradation. For high-impact commodities such as cocoa and palm oil, we ensure compliance with deforestation-free standards and leverage certification schemes including Rainforest Alliance, Fairtrade, or RSPO.

To strengthen transparency and accountability, the Hero Group has developed the Evaluate & Elevate scoring model to assess suppliers' environmental practices. The model considers both certifications and non-certifiable practices aligned with the SAI Regenerative Agriculture Framework. Implementation begins with farm-level data collection through an environmental questionnaire launched in 2025. By 2026, we aim to establish a baseline for European markets, expand globally by 2028, and use this foundation to define quantitative targets for biodiversity and soil health.



We identify and mitigate risks such as **deforestation, habitat loss, and soil degradation**





Environmental Information

Biodiversity offsets

The Hero Group's approach to biodiversity and ecosystems is guided by the mitigation hierarchy. We prioritize avoiding negative impacts wherever possible and focus on mitigating concrete causes and tangible risks within our own operations and value chain. Restoration and rehabilitation of ecosystems are also central to our efforts, and we align these actions with our commitment to promoting regenerative agriculture practices upstream.

At present, compensation or offsetting, such as biodiversity credits, is not within the scope of our actions. Should we consider such market-based instruments in the future, they will serve only as a complement to our direct impact.

Metrics on biodiversity sensitive areas	Unit	2024	2025
Number of sites owned, leased or managed in or near protected areas or key biodiversity areas.	Sites	5	5
Area of sites owned, leased or managed in or near protected areas or key biodiversity areas.	Hectares	25.5	25.5





Environmental Information

E5 – Resource Use and Circular Economy

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Resource use and circular economy	Type of IRO	Up-stream	Own operations	Down-stream
E5 - I	Negative impact on environment due to waste directed to landfill.	Negative impact	X	X	X
E5 - II	Negative impact on environment and people due to food waste, driven by wasted resources when making the products, and methane emissions being generated when sent to landfills.	Negative impact		X	X
E5 - III	Negative impact on climate change due to GHG emissions caused by the use of fossil-based, virgin materials (plastics) in packaging.	Negative impact	X		
E5 - IV	Negative impact on environment and people due to microplastics passing into soil, water, and living beings, caused by plastic product packaging and its improper disposal.	Negative impact			X





Environmental Information

E5 – Resource Use and Circular Economy

Introduction and Strategy

This chapter addresses the responsible management of resources within our operations and our commitment to advancing circularity. It encompasses three principal dimensions: resource inflows, primarily related to packaging; resource outflows through products and services; and resource outflows in the form of waste.

By considering these areas collectively, we ensure efficient utilization of materials, reduction of environmental impacts, and promotion of reuse and recycling opportunities. The chapter sets out our overarching approach, governance framework, and key actions implemented to uphold the highest standards across all three dimensions, thereby reinforcing our dedication to resource stewardship and long-term value creation.

Resource inflows (Packaging)

Within the Hero Group, resource inflows comprise both food commodities and packaging materials. As food commodities are intended for consumption, our reporting focus on resource inflows is directed primarily toward packaging.

Our strategy for packaging

Goals, drivers and foundation

Goals



Circularity



Net-Zero

Drivers



Reduce



Rethink



Recycle

Foundation



Legislative and
regulatory
evolution



Consumers'
and customers'
preferences



Technical and
economical
feasibility



(Local) recycling
infrastructure
requirements



Environmental Information

In 2025, we used almost 300,000 tons of packaging materials for our manufactured products. Packaging solutions are essential to ensuring the safety and quality of food products, and strict legal requirements related to food safety contribute to the complexity of packaging design. Packaging must protect products throughout storage, distribution, at the point of sale, and until consumption.

Our approach to packaging management is rooted in the principles of circularity, aiming to minimize the environmental footprint of production and consumption while keeping resources circulating in the economy. To achieve this, the Hero Group follows a structured strategy: first, reducing existing packaging materials; second, designing packaging for recyclability; and third, increasing recycled content wherever feasible. These priorities reflect our ambition to balance food safety, regulatory compliance, and environmental responsibility.

Managing packaging resources is governed through clear principles and systematic assessments. Since 2021, the Hero Group Sustainable Packaging Principles have guided our efforts to prevent waste, reduce resource use, and promote recyclability. These principles form the foundation for a holistic packaging strategy that addresses the diversity of materials and regulatory frameworks across our markets.

While packaging is indispensable for product protection, Hero recognizes its environmental impact and strives to go beyond compliance. Our commitment is reinforced by investments in innovation, such as AI-driven modeling for glass reduction, the development of energy-efficient production facilities for recyclable

pouches, ongoing evaluations of plastic films for snacking products, and advanced tools like the Product Lifecycle Management (PLM) system, which will centralize packaging specifications and enable visibility on recyclability and recycled content. These measures underscore our dedication to promoting environmentally-responsible packaging practices across global operations.

Resource outflows (Products and Services)

The Hero Group's product portfolio is structured to meet the nutritional needs of consumers at every life stage, spanning the categories Growing Up and Adult, and covering business areas such as Better Snacking, Naturally Good Food, and Other (heritage products). The portfolio strategy is brand-led, balancing innovation in growth segments with the continued strength of established lines. For further details on the Group's portfolio structure and strategic priorities, please refer to the chapter *Company Information* in this report from page 10.

Governance of the product portfolio is driven by a category-led organization, introduced to strengthen strategic alignment and operational efficiency. This structure ensures that portfolio decisions are made close to consumer needs while enabling integrated end-to-end management across supply chain, marketing, and innovation. It also supports cross-category collaboration and accelerates decision making for growth segments and sustainability priorities.





Environmental Information

To embed sustainability into product development, the Hero Group has updated its Innovation Management Tool (IMT). As of 2025, all innovation and renovation projects are assessed for their sustainability impacts at the earliest stage of concept development. The updated IMT incorporates criteria on CO₂ emissions, packaging, nutrition, and biodiversity, ensuring that environmental and social considerations are part of project governance from the start.

Relevant teams in category management, marketing, research and development, and product change management have been trained in these new features, supported by functional experts. This integration reflects Hero's commitment to making sustainability a core element of innovation, driving conscious decisions that positively impact people, the planet, and business ethics.

In the context of resource outflows, no material IROs have been defined for Hero Group products with respect to the product portfolio. Food products are designed for direct human consumption with their lifecycle typically concluding in the sanitary system as biological waste. This does not imply that related topics are irrelevant or not addressed by the Hero Group; rather, they did not meet the defined threshold for materiality within the IRO framework.

Resource outflows (Waste)

Managing waste responsibly is a cornerstone of the Hero Group's commitment to the principles of a circular economy. Our approach begins with preventing waste at its source wherever possible. When waste generation cannot be avoided, we follow the EU Waste Hierarchy, prioritizing reduction, reuse, and recycling, with disposal, particularly landfill, considered as a last resort. This strategy reflects our ambition to minimize environmental impact while supporting resource efficiency across all operations.

Waste management is governed through structured processes and dedicated roles that ensure compliance and continuous improvement. Since 2024, a Waste Community has convened quarterly, bringing together a responsible person from each production site to exchange best practices and monitor progress.

Each site has its own person responsible for waste, and they are accountable for local compliance and implementation of measures. In 2025, we established a Group-wide baseline and a comprehensive metrics handbook, creating transparency and consistency across all sites. From 2026 onward, waste-related KPIs will be integrated into the Integrated Supply Chain Scorecard, and formal target-setting will begin, marking a significant step toward harmonized waste management across the Hero Group.





Environmental Information

Our commitment is reinforced by ISO 14001 environmental management system certifications at our two largest production sites in Germany and Spain. Sites without certified systems operate under strict internal guidelines, ensuring that all locations meet or exceed local compliance requirements.

Legal frameworks provide the minimum standard for our actions, but we strive to go beyond compliance wherever possible. For example, our Beech-Nut site in the United States adheres to the National Strategy for Reducing Food Loss and Waste and Recycling Organics, published in 2024. Similar efforts are underway across other regions, reflecting our ambition to drive waste prevention and recycling.

While we currently operate without a global waste policy, annual site-specific goals drive progress. The upcoming introduction of standardized KPIs and targets in 2026 will strengthen our ability to manage waste consistently and effectively across all operations. These measures underscore our belief that responsible waste management is essential for resource efficiency and long-term success. By embedding these practices into our operations, we contribute directly to the overarching goals of Resource Use & Circular Economy, ensuring that material efficiency and waste reduction remain integral to our journey.

Impact, Risk, and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of resource use and circular economy-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to Hero Group's business model, a broad set of internal and external sources was consulted. These included ESRS 1 Appendix A, Global Reporting Initiative Standard (GRI), EU Packaging and Packaging Waste Regulation (PPWR), EU Waste Framework Directive, EU Circular Economy Action Plan, OECD Guidelines on Resource Efficiency and Circular Economy, publications on the United Nations Environmental Program Circularity Platform, the ISO 14001 environmental management guidelines, as well as legal requirements under national legislation where Hero operates.

Additionally, insights were drawn from a holistic internal Recyclability Assessment and a Baby Food Packaging Assessment, both conducted in 2024, as well as a Snacking Bar Packaging Assessment conducted in 2025.

By consolidating key themes from these sources, Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to resource use and circular economy. This list spans nine sub-topics, including waste directed to landfill, hazardous waste, food waste, plastic packaging and microplastics, recycled content, and recyclability of product packaging.





Environmental Information

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201. As a result of the assessment, four IROs related to resource use and circular economy, and four negative impacts were identified as material and strategic priorities. These IROs are subject to reporting under ESRS E5, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section.

IRO E5 - I

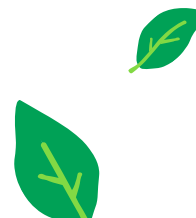
IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Resource use and circular economy	Type of IRO	Up- stream	Own operations	Down- stream
E5 - I	Negative impact on environment due to waste directed to landfill.	Negative impact	X	X	X

Waste directed to landfill poses significant environmental impacts, including soil and water contamination and greenhouse gas emissions. The Hero Group's approach to waste management is grounded in the principles of waste prevention, reduction, and circularity. The overarching framework for operational excellence is the Hero Excellence Program, which drives continuous improvement across supply chain and manufacturing.

Phase 0, started in 2024, will be completed for all sites and lines in 2026 (excluding recently-acquired businesses Deliciously Ella and Super Saúde Nutricional). This phase is focused on foundational elements such as safety, quality, environment, and loss analysis. Phase 1, starting in 2026, will embed advanced practices for waste reduction and resource efficiency. Phase 2, expected from 2029 onward, will integrate the manufacturing-led improvements and processes with the entire supply chain (procurement, planning, logistics, R&D, etc.). This program emphasizes values-based leadership, high-performance work systems, and systematic root cause analysis to eliminate losses, including waste streams.

While a formal global waste policy is planned for 2026, our current practices follow the EU Waste Hierarchy, prioritizing prevention at source and maximizing reuse and recycling. Disposal, particularly landfill, remains the least-preferred option and is considered only as a last resort. The upcoming global waste strategy in 2026 will formalize our efforts, ensuring that landfill reduction becomes a core element of our operational roadmap in manufacturing.

Governance and improvement efforts are supported by structured processes such as the Waste Community, which has met quarterly since 2024 and includes a responsible person from each production site. Each site has a person accountable for local compliance and implementation of measures with regard to waste.





Environmental Information

In 2025, we established a Group-wide baseline and a comprehensive metrics handbook, creating transparency and consistency across all sites. From 2026 onward, waste-related metrics will be integrated into the Integrated Supply Chain Scorecard, and formal target setting will begin, marking a significant step towards harmonized waste management across the Hero Group.

The policies, guidelines, and frameworks outlined apply to the entire Hero Group and all affiliated entities, except for the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Actions to address landfill waste often depend on local infrastructure, but the Hero Group actively seeks innovative solutions and collaborations to go beyond compliance. Building on this foundation, our sites have already implemented impactful actions to reduce waste and landfill dependency.

Hero Spain and Schwartauer Werke in Germany hold ISO 14001 certification for environmental management, which covers waste management. Compliance is verified through annual audits that assess adherence to local legislation, the implementation and maintenance of waste management procedures across all manufacturing facilities, and ongoing improvement and best practices in this area.

In addition to standard measures, annual highlight projects are implemented that go beyond the traditional scope of ISO certification and introduce innovative solutions. In Spain, olive pits from production are processed into biodiesel, creating a valuable circular solution that reduces waste and supports renewable energy.

In Germany, Schwartauer Werke upcycles cherry pits, transforming more than 80 tons of by-products into valuable resources such as oils, protein flours, granulates, and even bio-based plastic alternatives annually. Additionally, the German manufacturing site successfully reduced reject rates on a jam sealing line by 75% through technical adjustments and employee training, saving around 49 tons of jam annually and earning the team an environmental award for outstanding resource efficiency.

Hero Brazil has introduced innovative measures such as reusing transparent plastic bags from product lids as liners for recyclable waste bins, reducing both plastic disposal and the purchase of new bags. Surplus loads of non-compliant finished products, previously sent to landfill, now undergo separation for composting, recycling, and de-characterization of components, successfully diverting around 20 tons of waste from landfill in the latest collection.

Strengthened selective waste collection and targeted Six Sigma projects, such as reducing jar breakage through design improvements, further contribute to waste minimization. At our Beech-Nut manufacturing site in the United States, production associates separate mixed waste into point-of-use containers for recycling and component reuse. In addition, detailed reviews of the manufacturing process aim to minimize losses. Examples of current trial initiatives include the removal of unnecessary double strainers and tight control of filling temperatures to avoid the production of non-sterile baby food in jars.



Environmental Information

Hero MEA in Egypt has achieved a remarkable milestone with zero landfill waste, recycling all non-hazardous materials and partnering with specialized companies for energy recovery from hazardous waste. Although construction activities in 2025 introduced some non-recyclable materials, operational processes remain fully circular.

These action examples demonstrate how local initiatives, combined with global frameworks, drive tangible progress toward our vision of waste prevention, resource efficiency, and landfill elimination across the Hero Group.

IRO E5 - II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Resource use and circular economy	Type of IRO	Up- stream	Own operations	Down- stream
E5 - II	Negative impact on environment and people due to food waste, driven by wasted resources when making the products, and methane emissions being generated when sent to landfills.	Negative impact		X	X

Food waste is an inherent challenge in food production as every loss represents wasted resources and contributes to environmental impacts such as pollution of water and soil, but also methane emissions when sent to landfill.

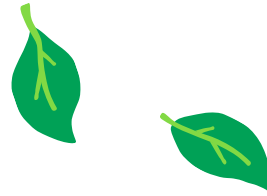
Currently, the Hero Group does not have a dedicated policy on food waste management. However, our approach follows the same principles applied to overall waste management: prevention at source wherever possible, and when unavoidable, prioritizing reduction, reuse, and recycling in line with the EU Waste Hierarchy. Disposal, particularly landfill, is considered only as a last resort. This approach is embedded in site-level responsibilities and supported by structured processes such as the Waste Community, which meets quarterly to share best practices and monitor progress.

To measure and manage food waste effectively, we have introduced a Food Waste definition and metric harmonized across all production sites. Food waste is calculated by comparing the actual consumption of raw materials (aggregated across material numbers) with the target consumption, which is determined by multiplying the number of produced pallets by the material volume used per pallet.

Reporting against this metric will begin at the end of 2025. In addition, product losses have been tracked as a key performance indicator in the Integrated Supply Chain Scorecard since 2023, covering raw materials and packaging materials. These metrics provide transparency and enable site-specific goal setting.



Environmental Information



Targets are currently defined at the site level with long-term objectives for priority sites such as Schwartauer Werke in Germany, Hero Spain, and Beech-Nut in the United States. These targets aim to reduce food waste and product losses while improving reuse and recycling rates. The upcoming integration of standardized metrics and formal targets into the Scorecard from 2026 will further strengthen accountability and consistency across the Group.

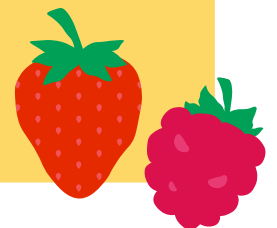
The frameworks and metrics outlined apply to the entire Hero Group and all affiliated entities, except for the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase.

Building on this foundation, several sites have already implemented impactful actions to reduce food waste. At Beech-Nut (US), production processes were redesigned to shorten the distance between the make area, where fruit, vegetables and meat are prepared, and the filling stations, reducing the amount of residual material flushed during product changeovers. In summer 2025, the team also introduced a water rinse for aseptic puree barrels, significantly lowering raw material losses.

At Schwartauer Werke, an interdisciplinary team tackled high reject rates in jam production caused by faulty sealing. Through technical adjustments and targeted employee training, the rejection rate was reduced by 75%, saving approximately 49 tons of jam annually and earning the team an environmental award for outstanding resource efficiency.

In Brazil, awareness initiatives were launched to address food waste during employee meals, including daily tracking and informational signage at plate assembly areas showing the amount of food wasted and how many people could have been fed, sparking meaningful reflection among staff. Across all sites, short-dated stock is donated to charities, food banks, or initiatives such as Too Good To Go, preventing waste and supporting communities. These actions demonstrate how local initiatives complement global frameworks, driving tangible progress toward reducing food waste and promoting resource efficiency throughout the Hero Group.

Annual saving of
49 tons of jam





Environmental Information

IRO E5 – III & IV

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Resource use and circular economy	Type of IRO	Up- stream	Own operations	Down- stream
E5 - III	Negative impact on climate change due to GHG emissions, caused by the use of fossil-based, virgin materials (plastics) in packaging.	Negative impact	x		
E5 - IV	Negative impact on environment and people due to microplastics passing into soil, water, and living beings, caused by plastic product packaging and its improper disposal.	Negative impact			x

The Hero Group manages packaging through a comprehensive approach that combines clear principles, ongoing detailed assessments, and concrete actions to reduce environmental impact across the value chain. Our Sustainable Packaging Principles, implemented in 2021, guide all decisions and focus on preventing packaging waste, reducing resource use, rethinking design for circularity, and promoting recyclability.

We prioritize technically recyclable materials, aim to increase recycled content wherever feasible, and make data-driven choices to minimize environmental impact. These principles represent the foundation for a holistic packaging strategy and policy that addresses the diversity of materials and regulatory frameworks in the markets where Hero operates.

The Hero Group Packaging Development team's strategic approach follows a stepwise assessment of packaging types and optimization potential. In recent years, we have evaluated glass and metal closures, baby food packaging, and, in 2025, plastic films for snacking products.

This latest assessment examined materials, equipment, efficiency, consumer usability, food safety, shelf life, and recyclability. We concluded that our current mono-PP film meets PPWR requirements and remains suitable as a transitional solution until regulatory details are finalized. Coated paper, although appealing to consumers, is not recyclable and therefore excluded from future use. Looking ahead, bio-based plastics will become the preferred primary packaging material because of their superior performance in CO₂e footprint and recyclability. In 2026, we plan to roll out these findings to suppliers and align a holistic packaging strategy in line with the EU Packaging and Packaging Waste Regulation (PPWR) requirements.





Environmental Information



Our metrics and targets around product packaging evolve in line with the PPWR and local regulations. Each manufacturing site records and analyzes packaging material inflows monthly, ensuring transparency and enabling targeted interventions. Key metrics include total packaging weight, weight and percentage of reused or recycled components, and material composition. While recycled plastic is currently prohibited for food contact, we use recycled glass, metal, and cardboard wherever possible.

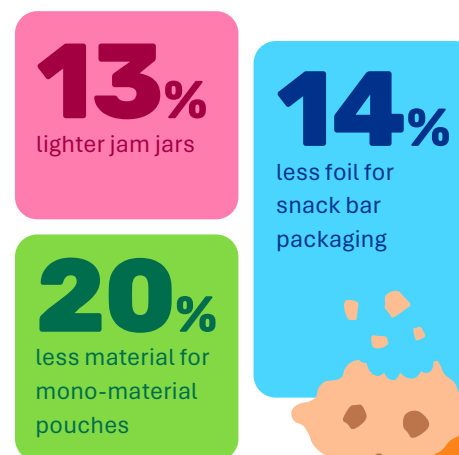
Our actions reflect a long-standing commitment to optimization. Since 2019, the Hero Group has reduced packaging material across multiple product lines. For example, Corny and B'tween snack bar wrappers were optimized in 2020 to use 14% less foil. In 2022, we partnered with a glass supplier to redesign jam jars using AI digital twin modeling, reducing jar weight by 13% without compromising safety. Rolled out in 2025, this initiative is projected to save 700 tons of CO₂e annually. Another milestone is the launch of fully recyclable mono-material pouches, reducing material use by 20% per pouch and enabling recycling in established systems. To support this transition, Hero has invested in a new energy-efficient factory in Murcia, Spain, with capacity for 180 million pouches annually, aiming for full conversion by end 2026.

Beyond technical improvements, we have embedded sustainability considerations into our product development processes via our Innovation Management Tool (IMT) and Product Lifecycle Management (PLM) tool. In 2025, Hero introduced four sustainability criteria, CO₂e impact, packaging material and design, nutritional design, and biodiversity, to the product innovation management and governance process.

These criteria are assessed in monthly project reviews, and decisions with negative impacts are escalated to the Executive Board. Additionally, the Hero Group invested in a Product Lifecycle Management tool to centralize packaging specifications, identify hotspots, and improve visibility on recyclability and recycled content. This system will be implemented starting in Schwartauer Werke in Germany and Hero UK&I in 2026.

The policies, frameworks, and actions described apply to Hero Group entities in the EU and European markets, including Switzerland and the UK, where PPWR drives harmonization and environmental considerations. Due to differing regulations and infrastructure, entities in Türkiye, Egypt, Canada, the US, and Brazil are not yet covered by this approach.

However, our learnings and the maturity of EU markets and industries in packaging will accelerate improvements in these markets as we progress toward global alignment.





Environmental Information

Additional Disclosure Requirements

Key raw materials used

Hero Group products are primarily composed of agricultural and food-based raw materials, including a variety of fruit and vegetables, cereals, nuts, and dairy. For commodities identified as having increased environmental or social risk, such as cocoa and palm oil, the Hero Group ensures that 100% of volumes sourced are certified according to recognized standards.

In addition to these core food components, packaging materials such as glass, metal, paper, and various types of plastics play a critical role in ensuring product quality, food safety, and shelf life. The selection and sourcing of these materials are guided by stringent quality, safety, and sustainability standards, reflecting the Group's commitment to responsible resource management throughout the value chain.

Eco-design principles

At the Hero Group, we integrate circularity and eco-design principles into our packaging development as part of the Hero Sustainable Packaging Principles, which emphasize preventing waste, reducing resource use, rethinking design for circularity, and promoting recyclability. These principles guide decisions on material selection, recyclability, and resource efficiency, ensuring environmental considerations are embedded from the earliest stages of product development.

This commitment aligns with the EU Packaging and Packaging Waste Regulation (PPWR), which require design for recyclability, durability, and circularity. Anticipating these requirements, Hero prioritizes mono-material solutions, reduces complexity in packaging design, and prepares for harmonized recyclability standards.

Our packaging assessments illustrate this integration. In 2024, we evaluated baby food packaging and launched fully recyclable mono-material pouches in 2025, reducing material use by 20% per pouch and enabling recycling in established systems. In 2025, we conducted a holistic assessment of snacking product films together with the support of external experts, examining sourcing, printing, transport, storage, filling, production, product safety, consumer usability, disposal, recycling, and legal requirements. The analysis confirmed that the current duplex OPP film, already reduced in weight by 14%, is suitable as a transitional solution until PPWR requirements are fully clarified. At the same time, bio-based plastics emerged as the preferred option for future primary packaging due to their superior performance in CO₂e footprint and recyclability. These findings will inform our holistic packaging strategy, which we plan to align fully with PPWR by 2026.

Through these initiatives, Hero demonstrates how eco-design principles are embedded in packaging development, ensuring compliance with evolving regulations and advancing circularity. Our learnings from mature EU markets will accelerate improvements in other regions, enabling a broader transition toward sustainable packaging solutions.





Environmental Information

Durability and reparability of key products

The Hero Group's key products are food items intended for direct human consumption. As such, their expected durability is defined by their shelf life and best-before date, which are determined in accordance with stringent food safety and quality standards. Once consumed, these products are not suitable for repair or reuse, and their lifecycle concludes as biological waste within the sanitary system.

Consequently, the concepts of durability and reparability, as typically applied to physical goods in the context of the circular economy, are not materially relevant to Hero Group's food products.

At present, the Hero Group does not have harmonized data available on the rate of recyclable and recycled materials across all key products and packaging. However, our approach follows strict regulatory requirements and sustainability principles. For packaging, we prioritize technically recyclable materials and design for circularity wherever possible. Recycled plastic is currently prohibited for food contact under existing regulations, which limits its use in primary packaging for food products.

For other materials such as glass, metal, and cardboard, we incorporate recycled content wherever feasible, in line with safety and quality standards. These practices ensure that our packaging contributes to resource efficiency and aligns with evolving EU requirements. It is important to note that actual recycling outcomes depend heavily on local infrastructure and collection systems, which vary significantly across markets.



Looking ahead, the Hero Group is implementing a Product Lifecycle Management (PLM) system that will consolidate all packaging material specifications and enable detailed tracking of recyclability and recycled content. This will allow us to establish harmonized metrics and set clear targets for the rate of recyclable and recycled materials in our products and packaging. The rollout begins in 2026 with Schwartauer Werke in Germany and Hero UK&I and will progressively cover all relevant entities, supporting transparency and continuous improvement.



Environmental Information

Metrics resource outflows (Waste)	Unit	2024	2025
Total waste generated	tons	12,270	13,644
Hazardous waste diverted from disposal, including:	tons	3	11
Preparation for reuse	tons	0	0
Recycling	tons	3	11
Other recovery	tons	0	0
Non-hazardous waste diverted to disposal, including:	tons	8,564	9,442
Preparation for reuse	tons	0	0
Recycling	tons	8,564	9,442
Other recovery	tons	0	0
Hazardous waste directed to disposal, including:	tons	3	17
Incineration	tons	2	6
Landfill	tons	1	10
Other disposal	tons	0	0
Non-hazardous waste directed to disposal, including:	tons	3,701	4,171
Incineration	tons	774	676
Landfill	tons	2,787	2,698
Other disposal	tons	140	797
Total non-recycled waste	tons	3,704	4,189
Percentage of non-recycled waste	%	30%	31%
Total hazardous waste	tons	69	28
Total radioactive waste	tons	0	0

Resource inflow metrics	Unit	2024	2025
Total weight of products and technical and biological materials used	tons	316,240	307,123
Total weight of reused or recycled components, intermediary products and materials used	tons	33,828	29,605
Percentage of reused or recycled components, intermediary products and materials used	%	10%	9%



Social Information

Own Workforce	290
Workers in the Value Chain	308
Consumers and End-Users	317





Social Information

S1 – Own Workforce

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Own workforce	Type of IRO	Up-stream	Own operations	Down-stream
S1 - I	Negative impact on employees' physical and mental wellbeing due to poor health and safety standards.	Negative impact		X	
S1 - II	Positive impact on employees' working conditions due to employees' rights of collective bargaining, freedom of association, and right to form unions.	Positive impact		X	
S1 - III	Positive impact on employees' career progression thanks to training and development, promotion offers, and life-long learning.	Positive impact		X	
S1 - IV	Positive impact on employees' living standards as a result of competitive and transparent reward and recognition system that ensures fair and adequate remuneration.	Positive impact		X	





Social Information

S1 – Own Workforce

Introduction and Strategy

The Hero Group is a multinational company with more than 4,000 employees across 20 countries. Our workforce is one of our most valuable assets. The well-being, engagement, and development of our people are essential to Hero's long-term success. This chapter focuses on two critical areas: Human Resources Management in line with our Human Deal strategy, and Health and Safety for the entire Hero Group workforce.

Both topics are fundamental to build a resilient and inclusive organization. Effective HR management ensures we attract, develop, and retain talent while fostering a culture of trust and engagement. At the same time, strong health and safety practices protect our employees, minimize risks, and uphold our duty of care. This chapter outlines our approach, governance framework, and key actions to maintain the highest standards in both areas.

Human Deal

Our people are our greatest asset, and their well-being, engagement, and development remain central to our success. This commitment is embedded in our five-year People Strategy, *The Hero Human Deal*, launched in 2023 and built around four key pillars: Talent, Capabilities, Culture, and Organization.

As our business strategy evolved in 2025, our HR approach adapted to explicitly support growth in the Better Snacking businesses. Two years into our Human Deal we are already seeing tangible results. We have strengthened talent acquisition by insourcing recruitment and improving processes through enhanced systems. All company websites have been integrated to increase employer visibility. A new performance management process has been introduced, emphasizing that **how** we achieve results matters as much as what we achieve.

To foster a growth mindset, all managers have been trained on how to coach and give feedback to their team members. Additionally, we have established a global job architecture based on Mercer standards, creating consistency, fairness, and clarity across roles.

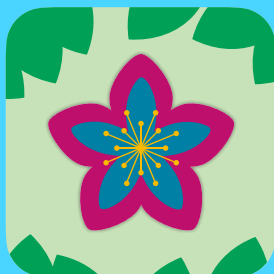
Our workforce plays a pivotal role in achieving business objectives and maintaining a competitive edge. This is why 'Own Workforce' was identified as a material matter in our 2023 Double Materiality Assessment. Through a comprehensive approach to employee engagement, including health and safety, diversity and inclusion, and career development, Hero ensures that its people remain a key driver of sustainable growth and success. The Hero Human Deal roadmap empowers talent to thrive while supporting our One Hero way of working.



Social Information



Enable Hero 2035 strategy through impactful people & culture



Create wow



Everyone Hero



Nourish others



Take responsibility

Talent

Insource talent acquisition



Develop middle-management



Best talents in critical roles



“I feel valued”

Capabilities

Critical advantage capabilities



Lifelong learning



Leading in a VUCA world



“I feel invested”

Culture

Open-source change



Reward & recognition



Inclusion



“I feel cared for”

Organization

Set-up for growth



High performing commercial unit



Agile design & ways of working



“I feel empowered and understood by my management”



Social Information

Health and safety

At the Hero Group, the health and safety of our workforce is a cornerstone of our corporate culture and a strategic priority across all operations. Our global approach is defined by the *Strive for Zero* strategy, which reflects our ambition to achieve zero accidents, zero occupational illnesses, and zero negative impacts on wellbeing. This commitment goes beyond compliance, embedding a preventive culture that integrates physical and psychological health as essential elements of a safe and sustainable work environment.

Governance of health and safety combines global standards with local implementation. The Corporate Occupational Health and Safety Policy sets the framework for all entities, while local legislation provides the minimum base for compliance. We consistently aim to exceed these requirements by applying international best practices and aligning our management systems with ISO 45001. Two sites, Hero Spain and Hero MEA in Egypt, are already ISO 45001 certified, and structured implementation plans are underway for the remaining production units. At sites without certification, we operate robust management systems based on ISO principles, supported by internal audits, risk assessments, and continuous improvement plans.

Our governance structure includes the Hero Safety Community, an international network of health and safety experts representing each production site. This community fosters collaboration, shares best practices, and drives harmonization of standards across the Group. Internal audits and gap analyses are conducted regularly.

Training programs on preventive leadership, ergonomics, mental health, and digitalization reinforce awareness and engagement at all levels. Digital tools support standardized processes and monitoring.

Legal requirements in each country form the baseline for our actions, but the Hero Group consistently goes beyond minimum compliance by implementing advanced safety systems, promoting active employee participation, and integrating health and safety into strategic decision-making. Every initiative reflects our conviction that all injuries and occupational illnesses are preventable and that safeguarding the wellbeing of our people is fundamental to our sustainable success.





Social Information



Impact, Risk, and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of own workforce-related sub-topics and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources was consulted.

These included ESRS 1 Appendix A, the Global Reporting Initiative Standard (GRI), United Nations Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Business Conduct, the International Labor Organization Declaration on the Fundamental Principles, the ISO 45001 occupational health and safety management guidelines, as well as legal requirements under national legislation where Hero operates.

Additionally, insights were drawn from the Hero Group Code of Conduct, Hero Group Human Rights Policy, the internal Human Deal strategy, Hero's regular employee's health and safety assessment, as well as the Hero Employee Pulse Survey from 2024.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to its own workforce. This list spans 11 sub-topics, including health and safety standards, remuneration, employees' rights of collective bargaining, freedom of association, and right to form unions, equity, diversity, and inclusion, training and development, as well as talent retention and hiring.

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201. As a result of the assessment, four IROs related to the workforce, one negative impact and three positive impacts, have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS S1, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section.

IRO S1 – I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up- stream	Own operations	Down- stream
Own workforce					
S1 - I	Negative impact on employees' physical and mental wellbeing due to poor health and safety standards.	Negative impact		X	



Social Information

The Hero Group acknowledges that inadequate health and safety standards can severely impact employees' physical and mental wellbeing, creating risks that go beyond accidents to include stress, anxiety, and disengagement. To mitigate these risks, we have established a global Health and Safety Strategy called *Strive for Zero*, complemented by a Corporate Occupational Health and Safety Policy. These frameworks are deeply rooted in our corporate values – Create wow, Everyone Hero, Nourish others, and Take responsibility – and emphasize physical safety and psychological health as inseparable elements of a sustainable work environment.

The policies, guidelines, frameworks, metrics, and actions outlined apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired companies Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Both entities have undergone due diligence as part of the acquisition process and, until their procedures are fully harmonized with Hero Group standards, they will continue to apply their local frameworks.

Our commitment to health and safety is supported by measurable indicators, including coverage of employees by health and safety management systems, the number and rate of work-related accidents per million hours worked, recordable cases of work-related ill health, days lost due to injuries and fatalities, and fatalities among employees and contractors. These metrics are monitored globally and reported to the Executive Board, ensuring transparency and accountability.

We have set ambitious targets to strengthen our health and safety performance. Achieving ISO 45001 certification across all production units is a strategic objective,

with Spain and Egypt already certified and structured implementation plans underway for the remaining sites.

Schwartauer Werke (Germany), Hero Brazil, and Hero Türkiye are targeted for certification by the end of 2026, Beech-Nut (US) by 2027, and our latest acquisitions Deliciously Ella and Super Saúde Nutricional later as part of their integration. These efforts are complemented by continuous improvement plans aimed at reducing accident rates and embedding mental health considerations into all processes.

To deliver on these commitments, the Hero Group has implemented a series of concrete actions. The Hero Safety Community, an international network of health and safety experts, drives harmonization of standards, shares best practices, and fosters a preventive culture across all sites. Internal audits and gap analyses, including a comprehensive self-assessment in 2022, have resulted in tailored action plans for each site. These audits are repeated annually and supported by site visits, with findings presented to the Executive Board to ensure strategic alignment.

Training programs on preventive leadership, ergonomics, mental health, and digitalization of health and safety processes are ongoing, reinforcing awareness and engagement at all levels. In addition, we are piloting Quentic software in Germany to standardize management systems and enhance monitoring, with plans to evaluate its rollout across the Group. Newly-acquired entities are being progressively integrated into our health and safety frameworks, with Deliciously Ella joining the Safety Community in September 2025 and Super Saúde Nutricional scheduled for onboarding in 2026.



Social Information

Across our international operations, Hero has implemented a range of targeted health and safety initiatives to strengthen workplace protection and align with ISO 45001 standards. At Hero Türkiye, platforms were installed in high-risk areas such as cereal silos and water tanks to eliminate fall hazards, complemented by a pre-audit of the Health and Safety Management System. At Beech-Nut (US), a new headcount app was introduced to improve fire drill procedures, ensuring accurate evacuation checks, alongside basic first aid training for all associates and drainage mats to reduce slip risks.

Schwartauer Werke (Germany) advanced its behavior-based safety pilot on the Corny snack bar production line, uploaded workplace risk assessments into the Quentic software tool, and developed integrated documentation for ISO 14001 management systems. At Hero Spain, pedestrian protection barriers were upgraded, and shock-absorbing caps were mandated for technical staff and contractors. Hero MEA in Egypt enhanced fire safety through new sprinkler and pump systems, conducted job hazard and roll risk assessments, and launched a Safety Data Sheets project to improve chemical safety compliance.

At Hero Brazil, a new safety system was installed to eliminate manual fruit feeding, reducing operator exposure to moving parts. Additional anchorage points were added on elevated slopes to ensure safe vegetation cutting, and a double partition with flame-resistant protection was built to separate the transformer area from the water pumping system. This project also included a containment tank for transformer oil to prevent fire hazards and environmental risks.

These actions demonstrate Hero's commitment to proactive risk management and continuous improvement, guided by the conviction that all injuries and occupational illnesses are preventable and that safeguarding the wellbeing of our people is essential to creating safe, healthy, and resilient workplaces across all regions.

IRO S1 – II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up- stream	Own operations	Down- stream
Own workforce					
S1 - II	Positive impact on employees' working conditions due to employees' rights of collective bargaining, freedom of association, and right to form unions.	Positive impact		X	

The Hero Group is committed to upholding fundamental labor rights across all operations. Our [Human Rights Policy](#), applicable to all entities within the Group, explicitly recognizes employees' rights to freedom of association and collective bargaining: "We recognize the rights of our employees to join unions and engage in collective bargaining. We will not interfere with these rights and will work with unions and employee representatives in good faith." This commitment is embedded in a Group-wide policy and reinforced through strict compliance with local laws and regulations.



Social Information

Responsibility for implementation lies with local management, ensuring alignment with country-specific legislation and practices. A core principle in every location is full compliance with national laws regarding employees' rights to unionize, associate freely, and bargain collectively.

Our target is to maintain 100% compliance with international and local labor laws as a minimum standard, while also striving for high employee satisfaction measured through regular pulse surveys. Although neither the Hero Group headquarters nor local entities directly control union activities, we foster an environment of transparency and collaboration. This includes regular exchanges between local leadership teams and works councils, where applicable, as well as inviting external labor union representatives to annual staff meetings when relevant. These measures strengthen dialogue and trust between management and employee representatives.

Where unions are present, local entities actively engage with representatives to address concerns and promote constructive collaboration. Centralized processes respect local input while maintaining alignment with global standards. Through these efforts, we ensure that employees' rights are protected and that working conditions are continuously improved in line with international human rights principles and local legislation.

IRO S1 – III

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up- stream	Own operations	Down- stream
Own workforce					
S1 - III	Positive impact on employees' career progression thanks to training and development, promotion offers, and life-long learning.	Positive impact		X	

The Hero Group is deeply committed to fostering career growth through comprehensive training and development opportunities, promotion pathways, and a strong culture of life-long learning. These initiatives are designed to enhance employee satisfaction, retention, and performance while creating transparent routes for advancement.

Guided by the Hero Group's Human Deal people strategy, our approach prioritizes capability building, continuous learning, and leadership development to navigate an increasingly volatile, uncertain, complex, and ambiguous environment. Our Human Deal applies across all Hero Group entities, while the implementation of training and development frameworks, policies, and action plans is led by local entities to reflect regional priorities.



Social Information

Training frameworks are adapted to the specific context and needs of both manufacturing sites and office-based entities. Local policies and frameworks such as General Employment Conditions or General Works Agreements encourage employees to proactively attend regular training and development courses.

Employees maintain up-to-date knowledge through mandatory training, e-learning, and internal or external courses, complemented by role-specific safety instructions to ensure health and accident prevention. Continuous learning is actively promoted through training, coaching, seminars, and access to Hero's online platform *Learning from Experts*. Responsibility for these initiatives is shared among employees, managers, and HR, ensuring a collaborative approach to personal and professional development.

Key programs reinforce this commitment. The Hero X Supply Chain Excellence Program embeds learning and development as a strategic pillar for continuous improvement. As part of this program, Phase Zero of our multi-year manufacturing initiative launched in 2025, introducing foundational tools such as skill matrices and PCA cycles to build capabilities and lay the groundwork for advanced upskilling across manufacturing entities.

Our German entity Schwartauer Werke has implemented Pay for Applied Skills, a compensation model that rewards additional qualifications beyond job requirements, creating transparent development prospects and motivating employees while strengthening organizational resilience. At Hero Spain, the third graduate program welcomed 15 graduates across business functions in 2025, bringing fresh knowledge

into the organization and building a pipeline for internal talent. Capability assessments have been conducted to identify skill gaps and ensure targeted investments, placing talent in key roles aligned with strategic priorities.

Further initiatives include a balanced approach to internal and external hiring to promote internal mobility, the introduction of a new performance management process in 2025 to align output and behavior, and manager training in goal setting, coaching, and feedback. Through these actions, Hero creates an environment where employees can upskill, advance internally, and adapt to future challenges, reinforcing career progression and organizational sustainability.

IRO S1 – IV

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Own workforce	Type of IRO	Up- stream	Own operations	Down- stream
S1 - IV	Positive impact on employees' living standards as a result of competitive and transparent reward and recognition system that ensures fair and adequate remuneration.	Positive impact		X	



Social Information

The Hero Group ensures fair and transparent remuneration through a competitive reward and recognition system that complies with global standards and local regulations. Our Human Rights Policy explicitly states: “We provide fair wages that are equitable and transparent. We adhere to local laws regarding weekly working hours and overtime. Where there is no legal limit, we follow the ILO Convention.” This commitment guarantees compliance with local minimum wage requirements and international labor standards.

To reinforce fairness and transparency, the Hero Group introduced a new performance management process in 2025, designed to balance output and behavior, ensuring that both results and the manner of achieving them are valued. Managers were trained in essential skills such as goal setting, coaching, feedback, and conducting year-end reviews, creating a consistent and equitable approach to performance evaluation. The output of this process directly informs compensation processes, supported by the renewed PerforMax tool, which aligns with our One Hero ideals.

Through these measures – fair wages, transparent performance management, and competitive compensation and benefits – the Hero Group actively supports employees’ living standards, fostering financial stability and motivation across the organization.



The frameworks and actions outlined apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired company Super Saúde Nutricional, which is currently in the onboarding phase. The company has undergone due diligence as part of the acquisition process and, until their procedures are fully harmonized with Hero Group standards, will continue to apply their local due diligence frameworks.

Additional Disclosure Requirements

Health and safety management system

The Hero Group has a corporate Occupational Health and Safety Policy and a global strategy, *Strive for Zero*, that demonstrate the commitment to protecting the physical and mental wellbeing of employees. The policy is based on prevention, continuous improvement, and regulatory compliance and applies across all production units, with onboarding plans for new entities.

To implement this commitment, the Hero Group has developed a Health and Safety Management System that identifies, assesses, and controls workplace risks through standardized procedures, training, audits, and active employee participation. The system is aligned with ISO 45001, for which two sites are already certified, and which is being rolled out across the remaining units in upcoming years. This approach ensures health and safety considerations are integrated into all operations and reflects our goal of creating safe, healthy, and sustainable workplaces.



Social Information

Communication channels

The Hero Group places great importance on keeping employees informed about operational updates, policy changes, and essential notices through a structured and transparent internal communication approach that leverages multiple channels for maximum reach and clarity. Group-wide policies are published on the Hero Group intranet, accessible to all employees globally, while country-specific policies are communicated via local intranet platforms and, where necessary, through physical postings in manufacturing sites or interactive sessions such as town halls. This ensures timely and relevant access to information for employees across all locations and roles.

Certain policies require deeper understanding and compliance. For example, the recently introduced Anti-Bribery & Anti-Corruption Policy and the IT & Data Security Policy were accompanied by mandatory online training modules to ensure employees not only received the policy, but also understood its practical implications and how to apply it in their daily work.

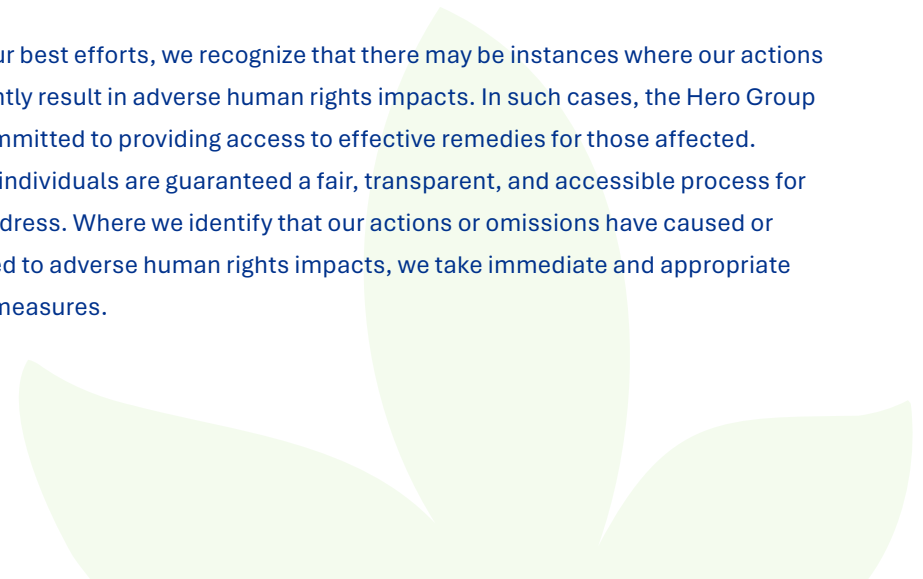
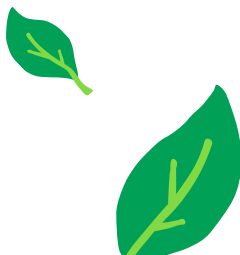
In 2025, the Hero Group also updated its Working from Home Policy to encourage greater in-office collaboration in line with our One Hero ideals. Other significant updates included revisions to the Code of Conduct, the implementation of a new Anti-Bribery Policy, and the introduction of guidelines for using AI tools such as Copilot.

Practical, location-specific policies – such as leave request procedures or personal protective equipment guidelines – are communicated through local channels, including intranet sites and notice boards, ensuring accessibility and relevance for employees in manufacturing environments. By combining global consistency with local adaptability, the Hero Group ensures that all employees are informed, engaged, and equipped to comply with policies that support operational excellence and uphold our values.

Workforce representatives and engagement with own workforce

The Hero Group remains committed to ensuring fair treatment, diversity, and inclusion across its global workforce, reinforcing our position as a responsible and attractive employer. These principles are embedded in our culture and guide our actions as we strive to create a safe, respectful, and equitable workplace for all employees.

Despite our best efforts, we recognize that there may be instances where our actions inadvertently result in adverse human rights impacts. In such cases, the Hero Group is fully committed to providing access to effective remedies for those affected. Impacted individuals are guaranteed a fair, transparent, and accessible process for seeking redress. Where we identify that our actions or omissions have caused or contributed to adverse human rights impacts, we take immediate and appropriate remedial measures.





Social Information



For example, in cases of workplace accidents, the Hero Group follows a clear protocol that prioritizes employee wellbeing. This includes providing immediate medical assistance, conducting thorough investigations to prevent recurrence, and offering comprehensive support such as medical leave and rehabilitation programs. These measures reflect our dedication to safeguarding health and safety while promoting continuous improvement.

To ensure employees can raise concerns without fear of retaliation, Hero has established robust grievance mechanisms. The SpeakUp® platform serves as a confidential and secure channel for employees to report any irregularities, wrongdoing, or violations related to the [Human Rights Policy](#) or other ethical standards. Employees can also use this platform to seek clarification on policy interpretation or application. All reports received through SpeakUp® are handled with strict adherence to principles of confidentiality, respect, integrity, privacy, and security. Each case is analyzed and verified thoroughly, and corrective measures are implemented where necessary.

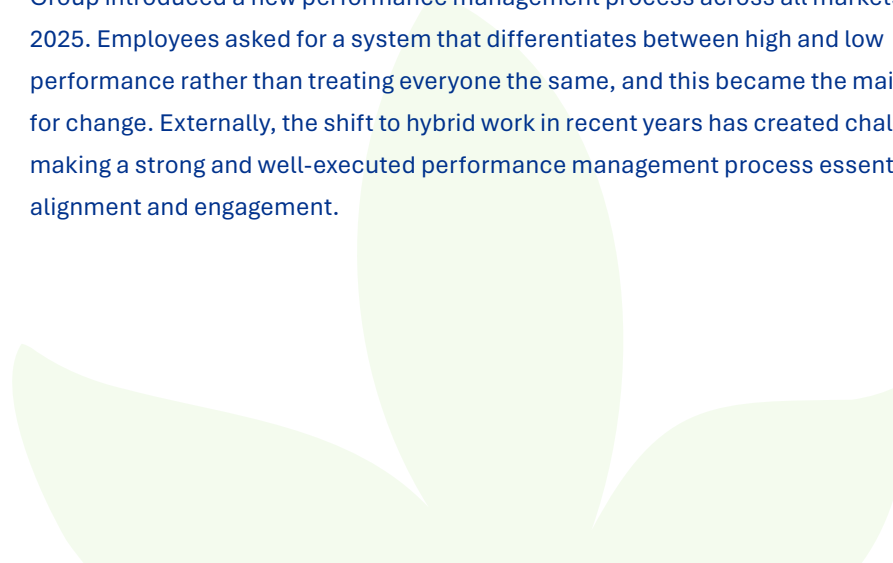
In alignment with the EU Whistleblower Directive, SpeakUp® guarantees protection against retaliation for whistleblowers, ensuring that employees feel safe and supported when raising concerns. If complaints are received through other channels, they are integrated into the SpeakUp® system to ensure proper registration, tracking, and resolution. For more details on the SpeakUp® platform and our governance framework, please refer to the chapter *G1 – Business Conduct* from page 329.

To strengthen engagement and maintain close connections with our workforce, the Hero Group conducts regular employee pulse surveys across the entire organization. The survey includes open questions that allow employees to share specific feedback and highlight topics for improvement. In the most recent survey from 2024, participation reached 75% of the global workforce, with 83% of respondents stating they are proud to work for the Hero Group.

These insights provide a continuous evaluation of our policies and practices, helping us identify strengths and areas for development. Responsibility for engagement through the survey lies with the Executive Board, led by the CEO and Chief People Officer, while local leadership ensures follow-up actions at site level.

Engagement with own workforce on targets

In response to feedback from the 2023 and 2024 Engagement Surveys, the Hero Group introduced a new performance management process across all markets in 2025. Employees asked for a system that differentiates between high and low performance rather than treating everyone the same, and this became the main driver for change. Externally, the shift to hybrid work in recent years has created challenges, making a strong and well-executed performance management process essential for alignment and engagement.





Social Information

The new process called PerforMax, begins with systematic goal setting, where objectives are cascaded and calibrated within teams to ensure alignment with organizational priorities. This is followed by quarterly check-ins, providing opportunities for employees and managers to review progress, re-align targets, and exchange feedback; avoiding year-end surprises and fostering continuous improvement.

Guided by principles of simplicity, transparency, consistency, and accountability, the process emphasizes meaningful conversations over administrative tasks and recognizes both results and behaviors aligned with Hero values. Training sessions have been conducted, ensuring all employees and managers are equipped to implement the process effectively.

This transformation marks a significant step toward building a performance culture that drives engagement, fairness, and organizational success.

Collective bargaining coverage and social dialogue

The Hero Group is committed to maintaining open communication and fostering strong engagement across all levels of the organization. Through our culture of transparency and collaboration, we engage directly with employees and maintain close relationships with unions and works councils in all locations where they exist. The frequency of meetings with employee representatives varies by country, but legal obligations are always met. Engagement intensifies whenever significant changes occur, such as restructuring, leadership transitions, or major investments to ensure employees are informed and involved.

In addition to these formal mechanisms, the Hero Group uses tools such as performance management meetings and the annual employee engagement survey to drive social dialogue, capture feedback and drive continuous improvement.

The topic of employees' working conditions and employees' rights of collective bargaining, freedom of association, and right to form unions has been assessed as a material IRO and is explained in more detail in the section IRO S1 – II from page 296.

Preventing forced labor and child labor in own workforce

Preventing forced labor and child labor within our workforce is a fundamental principle and an integral part of Hero Group's identity as a responsible employer. Our comprehensive [Human Rights Policy](#), aligned with internationally-recognized standards such as the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work, forms the foundation of our approach to protecting and promoting human rights across all operations.

The policy establishes a zero-tolerance stance on practices such as trafficking, forced or compulsory labor, and child labor, while also promoting equal opportunity, diversity, and inclusion. It applies to all Hero Group entities and requires every employee, particularly those in leadership positions, to understand and comply with its provisions. Designed to respect diverse legal systems and socio-cultural contexts, the policy ensures compliance with local laws while striving to exceed minimum requirements in countries with less stringent regulations.



Social Information

Operational control of employee data, including age verification and work permits, rests with local HR functions in each country to ensure proximity to employees and effective oversight. This decentralized approach strengthens compliance and reinforces our commitment to creating a safe, fair, and inclusive workplace. Our efforts go beyond legal compliance, reflecting Hero's values and responsibility to uphold human dignity and prevent any form of human rights violation.

Gender distribution in top management

Hero is committed to fostering gender diversity and equality across all levels of leadership. The gender distribution in our top management reflects steady progress toward this goal. The Board of Directors consists of four members, including one woman, representing 25% female and 75% male.

The Executive Board comprises six members, including two women, equating to 33% female and 67% male. With a departing member and a new appointment, the Executive Board will achieve full gender parity with three women and three men effective January 2026. Across top management, 80 members include 37 women, resulting in 46% female and 54% male representation. The ongoing increase in female representation in leadership positions underscores Hero's commitment to achieving balanced representation at the highest levels of decision-making.

Since 2023, the Hero Group has integrated gender equality into its Long-Term Incentive program for senior leadership, directly linking variable remuneration to progress on this priority.

Achieving balanced representation of women and men in top management is therefore not only a cultural and strategic objective, but also a performance criterion tied to executive compensation. By embedding gender diversity into incentive schemes, the Hero Group strengthens accountability at the highest level and ensures that leadership commitment translates into measurable progress on equality.

Social protection

The Hero Group ensures that employees across all countries are protected during key life events such as sickness, unemployment, employment injury, acquired disability, and maternity leave by fully complying with local laws and regulations. While these requirements vary by country, the Hero Group and all local entities consistently go beyond compliance by actively promoting health, safety and wellbeing, and providing additional support where possible. Local HR functions play a critical role in operationalizing these commitments to ensure proximity to employees and effective oversight.

Examples of this approach can be seen across our global entities. At Schwartauer Werke in Germany, dedicated programs focus on physical and mental health care, helping employees prevent illness and maintain overall wellbeing. Hero Spain complements statutory benefits with flexible working arrangements and mental health initiatives under its social protection program.



Social Information

Hero UK&I promotes wellbeing through health and safety measures, and mental health awareness. In Hero Türkiye and Hero Brazil, significant investments have been made in occupational health and safety, ergonomic improvements, and risk elimination measures. Beech-Nut in the US reinforces safety through first aid training, and Baby Gourmet (Hero Canada) embeds social responsibility into its B Corp-certified business model, fostering a supportive workplace culture.

In line with our values as a family-owned company, the Hero Group views parental leave as an essential benefit that enables employees to care for and nurture the next generation. Supporting employees during this important life stage is not only a legal obligation, but a moral responsibility that strengthens our culture and commitment to family values. These initiatives reflect Hero's proactive approach to creating a safe, inclusive, and supportive work environment that prioritizes both physical and mental wellbeing.

Persons with disabilities

As outlined in our [Human Rights Policy](#), the Hero Group is deeply committed to creating a workplace that is fair, inclusive, and respectful of every individual. Our policy explicitly aims to eliminate discrimination and harassment, promote equal opportunities, and advance diversity and inclusion across all levels of the organization. We uphold the dignity of every person, regardless of race, gender, religion, age, disability, sexual orientation, or any other characteristic.

This commitment is not only a matter of compliance, but a reflection of Hero's core values. We believe that diversity strengthens our organization by bringing different perspectives, ideas, and experiences that drive innovation and collaboration.

Inclusion ensures that every employee feels valued and empowered to contribute fully to our shared success.

To support these principles, Hero integrates diversity and inclusion into its policies, processes, and daily practices. Recruitment and promotion decisions are based on merit and capability, ensuring fairness and transparency. Training programs on anti-discrimination, harassment prevention, and unconscious bias are regularly delivered to employees and managers to reinforce these standards. Additionally, our grievance mechanisms, including the SpeakUp® platform, provide a confidential and secure channel for reporting any concerns related to discrimination or harassment, with full protection against retaliation.

Hero also strives to go beyond legal requirements in countries with less stringent regulations, ensuring that our operations uphold international standards such as the UN Guiding Principles on Business and Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. This proactive approach guarantees that our workforce enjoys equal rights and opportunities, regardless of local context.

By embedding diversity and inclusion into our culture and governance, the Hero Group reinforces its position as a responsible and attractive employer; one that values fairness, respects human dignity, and promotes a collaborative environment where everyone can thrive.



Social Information

Work-life balance

The Hero Group is committed to supporting work-life balance across all 20 countries where we operate, recognizing that local laws and cultural norms shape entitlements for parental leave, sickness, and other life events. Regulations differ significantly between countries, and Hero ensures full compliance with these local requirements while striving to go beyond minimum standards wherever possible.

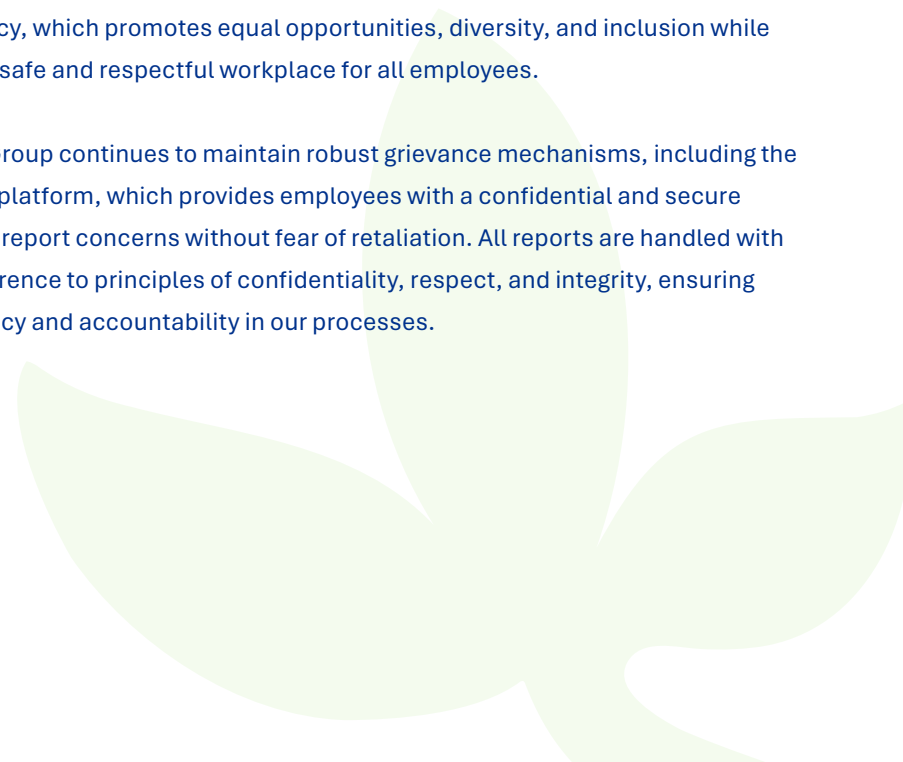
For example, Hero UK&I has recently improved its paternity allowance to provide greater support for fathers. This enhancement reflects a growing recognition of shared parenting responsibilities and aligns with Hero's commitment to family-friendly policies. In addition to statutory provisions, the Hero Group maintains strong maternity benefits across all markets, ensuring that employees can care for, and nurture, the next generation without financial hardship.

Beyond compliance, Hero actively promotes work-life balance through flexible working arrangements, wellness programs, and initiatives tailored to local needs. These efforts reflect our values as a family-owned company and our belief that supporting employees during key life stages contributes to their wellbeing and strengthens our organizational culture.

Incidents of discrimination and other human rights incidents

In 2025, the Hero Group recorded 12 complaints related to discrimination, harassment, or other human rights violations across all operations. This outcome reflects our strong commitment to upholding the principles outlined in our Human Rights Policy, which promotes equal opportunities, diversity, and inclusion while ensuring a safe and respectful workplace for all employees.

The Hero Group continues to maintain robust grievance mechanisms, including the SpeakUp® platform, which provides employees with a confidential and secure channel to report concerns without fear of retaliation. All reports are handled with strict adherence to principles of confidentiality, respect, and integrity, ensuring transparency and accountability in our processes.





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Metrics on number of employees

	Unit	2024	2025
Total number of employees (Headcount)	Headcount	3 970	4 046
Germany	Headcount	1 189	1 168
Egypt	Headcount	795	816
Spain	Headcount	721	818
Other countries	Headcount	1 265	1 244
Employee turnover (Headcount)	Headcount	493	629
Employee turnover rate	%	12%	16%

Metrics on employees by gender

	Unit	2024	2025
Female	Headcount	1 566	1 653
Male	Headcount	2 404	2 393
Other	Headcount	0	0
Not reported	Headcount	0	0
Total employees	Headcount	3 970	4 046

Metrics on employee diversity

	Unit	2024	2025
Senior leadership female	Headcount	44	38
Senior leadership male	Headcount	53	41
Total senior leadership*	Headcount	97	79
Employees under 30 years old	Headcount	438	533
Employees 30-50 years old	Headcount	2 294	2 399
Employees over 50 years old	Headcount	1 188	1 114
Not reported	Headcount	50	0
Total employees	Headcount	3 970	4 046

Metrics on employees by contract type

	Unit	2024	2025
Permanent employees	Headcount	2 878	3 275
Permanent employees (Female)	Headcount	1 281	1 420
Permanent employees (Male)	Headcount	1 597	1 855
Permanent employees (Other)	Headcount	0	0
Permanent employees (Not reported)	Headcount	0	0
Temporary employees	Headcount	898	467
Temporary employees (Female)	Headcount	260	141
Temporary employees (Male)	Headcount	638	326
Temporary employees (Other)	Headcount	0	0
Temporary employees (Not reported)	Headcount	0	0
Non-guaranteed hours employees	Headcount	194	304
Non-guaranteed hours employees (Female)	Headcount	25	92
Non-guaranteed hours employees (Male)	Headcount	169	212
Non-guaranteed hours employees (Other)	Headcount	0	0
Non-guaranteed hours employees (Not reported)	Headcount	0	0
Full-time employees	Headcount	3 692	3 581
Full-time employees (Female)	Headcount	1 337	1 321
Full-time employees (Male)	Headcount	2 355	2 260
Full-time employees (Other)	Headcount	0	0
Full-time employees (Not reported)	Headcount	0	0
Part-time employees	Headcount	278	465
Part-time employees (Female)	Headcount	229	332
Part-time employees (Male)	Headcount	49	133
Part-time employees (Other)	Headcount	0	0
Part-time employees (Not reported)	Headcount	0	0



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Metrics Health and Safety	Unit	2024	2025
Coverage of people by Health and Safety Management System	%	100%	100%
Number of work-related accidents	Number	69	58
Rate of work-related accidents (per million hours worked)	Rate	9.9	7.7
Number of cases of recordable work-related ill health	Headcount	0	0
Number of days lost due to work-related injuries and fatalities	Headcount	963	835
Fatalities own employees	Headcount	0	0
Fatalities contractors at our sites	Headcount	0	0

Metric on incidents, complaints, and severe human rights impacts	Unit	2024	2025
Total number of incidents of discrimination, including harassment	Number	0	12
Number of complaints filled,	Number	1	24
of which still open	Number	1	5
Materials fines, penalties and compensation for damages related to incidents and complaints above	Number	0	0
Number of severe human rights issues and incidents	Number	0	0
Material fines, penalties and compensation for severe human rights issues and incidents	Number	0	0





Social Information

S2 – Workers in the Value Chain

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Workers in the value chain	Type of IRO	Up-stream	Own operations	Down-stream
S2 - I	Negative impact on young workers in the value chain due to sourcing of child-labor risk prone commodities and/or other materials from areas with elevated risk of child labor.	Negative impact	X		
S2 - II	Negative impact on vulnerable workers in the value chain due to sourcing of forced labor risk prone or human trafficking risk prone commodities and/or other materials from areas with elevated risk of forced labor.	Negative impact	X		
S2 - III	Negative impact on vulnerable workers in the value chain due to sourcing of commodities and other materials from areas with elevated risk of working conditions with inadequate health and safety standards.	Negative impact	X		





Social Information

S2 – Workers in the Value Chain

Introduction and Strategy

Human rights due diligence and policy

Respecting human rights and ensuring fair labor practices across our value chain is a core commitment of the Hero Group and a cornerstone of our sustainability strategy. Our approach is guided by the Hero Group [Human Rights Policy](#), which is based on internationally-recognized standards such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights.

Governance of this topic is structured through global oversight and functional implementation. At Group level, responsibility rests with the Executive Board, supported by the Sustainability Steering Committee and the Group Legal and Compliance function. Formal accountability is established through the designation of a Human Rights Officer at Board level. The compliance and sustainability teams translate global standards into regional contexts and assist the procurement function and local entities in implementing actions and setting standards. They also provide real-time feedback on emerging risks.

The Hero Group has established structural processes to strengthen labor practices across the supply chain, including supplier onboarding with mandatory acceptance of our [Code of Conduct](#), EcoVadis and Sedex assessments, and the evaluation of SMETA audit reports for strategic, key, and high-risk suppliers. While onboarding with

mandatory Code of Conduct acceptance does not yet cover all sourcing categories, we are actively working toward full coverage. Similarly, we do not currently require SMETA audits from all suppliers; however, when audit reports are available, we record and assess them as part of our risk management approach. Our commitment is to continuously expand these measures and enhance transparency, ensuring that human rights and fair labor practices are embedded throughout our value chain.

Our actions are driven by a combination of international frameworks and legal requirements, including the German Supply Chain Due Diligence Act (LkSG), the Swiss Code of Obligations, and the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD). These laws set the minimum floor for our actions, but the Hero Group aims to go beyond compliance by embedding human rights due diligence into strategic sourcing decisions, strengthening grievance mechanisms, and promoting continuous improvement among suppliers.

While several procedures and mitigation measures on emerging topics such as addressing child labor risks in cocoa cultivation have already been implemented in previous years, 2025 marks a significant step forward in strengthening internal capabilities and establishing a structured approach to workers in the value chain. This year, we completed the first phase of a Human Rights Impact Assessment (HRIA), which identified salient risks in key commodities and sourcing regions. Conducted with external expertise and informed by global human rights studies, this assessment provides the foundation for a comprehensive strategy and roadmap to address human rights risks and impacts across our value chain.



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Our next steps on human rights due diligence will follow a clear sequence: first, completing a comprehensive gap analysis; second, developing a holistic strategy that prioritizes high-risk areas, materials and services, and suppliers; and third, building robust mitigation plans and actions to address these priorities effectively. This structured approach reinforces our commitment to transparency, accountability, and respect for human dignity throughout our operations and supply chain.

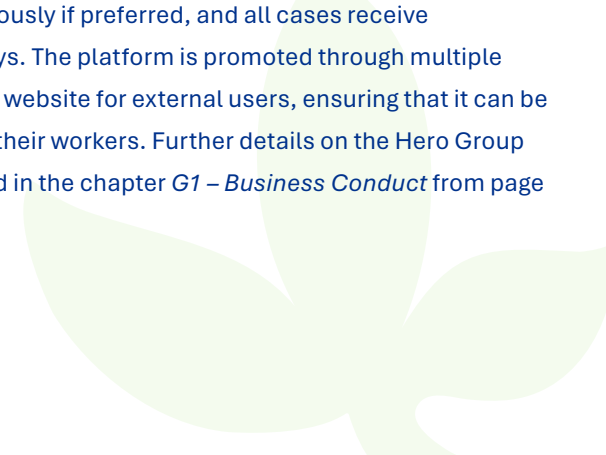
The Hero Group Human Rights Policy explicitly prohibits trafficking in human beings, forced or compulsory labor, and child labor across its operations and value chain. These commitments are reinforced through the Hero Group [Code of Conduct](#), which references the Human Rights Policy and sets clear expectations for suppliers, business partners, and employees. The Code of Conduct has been rolled out in phases, prioritizing strategic, key, and high-risk suppliers, particularly those linked to child labor and deforestation risks in 2025, with subsequent phases planned for other supplier segments.

Communication of these policies is ensured through multiple channels. Internally, in 2025, we have kicked-off the process to raise awareness on the updated Code of Conduct, its human rights commitments and all the other guarantees and duties fully applicable to all white-collar employees. Externally, the Code of Conduct is shared with suppliers through a structured rollout plan that includes signature approval. Both the Human Rights Policy and the Code of Conduct are publicly accessible and referenced in onboarding and supplier engagement processes, ensuring that individuals and entities expected to implement them, as well as those with a direct interest in their application, are informed.

The policies, guidelines, frameworks, metrics, and actions outlined apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired companies Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Both entities have undergone due diligence as part of the acquisition process and, until their procedures are fully harmonized with the Hero Group standards, will continue to apply their local due diligence frameworks. These measures demonstrate our commitment to transparency, accountability, and respect for human rights throughout our value chain. Further details on the Hero Group Code of Conduct deployment can be found in the chapter *G1 – Business Conduct* from page 329 onward.

Channels to raise concern

The Hero Group provides dedicated mechanisms for value chain workers to raise concerns safely and confidentially. Our primary channel is the SpeakUp® platform, which is accessible not only to Hero Group employees, but also to suppliers, contractors, and other external stakeholders. Operated by an independent provider, it ensures anonymity, data protection, and protection against retaliation. Reports can be submitted online, anonymously if preferred, and all cases receive acknowledgment within seven days. The platform is promoted through multiple channels, including the corporate website for external users, ensuring that it can be easily accessed by suppliers and their workers. Further details on the Hero Group SpeakUp® procedure can be found in the chapter *G1 – Business Conduct* from page 329 onward.





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In addition to SpeakUp®, we require suppliers to maintain their own grievance mechanisms aligned with international standards, so workers at different tiers of the value chain have local, accessible options. We monitor the effectiveness of these channels by tracking usage, response times, and resolution outcomes, and by engaging with suppliers to improve accessibility and trust. For workers in vulnerable or marginalized groups, such as women, migrant workers, or those with disabilities, we work with suppliers and credible third parties to ensure their perspectives are heard and inform our due diligence and mitigation measures. Where the Hero Group has caused or contributed to a material negative impact, we are committed to providing or contributing to effective remedy through investigation, corrective actions, and follow-up. These commitments apply across the Hero Group, with the exception of recently-acquired companies Deliciously Ella and Super Saúde Nutricional, which remain under local frameworks until full integration.



Impact, Risk and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of human rights and workers in the value chain-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources was consulted.

These included ESRS 1 Appendix A as well as relevant regulations such as the EU Corporate Sustainability Due Diligence Directive (CSDDD), German Supply Chain Act (LkSG), Swiss Code of Obligations on Child Labor and Conflict Minerals, Dutch Child Labor Due Diligence Law, UK Modern Slavery Act, EU Forced Labor Ban, Canada Supply Chain Transparency Act, and California Transparency in Supply Chains Act.

Additionally, resources such as the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, the International Labor Organization Declaration on the Fundamental Principles and Rights at Work, the World Economic Forum Global Risks Report, and publications from the Business and Human Rights Resource Centre have been incorporated. Our Hero Group Human Rights Policy, as well as insights drawn from a holistic internal Human Rights Impact Assessment conducted in 2025, complemented the screening of relevant social matters.



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By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to workers in the value chain. This list spans 11 sub-topics, including child labor, forced labor, labor rights violations, discrimination and harassment, freedom of association, health and safety, gender inequality, and land right violations.

The methodology and process behind the IRO assessment are described in detail in the General Disclosures section of the Sustainability Statement from page 201. As a result of the assessment, three IROs related to workers in the value chain, three negative impacts, have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS S2, including disclosures on policies, metrics, targets, and actions. Our approach to managing these IROs is outlined in the following section.

IRO S2 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Workers in the value chain	Type of IRO	Up- stream	Own operations	Down- stream
S2 - I	Negative impact on young workers in the value chain due to sourcing of child-labor risk prone commodities and/or other materials from areas with elevated risk of child labor.	Negative impact	X		

Negative impacts on young workers in the value chain may arise from sourcing commodities and materials from regions with elevated child labor risks. This is particularly relevant for the Hero Group because our procurement activities include agricultural raw materials such as cocoa and tropical fruits, which are globally recognized as high-risk categories. Addressing these risks is essential to uphold our commitment to human rights, ensure compliance with international and national regulations, and maintain trust with stakeholders.

The Hero Group has established a child labor due diligence process that reflects our commitment to internationally-recognized standards, including the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance, and the ILO Conventions on the Minimum Age for Employment (Convention No. 138) and on the Prohibition and Elimination of the Worst Forms of Child Labor (Convention No. 182).



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In alignment with these frameworks, the process also complies with the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency. It is designed to identify, prevent, mitigate, and remediate risks of child labor across our global value chain and is supported by clear governance structures, defined responsibilities, and measurable objectives.

Our approach is guided by the Hero Group [Human Rights Policy](#), which applies to all entities and employees across the Group and is aligned with the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. The policy commits Hero to respecting human rights in all operations and supply chains, conducting human rights due diligence and disclosure, providing access to remedy, maintaining governance and accountability, and protecting human rights defenders. It reinforces our zero-tolerance stance on child labor and requires cascading these commitments to suppliers and contractors through contractual obligations and engagement processes. The Human Rights Policy applies explicitly to external partners, and the Hero Group [Code of Conduct](#) referencing this policy is part of contractual agreements with strategic, key, and high-risk suppliers.

Responsibility for human rights, including child labor, rests with the Executive Board and is anchored through the appointment of a Human Rights Officer at Board level. Oversight is provided by the Sustainability Steering Committee, while operational implementation is managed by the Procurement and Sustainability teams with support from Legal and external experts. This governance structure ensures

accountability and enables effective integration of due diligence into strategic and operational decision-making. In 2025, the Hero Group completed a Human Rights Impact Assessment (HRIA) covering 84 commodities from 52 countries, which informed the prioritization of salient risks and the development of targeted actions for high-risk areas such as cocoa and certain fruit categories. Low-risk status for certain supply chains is determined by commodity and country risk levels based on external expertise, including the Brodie assessment, and is documented accordingly.

Our due diligence process follows a risk-based approach, focusing on commodities and geographies identified as high-risk by UNICEF and the Rainforest Alliance. It includes systematic supplier assessments, integration of human rights criteria into contracts, and mandatory adherence to our Code of Conduct, which explicitly prohibits child labor. The instrument we developed assigns four child labor risk levels to sourced materials and evaluates suppliers through evidence-based engagement.

Documents provided by suppliers are collected and rated, resulting in a four-level supplier risk score. Suppliers that remain in the high or very high-risk category due to insufficient evidence enter an escalation process, evaluated by the Sustainability Steering Committee, which may lead to termination of cooperation if control over child labor risk cannot be demonstrated. While this process addresses risk mitigation, we acknowledge that we have not yet proactively requested suppliers to disclose the number of child labor cases identified and remediated; instead, we rely on supplier reporting and public disclosures from major cocoa suppliers covering their broader supply chains.



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Preventive measures are complemented by monitoring tools such as EcoVadis ratings, SMETA audits, and supplier self-assessments. Where suppliers fail to provide sufficient evidence of compliance, escalation procedures are applied. In case of identified incidents, remediation protocols are activated to mitigate adverse impacts and restore compliance. The Hero Group also operates the SpeakUp® platform, introduced in 2023, which provides internal and external stakeholders with an anonymous channel to report concerns without fear of retaliation.

To strengthen traceability and impact, Hero participates in supplier-led programs enabling farm-level cocoa traceability in Ghana, Cameroon, and Côte d'Ivoire. These programs include community-based initiatives to prevent child labor, improve education access, empower women economically, and support health and nutrition. In addition, we collaborate with suppliers to secure Rainforest Alliance and Fairtrade certifications, strengthening efforts to mitigate human rights risks and uphold social and labor standards in high-risk areas.

Progress is monitored through defined metrics and targets, including the percentage of high-risk suppliers assessed for child labor risks, the number of incidents reported and resolved, and the implementation of corrective actions. Targets include achieving full Code of Conduct coverage for strategic, key, and high-risk suppliers, as well as suppliers of materials with enhanced child labor risk by the end of 2025, and completing supplier mapping in high-risk geographies by 2026.

While we track engagement levels and the number of suppliers assessed, we do not yet have an established baseline or verified evidence demonstrating a measurable

reduction in child labor cases attributable to our actions. Strengthening this capability is a priority, and we are committed to developing robust metrics and evaluation mechanisms to enhance transparency and effectiveness in line with legal requirements and stakeholder expectations.

IRO S2 – II & III

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Workers in the value chain	Type of IRO	Up- stream	Own operations	Down- stream
S2 – II	Negative impact on vulnerable workers in the value chain due to sourcing of forced labor risk prone or human trafficking risk prone commodities and/or other materials from areas with elevated risk of forced labor.	Negative impact	X		
S2 – III	Negative impact on vulnerable workers in the value chain due to sourcing of commodities and other materials from areas with elevated risk of working conditions with inadequate health and safety standards.	Negative impact	X		



Social Information

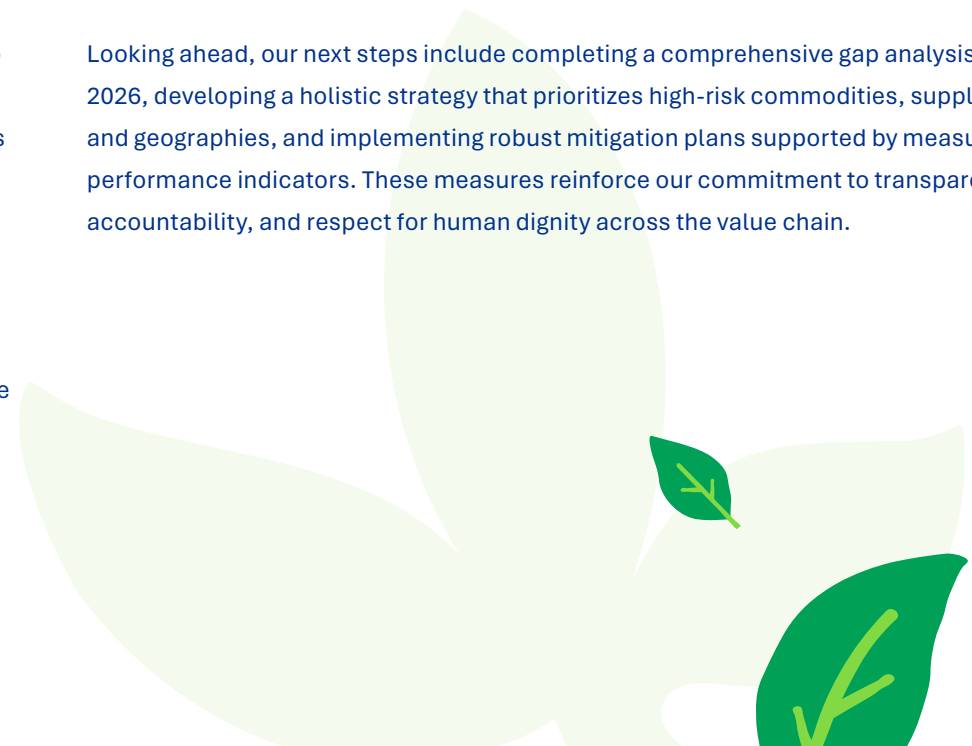
In recent years, our efforts have primarily focused on addressing child labor risks given their critical nature in certain agricultural supply chains. While this work continues, the Human Rights Impact Assessment (HRIA), completed in 2025, has enabled us to broaden our scope and identify additional salient risks, including forced labor, human trafficking, and inadequate health and safety conditions in sourcing regions. These findings now inform our strategic roadmap for human rights due diligence across the value chain.

Our Hero Group [Human Rights Policy](#) and [Code of Conduct](#) explicitly prohibit forced or compulsory labor, human trafficking, and unsafe working conditions, and these commitments apply to all suppliers and business partners. Building on the HRIA results, we plan to integrate risk indicators for forced labor and health and safety into supplier assessments and procurement processes. By the end of 2026, we will continue working on ensuring that all strategic suppliers, key suppliers, and suppliers of materials with an enhanced risk of child labor are covered by the updated Code of Conduct.

While there may be overlaps with suppliers associated with forced labor risks, these topics have not yet been formally incorporated into our due diligence processes, and we do not currently have documentation demonstrating systematic efforts to mitigate forced labor risks. By 2026, we aim to complete the mapping of suppliers operating in high-risk geographies for child labor and health and safety risks. Progress will be monitored through metrics such as the percentage of high-risk suppliers assessed, the number of incidents reported and resolved through grievance mechanisms, and the implementation of corrective actions.

Actions under way include supplier-level risk mapping for commodities sourced from regions with elevated forced labor or trafficking risks, requiring certifications or equivalent documentation where appropriate, and expanding our HRIA methodology to include health and safety indicators. The Hero Group procurement and sustainability teams are also engaging with suppliers and credible third parties to strengthen local grievance mechanisms and improve working conditions, with particular attention to vulnerable groups such as migrant and seasonal workers. Where we identify material negative impacts, we are committed to providing or contributing to effective remedy through investigation, corrective measures, and follow-up to prevent recurrence.

Looking ahead, our next steps include completing a comprehensive gap analysis in 2026, developing a holistic strategy that prioritizes high-risk commodities, suppliers, and geographies, and implementing robust mitigation plans supported by measurable performance indicators. These measures reinforce our commitment to transparency, accountability, and respect for human dignity across the value chain.





Social Information

Additional Disclosure Requirements

Swiss Code of Obligations on Child Labor

In line with the Swiss Code of Obligations, Article 964j, and the related provisions of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO), the Hero Group has implemented a child labor due diligence process that meets the legal requirements for identifying, preventing, and mitigating child labor risks in its supply chain.

This framework is prepared in reference with the OECD Due Diligence Guidance for Responsible Business and OECD-FAO Guidance for Responsible Agricultural Supply Chains, and has been the cornerstone of our efforts in recent years. For full details on our policies, metrics, targets, and actions related to child labor, please refer to the disclosure under *IRO S2-I* in this chapter.

Swiss Code of Obligations on Conflict Minerals

In line with the Swiss Code of Obligations, Article 964j, and the related provisions of the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor (DDTrO), the Hero Group has assessed its sourcing practices to ensure compliance with legal requirements. Hero uses metals such as tinfoil and aluminum for cans and caps in certain products, strictly following applicable food safety regulations.



However, the Hero Group does not import or process any minerals or metals defined as conflict minerals under Article 964j and the DDTrO. Consequently, the due diligence obligations related to conflict minerals do not apply to our operations. We continue to monitor our supply chain to confirm that this remains the case and maintain transparency in line with Swiss legal requirements.



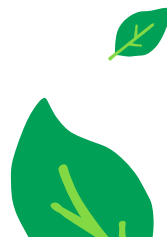
Social Information

S4 – Consumers and End-Users

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Consumers and end-users	Type of IRO	Up-stream	Own operations	Down-stream
S4 - I	Negative impact on consumers' health due to poor quality and unsafe products.	Negative impact			X
S4 - II	Negative impact on consumers' health and wellbeing due to plastic packaging and additive materials that could present risks of harm to human health.	Negative impact			X





Social Information

S4 – Consumers and End-Users

Introduction and Strategy

This chapter addresses two material topics: Food safety and quality, and health and nutrition. These topics were previously reported as separate chapters in line with our Double Materiality Assessment from 2023. Following the ESRS Exposure Draft update, they are now integrated under chapter *S4 – Consumers and End Users* to provide a more holistic view of how the Hero Group ensures product safety, quality, and nutritional value for its consumers.

Both topics are material since they are critical to maintaining consumer trust, meeting stringent regulatory requirements, and supporting public health. Food safety and quality safeguard against risks that could compromise consumer wellbeing and brand reputation, while health and nutrition reflect our commitment to applying the latest scientific knowledge and internal nutritional guidelines to develop products that meet recognized standards for balanced diets. This chapter outlines our approach, governance, and key actions to uphold the highest standards in both areas.

Food safety and quality

At the Hero Group, our commitment to food safety and quality is fundamental to our operations. Delivering safe, high-quality food products is our highest priority, and this responsibility is shared across the entire organization. This commitment is formalized in our Food Safety & Quality Policy, which provides clear principles and strengthens our culture of safety and quality.

Products are never released to the market if there are any concerns related to food safety. Strict procedures and controls are in place to ensure compliance, and immediate product recalls are initiated if any indication of a food safety risk arises. Hero adheres to rigorous standards, complies with all applicable regulations, and aligns with globally-recognized frameworks such as the Global Food Safety Initiative (GFSI). These standards are regularly updated and consistently enforced across all operations.

To protect consumer health and maintain our reputation for excellence, we conduct comprehensive risk assessments and implement robust management plans to identify, control, and mitigate food safety and quality risks. Our governance has been strengthened through the introduction of a dedicated Food Regulatory function at Group level, which supports local quality and regulatory teams and ensures compliance with local and international food laws. Together with our Group Quality team and local experts, we drive proactive risk management, standardization, and compliance oversight.

Our Quality & Regulatory Community connects category, country, and manufacturing quality professionals across the Group, fostering collaboration and knowledge sharing. Local country management remains accountable for quality outcomes, supported by this network of experts. This culture is reinforced through mandatory onboarding programs, such as *One Hero Food Safety & Quality*, which build a shared understanding and empower employees to uphold the highest standards.



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Health and nutrition

Health and nutrition are integral to Hero's business strategy and product development. Our mission *To delight Consumers through honest Goodness in every Bite* reflects a commitment to delivering foods that support wellbeing and meet the highest standards of quality and safety. With over 80 years of expertise, we embed science-based principles into every stage of innovation, ensuring our products align with global health guidelines and consumer expectations. Guided by our R&D vision *Perfecting today, creating tomorrow*, we go beyond regulatory compliance to meet the highest global standards for health and nutrition, driven by science, transparency, and continuous improvement.

This commitment is formalized through the Hero Global Nutrition & Recipe Design Guidelines, finalized in 2025, and scheduled for public release in early 2026. These guidelines are grounded in the latest scientific evidence and align with international standards from WHO, EFSA, FDA, UK NHS, and the Nordic Nutrition Recommendations.

They incorporate updated systems such as Nutri-Score, Health Star Rating, and non-HFSS requirements, ensuring consistency and compliance across all markets. Complementing these guidelines is the Hero Group Nutrition Policy, also finalized in 2025, which integrates Responsible Marketing principles and the Breast Milk Substitution Policy to safeguard vulnerable consumers and promote ethical communication. Marketing practices adhere strictly to local laws and the WHO Code, with clear restrictions on advertising to children under six years of age.

To measure progress, the Hero Group applies a science-based internal healthiness index developed with ETH Zurich and the University of Murcia. This index scores products from one to five based on nutritional quality, regulatory compliance, and consumer insights. Twice a year, the Research & Development team conducts portfolio assessments to ensure compliance and trigger reformulation where necessary. Additional metrics include consumer satisfaction and documented feedback loops, reflecting Hero's commitment to continuous improvement.

The Hero Group has enhanced its Innovation Management Tool (IMT) to embed sustainability criteria at the earliest stage of product development. All innovation and renovation projects are evaluated for their impact on key ESG areas: emissions, packaging, nutrition, and biodiversity. This approach ensures sustainability principles guide decision-making and product design from the outset. In addition to targeted training for Marketing, Category, Product Change, and Product Development teams, Hero has introduced specialized sessions on Green Claims to prevent any form of greenwashing in product and brand communication.

Our targets in the area of health and nutrition focus on increasing organic baby food and whole grain content in infant cereals. While 55% organic baby food was achieved in 2023, market dynamics reduced this share to 41% in 2025. Whole grain content improved to 67%, short of the 75% target due to supply constraints. In 2026, Hero will launch renewed commitments aligned with updated science and evolving consumer expectations.



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Actions to achieve these goals include reformulating products to increase beneficial ingredients such as vegetables, legumes, whole grains, fiber, and high-quality protein, while reducing added sugars, palm oil, and highly processed components. Stakeholder engagement with universities, NGOs, and health experts strengthens the scientific foundation of these efforts, while risk and opportunity management ensures health and nutrition remain integral to Hero's strategy. Transparency is maintained through clear labeling and privacy protection, reinforcing trust and accountability.

Impact, Risk and Opportunity Management

Process to identify and assess material IROs

To enhance internal consumer understanding and end-users-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources was consulted.

These included ESRS 1 Appendix A, Global Reporting Initiative Standard (GRI), Global Food Safety Initiative, IFS Food Standard, ISO 9001 quality management guidelines, publications from the World Health Organization (WHO), EU Food Safety Authority (EFSA), EU Food Information Council (EUFIC), and EAT-Lancet Commission.

Additionally, insights were drawn from the internal Hero Group Goodness of Nature (GON) Guidelines on product development, GON benchmarking reports, as well as the Insight Hub of the Hero Research and Development department.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to consumers and end-users. This list spans 17 sub-topics, including product quality and safety, allergen management, additive materials, nutritional quality of products, ultra-processed food, declaration of information on products, responsible marketing practices, and shifting consumer preferences.

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201. As a result of the assessment, two IROs related to consumers and end-users. The two negative impacts have been identified as material and strategic priorities. These IROs are subject to reporting under ESRS S4, including disclosures on policies, metrics, targets, and actions.

Our approach to managing these IROs is outlined in the following section. The topics not listed as material are neither irrelevant nor left unaddressed by the Hero Group; rather, they did not meet the defined threshold for materiality within the IRO framework. Despite their non-material classification, several aspects of consumers and end-users are reported in the following section.





Social Information



IRO S4 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Consumers and end-users	Type of IRO	Up- stream	Own operations	Down- stream
S4 - I	Negative impact on consumers' health due to poor quality and unsafe products.	Negative impact			X

The Hero Group's product portfolio covers all life stages, including baby and toddler food, healthy snacks, and natural spreads, accompanying consumers from birth through adulthood. Our products are developed to be safe and nutritious, in line with Hero's product development guidelines and legal requirements.

Despite strict controls, the risk of contamination or product defects, whether accidental or intentional, cannot be fully eliminated. Such incidents, though rare and typically limited to specific batches, could negatively impact consumer health. The most sensitive categories include Food for Special Medical Purposes (FSMP) and infant formula, which are subject to the highest regulatory standards. Labelling errors also pose a potential risk as clear and accurate ingredient information is essential for informed consumer choices, particularly for vulnerable groups such as infants or individuals with allergies.

At the Hero Group, we address these risks through our Quality & Food Safety Policy, supported by internal position statements and standards applicable across the organization. These policies define requirements for product safety, quality assurance, and compliance with international and local regulations. They also govern processes for complaint handling, escalation, and crisis management.

Quality and food safety performance is monitored on a monthly and quarterly basis. Historically, metrics analyzed include Complaints per Million Units Sold (CPMU), Complaints per Million Units Produced, complaints from authorities, Right First Time (RFT), Recalls/Withdrawals, and GFSI audit non-conformance. Targets include zero tolerance for systemic food safety breaches and continuous improvement in complaint resolution times. Regular testing ensures compliance with microbiological, chemical, and physical safety standards, including pesticide residues, contaminants, and allergens.

Supply chain traceability is a major concern for the industry. Obtaining food safety certifications and ensuring that suppliers meet food safety guidelines helps safeguard product safety and communicate quality to retailers and consumers.

Projects to enhance Quality & Food Safety (Q&FS) performance are established through internal consultations involving the Integrated Supply Chain, Quality Leadership Team (Group Quality Excellence, Quality Manufacturing Heads, Country Quality Leads), Research & Development, and local Quality representatives. These improvement plans are incorporated into yearly objectives.



Social Information

The Hero Group implements comprehensive risk management plans and testing protocols to ensure products meet the highest standards. A strict process for handling consumer complaints includes clear escalation criteria and remediation steps, with serious cases managed under the Crisis Management Standard.

Governance has been strengthened through a dedicated Food Regulatory function at Group level, supporting local teams and ensuring compliance with international food laws. Hero collaborates with external experts, universities, and industry associations such as Specialized Nutrition Europe (SNE) and the British Specialist Nutrition Association (BSNA). We also work closely with regulators like Codex Alimentarius and EU authorities, as well as research bodies including Campden and Chorleywood Food Research Association (CCFRA) and the Soil Association, to continuously enhance food safety practices.

Consumer engagement is maintained through multiple channels, including customer service teams, social media, and direct feedback mechanisms.

All facilities producing Hero products, both internal and external, are GFSI certified, including seven of our own plants and all third-party manufacturing sites. As part of the certification process, every facility implements programs for Hazard Analysis and Critical Control Points (HACCP), food defense, food fraud prevention, allergen management, and traceability.

Hero is also extending GFSI certification beyond manufacturing facilities. Our commercial entities have either achieved certification under the GFSI Agent/Broker Standard or are preparing for it throughout 2026.

Six entities, Baby Gourmet (Hero Canada), Hero Benelux, erdbär, Hero Italy, Hero UK&I, and Hero Switzerland, are already certified, with Hero Czechia & Slovakia scheduled for completion by the end of 2025. Hero Global Export and Hero Nordics are planned for certification in 2026. In 2025, 91% of Hero's ingredients were sourced from GFSI-certified tier 1 supplier facilities.

To strengthen risk management, Hero applies a Contaminants and Other Food Hazards Risk Assessment Standard, enabling early risk detection and consistent mitigation. Actions may include additional analysis, alternative sourcing, recipe adjustments, or process changes.

Maintaining the highest standards of safety and quality requires collaboration across all organizational levels. The Vice President Quality defines and oversees the Group-wide food safety and quality strategy, including policy deployment. Local country management ensures safe, high-quality products in the market, while site-level quality and food safety teams implement preventive and corrective measures aligned with these standards.

To further enhance our Quality Management System (QMS), we have invested in a new global QMS software tool. The rollout, continuing into 2026, will improve collaboration and streamline data and knowledge exchange across the organization.

These policies, metrics, and actions apply across the Hero Group, with the exception of the recently-acquired company Super Saúde Nutricional, which is currently in the onboarding phase.



Social Information



IRO S4 - II

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Consumers and end-users	Type of IRO	Up- stream	Own operations	Down- stream
S4 - II	Negative impact on consumers' health and wellbeing due to plastic packaging and additive materials that could present risks of harm to human health.	Negative impact			X

The Hero Group recognizes that plastic packaging and additive materials can pose potential risks to consumer health and wellbeing if not properly managed. To mitigate these risks, we apply strict compliance measures aligned with EU and local food law requirements. All food contact materials used in our packaging come with a declaration of compliance, confirming adherence to applicable legal and regulatory standards. Migration testing is conducted to ensure that substances from packaging do not transfer into food at levels that could compromise safety.

Our approach is embedded in Hero's Quality & Food Safety Policy, which governs processes for product safety, complaint handling, escalation, and crisis management. This policy is supported by internal standards and reviewed regularly as part of our Quality Management System (QMS).

If we become aware of any illness or potential food safety incident linked to our products, we act immediately. Investigations are carried out in collaboration with internal and external technical experts, and we communicate transparently with consumers, customers, and authorities. Where necessary, we initiate product recalls to remove affected items from the market. These processes follow standardized escalation criteria defined in our complaint handling and crisis management standards, which are reviewed quarterly at entity level and consolidated annually at Group level. Consumer complaints are reported locally, investigated by the producer, and aggregated in monthly reports for the Vice President Quality.

To further reduce risks, Hero implements a Contaminants and Other Food Hazards Risk Assessment Standard, which includes packaging-related hazards. This enables early detection and mitigation measures such as additional analysis, alternative sourcing, recipe adjustments, or process changes. Governance is reinforced through clear accountability: the Vice President Quality oversees Group-wide strategy and policy deployment, local country management ensures compliance in-market, and site-level quality teams implement preventive and corrective actions.

Beyond compliance, Hero is committed to advancing improved packaging solutions. We actively participate in initiatives that promote recycled materials and support the circular economy, such as Forum Rezyklat, collaborating with retailers, industry partners, and waste management organizations. These efforts complement our broader food safety programs, which include GFSI certification for all manufacturing facilities and ongoing certification of commercial entities.



Social Information

Additional Disclosure Requirements

Engagement to raise concerns and approach to remedy

Consumer engagement is central to Hero's approach to managing actual and potential impacts on health and wellbeing. We maintain direct contact with consumers through multiple channels, including phone, email, and social media, ensuring that questions and concerns, particularly those related to food safety and packaging, are addressed promptly and effectively. These channels are accessible to all consumers, including vulnerable groups such as infants, individuals with allergies, and those requiring specialized nutrition, allowing us to respond to their specific needs.

Hero also engages with credible proxies and external experts to gain deeper insights into consumer perspectives. This includes collaboration with universities, industry associations, and regulatory bodies, which helps us understand emerging risks and expectations. Such engagement informs our decisions and strengthens our food safety culture across the organization.

When a potential food safety incident or illness linked to our products is identified, we act immediately. Investigations are conducted in collaboration with internal and external technical experts, and we communicate transparently with consumers, customers, and authorities throughout the process. If necessary, we initiate product recalls to remove affected items from the market.



These actions follow standardized escalation criteria defined in our Complaint Handling and Crisis Management Standards, which are reviewed quarterly at entity level and consolidated annually at Group level. Consumer complaints are reported locally, investigated by the producer, and aggregated in monthly reports for the Vice President Quality, ensuring oversight and continuous improvement.

Our approach to remedy is guided by timeliness, transparency, and accountability. Every incident is addressed without undue delay, and corrective measures are implemented to prevent recurrence. This structured process ensures that Hero not only resolves individual cases but also strengthens systemic safeguards to protect consumer health and wellbeing.

The Hero Group ensures that consumer perspectives and concerns are integrated into product development and improvement processes. Engagement occurs through surveys, focus groups, and feedback mechanisms at every stage, from idea generation and feasibility assessment to development and post-launch monitoring.

These channels allow consumers to raise concerns and provide input on product performance and expectations. Operational responsibility lies with the VP Research & Development, who ensures that feedback is documented and acted upon through continuous refinement and innovation. Effectiveness is measured through consumer satisfaction and product performance, supported by formal feedback loops that enable timely corrective actions. For vulnerable or marginalized consumers, Hero conducts targeted research and collaborates with advocacy groups and experts to ensure inclusivity and address specific needs.



Social Information

Policies in relation to health and nutrition

The Hero Group's approach to health and nutrition is governed by three core policies that establish a consistent, science-based framework for product development and marketing across the organization. The Hero Group Nutrition Guidelines, finalized in 2025 and scheduled for public release in early 2026, define clear standards for product design, reformulation, and communication. These guidelines aim to improve nutritional profiles, safeguard vulnerable groups, and address material topics such as health impacts, risks of misleading communication, and opportunities for innovation.

They reference international standards including WHO, EFSA, FDA, UK NHS, Nordic Nutrition Recommendations, Nutri-Score, Health Star Rating, and non-HFSS requirements. This Nutrition Policy applies to the full Hero Group portfolio in all geographies, with the exception of infant milks and specialties in the B2B and gastro portfolio in Switzerland.

Alongside the Nutrition Guidelines, the Hero Group Policy on Responsible Marketing to Children prohibits advertising infant foods to anyone under six years old and requires adherence to all local advertising regulations. This policy includes dedicated provisions for vulnerable groups to ensure transparency and ethical communication. In line with this, our Hero Group Code of Conduct reinforces that we represent our food products in a way that does not mislead or encourage over-consumption and specifically abstain from targeting advertisements for infant foods to children under six years of age. These principles are embedded in all marketing practices to uphold integrity and consumer trust.

For infant milk products, the Hero Group follows the WHO Code through its own Policy on Marketing of Baby Formula Products, called the Breast Milk Substitution Policy. This policy was finalized in 2025 and is scheduled for global implementation in 2026. This policy sets strict requirements for marketing breast milk substitutes to protect breastfeeding and ensure responsible communication.

All three policies were developed with input from consumer research, advocacy groups, and health experts to reflect stakeholder interests. They will be harmonized globally following Executive Board sign-off in early 2026 after the appointment of our new Chief Categories & Marketing Officer in January 2026. Regulatory Affairs reviews all marketing claims to ensure compliance, supported by legal counsel when necessary.





Social Information

Metrics on food safety	Unit	2024	2025
Global Food Safety Initiative (GFSI) audit non-conformance (major)	Number	0	0
Associated corrective actions for non-conformance (major)	Number	0	0
Global Food Safety Initiative (GFSI) audit non-conformance (minor)	Number	75	116
Associated corrective actions for non-conformance (minor)	Number	75	119
Third Party Manufacturing (TPM) products sourced from TPM supplier facilities certified to a Global Foods Safety Initiative (GFSI)	%	100%	100%
Ingredients sourced from tier 1 supplier facilities certified to a Global Foods Safety Initiative (GFSI)	%	91%	92%
Number of notices of food safety violations received	Number	0	2
of which have been corrected	%	0	100%
Number of recalls issued	Number	2	4

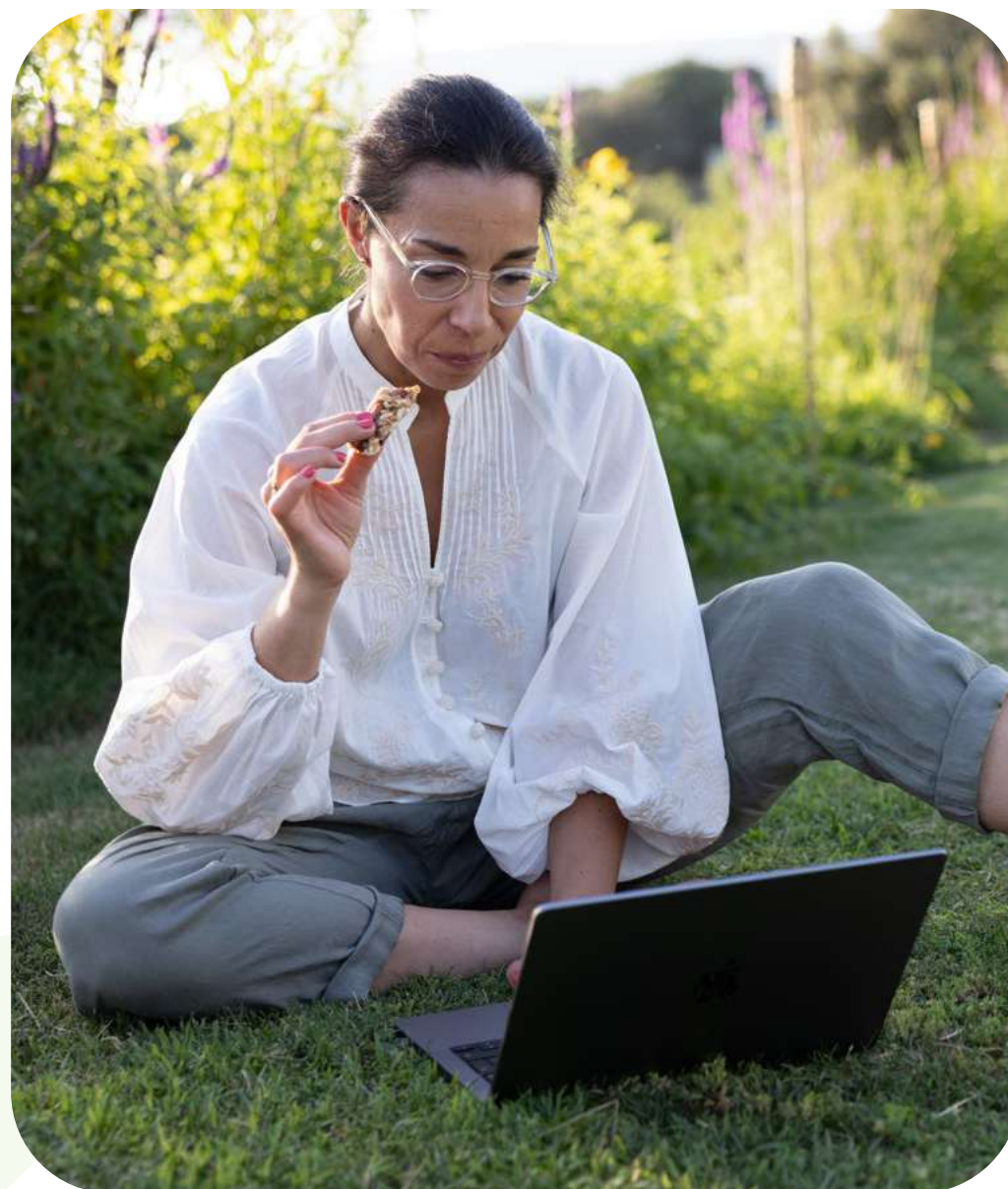




Governance Information

Business ethics and governance

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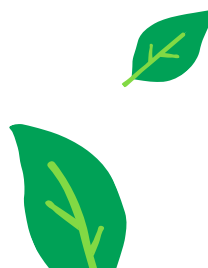
Governance Information

G1 – Business Conduct

- Introduction and Strategy
- Impact, Risk, and Opportunity Management
- Additional Disclosure Requirements
- Metrics Tables



IRO # (code)	Material Impacts, Risks, and Opportunities (IROs)	Type of IRO	Up-stream	Own operations	Down-stream
	Business Conduct				
G1 - I	No material IRO above defined threshold.				





Governance Information

G1 – Business Conduct

Introduction and Strategy

At the Hero Group, we uphold a zero-tolerance approach to unethical business practices. Our ethical culture and commitment to business conduct and compliance underpins decision-making across all operations, supported by compliance with external laws and regulations, a robust policy framework, and controls that ensure transparency and accountability.

Corporate governance on business conduct and compliance is a shared responsibility between the Executive Board and the Board of Directors. Together, they safeguard ethical practices and regulatory compliance, combining expertise in governance with a strong understanding of compliance requirements. The Board of Directors monitors adherence to applicable norms and regulations, including anti-bribery and anti-corruption laws, supported by regular updates from external legal counsel and advisors.

Our Group Legal and Compliance function reports directly to the Executive Board, with the Board of Directors providing oversight on critical compliance topics such as anti-trust, anti-bribery, ESG, and data privacy. In addition, regional and local Compliance Leads act as compliance champions within major geographies and business units. These roles work closely with the Group Legal team and local management to adapt global policies to local contexts and provide real-time feedback on emerging risks.

Our business conduct framework is anchored by several core policies and frameworks:

- **Hero Group Code of Conduct** – applies to all Hero employees and business partners and requires them to apply fair practices, uphold our ethical standards, and act with integrity in areas such as human rights, non-discrimination, child labor, forced and compulsory labor, freedom of association, anti-corruption, and anti-competitive behavior.
- **Hero Group Anti-Bribery and Anti-Corruption Policy** – Strictly prohibits bribery and corruption in any form, and mandates compliance with all applicable anti-bribery and anti-corruption laws. The policy aligns with the United Nations Convention against Corruption and addresses topics such as bribery, facilitation payments, sponsorships and donations, political contributions, entertainment, and conflicts of interest.
- **Hero Group SpeakUp® Policy and platform** – Provides a secure and confidential channel for anyone inside or outside Hero to report concerns about potential misconduct. In 2023, Hero introduced the SpeakUp® platform, enabling both internal and external parties to file anonymous reports without fear of retaliation.
- **Hero Group Anti-Trust Compliance Program** – Maintains a robust anti-trust compliance program as a key component of our overall compliance framework.
- **Hero Group Human Rights Policy** – Reinforces our commitment to respecting and promoting human rights across all operations and business relationships, in line with international standards such as the UN Guiding Principles on Business and Human Rights.



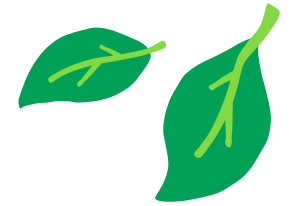


Governance Information

The policies, guidelines, frameworks, metrics, and actions outlined apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Both entities have undergone due diligence as part of the acquisition process and, until their procedures are fully harmonized with Hero Group standards, will continue to apply their local due diligence frameworks.

All relevant compliance materials, including the Competition Compliance Policy, practical guidelines, and key principles for anti-trust and information exchange, are accessible to all employees via our intranet Legal site. This ensures easy access to up-to-date resources for reference in daily operations. We provide regular training for top management and other relevant employees, such as the sales force, on competition law requirements and the practical application of our guidelines. These sessions include clear behavioral rules and scenario-based instructions to ensure employees understand their rights and responsibilities under competition law.

Additionally, a Hero Group Anti-Bribery and Anti-Corruption (ABC) online training program equips employees with the knowledge and tools to identify, prevent, and address bribery and corruption in all its forms.



Impact, Risk and Opportunity Management

Process to identify and assess material IROs

To enhance internal understanding of business conduct and ethics-related sub-topics, and to identify potential impacts, risks, and opportunities relevant to the Hero Group's business model, a broad set of internal and external sources was consulted.

These included ESRS 1 Appendix A, the Global Reporting Initiative Standard (GRI), the OECD Guidelines on Responsible Business Conduct, United Nations Convention against Corruption, EU Whistleblower Directive, EU General Data Protection Regulation, as well as legal requirements under national legislation where Hero operates. Additionally, insights were drawn from the Hero Group Code of Conduct, Hero Group Human Rights Policy, the internal Human Deal people strategy as well as Heros' corporate values.

By consolidating key themes from these sources, the Hero Group compiled a long list of potential impacts, risks, and opportunities (IROs) related to business conduct. This list spans 14 sub-topics, including non-compliance or unethical business practices, bribery and corruption, whistleblowing and procedures to raise concerns, contract design, and interaction with suppliers and business partners, IT security, data privacy, and trade secrets, stakeholder engagement, corporate culture, and good governance.



Governance Information

The methodology and process behind the IRO assessment are described in detail in the *General Disclosures* section of the Sustainability Statement from page 201.

Despite their non-material classification, several aspects of business conduct are reported under ESRS G1 in the following section.

IRO G1 - I

IRO # (code)	Material Impacts, Risks, and Opportunities (IROs) Business Conduct	Type of IRO	Up- stream	Own operations	Down- stream
G1 - I	No material IRO above defined threshold.				

Of the 14 sub-topics assessed under Business Conduct, none were classified as material as all assessment ratings remained below the defined materiality threshold. Nevertheless, key aspects of business conduct, including the Code of Conduct, Anti-Corruption and Anti-Bribery measures, Whistleblower protection, political influence and lobbying activities, and payment practices, are addressed in the following section.

Additional Disclosure Requirements

Code of Conduct

The Hero Group Code of Conduct defines the principles that guide our actions and decisions across all operations. It reflects our commitment to integrity, ethical business practices, and compliance with applicable laws and regulations. The Code applies to all employees, directors, and officers of Hero Group and extends to our business partners and suppliers. It sets clear expectations in key areas such as human rights, non-discrimination, anti-bribery and anti-corruption, fair competition, environmental responsibility, and workplace safety.

By adhering to the code, we ensure transparency, accountability, and trust in everything we do, reinforcing our responsibility to stakeholders and society. The Hero Group Code of Conduct (CoC) is deployed through a structured external process to ensure full compliance and awareness, and we are following a similar process to deploy internally.

Internally, the CoC is published on the Group intranet and will be supported by communication campaigns and mandatory training for all employees, with sign-off requirements under implementation. Externally, strategic, key, and high-risk suppliers and business partners must approve and sign the Hero Group Code of Conduct as a legal prerequisite for doing business with Hero.



Governance Information

All other suppliers are informed of the Code of Conduct, which serves as the foundation for their business relationship with us. If a supplier already has its own Code of Conduct that is equivalent in scope and standards to the Hero Group CoC, including commitments on human rights, environmental responsibility, anti-bribery and anti-corruption, and cascading obligations, Hero may accept this as an alternative, following a formal review during onboarding or compliance checks.

The rollout for CoC approvals is managed centrally via digital tools for compliant documentation, with strategic and high-risk suppliers prioritized. Suppliers are also expected to cascade these standards to their own sub-suppliers, reinforcing ethical practices across the value chain. This approach ensures that the Hero Group Code of Conduct is embedded throughout our organization and supply network, supporting transparency, accountability, and alignment with international due diligence requirements.

Anti-Bribery and Anti-Corruption

The Hero Group maintains a strict zero-tolerance policy for bribery and corruption in any form. This commitment is anchored in our Anti-Bribery and Anti-Corruption Policy and Code of Conduct, which aims to uphold the highest standards of integrity, honesty, and transparency while ensuring compliance with all applicable laws, including those aligned with the United Nations Convention against Corruption.

The policies cover a broad range of topics such as bribery, facilitation payments, gifts and hospitality, charitable and political contributions, sponsorships, entertainment, and conflicts of interest. They also provide binding rules for granting and accepting benefits from third parties and set clear procedures for investigating and remediating allegations of corruption or bribery.

The policy was developed considering the interests of employees, business partners, suppliers, and customers. It incorporates international standards such as the UN Global Compact, UN Convention against Corruption, and the WHO Code for Breast Milk Substitutes, reinforcing our commitment to integrity and transparency in all markets.

The Anti-Bribery and Anti-Corruption Policy apply across the Hero Group and all subsidiaries and affiliates under control, covering directors, officers, and employees regardless of location or citizenship. It also extends to joint venture partners and agents acting on behalf of the Hero Group.

Employees must comply with the policy even when its requirements exceed local laws; where national laws are stricter, those take precedence. There are no general exclusions for specific sites or entities. However, our recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, are still in the onboarding phase. Both underwent due diligence during acquisition and will continue applying local frameworks until harmonization with Hero Group standards is completed within 12 months of gap identification.





Governance Information

While the Anti-Bribery and Anti-Corruption Policy is an internal policy and does not directly apply to business partners, we expect them to adhere to comparable standards as outlined in the Hero Group Code of Conduct, which applies to Hero entities, suppliers, and partners. Compliance with the policy is mandatory for all employees. Allegations of corruption are taken seriously and investigated thoroughly, with violations resulting in disciplinary action up to and including termination. The policy is communicated to all employees and supported by regular training and awareness programs.

Hero's anti-corruption system integrates our Code of Conduct, the Anti-Bribery and Anti-Corruption Policy, continuous training, and the SpeakUp® platform, which enables anonymous reporting without fear of retaliation. Designated contact points, including Group Legal Counsel and local Legal Departments, provide ongoing support, recognizing the complexity of anti-corruption laws and cultural differences.

The Hero Group identifies functions at risk of bribery and corruption through a risk assessment framework. The assessment considers factors such as geographic exposure, interaction with third parties, and sector-specific vulnerabilities, particularly in food and healthcare. Functions most exposed to these risks include sales and commercial roles managing large contracts, procurement and supply chain teams involved in supplier selection and negotiations, and employees engaged in regulatory processes or government relations.

Additional risk exists in healthcare-related roles, especially those promoting breast milk substitutes, which require strict compliance with the WHO International Code. Financial and administrative functions, including those approving payments, contributions, or discretionary benefits, are also considered at risk.

To address these risks, Hero launched a comprehensive Anti-Bribery and Anti-Corruption (ABC) training program in 2024 for all employees, including new hires. The program equips employees with knowledge and tools to identify, prevent, and address bribery and corruption, using practical case studies and real-world scenarios. It covers key topics such as recognizing and preventing bribery, managing gifts and hospitality, ensuring due diligence for business partners, and complying with sector-specific regulations.

The training extends to all relevant functions including procurement teams as a high-risk function. Ongoing refreshers and updates ensure continuous awareness.

While significant progress has been made, full coverage and detailed completion metrics are still being implemented. From 2026 onward, Hero will enhance role mapping, tracking systems, and targeted training, supported by regular reporting and continuous improvement. By 2027, we aim to achieve full training coverage for all identified functions at risk, integrating these efforts into performance management and compliance monitoring to reinforce its zero-tolerance approach to bribery and corruption.



Governance Information

The procurement team, identified as a high-risk function, receives training to ensure ethical conduct in managing business partners. This includes the authority to pause, cancel, or decline a business relationship if there is any suspicion of bribery or corruption.

Engaging in bribery or corruption can result in serious consequences, including administrative or criminal liability, reputational damage, exclusion from tenders, loss of business partners, and civil claims. To prevent such risks, the Hero Group's anti-bribery and anti-corruption efforts focus on four key objectives: maintaining zero tolerance for unethical business practices, ensuring full compliance with all applicable laws, fostering a transparent and accountable business environment, and safeguarding Hero's reputation and the trust of our stakeholders.

To measure the effectiveness of the stated framework, the Hero Group tracks key performance indicators such as the number of convictions and fines for anti-corruption violations, confirmed incidents of corruption or bribery, incidents resulting in employee dismissal or partner contract termination, completion rates for mandatory ABC training, and business partner due diligence outcomes. Those metrics are supported by robust data collection, internal audits, and external verification where appropriate.

Based on our comprehensive monitoring and reporting systems, the Hero Group's anti-corruption and anti-bribery metrics demonstrate our continued commitment to ethical business practices:

Protection of whistleblowers

The Hero Group is committed to protecting whistleblowers and fostering a culture of transparency and accountability. Our SpeakUp® Policy and platform provide a secure and confidential channel for employees and external stakeholders, including former employees, job applicants, suppliers, contractors, and customers, to report suspected misconduct without fear of retaliation.

Reports can be submitted anonymously, and the right to non-retaliation is guaranteed under applicable law and strictly enforced. Any form of threat or retaliation against a whistleblower may result in disciplinary measures.

The SpeakUp® platform is operated by an independent provider, ensuring anonymity and compliance with data protection standards. Users can choose to remain fully anonymous or disclose personal details at their discretion. All reports receive an acknowledgment or response within seven days, reinforcing our commitment to timely and transparent handling.

The SpeakUp® Office operates at both Group and local levels. At Group level, it includes the Chief People Officer and Group Chief Financial Officer that is also overseeing compliance, while local offices comprise the relevant HR leader and CFO. External independent consultants may be engaged when appropriate to ensure impartiality. All reports are handled with the highest integrity, confidentiality, and objectivity throughout the investigation and follow-up process.



Governance Information

Employees are encouraged to promptly report any actual or suspected violations through the SpeakUp® platform, where anonymity is guaranteed. Hero does not tolerate retaliation against anyone who makes a report in good faith, meaning the individual has a reasonable belief that the information provided is true based on available circumstances. Misuse of the platform or reporting in bad faith is considered a serious breach of the Code of Conduct and may lead to disciplinary action.

The platform is intended for serious concerns such as bribery, corruption, fraud, anti-trust violations, harassment, environmental breaches, and public health risks. It is not designed for minor workplace issues, which should be addressed through local HR channels. To ensure accessibility, SpeakUp® is promoted through multiple channels, including intranet links, QR codes on posters and flyers in discreet locations, and the corporate website for both internal and external users.

To assess effectiveness, the Hero Group monitors key indicators such as the number of reports received, response times, investigation outcomes, and resolution rates. These metrics support continuous improvement of our whistleblower protection and incident reporting systems.

The SpeakUp® policy and frameworks described above apply across the entire Hero Group and all affiliated entities, with the exception of the recently-acquired companies, Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase.

Both entities underwent due diligence during acquisition and will continue applying local frameworks until harmonization with Hero Group standards is completed within 12 months of gap identification.

Political influence and lobbying activities

At the Hero Group, we uphold strict standards of integrity and transparency in all interactions with public authorities and stakeholders. Our Code of Conduct and Anti-Bribery and Anti-Corruption Policy require that any engagement with political lobbyists or similar intermediaries is subject to rigorous due diligence to prevent bribery and protect our reputation. We do not make financial or in-kind political contributions, whether directly or indirectly, and this applies across the entire Group.

Our approach to political influence is therefore limited to responsible participation in recognized multi-stakeholder platforms and sectoral or local industry associations that promote sustainability, food safety, and ethical business practices. At Group level, we contribute to global dialogue through forums such as the UN Global Compact, Biodiversity in Good Company, and the World Federation of Advertisers.

Local entities also engage with relevant stakeholders, including associations such as the Spanish Infant and Baby Food Association (ANDI), to advance industry standards. No financial or in-kind political contributions were made during the reporting period, and no members of our administrative, management, or supervisory bodies held comparable positions in public administration within the two preceding years, further reinforcing our independence and integrity.



Governance Information

This disclosure applies to all Hero Group entities except Deliciously Ella and Super Saúde Nutricional, which currently operate under their own governance frameworks. Both entities follow local legal requirements and ethical standards, and harmonization with Group-level reporting is planned for future periods.

Payment practices

The Hero Group implements robust systems to monitor and evaluate supplier payment performance, with a particular focus on Small and Medium-sized Enterprises (SMEs). These practices reflect our commitment to responsible business conduct and compliance, fair commercial relationships, and the reliable partnerships essential to our global food production operations. Timely and fair payment is a core element of our ethical business framework, aligned with our Code of Conduct and international due diligence standards.

Our approach ensures transparent and consistent payment terms across all entities, supports the financial stability of HERO Group and its affiliates and our supply chain partners, and complies with applicable legislation and commercial best practices, including stricter national regulations in certain jurisdictions.

Standardized payment terms metrics are applied Group-wide.

To enhance transparency and efficiency, the Hero Group is rolling out automated payment tracking and real-time monitoring systems integrated with supplier management platforms. Importantly, this payment terms and conditions monitoring applies equally to companies of all sizes—large, medium, and small (SMEs).

The Hero Group has established payment practices policies and procedures across all entities with the exception of the recently-acquired companies, e.g. included but not limited to Deliciously Ella and Super Saúde Nutricional, which are currently in the onboarding phase. Local variations in payment terms are limited to those required by local legislation or specific commercial circumstances, with all variations documented and approved through our central governance framework. While basic payment terms are harmonized Group-wide, we are currently enhancing our data collection and monitoring capabilities to provide more detailed performance metrics.

Hero maintains proactive mechanisms to resolve payment-related concerns before escalation, including direct communication channels with suppliers, structured escalation procedures for payment issues, and formal review processes for disputed invoices. As of the 2025 reporting period, the Hero Group reported one case of legal exposure related to payment disputes. Our dispute resolution framework, combined with clear payment terms and supplier engagement, supports our broader commitment to ethical business conduct and supply chain sustainability.



Governance Information



At the Hero Group, we regularly review payment terms and performance, collect supplier feedback, and invest in digital payment solutions and training for Procurement and Finance teams on ethical payment practices. These initiatives and upcoming KPI-based reporting demonstrate our commitment to transparent, fair and timely payment practices, reinforcing trust and resilience across our and our partners' global supply chain.

Metrics on corruption and bribery	Unit	2024	2025
Number of convictions for violation of anti-corruption and anti-bribery laws	Number	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	Number	0	0
Number of confirmed incidents of corruption and bribery, including:	Number	0	0
incidents in which own workers were dismissed	Number	0	0
incidents in which partner contracts were terminated	Number	0	0

Metrics on Code of Conduct Deployment	Unit	2024	2025
Strategic, key and high-risk suppliers with approved Code of Conduct	%	-	53%

Metrics on payment disputes	Unit	2024	2025
Number of legal proceedings currently outstanding for late payments	Number	0	0
Number of formal payment disputes initiated	Number	0	0
Number of payment-related complaints resolved	Number	0	0





Appendix

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Appendix

Material impacts, risks, and opportunities (IROs)



Section	Chapter	Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
				Upstream	Own operations	Downstream
Environmental information	Climate change	GHG Scopes 1, 2 & 3 emissions have a negative impact on climate and environment	Impact (-)	■	■	■
		Materials supply disruption and increased cost due to temperature changes, water scarcity, extreme weather events and other physical risks of climate change	Risk	■		
		Cost of transition to low emission economy (technology and carbon taxes)	Risk	■	■	
		Energy cost reduction thanks to investment in energy efficient technologies and optimization of production process	Opportunity		■	
	Water Stewardship	Water withdrawals and discharges in own operations	Impact (-)		■	
		Operations in areas of water risk, incl. areas of high-water stress	Risk		■	
		Optimization of water use in production	Opportunity		■	
	Biodiversity and ecosystems	Deforestation-linked commodities may promote land use change which harms climate, natural habitats and biodiversity	Impact (-)	■		
		Intense agriculture practices may harm water and soil conditions including terrestrial and aquatic biodiversity	Impact (-)	■		
		Water scarcity may disrupt supply of key crops	Risk	■		
		Regenerative agriculture practices may lead to resilient supply chains	Opportunity	■		
	Resource use and circular operations	High recycled content and recyclability of packaging reduce use of resources and environmental impact	Impact (+)	■	■	■
		Changing regulations on plastics and packaging leading to investment in new technologies	Risk	■	■	■
		Inefficient production process may result in food waste	Risk	■	■	
		Waste directed to landfill has negative impact on environment	Impact (-)	■	■	■

Note: * Impact (-) negative impact, impact (+) positive impact



Appendix

Material impacts, risks, and opportunities (IROs)

Section	Chapter	Description of Impact, Risks and Opportunity (IRO)	Type of IRO*	Location in value chain		
				Upstream	Own operations	Downstream
Social information	Food Safety and Quality	Poor quality and unsafe product may contribute to consumers' health negatively	Impact (-)		■	■
		Real or perceived poor quality and unsafe product poses a potential reputational and legal risk	Risk		■	■
	Health & Nutrition	Poor nutritional quality in some products may contribute to consumer health negatively	Impact (-)			■
		Consumer demand shifting towards healthier products creates business growth opportunities	Opportunity			■
		Potential reputational risk resulting from marketing communications practices being perceived as unethical	Risk			■
	Own workforce	Safe and healthy working environment has a positive impact on employees' physical and mental wellbeing	Impact (+)		■	
		Employee career progression through life-long learning, training and development	Impact (+)		■	
		Competitive and transparent reward and recognition system ensures that employees are paid fairly and adequately	Impact (+)		■	
		Equity, diversity and inclusion in the wokplace result in employees feeling valued and empowered	Impact (+)		■	
		Failure to maintain health and safety standards may result in workplace accidents and cause negative reputational and financial effect	Risk		■	
		Failure to provide learning and developing opportunities may negatively affect employee hiring and retention	Risk		■	
	Human Rights and labor practices	Sourcing child labor risk prone commodities may have negative impact on young workers	Impact (-)	■		
		Reputational or legal exposure in case of forced or child labor	Risk	■		
Governance information	Business ethics and governance	Ethical corporate culture offers employees a thriving work environment.	Impact (+)		■	
		Reputational risk due to unethical practices	Risk	■	■	
		Failure to protect whistle-blowers could undermine the efficiency of channels for raising business ethics-related concerns	Risk		■	

Note: * Impact (-) negative impact, impact (+) positive impact





Appendix

ESRS references

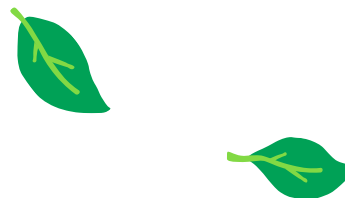


ESRS Standards	Pages
BP-1 General basis for preparation of sustainability statements	202
BP-2 Disclosures in relation to specific circumstances	203
GOV-1 The role of the administrative, management and supervisory bodies	206
GOV-2 Integration of sustainability-related performance in incentive schemes	209
GOV-3 Statement on due diligence	209
ESRS 2 - General Disclosures	
GOV-4 Risk management and internal controls over sustainability reporting	211
SBM-1 Strategy, business model and value chain	212
SBM-2 Interests and views of stakeholders	213
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	221
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	215
IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	331
Disclosures pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)	
E1 - Climate Change	
E1.GOV-3 Integration of Climate related performance in incentive schemes	209
E1-1 Transition plan for climate change mitigation	228
E1.SBM-3 Climate-related risks and scenario analysis	235-238
E1.IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	239-240
E1-2 Policies related to climate change mitigation and adaptation	245
E1-3 Actions and resources in relation to climate change policies	234
E1-4 Targets related to climate change mitigation and adaptation	229
E1-5 Energy consumption and mix	251
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	249
E1-7 GHG removals and GHG mitigation projects financed through carbon credits	249
E1-8 Internal carbon pricing	249
E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	245
E2 - Pollution	Not material



Appendix

ESRS references



ESRS Standards		Pages
E3 - Water and Marine Resources	E3.IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	254
	E3-1 Policies related to water and marine resources	255
	E3-2 Actions and resources related to water and marine resources	257
	E3-3 Targets related to water and marine resources	258
	E3-4 Water consumption	260
E4 - Biodiversity and Ecosystems	E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model	265
	E4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	224
	E4.IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	263
	E4-2 Policies related to biodiversity and ecosystems	265
	E4-3 Actions and resources related to biodiversity and ecosystems	266
	E4-4 Targets related to biodiversity and ecosystems	266
E5 - Resource Use and Circular Economy	E4-5 Impact metrics related to biodiversity and ecosystems change	274
	E5.IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	224
	E5-1 Policies related to resource use and circular economy	279
	E5-2 Actions and resources related to resource use and circular economy	280
	E5-3 Targets related to resource use and circular economy	283
	E5-4 Resource inflows	288
	E5-5 Resource outflows	288



Appendix

ESRS references



ESRS Standards		Pages
S1 - Own Workforce	S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	224
	S1-1 Policies related to own workforce	295
	S1-2 Processes for engaging with own workers and workers' representatives about impacts	300
	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	301
	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	294
	S1-8 Collective bargaining coverage and social dialogue	302
	S1-9 Diversity metrics	306
	S1-11 Social protection	303
	S1-12 Persons with disabilities	304
	S1-14 Health and safety metrics	307
S2 - Workers in the Value Chain	S1-17 Incidents, complaints and severe human rights impacts	307
	S2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	225
	S2-1 Policies related to value chain workers	309
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	310
S3 - Affected Communities	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	312
		Not material



Appendix

ESRS references

ESRS Standards		Pages
S4 - Consumers and End-users / informed disclosures for entity-specific " Food safety and quality" and "Health and Nutrition" material matters	S4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	225
	S4-1 Policies related to consumers and end-users	325
	S4-2 Processes for engaging with consumers and end-users about impacts	322
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	324
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	321
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	321
G1 - Business conduct	G1.GOV-1 The role of the administrative, supervisory and management bodies	206
	G1-1 Corporate culture and business conduct policies and corporate culture	329
	G1-2 Management of relationships with suppliers	331
	G1-3 Prevention and detection of corruption and bribery	332
	G1-4 Confirmed incidents of corruption or bribery	337
	G1-5 Political influence and lobbying activities	335
	G1-6 Payment practices	336





Appendix

Data points that derive from other EU legislation



Disclosure Requirement and related datapoint	Pages
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	207
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	207
ESRS 2 GOV-4 Statement on due diligence paragraph 30	209
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	229
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	231
ESRS E1-4 GHG emission reduction targets paragraph 34	229
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	251
ESRS E1-5 Energy consumption and mix paragraph 37	251
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	251
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions paragraph 44	249
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	249
ESRS E1-7 GHG removals and carbon credits paragraph 56	249
ESRS E3-1 Water and marine resources paragraph 9	253
ESRS E3-1 Dedicated policy paragraph 13	253
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	260
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	260
ESRS 2- SBM 3 - E4 paragraph 16 (a) I Activities negatively affecting biodiversity sensitive areas	271
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	264
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	266
ESRS E5-5 Non-recycled waste paragraph 37 (d)	278
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	278
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	302
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	302
ESRS S1-1 Human rights policy commitments paragraph 20	302
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	311
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	315
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	298
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	301



Appendix

Data points that derive from other EU legislation

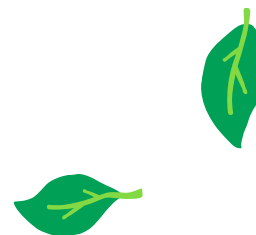


Disclosure Requirement and related datapoint	Pages
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	307
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	307
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	307
SRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	312
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	225
ESRS S2-1 Human rights policy commitments paragraph 17	296
ESRS S2-1 Policies related to value chain workers paragraph 18	309
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	313
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	305
ESRS S4-4 Human rights issues and incidents paragraph 35	305
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	329
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	334
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	332



Appendix

Statement on sustainability due diligence



CORE ELEMENTS OF DUE DILIGENCE

Paragraphs in the sustainability statement

a.Embedded due diligence in governance, strategy and business model	GOV-1 The role of the administrative, management and supervisory bodies (pages 206-208) Information provided to, and sustainability matters addressed by the administrative, management, and supervisory bodies (page 208) GOV-2 Integration of sustainability-related performance in incentive schemes (page 209)
b.Engaging with affected stakeholders in all key steps of the due diligence	SBM-2 Interests and views of stakeholders (page 213) Process to identify and assess material water stewardship-related impacts, risks and opportunities (page 215) Health and nutrition/Stakeholder engagement (page 319) Processes for engaging with consumers and end-users about impacts (page 324) Processes for engaging with own workers about impacts (page 301)
c. Identifying and assessing adverse impacts	IRO-1 Process to identify and assess material impacts, risks, and opportunities (pages 215-220) Process to identify and assess material water stewardship-related impacts, risks and opportunities (page 254) Process to identify and assess biodiversity and ecosystem-related material impacts, risks, and opportunities (page 263) Process to identify and assess material resource use and circular economy-related impacts, risks, and opportunities (page 279)
d.Taking actions to address adverse impacts	Hero Group Corporate Carbon Footprint (pages 247-249) Actions and resources related to water stewardship (pages 258-259) Actions and resources related to biodiversity and ecosystems (pages 271-274) Actions related to resource use and circular operations (pages 280-285) Taking actions related to material food safety and quality impacts on consumers (pages 323-324) Health and nutrition (page 319) Own workforce/ Employee health and safety (page 295-297) Compliance with due diligence requirements of the Swiss Code of Obligations (page 349)
e.Tracking the effectiveness of these efforts and communicating	Gross Scopes 1, 2, 3 and Total GHG emissions (page 249) Water consumption (page 260) Resource outflows (page 288) Food safety and quality/Performance metrics (page 326) Health and nutrition/Metrics and targets (page 319) Own workforce/ Health & Safety metrics (page 307)



Appendix

Alignment with TCFD recommendations



Theme	Recommended disclosures	Section of report/chapter	Sub-chapter	Pages
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	General disclosures/ Governance	GOV-1 The role of the administrative, management and supervisory bodies	206-209
			GOV-2 Integration of sustainability related performance in incentive schemes	209
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	General disclosures/ Governance	GOV-1 The role of the administrative, management and supervisory bodies	206-209
			GOV-2 Integration of sustainability related performance in incentive schemes	209
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental information/ Climate change	Climate-related risks and risk management	239-250
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Environmental information/ Climate change	Hero Group Corporate Carbon Footprint	247-249
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental information/ Climate change	Climate scenario analysis and its impact on strategy and business model	235-238
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Environmental information/ Climate change	Climate-related risks and risk management	239-240
	b) Describe the organization's processes for managing climate-related risks.	Environmental information/ Climate change	Climate-related risks and risk management	239-244
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Environmental information/ Climate change	Climate-related risks and risk management	239-250
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Environmental information/ Climate change	Integration of Climate related performance in incentive schemes	209
			Energy consumption and mix, Gross Scopes 1, 2, 3 and Total GHG emissions, GHG emissions intensity	247-251
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environmental information/ Climate change	Hero Group Corporate Carbon Footprint	247
			Gross Scopes 1, 2, 3 and Total GHG emissions	249
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Environmental information/ Climate change	Targets related to climate change mitigation and adaptation	228-229



Appendix

Swiss Code of Obligations



This Sustainability Report covers the reporting requirements as defined by the financial matters. For easy reference, please find below a table with page numbers of provisions of the amended Swiss Code of Obligations related to transparency on non- the relevant sections:

Swiss CO-Art.964b	Disclosure	Pages
Description of the business model	General disclosures/Strategy	201-225
	Policies adopted	228,230, 231, 234, 235, 240, 242, 245, 284
Environmental matters	Measures taken	232-234, 241, 243, 244, 246, 254-256, 265, 276, 279-280
	Main related risks	239-240, 245, 254, 257
	Main performance indicators	247-249, 250, 260, 274
	Policies adopted	309-310, 325
Social issues	Measures taken	309-310
	Main related risks	312, 314, 320
	Main performance indicators	326
	Policies adopted	293, 300-302, 305
Employee-related issues	Measures taken	295-298
	Main related risks	294, 296-298
	Main performance indicators	306-307
	Policies adopted	296, 309
Respect for human rights	Measures taken	299-303, 310
	Main related risks	294, 312, 314
	Main performance indicators	305
	Policies adopted	329
Combatting corruption	Measures taken	330
	Main related risks	331
	Main performance indicators	337
Swiss CO-Art.964j	Disclosure	Pages
Conflict minerals	Human rights and labor practices	316
Child labor	Human rights and labor practices	225, 302



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