



**DEFYING
THE LIMITS
GRI INDICATORS**

GENERAL CONTENTS

THE ORGANIZATION AND ITS REPORTING PRACTICES

2-1 Organizational details

Name of the organization: Grupo Herdez, S.A.B de C.V. (also referred to herein as “the Group”)

Nature of the company and legal form: Sociedad Anónima Bursátil de Capital Variable (Publicly Traded Company with Variable Capital)

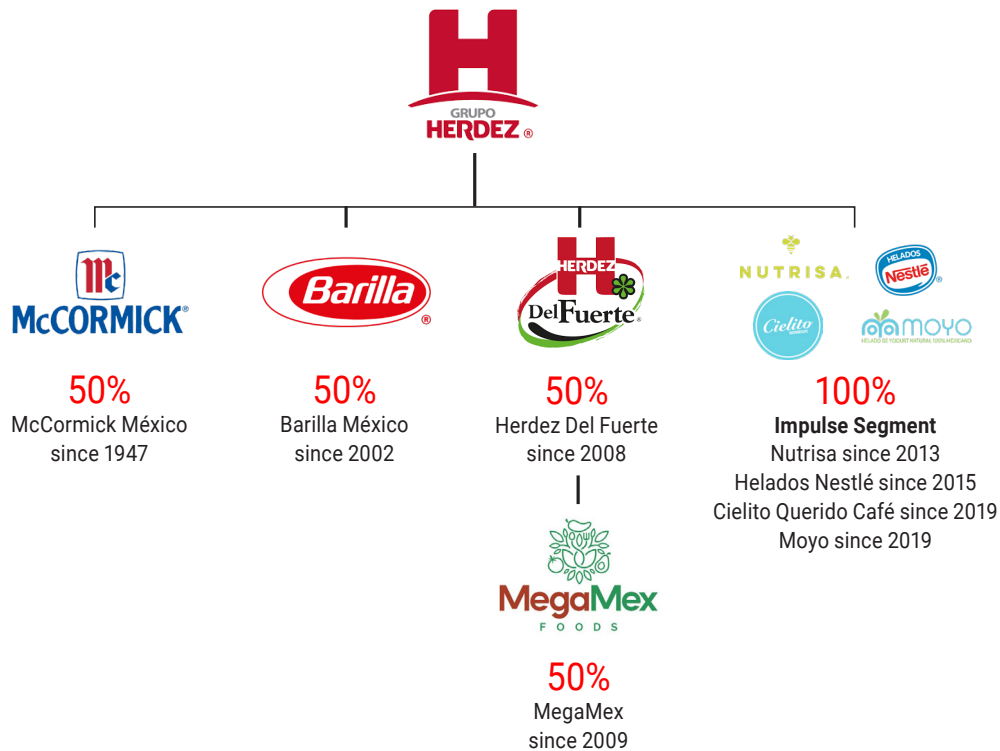
Location of Headquarters

Our corporate offices are located at Monte Pelvoux 215, Lomas de Chapultepec, Mexico City, C.P. 11000.

Countries in which it operates

Mexico

2-2 Entities included in the Sustainability Reporting



**Grupo Herdez consolidates 100% of the Impulse division, Herdez del Fuerte México, Barilla México, and McCormick de México.*

**The proportional participation of Herdez Del Fuerte in MegaMex is recorded under the caption "Equity Investment in Associated Companies".*

Grupo Herdez has 15 manufacturing plants (14 in Mexico and 1 in the United States); however, the Company does not directly operate the Oaxaca, Coahuila, Querétaro, and Dallas plants, as it has a shareholding but not the day-to-day operation of these plants. Therefore, since the Company does not operate these plants, we do not have the necessary information to present their Sustainability indicators.

The Group assesses the existence of control over those entities in which it does not have a majority shareholding, for which it evaluates whether it is exposed or has the right to variable returns from its involvement with the entity and has the ability to affect the performances through its power over the entity. If, as a result of the assessment, the Company determines that it exercises control over these entities, they are consolidated within the Group. In the event that there is no indication of the existence of control over the entities, the investment in these associated companies and joint ventures are recognized through the equity method.

[Annual Report 2022](#)

2-3 Reporting period, frequency, and contact details

Reporting period

The scope of the information in this Report covers the period from January 1, 2022 to December 31, 2022.

The Report will be published during the first half of 2023.

Contact Details

Corporate Offices: Monte Pelvoux 215, Col. Lomas de Chapultepec, Del. Miguel Hidalgo, C.P. 11000. Mexico City.

Contact: Mitzi Martínez Sánchez

msmartinezs@herdez.com

+52(55) 5201-5655 ext. 1249

2-5 External verification

Our Sustainability information is verified by Ernst & Young México (EY).

The scope of the verification is limited in nature considering the ISAE 3000 International Standard for Assurance works.

<http://2022.ia.grupoherdez.com.mx/verificacion>

ACTIVITIES AND COLLABORATORS

2-6 Activities, value chain and other business relationships

<https://2022.ia.grupoherdez.com.mx/en/social-impact/>

Grupo Herdez is a leading company in the processed food sector and one of the main players in the ice cream category in Mexico. It also has a strong presence in the United States through MegaMex, as leaders in the manufacturing and marketing of guacamole, as well as in the sauces and frozen Mexican food categories.

We participate in a wide range of categories, including homemade sauces, organic products, honey, ice cream, jams, mayonnaise, mole, mustard, pasta, spices, tea, tomato purée, tuna, among others.

These products are marketed through an exceptional Brand portfolio, among which the following stand out: Aires de Campo®, Barilla®, Blasón®, Búfalo®, Carlota®, Cielito Querido Café®, Del Fuerte®, Doña María®, Embasa®, Flaveur®, Helados Nestlé®, Herdez®, Libanius®, Liguria®, McCormick®, Moyo®, Nutrisa®, Wholly Guacamole® and Yemina®.

Additionally, we have distribution agreements in Mexico for Frank's®, French's®, Kikkoman®, Reynolds®, Lavazza®, Betty Crocker™, Pillsbury™, Nature Valley™, Fiber One™ and Haagen Dazs™ products.

We have 15 manufacturing plants, 24 distribution centers, 696 points-of-sale with the Brands Nutrisa®, Chilim Balam®, Cielito Querido Café® and Lavazza®, as well as a workforce of 10,587 collaborators.

During 2022, Grupo Herdez acquired Interdeli and Deli, Dips & Snacks, the manufacturing and marketing companies of ready-to-eat Lebanese products, for a total of \$587 million MXN.

The value chain considers the manufacture, marketing and distribution of food and beverages. The organization also includes processes of:

- Demand Planning
- Manufacture Planning
- Material planning
- Provision of Supplies
- Supply
- Operations
- Logistics
- Customer Service

In total we have **3,139** suppliers.

The number of suppliers of non-perishable raw materials was 235, with an amount of \$8,751,312,788.00 MXN.

The number of packaging material suppliers was 87, with an amount of \$4,019,112,497.00 MXN.

The number of agricultural suppliers was 63, with an amount of \$1,059,265,325.00 MXN.

Payments were made to suppliers for: \$25,302,435,128.00 MXN.

The largest amount was executed with suppliers of Raw Materials **\$8,751,312,788.00** MXN, and Packaging Material for **\$4,019,112,497.00** MXN.

The total number of customers is 32,863.

Estimated monetary value of payments made to its suppliers

Total Raw Material:

Domestic: \$7,960,191,609.87 MXN

Foreign: \$791,121,179.00 MXN

Packaging Material:

Domestic: \$3,906,666,314.38 MXN

Foreign \$112,446,183.89 MXN

Agricultural Raw Material:

Domestic: \$1,059,265,325.00 MXN

Note:

Local or domestic purchases are defined as suppliers that have their manufacturing location within Mexico. 93.5% are domestic raw material suppliers.

The main origin of soybeans is the United States; however, the refining process to the final product that we receive, which is soybean oil, is carried out in Mexico.

All of our agricultural producers have operations in Mexico, distributed throughout the Mexican Republic in the states of Aguascalientes, Baja California, Baja California Sur, Campeche, Chihuahua, Mexico City, Durango, Guanajuato, Hidalgo, Yucatán, Morelos, Nayarit, Nuevo León, Puebla, Quintana Roo, San Luis Potosí, Sinaloa, Sonora, Veracruz, and Zacatecas.

Downstream of the organization and their activities

We have 135 customers in the Preserves Business Unit and 32,728 customers in Frozen (Alimentos Benefits).

2-7 Collaborators

Breakdown of collaborators by gender

Year	Gender	Total	Percentage
2022	Man	6,078	57.49%
	Woman	4,509	42.58%
	Total	10,587	100%

Breakdown of collaborators by employment contract

Year	Gender	Manufacturing Plants	Temporary
2022	Man	5,451	627
	Woman	4,076	433
	Percentage	89.98%	10.01%
	Total	10,587	

Breakdown of collaborators by region

Year	Region	Manufacturing Plant	Temporary	Total	Percentage
2022	Corporate Offices	1,254	102	1,356	12.8%
	Manufacturing Plant	3,448	602	4,050	38.25%
	Distribution Centers	670	94	764	7.21%
	Stores	1,989	10	1,999	18.88%
	Sales Routes	2,166	252	2,418	22.83%

Notes:

For Grupo Herdez, significant operating locations are Corporate Offices, Manufacturing Plants, Distribution Centers and Stores in Mexico.

We do not have part-time contracts, all collaborators, including those hired on a temporary basis, have a direct contract with the company, nor do we have reduced workdays.

GOVERNANCE**2-9 Governance structure and composition**Governance structure

Management and representation of the company is entrusted to a Board of Directors and a Chief Executive Officer. To provide assistance in the performance of the administration, the Board of Directors has two main Committees: Audit and Corporate Practices, and from these Committees there are five auxiliary Committees: Sustainability, Risks, Communication, Marketing and Human Resources.

Committees of the highest governance body:

1. Audit Committee
2. Corporate Practices Committee
3. Sustainability Committee
4. Risks Committee
5. Human Resources Committee

Composition of the highest governance body and committees

Number of executive and non-executive members

Board of Directors: 2 executives and 7 non-executives

Corporate Practices Committee: 2 executives and 3 non-executives

Audit Committee: 3 non-executives

Independence

Board of Directors: Independent Members 6

Corporate Practices Committee: Independent Members 3

Audit Committee: Independent Members 3

Seniority of the members of the governing body

Board of Directors: 4 to 31 years of seniority

Corporate Practices Committee: 4 to 20 years of seniority

Audit Committee: 20 to 31 years of seniority

The number of other significant positions and engagements of each member and the nature of the engagements

1. The Chair of the Board of Directors is also the Chief Executive Officer and a member of the Corporate Practices Committee.
2. The Vice-Chair of the Board of Directors is also the Deputy Chief Executive Officer and a member of the Corporate Practices Committee.
3. A member of the Board of Directors is Chair of the Corporate Practices and Audit Committees.
4. Two members of the Board of Directors are also members of the Audit Committee.
5. Two members of the Board of Directors are also members of the Corporate Practices Committee.

Gender

Board of Directors: 2 women and 7 men.

Corporate Practices Committee: 0 women and 5 men.

Audit Committee: 0 women and 3 men.

Relevant competencies related to the organization's impacts

The Audit and Corporate Practices Committees are responsible for the competencies relevant to the organization's impacts, including those associated with the organization's business sectors, products and geographic locations.

BOARD OF DIRECTORS

Name	Age	Member since	Governing bodies	Responsibility
Owning Members				
Héctor Hernández-Pons Torres	>50	1991	Corporate Practices Committee	Chair of the Board of Directors and Chief Executive Officer
Enrique Hernández-Pons Torres	>50	1991	Corporate Practices Committee	Vice-Chair
Flora Hernández-Pons de Merino	>50	2004	Board of Directors of Grupo Herdez	Counsel of Fundación Herdez
Independent Members				
Enrique Castillo Sánchez Mejorada	>50	1991	Corporate Practices Committee	Chair
José Roberto Danel Díaz	>50	2003	Audit and Corporate Practices Committee	
Eduardo Ortiz Tirado Serrano	>50	2003	Audit Committee	Head of Labor Practices
Luis Rebollar Corona	>50	2004	Corporate Practices Committee	Head of Environmental Practices
Anasofía Sánchez Juárez Cardoze	<50	2018		
Michael Bernhard Jost	>50	2019	Audit Committee	

PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS**Héctor Ignacio Hernández-Pons Torres (Chair) (Owner) (Member of the Corporate Practices Committee) (Mexican)**

Graduated from Universidad Anahuac School of Law and from the National University of San Diego, Ca., where he studied a master's degree in business administration. He joined Herdez in 1978 in the Legal Department and since then has held different positions within the Company. In 2004, he was appointed Chair of the Board of Directors and Chief Executive Officer of Grupo Herdez.

In addition to his responsibilities within the Group, he has held several professional positions such as: Regional Counselor of Banamex and Nacional Financiera, Vice-Chair of CONCAMIN, Chair of the Board of Directors of Papalote Museo del Niño and of the National Chamber of the Food Preserves Industry (CANAINCA). He is currently Chair of Fundación Herdez, Board Member of Papalote Museo del Niño and CANAINCA, and participates as a member of the Board of Trustees of the Mexican Business Council and the Communication Council.

Enrique Hernández-Pons Torres (Vice-Chair) (Owner) (Member of the Corporate Practices Committee) (Mexican)

A graduate in Business Administration with postgraduate studies abroad in Marketing and Business Management, he has worked in Grupo Herdez since 1971 in various departments and positions such as Sales, Marketing, Accounting and other departments. He currently serves as Vice-Chair of the Board and Deputy Chief Executive Officer of Grupo Herdez and Chair of the Board of MegaMex in the United States.

His visionary and entrepreneurial spirit, in addition to his business sensibility, have generated constant growth in the companies he manages, forming strategic alliances with large transnational consortiums such as McCormick & Co., Hormel Foods, with the U.S. company MegaMex Foods, Barilla Italia, among others, entering new markets, taking advantage of the state-of-the-art technology of his Associates.

His leadership, always focused on results, together with his positive attitude, character and ability to work as part of a team, make him a first-class executive officer.

His personal and business relationships are another important element in his business management, regardless of being a lover of sports, gastronomy, and architecture.

Flora Hernández-Pons Torres (Member of the Board of Directors) (Owner) (Mexican)

A graduate in Psychology from Universidad Anáhuac, with degrees in Economics and Finance and Contemporary History, she is currently a member of the Board of Directors of Grupo Herdez, a position she has held since 2004. She has also been a member of the Board of Directors of Centro Mexicano para la Filantropía, Fundación para la Salud, Fraccionamiento Las Brisas in Acapulco, Mexicano de la Gastronomía, Club de Raqueta Bosques and she is currently counsel to Fundación Herdez.

Enrique Castillo Sánchez Mejorada (Member of the Board of Directors) (Independent) (Mexican)

He holds a Bachelor's degree in Business Administration. He began his professional career at Banco Nacional de México. He held various executive positions in Mexico at Nacional Financiera, Casa de Bolsa Inverlat, Seguros América, Invermexico/Banco Mexicano, Credit Suisse México and was Chair of the Board of IXE Grupo Financiero. He was also Vice-Chair and Chair of the Mexican Banking Association. He is currently Chair of the Board of Directors of Maxcom Telecomunicaciones, S.A.B. de C.V., and Chair of the non-executive Board of Directors of Banco Nacional de México (Citibanamex) and is also a member of the Board of Directors of Grupo Financiero Citibanamex. He is also a member of the Boards of Directors of Grupo Alfa, S.A.B. de C.V., Southern Copper Corporation, Unifin Financiera, S.A.B. de C.V., and Médica Sur, S.A.B. de C.V.

Anasofía Sánchez Juárez Cardoze (Member of the Board of Directors) (Independent) (Mexican)

She holds a bachelor's degree in Marketing from Tecnológico de Monterrey and a Master's degree in Communications, Advertising and New Media from the Institut des Hautes Études Économiques et Commerciales (now INSEEC) in France. She has also studied at HEC Paris and Wharton University, Philadelphia. She is a professor at the Instituto Superior para el Desarrollo de Internet (ISDI) in the Internet Business Master's program. She currently serves as Chief Executive Officer of Waze Hispanoamerica, and prior to joining Waze, she was Director of Business in Mexico and Central America at Facebook, a position she held for just over five years. Previously, she served as Brand Solutions Manager for Google and was Business Leader for YouTube Mexico.

Eduardo Ortiz Tirado Serrano (Member of the Board of Directors) (Independent) (Member of the Audit Committee) (Mexican)

Eduardo attended elementary, junior high and high school at Instituto Cumbres. He obtained a bachelor's degree in Business Administration from Universidad Anáhuac (1973-1977 generation).

He began his professional career in 1976 at Herdez, where he worked in the marketing department for almost six years.

In 1982 he joined Richardson Vicks, S.A. de C.V., where he worked for six years in the marketing department. During the last two years he worked for Procter and Gamble, which acquired Richardson Vicks worldwide. He joined SC Johnson and Son, S.A. de C.V. in March 1988 as Marketing Director. In 1992 he participated for ten months in a sales training program in Los Angeles, California as International Sales Associate. In 1993 he returned to Mexico and was appointed Commercial Director of SC Johnson Mexico and Central America and in 1995 he was promoted to Chief Executive Officer of Mexico and Central America. In April 2001, he was appointed Vice-Chair and Chief Executive Officer of Mexico and Central America. Eduardo retired from SC Johnson in January 2013. He subsequently served as Chief Executive Officer of Aerobal and Grupo Zapata.

He currently serves on the boards of the following companies and foundations: Independent Member of Grupo Herdez, S.A.B. de C.V., and member of the Audit Committee. As of January 2020, is an Independent Member of PROCESA; Member of Fundación Un Mañana para la Comunidad, A.C.; Member of Fundación Xochitla, A.C.

Previously, he served as Member of the Board of Directors of several organizations, among others:

Counsel of Suppliers of Walmart de México y Centroamérica since its creation and until January 2013; Consejo de Autorregulación y Ética Publicitaria, A.C. (CONAR); Centro Mexicano para la Filantropía (CEMEFI), and Member of the Executive Committee. In 2009, he was Chair of the Annual Shareholders' Meeting of CEMEFI; Member of the Board of Directors of ENACTUS Mexico; Member of the Board of Directors of the Advisory Board of Great Place To Work -Mexico.

José Roberto Danel Díaz (Member of the Board of Directors) (Independent) (Chair of the Corporate Practices and Audit Committees) (Mexican)

Public Accountant, graduated from Universidad Iberoamericana. He has postgraduate studies in Management at the Instituto Tecnológico Autónomo de México (ITAM); in Senior Management at the Instituto Panamericano de Alta Dirección de Empresa (IPADE); and in Corporate Governance at the Yale School of Management, the Graduate School of Business at Stanford University and the Harvard Business School.

As an independent member of the Board of Directors he chairs or sits on various committees of the Board itself, in public and private companies and financial institutions. He is a member of the Colegio de Contadores Públicos de México, the Instituto Mexicano de Contadores Públicos, and was a member of the Instituto Mexicano de Ejecutivos de Finanzas.

Chair of the Corporate Governance Best Practices Committee of the Consejo Coordinador Empresarial; member of the Latin American Institute of Corporate Governance (OECD-World Bank), the National Association of Corporate Directors (USA), the International Corporate Governance Network (UK) and its Risks Committee.

Michael Bernhard Jost (Member of the Board of Directors) (Independent) (Member of the Audit Committee) (Swiss)

Professional in the financial field, graduated in “Economics and Business Administration” from the University of Berne, he has 25 years of experience in Latin America, of which for 17 years he has held the position of Chief Financial Officer of the Nestlé Group. He has led initiatives in mergers, acquisitions, divestitures; he has implemented restructuring initiatives; he has supported strategic planning processes and enterprise risk management. Served as a member of the Compensations Committee and the Compliance Committee at Nestlé Brazil and Nestlé Mexico.

Luis Rebollar Corona (Member of the Board of Directors) (Independent) (Member of the Corporate Practices Committee) (Mexican)

Chemical Engineer graduated from the Universidad Nacional Autónoma de México (UNAM), with experience as Chief Executive Officer of Fábrica de Papel San Rafael, Cia. Industrial de San Cristóbal, Alcatel, Sidek y Situr. He was also Member of the Boards of Directors, serving as Chair of the Board at Sidek y Situr. He is currently Member of the Board in Grupo Gigante, Grupo Sánchez and Grupo Industrial Mexicano. He participated in the restructuring of Satélites Mexicanos, serving as Chair of its Board. For 18 years, he was Chair of the Board of Sandvik de México.

Governing bodies

Governing bodies	Women			Men			Total members
	Under 30 years old	30 to 50 years old	Over 50 years old	Under 30 years old	30 to 50 years old	Over 50 years old	
Board of Directors	-	1	1	-	-	7	9
Audit Committee	-	-	-	-	-	3	3 (100% independent)
Corporate Practices Committee	-	-	-	-	-	5	5 (60% independent)
Risk Committee	-	2	-	-	3	5	10
Sustainability Committee	-	1	-	-	2	8	11
Crisis Committee	1	5	-	-	7	9	22
Ethics Subcommittee	-	2	-	-	-	2	4

Functions of the Committees	
Committee	Functions
Audit Committee	To provide support, express opinions, and counsel on guidelines regarding internal control and audit, accounting policies, financial statements, engagement of external auditors, risks to which the Company is exposed, information and communication policies with shareholders and the market.
Corporate Practices Committee	To provide its opinion regarding policies and guidelines for the use or enjoyment of the assets that make up the Company's equity, the transactions that the Company intends to enter into, appointment and election of the Chief Executive Officer, policies for the granting of loans or credits; to provide dispensations so business opportunities can be exploited; to assist the Board of Directors in the performance of activities set forth in Article 42 of the Securities Market Law and those set forth in the Code of Best Corporate Practices.
Risk Committee	To identify the risks that affect the achievement of the objectives of the department(s) under its supervision, as well as to measure, analyze and monitor them; formulate appropriate response mechanisms (controls) for the identified risks and implement them in an efficient manner; and establish the basis for reporting to the Risks Committee.
Sustainability Committee	To follow up on the Sustainability Strategy within the three pillars: People, Community and Planet.
Ethics Committee	To issue guidelines and directives for ethical behavior; to contribute to the ethical management of the Company by issuing regulatory documents (policies and procedures); to resolve conflicts regarding evaluations, conflicts of interest, and conflicts of behavior among stakeholders.

2-10 Appointment and selection of the highest governance body

The appointment and selection processes for the highest governance body are as follows:

Members of the Board of Directors (BOD): Each year at the Annual Shareholders' Meeting, shareholders decide whether the current members are to be ratified, revoked or appointed.

To be eligible for selection, Board Members must meet the following requirements:

Professional training in economic-administrative sciences and desirable postgraduate studies in these areas.

A minimum of twenty years of professional experience in executive positions in consumer goods companies and/or the financial sector.

Experience as Board Members in companies of the manufacturing industry and/or the financial sector.

Membership in business organizations.

Members of the Committees: It is within the power of the Board of Directors to appoint, revoke or ratify the current members of the Committees during the BOD sessions.

Note:

The criteria used for the appointment and selection of the members of the Board of Directors are based on their knowledge, experience, and prestige, taking into account the opinions of the shareholders, diversity and independence. The above is carried out at the Annual Shareholders' Meeting.

2-11 Chair of the highest governing body

The Chair of the Board of Directors is also the Chief Executive Officer of the organization. The roles involved are:

1. As Chief Executive Officer, he is responsible for coordinating the operations of the group's various businesses, through the knowledge of the Board of Directors.
2. As Chair of the Board, he participates in the Group's strategy.
3. Conflicts of interest are avoided and mitigated by having 6 independent members of the Board of Directors who have the power to remove the Chief Executive Officer, and the Audit Committee is in charge of ensuring that the Group's Policies are not infringed, and, if necessary, will analyze and take the pertinent actions and measures.

2-12 The highest governance body's role in overseeing the management of the impacts

The Board of Directors meets quarterly and has intermediate bodies responsible for overseeing the management and execution of the objectives of Grupo Herdez. As is the case with the Company's other indicators, progress on Sustainability is presented at these BOD sessions.

2-13 Delegation of responsibility impact management

The Board of Directors meets quarterly and has intermediate bodies responsible for overseeing the management and execution of the objectives of Grupo Herdez. As is the case with the Company's other indicators, progress on Sustainability is presented at these BOD sessions.

The Sustainability Committee is comprised of the Group's Executive Committee. The Finance and Information Technology Executive Department leads the Finance and Sustainability Department, which establishes the strategy and coordinates the efforts within the Company. There is also an Environmental Sustainability Department that, together with the technical departments, complements the team of collaborators dedicated to achieving the objectives of the sustainability strategy of Grupo Herdez.

2-14 Role of the highest governance body in Sustainability reporting

The Board of Directors meets quarterly and has intermediate bodies responsible for overseeing the management and execution of Grupo Herdez's objectives. As is the case with the Company's other indicators, progress on Sustainability is presented at these BOD sessions.

The Sustainability Committee is comprised of the Group's Executive Committee. The Finance and Information Technology Executive Department leads the Finance and Sustainability Department, which establishes the strategy and coordinates the efforts within the Company. There is also an Environmental Sustainability Department that, together with the technical departments, complements the team of collaborators dedicated to achieving Grupo Herdez's objectives of the sustainability strategy.

In addition, the Company has four interdisciplinary work groups made up of more than 50 collaborators focused on implementing and advancing the strategy.

The working groups are:

1. Diversity and Inclusion
2. Balanced Diet
3. Environmental Performance
4. Circularity

2-15 Conflicts of Interest

In order to prevent conflicts of interest, each director signs a statement representing the absence of conflicts of interest. Additionally, each Committee has its own rules of procedure that establish its duties and relationship with the Board of Directors.

We also have a Code of Ethics and a Conflict of Interest Policy, which are binding documents that are mandatorily applied to all collaborators.

The Company files every year with the Mexican Stock Exchange its Annual Report where it mentions the Controlling Shareholders and transactions with Related Parties. Likewise, the Annual Report of the Head of the Corporate Practices Committee also refers to transactions with Related Parties.

2-19 Compensation Policies

In accordance with the Company's bylaws, the compensation of the Members of the Board and the Committees is determined at the Annual Shareholders' Meeting, which last year was three coins of \$50.00 gold pesos (centenario), or its equivalent, for their attendance to each BOD session and two coins of \$50.00 gold pesos, or its equivalent, for their attendance to each Committee session.

2-20 Process for determining compensation

In accordance with the Company's bylaws, the compensation of the Board Members is three coins of \$50.00 gold pesos (centenario), or its equivalent, for their attendance to each BOD session, regardless of the Group's results.

The Corporate Practices Committee is responsible for validating the compensation of the Company's main executives, including that of the Chief Executive Officer.

See the [2022 Annual Report](#)

STRATEGY, POLICIES AND PRACTICES

2-22 CEO Statement on Sustainable Development

To the Shareholders of Grupo Herdez:

There is no guidebook outlining, step by step, the best way to become one of the most important food companies in the country. However, with an admirable determination, at Grupo Herdez we have succeeded and remained so for more than a century.

Three years after the pandemic began, the global outlook continues to surprise us. Supply chains and store traffic remain inconsistent, inflation has been constant, commodity prices and availability of raw materials were unpredictable, water scarcity is not backing down, and we saw the outbreak of a war with implications that are hard to predict.

But throughout 2022, we demonstrated what we are capable of never letting our consumers down: we challenged the limits of what is familiar and bet on innovative ways to deliver results in our impact areas.

CHALLENGING THE ECONOMIC ENVIRONMENT: OUR ECONOMIC PERFORMANCE

With our characteristic proactivity and flexibility, we navigated a year of great economic challenges for the country and the world. The post-pandemic recovery demanded the best of us, as we had to face scenarios of great uncertainty.

We achieved a new record: our consolidated net sales grew 21.0%, reaching \$31,646 million Mexican pesos.

The Preserves segment grew 20.8% to reach \$25,343 million Mexican pesos. We believe this was due to price increases and, to a lesser extent, higher sales volumes.

In this context, consumption remained solid, and Mexicans showed loyalty to our traditional Brands, resulting in a stellar performance in half of our portfolio. This allowed us to gain market share in the main categories we handle, especially mayonnaises, pastas, tomato purée and canned vegetables.

In the Impulse segment, sales increased by 19.7% to \$3,917 million pesos, derived from the continued recovery of store traffic and an increase in the average sales ticket above the numbers we were seeing in 2019.

In Helados Nestlé®, we decided to optimize our portfolio by prioritizing profitability, and we promoted premium products in the traditional channel, which brought us a 25.0% increase in sales.

Sales in the Exports segment increased by 25.3% to \$2,386 million pesos, with mole and homemade sauces being the categories with the highest growth.

As a result of the increase in raw material prices, we saw a 1.5 percentage point reduction in our consolidated gross margin, but this was partially offset by our own price adjustments, resulting in a 35.4% increase.

On the other hand, the focus on operating leverage and expense discipline was instrumental in reversing the pressure on gross margin. General expenses as a proportion of sales decreased 1.4 percentage points.

EBIT before other income and expenses increased by 20.3%, reaching a record \$3,712 million pesos. The Preserves segment recorded a 16.4% increase in this indicator. Consolidated EBIT was 27.4% higher than the previous year, with a 0.6 percentage point margin expansion to 12.1%.

EBITDA was \$4,943 million pesos, which is 25.3% above 2021, with a margin expansion of 0.5 percentage points to 15.6%.

As for the equity interest in Associated Companies in the Income Statement, we saw a decrease of 42.0% mainly due to the performance of MegaMex which, although it placed its net sales 11.4% above 2021 for a total of \$16,337 million pesos, was strongly impacted by the high cost of distribution and avocado in the United States, causing a drop in net income of 42.8%, bringing it down to \$870 million pesos.

As a result, the Group's consolidated Net Income grew only 9.0% to \$2,266 million pesos, while the majority net income was \$777 million pesos, which is 7.0% above the previous year, with a margin of 2.5%, only 0.3 percentage points lower than the previous year.

The combination of our financial results and our sustainability strategy made it possible to successfully issue a \$3 billion pesos sustainability-linked bond in the local market, with the lowest differential rate in the Company's history.

With these resources, we repaid a bank loan, invested \$726 million pesos in assets, acquired own shares for \$421 million, invested \$587 million in the acquisition of Interdeli and Deli Dips & Snacks, and still ended with a cash position of \$2,406 million, \$190 million more than in 2021.

The Group's total debt at year-end was \$11,274 million pesos, a slight increase of 3.4% compared to the previous year. The Net Debt to EBITDA ratio decreased to 1.8 from 2.2 times.

Total yield to investors stood at 7.1%, considering share repurchases and dividends paid.

These results for the year remind us and demonstrate that, despite persistent challenges, we are prepared to face whatever the economic environment throws at us.

WE CHALLENGE THE SCOPE OF OUR PORTFOLIO

Consumers are at the center of our strategy; we venture into new categories or develop innovative technological tools to decipher their behaviors, always looking for ways to satisfy them more and better.

Through our associate Herdez Del Fuerte México, we entered the Mediterranean food segment by acquiring Interdeli and Deli Dips & Snacks, thus expanding our portfolio with the Brands Libanius®, Flaveur® and Liguria®, among others, which are pioneers in the production and marketing of ready-to-eat Lebanese products in Mexico.

This opens the way for us in the dips category, which showed a growth of 8.6% in 2022 at the national level, to develop the "mexiterranean" concept, an explosive fusion between the two cuisines.

And just as we helped McCormick & Company enter the Mexican market 75 years ago with the recipe for mayonnaise with lime, we are now relying on them to launch in the United Kingdom one of the most iconic products in our catalog and in the country: Herdez sauce.

It is no surprise that consumers have a strong appetite for authentic Mexican products and flavors in an international market currently dominated by Tex-Mex. As the fourth most in-demand international cuisine, the Mexican food category in the UK is booming with 19.0% year-on-year growth and a market value of £228 million.

The portfolio of products we are bringing to European tables-including meal kits, sauces and condiments-gives consumers the inspiration and ingredients they need to enjoy and celebrate the true flavors of our Mexico.

With this launch, we reaffirmed our position as recognized ambassadors of Mexican cuisine. In less than a year, we achieved 5.5% shelf share in the Tesco supermarket chain, which recognized us as the best-performing international cuisine launch of 2022.

Finally, we continue to take giant steps to strengthen our digital transformation.

The next goal is to integrate these artificial intelligence tools into all of our supply chain processes and even predict sales in our retail stores and cafeterias.

Through our positioning and interaction efforts on digital platforms, we increased our sales through e-commerce channels sevenfold and achieved at least 32 impressions during the year in each Mexican with access to the internet. This is thanks to constant digital listening and rigorous study of data to better understand our role in the kitchen.

This is what innovation is all about: never stop expanding our capabilities to adapt and stay ahead of the times.

WE CHALLENGE OUR SUSTAINABLE PERFORMANCE STANDARDS

After a decade of joining the United Nations (UN) Global Compact, we reaffirmed our commitment to the 2030 Agenda. This year, we have strong and measurable results that contribute to the Sustainable Development Goals of Zero Hunger, Responsible Consumption and Production, Clean Water and Sanitation, Climate Action, Decent Work and Economic Growth, and Gender Equality.

After obtaining the “Empresa Socialmente Responsable” (Socially Responsible Company) mark for the fourteenth consecutive year, the Centro Mexicano para la Filantropía (Mexican Center for Philanthropy) awarded us for the first time the marks of “1% Social Investment” and “Social Inclusion”. Annually, we invest more than 2.5% of our Net Income in social programs.

We issued our first Sustainability-linked bond.

In turn, consistent with the UN CFO Coalition and the impulse of finance as a trigger for sustainable management, our first bond linked to sustainability is a commitment to reduce water consumption per ton produced by 25% by the year 2030, taking 2018 as the base year.

We obtained a rating of 52/100 in S&P’s Corporate Sustainability Assessment (CSA), an annual evaluation of sustainable practices, ranking us 14th among companies in the sector globally.

We also signed the Food Pact, a national initiative promoted by the Banco de Alimentos de México in which companies voluntarily commit to reduce food losses and waste by 50% over the next 10 years.

Alliances like this strengthen and solidify our commitments to the global sustainability agenda.

In our tireless effort to promote Mexican gastronomy, we opened the doors of the Casa Doña María Pons, an extension of the Fundación in San Luis Potosí, and renovated the permanent exhibition of the Museo Galería Nuestra Cocina Duque de Herdez in Mexico City’s Historic Center.

Our Saber Nutrir® (Knowing How To Nourish) social responsibility program, which has been running for more than 15 years in Estado de México, Chiapas and Yucatán, expanded its scope to reach the community of Santa Elena in Lagos de Moreno, Jalisco, where our ice cream plant operates.

With this new project, we trained and worked closely with 20 families to install 20 vegetable gardens, 20 stormwater harvesting systems, and 20 water and sanitation systems. In addition, we carried out nutritional monitoring of 60 children under 12 years of age.

Finally, to enhance the visibility and leadership of our collaborators, we started the first stage of the Diversity and Inclusion Program -based on the results of the diagnosis we conducted in 2020- and signed the United Nations Women Empowerment Principles, which aim to promote gender equality in the workplace, the workforce, and the communities.

WE CHALLENGE THE IDEA OF WHAT IS POSSIBLE

Challenging limits is not just about overcoming obstacles, but about trusting ourselves and our ability to do extraordinary things.

As we close another year of operations with such encouraging results, it is clear how a culture of innovation, trust and excellence has become deeply rooted in the fabric of Grupo Herdez.

It is thanks to the commitment of our shareholders, partners and suppliers, coupled with the preference of our consumers and customers, that we have been able to fulfill our most ambitious goals, surpassing even the highest expectations and most challenging environments.

The ability of our people to come up with creative solutions, work as a team and persevere in order to make a positive impact in everything we do is an example for the industry. It is our way of contributing to Mexico's development.

Let nothing stop us from going beyond what we believe is possible.

2-23 Commitments and Policies

Grupo Herdez has a Code of Ethics and Policies that govern the activities of all its collaborators, in addition to various legal regulations. Likewise, principles are established to prevent breaches of policies in compliance with human rights, which we fully support in accordance with the United Nations Global Compact on Human Rights, the International Labor Organization and Mexican laws on this matter, likewise, we respect the dignity of our collaborators and strive to guarantee their rights.

We are convinced that respect for human rights is essential for the integral development of people and is a fundamental requirement for the prosperity of our organization and Mexico. Therefore, we urge our collaborators, partners, suppliers, and contractors to support our Policies, as we value working with those who share this commitment. This is set forth in our Code of Ethics, as well as in our Human Rights and Diversity and Inclusion Policies. These Policies are approved by the department director and the Chief Executive Officer.

Policies and codes can be viewed on our website: <https://grupoherdez.com.mx/centro-de-descargas/>.

Grupo Herdez also has a Code of Conduct for Suppliers, so every time a supplier is registered, it is essential that they sign this Code.

Internal communication of commitments and policies

Upon joining Grupo Herdez, collaborators are made aware of the Code of Ethics, and the Human Resources Department shares the Policies with all collaborators by e-mail when a new policy is approved. Likewise, some Policies are posted on the website of Grupo Herdez as well as on the Company's intranet. Business partners are made aware of them when they intend to enter into a relationship with Grupo Herdez.

In Grupo Herdez we promote a Culture of Ethics and Legality through different initiatives in which more than 9,000 collaborators received training related to our Code of Ethics, Legality and/or Human Rights during 2022.

2-24 Incorporation of Permits and Policies

Grupo Herdez has created and implemented Policies that govern the conduct of collaborators. Likewise, training is implemented to reinforce the content and understanding of the Policies. In the event that any policy is

violated, we have a complaint channel in the Internal Audit Department, which is responsible for dealing with complaints and then reporting them to the Audit Committee to adopt the appropriate measures.

Commitments in organizational strategies and operating procedures policies are integrated through policies, guidelines, regulations, and training.

Its commitments to its commercial relationships are implemented through contracts, agreements, and the signing of the Code of Conduct for Suppliers.

<https://grupoherdez.com.mx/centro-de-descargas/>

2-26 Mechanisms for seeking advice and raising concerns

All levels of authority within the company and stakeholders, such as suppliers and collaborators, are governed by our Codes and Policies which are continually reinforced through training, communications and meetings. The following mechanisms are in place:

Internal

Email: confianza@herdez.com

Suggestion box installed in various locations

External

Confianza Toll-Free Line: 800 Confianza (800-266-34-26-92 or 800 2663426).

The availability and accessibility of the advisory mechanisms for collaborators and business partners are any internal collaborator, external collaborator, supplier, or customer has access to said mechanisms.

The means of communication implemented (telephone lines and e-mails) are available 24 hours a day, 7 days a week, 365 days a year.

2-27 Compliance with laws and regulations

In 2022, the National Water Commission (Comisión Nacional de Agua or CONAGUA) imposed a fine of \$150,103.00 MXN on Herdez, S.A. de C.V. since, as a result of an inspection visit carried out by said authority in September, it was discovered that the validity of the concession title for wastewater discharge from the Distribution Center (CEDIS México) located in Cuautitlán, Estado de México, had expired. As a result, CONAGUA suspended the discharge of wastewater at the México Distribution Center. Herdez, S.A. de C.V. duly paid the fine, and at the end of 2022 filed with CONAGUA the application for a new concession title for the discharge of wastewater at México Distribution Center.

2-28 Membership in associations

Industrial:

- Mexican Association of the Coffee Production Chain (AMECAFE or Asociación Mexicana de la Cadena Productiva del Café)
- National Chamber of Metal Containers Manufacturers (CANAFEM or Cámara Nacional de Fabricantes de Envases Metálicos)
- Mexican Association of Biscuit and Pasta Manufacturers (AMEXIGAPA or Asociación Mexicana de Industriales de Galletas y Pastas)
- National Association of the Food Supplements Industry (ANAISA or Asociación Nacional de la Industria de Suplementos Alimenticios)
- National Chamber of the Food Preserves Industry (CANAINCA or Cámara Nacional de la Industria de Conservas Alimenticias)
- National Chamber of Dairy Industry (CANILEC or Cámara Nacional de Industriales de la Leche)
- Mexican Council of the Consumer Products Industry (CONMEXICO or Consejo Mexicano de la Industria de Productos de Consumo)
- National Council for Organic Production (chaired by SAGARPA) (CNPO or Consejo Nacional de Producción Orgánica)
- International Federation of Organic Agriculture Movements (IFOAM or Federación Internacional de Movimientos en Agricultura Orgánica)
- Mexican Organic Movement (Movimiento Orgánico Mexicano)

Business:

- Mexican Association of Standards for Electronic Commerce (AMECE or Asociación Mexicana de Estándares para el Comercio Electrónico)
- In Favor of the Best (A Favor de lo Mejor)
- Foreign Chambers of Commerce: Canadian, British, Spanish and American.
- Confederation of Industrial Chambers (CONCAMIN or Confederación de Cámaras Industriales)
- Business Coordinating Council (CCE or Consejo Coordinador Empresarial)
- Corporate Voice Communication Council (Consejo de la Comunicación Voz de las Empresas)

Sustainability:

- Mexican Center for Philanthropy (CEMEFI or Centro Mexicano para la Filantropía)
- Commission of Studies of the Private Sector for Sustainable Development (CESPEDES or Comisión de Estudios del Sector Privado para el Desarrollo Sustentable)
- Business Commitment for the Integral Management of Solid Waste (SUSTENTA or Compromiso Empresarial para el Manejo Integral de Residuos Sólidos)

- Basin Councils (Consejos de Cuenca chaired by CONAGUA)
- ECOCE (Nonprofit Environmental Association)
- GEMI Initiative (Global Environmental Management Initiative)
- United Nations Global Compact
- CFO Coalition for the SDGs
- Zero Hunger, Circular Economy and Biodiversity Global Compact Working Groups
- Business Coordinating Council
- Working Group “Climate and Health” of the Organization for Economic Cooperation and Development (OECD)

STAKEHOLDER PARTICIPATION

2-29 Approach to stakeholder participation

Stakeholder Group	Participation Approach	Key Issues and Evaluation	Communication Channels	Frequency on participation
Zero Hunger, Circular Economy and Global Compact Biodiversity •Business Coordinating Council -Working Group "Climate and Health" of the Organization for Economic Cooperation and Development (OECD). Shareholders	Interest regarding the impact of environmental and social risks on the Company's performance.	Continuous improvement of shareholder and sustainable performance.	Annual Report	Annual
	Positioning of the Group as a company committed to sustainable development.		Website	Permanent
			Quarterly reports	Quarterly
Collaborators	Adequate management of resources and inputs consumed in production processes.	Establish a competitive standard in our collaborators, generating talent development, trust, and commitment.	In-house magazine "Hechos con Amor" (Made with Love)	Bimonthly
			Bulletin boards in all locations	
			E-mail/brochures	
	Fundamental piece in the development of operations and achievement of objectives	Execution of training programs and development plans.	Universidad Grupo Herdez On-line Platform	Permanent
			Print and digital internal Permanent communication with organizational and local coverage	
Life programs focused on improving well-being	Benefits and permanence in the business	Organizational environment survey	Every three years	
		Training and awareness courses	Permanent	
Community	The Saber Nutrir® program is focused on improving nutritional conditions in Mexico	Diversify projects in the communities to achieve food security. Nutritional monitoring of children	Website sabernutrir.com.mx	Permanent
	The objective of Fundación Herdez is to contribute to the promotion of research, education and better food development in the country. The museum, library and Interpretation Center offer courses, guided tours, as well as the publication program on Mexican gastronomy	Diversify sales channels for publications and increase the impact of its intervention models.	Website fundacionherdez.com	
Consumers	Positioning Grupo Herdez as a sustainable company, aware of its impact on the environment	Growing consumer interest in corporate sustainability practices, encourage consumer participation.	Mass and digital media campaigns	Permanent
	Communicate the impact of our products on society and the environment	Transparency in our environmental and social performance.	Website https://porunmundomasvivo.com/	
Suppliers	Promote the adequate procurement, exploitation and efficient use of resources to guarantee the sustainability of operations.	Comply with the certification of the quality and food safety system of Grupo Herdez	Questionnaire and feedback via e-mail	Permanent
		Obtain a performance evaluation	Via e-mail	

2-30 Collective bargaining agreements

We respect the right to collective bargaining. Of the 10,587 collaborators, 31% are covered by a collective bargaining agreement.

MATERIAL CONTENTS

GENERAL TOPICS

3-1 Determination process for material issues

The material issues of Grupo Herdez were identified in accordance with the Materiality Analysis, considering the key stakeholders.

The explanation of the economic performance can be found in the [Chief Executive Officer's letter in the 2023 Annual Report](#).

For Grupo Herdez, complying with labor conditions and relations allows us to improve the quality of life, working conditions and more equal opportunities for all our collaborators. Together with training and career development, we foster a work environment where they can develop their personal and professional capabilities to the fullest, thereby we retain the best talent through training, development and continuous feedback plans; recognition of merit; respect for the collective organization, and a culture of ethical performance.

Health, safety and occupational welfare is fulfilled through the unification of strategies and continuous improvement processes, managed by the Department of Environmental Control, Safety and Health (Control Ambiental, Seguridad e Higiene, or CASH, as per its initials in Spanish); we safeguard the integrity and well-being of our operating personnel; we prevent and mitigate incidents that affect the environment, and we maintain a culture of safety and risk prevention, thus guaranteeing the continuity of our operations.

In terms of legal compliance and ethics and anticorruption, the Code of Ethics is the set of basic principles and guidelines of conduct applicable to all of us who are part of the Group, so it is our responsibility to comply with it and enforce it. This code also seeks to ensure that the conduct of each collaborator is consistent with our Mission, Vision, and Values, which are an essential part of our organizational culture. Through training sessions, communication campaigns and various initiatives, we strengthen the norms and values under which we operate, thus promoting ethical behavior in our value chain.

We recognize the importance of having collaborators and strategic partners that share our comprehensive ethical approach, which allows us to have regulatory agents that reject and denounce illegal acts such as corruption, bribery and any violation of human rights, which are the main social problems we face today and that prevent us from having fair, peaceful and inclusive societies.

The Research and Development department of Grupo Herdez is responsible not only for conceptualizing products that anticipate or adapt to the changing lifestyles and needs of our customers and consumers in order to comply with the health, safety and well-being of the consumer, but also for making the necessary modifications in terms of health, safety, quality and nutrition to our broad portfolio of existing products.

In Grupo Herdez we promote a culture of respect and care for the environment, creating programs that reduce the impact on our surroundings and thus comply with environmental matters. The priority issues being: water, energy, emissions, waste and materials.

3-2 List of material issues

The material issues identified in the materiality analysis performed in 2019 were:

Critical issues

- Consumer health, safety, and welfare
- Brand trust and reputation
- Innovation (products and processes)
- Sustainable packaging, reuse, and recycling

Strategic issues

- Profitable market growth and financial sustainability
- Water management
- Energy consumption and efficiency
- Ethics and Anticorruption
- Occupational health, safety, and welfare
- Labor conditions and relations
- Quality and safety in the value chain
- Transparency in product information and labeling
- Training and career development
- Legal compliance
- Consumer experience

The next update of the Materiality Analysis is expected to be performed in 2023, once we achieve maturity of the different programs and actions that arose from the previous analysis and that had adaptations in the execution due to the COVID-19 health crisis that impacted the Company since 2020.

3-3 Management of material issues

Updated Environmental Policy

In June 2022, we updated our environmental policy, which establishes environmental guidelines with a preventive approach that promotes initiatives, favors sustainable development, and spreads new technologies so that Grupo Herdez can reduce the environmental impacts of its operations within the guidelines and scope established in the environmental management system.

Likewise, this policy is universally applicable to all Manufacturing Plants, Distribution Centers and Associated Businesses that are considered within the guidelines and scope of the Environmental Management System.

In this policy, the environmental guidelines are as follows:

1. To generate high quality food products, avoiding environmental impact, and ensuring that our operations act in compliance with this policy.

2. To protect the environment and prevent environmental pollution, minimizing the environmental impacts of our activities and operations.
3. Comply with legal and other requirements applicable to our operations and activities.
4. Establish a roadmap with concrete environmental objectives, targets and indicators and the allocation of resources needed to improve our environmental performance.
5. Promote the use of natural resources such as water and energy, prioritizing the use of more efficient and cleaner technologies.
6. Reduce the generation of greenhouse gas emissions, promoting greater energy management and prioritizing the use of renewable sources in our operations.
7. Properly manage the management of waste generated or materials, prioritizing reuse and/or recycling schemes.
8. Prioritize the use of agricultural products, inputs and raw materials from suppliers with greater environmental commitment, in order to care for and protect the environment throughout our value chain.
9. Collaborate with governments, non-governmental organizations and our key stakeholders on environmental innovations that favor the minimization of the impacts of our activities and operations.
10. Maintain a culture of continuous improvement based on training and development of our collaborators to raise awareness and educate them on the environmental impact of the Group's operations.
11. Ensure effective communication channels with our collaborators, suppliers, customers, community, and key stakeholders.

ISO 1400:2015 Environmental Management System is taken as a reference.

Moreover, the Group's internal environmental governance framework includes:

The Board of Directors is responsible for the sound internal governance of the Company, dealing diligently with its responsibilities to ensure that the Group is effectively managed and controlled.

The Sustainability Committee, comprised of the Executive team, has clearly defined areas of responsibility and is accountable to the President and Chief Executive Officer for the performance of its duties.

Bonus goal

This year Grupo Herdez, with BBVA México as placement intermediary, issued the first bond linked to the sustainability of the food industry in Mexico. The Company's main commitment is to reduce water consumption per ton produced by 25% by 2030.

For this purpose, BBVA México placed \$3,000 million MXN in bonds linked to Sustainability. In addition, \$1,500 million MXN were placed for 10 years, with a fixed rate of 9.78% and \$1,500 million MXN with a Float rate of TIIE 28 plus 31 basis points, with a subscription of 3.9x. In addition, there were different investment partners, including AFORES, insurance companies, private and investment banks, and investment funds.

This is part of its commitment to the Sustainable Development Goals of the 2030 Agenda of the United Nations (UN), specifically SDG 6 Clean Water and Sanitation, where the reduction of consumption will consider

100% of the Manufacturing Plants and Distribution Centers in Mexico. Grupo Herdez is also part of the UN's "CFO Coalition for the SDGs", which aims to raise awareness of the transformative impact of corporate finance with a vision of sustainability on financial markets, the global economy and society as a whole. Therefore, the bond is one more action to contribute to the objectives of this Coalition. Therefore, this issuance is a strong demonstration of the company's commitment to the Group's objectives.

Grupo Herdez attaches great importance to the precautionary principle in monitoring the effectiveness of measures. Therefore, the Annual Report is the means by which the public is informed about potential risks. We also have a Confianza Toll-Free Line for complaints.

Our participation in collaborative issues, is carried out in sustainability working groups and chambers such as:

- Mexican Center for Philanthropy (CEMEFI or Centro Mexicano para la Filantropía)
- Commission of Studies of the Private Sector for Sustainable Development (CESPEDES or Comisión de Estudios del Sector Privado para el Desarrollo Sustentable)
- Business Commitment for the Integral Management of Solid Waste (SUSTENTA or Compromiso Empresarial para el Manejo Integral de Residuos Sólidos)
- Basin Councils (Consejos de Cuenca (Basin) chaired by CONAGUA)
- ECOCE (Nonprofit Environmental Association)
- GEMI Initiative (Global Environmental Management Initiative)
- United Nations Global Compact
- CFO Coalition for the SDGs
- Zero Hunger, Circular Economy and Biodiversity Global Compact Working Groups
- Business Coordinating Council
- Working Group "Climate and Health" of the Organization for Economic Cooperation and Development (OECD)

We are constantly improving our product portfolio in terms of sales platform, user experience and accessibility. Therefore, we monitor performance through GRI's **IP-7 Innovation Management, IP-9 Healthcare Strategy Development and Nutrition** indicators. In addition to SASB's (Sustainability Accounting Standards Board) health and nutrition indicators.

For the participation of stakeholders, we have adopted strategies such as internal working groups to work on the sustainability strategy. These groups address issues such as balanced nutrition, circularity, physical, mental, and financial health.

Grupo Herdez is also constantly training its personnel. In the case of sustainability issues, we have given talks about the Sustainability Strategy in the Manufacturing Plants, as well as webinars on Sustainability: Circular Economy, Food Loss and Waste. We also have training certified by the International Association For Sustainable Economy (IASE). Other activities have been the beach clean ups and the "Recicla la Lata" ("Recycle the Can") campaign.

During 2023 the materiality will be updated in order to have a new prioritization of environmental issues and projects.

FINANCIAL PERFORMANCE

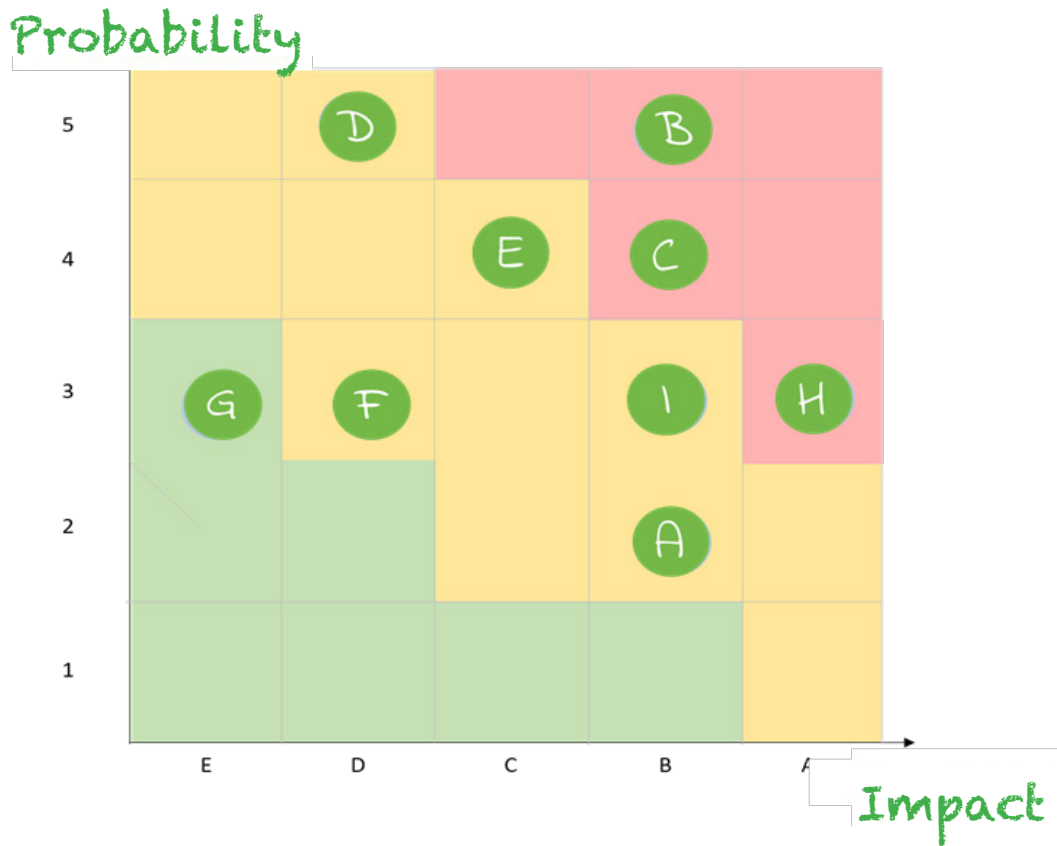
201-1 Financial value generated

Direct Financial Value Created		
Figures in thousands	2021	2022
Income + (cash flow) sale of real estate + cash flow generated from financing activities	26,153,222.00	31,645,704.00
Other Income (dividends received, interest received, proceeds from sale of AF and royalties)	1,541,558.00	1,594,575.00
Direct financial value created (FVC)	27,694,780.00	33,240,279.00
Operating costs (cost of sale, increase in suppliers and increase in receivables)	17,803,773.00	21,968,620.00
Salaries and social benefits for collaborators	2,969,780.00	3,257,882.00
Payments to capital suppliers (dividends paid, interests paid, payment of long-term bank loans)	3,328,424.00	7,107,829.00
Payments to governments (income taxes)	1,028,027.00	1,264,730.00
Community investments	109,046.49	96,810.47
Distributed financial value (DFV)	25,239,050.49	33,695,871.47
Withheld financial value (WHV)	2,455,729.51	-455,592.47

201-2 Financial implications and other risks and opportunities arising from climate change

The three risk factors are related to the material aspects identified in the Materiality Analysis of Grupo Herdez.

- A. Increase in extreme weather events
- B. Rising temperatures and their impact on the supply chain
- C. Changes in rainfall patterns
- D. Increase in the price of GHG emissions
- E. Stricter product or service regulations
- F. Increased stakeholder expectations or concerns
- G. Transition to low-emission technologies: transportation
- H. Change in consumption patterns
- I. Stigmatization of the sector



Risk types

Risk 1: Chronic physical; Temperature increase/variability, possible impact on indirect (operating) cost increase.

Risk 2: Chronic physical; Changes in rainfall patterns and types (rain, hail and snow/ice), possible impact on increased indirect (operating) costs.

Risk 3: Market; Change in consumption patterns; Potential impact on revenue decrease due to lower demand for products and services.

Description of the impact related to the risk or opportunity

Risks 1: According to studies by the Instituto Mexicano de Tecnología del Agua (Mexican Institute of Water Technology), by the end of this century, the average temperature variation observed during the winter season will increase in a range of 3.0°C and 3.9°C in the states of Baja California, Coahuila, Chihuahua, Ciudad de México, Durango, Morelos, Nuevo León, and Sonora. In the summer and for the same period, the states experiencing the same increase will be Aguascalientes, Campeche, Chiapas, Ciudad de México, Guanajuato, Jalisco, Estado de México, Michoacán, Morelos, Oaxaca, Puebla, Querétaro, San Luis Potosí, Sinaloa, Sonora, Tamaulipas, Tabasco, Veracruz and Zacatecas. In summer, Coahuila and Chihuahua are expected to be exceptional cases with an increase of 4.4°C, while in winter it will be Chihuahua with an increase of 3.8°C.

According to the Atlas de Vulnerabilidad al Cambio Climático (Climate Change Vulnerability Atlas), temperature increase has been identified as one of the main threats related to climate change that may have associated problems, all of them occurring in the primary sector:

- Decrease in water availability.
- Increase of pests, an aspect that has been identified by 85% of the agricultural suppliers consulted, having an impact on the need to use more chemicals such as herbicides, pesticides, etc. (aspect identified by 100% of the agricultural suppliers consulted).
- Decrease in crop performance, an aspect that has been identified by 71% of the agricultural suppliers consulted having an impact on the need to use more nutrients and agrochemicals (aspect identified by 100% of the agricultural suppliers consulted).
- According to the Climate Change Vulnerability Atlas, the performance variability of irrigated crops derived from temperature increases can become high, especially in the northwest of the country, for example, in States such as Nuevo León, San Luis Potosí, Guanajuato, Coahuila or Tamaulipas where there are important agricultural suppliers of Grupo Herdez.
- Change in climatic zones, having an impact on crop productivity and the need to adapt with innovative technologies to changes in the seasonality of planting seasons.

Risk 2: A significant decrease in the quality and quantity of freshwater combined with increased competition between resource-intensive systems such as food and energy production that poses risks to businesses. Water scarcity will hinder the supply of agricultural raw materials, disrupt manufacturing sites, and consumers will be unable to prepare and enjoy products. According to the Climate Change Vulnerability Atlas, decreased rainfall has been identified as one of the main threats related to climate change that may have associated problems, all of them occurring in the primary sector. In Mexico, a greater number of events are expected to generate a reduction in agricultural performances, an increase in forest fires, or an increase in heat waves. It is estimated that, by the end of the 21st century, total rainfall will decrease throughout most of the country. However, during the summer season, Sonora, Baja California and Baja California Sur will experience a decrease in rainfall of -12.4%, -11.7% and 10.2%, respectively. On the other hand, Baja California, Baja California Sur will face a lower rainfall in the winter season estimated at -25.5% and -25.3%, respectively.

Risk 3: Changing consumer behavior patterns towards products that are perceived as better for the environment than Grupo Herdez products could result in a decreasing demand for products perceived as GHG-intensive or using environmentally unfriendly packaging materials. Recent studies by Credit Suisse¹² show that millennials are more willing to pay more for products and services seen as sustainable or coming from socially and environmentally responsible companies. Consumers would like to know whether the food they consume is produced in an environmentally responsible manner, so they may ask food manufacturers to disclose the environmental performance of their products. The risk is that consumer behavior will shift towards competing companies that are perceived to have better environmental performance than Grupo Herdez. Consequently, this could lead to a possible reduction in demand for our products.

In this context, Grupo Herdez considers sustainability as one of the three pillars of development of its brands, together with innovation and quality. The Marketing Department of Grupo Herdez constantly monitors consumer trends and concerns in environmental matters that could generate changes in products and operations, being the waste generated by packaging, product traceability, responsible consumption and the use of recyclable/reusable materials, some of the issues that most concern consumers.

Financial implications of the risk or opportunity prior to taking

Risks 1 and 2: Possible impact on the increase of indirect (operating) costs.

Risk 3: Potential impact on revenue decline due to lower demand for products and services.

Methods to manage risk or opportunity

Although we do not yet have a management plan for perceived risks due to climate change, in recent years we have been working with the supply chain to involve our main suppliers of raw materials (mainly agricultural or from manufactured processes of agricultural products) and create synergy actions where Grupo Herdez motivates, encourages, promotes and/or supports actions aimed at reducing our environmental impacts.

Cost of actions taken to manage the risk or opportunity

The costs of the actions taken for the execution of the actions have not been estimated with certainty, but to date they have had a low impact on the Company.

According to the financial impact analysis performed, it is estimated that the increase in the cost of raw materials and inputs such as energy and mainly water, added to the decrease in sales levels due to not having products perceived by final consumers as sustainable, will be the probable financial impacts to be faced.

201-3 Defined benefit plan obligations and other retirement plans

Estimates through December 2022 indicate that the estimated value of the pension plan obligations is \$416 million MXN.

The estimate was made as of December 2022.

201-4 Financial assistance received from the government

Grupo Herdez does not receive any type of financial aid from the government.

202-2 Proportion of senior executives recruited from the local community

The percentage of senior executives of significant operations that are hired from the local community: 18%.

**Senior executives: These are exclusively department or business management positions.*

**Geographic definition of the organization for "Location": all the States of the Mexican Republic.*

**Definition used for "locations with significant operations": corporate offices and manufacturing plants.*

207-1 Fiscal Approach

At Grupo Herdez we fully comply with applicable national and international regulations.

207-2 Fiscal governance, control, and risk management

Head of Tax Compliance: Office of Administration and Tax Management.

Mechanisms to ensure compliance with tax authorities: The Financial Controller's Office has a centralized and specialized Fiscal Management Department to ensure timely compliance with federal and local tax obligations.

Control and registration of compliance with federal and state tax returns and obligations. Federal and Local Tax Compliance Rulings submitted to the Tax Authority. Internal and External Audit. Delivery of Financial Statements, Matrix and control of Local and International Studies and Transfer Pricing, Continuous training of personnel in tax matters, External Legal and Tax Advisors, support for customs agents.

Reporting Mechanisms: Internal and External Audits, issuance of Federal and State compliance Tax Reports as well as Financial Report Rulings, support from External Legal and Tax Advisors, Customs Brokers. (Note: No individual or group tax strategy was applied).

207-3 Stakeholder participation and management of tax-related concerns

There are no compliance agreements with the tax authorities. There is no promotion and participation of public policies or public parties in tax matters.

207-4 Country-by-Country report

The tax jurisdiction of Grupo Herdez is the United Mexican States.

Name of resident entities	<p>Alimentos Del Fuerte, S. A. de C. V. Campomar, S. A. de C. V. Compañía Comercial Herdez, S. A. de C. V. Herdez Del Fuerte, S. A. de C. V. Herdez, S. A. de C. V. Herventa, S. A. de C. V. Alimentos Benefits, S. A. de C. V. Servibenefits, S. A. de C. V. Grupo Nutrisa S. A. de C. V. Nutrisa, S. A. de C. V. Helado de Yogurt, S.A. de C.V. Nutriservicios La Colmena, S.A. de C.V. Barilla México, S. A. de C. V. Comercial de Finanzas Netesa, S. A. de C. V. Corporativo Cinco, S. A. de C. V. Energia para Conservas, S. A. de C. V. Grupo Herdez S. A. B. de C. V. McCormick de México, S. A. de C. V. Promociones Inmobiliarias Naturistas, S. A. de C. V. Serpasta, S. A. de C. V. Alimentos HP, S. A. de C. V. Promotora Hercal, S. A. de C. V. Quicolor, S. A. de C. V. Herdez Botanas, S. A. P. I. de C. V. Seramano, S. A. de C. V. Prestadora de Servicios de Grupo Café Caffé, S.A. de C.V RC Operadora de Cafeterias, S. A. de C. V. Olygen Coffee, S.A. de C. V. Coordinadora RC, S. A. de C. V. Ubongo, S.A.PI. de C.V. Aires de Campo, S.A. de C.V. Herpons Continental, S. A. de C. V Buenos de Origen Services, S.A. de C.V</p>
Primary activities of the organization	Manufacture, purchase, distribution, and marketing of canned and packaged foods in Mexico and ice cream, as well as foods targeted to the Mexican food segment in the United States of America.
Number of collaborators	10,587
Revenues from sales to third parties	\$27,564,918,251.00
Income from intra-group transactions with other fiscal jurisdictions	\$1,910,358,862.00
Profit / loss before taxes	\$2,813,703,654.00
Tangible assets other than cash and cash equivalents	\$13,025,882,160.00
Corporate income tax paid in cash	\$1,205,302,783.00
Corporate income tax accrued in income	\$1,487,060,234.00
Reasons for the difference between the corporate income tax accrued on the gain/loss and the tax due if the legal tax rate is applied to the pre-tax gain/loss.	Tax loss carryforwards, deferred taxes and non-tax accounting items (equity method)

*Amounts expressed in Mexican pesos

IP-4 Environmental and Social Investments

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

Social Investment

We encourage food security in the communities where we operate, so that all people have access to sufficient, safe and nutritious food to meet their nutritional needs, while satisfying their cultural preferences for a healthy and active life.

The social investment made was of \$90,909,120.79 MXN, equivalent to **4.0% of the Net Income**. This included the activities carried out by the Fundación Herdez through in-kind donations to the Asociación Mexicana de Bancos de Alimentos, A.C. (BAMX), the Saber Nutrir® program with donations to the Patronato Pro Mazahua.

A.C. and projects of the Group's Brands with a social purpose, such as the Semillero Nutrisa® Program.

Environmental Investment

Our environmental commitment has a preventive approach favoring sustainable development, promoting initiatives, and spreading new technologies to reduce the environmental impacts of our operations, within the guidelines and scope established in the environmental management system.

This year, the environmental investment was \$44,741,498.00 MXN, equivalent to **2.0% of the profit destined to environmental impact projects**. This included the "Por un Mundo Más Vivo" ("For a Livelier World") program of the Herdez® brand; "Un Legado más Fuerte" ("A Stronger Legacy") of the Del Fuerte® brand; and the investment in our Sustainable and Regenerative Agriculture program.

In addition, we initiated a program to evaluate the level of progress in sustainability of 100 of our main suppliers in alliance with IKUS. The objective of this program by 2025 is to guarantee a supply chain with sustainable criteria in at least 70% of purchases.

This report considers the environmental investments made in the following areas:

1. Reduction of the environmental footprint.
2. Reduction of various pollutants (waste, CO₂) and other actions for their elimination and control, and bio-remediation carried out by our own facilities.
3. Reduction of water emissions.
4. Water reduction and saving projects, recycling of treated wastewater and/or water management.
5. Energy reduction (electrical and heat) performed by the Manufacturing Plants or by EPC and reported by the latter.
6. Reduction of GHG emissions (CO₂e -CO, CH₄, N₂O, Others-) derived from strategies and carried out by corporate areas and/or for the supply chain.
7. Waste reduction (Post-industrial Waste Management).
8. External consulting services contracted by Manufacturing Plants and Distribution Centers.

9. External consulting services performed by corporate departments related to the Group's own operations and its supply chain.
10. Various anti-pollution equipment purchased by Manufacturing Plants and Distribution Centers.
11. Green purchases and actions.
12. Post-consumer waste management.
13. Participation in industry organizations and environmental sustainability forums.
14. Collaborators employed for management, education and training.
15. Expenses not included in any of the above items.

LEGAL COMPLIANCE

206-1 Legal actions related to unfair competition and monopolistic practices and against free competition

During 2022, no claims relating to monopolistic or unfair practices were filed. However, and notwithstanding that in the past few years no case of this kind has arisen, we have an Antitrust and Economic Competition Policy. <https://grupoherdez.com.mx/storage/2021/09/POLITICA-COMPETENCIA-ECONOMICA.docx.pdf>

307-1 Failure to comply with environmental laws and regulations

In 2022, the National Water Commission (Comisión Nacional de Agua or CONAGUA) imposed a fine of \$150,103.00 MXN to Herdez, S.A. de C.V. since, as a result of an inspection visit carried out by this authority in September, it was found that the validity of the concession title for wastewater discharge from the Distribution Center (i.e., CEDIS México) located in Cuautitlán, Estado de México, had expired. As a result, CONAGUA suspended the discharge of wastewater at the Distribution Centers Mexico. Herdez, S.A. de C.V. duly paid the fine, and at the end of 2022 filed with CONAGUA the application for a new concession title for the discharge of wastewater at CEDIS Mexico.

419-1 Non-compliance with laws and regulations in the social and economic fields

Neither Grupo Herdez, S.A.B. de C.V. nor its subsidiaries have failed to comply with social and economic laws and regulations during 2022..

TRAINING AND CAREER DEVELOPMENT

404-1 Average number of training hours per year per collaborator

Year	Gender	Collaborators	Hours	Average hours
2022	Man	6,078	147,122.33	24.20
	Woman	4,509	114,860.14	25.47
	TOTAL	10,587	261,982.47	24.74

Average hours for non-unionized personnel: 27.73

Average hours for unionized personnel: 18.09

404-2 Programs to improve collaborators' skills and transition assistance programs

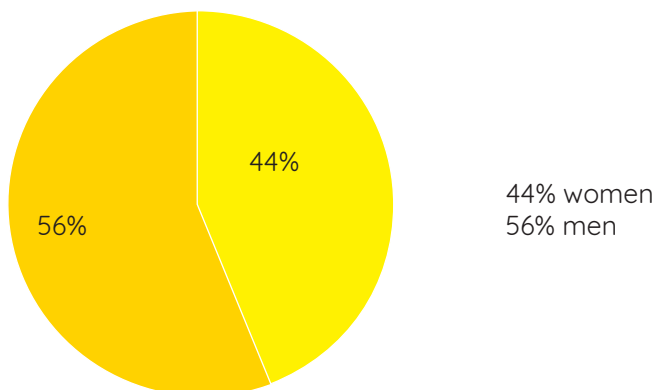
Grupo Herdez has several programs to improve the skills of critical business positions, among which are the following:

1. Basic Leadership Courses: "Líderes Herdez" ("Herdez Leaders")
2. Harvard Manage Mentor
3. "El Plato del buen vivir" ("The Wellness Dish") -Food guide represented as a dish divided in three parts, each one representing a food group-: Pilar Salud Financiera (Financial Health Pillar)
4. Individual development plans (confidential)
5. In the case of the assistance provided, the training team supports collaborators with the use of technology, search for suppliers and logistics for training events.

There are currently no training programs related to end-of-career management.

404-3 Percentage of collaborators receiving regular performance evaluations and professional development

The performance and growth of our collaborators is evaluated at least once a year. 69% of our collaborators of our total workforce are non-unionized. We conducted 2,416 evaluations, 10% more multidimensional performance evaluations (9-box methodology) than in the previous year.





LABOR CONDITIONS AND RELATIONS

401-1. New collaborator hires and personnel turnover

<https://2022.ia.grupoherdez.com.mx/en/social-impact/>

New hires

Total: 3,262

Women: 1,477

Men: 1,785

	New hires							
	Women				Men			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Corporate Offices	72	67	3	142	58	109	8	175
Manufacturing Plants	245	228	39	512	242	131	30	403
Distribution Centers	32	41	1	74	72	60	5	137
Stores	555	77	2	634	504	41	1	546
Sales Route	42	70	3	115	194	312	18	524
Total	946	483	48	1,477	1,070	653	62	1,785
Total new hires: 3,262								

Percentage of new hires						
	CEDIS Distribution Center	Corporate Offices	Manufacturing Plants	Sales Route	Stores	Total
Women	2.3%	4.4%	15.7%	3.5%	19.4%	45.3%
Men	4.2%	5.4%	12.4%	16.1%	16.7%	54.7%
>30	3.2%	4.0%	14.9%	7.2%	32.5%	61.8%
30-50	3.1%	5.4%	11.0%	11.7%	3.6%	34.8%
<50	0.2%	0.3%	2.1%	0.6%	0.1%	3.4%

Percentage of new hires by age range				
	<30	30-50	>50	Total
Corporate Offices	4.0%	5.4%	0.3%	9.7%
Manufacturing Plants	14.9%	11.0%	2.1%	28.1%
Distribution Centers	3.2%	3.1%	0.2%	6.5%
Stores	32.5%	3.6%	0.1%	36.2%
Sales Routes	7.2%	11.7%	0.6%	19.6%
Total	61.8%	34.8%	3.4%	100.0%

Turnover rate

The turnover rate during 2022 was 18%

Women: 19%

Men: 24%

Percentage of leaves by gender and age range				
Leaves Women				
	<30	30-50	>50	Total
Corporate Offices	28%	23%	17%	24%
Manufacturing Plants	25%	15%	12%	17%
Distribution Centers	21%	22%	20%	21%
Sales Routes	18%	17%	0%	17%

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Leaves Men				
	<30	30-50	>50	Total
Corporate Offices	42%	22%	9%	24%
Manufacturing Plants	25%	10%	12%	15%
Distribution Centers	32%	28%	7%	27%
Sales Routes	46%	30%	18%	32%

Total: 1,875

Women: 622

Men: 1,253

Staff turnover								
LEAVES	Women				Men			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Corporate Offices	49	88	9	146	56	111	9	176
Manufacturing Plants	137	170	44	351	153	101	39	293
Distribution Centers	15	34	3	52	57	80	4	141
Sales Routes	19	54	0	73	190	422	31	643
Total women: 622					Total men: 1,253			
Total turnover: 1,875								

**To determine the personnel turnover and it does not include information on the Stores.*

401-2 Benefits to full-time collaborators

The social benefits we offer our collaborators are superior to those provided by the Federal Labor Law (Ley Federal del Trabajo or LFT) and are a common denominator in all the Group's Companies.

All personnel are offered life insurance, public health services, disability coverage, maternity and paternity leave, and retirement provisions.

Other benefits include:

- Food vouchers
- Health insurance
- Check up for executive personnel
- Weight control campaigns
- Nutritional evaluations
- Flexible Schedule
- Additional vacations days in addition to those established by Law
- Marriage bonus
- Children's Day, Mother's Day, New Year's Eve celebrations
- Mother's Day and New Year's Day Pantries
- Lactation Rooms
- Shareholding

We do not have part-time collaborators.

Through our Gender equality Policy, we promote equality in our workforce. The salary for each category or vacant position is established regardless of gender. This Policy can be consulted at: <https://grupoherdez.com.mx/centro-de-descargas/>

401-3 Parental leave

We offer maternity and paternity benefits as set forth in the Federal Labor Law. All our collaborators are entitled to maternity and paternity leave.

In 2022, the total number of collaborators taking parental leave was 91 women and 39 men.

The total number of collaborators who have returned to work in the reporting period after completing parental leave was 79 women and 39 men.

The total number of collaborators who have returned to work after completing parental leave and were still employed 12 months after returning to work was 61 women and 31 men.

Return Rate

Women: 87%

Men: 100%.

Retention Rate

Women: 77%

Men: 79%

405-1 Diversity in governing bodies and collaborators

Collaborators by employment category and gender

The structure of the Board of Directors is shown in Indicator 2-9.

2022	Man	Male (%)	Women	Female (%)
Job category	Total		Total	
Operative	5,029	82.7%	3,778	83.8%
Operational/Regulatory	766	12.6%	575	12.8%
Tactical	199	3.3%	126	2.8%
Strategic	84	1.4%	30	0.7%
Total	6,078	100%	4,509	100%
		57.4%		42.6%

Collaborators by work category and age

Year	Job category	<30		30-50		>50	
		Total	Percentage (%)	Total	Percentage (%)	Total	Percentage (%)
2022	Operative	3,567	92%	4,325	77%	915	82%
	Operational/Regulatory	297	8%	932	17%	112	10%
	Tactical	20	0.5%	248	4%	57	5%
	Strategic	0	0%	79	1.4%	35	3.1%
	Total	3,884	100%	5,584	100%	1,119	100%
	Total	10,587					
		37%		53%		11%	

22% of the members of the Board of Directors are women.

At the end of 2022, we had 15 people with disabilities in our workforce at the operating level, 10 men and 5 women.

405-2 Ratio of base salary and compensation of women vis-à-vis men

In line with our commitment for gender equality, we calculate the ratio of women's base salary vis-à-vis men's base salary, which allows us to focus our efforts on closing the wage gap.

Job category	Ratio of base salary of women vis-à-vis men
Operative	95%
Operational/Regulatory	99%
Tactical	103%
Strategic	97%
Total	90%

Location	Ratio of women's base salary vis-à-vis men's base salary
Corporate Offices	94%
Manufacturing Plants	70%
Distribution Centers	92%
Stores	99%
Sales Routes	151%
Total	90%

406-1 Discrimination incidents

Within all aspects of our work activities, any form of harassment and discrimination based on ethnicity, religion, nationality, gender, sexual preference, marital status, civil status, age, disability or any other reason is prohibited.

Our Code of Ethics and other Policies can be consulted at: <https://grupoherdez.com.mx/centro-de-descargas/>.

During 2022, no complaints or cases of discrimination were filed through the Confianza Mail and/or Confianza Line.

407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk

In all Grupo Herdez facilities, the guidelines established by law for exercising freedom of association and collective bargaining are upheld.

<https://grupoherdez.com.mx/centro-de-descargas/>

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

403-1 Health and safety management system

The Environmental, Health, and Safety Control Department (CASH, as per its initials in Spanish) monitors our health and safety management systems. Such systems are applicable to all facilities of Grupo Herdez, including manufacturing plants, distribution centers, stores, and corporate offices. Likewise, it covers all personnel working or located within our facilities.

The occupational health and safety management systems implemented for collaborators and for workers who are not collaborators of Grupo Herdez, but whose work and/or workplace is controlled by the organization are:

System	Normas / directrices sobre los que se basa	Listado de normas / directrices
SAI CASH (CASH, as per its initials in Spanish)	Secretariat of Labor and Social Welfare (STPS, as per its initials in Spanish) Regulations	NOM-001-STPS-2008, NOM-002-STPS-2010, NOM-004-STPS-1999, NOM-005-STPS-1998, NOM-006-STPS-2014 NOM-009-STPS-2011, NOM-010-STPS-2014 NOM-011-STPS-2001, NOM-015-STPS-2001 NOM-017-STPS-2008, NOM-018-STPS-2015 NOM-019-STPS-2011, NOM-020-STPS-2011 NOM-022-STPS-2015, NOM-024-STPS-2001 NOM-025-STPS-2008, NOM-026-STPS-2008 NOM-027-STPS-2008, NOM-028-STPS-2012 NOM-029-STPS-2011, NOM-030-STPS-2009 NOM-033-STPS-2015, NOM-034-STPS-2016, NOM-035-STPS-2018
WCM (World Class Manufacturing)	Mexican Official Standards, Best industry practices (i.e., mandatory technical regulations)	
SafeStart	SafeStart	Behavior-based safety
Direct Observation Work System	STOP	Detection and correction of unsafe acts
Property Security System	CT PAT	Facility Security, Personnel Security, and Personnel Training
OHSAS 18001	International standard focused on occupational health and safety issues.	List of applicable Mexican Official Standards according to the industrial line of business as well as international standards applicable to occupational health and safety issues.

Es aplicable para todas las instalaciones de Grupo Herdez: Plantas, Operativas, Centros de Distribución, Tient is applicable to all Grupo Herdez facilities: Manufacturing Plants, Operational Facilities, Distribution Centers, Stores, etc. Unionized and non-unionized personnel, contractors, suppliers, etc. are included. The areas of application range from offices, yards, services, warehouses, operations, etc.

As a result of the above, we safeguard the integrity and well-being of our operating personnel, prevent and mitigate incidents that affect the environment, and maintain a culture of safety and risk prevention, thus guaranteeing the continuity of our operations.

403-2 Identification of Hazards and Risks

The processes used to identify occupational hazards and evaluate risks on a periodic or sporadic basis are carried out by the Environmental Control, Safety and Hygiene Department (CASH).

In the STOP system, we analyze the number of unsafe acts and conditions. The accident ratio and safety pulse has the goal of being above 94%.

Indicators are reviewed and analyzed on a weekly basis together with the security leaders along with the progress made in their policy folders.

Monthly and annual results are sent to the local management departments, (e.g., manufacturing plant), CASH management and supply chain management, and based on the results, work plans and the “logic tree” related to the CASH area are created.

Reporting is through cards that are deposited in mailboxes, documented reports through checklists and through reports from the Health and Safety Commission. The data is confidential and involves a review committee with the support of management in the case of Manufacturing Plants.

In the case of Stores, only if it is a relevant situation, the District Managers are informed and who then provide particular support to the case.

Accidents are classified as: incapacitating, minor accidents (not requiring medical leave), non-injury accidents (no personnel affected, only facilities), and near accidents. Once any of the aforementioned situations are detected, area managers meet with the Health and Safety Commission where systematic methodologies are used to determine the root cause and documented commitments are carried out; once the situation has been reviewed, an informative flash is published specifying the situation, causes and actions taken.

Policies and Processes in Case of Incidents

Policies / Process	Descripción
Industrial Safety Policy	Industrial Safety Policy Promotes a culture of risk prevention and elimination of unsafe conditions, in addition to strict compliance with current regulations.
5 S's System	There are visible standards by area and regulations with entry standards. If at any time this is not complied with, any person can make the determination that access to any area is not allowed based on the implementation of such programs.
Accident Investigation / Health and Safety Commission	<p>Once any type of accident has been identified, the department heads or managers meet jointly with the Health and Safety Commission, and they use systematic methodologies to determine the root cause thereof. Once the situation has been reviewed, documented commitments are carried out, and a news flash is published, specifying the situation, causes, and actions taken in the case of accidents, and the general investigation is then reported.</p> <p>When there are incapacitating accidents or commuting accidents occur, reports are sent through the STPS website.</p>

403-3 Occupational health services

The participation of the Occupational Health Service (Servicio Ocupacional/Servicio médico) starts with a safety walk-through program, where unsafe conditions are highlighted.

Based on the risks mapping obtained, an annual program of general and special examinations such as spirometry, audiometry, vibrations, low and/or high thermal conditions, etc., is established.

Medical records are strictly confidential, for the sole knowledge of the physician-patient.

403-4 Collaborator participation and consultation

Grupo Herdez has several processes in place to encourage the participation and consultation of collaborators in the development, implementation and evaluation of the management system. Likewise, to provide access and communicate relevant information on occupational health and safety to workers, such as:

Industrial Safety Policy	Supported by the commitment of the CEO. It considers safety, health and environmental issues.
5 S's System	The 5 S's program is complied with through visible standards by areas and regulations for easy understanding and identification of all personnel.
Bulletin boards, CASH and Factory.	The deployment of information on campaigns, calls for participation in occupational health and safety activities, as well as accident rate indicators is developed.
Integral Management System	Scheduled safety walkthroughs and/or audits are conducted to evaluate compliance, and if not, establishing action plans corresponding to the findings found, as well as providing feedback for continuous improvement.
Newsletters, bulletins, brochures, leaflets, and visual aids	Creation of newsletters with relevant information with scheduled events on safety, health and/or environmental issues.
Health Programs	Based on the provisions of the annual health program, various occupational health campaigns are carried out, such as: vaccination, early detection of chronic degenerative diseases, among others, and their follow-up.

We have safety and health management committees to provide timely follow-up on each relevant issue, which are described as follows:

Committee	Responsibility	Frequency of meetings	Degree of authority
Health and Safety Commission	Strategic tours for the recognition of unsafe acts and/or conditions.	Monthly	Medium
Pillar CASH	Execute and implement the safety methodology, participating in the analysis of accidents, actions and early attention to unsafe conditions.	Weekly	High
Manufacturing Plants Strategic Committee	Making important decisions on strategic points.	Monthly	High
CASH (Control ambiental, Seguridad e Higiene)	Occupational health and safety management responsibilities.	Weekly	High

In addition, we have formal local agreements with labor unions, for the benefit of our workers, on occupational health and safety issues such as: emergency brigades, evacuation and fire brigades, occupational diseases and accidents, health and safety campaigns, occupational risks prevention system, and all those required by laws, regulations and Mexican Official Standards (i.e., mandatory technical regulations).

403-5 Health and safety training

There are 1,648 training events related to occupational Health and Safety, among which the following titles can be found:

Training	Description / Subjects
Safety Induction	Identification of unsafe acts and conditions, policies, regulations and safety management systems.
STPS (Secretariat of Labor and Social Welfare) Standards	Annual training in applicable STPS standards, for knowledge levels of all operating personnel and proficiency levels for specialized personnel, according to the worksite , including risk analysis and job security analysis.
SafeStart	Safety philosophy fosters a safety culture through the awareness of personnel, generating safety habits that reduce the occurrence of injuries caused by human behavioral states, critical errors and the practice of error reduction techniques (5 modules).
Lockout-Tagout (LOTO)	Technical training in the application of lockout systems for crucial operation, maintenance and cleaning jobs where it is necessary for personnel to intervene in moving equipment and/or use electrical energy in order to eliminate sources of hazardous energy that endanger workers.
Emergency response	Training personnel in emergency response activities applicable to operations, such as natural disasters, firefighting, first aid, evacuations, search and rescue, spill response, sabotage, etc.
CT PAT - Property Security System	Property security (facility security, personnel security, training, transportation, whistleblower culture, information technology, process and internal security).
STOP - Direct Observation Work System	Safety process for identifying and correcting unsafe acts in your workplace

403-6 Collaborator health promotion

Grupo Herdez facilitates collaborator access to medical and health services. We have the following mechanisms:

Strategy	Scope	Evidence
File creation	Collaborator compliance assessment	Medical examination of personnel
Medical office in the case of manufacturing plants	For all collaborators	Medical consultations and record keeping thereof
Creation of internal health campaigns	Integrating collaborators when applicable	Attendance lists or evaluations
Examination for work risks	When the work required to be performed is considered risky	Medical evaluation and/or work permit
Private Institutions	For all collaborators	Service contracts or purchase orders
Regulatory Health Studies	Audiometries Chest X-ray	
Annual health campaigns	Prevention campaigns for personnel on health talks given by external personnel.	

In-house nutrition program for overweight personnel and nutritional management

To all collaborators

In addition, we offer voluntary, non-work-related health promotion programs and services:

Service / Program	Descripción	Evidencias
Medical guidance in case of illness	The collaborator must refer to his immediate boss any anomaly or discomfort so that he/she can be sent and treated in the medical service area of the manufacturing plant, where he is evaluated and given medical orientation.	Medical pass, log of intentions.
Prevenimss	Prevenimss campaigns with vaccines, height, weight, and blood pressure measurements, etc.	
Seasonal Diseases	Bulletins to prevent seasonal diseases in summer, fall and winter	
Health Campaigns with ISEMIM	Deworming, breast cancer, prostate cancer, etc. campaigns.	Photographs, records.
Government hospitals	Prevention campaigns, conferences.	Attendance lists, records.

All collaborator medical information is strictly confidential. To ensure this, we have our Code of Ethics.

In case of detecting any illegal or unethical situation, all our stakeholders can report these breaches through:

CONFIANZA Toll-free number 01800 (01800 Confianza - 01800 266342692).

Confianza email (confianza@herdez.com).

Suggestions Mailbox.

These mechanisms are available 365 days a year, 24 hours a day.

403-7 Impact prevention and mitigation

The company has an Industrial Safety Policy that applies to any person working in Grupo Herdez facilities and applies to personnel hired or subcontracted by the company. It focuses on minimizing unsafe conditions and acts, complying with current regulations applicable to each facility within Grupo Herdez..

<https://grupoherdez.com.mx/storage/2021/09/POLITICA-DE-SEGURIDAD-INDUSTRIAL.docx.pdf>

403-8 Health and safety management system

The Department of Environmental Control, Safety and Hygiene (CASH, as per its initials in Spanish) monitors our health and safety management systems. These systems are applicable to all Grupo Herdez facilities, including Manufacturing Plants, Distribution Centers, Stores and Corporations. Likewise, it covers all personnel working or located within our facilities.

The occupational health and safety management systems implemented apply to collaborators and to workers who are not collaborators of Grupo Herdez.

100% of collaborators are covered under this management system and 94% of these are subject to an internal audit.

IP-5 Type and rate of work-related injuries, occupational diseases, lost days, absenteeism and number of work-related fatalities

The Environmental Control, Safety and Hygiene (CASH) Department maintains a culture of prevention, safeguarding the integrity and continuity of the business.

Gender	Accidents	Accident rate	Days lost due to accidents	Rate of days lost due to accidents**
Women	14	0.45	389	12.42
Men	20	0.39	775	15.12
Total	34	0.41	1164	14.09

Workhours	
Women	6,264,024
Men	10,254,504
Total	16,518,528

(*) The accident rate expresses the number of accidents during the year in relation to the total workhours worked multiplied by the factor 200,000.

(**) The rate of days lost is expressed by comparing the total days lost during the year with the total workhours worked multiplied by a factor of 200,000.

Note: The information presented here covers all Group collaborators, as the Company has no outsourced personnel.

Extraction of information from the absenteeism database with direct measurements.

ETHICS AND ANTICORRUPTION

205-1 Operations assessed for corruption-related risks

In 2022, 6 (six) cases of corruption were confirmed in 2 (two) subsidiaries of Grupo Herdez. One of the cases occurred in Herdez, S.A. de C.V., and the remaining 5 (five) occurred in Alimentos Benefits, S.A. de C.V., S.A. de C.V. Of the total number of cases, 5 (five) involved collaborators of the Group, and the remaining one involved a supplier. It is noted that 4 (four) cases regarded product theft, 1 (one) case was for conflict of interest, and the other was for lack of probity. The total impact to the Group for all 6 (six) corruption cases was approximately \$2,250,000.00 MXN. The measures taken by the Group were (i) to dismiss 12 (twelve) collaborators involved in the cases, and (ii) to terminate the relationship with the non-compliant supplier.

Likewise, through the Risks Committee, fraud and corruption risk management is being carried out. Currently, the factors (causes) that may cause the risk to arise have been analyzed, and we are working with those responsible for dealing with this risk to identify the activities they are carrying out to manage and measure this risk.

The “Policy to Combat Illegal Payments and Bribery” and the Code of Ethics (see link in Indicator 205-2) contribute to reducing this risk.

<https://grupoherdez.com.mx/storage/2021/11/Politica-de-Pagos-Ilegales-y-No-al-Soborno-actualizada.pdf>

205-2 Communication and training on Anticorruption policies and procedures

All 9 members of the Board of Directors (100%) receive and are aware of the Group’s Anticorruption Policies:

- Code of Ethics
- Illegal Payments and Antibribery Policy.
- Conflict of Interest Policy.
- Gift Policy.

In 2022, we report:

2,800 collaborators (27% of the total) were informed on the organization’s policies and procedures to fight against corruption.

9,004 collaborators (55% of collaborators/63% unionized) took courses classified in Ethics, Legality and/or Anticorruption, with 31,469 hours invested.

996 new business partners (100% of the total) have signed our Supplier Code of Conduct, which includes our policies, as it is an essential requirement for establishing a business relationship.

The training team made some focused efforts to raise awareness and/or reinforce knowledge of our policies and procedures, including those related to anti-corruption.

The following actions were carried out for the corresponding communication on Anticorruption policies and procedures:

1. The Code of Ethics was updated, and an email was sent to inform of this change. This document contains the guidelines for “Conflict of Interest”, “Illegal Payments / Anticorruption” and “Fraudulent Behavior”.
2. A press release on the updated Code of Ethics was published in the internal magazine FACTS...with love, in November 2022.
3. Videos on the “Conflict of Interest” and “Illegal Payments / Anticorruption” guidelines were posted on screens in different Locality.
4. The Code of Ethics and updated Policies are available for the general public at the download center of the official Grupo Herdez website: <https://grupoherdez.com.mx/centro-de-descargas/>.

Note: The members of the Board of Directors, collaborators and business partners trained in a culture of legality or who receive communication of the Policies and Procedures are from all regions where the Group has operations and from all labor categories for collaborators.

205-3 Confirmed cases of corruption and actions taken

In 2022, 6 (six) cases of corruption were confirmed in 2 (two) subsidiaries of Grupo Herdez. One of the cases occurred in Herdez, S.A. de C.V., and the remaining 5 (five) occurred in Alimentos Benefits, S.A. de C.V. Of the total number of cases, 5 (five) involved collaborators of the Group, and the remaining one involved a supplier. It is noted that 4 (four) cases were for product theft, 1 (one) case was for conflict of interest, and the other was for lack of probity. The total impact to the Group for all 6 (six) corruption cases was approximately MXN\$2,250,000.00. The measures taken by the Group were (i) to dismiss 12 (twelve) collaborators involved in the cases, and (ii) to terminate the relationship with the non-compliant supplier.

415-1 Policies Contributions

In compliance with our Code of Ethics, which establishes the obligation to maintain a strictly neutral position in matters of politics and religion, Grupo Herdez and its subsidiaries do not make financial and/or in-kind contributions to political parties or related institutions, nor do we receive financial assistance from the government.

We have an Ethics Committee, made up of 6 members from different areas, who join forces with our directors to provide advice in favor of ethical and lawful conduct.

Our Code of Ethics can be consulted at:

<https://grupoherdez.com.mx/storage/2022/09/Codigo-de-Etica12SEPT.pdf>

ENERGY CONSUMPTION AND EFFICIENCY

302-1 Energy consumption within the organization

<https://2022.id.grupoherdez.com.mx/en/environmental-impact/>

Fuel consumption

2022- 869,397 GJ

2021 – 902,353 GJ

2020 – 802,955 GJ

2019 – 975,667 GJ

Consumption by fuel type

Natural Gas: 555,492 GJ

Fuel Oil: 258,986 GJ

Industrial Diesel: 887 GJ

LP Gas: 53,500 GJ

Gasoline: 532 GJ

Electricity consumption	GJ	KWh
2019	285,855	79,404,224
2020	446,882	124,133,839
2021	285,388	79,274,501
2022	341,106	94,751,735

*Total energy consumption within the organization: 1,210,504 GJ

Note 1: This report includes the electricity consumption of all the Plants and Distribution Centers that reported in 2022 as well as, Té Manufacturing Plants (Coronel Espinoza), Herpons Litoplas (Almacenadora Vallejo), Stores (Nutrisa, Lavazza and Cielito Querido Café, Moyo and Chilim Balam), Cogeneration Plant, Tapas Plant, CAF Lagos de Moreno and Distribution Centers Cancun. Also included was the electricity consumption of offices (San Bartolo, Netesa, Corporativo 5, Nutrisa) and facilities that do not have productive processes in operation but report their basic consumption to EPC (La Corona -San Blas-, Revolución -Topolobampo 1 and Distribution Centers Ahuizotla.)

Our calculation methodology is based on the conversion of fuel consumption in m3 to heat units (GJ) and of KWh consumed of electric energy to GJ using nationally applicable conversion factors.

Electricity consumption: 341,106 GJ

Note 2: In item e, the consumption of heating energy - hot water thermal energy and cooling energy - is not accounted for because it is energy that is generated as a secondary process to the cogeneration plant and is fed to the Barilla plant equipment.

Note 3: The methodology is based on the conversion of fuel consumption in m3 to heat units (GJ) and of KWh consumed of electric energy to GJ using nationally applicable conversion factors.

Note 4: Distribution Centers report their production in tons moved instead of tons invoiced to make the environmental performance indicators more representative of their operations.

Source:

- Balance Nacional Energético 2011, Secretariat of Energy.
- Prospectiva del Mercado del Gas Licuado de Petróleo 2012 2016, Secretariat of Energy.
- Recognized bibliographic sources of conversion factors.

302-3 Energy intensity

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

The energy intensity ratio of Grupo Herdez is 2.00 GJ/Tn produced.

- 2022: 2.00 GJ/Tn produced
- 2021: 2.05 GJ/Tn produced
- 2020: 1.79 GJ/Tn produced
- 2019: 2.35 GJ/Tn produced

*Note: Only considers the energy consumption of own operations (within the organization).

1. The energy intensity estimate only considers the fuel and electricity consumption of the Plants (Herdez SLP, Herdez Villagrán, Santa Rosa Tomates, Santa Rosa Vegetales, McCormick México (Cuautitlán), McCormick SLP (El Duque), Barilla, Lagos de Moreno (Ice Cream), Nutrisa, Té (Coronel Espinoza) and Cogeneration. In addition to Distribution Centers in Tijuana, Monterrey, SLP, Guadalajara, Mexico (Cuautitlán), Mérida, Los Mochis and CAF Lagos de Moreno.
2. The consumption of thermal heating energy - hot water - and cooling energy - cold water - consumed by the Barilla Plant and provided as secondary energy by the Cogeneration Plant is not considered for the estimation of energy intensity.
3. The fuels and electric energy of Manufacturing Plants and Distribution Centers considered for this report are those reported by the facilities mentioned in comment 1 of the additional comments section.
4. Tons produced refers to plant production, Distribution Centers do not produce, they only move products.

302-4 Reduction of energy consumption

The reduction in energy consumption achieved from the conservation and efficiency initiatives was 41,010.91 GJ. This includes fuel energy (natural gas, diesel, LP gas and fuel oil) and electrical energy.

Calculation and justification:

1. No base year has been defined as a means of comparison against the reduction reported in this year 2022.
2. The comparison is made directly against the previous year, in this case against the year 2021.
3. The energy reductions reported here were estimated considering the reports of fuel consumption (m³), electric energy (kWh) and tons produced or displaced -in the case of the Distribution Centers-provided by the Manufacturing Plants and Distribution Centers. The reduction is estimated based on energy consumption per ton produced/displaced.
4. The energy reduction shown here does not necessarily represent a reduction of the same at the Group's concentrate level, since although in some facilities energy consumption and emissions were reduced, in other facilities they increased, which could mean that the improvement is not visible at the group level.

Methodology

1. The information is obtained directly from the Manufacturing Plants and Distribution Centers, which in turn have internal records of their energy consumption in logs, invoices and internal controls through electronic or printed files, which are compared, complemented and integrated with the electricity consumption information reported by the Energy for Preserves (EPC).
2. Energy consumption is reported to the environmental sustainability area through pre-established forms which are sent by the Manufacturing Plants and Distribution Centers.
3. The invoices for the payment of electric energy and fuels used were taken from the invoices of each energy supplier.
4. Energy consumption data in m³ and kWh are converted to GJ using conversion factors.
5. Energy reductions were estimated by comparing consumption per unit of production between 2022 and 2021; additionally, the energy reductions achieved through the Energy for Preserves projects were added, since it was assumed that these were not reflected in the comparison per ton produced. The criterion for calculating the reductions in electricity and fuel consumption was consumption in m³ of fuel/Tn Produced and in kWh/Tn Produced.

Note 1: In addition, the "Balance Nacional Energético 2011", issued by the Secretariat of Energy, is consulted for conversion of energy units.

Note 2: The "Prospectiva del Mercado del Gas Licuado de Petróleo 2012 - 2026", Secretariat of Energy is also consulted.

302-5 Reduction of energy requirements of products and services

Grupo Herdez does not measure the reduction of energy requirements per product sold.

305-1 Direct greenhouse gases emissions (Scope 1)

Direct emissions from fuel consumption in stationary sources

Source	Fuel	2022 Tn CO ₂ equivalent	2021 Tn CO ₂ equivalent	2020 Tn CO ₂ equivalent
Primary	Natural gas	26,922	26,494	22,433
Secondary	Fuel oil	18,491	21,134	16,573
Secondary	Residual fish oil	-	-	-
Secondary	Industrial diesel	48	133	1,116
Secondary	L.P. Gas	1,991	2,338	2,295
Secondary	Gasoline	-	-	-
Subtotal		47,453.56	49,999	42,418

Direct emissions from fuel consumption in mobile sources

Source	Fuel	2022 Tn CO ₂ equivalent	2021 Tn CO ₂ equivalent	2020 Tn CO ₂ equivalent
Secondary	L.P. Gas	1,312	1,295	1,487
Secondary	Industrial diesel	13	4	17
Secondary	Gasoline	36	35	60
Secondary	Jet fuel	-	-	-
Subtotal		1,361	1,334	1,563

Note: The totals are considering decimal differences.

During 2022, Grupo Herdez reduced total direct carbon emissions by 5.0% in Scope 1 due to a reduction in the use of fuel oil, industrial diesel and LPG.

Total direct emissions

(Tn CO₂ equivalent)

2022- 48,814

2021- 51,334

2020 – 43,982

2019 – 66,942

Note: The gases included in the calculation were CO₂, CH₄ and N₂O.

Biogenic CO₂ emissions have not been determined in Grupo Herdez for any type of waste or biomass generated, because the volume of waste sent for processing as alternative fuels (residual biomass) is so small that it does not represent a significant impact on the determination of emissions at the group level. More than 86% of the waste generated is recycled and the rest is sent to sanitary landfills and controlled confinement in the case of hazardous waste.

In the case of Greenhouse Gas (GHG) emissions from direct sources (stationary and mobile - for use of fuel-) there is currently no single base year; an annual comparison of indicators is made using the immediately preceding year as a reference.

For direct and indirect sources, the direct estimate methodology was used using emission factors established in internationally recognized sources, some of them adopted by SEMARNAT, which due to the units in which they are expressed, were applied directly to the consumption of each of the reported energy sources to estimate the tons of CO₂e. For this determination we worked under the assumption that Grupo Herdez has no recorded emissions or direct or accidental releases (either leaks or spills) of HFCs, PFCs, SF₆ and/or NF₃ that could be considered as part of emissions to the atmosphere.

For direct sources (stationary and mobile) the emission factors were taken from the GHG-PI version 4.0 (stationary sources) and 2.3 (mobile sources).

305-2 Indirect greenhouse gas emissions (scope 2)

Total indirect emissions

(Tn CO₂ equivalent)

2022- 11,302

2021- 14,367

2020 - 16,146

2019 - 25,019

During 2022, we reduced total carbon emissions by 21.3% in Scope 2.

Notes:

The gases included in the calculation were CO₂e.

1. The above-mentioned emissions are grouped as follows:

Manufacturing Plants and Distribution Centers: 6,526 tons of CO₂e Stores: 3,939.84 tons of CO₂e

Other facilities: 836.13 tons of CO₂e

Total: 11302 tons of CO₂e

2. Indirect emissions of 6526 tons of CO₂ consider only the consumption of CFE (Federal Electricity Commission) from our Manufacturing Plants (Mexico, Barilla, El Duque, Lagos de Moreno, Herdez SLP, Herdez Villagrán, Santa Rosa Tomates, Santa Rosa Vegetales, Tapas, Nutrisa and Coronel Espinoza) and Distribution Centers (Monterrey, CAF Lagos de Moreno, San Luis Potosí, Mexico, Guadalajara, Los Mochis, Tijuana and Mérida).

3. The information is obtained directly from the Manufacturing Plants, Distribution Centers and other facilities, which in turn have internal records of their energy consumption based on logs, invoices and internal controls

through electronic files.

4. Energy consumption is reported to the environmental sustainability area through pre-established forms which are sent periodically by the Manufacturing Plants and Distribution Centers. In the case of other facilities, the information is provided by the EPC area; for Stores, consumption is reported by EPC and the store manager.

5. Electricity consumption for GHG emissions estimation is taken from CFE invoices.

6. The energy consumption data in kWh are converted by means of conversion factors to CO₂e emissions using the emission factors mentioned above.

305-4 Intensity of greenhouse gas emissions

Considering emissions from manufacturing plants and distribution centers at the same time, including direct emissions (mobile and stationary source) and indirect emissions (electricity from non-renewable sources), the GHG emissions intensity for 2022 was 0.096 Tn CO₂e/Tn produced. GHG emissions intensity is expressed in tons of CO₂e per tons produced and is expressed based on the sum of direct and indirect emissions reported in the previous emissions indicators, adding emissions from fuel consumption and emissions from electricity consumption from the Federal Electricity Commission (CFE) network.

Note: Scope 3 emissions are not determined.

305-5 Reduction of greenhouse gas emissions

Reduction of GHG emissions (Tn CO ₂ eq.)	2022	2021
Process redesign	1,125.38	102.59
Conversion and adaptations of equipment	71.45	14.16
Fuel substitution	0	0
Collaborator behavioral change	0	0
Savings actions in process equipment	2,839.31	5,692.25
Total	4,036.14	5,089.00

Note 1: The gases included in the calculation were CO₂, CH₄, N₂O

Note 2: Reductions were presented in both Scope 1 and Scope 2.

Note 3: No base year has been defined as a means of comparison against the reduction reported in this year 2022.

Reductions occurred in both Scope 1 (direct -stationary and mobile sources-) and Scope 2 (indirect -only EE consumption from CFE sources-).

The data is obtained from direct measurements for both electricity and fuel consumption, which were reported by suppliers through invoices. All reported emissions were estimated using the emission factors corresponding to each type of energy.

1. The information is obtained directly from the Manufacturing Plants and Distribution Centers, which in turn have internal records of their energy consumption in logs, invoices and internal controls through electronic or printed files, which are compared, complemented and integrated with the information on electricity consumption reported by the Energy for Preserves (EPC) department.

2. Energy consumption is reported to the sustainability department through pre-established forms, which are sent by the Manufacturing Plants and Distribution Centers.
3. The invoices for payment of electric energy and fuels used were taken from the invoices of each energy supplier.
4. Energy consumption data in m3 and kwh are converted using nationally and internationally recognized emission factors.
5. Electricity consumption for GHG emissions estimation was taken from CFE invoices.
6. Emission reductions were estimated by comparing energy consumption per unit of production between 2022 and 2021, in addition to the emission reductions achieved through the Energy for Preserves (EPC) projects. The criteria for calculating the emission reductions was the consumption in m3 of fuel/Tn produced and kWh/Tn produced.

305-6 Emissions that are damaging the ozone layer

Grupo Herdez does not produce, import or export CFC-11 (R-11), R-14 and R-22 substances.

The most commonly used refrigerants are R-410A, R-134A, R-407C, R-404A, R-507, R-147, R-427 and R-MO99, among others.

305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions

Atmospheric emissions	2022 (Tn)	2021 (Tn)
NOx	67.02	73.32
SOx	76.70	85.84
POPs (persistent organic pollutants)	3.58	NA
VOC (volatile organic compounds)	1.18	1.16
HAP (hazardous air pollutants)	NA	NA
PM (particles)	5.90	NA
OTHER		
CO	23.97	24.57
PS	2.95	3.12
COT	3.58	3.72
SO2	75.95	84.97
SO3	.76	.86
Filterable PS	5.90	6.75
NMCOV's	0.04	0.05

The methodology used is that of direct determination using specific emission factors for each type of pollutant as recommended by the GreenHouseGas Protocol (GHGP) for emissions from both direct stationary and mobile sources.

To determine the emission factors to be used, we considered the provisions issued by the UK Department for Environment, Food and Rural Affairs (DEFRA), the US Environmental Protection Agency (EPA) and the Intergovernmental Panel on Climate Change's (IPCC) 2006 Guidelines for National Greenhouse Gas Inventories, through the Mobile Combustion GHG Emissions Calculation Tools and the Stationary Combustion GHG Emissions Calculation Tools, which in turn can be consulted on the GHG Protocol Website.

On the other hand, although the data represents the Group's concentrate, the estimate is based on specific data provided by each facility, considering the fuel consumption - measured directly in stationary and mobile sources of Grupo Herdez. Likewise, unit conversion factors based on the metric decimal system were used for the conversion from kilograms to tons.

IP-10 Percentage of renewable energy consumed in the organization

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

Total electric energy consumed by Grupo Herdez: In KWh: 94,751,735

100%

Electric energy from clean sources (Renewable + Cogeneration): In KWh: 68,770,646

72.6%

Wind energy: In KWh: 46,934,531

49.5%

Cogeneration Plant Energy In kWh: 21,836,115

23.0%

Non-renewable from CFE: In KWh: 25,981,089

27.4%

WATER MANAGEMENT

303-1 Interactions with water as a shared resource

Extraction

Source	Method of Extraction	Location and Name of Water Body	Description of Related Impacts
Rivers and lakes	Pumping	1 at Canal Lateral 18+420 del Canal Valle del Fuerte, Cuenca (Basin) Río Fuerte, Afluente canal principal Valle del Fuerte Distrito de Riego 075, Región Hidrológica (Water Region) Sinaloa, Localidad El Fuerte, Sinaloa. 1 at Canal Lateral 18+420 del Canal Valle del Fuerte, Cuenca (Basin) Río Fuerte, Región Hidrológica (Water Region) Sinaloa, Localidad Campo 35, Ahome, Sinaloa..	Possible depletion of the resource, although of low probability due to low extraction volumes. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
Seas and oceans	Not Applicable	Not Applicable	Not Applicable
Underground (wells)	By submersible pump	2 at Cuenca (Basin) Presa San José Los Pilares y Otras, Acuífero (Aquifer) San Luis Potosí, Región Hidrológica (Water Region) Salado en SLP San Luis Potosí. 1 at Cuenca (Basin) Laja, Acuífero (Aquifer) Valle de Celaya, Región Hidrológica (Water Region) Lerma-Santiago, Villagrán Guanajuato. 1 at Cuenca (Basin) Río Verde Grande, Acuífero (Aquifer) Lagos de Moreno, Región Hidrológica (Water Region) Lerma-Santiago, Lagos de Moreno, Jalisco. 1 at Cuenca (Basin) Río Moctezuma, Acuífero (Aquifer) Cuautitlán- Pachuca, Región Hidrológica (Water Region) Pánuco, Localidad Barrio de San Juan, Teoloyucan, State of Mexico.	Possible depletion of the resource, although of low probability due to low extraction volumes in the case of San Luis Potosí, Guanajuato, Jalisco and Estado de México. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
County network	For direct mains supply	1 at San Luis Potosí, SLP 1 at Tijuana, Baja California 1 at Monterrey, Nuevo León 1 at Tlaquepaque, Jalisco 1 at Lagos de Moreno Jalisco	Possible depletion of the resource, although of low probability due to low extraction volumes. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
Storm water (collected and stored directly by the organization)	For infrastructure of canals and storm-water training pits	1 at Complejo Industrial Duque de Herdez in SLP, San Luis Potosí 1 at Complejo Industrial Herdez México in Cuautitlán, Estado de México.	Possible unavailability of the resource, with a medium probability of occurrence due to a decrease in rainfall.
Wastewater from another organization	Not Applicable	Not Applicable	Not Applicable
Tank truck water	Direct supply by tank truck	1 at the County of Chalco, Estado de México.	Possible depletion of the resource and a possible water deficit in the region. Likewise, extraction volumes are relatively low.
Wastewater from the organization itself	Not Applicable	3 at Complejo Industrial (Industrial Complex) Herdez México, in Cuautitlán, Estado de México, México Distribution Center and Barilla Plant (2 at the Plant and 1 at the Distribution Centers).	México Manufacturing Plant, México Distribution Center and Barilla México recycled 84.9%, 100% and 75.2%, respectively, of their treated wastewater for landscape irrigation.

Consumption

Source	Use of extracted water	Location where it was consumed	Description of Related Impacts
Rivers and lakes	Industrial (Production, ancillary services and sanitary services)	2 in Los Mochis Sinaloa	Possible depletion of the resource, although low-probability due to low extraction volumes. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
Seas and oceans	Not Applicable	Not Applicable	Not Applicable
Underground (wells)	Industrial (Production, ancillary services and sanitary services)	1 in Cuautitlán, Estado de México. 3 in San Luis Potosí. 2 in Lagos de Moreno Jalisco. 1 in Villagrán Guanajuato.	Possible depletion of the resource, although low-probability due to low extraction volumes. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
County network	Industrial (Production, ancillary services and sanitary services)	1 in San Luis Potosí, SLP 1 in Tijuana, Baja California 1 in Monterrey, Nuevo León 1 in Tlaquepaque, Jalisco 1 in Lagos de Moreno Jalisco.	Possible depletion of the resource, although low-probability due to low extraction volumes. Possible unavailability of the resource, with medium probability of occurrence due to transition risks (legal and/or social).
Storm water (collected and stored directly by the organization)	Industrial (irrigation of green areas)	2 in Cuautitlán, Estado de México. 1 San Luis Potosí SLP.	Possible unavailability of the resource, with a medium probability of occurrence due to a decrease in rainfall.
Wastewater from another organization	Not Applicable	Not Applicable	Not Applicable
Tank truck water	Industrial (Production, ancillary services and sanitary services)	1 in Chalco Estado de México.	Possible depletion of the resource and a possible water deficit in the region. Likewise, extraction volumes are relatively low.
Wastewater from the organization itself	Industrial (sanitary services and irrigation of green areas).	3 at the Herdez México Industrial Complex in Cuautitlán, Estado de México, México Distribution Center and Barilla Plant (2 at the Plant and 1 at the Distribution Centers).	México Manufacturing Plant, México Distribution Center and Barilla México recycled 84.9%, 100% and 75.2%, respectively, of their treated wastewater for landscape irrigation.

Discharges

Source	Discharge Method	Use of Discharge	Description of Related Impacts
Rivers and lakes	By direct discharge to the water body by means of a drainage channel	Canal lateral del canal Valle del Fuerte, Cuenca (Basin) Río Fuerte, Afluente main channel Valle del Fuerte Distrito de Riego 075, Región Hidrológica (Water Region) Sinaloa, Localidad El Fuerte, Sinaloa.	The discharge of wastewater is treated in accordance with applicable regulations; therefore, the level of significance of the impact on the receiving body has not been determined.
Seas and oceans	Not Applicable	Not Applicable	Not Applicable
Underground (wells)	By direct discharge to the water body by means of a drainage channel	<p>Wastewater discharges from the Lagos de Moreno Plant, SLP Distribution Center, Té Manufacturing Plant and El Duque are sent to the county drainage system.</p> <p>Wastewater discharge from the Celaya Plant and part of the Mexico Plant is discharged to a federal drainage system.</p> <p>100% of México Distribution Center's wastewater and 84.9% of Planta Mexico's wastewater infiltrates into the soil.</p>	<p>Wastewater discharges are treated in accordance with applicable regulations; therefore, the level of significance of the impact on the federal receiving body and/or infiltration into the subsoil, which are considered national assets, has not been determined.</p> <p>Although the significance of the water discharged into county drainage systems has not been determined, it is very difficult to evaluate the impact because these drainage systems contain an infinite number of discharges from different origins and sources.</p>
County network	By gravity and direct conduction to the drainage system or receiving body.	County drainage system.	<p>Discharge of pollutants into the body recipient.</p> <p>Although the significance of the water discharged into county drainage systems has not been determined, it is very difficult to evaluate the impact because these drainage systems contain an infinite number of discharges from different origins and sources</p>
Storm water (collected and stored directly by the organization)	By pumping	Stormwater is used for green areas and the surplus is sent to a drainage channel.	The consumption of stormwater avoids the extraction of drinking water from wells, so the impact is positive, although its significance has not been estimated.
Wastewater from another organization	Not Applicable	Not Applicable	Not Applicable
Tank truck water	By direct discharge to the body of water through a sewage canal	Wastewater discharges from the Nutrisa Plant are sent to the county drainage system.	Wastewater discharges are treated in accordance with applicable regulations; therefore, their level of significance has not been determined.
Wastewater from the organization itself	y gravity and direct conduction to drainage.	County drainage system.	<p>Planta México recycled 84.9%, México Distribution Center 100% and Barilla México 75.2% of the wastewater they generate and treat, using it to irrigate gardens.</p> <p>Although the significance of the water discharged into county drainage systems has not been determined, it is very difficult to evaluate the impact because these drainage systems contain an infinite number of discharges from different origins and sources.</p>

Note: The quality of wastewater discharges to receiving water bodies is monitored through compliance with the maximum permissible limits established in the corresponding Mexican Official Standards (i.e., mandatory technical regulations).

Basins from which water is extracted by the organization:

Basin	Description of Related Impacts
Cuenca (Basin) Río Fuerte, Región Hidrológica (Water Region) Sinaloa, Localidades Campo 35, Ahome and El Fuerte, Sinaloa.	<p>Extraction and Consumption:</p> <p>Except for the Mérida Distribution Center, our Manufacturing Plants and Distribution Centers are located in Basins and Water Regions with high or very high levels of water stress, but the consumption of our facilities is very low.</p>
Cuenca (Basin) Presa San José Los Pilares and Others, Acuífero (Acuifero) San Luis Potosí, Región Hidrológica (Water Region) Salado in San Luis Potosí.	
Cuenca (Basin) Laja, Acuífero (Acuifero) Valle de Celaya, Región Hidrológica (Water Region) Lerma- Santiago, Villagrán Guana-juato.	<p>Discharge:</p> <p>Although the wastewater generated at the facilities of Grupo Herdez is treated prior to discharge, the generation and discharge of this treated wastewater represent a certain negative impact due to the emission of pollutants into county drainage systems and surface water bodies, despite being very small volumes of discharges. These impacts may not be as significant because a very large diversity of wastewater discharges from different sources and origins converge in the county drainage system.</p>
Cuenca (Basin) Río Verde Grande, Acuífero (Acuifero) Lagos de Moreno, Región Hidrológica (Water Region) Lerma-Santiago, Lagos de Moreno, Jalisco.	
Cuenca (Basin) Río Moctezuma, Acuífero (Acuifero) Cuautitlán-Pachuca, Región Hidrológica (Water Region) Panuco, Localidad Barrio de San Juan, Teoloyucan, Estado de México.	

Related impacts

Water goals are established based on the water consumption and wastewater discharge indicators maintained for each facility. Currently, each facility identifies areas of opportunity in its processes and makes estimates on the potential savings that each can provide, and then proposes an achievable annual goal. These goals are not related to the local context of their locations.

Note: No analytical, holistic or in-depth approach is applied to identify potential impacts; rather, only the potential impacts that could be caused by the volumes of water consumption extracted from the sources and by the amount of pollutants present in the wastewater discharged to the different receiving bodies are considered intuitively.

303-2 Management of impacts related to water discharge

The minimum regulatory and/or internal standards for effluent discharge quality that the Manufacturing Plants and Distribution Centers follow are:

- Biochemical Oxygen Demand (BOD)
- Total Suspended Solids (TSS)
- Total Dissolved Solids (TDS)
- Sedimentable Solids (SS)
- Potential Hydrogen (PH)
- Electrical Conductivity (EC)
- Temperature (°C)
- Fats and Oils (F&O)
- Chemical Oxygen Demand (COD)

Specific standards:

NOM-001-SEMARNAT-1996/ NOM-001-SEMARNAT-2021: Establishes the maximum permissible limits for pollutants in wastewater discharges into national waters and property.

NOM-002-SEMARNAT-1996: Establishes the maximum permissible limits of pollutants in wastewater discharges to urban or county drainage systems.

State Technical Mandatory Standard: NTE-SLP-AR-001/05, which establishes special conditions for wastewater discharge to the drainage and sewage systems of the Counties of San Luis Potosí, Soledad de Graciano Sánchez and Cerro de San Pedro.

Particular Discharge Conditions: established by Federal authorities pursuant to Article 140 of the Regulations to the National Waters Law (Ley de Aguas Nacionales).

303-3 Water extraction

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

Total water extraction from freshwater (1000 mg/L): 1,290.62

Source	2022		2021		2020	
	Total Volume (ML)	Water-stressed areas	Total Volume (ML)	Water-stressed areas	Total Volume (ML)	Water-stressed areas
Rivers and lakes	717.46	717.46	737.8	737.8	702	702
Underground (wells)	543.74	543.21	531.92	531.42	537	537
Seas and oceans			-	-	-	-
County network	14.07	14.07	11.31	11.31	256	256
Stormwater	-	-	-	-	-	-
Wastewater from another organization	0	0	0	0	0	0
Other (tank trucks)	16.2	16.2	13.9	13.9	47	47
Total	1,291.47	1,290.94	1,295	1,294	1,542	1,542

Methodology used:

1. Reported consumption is measured directly by measuring instruments that are monitored and certified by federal, state, and county authorities. These consumptions are reported to these authorities through various formats and reporting mechanisms. A 90% representation is considered because it does not include the water consumption of Nutrisa, Lavazza and Cielito Querido Stores, Moyo, Chilim Balam, or other facilities (offices, etc.).
2. Although Grupo Herdez has facilities that collect stormwater, these are not reported because most of the volume collected is discharged into the environment and only a portion is used to irrigate green areas; therefore, the water is not stored and is not used in processes or services.
3. In order to determine the water stress zones, the Water Statistics issued by the National Water Commission (Comisión Nacional de Agua or CONAGUA), information on availability zones according to the Basin and Aquifer of the country were used as reference sources. The Aqueduct Water Risk Atlas 2019 was also considered as a criterion for determining water stress, since it is an internationally recognized tool, with the exception of Mérida Distribution Center, where the CONAGUA criterion was considered because it was deemed to be closer to the country's reality.

Note: This report includes the Barilla, McCormick SLP (El Duque), McCormick México (Cauatitlán), Herdez San Luis Potosí, Santa Rosa Tomates, Santa Rosa Vegetales, Herdez Celaya (Villagrán), Nutrisa, Lagos de Moreno (ice cream), Coronel Espinoza y Cogeneration, as well as the Distribution Centers of Tijuana, Monterrey, San Luis Potosí, Guadalajara, México (Cauatitlán), Mérida, Los Mochis y CAF Lagos de Moreno; Mérida Distribution Center is the only facility located in a low water stress zone.

Only the Tijuana and Mérida Distribution Centers are located in areas where the water quality is considered slightly brackish with TDS amounts greater than 1,000 mg/l; the rest of the facilities are located in areas with water considered fresh water because they contain TDS and/or TSS concentrations of less than 1,000 mg/l.

Total water withdrawal, in megaliters, per facility in water-stressed areas

Source	Installation (Manufacturing Plants or Distribution Centers)	Volumen 2022	Volumen 2021	Volumen 2020	Volumen 2019
Rivers and lakes	Santa Rosa Tomates	439.13	460	403	366
	Santa Rosa Vegetales	275.81	477	298	300
	Distribution Center Mochis	2.53	1.40	1	2
Underground (wells)	Barilla	41.15	40	51	47
	El Duque	38.51	38	41	41
	Manufacturing Plants México	89.50	81	76	77
	San Luis Potosí Manufacturing Plant	202.06	193	201	259
	Villagrán Plant	41.94	36	28	39
	Lagos de Moreno Plant	99.10	110	111	129
	Manufacturing Plants Cogeneration Plant	14.58	16	15	0
	Té Manufacturing Plant	2.54	2	0	0
	San Luis Potosí Distribution Center	6.27	7	-	-
	Mexico Distribution Center	7.60	9	-	-
County network	San Luis Potosí Distribution Center	6.11	2.25	9	7
	Mexico Distribution Center	0	0	4	4
	San Luis Potosí Manufacturing Plant	0	0.23	1	0
	Té Manufacturing Plant	0.45	0.49	1	0
	Guadalajara Distribution Center	0.33	0.61	-	-
	Tijuana Distribution Center	0.32	0.31	-	-
	Monterrey Distribution Center	0.57	0.50	-	-
CAF Lagos	6.30	6.92	-	-	
Other (Tank truck and wastewater)	Nutrisa	16.20	0.98		
Total			1,295	1,542	1,299

303-4 Water discharges

Water discharges by source

Discharge source	Volumen in ml			
	2022	2021	2020	2019
Rivers, lakes (federal water bodies)	500.24	543	509	477
County network (county drainage system)	198.16	165	154	286
Other (subsoil)	59.19	69	63	60
	757.59	777	726	823

For sources: underwater (wells); seas, oceans; stormwater and; water discharged from another organization no discharges are made.

Volume per discharge in water-stressed areas

	2022		2021		2020	
	Total Volumen (Ml)	Water-stressed areas	Total Volumen (Ml)	Water-stressed areas	Total Volumen (Ml)	Water-stressed areas
Other water (> 1,000 mg / l total dissolved solids)	757.59	757.06	777	776	726	726

For the freshwater type, there are no discharges.

Note: The Aqueduct Water Risk Atlas 2019 was used as the criterion for determining water stress, as it is an internationally recognized tool, except for Chiapas and Mérida, where the CONAGUA criterion was used as it is considered more appropriate to the reality of the country.

Wastewater treatment

Treatment level	Method for determining the type of treatment
Mainly Secondary Treatment –(Biological) followed by Simple Tertiary Treatment	<p>The treatment system of each facility is planned and designed according to the characteristics of the wastewater generated and the discharge conditions to be complied with, however, all our treatment systems generally have the following treatment process:</p> <ol style="list-style-type: none"> 1. Pretreatment: grease and oil, and/or large solids traps. 2. Primary Treatment: normally a Dissolved Air Flotation Physical Chemical System “DAF” of linear or circular type. 3. Secondary Treatment: conventional Biological Sludge Systems with Clarification Systems. 4. Tertiary Treatment: sand and gravel filter and activated carbon filtration system and manual or in-line clarification systems and/or ultraviolet light to eliminate mainly fecal coliforms and other biological microorganisms.

Discharged water quality

By 2022, the estimated amounts of discharges via wastewater that are treated in Grupo Herdez expressed in tons are:

- FATS AND OILS: 5.10
- BOD: 21.07
- COD: 130.27
- TSS: 33.20
- TDS: 274.22
- SS: 0.13

These parameters were defined based on compliance with the discharge standards applicable to each facility.

Substances of priority concern for water discharges

Substances: Biochemical Oxygen Demand (BOD), Total Suspended Solids (TSS), Total Dissolved Solids (TDS), Sedimentable Solids (SS), Potential Hydrogen (PH), Electrical Conductivity (EC), Temperature (°C), Fats and Oils (F&O).

Method for defining significance: Compliance with national standards and particular discharge conditions established by the Mexican government.

Substance: Chemical Oxygen Demand (COD).

Method for defining its significance: Standard determined for operational control of the system.

The standards complied with by Grupo Herdez facilities in order to respect the discharge limits for priority substances are as follows:

NOM-001-SEMARNAT-1996: Establishes the maximum permissible limits for pollutants in wastewater discharges into national waters and property.

NOM-002-SEMARNAT-1996: Establishes the maximum permissible limits of pollutants in wastewater discharges to urban or county drainage systems.

State Technical Mandatory Standard NTE-SLP-AR-001/05: Establishes particular conditions for wastewater discharge to the drainage and sewage systems of the Counties of San Luis Potosí, Soledad de Graciano Sánchez and Cerro de San Pedro.

Particular Discharge Conditions: Established by Federal authorities pursuant to “Article 140 of the Regulations of the National Waters Law [Ley de Aguas Nacionales] which states that to determine the particular discharge conditions, “the Commission” will consider the parameters and maximum permissible limits contained in the Mexican Official Standards issued by the competent authorities for wastewater discharges and for the treatment of water for human use or consumption, as well as the parameters and maximum limits derived from the Declarations of Classification of National Water Bodies published under the terms of Article 87 of the “Law”.

303-5 Water consumption

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

The volume of stormwater collected and stored annually is 76 megaliters, corresponding to the maximum installed capacity.

Fuente	2022		2021		2020	
	Volumen Total	Volume in water-stressed areas	Volumen Total	Volume in water-stressed areas	Volumen Total	Volume in water-stressed areas
Rivers and Lakes	253.08	253.08	231.81	231.81	217.37	217.37
Wells	269.01	269.01	273.48	273.48	310.39	310.39
County network	0	0	3.53	3.53	4.40	4.40
Others	8.58	8.58	5.85	5.85	6.16	6.16
Total	530.67	530.67	515	515	538	538

Total water consumption, in megaliters, per facility in water-stressed areas

Source	Barilla Manufacturing Plant	El Duque Manufacturing Plant	Mexico Manufacturing Plant	Industrial Manufacturing Plant	Santa Rosa Tomates Manufacturing Plant	Santa Rosa Vegetales Manufacturing Plant	Villagrán Manufacturing Plant	Nutrisa Manufacturing Plant	Lagos Manufacturing Plant	Cogeneration Plant	Té Manufacturing Plant	CAF Lagos
Rivers and Lakes					204.21	48.87						
Wells	32.91	5.05	41.30	107			6.08		61.96	14.58	0.13	
County network												
Tank truck water								8.58				
Total	530.67											

Notes:

1. Reported consumption is measured directly by measuring instruments that are monitored and some are certified by federal, state and county authorities. These consumptions are reported to these authorities through various formats and reporting mechanisms.
2. The volume of stormwater is an estimated volume of what the Duque de Herdez Complex, Mexico Manufacturing Plant and Mexico Distribution Center recover and use for landscape irrigation.
3. Since we are not using stormwater in our production processes, it will be reported separately.

306-1 Generation of waste and significant waste-related impacts

In Grupo Herdez the main inputs are agricultural products, manufactured products -soybean oil, semolina, etc.- and packaging materials -carton, glass, PET, etc.-.

In much smaller quantities, some chemical products are used - pure or compound substances - which are used for maintenance activities, laboratory analysis, quality and safety, cleaning of equipment and facilities whose chemical risk levels are sought to be as low as possible.

In the use of all of the above, the significant impact is the generation of non-hazardous and hazardous waste -the majority of these wastes are managed and handled in such a way that they are channeled into recycling chains in order to minimize their negative impact on landfills and landfill centers. This has allowed us to recycle 100% of the post-industrial waste generated. **During 2022 we recycled 84.3% of the waste generated.**

**Note: The wastes reported in sections 306-3, 306-4 and 306-5 are related to the operations of our Manufacturing Plants and Distribution Centers and are, therefore, considered post-industrial wastes (generated by our industrial processes). At no time do they refer to upstream or downstream waste.*

306-2 Management of significant waste-related impacts

Some of the actions to prevent the generation of waste in the organization's upstream and downstream activities or manage the significant impacts of waste generated. For example, in relation to post-industrial waste generated and reported in Indicators 306-3, 306-4 and 306-5, the main actions for the management/mitigation of impacts are:

- Identification of all waste generated at each facility.
- Physical and chemical characterization - in accordance with regulations and with certified laboratories in Mexico - of the waste that so requires (mainly hazardous waste and "non-hazardous" special handling waste), in order to obtain an official technical report on the hazardousness or non-hazardousness of the waste in question.
- Waste is categorized into hazardous and non-hazardous, and within the latter classification it is subdivided into special handling waste and county solid waste. Likewise, regardless of whether the waste is hazardous or not, it is also subclassified into recycled and non-recycled. Non-hazardous waste includes waste for fiscal destruction, which may contain organic and inorganic waste that can be recycled and non-recycled, depending on the recovery conditions of the waste and the recycling options available in the local, regional or national market.
- Recording of waste with the corresponding environmental authorities (county, state and federal) as applicable to the type of waste,
- Periodic recording of the generation of each waste generated by each of the Group's facilities.
- The determination of the final management to be given to each waste according to its hazardous and non-hazardous characteristics, recycling, composting and final disposal in sanitary landfills or controlled confinement sites.
- The reuse or reincorporation into our own operational chain of materials that can be returned prior to their generation as waste and their management with external service providers, for example cardboard boxes or plastic buckets that are used within the facilities for other operations and that are no longer registered as waste unless such re-incorporation is no longer viable in our own operations.
- The selection of authorized suppliers (according to the corresponding legal authority) for the handling, transportation, recycling and/or final disposal of waste.
- The determination of the viability of each waste for its recovery and recycling according to the technological and cost options that exist in the market, as well as according to the environmental and, if applicable, social benefits that could be generated.
- Reporting to the corporate and the various stakeholders on the volumes and types of waste generated and recycled.

Post-consumer materials

Grupo Herdez has a collaboration agreement with ECOCE (a non-profit industrial association that has a management/neutrality plan for post-consumer materials), to which it reports the tons of PET released into the market via our products so that ECOCE, through its recovery strategies and programs, can channel these materials to collection and recycling centers.

Grupo Herdez ensures that waste management by third parties is performed in accordance with contractual or legislative obligations. For example, service providers are selected on the basis of the waste they will handle and particularly supervising at all times that suppliers are in full compliance with all applicable federal, state and/or county legal requirements at all times. First, technical visits are made to their offices to verify their documentary compliance with the framework that applies to them and to their facilities to ensure regulatory compliance and also to ensure that their technical operating conditions are adequate to ensure efficient and proper waste management, minimizing the risks of leaks, spills or problems that may lead to negative impacts on the environment and the surrounding community.

Processes used to collect and control waste data:

1. The data reported are measured volumes weighed on scales belonging to the Manufacturing Plants and Distribution Centers. These volumes are recorded in output notes, internal control records and/or reporting manifests that are delivered to various government agencies or are managed as internal control records.
2. Waste information is reported to the environmental sustainability area by the Manufacturing Plants and Distribution Centers through pre-established forms which are sent.

306-3 Waste Generated

<https://2022.ia.grupoherdez.com.mx/en/environmental-impact/>

This year we generated 44,296.25 tons of hazardous and non-hazardous waste, 3% less than last year.

The breakdown is as follows:

- Total hazardous waste: 64.50 Tn.
- Hazardous waste recycled: 13.67 Tn.
- Hazardous waste sent to controlled final disposal: 50.83 Tn.
- Total non-hazardous waste 44231.75 Tn.
- Recycled non-hazardous waste 37338.29 Tn.
- Non-hazardous waste sent to landfill 6893.46 Tn.

Total weight of waste generated during the last 4 years

Residuos generados	Unidad	2022	2021	2020	2019
	Toneladas métricas	44,296	45,515	34,594	42,045

Grupo Herdez has a general classification of waste into 3 main groups (hazardous waste, special handling waste and urban solid waste), which is mainly due to the Mexican federal, state and/or county legal framework and to the segregation that our Manufacturing Plants and Distribution Centers make of the waste for its better control, management and handling.

Effluents are NOT included in the waste data reported as they are considered wastewater and are reported in the water section.

306-4 Waste not destined for disposal

Waste recycling (Tn)	
Hazardous waste	13.67
Special handling waste	4,145.36
County solid waste	33,192.93
Total waste recycled	37,351.96

Recycled hazardous waste: 13.67 Tn. Recycled non-hazardous waste: 37,338.29 Tn

The reported data are measured volumes weighed on scales (taras) belonging to the Manufacturing Plants and Distribution Centers, which are continuously calibrated. The volumes are recorded in output notes, internal control records and reporting manifests that are delivered to various government agencies or are managed as internal control records.

Notes:

1. Effluents are NOT included in the waste data reported as they are considered wastewater and are reported in the water section.
2. Data on waste generation, recycling and/or disposal are reported to the environmental sustainability area through pre-established forms which are sent by the Manufacturing Plants and Distribution Centers.
3. The method of waste disposal and/or recovery depends on the type of waste being generated and the technologies and recycling opportunities that exist in the local, regional and national market.

306-5 Waste for disposal

Type of waste	
Hazardous waste	50.83
Special handling waste	1,936.81
Non-hazardous waste	4,956.66
Total waste	6,944.15

Notes:

1. Data on waste generation, recycling and/or disposal are reported to the environmental sustainability department through pre-established forms which are sent by the Manufacturing Plants and Distribution Centers.
2. The method of waste disposal and/or recovery depends on the type of waste being generated and the technologies and recycling opportunities that exist in the local, regional and national market.

MATERIALS

301-1 Materials used by weight and volume

In 2022 we consumed materials within 3 categories: agricultural raw materials, non-perishable raw materials and packaging materials (non-renewable and renewable).

Agricultural raw materials: 124,887.23 Tn

Raw materials: 316,658.09 Tn

Packaging Material: 123,037.57 Tn

- Renewable: 35,935.52 Tn
- Non-renewable: 87,102.05 Tn

301-2 Recycled inputs used

In Grupo Herdez we are starting our path into circularity and working on specific initiatives to achieve our goals for 2025. On the subject of recycled inputs, the materials that contain them are derived from corrugated cardboard such as boxes, crates and trays..

Recycled materials 2019	=	2.59
Recycled materials 2020	=	2.24
Recycled materials 2021	=	13.74

% Recycled materials 2022	=	10.25
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The percentage indicated shows the percentage of post-consumer material recovery and is declared by supplier, not counting what is recycled as reprocessing due to waste. e.g.: manufacture of glass packaging or plastic packaging.

301-3 Percentage of products and packaging materials reused

We do not currently measure the exact amount of recovery. In the case of PET, recovery is done through the strategies and programs of a third party that calculates an estimate of the recovery of plastic containers that circulate nationwide and that they recover.

98.1% of our packaging is recyclable and/or reusable, which means 120,729 tons. Of these, 72,540 metric tons of glass, 13,672 metric tons of pallets, 12,672 metric tons of corrugated packaging and 8,545 metric tons of metal cans stand out.

308-1 New suppliers that have passed the evaluation and selection filters of in accordance with environmental criteria

We have a supplier sustainability assessment process, but it is performed on current suppliers, not new ones.

CONSUMER HEALTH, SAFETY AND WELFARE

416-1 Product impact assessment

100% of the product portfolio, both domestic and exports, are evaluated in terms of health and safety to promote improvements:

On health matters:

- 21.6% of the portfolio of domestic products are of a better nutritional quality. This percentage is represented by products that do not contain added critical nutrients (sugars, sodium, saturated fats) and by products that had some reformulation in added critical nutrients.
- 3% of the domestic product portfolio was reformulated to improve the nutritional profile, eliminating or reducing the content of added critical nourishments (sugars, sodium, saturated fat), and eliminating sweeteners.

From product design, selection of raw materials and packaging materials, we perform a risk assessment according to the market in which the product will be marketed, and based on this, the specifications and limits to be met are established. In addition, external audits are conducted to obtain FSSC22K certification.

All new and existing products have the conformity of their specifications to National Quality and Official Standards, as well as to CFR, FDA and USDA Export Standards, as applicable.

416-2 Non-compliance cases related to health and safety impacts of product and service categories.

As a result of inspection visits made by the Secretariat of Health to several retail establishments of Grupo Herdez, this authority determined that Promociones Inmobiliarias Naturistas S.A. de C.V. allegedly failed to comply with certain health, hygiene and water quality standards.

Promociones Inmobiliarias Naturistas S.A. de C.V. exhausted the corresponding administrative procedures, resulting in the issuance of warnings and the payment of a penalty in one of the cases.

IP-9 Health care and nutrition

Within the Technical Department, the Scientific and Regulatory Affairs Department validates that the products developed within Grupo Herdez contain permitted ingredients and, in the dosage, indicated by the applicable regulation for each product category. It also determines the nutritional icons that must appear on the front labeling, so that the consumer has the nutritional information provided by the product.

We continue to strengthen the internal nutritional criteria within the nutritional guidelines for the development of new products for the entire Group, creating categories and their corresponding nutritional criteria, indicating the maximum content limits for added critical nutrients and specific indications that must also be taken into account and/or must be complied with.

During this year, the total sales volume of consumer products low in saturated fats, trans fats, sodium and added sugars was 0.62%.

The total sales volume of renovated or reformulated products in 2022 is 4.8%.

The company has an advisory panel on nutrition and healthcare, as well as R&D centers focused on healthcare and nutrition.

Measurable nutrition criteria of “Healthy Nutrition” in product innovation:

- We continue to strengthen and monitor the applicability of internal nutritional criteria for new products throughout the Group.
- New categories are being created with their respective nutritional criteria (these categories include maximum content limits for critical nutrients and specific indications).
- By the year 2022, the number of partially hydrogenated fats was added to the internal nutritional criteria.
- We continue to monitor new products, innovations, reformulations, discontinued and cancelled products to improve their nutritional profile.
- The Nutritional Panorama of the food and beverage portfolio continues to be updated, including line products, innovations, reformulations and new products throughout the group, seeking to detect critical nutrients that will subsequently be evaluated so that, if necessary, they can be reduced.

Defined criteria for measuring nutrition

- Measurement is made through compliance with internal nutritional criteria. These regulate that new products do not exceed the recommendations guided by national and international regulations.
- The application of these guidelines is reflected in internal documents that serve as guidelines and evidence until the product is ready for sale.
- The criteria defined to measure the progress of “healthy nutrition” in existing products:
- Follow-up on nutritional mapping, understanding the impact of the change in regulation on the number of warning seals on each formula.
- Impact analysis for artificial preservatives, sweeteners and flavorings.
- Identification of critical nutrients that represent the addition of warning seals.
- Implementation of reformulation actions aimed at reducing the number of seals on products.

The purpose of the nutritional mapping was to understand the number of warning seals on each formula, seeking the possibility of reducing critical added nutrients or reducing the number of warning seals. In addition, work began on identifying products with the possibility of reducing sodium, sugars and saturated fat. We also looked for technology to make a cleaner label.

Grupo Herdez also works with the innovation and research areas to comply with internal nutritional criteria for new or innovative products. On the other hand, we work with the aforementioned areas together with the sensory evaluation area to work on the reformulation of line products and direct them towards compliance with the nutritional criteria established after their launching.

QUALITY AND SAFETY IN THE VALUE CHAIN

204-1 Significant Operating Activities expenses

Supplier	Domestic	Foreign
Raw Materials	\$7,960,191,609.87	\$791,121,179
	91.0%	9.0%
Packaging Material	\$3,906,666,314.38	\$112,446,183.89
	97.2%	2.8%
Agricultural raw material	\$1,059,265,325	0
	100%	0%

Amounts expressed in Mexican pesos

Note:

Local or domestic purchases are defined as those suppliers that have their place of manufacture in Mexico.

The main origin of soybeans is the United States; however, the refining process to the final product that we receive, which is Soybean Oil, is carried out in Mexico.

All of our agricultural producers have operations in Mexico, distributed nationwide the Mexican Republic in the States of Aguascalientes, Baja California, Baja California Sur, Campeche, Chihuahua, Ciudad de México, Durango, Guanajuato, Hidalgo, Yucatán, Morelos, Nayarit, Nuevo León, Puebla, Quintana Roo, San Luis Potosí, Sinaloa, Sonora, Veracruz and Zacatecas.

408-1 Risks of child labor

We have a strict control in our contracting processes, as well as a Supplier Code of Conduct, which each supplier must sign when establishing a commercial relationship with Grupo Herdez.

The Code establishes clauses that prohibit the hiring of child labor or forced labor. This is a measure to avoid the risk of employing child labor throughout our value chain, especially in the most vulnerable sectors such as agriculture and fishery.

The Supplier Code of Conduct is available at: https://grupoherdez.com.mx/wp-content/uploads/2021/09/Codigo-de-Conducta-de-Proveedores-GH-25-junio_2021-VF.pdf.

409-1 Operating Activities with child labor risks

Our Supplier Code of Conduct contains the minimum guidelines that our current and potential suppliers must comply with regarding social and environmental conditions for the development of their operations and services.

This document is based on the standards of the International Labor Organization (ILO), the ten principles of the United Nations Global Compact, the Human Rights Policy and the Code of Ethics of Grupo Herdez.

IP-6 Agricultural Sustainability

Sustainable and Regenerative Agriculture Program

The program consists of guiding, training, supervising and monitoring the production practices of our agricultural suppliers, based on conservation, the regeneration of ecosystems and the sustainable development of communities. The purpose is that our agricultural products generate the least possible impact on the environment in order to favor the improvement of the environment and thus generate the least possible impact. This indicator pays special attention to protected zones or areas, the use of water resources, soil conservation and clean air. To achieve this, it has a set of criteria, indicators, actions and collaborative strategies between Grupo Herdez, suppliers and other collaborators.

This program is implemented through a compliance **Ten-Point Framework**:

1. Biodiversity Preservation
2. Air, water and soil protection
3. Energy and climate change
4. Waste management
5. Integrated Crop Management
6. Reduction of agrochemicals
7. Safety and health
8. Decent work
9. Social responsibility
10. Communication and participation

Program objectives:

Ensure that perishable (fresh) raw materials: red tomato, green tomato, chilies, cilantro, onion, nopal cactus and tea (lemongrass, chamomile and spearmint) as well as non-perishable and/or manufactured raw materials (e.g., corn, semolina, honey, strawberry, etc.) that adhere to the same, come from a Sustainable and Regenerative agriculture source.

The main benefits of this program are:

1. To promote, encourage and develop sustainable agriculture as a new agricultural production culture among our suppliers.
2. Reduce the use of pesticides to lower the environmental impact and promote the adequate management of agrochemicals (GUMA).
3. Preserve the quality of soil, air and water in the cultivation zones and surrounding areas.
4. Encourage practices to improve soil quality.
5. Promote practices for the efficient management and use of resources, favoring reduction, reuse and recycling.
6. Encourage the protection of sensitive or protected areas and species.

Audit

In order to give continuity and validity to the program, we have a team of internal auditors who evaluate and follow up on the status of the land property. This is done through a checklist, which measures the progress and improvement points of each supplier.

Suppliers

- Number of agricultural suppliers during the year: 31
- Number of suppliers evaluated during the year: 31
- Number of approved suppliers: 30

Of our total agricultural suppliers, the percentage of compliance with Good Use and Management of Agrochemicals is 94.2%, 4.2% higher than the previous year.

**Note: The program only covers suppliers of fresh raw materials, as a first stage, these are suppliers of onion, tomato, chili, cilantro, among others.*

The main controls in place to monitor the progress of program implementation are as follows:

1. Providing document control at the beginning of the contract. Periodicity: annual.
2. Periodic oversight of each supplier. Frequency: fortnightly.
3. GAP Audits. Frequency: quarterly.
4. Water, soil and fruit analysis. Periodicity: water and soil, only once. Fruit, monthly.
5. Tours. Frequency: monthly.
6. Activity Reports of the Agricultural Auditors. Frequency: weekly.

Use of agrochemicals

The main method for the reduction in agrochemical use is under Integrated Crop Management (use of biological products), where the application of agroecological techniques, methods and resources aimed at stren-

gthening crops is encouraged. This includes risk assessment, prevention and timely detection, to promote the balance of pests and predators. Agrochemicals are mainly replaced by:

Fungicides	Use of organic fertilizers and beneficial microorganisms
Insecticides	Use of beneficial fungi, bacteria and insects
Fertilizers	Use of organic fertilizers (compost, leachates, ratooning)

Monitoring controls

The monitoring controls are based on our Sustainable and Regenerative Agriculture Program and are documented under the Good Agricultural Practices, complying with various indicators whose bibliographic basis is found in the following listed documents and annexes:

The monitoring controls are carried out by means of the agricultural audit follow-up log, which contains the following formats:

- PDTEC-232-28 Supplier Management Procedure for Agricultural Raw Materials
- MDTEC-232-05 Manual of Sanitary Agricultural Practices (GAP, GUMA)
- MA-DTEC-232-06 Agricultural Auditor Manual
- IDTEC-232-28-01 Field sampling for analysis of fruit, water and soil for contaminant analysis
- FDTEC-232-28-00 GMO Declaration.
- FDTEC-232-28-01 Agricultural Logbook Receipt Letter.
- FDTEC-232-28-02 Agricultural Area Directory.
- FDTEC-232-28-03 Supplier's General Data and location of the property.
- FDTEC-232-28-04 Property Background.
- FDTEC-232-28-05 Agrochemical reception.
- FDTEC-232-28-06 Logbook of Chemical, Biological and Organic Applications.
- FDTEC-232-28-07 Fertilizer, nutrients, regulators and irrigation application control.
- FDTEC-232-28-08 Audit of Good Practices in the preparation of mixtures and application of agrochemicals.
- FDTEC-232-28-09 Field Visit Report
- FDTEC-232-28-10 Sampling for Contaminants
- FDTEC-232-28-11 Certificate of Origin
- FDTEC-232-28-12 Vulnerability to Food Fraud, Agricultural Supplier Risk Level and Performance
- FDTEC-232-28-13 Agricultural Follow-Up Program
- FDTEC-232-28-14 Harvest Record

Periodicity of Verification

According to the risks assessment and performance of each supplier, the frequency with which the corrective actions required based on the first evaluation to achieve the certification of Grupo Herdez will be verified and evaluated is established. This frequency can be weekly, biweekly, or monthly.

Training

We have provided more than 2,500 work-hours of training, generated changes in the sustainable culture of our suppliers and collaborators through indicators, actions and strategies, and various criteria implemented through:

Training and consulting, in which knowledge is transmitted and developed, on topics such as:

- Good Agricultural Practices (GAP).
- Good Use and Management of Agrochemicals (GUMA).
- Integrated Crop Management (ICM).
- Sustainability Criteria (Biodiversity, Climate Change, others)
- Leadership.
- Teamwork.
- Training of trainers.
- Evaluation of results

Program results

- More than 2,500 work-hours of training have been provided.
- Reduction in the use of chemical pesticides (The supplier Octavio Mendoza Vázquez avoided the consumption of 4,400 liters of agrochemicals per year, Agro-productos Zubia in three years stopped using 5,602.5 liters of pesticides in an area of 100 hectares).
- Reduction in pesticide analysis in Finished Product (FP),
- Hazardous waste (HW), non-hazardous waste (NHW) and organic waste recycling
- Increased use of biological products in the field (adhering to the program through intensive use of beneficial insects has brought savings and has contributed to environmental care by generating less polluting waste).
- Higher quality Finished Product (opening of new markets, Grupo Herdez has strengthened its presence in the world and has expanded its exports of sauces to Europe).

SOCIAL EVALUATION OF SUPPLIERS

414-1 New suppliers that have passed selection filters in accordance with the social criteria

The evaluation of sustainable suppliers will be an ongoing process in collaboration with IKUS Solutions, a company focused on creating integrated solutions to improve decision making in the areas of Marketing, Purchasing, Quality and Operations.

In 2022, 108 suppliers were incorporated into the program, which were evaluated and selected according to social criteria.

414-2 Negative social impacts on the supply chain and actions taken

During 2022, we evaluated 108 suppliers in relation to social impacts.

We identified 4 suppliers with potential and actual negative social impacts, for each case we have a specific action plan. With 100% we have agreed on improvements, these suppliers will be re-evaluated in 6 months and if they obtain the same rating again, their disengagement will be evaluated.

TRANSPARENCY IN PRODUCT INFORMATION

417-1 Product labeling requirements

All of our product labels comply with the Mexican Official Standards (NOMs) for labeling, which contain the requirements we must meet. An initial review of ingredient compliance is performed. The review of the ingredients, which make up the formula of the different products, is done exhaustively to ensure compliance with the applicable regulations, not only locally but also, if applicable, in the country to which the product is exported.

In the case of Mexico, the labeling is designed according to the:

- Regulation of Sanitary Control of Products.
- NOM-050-SCFI-2004: Commercial Information; General Product Labeling.
- NOM-051-SCFI/SSA1-2010: General Labeling Specifications for Prepackaged Foods and Non-Alcoholic Beverages - Commercial and Sanitary Information.

The organization's procedures mandate that the origin of the product's components must be disclosed and, if they have undergone any processing, their origin and safety must be declared. They also require that information on all critical substances such as colorants, additives for industrial use, among others, is provided. As well as to providing information on the safe use of the products, especially when they require instructions for consumption, handling and preservation, as well as the best-before and/or expiration date. At the same time, precautionary indications are included in case the product contains allergens or additives with side effects.

The review of the ingredients that make up the formula of the different products is carried out exhaustively to ensure their safety, quality and compliance with the applicable regulations. Not only locally, but also in the country to which it is exported.

With the "Empresa Socialmente Responsable" mark on the labels, the icon to deposit the container in the trash and the recyclability icon in the case of tetrapak.

417-2 Product labeling incidents

In November 2022, the Secretariat of Health of the State of Jalisco conducted an inspection visit in an establishment of a supermarket chain (commercial partner of Grupo Herdez) located in Guadalajara. As a result of this visit, the authority determined that the labeling of certain products of the "tea" category of the "McCormick" brand showed legends that allegedly violated certain applicable health standards. Therefore, the authority immobilized these products. Grupo Herdez and its commercial partner are currently determining the legal actions to be taken.

417-3 Marketing incidents

Grupo Herdez, S.A.B. de C.V., nor its subsidiaries have failed to comply with marketing communications in 2022.

IP-8 Communication with consumers

Consumers are exposed to a variety of processed foods through the expanding global marketplace. They may find these products attractive for reasons of convenience, cost, taste or improved health. To help these consumers make informed choices, information should be presented in different forms and media such as product labels, customer service hotlines and websites.

Measurement

The relevant regulatory labeling requirements for the product market depend on the product category. For the domestic market, the product-specific Official Mexican Standard (NOM) applies. If it does not exist, general regulations are applied, such as: Regulations on Sanitary Control of Products and Services; General Healthcare Law on sanitary control of activities, establishments, products and services; Agreement determining additives and adjuvants in food, beverages and food supplements, their use and sanitary provisions; Agreement determining prohibited or permitted plants for teas, infusions and edible vegetable oils; among others.

In the case of Exports products, the applicable regulations of the country to which the product is to be exported apply.

Nutritional and ingredient information

Review not only of the product itself, but also of the sub-ingredients of the raw materials included in the formula for evidence of any additives or contaminants that may affect the safety of the product.

We even request pollutant analysis results from some of our suppliers, depending on the nature of the ingredient or product, particularly for products exported to the USA and Europe.

All our products that fall into the categories of Food, Non-alcoholic Beverages and Dietary Supplements include the list of ingredients and the corresponding nutritional information.

For foods and beverages, the following must be included: energy content, protein, total fat, saturated fat, trans fat, available carbohydrates, total sugars, added sugars, dietary fiber and sodium per 100 g of product. As indicated in the AMENDMENT to the Official Mexican Standard NOM-051-SCFI/SSA1-2010, General labeling specifications for prepackaged foods and non-alcoholic beverages - Commercial and sanitary information.

In the case of food supplements, the following are included: energy content, protein, total fat, carbohydrates and sodium both per serving and per 100 g. As indicated in the Sanitary Control Regulations for Products and Services.

The primary source of nutritional information is the label. However, some of the company's web pages include such information. In addition, the toll-free 800-customer service line of each of the Brands of food and non-alcoholic beverages has the corresponding updated information.

Within the internal guidelines of the department, it has been agreed to indicate on the label:

- Whether the colorant is artificial or natural
- Whether the flavor is natural, artificial or identical to the natural one. Hydrolyzed protein and MSG are declared as such.
- There is no GMO declaration policy in accordance with national legislation.
- Sweeteners are declared as required by the Additives Agreement.
- All allergens present and those that may be present in the product are declared.
- Virtually none of our products are fortified unless it is a regulatory requirement.
- The methods used in food processing to maintain food safety are indicated.

All representations made on labels must be supported by scientific evidence, in order to include them in the label, and they need to comply with the applicable regulations to the product and to the market in which the product is to be sold.

There is no actual report on the communication of ingredients and nutritional information to consumers.

Percentage of total sales volume of consumer products that are reduced in saturated fats, trans fats, sodium or added sugars: 0.62

Percentage of total sales volume of consumer products that have been refurbished/reformulated: 4.82

The ingredients and nutritional information of each product are defined and declared in accordance with the applicable regulations in force. Even for those products that are exported to different countries.

In some cases, this information is verified with specialized agencies or with bromatological analyses in the country of destination.

Specific information on each ingredient is requested from the corresponding supplier. The information is reviewed for consistency and fed into a database that stores all nutritional information.

From this database, calculations are made for the nutritional information.

In addition, the ingredients are checked for subingredients or additives that are permitted according to the applicable regulations in force.

Once these revisions are completed, both the list of ingredients (in decreasing order of the formula) and the nutritional information are integrated either in table or in the format requested or permitted by the applicable regulation. They are then included in the labeling specification "Format of Legal Texts".

IP-7 Research and Development Management

<https://2022.ia.grupoherdez.com.mx/en/business-performance/#innovation>

Research and Development spending over the last 4 years has been as follows:

	Unit	2019	2020	2021	2022
Total R&D Expense	Millions of pesos (MXN)	\$8,155,422	\$36,782,615	\$41,056,045	\$48,282,880
Number of modified products	Quantity	57	73	83	90
R&D expenditure as % of sales	MXN EXPENSE / % OF NET SALES	7.2%	0.15%	0.16%	0.15%

Type of innovation	Porcentaje de ingresos (en%)
Specify the average number of years after launch during which a product continues to be described as “new”.	5 años
New products or services marketed during the last year	4.82
Significantly improved products marketed during the last year	0.64
Unchanged or minimally modified products or services	94.5
Total	100

At Grupo Herdez strive to encourage open innovation, to contribute to external knowledge and to enhance our internal strategy.

IP-2 Social Investment

We encourage food security in the communities where we operate, so that all people have access to sufficient, safe and nutritious food to meet their nutritional needs, while satisfying their cultural preferences for a healthy and active life.

Inclusion and Social Investment during 2022 was \$ 90,909,120.79, equivalent to 4.0% of Net Income. This included the activities carried out by the Fundación Herdez through in-kind donations to the Asociación Mexicana de Bancos de Alimentos, A.C. (BAMX), the Saber Nutrir® program with donations to the Patronato Pro Mazahua A.C. and other Group projects with a social purpose such as the Programa Semillero Nutrisa®.

During 2022, 128 new projects were implemented, 44 new families and 1 community joined the program.

From 2013 to 2022, Saber Nutrir® (Knowing How To Nourish) has benefited 966 families in 35 communities with 2,071 projects.

86% of the projects are led by women.

Saber Nutrir

The amount invested by Saber Nutrir® in 2022 was \$6,395,150.00 (\$3,722,500.00 for Fundación Pro Mazahua; \$2,200,000.00 for Fundación Crisalida Internacional A.C.; and \$472,650.00 Strategik).

Estado de México

County of San José del Rincón

Marketing projects

Through 83 marketing projects implemented between 2019-2021 in Mazahua communities in Estado de México, profits of \$5,106,010.00 were obtained in 2022 to benefit the economy of 169 families.

These projects consist of strawberry, tomato and nopal cactus greenhouses, modules for the production of poultry, sheep and pigs, as well as egg incubators.

Food safety

During 2022, thanks to food security projects such as microtunnels and chicken coops granted between the years 2013-2021, families saved and earned through sales of surplus \$5,577.00 per month.

This represents a great support for the economy of these families, since in the region the average income is \$4,000.00 per month for construction work, farm work and the sale of animals.

Nutritional surveillance

From 2013 to 2022 the percentage of children with malnutrition went from 65 to 45%. The normal nutritional status is 23 to 49%, overweight is 8 to 4% and obesity is 4 to 2% (51 children belonging to 34 families with project).

Yucatan

Counties of Muna, Santa Elena and Oxkutcab

- 4 communities (Choyob, Yax-ha, San Simón and Xohuayan)
- 87 families benefited in 2022 (Some beneficiaries since 2021, in total 106 families operating 169 projects since the beginning of the program in 2021).
- 87 projects installed by 2022: 17 farms, 15 vegetable gardens, 15 silos, 15 stormwater harvesting cisterns, 10 biodigester + purifier toilets and 15 ecological stoves.

Nutritional surveillance

From July 2021 to June 2022 the percentage of children with malnutrition went from 24 to 22%, normal nutritional status went from 36 to 35%, overweight from 17 to 21% and obesity from 23% to 22% (original sample of 111 children from 2021).

Jalisco

County of Lagos de Moreno

- 1 community (Santa Elena)
- 20 families
- 41 projects installed: 20 cisterns with stormwater harvesting systems and 21 vegetable gardens (20 family vegetable gardens and 1 school vegetable garden).

Nutritional surveillance

The baseline conducted in July 2022 found that 31% of 67 children were undernourished, 64% were in normal nutritional status, 2% were overweight and 3% obese.

In December 2022, the same 67 children were monitored again and 15% were found to be undernourished, 76% were in normal nutritional status, 6% were overweight and 3% obese.

In December 2022, the same 67 children were monitored again, and it was found that 15% suffer from malnutrition, 76% are in a normal nutritional state, 6% are overweight and 3% are obese.

Sponsor Program Saber Nutrir® (Knowing How To Nourish)

During 2022, 79 children with malnutrition in the Mazahua area of Estado de México benefited from the support of 47 sponsors, who made monthly contributions for the purchase of nutritional supplements that allowed them to improve their nutritional status. A total of 14% (11 children) recovered from malnutrition.

Germplasm Bank

The seed bank located in the Mazahua community “El Huizache” in Estado de México, currently has 425 seed samples of 31 species of corn, beans, fava beans, sunflower, quelite and chia. This project was possible thanks to the training and support of the Universidad Autónoma de Chapingo in 2013.

Fundación Herdez

Through the network of Banco de Alimentos de México (BAMX), we provide monthly food support to institutions that serve the food-poor population in Mexico. During 2022, we donated 1,851.9 tons of food.

For 35 years, Fundación Herdez has had the objective of promoting research, preservation, rescue and broadcasting of the rich heritage of Mexican gastronomy, our biodiversity, as well as our gastronomic traditions and the elements that make up our national identity, through the Biblioteca de la Gastronomía Mexicana and the Museo Galería Nuestra Cocina Duque de Herdez. As well as strengthening the educational and teaching processes with workshops held at the Interpretation Center.

During 2022, 3,283 visitors were guided through a tour of the Museo Galería Nuestra Cocina Duque de Herdez, the use of the documentary collection of the Biblioteca de la Gastronomía Mexicana was promoted with personalized attention to 704 users, with a collection of over 7,000 titles.

The Foundation trained 1,027 people through various academic and cultural events.

In addition, guidance was provided at the Interpretation Center in order to spread knowledge not only of the history and gastronomic traditions, but also nutritional knowledge to reinforce food education, with a focus on the “The Wellness Dish” (Food guide represented as a dish divided in three parts, each one representing a food group) to 349 people in tastings.

To the educational and training program of the new Fundación Herdez headquarters “Casa Doña María Pons” in San Luis Potosí, 208 people attended in the period April-December 2022.

The amount invested in Fundación Herdez: Donation Monthly food program through BAMX \$ 73,897,720.99, and its food donation was 1,851,956.67 kilograms.

Donation of natural and special disasters \$123,494.00 and the amount of food donated was 3,960.61 kilograms.

IP-3 Healthy and affordable food

Through the Saber Nutrir® (Knowing How To Nourish) program, nutritional consultations are provided to promote the modification of collaborators' eating habits.

Community activities

The goal of Saber Nutrir® was to implement during 2022 a comprehensive program for young people to have a promising future through activities that strengthen their knowledge of nutrition, physical activation and emotional health.

Saber Nutrir® in San Luis Potosí

Through a collaboration agreement with the Faculty of Agronomy of the Universidad Autónoma de San Luis Potosí, we will work on the installation, development and maintenance of a vegetable garden within Casa Don Bosco, an institution with 30 years of work in San Luis Potosí, which supports young adolescents to continue their studies, providing them with clothing, food and a place to live.

The project in this State began with 51 young people in March 2022 and as of October 2022, 58 adolescents were enrolled. Seventeen females and seven males between the ages of 15-17 years were given two nutritional status assessments. The results were as follows:

- Females (September 2022) 10 healthy, 6 overweight and 1 obese
- Males (September 2022) 4 healthy, 1 overweight, 2 obese

Implementation of Saber Nutrir® in Estado de México (Zumpango and Teoloyucan)

During 2022, Saber Nutrir® reached elementary schools in the Counties of Teoloyucan and Zumpango with the purpose of teaching activities that reinforce nutrition and physical activation in school-age children, with the objective of improving their lifestyle.

The program consists of nutritional talks based on the "Plato del Bien Comer" ("The Wellness Dish" - Food guide represented as a dish divided in three parts, each one representing a food group), which have been given by nutritionists, as well as the nutritional assessment of the children.

From May to date, 14 schools have participated, benefiting a total of 7,377 children. A total of 5,378 students have received nutritional assessments and 50% of the topics covered in the program have been taught by nutritionists.

The relevant data detected is that 55% of the population served is in a normal nutritional state.

Before the end of the 2022-2023 school year, the nutritional assessment will be carried out again to compare the data with the initial data and thus measure the impact of the program.

Measuring mechanisms

Nutritional consultations are carried out on a monthly basis, and the results obtained are recorded in each collaborator's clinical file.

At the end of the consultations, a report is made with the number of participants per month, kilograms lost and a chart of the nutritional status of the participants.

Progress of the healthy eating program

During 2022, 835 nutritional consultations were provided in Los Mochis and 430 in CDMX; between the two localities, 360 kg were lost. An average of 124 collaborators participated monthly (76 in Mochis and 48 in CDMX).

Number of nutritional consultations nationwide: **1,265**

Fundación Herdez is a non-profit philanthropic association created to serve Mexican civil society. Its objective is to create educational programs and models that strengthen the formation of individuals and communities. The foundation also contributed to food security through in-kind donations.

Measuring mechanism

Registration of users and visitors through different monthly and annual control forms, ticketing control, inventory control.

Museo Galería Nuestra Cocina Duque de Herdez

- 3,313 visitors during 2022
- Men 1780, Women 1,533
- 1,027 trainings with academic and cultural events
- 349 people participated with the “Plato del Bien Comer” (“The Wellness Dish”) -Food guide represented as a dish divided in three parts, each one representing a food group).

25th Anniversary of the Biblioteca de la Gastronomía Mexicana

- 7,000 physical titles available
- 58,372 visits in 25 years

Biblioteca de la Gastronomía Mexicana 2022

- 301 men, 403 women
- 20 cultural activities and talks
- 1,027 attendees at workshops and activities
- Personalized attention for 704 users

Exposición Cocinero Mexicano (Mexican Chef Exhibition)

- 2 locations of the Fundación Herdez
- Mexico City
- San Luis Potosí

Due to the fifth wave of COVID-19 infections during 2022, the Corporate Volunteer Day was not held.