

#WhatWeHaveWithin

is strategic direction and long-term value

STRATEGY

At Grupo Herdez®, sustainability is more than a commitment it's what we have within. We work under guiding objectives and a strategic framework that have allowed us to gradually transition our operations to mitigate risks and ensure the long-term sustainability of our business.

We are driven by the purpose of being passion, culture, and a global benchmark in sustainable development innovation.




Focus on Sustainable Development

GRI: 2-13, 2-14, 2-16, 2-25, 2-29, 3-1, 3-2



Achieve operational and strategic management that ensures long-term business sustainability.



Guiding Objectives

Identify and mitigate the social and environmental risks of our operations.



Drive sustainability innovation projects through our brands.

Strategic Framework

We have aligned our strategy with 7 of the 17 United Nations Sustainable Development Goals (SDGs), grouped into three core pillars that guide our efforts: People, Community, and Planet.



In 2022, with the issuance of our sustainability-linked bonds HERDEZ 22L and HERDEZ 22-2L, we committed to reduce our water consumption per ton produced by 25.0% by 2030, reaching 1.98 m³ per ton. Our baseline year is 2018, with a consumption of 2.57 m³ per ton. By the end of 2024, we achieved 21.7% progress toward this goal, with an intensity of 2.06 m³ per ton produced.

Sustainability Committee

The Sustainability Committee is responsible for overseeing the implementation of our sustainability strategy. It is comprised of members of the Group’s Executive Committee and led by the Finance and Sustainability Office.

This department designs the strategy and coordinates efforts across Grupo Herdez®, working through interdisciplinary task forces with members from all departments.

These efforts are increasingly aligned with the Risk Committee, which has formally recognized climate change and the transition to a sustainable business model as priority risks.

External Frameworks



Carbon Disclosure Project (CDP):
Water C | Forest C | Climate Change D



Signatory to the United Nations
Global Compact

C: We recognize and report risks, challenges, and
potential environmental impacts.

D: We transparently report forest-
related issues.



MSCI ESG Ratings: A



S&P Global Corporate
Sustainability Assessment
(CSA): 40 points



Contribution to the Sustainable Development Goals (SDGs)

With the update of our strategy five years ago, we aligned our actions with the SDGs to standardize our contribution to the achievement of global goals. In 2022, we also joined the CFO Coalition for the SDGs, a UN Global Compact initiative that aims to mobilize corporate investment to accelerate progress on the Goals.

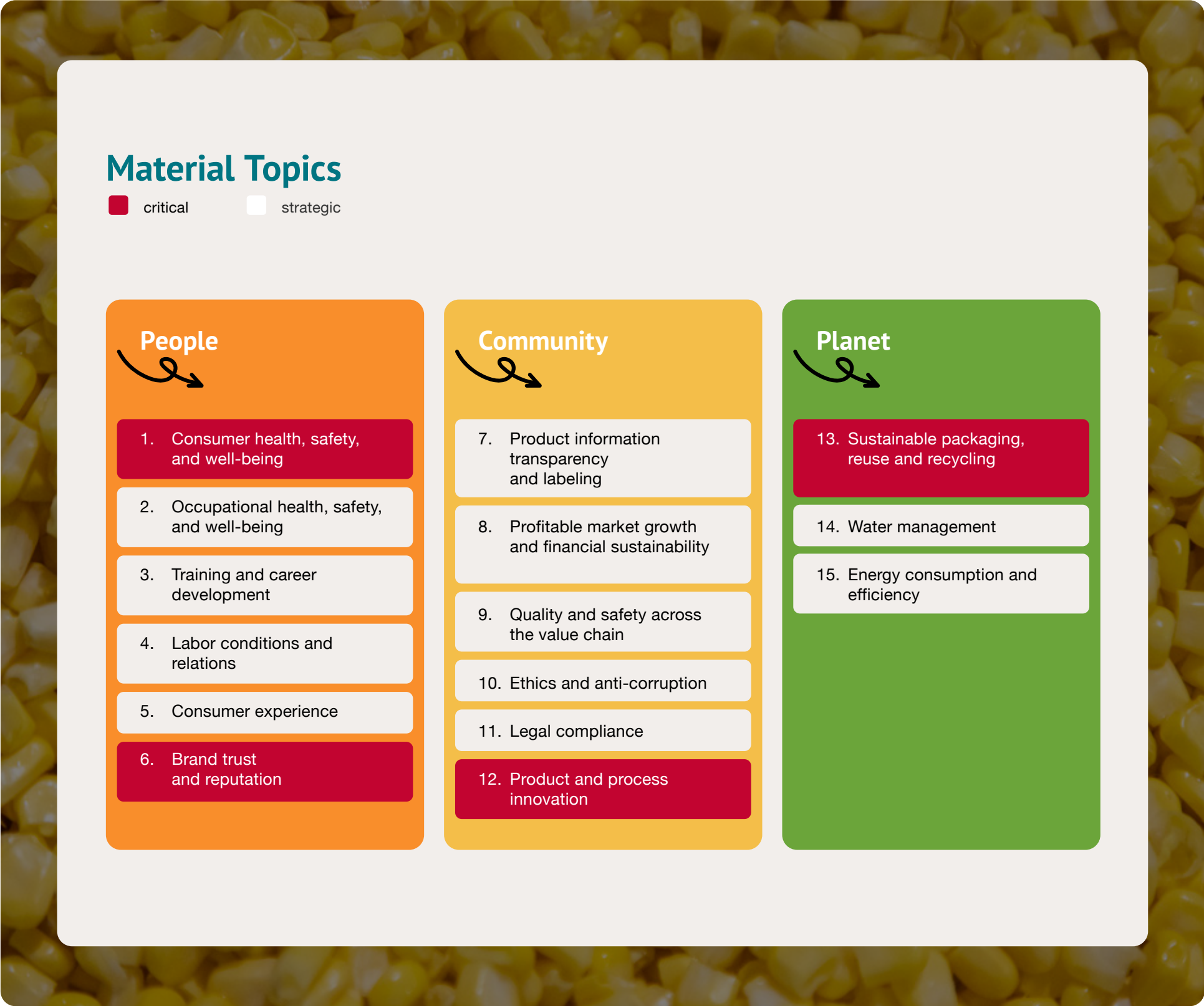


Note: SDGs (Sustainable Development Goals): United Nations 2030 Agenda.

Materiality and Stakeholder

Aligned with the principles and processes of the Global Reporting Initiative (GRI), our materiality analysis has been a key tool in defining Grupo Herdez®’s strategy for the past six years. We are currently conducting a new assessment to update our material issues. The results will be disclosed in our next report.

The issues identified to date have guided our actions, enabling us to close gaps and strengthen our sustainability pillars, as reflected in our annual reports. Based on this approach, we have defined critical and strategic topics that shape our ongoing efforts to improve performance.



Stakeholders

We recognize that the active engagement of our stakeholders is essential to create shared value and advance our sustainability commitments.

We maintain constant and transparent dialogue through various channels including our website, annual report, quarterly filings, email, and communication campaigns. This allows us to understand their expectations, share our progress, and strengthen mutual trust.

Shareholders/investors



Employees



Communities



Consumers



Customers



Suppliers

Economic Performance

GRI: 201-1

SASB: FB-PF-000.A,

Economic Value Generated, Distributed, And Retained

	2024	2023
Revenues + (cash flows) from property sales + cash flows from financing activities	\$37,424,879	\$36,212,816
Other income (dividends collected, interest received, proceeds from asset sales, royalties)	\$1,327,719	\$1,700,799
Economic value generated	\$37,913,615	\$38,752,598
Operating costs (cost of sales, increase in accounts payable and suppliers)	\$22,916,753	\$23,405,684
Employee wages and social benefits	\$4,424,597	\$3,995,824
Payments to capital providers (dividends, interest, long-term loan repayments)	\$3,878,659	\$4,779,610
Payments to government (income taxes)	\$1,537,472	\$1,739,830
Community investments	\$79,798,818	\$31,959,088
Economic value distributed	\$113,230,835	\$65,205,500
Economic value retained	-\$75,317,220	-\$26,452,902



Total production and sales volume in 2024

607,116
Tons produced

615,606*
Tons sold

In 2024, demand for our products exceeded the total volume produced during the year. However, we successfully met this demand thanks to available inventory in our distribution centers (CEDIS).

*Note: Tons produced refers to the total volume of goods manufactured. Tons sold refers to the total volume of products marketed.
* Does not include sales of the Blasón brand, as they are reported under the equity share of subsidiaries.

2024 Outcomes Highlights

Numbers stated in millions of pesos

Net sales



Preserves	28,945
Impulse	5,102
Exports	3,378
Total	37,425



Net Income



Majority	1,360
Minority	1,988
Consolidated	3,348

UAFIDA



Preserves	5,787
Impulse	419
Exports	324
Total	6,529

Free Cash Flow



Operating cash flow	4,293
CAPEX	636
Free cash flow	3,657

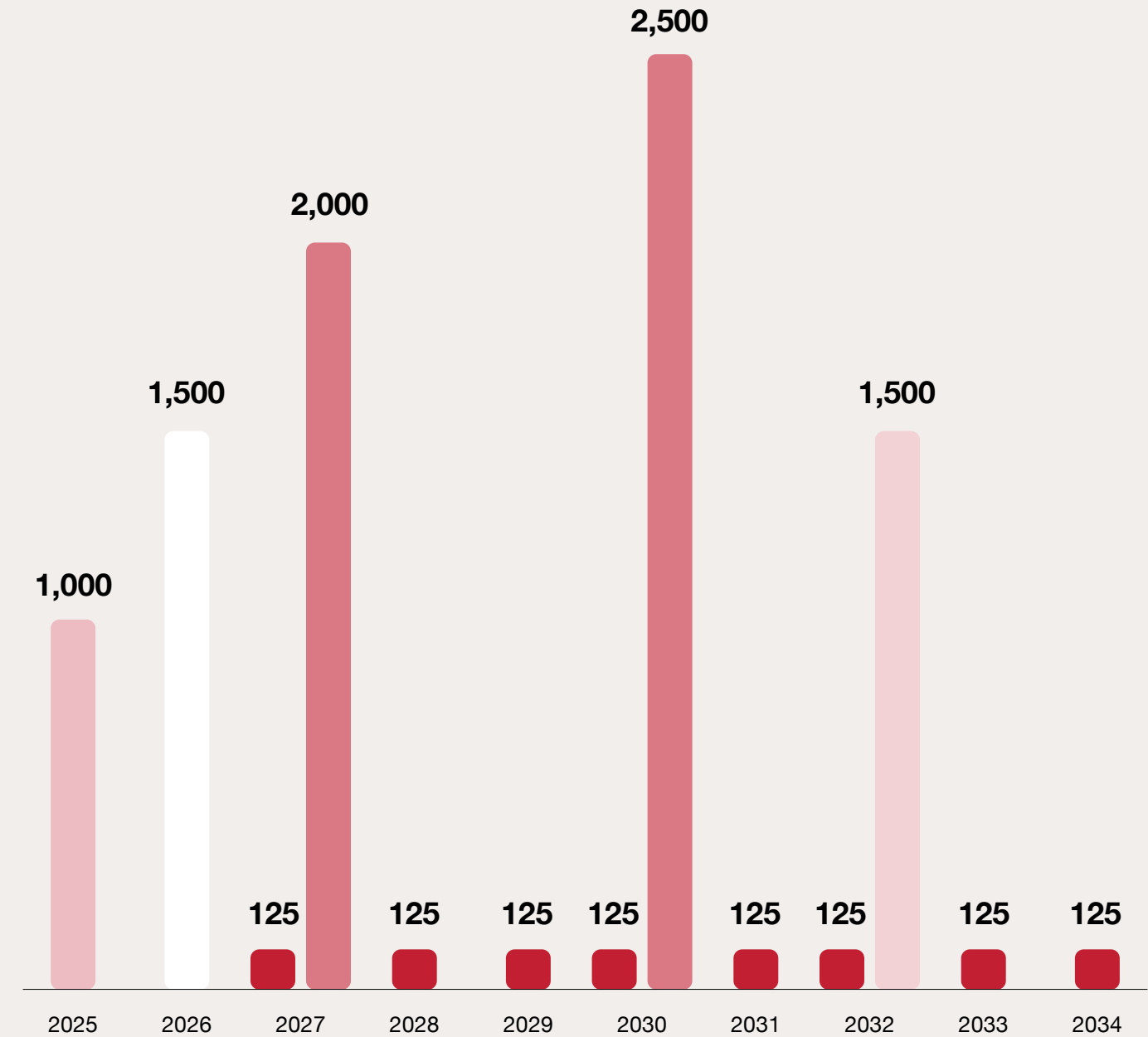
Yield (%)



2022	5.3%
2023	4.0%
2024	5.7%

Maturity profile

- BANCARIO
- HERDEZ 13
- HERDEZ 17
- HERDEZ 20
- HERDEZ 20 - 2
- HERDEZ 22L
- HERDEZ 22 - 2L





	2024	Margin (%)	2023	Margin (%)	Var(%)
Net Sales	37,425		36,213		3.3%
Gross Profit	14,961	40.0%	14,078	38.90%	6.3%
Operating Income	5,199	13.9%	5,022	13.90%	3.5%
Consolidated Net Income	3,348	8.9%	3,326	9.20%	0.7%
EBITDA	6,529	17.4%	6,214	17.20%	5.1%
Total Assets	40,203		37,727		6.6%
Total Debt	10,508		10,453		0.5%
Total Liabilities	22,063		21,030		4.9%
Total Equity	18,140		16,696		8.6%
Cash Flow from Operating Activities	3,287		5,019		-34.5%
Net Debt / EBITDA	1.1		1.4		
Net Debt / Equity	0.4		0.5		

Figures in thousands of MXN

Sourcing Practices

GRI: 3-3, 204-1, 308-1, 308-2, 414-1, 414-2

SASB: FB-PF-250a.2, FB-PF-430a.1, FB-PF-430a.2

IP: 6

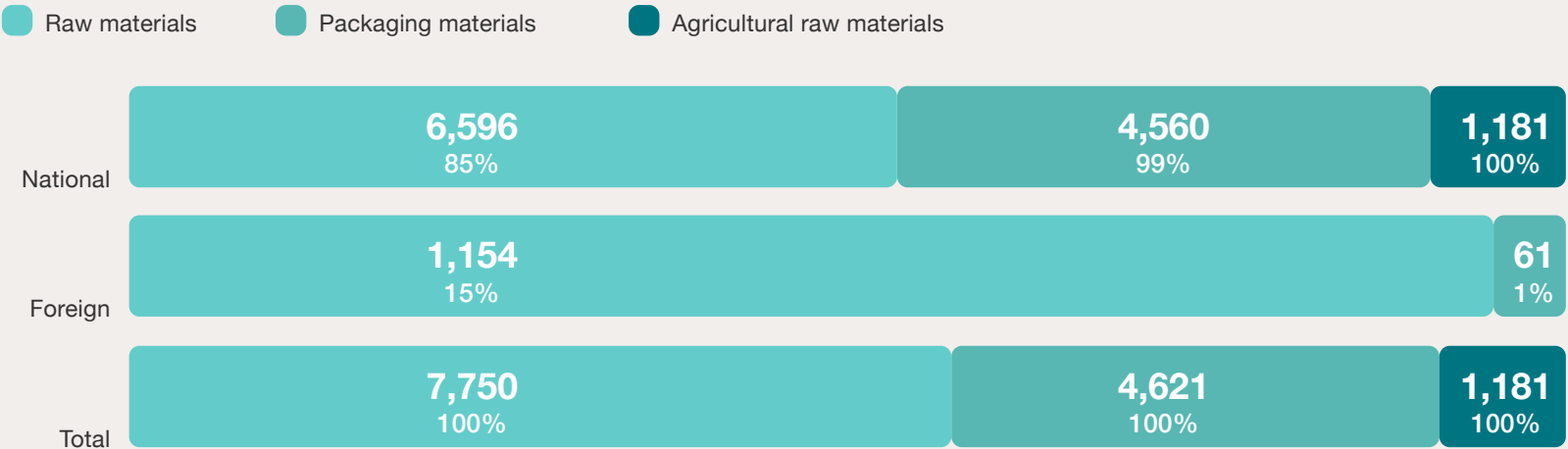


Spending Distribution

In 2024, 91% of our total procurement spending was allocated to suppliers based in Mexico.



Type of procurement and supplier origin (in millions of pesos)



Includes data from production plants, distribution centers, and corporate offices.

Supplier Evaluation

Four years ago, we implemented a documentation-based evaluation model to assess the environmental, social, and regulatory performance of our suppliers. The objective is to mitigate reputational risks and encourage sustainable practices across our supply chain.

These assessments are conducted on an ongoing basis. Depending on the results, follow-up evaluations may be scheduled between three months and two years. In 2024, we evaluated 100 suppliers across various categories, including raw materials, packaging, and services.

- 76% showed alignment with our sustainability objectives.
- 11 suppliers were identified with high-risk profiles, for which we implemented improvement and monitoring plans.
- In 2025, we aim to evaluate at least 80% of our raw material and packaging suppliers.



Suppliers evaluated by business size

44

Large companies

41

Small and medium-sized enterprises (SMEs)

15

Microenterprises

Ingredient Sourcing 2024

77.4% of the processed or semi-processed ingredients and agricultural raw materials used in our products were sourced from suppliers certified under the Global Food Safety Initiative (GFSI).

- 181 suppliers provided processed or semi-processed ingredients, of which 136 are GFSI-certified.
- 98 suppliers delivered agricultural raw materials, 10 of which also hold recognized certifications under this initiative.*

In 2024, we acquired 134,082.9 tons of agricultural raw materials, including fresh and frozen products, honey, teas, and dried chiles. Of this total, 57.6% came from suppliers participating in our Sustainable and Regenerative Agriculture Program (PASyR), reinforcing our commitment to responsible sourcing from the origin.



*Note: Packaging materials are not included in this calculation.

CrediProveedores with BBVA Mexico

To promote sustainable practices throughout our value chain and align it with our sustainability goals, in 2024 we launched a revolving factoring line agreement with BBVA for suppliers that meet sustainability criteria. This credit line amounts to \$600 million pesos, with a standard rate of 1.96% and a preferential rate of 1.80% for sustainable suppliers.



Throughout the year, 41 suppliers joined the program, 12 of which were categorized as sustainable suppliers, reaching a total of \$188 million pesos in published invoices and \$81 million pesos in discounted invoices.