



ADDITIONAL ESG INFORMATION

ECONOMIC AND CORPORATE GOVERNANCE

Risk Governance

At Grupo Herdez, the highest-ranking person dedicated to risk management is our Attorney General, Claudia Lorena Luna, who reports directly to the Chief Financial Officer. She is also the Secretary of Risk Committee at the Group.

Contributions to non-governmental Institutions

Annually, we make a contribution to the Global Compact of UDS\$2,500, a voluntary initiative based on CEO commitments to implement universal sustainability principles.

Critical Supplier Identification

Our definition of a strategic supplier is based on a Planning model that we use at Grupo Herdez called Integrated Business Planning (IBP). IPB is a model of collaboration between different areas of the company where information is shared about the current and future situation of the main products we sell (Strategic Products).

Cybersecurity Governance

The IT department at Grupo Herdez is responsible for developing a culture of information security, identifying, and preventing cyber risks in the corporate and industrial environments.

Our highest governance figure is Albert Dappen Guerrero, our Chief Technology Officer. He has more than 50 years of experience in his field.

ENVIRONMENTAL

Climate-Related Analysis

Objective

Assessing the impacts of climate change risks and opportunities on the food sector involves understanding the interactions between different social and environmental aspects, such as land use, water, waste, carbon sequestration, biodiversity and conservation. Given this complexity, this study seeks to identify and understand the implications of the impacts of climate change in Grupo Herdez, prioritize through a map of climate change risks and make an assessment of the financial impact of the risks derived from climate change most relevant to Grupo Herdez and propose initiatives to manage these risks identified as relevant.

Scope

This analysis considers an organization-wide scope, focusing on the impacts of the entire value chain: upstream, own operations and downstream.

Methodology

The methodology for the identification, characterization and prioritization of climate change risks is as follows: Identification, characterization, prioritization, financial assessment.

Identification of Climate Change Risks

Below is a matrix identifying the risk factors for climate change. This identification and description includes a description of the risk factors, a classification according to TCFD risk categories, and at what point in the value chain they could materialize.

In summary, we present below the characterization of risks according to their impact and probability of occurrence for each of the identified risk factors, as well as the point in the value chain where the risk could materialize and the key management areas.

ID	Type of risk according to the TCFD classification	Impact	Probability of occurrence	Key management area
A	Increase in extreme weather events	B	2	Agricultural Procurement and Strategic Sourcing
B	Temperature increase	B	5	Agricultural Procurement and Strategic Sourcing Management, Production and Plant Quality
C	Changes in precipitation patterns	B	4	Agricultural Purchases Environmental Sustainability Plants
D	Increase in the price of GHG emissions	D	5	Environmental Sustainability, Plant Management and CEDIS and CASH
E	Stricter regulations regarding products or services: own operations	C	4	Environmental Sustainability and Energy for Canning
F	Increased stakeholder expectations or concerns	D	3	Environmental and Strategic Sustainability
G	Transition to low emission technologies in transportation	E	3	Transportation
H	Changes in consumption patterns	A	3	Marketing, Innovation, Research and Development and Environmental Sustainability
I	Stigmatization of the sector	B	3	Marketing, Strategic Sustainability, Environmental Sustainability

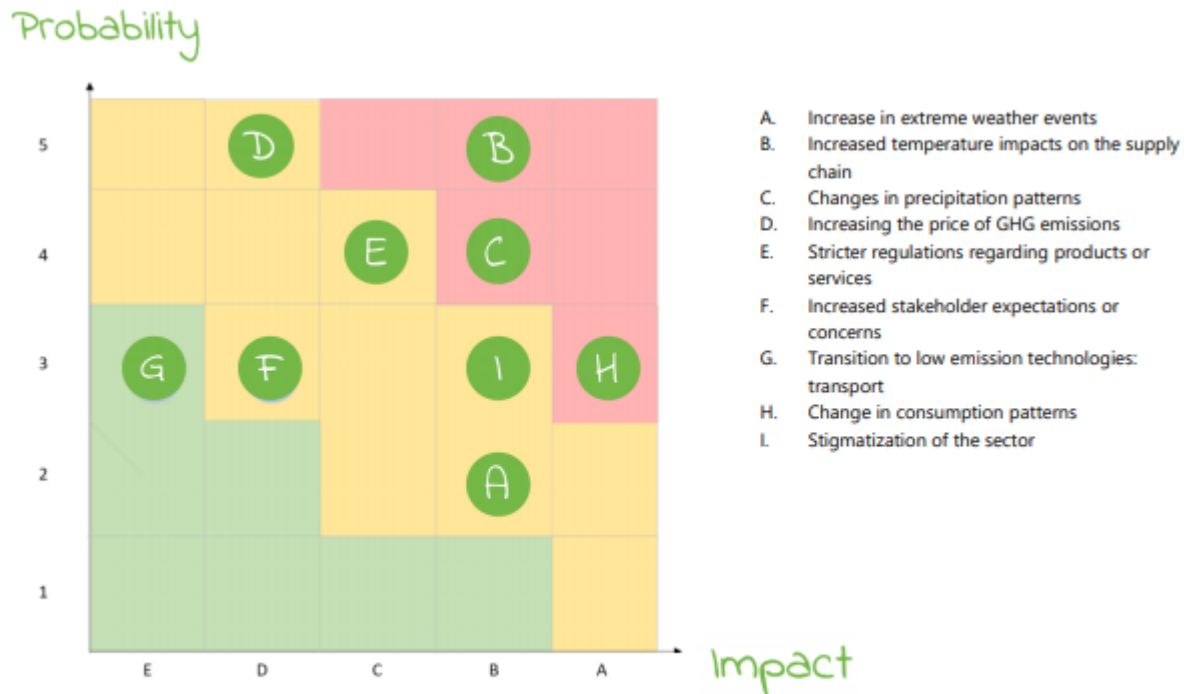


FIG. 3. CLIMATE CHANGE RISK MAP.

Scenarios

Two scenarios are proposed considering the three risks identified as critical:

- Temperature increase with impacts on the price of agricultural and non-perishable raw materials.
- Decrease in precipitation with impact on the price of water for production.
- Changes in consumption patterns with impact on Grupo Herdez sales.

This identification and description includes a description of the risk factors, a classification according to TCFD risk categories, and at what point in the value chain they could materialize.

	Business as usual scenario	Disruptive Scenario
Temperature increase	Increase of average temperatures at national level of 0.85°C and winter temperatures of 1.3°C, in 2015-2030.	Increase of more than 4°C in the border area with the United States, and about 2.5°C and 3.5°C in the rest of the country, in the period 2015-2030.
Reduced water availability	In the period 2015-2030, the availability of renewable water will decrease from 3,692 m ³ /capita/year to 3,250 m ³ /capita/year, i.e. by 12% ¹ .	In the period 2015-2030, the availability of renewable water will decrease by 25% ² .
Changes in consumption patterns	Consumers do not significantly change their consumption patterns towards products considered more sustainable	Fifty percent of these consumers who are interested in information about how a product is made (23% ³) change their buying patterns to sustainable branded products.

As a summary we can establish the following scenarios and impacts:

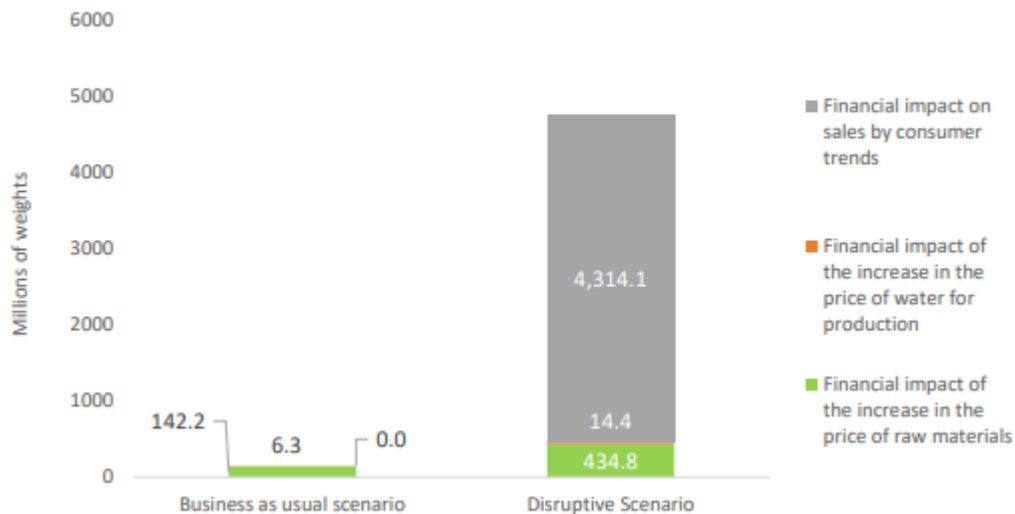


FIG. 5. SUMMARY OF FINANCIAL SCENARIOS AND IMPACTS



SOCIAL

Workforce Breakdown by gender

2020	Men	% of total labor category	Women	% of total labor category
Labor category				
Operative	4,356	54%	3,701	46%
Operative Normative	739	60%	498	40%
Tactic	180	62%	110	38%
Strategic	77	75%	26	25%
Total	5,352		4,335	

Category	General description
Operative	Operatives and secretariats
Operative Normative	Analysts and coordinators
Tactic	Junior management
Strategic	Senior management and directors

Social Investment

Social Investment 2020					
	Institution	Description	Amount		
Community Investments	Pro Mazahua	Its objective is to contribute to the development of solutions against extreme poverty and the social inclusion of the indigenous Mazahua communities.	\$ 2,025,000.00	Cash	3%
	ChildFund	They work to help create the safe environments children need to thrive.	\$ 3,622,500.00	Cash	6%
Charitable donations	Papalote Museo del Niño	Museum focused on the learning of children through interactive exhibitions of science, technology and art.	\$ 3,000,000.00	Cash	5%
	Donation for health emergency	Donations through our brands	\$ 6,393,478.35	In-kind	10%
	Donation for health emergency	Donations through the Mexican Food Bank	\$ 50,655,551.98	In-kind	77%
	Total		\$ 65,696,530.33		100%
	Net profit 2020		\$ 2,368,000,000.00		
	% of the net profit		2.77%		