

**HERZA Schokolade GmbH & Co. KG**

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# Sustainability Report 2024



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# FOREWORD

Dear Readers,

We are pleased to present to you the second sustainability report of Herza Schokolade. It transparently documents the development and progress of our company in the field of sustainable business practices. Over the past two years, we have continued on the path we set out on and have continuously reviewed, improved, and expanded our sustainability-related activities. The driver for our actions has always been our responsibility toward the environment, society, and our employees, as well as our commitment to further strengthening sustainable structures within our value chain.

A significant milestone in 2024 was the implementation of a comprehensive materiality analysis by our parent company, the Stern-Wywiol Gruppe, in which Herza Schokolade actively participated. This analysis forms the foundation for the strategic direction of our sustainability management and ensures that our measures contribute to the relevant areas of focus.

The year 2023 was marked by a significant expansion of our site, which is also reflected in the absolute consumption figures. The newly commissioned building section was constructed according to the KfW 55 standard. This investment not only creates space for further growth but also gives us the opportunity to sustainably increase our capacities and implement innovative processes. With this expansion, we are laying the foundation to successfully meet future challenges while simultaneously consolidating our sustainability metrics.

With this report, we would like to provide a comprehensive overview of the developments and measures undertaken since the publication of our first sustainability report in 2023. We invite you to join us in reviewing the goals we have achieved, the current challenges we face, and the next steps on our path toward a more sustainable future.

We wish you an insightful and inspiring read.

**Florian Bayerlein, Managing Director**





2. COMPANY PROFILE OF  
HERZA SCHOKOLADE GMBH & CO. KG

Herza Schokolade GmbH & Co. KG, headquartered in Norderstedt since 1949, specializes in the production of small chocolate pieces for the food processing industry as well as the manufacturing of protein bars. Its chocolate products are used as inclusions or decorations, particularly in baked goods, muesli mixes, ice cream, and dairy products. The produced protein bars are marketed to brands and private labels in the retail sector through its sister company, SternLife GmbH & Co. KG. Over the past ten years, the company has undergone extensive modernization and expansion in order to meet increasing requirements in occupational safety, quality, and energy management. Its predomina

Since 2000, Herza Schokolade GmbH & Co. KG has been part of the Stern-Wywiol Gruppe. In 2024, a materiality analysis was conducted to identify the relevant sustainability aspects of the Stern-Wywiol Gruppe. Of the topics identified, 62% relate to environmental aspects and 38% to social aspects. Preparation for the EU-wide reporting obligation under the Corporate Sustainability Reporting Directive (CSRD) is being coordinated at the group level by the central Corporate Sustainability department – in 2028, our group-wide sustainability indicators will be disclosed for the first time. At the same time, a group-wide sustainability strategy is currently being developed, in which Herza Schokolade GmbH & Co. KG contributes with targets and derived measures.



3. ENVIRONMENT

Environmental protection and resource conservation are among the declared objectives of the Stern-Wywiol Gruppe. In doing so, we not only ensure strict compliance with all related laws and regulations but also actively pursue potential ecological and economic optimizations. Sustainable climate pro

tection and efficient energy use are likewise intended to contribute to the long-term improvement of our competitiveness. Wherever possible, we also work to prevent the generation of waste. When disposal is unavoidable, we choose the method that minimizes environmental impact.

– Code of Conduct, Stern-Wywiol Gruppe

a. Energy

At the production site in Norderstedt, large amounts of electricity and heat are required, especially for complex production technology, supporting systems (peripherals), temperature-controlled storage areas, and the heating of raw material and chocolate tanks. These areas are classified as Significant Energy Users (SEU) and contribute substantially to the overall energy demand.

As part of the energy management system of the Stern-Wywiol Gruppe, certified according to ISO 50001, energy-related targets and the progress made toward achieving them are regularly reviewed to ensure the continuous improvement of energy efficiency and the promotion of sustainable interaction with nature and the environment

Action plans are continuously developed and measures implemented. These include, among others, the modernization and optimization of production technology, the acquisition of energy-efficient equipment, the intelligent control of heating and cooling systems, as well as further technical and organizational

improvements. Energy-saving potentials are regularly identified and specifically leveraged. In addition, awareness of energy-saving behavior is actively promoted among all employees. In this context, the electricity supply at the site will be converted to 100% green electricity in 2025.

We currently assess our development based on our two most important energy consumption parameters: electricity consumption per metric ton (kWh/MT) and district heating demand per metric ton (kWh/MT). As shown in Table 1, electricity consumption per ton has increased noticeably from 384.34 kWh/MT (2022) to 434.83 kWh/MT (2024), and district heating consumption has risen from 180.95 kWh/MT to 292.04 kWh/MT. The main reason for this is the increase in absolute energy demand resulting from the commissioning of the site expansion and new system components, while utilization levels have remained largely constant.

	2021	2022	2023	2024
Electricity kWh/MT	343.64	384.34	340.72	434.83
Electricity in kWh	2,279,352	2,270,308	2,256,162	2,570,083
District heating kWh/MT	165.34	180.95	197.32	292.04
District heating in kWh	1,096,726	1,068,862	1,306,638	1,726,139

Table 1: Development of Electricity and District Heating Consumption 2021–2024

After two challenging years marked by significant adjustments and increased energy consumption alongside stagnant sales volumes, a substantial increase in sales is expected for 2025, signalling a return to more stable conditions. With the increase in sales and the return to higher production capacity utilization, improvements in energy efficiency are also anticipated. The targets originally set for 2026 have proven to be ambitious and require a timeline adjustment: electricity consumption per ton is to

be reduced to below 300 kWh/MT, and district heating demand to below 150 kWh/MT. These goals are now planned to be achieved by 2028.

To reach these objectives, the company is implementing a wide range of measures, which have continued to receive investment over the past two years. These include, among others:

2023	Measure (completed)	Calculated savings
	LED retrofitting in administration areas	1,500 kWh (estimated)
	LED retrofitting in the administration deep basement	8,920 kWh
	Hydraulic balancing of the heat sub-distribution systems	5,000 kWh (estimated)

Table 2: Overview of Energy Savings Measures 2023–2024 (Table 2 continued on the following page)

2024	Measure (completed)	Calculated savings
	Connection of warehouse cooling to the central refrigeration system	36,800 kWh
	Replacement of fluorescent lamps on bar line 1	10,000 kWh
	Expansion of measurement points 2024 – heating circuits	0 MWh
	Expansion of measurement points 2024 – electricity	0 MWh

Continuation Table 2

To achieve our energy-saving targets by 2026, the following additional measures are planned:

- Insulation of bar line 2
  - Insulation of the heat chamber
  - Optimization of primary and secondary district heating circuits
  - Elimination of compressed air leaks
  - Expansion of the measurement point concept (heat meters)
- Implementation of free cooling for the refrigeration system
  - Modernization of the lighting system – bar line 2
  - Replacement of windows in the old building
  - Modernization of the lighting system – administration building

### b. Water

Climate change and the associated extreme weather events, such as heavy rainfall or periods of drought, present challenges for society, including water scarcity and fluctuations in water quality. For this reason, we at Herza monitor the responsible use of water as part of our energy management. We raise awareness among our employees regarding the careful use of natural resources through annual training sessions on this topic in our digital training tool.

	2021	2022	2023	2024
Water m³/MT	0.71	0.76	0.87	1.18
Water in m³	4,694	4,486	5,784	6,994

Table 3: Development of Water Consumption 2021–2024

In the past two years, drinking water consumption has increased significantly, both in absolute and relative terms. The reason for this is the internalization of cleaning processes that were previously carried out externally, as well as the commissioning

Until now, water has been sourced exclusively from an in-house well, which we renewed in 2023. In 2025, the water supply is scheduled to be converted to a connection with the municipal utilities of Norderstedt. This public supply will provide us with a consistently high level of safety and quality in water provision.

of additional cleaning installations. Water-saving potentials are only available to a limited extent. Through raising awareness among our employees, we aim to keep the level of water consumption as low as possible.

### c. Waste

With regard to conserving resources, we address the topic of waste across all departments. We follow the so-called waste hierarchy, which states that waste should preferably be avoided and, if this is not possible, reused or recycled. Disposal is considered only as a last resort. We raise awareness among our employees about waste prevention and recycling through annual training sessions.

Nevertheless, our production activities at the Norderstedt site generate various types of waste. To ensure that as much of this waste as possible can be reused in the sense of a circular economy, different waste streams are collected separately and made available for recycling.

	2021	2022	2023	2024
Cardboard kg/MT	11.25	16.48	15.82	12.96
PE film kg/MT	1.15	1.41	1.11	0.70
Mixed packaging waste, sortable kg/MT	17.38	18.41	15.51	19.27
Packaged goods kg/MT	10.94	9.13	1.90	2.13
Unpackaged goods kg/MT	26.14	31.50	30.05	19.36

Table 4: Development of Waste 2021–2024 (by type)



Measures are continuously taken to avoid waste as far as possible and to ensure optimal recovery. For example, from 2023 to 2024 we were able to reduce the amount of film used by eliminating additional pallet wrapping for non-sensitive goods with short turnover times.

Strict separation of the different waste types enables 100% recovery of raw materials for the two categories of cardboard and film. The remaining mixed packaging waste is sorted by our waste management provider and is subject to the legally mandated recycling quota.

Finished goods that do not return into the production cycle as so-called “rework” are not disposed of; instead, they are either reused as animal feed (unpackaged) or donated (packaged). In this way, we contribute to reducing food waste.

Waste generated in administration and social areas is also separated and fed into the recycling process.

### d. Packagings

At our site, cardboard and film are primarily used for packaging. A distinction is made between the packaging of industrial goods (small chocolate pieces) and consumer products (bars/powders).

Small chocolate pieces are packaged in PE film bags and an outer carton made of corrugated cardboard. The film bag has been optimized to have the lowest possible weight and is 100% recyclable. The corrugated cardboard consists of up to 100% recycled material and is FSC Mix certified.

Since we produce consumer products as private-label items, the decision regarding packaging materials lies with the customer. As a general principle, it is our goal to reduce packaging material as much as possible, use recyclable materials, and avoid waste.

### e. Logistic

Also in the area of logistics, we strive to keep our environmental impact as low as possible. We have therefore entrusted our external warehouse to a logistics provider who has been committed to sustainability for many years and has been certified in Green Logistics since 2014. This means that the quality management system has been expanded to include environmental measures in accordance with DIN ISO 14001. An organic certification is also in place.

Furthermore, in the logistics sector we work with major freight carriers that are demonstrably committed to sustainability and operate an energy management system in accordance with DIN ISO 50001.





## 4. SOCIAL

### a. Employees within our own operations

Long-term relationships and employment conditions based on respect and trust are, for us, the most important factor for a successful and sustainable future. We continuously work to provide our employees with a socially responsible, safe, and motivating work environment. As a company based in Germany, we naturally uphold human and labor rights in accordance with the high legal standards. We treat all individuals with respect and stand for the principle of equal opportunity. Our principles are anchored

in our corporate philosophy and the group's Code of Conduct. Our employees receive annual training in these areas. Personnel matters are managed by the central HR department of the Stern-Wywiol Gruppe; at the Norderstedt site, local contacts are available to support employees. Table 5 summarizes the current personnel figures and provides an overview of developments over the past four years:

	2021	2022	2023	2024
<b>Total number of employees</b>	203	228	245	237
<b>Fixed-term vs. permanent employment contracts</b>	18 / 185	25 / 203	12 / 233	5 / 232
<b>Male/Female split</b>	116 / 87	130 / 98	142 / 103	141 / 96
<b>Proportion of women</b>	43 %	43 %	42 %	41 %
<b>Proportion of women in leadership positions</b>	22 %	29 %	40 %	20 %
<b>Number of severely disabled employees</b>	6	5	5	3
<b>Number of nationalities</b>	29	37	38	38
<b>Number of employees on parental leave</b>	6	2	5	6
<b>Part-time / full-time split</b>	12 / 191	12 / 216	21 / 224	18 / 219

Table 5: Development of Employee Indicators 2021–2024

As an employer, we are not bound by collective bargaining agreements. Therefore, we have introduced our own wage and salary matrix for the operations sector. This matrix provides transparency and comparability for employees and highlights development opportunities.

### b. Health and safety of our employees

A safe working environment and active health protection are a matter of course for us. We focus on prevention and take all necessary measures to avoid accidents and health risks in the workplace. This is ensured through the occupational safety concept implemented at our site.

Our objective in the area of occupational health and safety is to further reduce—or at least keep as low as possible—the rates of illness and accidents. We measure this using the Lost Day Frequency Rate (LDFR) and the Lost Time Injury Frequency Rate (LTIFR), and we use the average rate of the employers' liability insurance association (BG) as a benchmark for evaluation within the company.





In 2024, the LDFR stood at 0.38, representing a significant increase compared to previous years. By contrast, the LTIFR decreased to 19.0 compared to prior years. This means that we have succeeded in significantly reducing the number of accidents, while

the severity of their consequences has increased. Our objective remains to return to the 2020 level, i.e. to achieve an LDFR of 0.19 and an LTIFR of 16.8. In any case, we aim to be clearly below the BG average (LTIFR of 20.9; LDFR is not calculated).

	2021	2022	2023	2024
LDFR (Lost Day Frequency Rate)	0.13	0.23	0.28	0.38
LTIFR (Lost Time Injury Frequency Rate)	10.9	23.9	26.0	19.0

Table 6: Development of the Lost Day Frequency Rate and Lost Time Injury Frequency Rate 2021–2024



c. Career management and trainings

Career management and training opportunities are coordinated as part of personnel and organizational development by the central, group-wide HR department. Our goal is to recruit as many skilled and managerial employees as possible from within our own ranks and to retain qualified and motivated employees in the long term.

Within our group-wide training program “SternTrainings,” we offer our employees seminars for professional development as well as personal development. We support the continuous

advancement of our managers through dedicated leadership training. Employees who wish to acquire additional job-related skills receive individual support (e.g., forklift license, master craftsman training). In addition, we offer vocational training programs in various occupational fields. Key topics are communicated through mandatory training sessions. For example, every employee receives training on cybersecurity, and in 2025 a basic training course on sustainability will also be introduced.



5. GOVERNANCE

We act with honesty and integrity — in our dealings with customers, suppliers, and partners alike. Our corporate philosophy and Code of Conduct are based on fairness, integrity, and mutual trust. At Herza Schokolade, we promote flat hierarchies and direct communication. We consistently avoid conflicts of interest; critical decisions are always made according to the four-eyes principle.

Compliance management is the responsibility of the group and is assigned to the legal department. Since 2024, our reporting system has also been accessible to external parties, enabling confidential reporting of potential violations. Additionally, local employees have the option to submit anonymous information via a designated mailbox, although this option is used only to a limited extent. Furthermore, we inform our employees about the whistleblowing systems of our customers to ensure transparency and responsible conduct throughout the entire supply chain.

The protection of personal data of employees, customers, suppliers, and other partners is of utmost priority for the Stern-Wywil Gruppe. Data is collected and processed exclusively with consent and in accordance with legal requirements. A designated data protection officer monitors all related activities.







6. UPSTREAM VALUE CHAIN

a. Human rights in the supply chain

As a company that produces and processes chocolate, the respect for human rights—both in general and specifically in cocoa-growing countries—is a constant and highly relevant topic for us. As part of an internationally active corporate group with global supply chains, we are aware of our responsibility with regard to respecting human rights.

The Stern-Wywiol Gruppe is subject to the German Supply Chain Due Diligence Act (LkSG), and the associated obligations are fully complied with. The group has an appointed Hu-

man Rights Officer, a Human Rights Committee in which employees of Herza Schokolade are also represented, as well as annual risk analyses of our suppliers.

It is our ambition and objective to prevent and mitigate adverse impacts on human rights within our global business activities as far as possible. This commitment extends beyond the boundaries of our own company and also applies to our business partners, in particular to direct suppliers.

b. Service providers and partners

In our daily work, we rely on cooperation with dependable partners. For this reason, we place great importance on ensuring that our suppliers and service providers act in line with our values and work with us to shape a sustainable value chain – with consideration for people, the environment, and society.

We regularly review the practices of our business partners and their alignment with our objectives and guidelines through supplier evaluations. In addition, we participate in industry-standard, globally recognized certification programs such as Rainforest Alliance and FairTrade.

In 2025, a comprehensive supplier Code of Conduct will be developed at the Stern-Wywiol Gruppe level, defining the requirements for our suppliers in the sustainability areas of labor and social standards, environmental and climate responsibility, and ethical business conduct. The Code also sets out the procedures for implementation and for handling violations of these requirements.

The new supplier Code of Conduct will become a binding component of every business relationship within the Stern-Wywiol group and its subsidiaries. It obliges our business partners to assume responsibility along the supply chain and complements the contracts concluded with suppliers.

c. Use of certified raw materials

Resilient supply chains are one of the central topics for our company. As a cocoa-processing business, we operate at the end of complex, global supply chains that are subject to a wide range of climatic, geopolitical, and economic challenges. Cocoa cultivation in particular entails significant social and environmental shortcomings – such as poverty, child labor, deforestation, and inefficient agricultural practices.

By using certified raw materials for our products, we help ensure that higher standards are implemented at the origin of the supply chain. Within the corporate group, procurement activities are managed in a decentralized manner, which provides us with greater independence in our purchasing decisions. As early as 2008, we made a conscious decision to offer organic and Fairtrade-certified products. As a result, we have been able to continuously increase the purchasing volumes of or-

ganic-certified cocoa mass to 60%. An exception to this is the year 2023, when high inflation had a negative impact on the demand for premium-priced products, leading to a significant decline in demand for organic products.

Not only cocoa semi-finished products but also sugar and palm-based products are purchased in certified form. Certification according to Rainforest Alliance standards is one of the most commonly used certification programs in the cocoa sector. For this reason, we have averaged results over two-year periods, as the mass balance system can cause distortions if only a single year is considered. The volume of Rainforest Alliance Certified (RAC) conventional cocoa mass increased significantly in the 2023/2024 period compared to 2021/2022, clearly demonstrating the growing demand from our customers for certified chocolate.

	2021	2022	2023	2024
Cocoa mass, conventional	14 %	14 %	12 %	12 %
Cocoa mass, Rainforest Alliance	28 %	28 %	39 %	39 %
Cocoa mass, organic	28 %	21 %	13 %	27 %
Cocoa mass, organic Rainforest Alliance	11 %	14 %	16 %	18 %
Cocoa mass, organic Fairtrade	19 %	22 %	13 %	15 %

Table 7: Development of Cocoa Mass Procurement 2021–2024



## Sustainable Procurement Strategy

With our sustainable procurement strategy, we are building on this development. The aim of the strategy is to reduce the share of purchased cocoa mass and other cocoa semi-finished products that do not carry a certification (e.g., cocoa butter) to zero. Specifically, this means that from 2026 onward, we will purchase only certified raw materials. We will also seek to encourage our customers to convert their contracts to at least Rainforest Alliance standards.

A second pillar of our sustainable procurement strategy is a supplier management system aligned with sustainability criteria. This includes, among other things, embedding our new supplier Code of Conduct with our partners. Our goal is to have at least 80% of our direct suppliers committed to our standards by mid-2027. In addition, we aim to introduce a supplier selection system based on sustainability criteria by the end of 2026.

## Cocoa Agroforestry Program, Sierra Leone

From 2021 to 2024, we were involved in an agroforestry project in Sierra Leone together with one of our suppliers. This project has now been completed. As part of the program, farmers received technical support to convert grassland and fallow land into a dynamic agroforestry system. The goal was the sustainable use of land by combining various tree and shrub species with the cocoa crop in order to improve soil protection, water balance, biodiversity, and microclimate. This was intended to increase the productivity and resilience of cocoa farms, while additional crops could provide extra sources of income and food.

Farmers were trained in several agricultural workshops and provided with technical equipment. The idea was to first train a small group of farmers who would then act as multipliers, passing on their knowledge to others.

However, the project goals were largely missed: instead of the planned 22 hectares, only 5.5 hectares were implemented; 2 instead of 3 agricultural schools were established; 22 instead of 80 farmers were directly trained; and in total only 202 instead of the targeted 800 farmers were reached. With 9,570 trees planted, the project came close to the target of 10,000.

The reasons for the disappointing results are manifold. The greatest challenge proved to be that the success of the initiative depended heavily on the leading farmers applying and disseminating the knowledge gained. The necessary openness, commitment, and role-model function were not consistently present. Follow-up and monitoring activities were essential for project progress. For this purpose, an app was developed to monitor farmer performance on the agroforestry plots. Ultimately, however, on-site presence is crucial — and in our case, this was insufficient. As the outcomes of the three-year project did not meet our expectations, we decided not to directly continue similar initiatives.

## 7. OUTLOOK

Over the past two years, we have consistently continued on our chosen path and achieved tangible progress. Building on these results, we will now systematically further develop our sustainability activities.

At the site level, the focus in the upcoming period will be on additional optimization measures in energy and waste management. In doing so, we not only contribute to conserving resources and reducing the group's overall climate footprint but also strengthen our operational efficiency.

In the supply chain, we will rigorously implement our sustainable procurement strategy and, through close collaboration within the corporate group, contribute to the development of a group-wide sustainability strategy. This strategic foundation will enable us to further strengthen ecological, social, and economic responsibility along the entire value chain.

In light of positive market developments, we see excellent prospects for our business. We are confident that targeted measures will allow us to return our key performance indicators to their target ranges. Furthermore, thanks to a company culture rooted in mindfulness and a strong working environment, we expect a continued reduction in accident frequency and severity. Our project teams are well prepared to efficiently and practically implement regulatory requirements — particularly those arising from the EU Taxonomy, the Corporate Sustainability Reporting Directive (CSRD), the German Supply Chain Due Diligence Act (LkSG), and the EU Deforestation Regulation (EUDR).

Overall, we believe we are on a very strong path: we combine entrepreneurial success with responsibility and thereby lay the foundation for a sustainable future — for our company, our employees, and our partners across the entire supply chain.