



Progressing with the Mercadona Model



2022 Annual Report and more information:





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Our most significant achievements in 2022



Spain

1,637
stores

95,500
employees

2,200
new jobs

€ 22,323 M
in purchases

€ 30,304 M
in turnover

€ 783 M
in investment

Mercadona consolidated group

1,676
stores

63 new openings
49 closures

15.5 %

market share in total
sales area in Spain

99,000
employees

3,200 new jobs

€ 23,112 M
in purchases

 Portugal

39
stores

3,500
employees

1,000
new jobs

€ 789 M
in purchases

€ 737 M
in turnover

€ 140 M
in investment

€ 31,041 M
in turnover
+11,6%

€ 923 M
in investment

€ 0.025
profitability
2 cents per euro of sales

€ 2,263 M
in tax contributions
+12%

€M: million euros.



“Congratulations to the 99,000 people who make up the company because, when faced with exceptional situations, we outdo ourselves more and more every day. Proof of our effort, work, agility and capacity for self-criticism”

Message from the President

I would like to share with you how Mercadona has tackled 2022, those twelve months of lingering uncertainty for all of us. **The predictable and stable scenarios** we had experienced as a company until now suddenly **became a thing of the past**. We had to react to an ever more complex situation while still feeling the effects of COVID-19, in addition to the impact of the war in Ukraine, including the rise in the price of energy and raw materials and shortages, leading to high inflation rates.

The complexity of this context led the people who make up Mercadona to once again show our **ability to adapt to new circumstances**. Because if there's one thing we have demonstrated over the last few years, it's that no competitive advantage is permanent, and there is no position that can't be changed.

Despite this and these extraordinary times, **Mercadona has outdone itself once again**. It has achieved this thanks to the effort, work, agility and capacity for self-criticism of all its workforce, committed to its own company model, which serves as a guide in every decision we make and helps us to continue to progress as a company in our common goal: to satisfy the five components. My most sincere congratulations to the 99,000 people who make up the company because, when faced with exceptional situations, we outdo ourselves more and more every day.

It is in the mental effort made by all of them, as well as by the 3,000 product suppliers we collaborate with, that the success of our company model lies, which allows us to **adapt quickly**: detect problems, pivot to get another perspective, accept challenges and apply solutions jointly. Thanks to this approach, by implementing various initiatives, we have managed to **improve our management** for yet another year.

In addition to this progress, in 2022, we made a considerable **investment effort of 923 million euros** to continue building and consolidating Mercadona. We opened 63 new supermarkets between Spain and Portugal, enabling us to end the year with **1,676 stores**. Furthermore, we launched **two new Hives** (warehouses dedicated exclusively to the preparation and distribution of online shopping orders) in Alicante and Seville, and we expanded the Ready-to-Eat section. We have also continued to make progress with the construction, remodelling and adaptation of the logistics centres as well as the innovation and development of new IT tools. Meanwhile, the first phase of the **new offices in Albalat dels Sorells (Valencia)** has been initiated, and the development of our **international project in Portugal** has been reinforced.

On top of all these initiatives, it is worth highlighting the **extraordinary work of our suppliers to develop and improve products** that, with conclusive

quality, allow us to offer an efficient selection. This collaboration and acquisition work has reinforced Mercadona as the trusted supermarket of more than **5.7 million households** who shop daily in our supermarkets. Without the trust of our “Bosses”, for which I am very grateful once again this year, Mercadona’s growth and **sales** performance, which has risen by 11.6% to **31,041 million euros**, would not be possible.

Because if there’s one thing all of us who form part of Mercadona are proud of, it’s precisely the **evolution and contribution of our company to the prosperity** of our country. We are a company that generates wealth, as reflected by our direct and indirect contributions: **2,263 million euros, 12% more** than in 2021. Or the **direct tax** figure, which exceeded **390 million euros, increasing 13%** compared to the previous year. Likewise, Mercadona obtained a profit of 718 million in 2022, up 5.6%. This profit gives **profitability of 2 cents per euro**, which is why we’re aware of how much we can improve to make progress in the consolidation of the Mercadona Project.

The company is not only immersed in the creation of wealth and well-being but also in the **creation of stable, quality jobs**, as reflected by the figures from 2022, during which year it increased its workforce between Spain and Portugal by 3,200 people. A team of **99,000 employees** for whom Mercadona has guaranteed that it will maintain their purchasing power with the announcement of **salary increases in line with inflation**, and with whom Mercadona has once again shared its profit: **405 million euros as performance-related bonuses, 8% more** than in 2021.

Our sustainable prosperity model also forms part of the company’s relationship with society. There have been many initiatives carried out focussing on the development and well-being of people, from the donation of **1.5 million euros for Ukrainian refugees** to the **25,100 tonnes of food delivered to charity organisations**, 22% more than in 2021. Likewise, aware of how much sustainable management can continue to contribute to preserving and protecting the planet, Mercadona has remained **immersed in its environmental commitment**, which it pursues through the implementation of its waste, carbon footprint and water footprint policy.

With 2022 behind us, we are starting a new year in which, in addition to the already familiar territory of uncertainty and our concern with high inflation, we must also overcome a new challenge: that caused by the high interest rates, which will result in a drop in the purchasing power of our “Bosses” and an obvious impact on their shopping basket. Mindful of this situation, Mercadona has already **marked out a path** in which our **company model, honesty, self-criticism and daily effort** are key factors. Overcoming these challenges will depend exclusively on our individual and collective effort—our ability to **progress towards becoming a Radical Totaler**, always offering products of conclusive quality that give our “Bosses” the chance to be right. We are certain that if each and every one of us meets the targets set, Mercadona will continue to do well.

Thanks for yet another year: to everyone for your commitment, **to the Board of Directors** for their trust in the Management Committee, a determining factor to face the coming challenges, **and to our shareholders**, for their constant support, in particular, our shareholder and friend Juan Carlos Gómez, who sadly passed away in December. I would like to take this opportunity to thank him for his involvement and support and offer the Gómez Gómez family my sincerest condolences.

Juan Roig

Management Committee

Ensures the smooth running of the organisation and the establishment and fulfilment of the policies and procedures established by the Board of Directors.

Juan Roig
President

José Jordá
Managing
Director of
Stores, Human
Resources and
Perishables
Prescription

Paco Espert
Managing
Director of
Dry Products
Prescription

Rafael Berrocal
Managing
Director of
Fish, Fruit,
Vegetables and
Fresh Bread
Purchasing

David Cid
Managing
Director of
Petroleum
Byproducts
Purchasing and
Multinationals

**José Miguel
Fernández**
Managing
Director of
Manufactured
Food Products
Purchasing

**Guillermo
Pérez**
Managing
Director of
Dairy Products
Purchasing



Board of Directors

The Board of Directors is the body in charge of the management, organisation and representation of the company.

Juan Roig Alfonso **President**

Hortensia M^ª Herrero Chacón **Vice-president**

Carolina Roig Herrero **Board Member Secretary**

Members of the Board

Hortensia Roig Herrero

Amparo Roig Herrero

Juana Roig Herrero

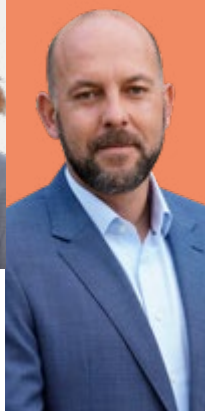
Rafael Gómez Gómez

Fernando Roig Alfonso

Teresa Pol
Managing
Director
of Bakery
Purchasing



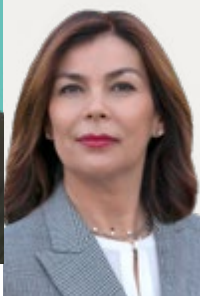
Francis Alonso
Managing
Director of
Meat, Eggs and
Delicatessen
Meat
Purchasing



Marga Santos
Managing
Director of
Manufactured
Agricultural
Products
Purchasing



Rosa Aguado
Managing
Director of
Logistics



**Héctor
Hernández**
Managing
Director of
Finance and
Marina de
Empresas



Pilar Sanz
Managing
Director of
Construction
and Expansion



Patricia Tobía
Managing
Director of IT



Elena Tejedor
Managing
Director of
External
Relations



Audit Committee

Integrated into the Board of Directors, it is in charge of supervising accounting, tax and financial information, auditing services, compliance and financial risk management.

Juana Roig Herrero **President**
Carolina Roig Herrero **Secretary**
Rafael Gómez Gómez **Member of the Board**

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THE MODEL

All of us who form part of Mercadona share a common goal: to promote a company model that society wants to exist and feel proud of. A business project that never stops adapting to each circumstance, in a climate of change where there is no competitive advantage that is permanent and no position that can't be changed, and

in which the greatest differentiating factor is having a company model—the Mercadona Model—that unites the whole workforce in a collective commitment to satisfy the company's five components day in and day out with the same intensity: “The Boss” (customers), The Employee, The Supplier, Society and Capital.

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The Mercadona Model

02

Commitment to the Sustainable Development Goals

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Materiality and stakeholders

04

Sustainable development and prevention of possible risks

05

Irmãdona: Mercadona in Portugal

THE MISSION
Fill bellies

Prescribe the final consumer with products/solutions that meet their needs to eat, drink and for personal, home and animal care...

... always ensuring conclusive quality (safe and healthy), maximum service (sustainable), minimum budget and minimum time

THE MERCADONA MODEL

Mercadona has created its own management project that sets it apart, the Total Quality Model, which supports its principles and values. This project satisfies the company's components to the same degree but in the following sequential order:

- **“THE BOSS”**
- **THE EMPLOYEE**
- **THE SUPPLIER**
- **SOCIETY**
- **CAPITAL**

Juan Roig's dream

THE VISION

04

To achieve a sustainable agri-food chain that people want to exist and feel proud of, led by Mercadona and with “The Boss” as our lighthouse

UNIVERSAL TRUTHS

05

The Mercadona Model takes into account 9 universal truths, principles that are always followed, whether or not they are believed. The most important one is that in order to receive, we first must give. Because the more we give, the more we receive

THE PARADIGM

06

The Mercadona point of view is Total Quality: constantly thinking about the needs of “The Boss” and making them compatible with the rest of the company’s components

“To share and radiate the Mercadona Model in Society”

To Mercadona, innovation means detecting what others can't see before anyone else and getting it right when it comes to satisfying our customers, with unique solutions that, in addition, contribute to achieving Sustainable Development Goals 9 and 17 of the United Nations Global Compact. To do this, it has a specific, transversal Innovation Model. Through four core ideas and a close collaboration process with customers, employees, suppliers and also with organisations committed to R+D+i and knowledge sharing, it meets the changing needs of the five components, offering efficient and sustainable solutions with the best quality and service.

INNOVATION: Being the first to satisfy “The Boss”

OPEN AND COLLABORATIVE INNOVATION

- 6 partner organisations to promote innovation: COTEC Foundation for innovation, Innovative Companies Forum, CEOE, Spanish Chamber of Commerce, AECOC and Technological Institute of Packaging,
- Transportation and Logistics (ITENE).
- 6 companies participating in the Lanzadera-Mercadona Corporate Programme: Sensei, Hoop Carpool, Midsaic, Invofox, Busup and Kleta.

PRODUCT INNOVATION

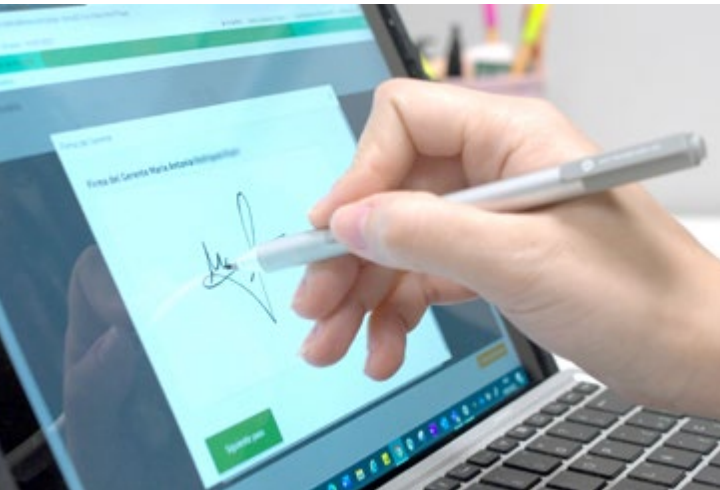
- Co-innovation Model: 22 co-innovation centres in which the “Bosses” share their experiences to develop products that cover their needs with great quality at unbeatable prices.

PROCESS INNOVATION

- 91 million euros invested in digital transformation, including Mercadona Online.
- Smart store: tools to reduce waiting times.
- Fault prediction technologies that reinforce automation in stores.
- Digitalisation of selection management.
- Digital signature during store opening hours.
- Prevention of overexertion and unnecessary expenses and strengthening of productivity.
- Digitalisation of logistics processes.
- Implementation of “BIM” (Building Information Modelling) methodology in the design and management of construction projects in logistics centres.
- DPP (Direct Product Profit) tool to calculate the costs and profitability of each product and be able to make the right decisions in relation to costs.
- ADT (Direct Store Contribution) tool to know the costs and profit per store and be able to make the right decisions in relation to costs.
- Tool for the management of stock in store.

SOCIAL INNOVATION

- *Trencadís* murals: social-labour integration project with 27 participating foundations and occupational centres.
- Strategy 6.25 to reduce plastic and manage waste.
- 17 urban gardens on the roofs and façades of various stores that benefit their surroundings from an environmental point of view.



217 new products, 370 improvements to the selection and 25 innovations.

- 217 new products, 370 improvements to the selection and 25 innovations.

Monetary donations at the cash desk to collaborate with the 2022 National Food Collection Campaign. Society Cards.

- Monetary donations at the cash desk to collaborate with the 2022 National Food Collection Campaign.
- Society Cards.








DPP (Direct Product Profit)








Through this tool, and after two years of work, the directors involved in the purchasing and prescription departments have access to cost data for the processes and profitability of the approximately 8,000 references that make up Mercadona's selection. Therefore, they have all the necessary information to make quality improvements compatible with cost-saving decisions.



Commitment to the Sustainable Development Goals

Since 2011, Mercadona has been a signatory of the Global Compact, an initiative through which the United Nations promotes the Sustainable Development Goals (SDGs). Therefore, the company is constantly striving to achieve the goals on which its activity has the most influence, carrying out environmental, social and responsible governance actions with a positive impact on the environments in which it is present.

SDG	Ongoing actions	Components impacted*:				
		B	E	Su	So	C
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> • Donations to food banks, soup kitchens, and other entities. • Mercadona facilitates social collaboration with events such as the great collection campaigns giving the “Bosses” the possibility of making a donation at the cash desk. • Society Cards. • Help for Ukrainian refugees. 	●			●	
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> • Donations to food banks, soup kitchens, and other entities. • Society Cards. • Help for Ukrainian refugees. • Stock management in stores to reduce food waste. 				●	
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> • Quality Management and Food Safety System. • Selection adapted to groups with special needs. • Health and safety protocols for employees in different job positions. 	●	●	●		
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> • Workforce training and development. • Collaboration with educational entities such as EDEM and the Mercadona Circular Economy Chair with the UPF Barcelona School of Management. 		●		●	
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> • “Equal responsibility, equal pay”. • Equality Plan. • Support and assistance protocol for victims of domestic violence. • Awareness campaigns for salary equality and against domestic violence. 		●		●	
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> • Stable and quality jobs with pay above the sector average. • Contribution to shared growth in the countries in which Mercadona is present. • Ethical Conduct Guidelines for suppliers. • Own Prevention Service to promote a safe, risk-free work environment for all employees. • 5+2 work week and annual calendar of rest days. 		●	●	●	●
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> • Efficient Store Model. • Co-innovation Model. • Cross-cutting Innovation Model. • Supplier Relationship Model, which supports an industrial cluster. 	●		●		●

SDG	Ongoing actions	Components impacted*:				
		B	E	Su	So	C
 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> • Non-discrimination policy. • Workplace harassment prevention protocol. • Collaboration with entities that encourage the integration of people with disabilities into the world of work. 		●	●	●	
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> • Proactive Neighbourhood Management. • Own Environmental Management System to help support the transition to a sustainable economy. • Sustainable logistics measures. • Efficient Store Model. • Landscaped roofs and integration with the surroundings. • Strategy 6.25: reduction of plastic and waste management. • Implementation of Smart Distribution and Silent DUM (urban unloading of goods) in cities. 			●	●	●
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> • SPB (Always Low Prices) sales policy. • Responsible production models in the agri-food chain. • Animal Welfare Policy. • Waste and food waste management and reduction plans. • Strategy 6.25: reduction of plastic and waste management. 	●		●	●	
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> • Action Plan and Reduction of Emissions. • Logistics optimisation. • In-house Environmental Management System to help support the transition to a sustainable economy. • Carbon Footprint measurement. 			●	●	●
 <p>14 LIFE BELOW WATER</p>	<ul style="list-style-type: none"> • Fishing Product Purchasing Policy. • Collaboration with organisations for the sustainability of products from fisheries. 	●		●	●	
 <p>15 LIFE ON LAND</p>	<ul style="list-style-type: none"> • Strategy 6.25: reduction of plastic and waste management. • Landscaped roofs and integration with the surroundings. • Methodology for the protection of swallows and the common house martin. 	●		●	●	
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<ul style="list-style-type: none"> • Alliances with industry and social organisations (AECOC, ASEDAS, CEOE, AVE, the COTEC Foundation for Innovation, the Forum of Innovative Companies, Spanish Chamber of Commerce, ÉTNOR Foundation, APED, Portuguese-Spanish Chamber of Commerce and Industry, Pact for Plastic, Forética, Seres Foundation, etc.) to progress in our compliance with the SDGs. • Collaboration with entities that encourage the integration of people with disabilities. 		●		●	

* Components: **B** “The Boss” **E** The Employee **Su** The Supplier **So** Society **C** Capital



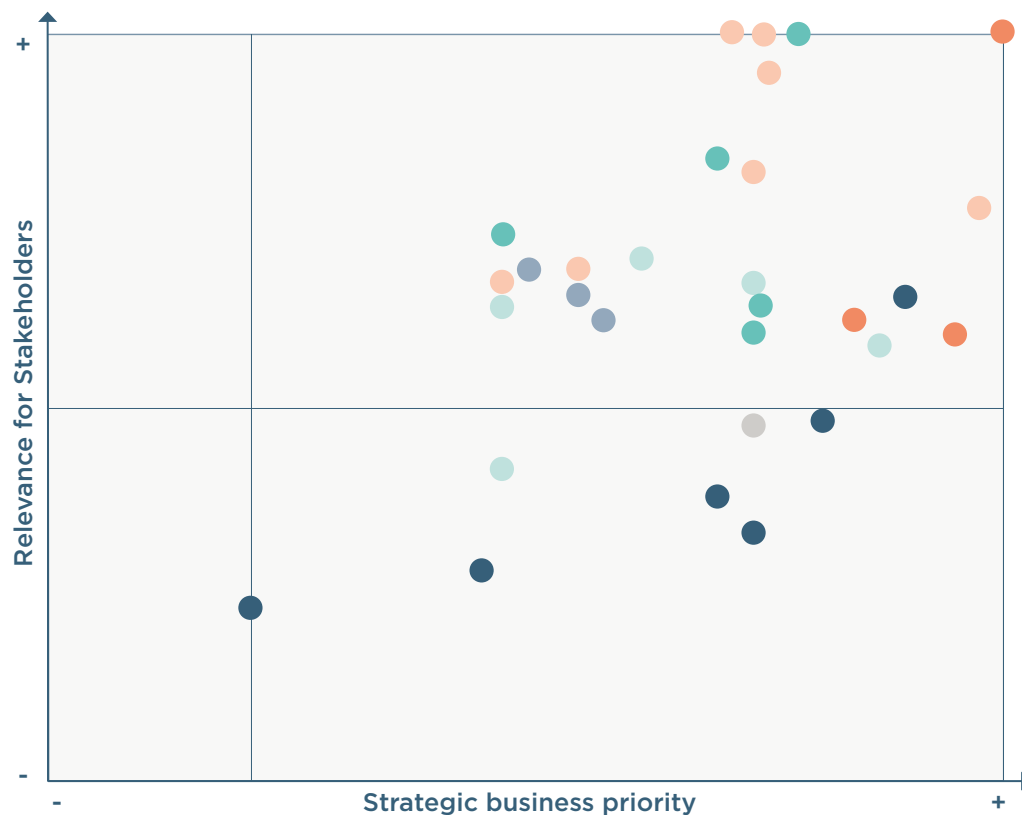
Materiality and stakeholders

In 2022, Mercadona analysed the materiality of each aspect of interest in relation to the most relevant matters for its activity and for the stakeholders whose interests it seeks to satisfy and which the company identifies and specifies in its model through the five components: “The Boss”, The Employee, The Supplier, Society and Capital.

For the first time, this study has been approached from a dual perspective, and the matters that have an influence on the value of the company have been identified, as well as the opinion of the stakeholders interested in those same aspects. To this end, an exhaustive materiality analysis has been carried out by the group of managers of the company who are involved, various “Bosses” have been consulted through a questionnaire assessing all the material aspects, and a trend analysis has been carried out in which various stakeholders participated (financial analysts, experts from the distribution industry, journalists, etc.). As a result, new material subjects were detected, expectations were defined, and new evaluations were introduced. We must explain

that this dual analysis is currently undergoing an internal development and improvement process.

This work has been carried out through a sequential process in four phases. It began with the identification and evaluation of the material subjects, prioritising each subject based on its impact and influence on decisions and expectations. Next, a matrix was drawn up, and finally, it was validated. As a result, in 2022, 30 material aspects were identified and grouped into seven main categories, which are detailed in the following materiality matrix and discussed throughout this Report, with regard to both the management and the continuous assessments of these that we carry out.



Material aspects

Satisfying “The Boss”	1	Food safety and quality
	2	Customer service
	3	Product innovation
Quality employment	4	Attracting and retaining talent
	5	Work-life balance
	6	Training
	7	Competitive salary
	8	Equality and diversity
	9	Health and safety
	10	Internal communication channels
Sustainable, ethical management in the supply chain	11	Ethical and ESG* criteria in the supply chain
	12	Sustainable production
	13	Animal welfare
Sustainability and environment	14	Managing food waste
	15	Recycling and circular economy
	16	Sustainable logistics
	17	Improved energy efficiency and digitalisation
	18	Control of CO ₂ emissions
External dialogue and transparency	19	Corporate communication
Regulatory compliance, ethics and good governance	20	Product labelling and information
	21	Data security and protection
	22	Corporate governance Best Practices
	23	Preventing fraud and corruption
	24	Transparency of the information
Socioeconomic impact and generation of value	25	Donations of food and social action
	26	Integration in the community
	27	Promotion and support of entrepreneurship
	28	Sports patronage
	29	Economic development of the environment
	30	Tax contributions and transparency

* ESG: Environmental, Social and Governance.

Sustainable development and prevention of possible risks

Components	Risks
<p>“The Boss” Our main goal is to fully satisfy the “Bosses” (customers) by applying the Radical Totaler strategy, to always offer them products with conclusive quality and the chance to get it right</p>	Quality
	Changes in consumption habits
	Digital transformation
	Data protection
<p>The Employee Those who satisfy “The Boss” must also be 100% satisfied</p>	Remunerative and workforce commitment strategies
	Work-life balance
	Equality and diversity
	Occupational risk prevention
<p>The Supplier The suppliers are the backbone of Mercadona’s Sustainable Agri-food Chain</p>	Good business practices
	Data protection
<p>Society The company considers contributing to the country’s sustainable development and social progress to be one of its duties</p>	Sustainable mobility in cities
	Responsible use of resources
	Relationships with local communities
	Environment and climate change
	Data protection
<p>Capital The goal is to earn profit as a result of doing things that add value and doing them the right way</p>	Legal issues inherent to the different aspects of the business (health, commerce, consumption, industry, employment, finance, environment, etc.)
	Profitability and sustainability

Mercadona creates protocols to prevent and manage the risks inherent in its activity, which it always develops within the legal framework in force. Additionally, it shares its progress and results with its workforce, suppliers and society through the different available channels.

Policies and strategies

<ul style="list-style-type: none"> • Quality model with food safety • Product verifications • “Very Very Serious (VVS) Accident” drills • Traceability exercises 	<ul style="list-style-type: none"> ∞ ✓ ✓ ✓
<ul style="list-style-type: none"> • Efficient selection and Co-innovation Model • Healthy food selection • Global Fresh Products Strategy • Implementation of the Ready-to-Eat model • Boosting online shopping through Hives and the New Teleshopping 	<ul style="list-style-type: none"> ∞ ∞ ∞ ∞ ∞
<ul style="list-style-type: none"> • Customer Service • Cross-cutting innovation • Mercadona Online • Process automation 	<ul style="list-style-type: none"> ✓ ✓ ∞ ∞
<ul style="list-style-type: none"> • Application of the General Data Protection Regulation 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> • Permanent jobs • Salaries above the sector average upgraded annually based on a policy of brackets and the interannual variation in the CPI • Performance-related bonuses • Training, transparency and internal promotion 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> • Work, life and personal balance • Promotion of joint responsibility • 5+2 Work Week in stores • Annual calendar of schedules, holidays and days off known in advance 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> • Principle of equity • Equality Plan and diversity management 	<ul style="list-style-type: none"> ✓ ✓
<ul style="list-style-type: none"> • Medical service available to employees • Health service call centre 24/7, 365 days a year (3C) • Technical team specialising in occupational risk prevention • COVID-19 preventive measures and healthcare protocols, when necessary 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> • Application of the General Data Protection Regulation 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> • Code of Good Commercial Practices • Ethical Conduct Guidelines for suppliers • Sustainable Agri-food Chain • Generation of industrial infrastructure • Animal Welfare Policy • Fishing Product Purchasing Policy • Co-innovation with suppliers 	<ul style="list-style-type: none"> ✓ ✓ ∞ ✓ ∞ ✓ ✓
<ul style="list-style-type: none"> • Application of the General Data Protection Regulation 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> • Sustainable Logistics Model 	<ul style="list-style-type: none"> ∞
<ul style="list-style-type: none"> • Environmental Management System • Food waste prevention programme • Efficient Store (Store 8) Model 	<ul style="list-style-type: none"> ∞ ✓ ∞
<ul style="list-style-type: none"> • Dialogue and transparency • Relationship model with local communities, NGOs and consumer associations • Promoting entrepreneurship • Proactive Neighbourhood Management to identify and eliminate potential risks and disturbances • Management to handle neighbourhood inputs, suggestions and complaints quickly and effectively 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> • Environmental Management System • Strategies to improve the sustainability of our activity in the environment and the supply chain • Strategy 6.25: reduction of plastic and waste management • Emissions reduction and action plan and logistics optimisation • Efficient Store (Store 8) Model 	<ul style="list-style-type: none"> ∞ ∞ ∞ ∞ ∞
<ul style="list-style-type: none"> • Application of the General Data Protection Regulation 	<ul style="list-style-type: none"> ✓
<ul style="list-style-type: none"> • Crime prevention and anti-corruption policies • Staying abreast of legislation and adapting internal processes to comply with legislation 	<ul style="list-style-type: none"> ✓ ✓
<ul style="list-style-type: none"> • Financial risk management policies • Reinvestment and long-term vision • Wealth generation and shared growth • Conscious capital • Ongoing review of internal processes 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓

Irmãdona: Mercadona in Portugal

In 2016, Mercadona began its internationalisation process in Portugal with the company Irmãdona, “Mercadona’s sister”, and three years later, in 2019, it opened its first store in the neighbouring country. An ambitious project that has not stopped growing and that, in just six years, has reached a total of 39 supermarkets, after having opened ten over the last twelve months, allowing it to be present in nine districts in 2022: Porto, Braga, Aveiro, Viana do Castelo, Setúbal, Santarém, Viseu, Leiria and Lisbon.

Irmãdona, which carries out its activity as a Portuguese company of Spanish origin and the head office of which is in Vila Nova de Gaia, has managed to consolidate the Mercadona Model in Portugal. A model that has generated value from the beginning, as is demonstrated by the 590 million euros of accumulated investment, 140 million in 2022, and the 3,500 people that make up its workforce, 1,000 of which joined the company in that year. All of them have joined a sustainable project, not only in the present but in the future. A project that invests in its main strength, human resources, as demonstrated by the decision made last October to raise the entrance salary in Portugal by 11% for 2023, and which generates dynamism and joint growth in the areas in which it is present.

With these foundations, Irmãdona has continued to progress and has strengthened its ties with Portugal, which has allowed it to get to know the Portuguese Society, along with its tastes and needs, better. And also make the most of the development opportunity of the Mercadona Project in

Portugal through joint collaboration with local suppliers, with which we have made purchases worth 789 million euros.

Likewise, Irmãdona continues to incorporate synergies into the joint project and achieve new milestones such as, for example, the expansion of the Póvoa de Varzim logistics centre (Porto); the progress made in Almeirim (Santarém), where construction is underway on what will be the second logistics centre and the largest Mercadona has in the chain; and the entry of Mercadona in five new districts over the last twelve months.

These milestones and results, with a turnover of 737 million euros in 2022, have been achieved thanks to the effort of the whole workforce, committed to doing whatever it takes to satisfy “*O Chefe*” (“The Boss”). Likewise, they have been driven by the trust of these “*Chefes*” (“Bosses”) and the collaboration of the “*Fornecedores*” (Suppliers), all of which are essential for consolidating a company that the Portuguese society wants to exist and can feel proud of.

39
Stores



10
opened

€ 140 M
in investment

3,500
employees

€ 737 M
in turnover



Front of the Montijo supermarket in Setúbal.



“THE BOSS”

Mercadona has continued to make progress with its Radical Totaler strategy, where radical means always, and we aim to offer “The Boss” conclusive quality on every product and, therefore, the chance to get it right. And all in a context marked by rising prices on raw materials and energy and occasional service failures the company was not

able to anticipate. Nonetheless, the effort made has allowed us to reduce this impact as a result of general food inflation, which ended the year at 15.7% in Spain and 19.9% in Portugal, and act as a containment measure against the price hike in return for the trust placed in the company by more than 5.7 million households daily.

01

Adapting to the current context

02

Stores and Mercadona Online

Adapting to the current context

In 2022, Mercadona faced unimaginable situations which have had a significant impact on its activity. A challenging context, as shown by the evolution of the general CPI (+5.7% in Spain and +9.6% in Portugal) and particularly that for general food (+15.7% in Spain and +19.9% in Portugal), the company's main activity, to which it has reacted by optimising processes and reinforcing efficiency to absorb part of the rise in prices and not pass all of this on to consumers, thereby contributing to cushioning the blow of inflation.

Mercadona was also affected by the transport strikes during the months of March and November. These stoppages generated a considerable impact on the supply chain and required an additional effort to guarantee the supply for the “Bosses” in all the chain's stores.

Despite the complexity of the year, the 99,000 people who form part of Mercadona's workforce, as well as the 3,000 product suppliers, have continued to give their best to continue on the path towards becoming a Radical Totaler or what amounts to the same thing, offer “The Boss” the chance to get it right with a selection with conclusive quality at unbeatable prices.

Food quality and safety

In 2022, Mercadona continued to reinforce its commitment to quality, for which it applies two essential criteria to all its products: it must be good, i.e. with organoleptic properties that set it apart, providing a good taste, smell,

colour and texture; and be great, or in other words, guarantee food safety and also be healthy for the body, sustainable for the planet and socially responsible.

Thanks to this, the company has an efficient selection that answers all its “Bosses” needs in terms of food, drink, household, personal hygiene and pet care. A dynamic selection of approximately 8,000 references that it manages and develops individually in the framework of its SPB (Always Low Prices) strategy, which the company launched in 1993 to guarantee, thereafter, the shopping trolley with the best quality at the lowest possible price.

This definition of conclusive quality automatically includes food safety. In this area, the company developed a Food Quality and Safety System almost two decades ago in which the suppliers also participate. In this way, all the parties involved in the supply chain are subject to strict controls

Specific actions

In 2022, Mercadona's Quality and Food Safety System performed a total of 35,000 verifications of fresh products, 520 inspections in logistics processes and 53,900 analyses of surfaces and environments. Similarly, the company and its suppliers carried out 12 simulations in collaboration with the health authorities of 12 Spanish autonomous communities. These exercises have helped to consolidate the individual and collective skills of their teams and joint training to face possible future contingencies with greater guarantees, knowledge and efficiency.

in each process, from the source to the end consumer, with the triple goal of having zero risk, zero defects and zero crisis; and the development of a strategy aimed at three clear angles: prevention, reaction and verification.

2022 also saw the start of the digitalisation of several of our food quality and safety management systems, such as inspections by the healthcare authorities and the documentation of hazard analysis logs and critical control points. At the same time, the

content of the internal training in this area for new members of staff in stores and logistics centres was updated.

The company also has two independent panels of professionals of recognised prestige, one in Spain and another in Portugal. This group of around twenty specialist scientists, members of these Scientific Advisory Committees, advises the internal team, with which it shares knowledge and experience with the goal of minimising the existing problems and preventing possible emerging risks.



Mari Carmen, “Boss” of the Mula supermarket in Murcia.



Quality based on constant improvement

Mercadona's selection, comprising approximately 8,000 references, pursues constant innovation to adapt to new needs and constant improvement thanks to the daily application of the model and taking into account all the concerns of customers and society. Its definition is the fruit of joint work and a collaborative process in which, at different times and in different phases, both employees and suppliers and "Bosses" participate.

In the case of employees, the company, through a team of 1,200 people between the prescription and purchasing departments, identifies a series of needs that are answered in collaboration with specialist suppliers capable of offering efficient and high-quality solutions.

This selection innovation and improvement work is also supported by an analysis of the pertinent markets and takes advantage of the suggestions customers make through the different channels, such as the 800 line or the company's official profiles on social networks.

Likewise, Mercadona has a Co-innovation Model through which it introduces improvements thanks to the direct involvement and participation of many of its "Bosses", which translates to a selection that is fully adapted to the customers' tastes and customs. For this purpose, it has 22 co-innovation centres distributed between Spain and Portugal, having opened a new one last year, specifically in Madrid.

At these centres, at which more than 200 specialists work, a total of 12,500 work sessions took place in 2022, attended by “Bosses” in love, those who always look for a product, irrespective of where it is. This was a collaborative process that has been key to continue evolving the selection with 370 improvements, 217 new products and 25 product innovations.

One example of this is the new pepperoni, ready to use in recipes like pizzas, which is offered in a more manageable format that is easier to store thanks to its zip bag, and the longfin tuna fillets, which incorporate an easy-open lid and a jar with a wider mouth to get the fillets out more easily.

Mercadona Co-innovation Model

In order to define the quality of a new product or improve that of an existing product in

Mercadona’s lines, the company carries out a process based on five phases. Firstly, the specialist detects in-store, through official channels, by looking at sales or by analysing market trends that “The Boss” has a new need that is not being offered or is on offer but needs a specific improvement. Thereafter, the “Bosses in love” with these products are selected, and co-innovation sessions are held in collaboration with them to define the product characteristics. Next, the purchasing manager, in collaboration with the selected supplier, establishes the necessary formula or recipe to fulfil the defined attributes. Once the solution is ready, the specialist holds co-innovation sessions with “The Boss”, either in the co-innovation centres or at the latter’s home, where the product is tested to check that it meets their expectations. If the product meets the expectations of “The Boss”, it is put on sale in Mercadona’s stores.





Satisfying the needs of the “Bosses”

Aware of the direct relationship between food and health, which translates into the need to provide a balanced diet for the “Bosses”, Mercadona has continued to work to respond to this need in 2022. Therefore, it has followed the quality criteria of being good and being great, as well as strengthening its commitment to providing customers with a balanced shopping basket and ultimately letting them choose what food they eat, how it is made and how much they consume.

For this reason, mindful of the individual preferences and nutritional needs of each person, which in the food sector means different needs, habits and tastes, the company has focused on three lines of work throughout the year.

The first line is based on offering a varied, efficient and high-quality selection with a wide range of fresh and non-perishable products so that “The Bosses” can select the products that satisfy their needs. The company has also sought to adapt to food quantity and eating frequency needs. Accordingly, continued efforts have been made to optimise and adapt portions to customer consumption habits. This is the case with its pumpkin chopped into pieces and peeled almonds. Similarly, Mercadona has experimented with healthier ways of cooking with its selection while continuing to focus on nutritional composition. Examples of this improvement in the selection are the hake bites introduced in 2022, a healthy croquette that contains fish as the main ingredient and can also be cooked in an oven or air fryer rather than frying in oil, and cottage cheese, rich in protein and low in fat.

Mercadona has also refined recipes in several ways. For instance, it has incorporated all-natural ingredients in certain products, such as its wholemeal spelt snack made from 100% wholemeal spelt flour, and eliminated, reduced or replaced ingredients with no added value.

This is the case of the chocolate flavour and vanilla flavour soy drinks with no added sugar, from which practically all the sugar has been removed, the hake burger, without additives, and the crackers, with less salt.

It is also worth highlighting that 2022 saw the conclusion of the Collaboration Plan for the Improvement of Food and Drinks, promoted by the Spanish Agency of Food Safety and Nutrition (AESAN) through which over 400 products have been reformulated since 2018.

Likewise, and in collaboration with specialist suppliers and various entities of reference in Spain and Portugal, the company continued to incorporate gluten-free references, as is the case with all the breaded meat products, managing to achieve 1,533 products without this protein. This work is clear with another of the most common intolerances, in this case, lactose intolerance, for which the company offers new solutions every year, like its bechamel sauce and pork meatballs in 2022.

With this goal of providing appropriate answers for the “Bosses” who place their trust in Mercadona every day, the company collaborates with numerous key entities in Spain and Portugal, such as the Federation of Coeliac Associations in Spain (FACE) and its regional associations, Coeliacs of Catalonia (SMAP), the Lactose Intolerant Association of Spain (ADILAC), the Association of Coeliacs and Gluten Sensitive People (ACSG), the Spanish Association of People with Food and Latex Allergies (AEPNAA) and the Portuguese Coeliac Association (APC). Likewise, Mercadona maintains its commitment to the National Strategy for Nutrition, Physical Activity and the Prevention of Obesity (NAOS) to promote, together with the suppliers, a healthy diet, as well as the Advertising Self-regulation Code (PAOS code).

In addition, Mercadona has continued to respond to different needs, for example, with vegan and vegetarian options, not only with

its wide range of fresh products but also with other references, such as vegan ice creams, the base ingredient of which is nuts, and seitan, a food product made of wheat and gluten in which traces of allergens have been reduced from five to one.

Transparent labelling

As part of its commitment to transparency, Mercadona has been promoting information on packaging and labels for years. To this end, it has its own method it uses to identify the suppliers that manufacture all the products manufactured under the umbrella of its own brands (Hacendado, Bosque Verde, Deliplus and Compy) and informs the "Bosses" on any relevant nutritional aspect or other information, for example, the inclusion of the company's customer service telephone number on all labelling to facilitate contact with the company, if necessary.

Thanks to this effort, each customer has the necessary information on each product. This objective, accurate and accessible information enables them to freely introduce the foods into their diet, but with the added value of having more specific data and details to be able to put together their balanced basket.



Mercadona brands

Since 1996, Hacendado, Bosque Verde, Deliplus and Compy are, amongst others, brands developed by Mercadona that are clearly identified and labelled.



Healthier selection

Mercadona has continued working to offer the “Bosses” an efficient selection in which they can find everything they need to put together their balanced basket and give the body the necessary amounts of nutrients and energy



01
USE OF 100%
WHOLEMEAL
INGREDIENTS



02
FOOD WITH
NO ADDED
SUGAR

03
MORE
VARIETY FOR
VEGETARIAN
AND VEGAN
DIETS





05
ADAPTATION
OF SIZE TO THE
CONSUMPTION
OF "THE BOSS"

04
LARGER
RANGE
OF FRESH
PRODUCTS



06
REDUCTION
OF ADDITIVES
AND SUGAR

Customer Service

Mercadona has a constant relationship with its customers based on transparency and honesty and in which dialogue and communication are priority elements that allow us to detect our “Bosses” concerns, get ahead of possible anomalies and offer specific answers to each contingency.

Under this philosophy, the company has a Customer Service (CS) Department comprising 81 people: 67 in Spain and 14 in Portugal. This team has dealt with 250,000 queries, requests and suggestions (230,000 in Spain and 20,000 in Portugal) that the “Bosses” have made via phone or email, trying to offer the best possible solution after an individualised study of each case. In this area, it is worth mentioning the unification, in May 2022, of the customer service number for Spain and Portugal, facilitating contact with this service for the customers and maintaining its functioning, operating times and availability 365 days a year, free of charge.

Additionally, over the year, the various profiles the company uses on social networks to maintain a close relationship with its customers (Facebook, Twitter, YouTube, Instagram and LinkedIn) have also remained active. Through them, a total of 645,000 conversations (545,000 in Spain and 100,000 in Portugal) have been held, a dialogue that has allowed us to detect points for improvement and consolidate our Customer Service as one of the most efficient tools to be able to fully satisfy “The Boss”, as the company seeks to do.

At the same time, over the year, the number of FAQs on the website has been increased with the goal of offering customers a faster, more direct mechanism to solve common queries. And at the same time, the virtual assistant service, called Carol, has been reinforced via WhatsApp, operating 24/7 in Spain, seven days a week, with a total of 25,000 conversations held with customers during 2022.

Spain	Portugal
<p>www.mercadona.es</p> <p> www.facebook.com/mercadona</p> <p> www.twitter.com/mercadona</p> <p> www.instagram.com/mercadona</p> <p> www.youtube.com/mercadona</p> <p> www.linkedin.com/company/mercadona</p>	<p>www.mercadona.pt</p> <p> www.facebook.com/mercadonaportugal</p> <p> www.twitter.com/mercadona_pt</p> <p> www.instagram.com/mercadona_portugal</p> <p> www.youtube.com/mercadonaportugal</p> <p> www.linkedin.com/company/mercadonaportugal</p>
<p>Customer service telephone number</p>	
<p></p>	



MERCADONA

800 500 220



Pedro, Mercadona Customer Service employee.

Stores and Mercadona Online

Within its mission, Mercadona identifies two types of buyers: the physical buyer who goes to the stores with a view to covering their food, drink, personal care, household and pet care needs, and the buyer who does this via the digital platforms available. With the goal of satisfying both of these, the company, its employees and its suppliers focus their efforts on developing and offering products and services of conclusive quality at unbeatable prices, with respect for the environment and surroundings, and promoting responsible purchasing and consumption.

Efficient supermarkets (Store 8)

Mercadona has continued to grow in 2022, opting for proximity and for conclusive quality at unbeatable prices, and consolidating a unique project over these months, aimed at the complete satisfaction of “The Boss”. A reality that at the end of the year included a network of 1,676 supermarkets in Spain and Portugal after having closed 49 stores that did not meet the chain’s quality standards and opened 63 new ones, 53 in Spain and 10 in Portugal.

In order to bring about this growth, the company has invested 587 million euros, of which 356 million euros were allocated to the new store openings mentioned, 10 million euros to equipment for the supermarkets and 83 to the acquisition of new land and sites. Likewise, important improvements have been implemented in the already existing stores, and a total of 41 buildings have been adapted to the Efficient Store (Store 8) Model, which has implied investment of 138 million euros.

Thanks to this, the company ended the year with a network of 1,287 efficient supermarkets, compared to 1,183 the previous year.

This store model, our own pioneering model, not only offers our “Bosses” a better shopping experience but also a better layout of the selection and greater comfort. Additionally, it contributes to reinforcing its commitment to sustainability by generating energy savings of up to 40% compared to a conventional store. In fact, thanks to cutting-edge technology and the chain’s decision to digitalise many processes, the Store 8s promote the optimisation of natural resources and encourage conscious, critical consumption.

Ready-to-Eat

Mercadona has continued working throughout 2022 on its Ready-to-Eat section (“Listo para Comer” in Spain and “Pronto a Comer” in Portugal), initiatives with which the company provides a service for “Bosses” who opt for



solutions of varied and high-quality ready-to-eat dishes for some of their meals. As a result, it managed to end the year with this section in 972 stores, 933 in Spain and 39 in Portugal.

Since the project kicked off in 2018, the company has been adapting, year after year, to its customers' needs and consumption trends. Accordingly, it has introduced new dishes over the last twelve months. Specifically, the Ready-to-Eat service has incorporated pasta bolognese and lentils, while the “Bosses” who use the Pronto a Comer (Ready-to-Eat) service can enjoy sandes de leitão (suckling pig roast pork sandwiches) and bolinhos de bacalhau

(cod croquettes). Likewise, in both countries, a wide variety of Asian food consisting of dishes like yakisoba, salmon poke and pork and vegetable gyozas has been included.

Additionally, and with the goal of offering the best service, Mercadona has implemented a new sales model in the 972 stores with this section, whereby most of the selection is offered as self-service, making it quicker, reducing the waiting time for “The Boss” and guaranteeing them great quality. This project implied an investment of 50 million euros in 2022, a figure that has allowed it to achieve average sales of 323 million euros throughout the chain.

The Ready-to-Eat section is available in 972 stores in Spain and Portugal



Mari Carmen and Beatriz, “Bosses” in the table and chairs area of the supermarket in the Historic Centre of Talavera de la Reina, Toledo.

Mercadona Online

During 2022, Mercadona continued to reinforce the development of its online shopping service in Spain, a project that continues to grow and consolidate itself with the goal of satisfying the “Bosses” who opt for this channel with specific, efficient solutions to their needs.

For this purpose, it has opened two new Hives, exclusive warehouses for online sales located in Alicante and Seville, which join the three already operational facilities in Valencia, Barcelona and Madrid. In the case of the Alicante Hive, which opened in May 2022, the company has invested 18 million euros and delivers to 200 postcodes in the provinces of Alicante and Murcia. Mercadona has

invested 27 million euros in the construction of the Seville Hive, which has been operational since last November. The service is available for online “Bosses” placing orders in 102 postcodes of part of the provinces of Seville and Huelva.

In addition to the Hive Model, and in order to cater for the needs of the “Bosses” in areas with a lower density of orders, Mercadona has continued to work on its preparation and delivery model from the physical stores: the New Teleshopping, which takes advantage of the experience, technology and part of the processes used in the Hives to reduce the preparation time of placed orders,



Rosario and José Damián, employees of the Alicante Hive.

with increased speed and a considerable optimisation of physical resources and a reduction in overexertion on the part of the employees.

After testing it in 2021 in three stores, and with the goal of expanding to all other cities, over the last twelve months, it has been implemented in various other provinces, including Lleida, Girona, Almeria and Navarra, to bring the number of stores offering this service to 18 at the end of 2022.

In order to reach the houses of the online “Bosses” from its Hives, Mercadona has a Hive team comprising over 2000 people, all with stable, quality jobs and specific training. This workforce includes Mercadona Tech, the division that analyses, plans and develops the processes and technology for this project. A team, in short, that has been key in being able to achieve sales of 540 million euros.

Given the evolution experienced by this channel, as well as the growing support of its



users, the company will continue to accelerate its online growth plans, for which it plans to inaugurate the Minihive located in Boadilla del Monte (Madrid) and is also planning the development and expansion of the New Teleshopping and New Home Delivery Service models in 2023.



Mercadona Tech

Mercadona Tech opened an office in Madrid in 2022. The technological division that develops the processes and software for Mercadona’s online shopping service has chosen an emblematic building in the Paseo de Recoletos next to Plaza de Cibeles, which will allow it to increase its commitment to this project focussed on the development of digital products for the company.



THE EMPLOYEE

Mercadona has a close-knit, highly dedicated workforce of 99,000 people whose daily involvement has been decisive in successfully navigating the current climate of uncertainty. Thanks to their high performance, the company has accelerated its transformation process and has continued to advance towards a verification model known to

everyone, based on transparency and fluid communication, with which it has managed to control the costs of each process, soften the blow of inflation and, through an efficient selection of maximum quality at unbeatable prices, be worthy of the trust “The Boss” places in it on a daily basis.

01

Stable and
quality jobs

02

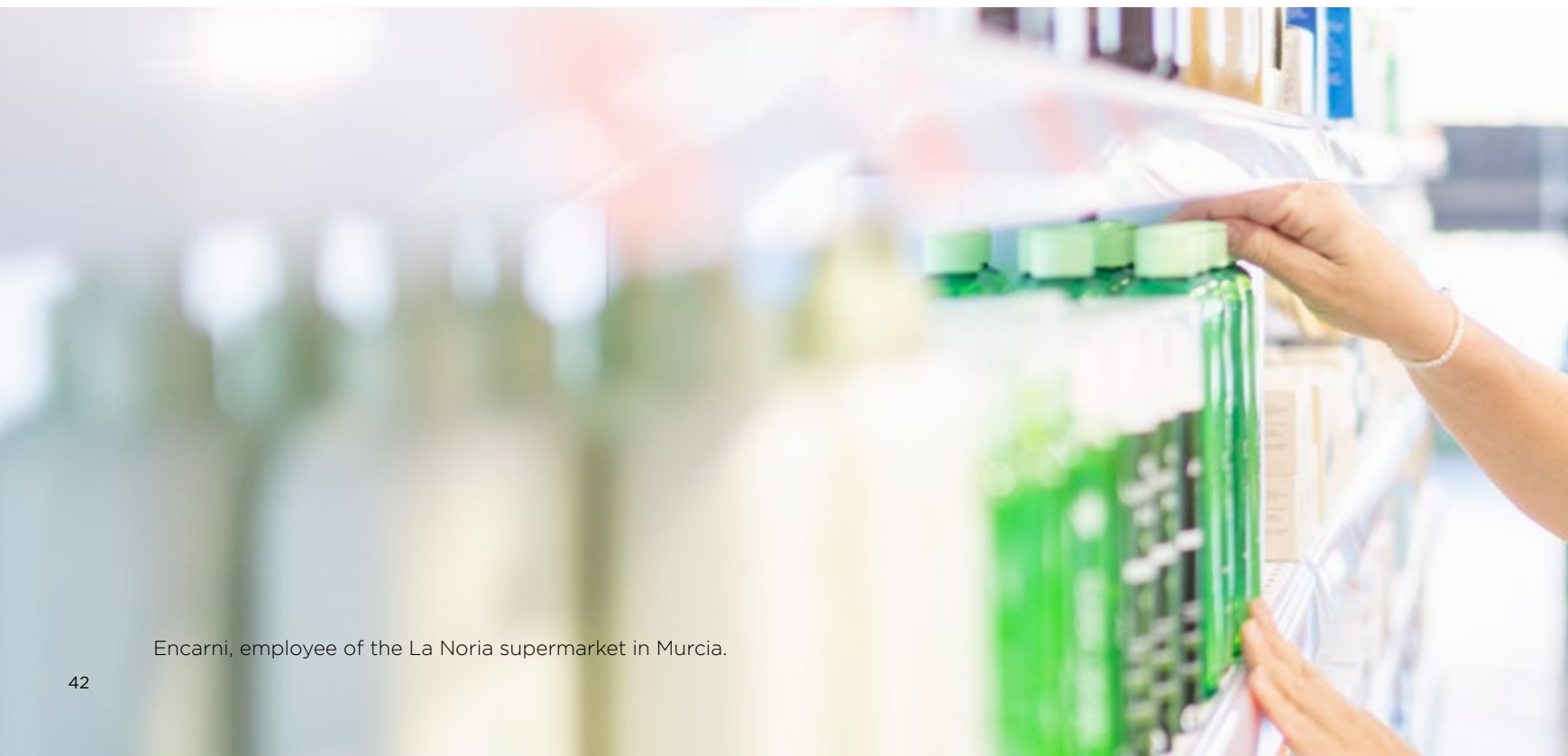
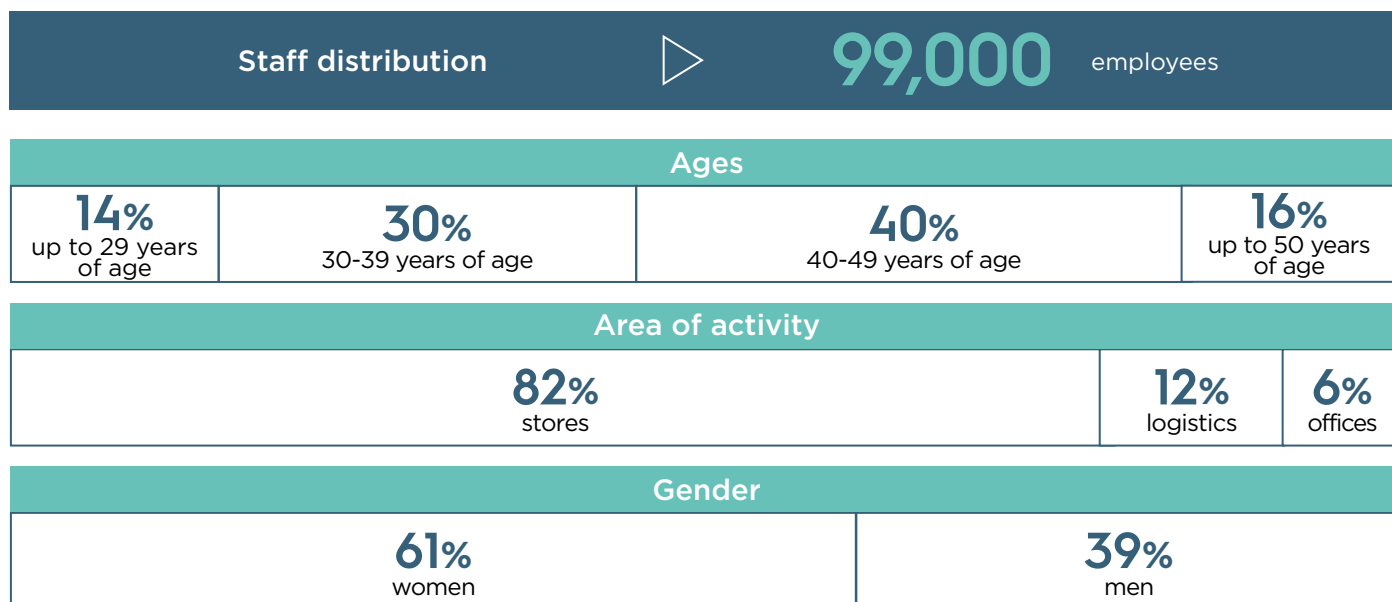
Investing
in people

03

Health and safety
of the workforce

Stable and quality jobs

For Mercadona, the people who make up its workforce are a key element of its project. A priority, fundamental factor to fully satisfy “The Boss” through excellence in service and quality. The company, aware of their relevance, motivates and retains its workforce through its value package, which specifically consists of highly competitive working conditions, a stable working environment, with salaries above the industry average and a human resources policy which, in addition, is committed to training, professional progress, the fostering of talent, the promotion of work-life balance and respect for equality and diversity.



Encarni, employee of the La Noria supermarket in Murcia.

Staff indicators

In order to tackle the challenges set and to continue leading a competitive sector like that of distribution, the company has incorporated more talent over the last twelve months. In total, 3,200 people, 2,200 in Spain and 1,000 in Portugal, all of them with quality, permanent contracts.

Thanks to this, it ended the year with a workforce of 99,000 people, 95,500 in Spain and 3,500 in Portugal. A high-performance team that seeks excellence and the development, training and projection of which are allocated considerable resources, with the conviction that investing in people is investing in the company's future and the rewards inherent in applying the universal truth: "to be able to receive, we first must give".

Under this philosophy, Mercadona's human resources policy recognises the effort and commitment to salaries that, for years, have

been near the top for the industry, as well as the Official Minimum Wage, in the case of Spain, and the National Minimum Wage, in Portugal. At the close of the year, and consistent with the Mercadona Model, the Management Committee agreed to increase the salary of the whole workforce in accordance with the CPI. As a result, salaries in Spain rose by 5.7% in 2023, and in Portugal, they increased by 9.6%. In the latter case, additionally, the company had already committed to increasing the starting salary for basic personnel by 11%.

On top of all this, the individual performance of each employee is recognised through a policy of variable remuneration that fosters leadership and productivity. In this way, the company shares its profit with all those who show commitment and achieve a set of previously established annual targets, which in 2022 translated to a total of 405 million euros allocated to the concept of performance-related bonuses, split between 99% of the people with more than one year with the company.







Jonathan, employee of the Fuente Capala supermarket in Navalmoral de la Mata, Cáceres.

Table of employee salaries at Mercadona in 12 monthly payments per year**

Spain				
Seniority	less than 1 year	2 years	3 years	>4 years
Gross/month	*€1,507	€1,655	€1,837	*€2,039
Net/month	€1,282	€1,375	€1,505	€1,645
 ≈20% ↑ than the Official Minimum Wage		 ≈62% ↑ than the Official Minimum Wage		

In force 01/01/2023. 5.7% increase in the CPI.

Portugal				
Seniority	less than 1 year	2 years	3 years	>4 years
Gross/month	*€1,133	€1,258	€1,397	*€1,550
Net/month	€915	€1,003	€1,072	€1,160
 ≈28% ↑ than the National Minimum Wage		 ≈75% ↑ than the National Minimum Wage		

In force 01/01/2023. 9.6% increase in the CPI.

* The minimum wage at Mercadona Spain is approximately 20% higher than the Official Minimum Wage (€1,260 gross/month), with the last bracket 62% higher (extra payments included).

* The minimum wage at Mercadona Portugal is approximately 28% higher than the National Minimum Wage (€887 gross/month), with the last bracket 75% higher (extra payments included). But in addition, with the goal of continuing to grow in the neighbouring country and as part of

its commitment to the promotion of competitive, quality employment conditions, the company decided to raise this minimum wage by 11% to reach a gross amount of 1,133 a month from January 2023.

** In both countries, performance-related bonuses must be added to the gross annual salary, which is one monthly payment starting from the first year of employment up to the 5th bracket, and two monthly payments starting from the second year in the 5th bracket.

Investing in people

Mercadona's human resources model fosters a working environment aimed at the growth and development of the workforce, both in the personal and professional spheres. To do this, it has numerous measures in place, many of them pioneering, arising from unwavering commitments, such as ongoing training and learning, the defence of the principle of equality and equal opportunities, the promotion of work-life balance and constant collaboration. Together, these initiatives enable Mercadona to have a high-performance workforce that consolidates itself as the best in its sector, year after year.

Ongoing training and learning

For Mercadona, investment in the training of the people who form part of its human resources is one of the main catalysts for growth. It generates direct returns not only of a quantitative nature, with a considerable increase in productivity, but also qualitative, as a result of the consolidation of a model capable of making the most of individual talent to overcome challenges together through constant collaboration.

Accordingly, Mercadona's workforce receives general training, generic for all people in the company, and other more specific training, which gives them greater solvency to handle the responsibilities arising from a specific position. The clearest example of transversal training is the Welcome Plan, which each employee receives on their first day of work, which, in addition to the welcome, addresses fundamental aspects in relation to job security and prevention. But additionally, for the following six months, each employee receives training on the model they need to apply in their day-to-day work.

In 2022, and as a result of this commitment to training, the company allocated a total of 100 million euros to consolidating and improving the skills and knowledge of its workforce, which translated to a total of 3 million hours of training. This effort has allowed intensified learning of new processes and tools. In the same year, Mercadona opened a new training centre located in Porto, where Irmadona employees have access to nine rooms to carry

out theoretical and practical training and two dedicated spaces for training via video conference. Likewise, in Lisbon, another centre of these characteristics has been built, which will open its doors in 2023.

Additionally, Mercadona has continued to promote its Management Leaders programme, which since 2009, the year in which it was set in motion, has allowed the reinforcement of the training of a total of 4,665 people who form part of its management team. Furthermore, in 2022, 583 people improved their skills and leadership through this programme, thanks to an average investment per person in excess of 40,000 euros. At the same time, the company has continued to reinforce its training plans with external programmes when necessary, depending on the specialisation, and has also continued to opt for online training except in cases in which face-to-face training adds real value for the participants.

Likewise, throughout the year, and thanks to their skills, value and commitment, a total of 1,171 employees were promoted to positions of greater responsibility in Spain and Portugal, which shows that Mercadona is a business project that allows the members that make it up to grow as the company does.

It is a project that puts its faith in people and invests in them and is capable of retaining talent and being a real option for a full and rewarding professional career. In fact, in 2022, a total of 111 people retired from Mercadona, most of them after having been linked to the company for decades. The company is grateful



to all of them for their effort and dedication during their time with the company, as their commitment has contributed to accelerating and consolidating the Mercadona Project, a business project that generates employment, prosperity and wealth.

Activo2: a collaborative tool

In 2022, Mercadona continued to promote Activo2, an in-house developed application that allows all those who form part of its workforce to remain constantly informed of the company's evolution and, practically in real time, the targets and milestones as they are reached. Thanks to this internal channel of communication, which is also a collaborative tool, the company detects important opportunities for improvement through

its employees' comments, which in 2022 amounted to 22,000, a figure that represents an average of 110 interactions per post.

During the year, the app included numerous improvements, such as the possibility for the staff of the stores to check their holiday, as well as their monthly schedules. Overall, it has contributed to reinforcing the pride of belonging and sharing relevant information through the 205 posts and the almost 500 copies distributed with more than 13.9 million views in total, representing an average of 68,000 views per post, in relation, for example, to changes in the selection, equality, health and occupational risk prevention, the opening of new stores and logistics centres and progress in terms of sustainability.

Vicen Balaguer, 49 years of effort and dedication to Mercadona

31 December saw the retirement of a very special person to all of us at Mercadona: the Head of the President's Office, Vicen Balaguer. Vicen has dedicated the last 49 years to developing and making the Mercadona Project grow. When the only capital the company had, in its beginnings back in the 70s, was passion, self-motivation, enthusiasm and a desire to contribute to a young Juan Roig's business dream, Vicen was always there.



She has served as a rock and inspiration for all those who make up Mercadona. Her effort and dedication will always be an example. The 99,000 employees of Mercadona hope that this new stage in your life will be as fruitful as the one you are leaving behind.

Committed to equality and diversity

Mercadona's human resources management model promotes equality and diversity, fundamental values that are non-negotiable for the company. It does this through equal treatment in all areas and for all purposes, rejecting any type of discrimination on the grounds of sex, sexual orientation, disability, age, nationality or any other.

In this respect, it is worth mentioning that Mercadona adheres to an Equality Plan signed in 2009, which it has adapted to each regulatory development in this area in Spain—a plan that the company strives to actively promote and constantly improve. Through this plan, the company is moving forward in terms of equal treatment and opportunities between men and women and reinforces the integration of the gender perspective in the company's management. However, in addition, Mercadona's Equality Plan is a commitment to its workforce and the rest of society, a commitment to guarantee co-responsibility between women and men, ensure equal remuneration based on the

principle of “equal responsibility, equal pay”, and to prevent and protect against gender-based violence.

A clear example of this is its action protocol for cases of gender-based violence that the company set in motion in 2013. Since that date, it has been used to protect and help victims of this type of violence, offering rapid, direct support in terms of assistance and psychological and legal support, as well as specific advantages in relation to their job, such as leaves of absence, reduced hours and transfer, which constitute significant support mechanisms for employees who have been victims of violence.

Also, since 2013, the company has been a member of the State Pact against Gender-Based Violence and has belonged to the Companies for a Society Free of Gender-Based Violence group while also participating assiduously in awareness campaigns, such as International Women's Day, International Day for the Elimination of Violence against

2,163
women in
management
46%



Dionisio, employee of the La Florida supermarket in Oviedo, Asturias.



Daiana, employee of the Urgezes supermarket in Guimarães, Braga.

Women, both in Spain and in Portugal, the “Race Against Gender-Based Violence” and the 8 March campaign: “Together we are more”. In the case of Portugal, Irmãdona has also been a signatory of the Pact against Violence since 2020 and has a protocol against domestic violence that is similar to the one followed in Spain but adapted to Portuguese legislation.

This equality and fairness policy is backed by the figures, as 61% of Mercadona’s workforce are women, 2,163 employees, 46% of the total, hold management positions and 571 women accessed positions of greater responsibility within the company during 2022.

As a result of all this global commitment to equality, Mercadona has been recognised for the third consecutive year as a “Leading Company in Diversity”, holding the ninth spot on the Financial Times Diversity Leaders ranking, specifically, for the retail commerce sector, participated in by 75 companies.

Initiatives in favour of diversity

Since 2016, Mercadona has been collaborating with the Capacis Foundation, the users of which take care of the construction and maintenance of the urban gardens the company has in various stores. At the same time, it has been participating in an agreement with the ONCE Foundation since 2019 aimed at the social and labour inclusion of people with different degrees of disability. Likewise, since 2011, it has also been running the *Trencadís* Project, which employs over 800 people from 27 foundations and occupational centres to create the murals that adorn the seafood section of the stores. These projects, together with the people who carry out these activities in Mercadona, allow the company to incentivise and take advantage of the talent of more than 5,000 people with different abilities.



Alba and Teresa, employees of the supermarket in Avenida Pontevedra in A Estrada, Pontevedra.



Ángel, employee of the Guadalquivir supermarket in Ronda, Malaga.



Graciélinda, employee of the Taguspark supermarket in Oeiras, Lisboa.

Work-life balance measures

It is fundamental to consolidate a motivated and close-knit team to foster the well-being of the employees. For this reason, Mercadona promotes respect for the working day and analyses the unique features of each position and people’s needs with a view to developing policies and strategies with which to create a working climate that promotes balance between professional, personal and family life. These measures are included in its Equality Plan and show it to be a company that is committed to all those who form part of its project.

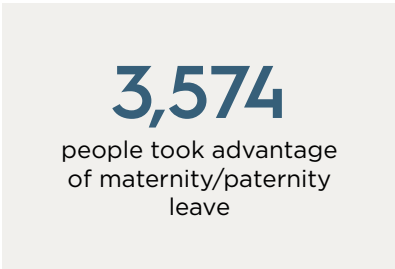
In this respect, for example, employees in Spain who have recently become parents were able to extend their maternity/paternity leave by an extra month compared to that stipulated by law, thereby benefiting from 20 weeks to care for their babies, as a total of 2,000 people did in 2022. These mothers and fathers can also opt for unpaid leave to take care of their children until they turn 12 years old or work reduced hours until they reach the age of 15 with the guarantee on the part of the company of recovering their full-time contract at the end.

Likewise, Mercadona offers its workforce the possibility of opting for a leave of absence if they should need to care for any blood relative, with a duration in this case of up

to five years; and even request a transfer to another geographical area to cope with this situation. Additionally, employees who have been victims of gender-based violence can opt for a leave of absence of up to three years, with the reservation of their position.

The company maintains a 5+2 work week in its Spanish stores. Since its implementation in 2020, this pioneering system guarantees its employees eight long weekends a year, from Saturday to Monday, as well as two days off a week. For their part, the logistics centres work on a shift system, with continuous shifts with only a short break and an annual schedule known in advance. In the case of Portugal, both the workforce of the establishments and that of the warehouses get two consecutive days off, as the stores are open from Monday to Sunday.

All these policies of great social significance make Mercadona a company that seeks the constant improvement of the conditions of its workforce and is committed to a good work-life balance, as reflected by the 3,574 people who took advantage of maternity/paternity leave, the 1,309 employees who requested a leave of absence to take care of children and the 14,928 members of the workforce who took advantage of reduced working hours in 2022.



Health and safety of the workforce

Protecting the health of the whole workforce and ensuring their job security is a commitment that Mercadona considers a responsibility and to which, as such, it allocates considerable resources and effort. The company approaches this task through prevention and a network of internal healthcare professionals, aware that investing in guaranteeing the safety of employees will help to ensure their health and the future of the company.



Prevention plan and medical service

Year after year, Mercadona reinforces its workforce's knowledge and training on prevention, a task that involves all job roles and which it addresses through its Prevention Plan and Health Programme. To this end, in 2022, it continued to rely on collaborations with third-party prevention services, specifically Quirón Prevención, Previs, Preving and Cualtis, which have contributed in the areas of health surveillance, learning and the prescription of criteria, as well as in the development of new processes, the promotion of industrial ergonomics and hygiene and the implementation of various protocols and initiatives to minimise workplace accidents and professional illnesses.

Likewise, Mercadona has continued developing and updating its in-house medical and prevention service in Spain and Portugal, with 214 people at the end of the

year, including doctors, nurses, managerial personnel from health departments and employees from the telephone service called 3C (Consultation Call Centre). This service, 3C, has continued to provide 24/7 telephone healthcare assistance to the whole workforce and, in 2022, received around 400,000 consultations, with an average of 1,700 calls daily. These figures demonstrate its positive acceptance and effectiveness after having been launched in 2020 during the pandemic.

In this respect, it is worth remembering that during 2022, the first quarter was marked by the COVID-19 pandemic, for which reason Mercadona, based on the recommendations of the healthcare authorities, maintained most of the health and protection measures for the customers and workforce. In fact, thanks to the early detection of possible positive cases, the company prescribed the guidelines to follow and minimised possible contagion.

104

risk assessments of the new centres and the refurbishments carried out

29

days average length of sick leave

28.78%*

incidence of accidents at work

€ 27 M

of investment in occupational risk prevention

* Incidence rate = No. of accidents with sick leave/per 1,000 employees.

Collaborative spaces in the new Albalat dels Sorells offices

In 2022, Mercadona continued to promote its new office model launched in 2020 in Vila Nova de Gaia (Porto). In this regard, it opened its new Albalat dels Sorells facility (Valencia), which housed 250 employees by the end of the year. The new offices, designed by the ERRE Arquitectura studio, have been envisaged as an environment that encourages collaboration and the exchange of knowledge between the different parts of the process, improving agility and execution in the decision-making process.

The project, designed in three phases, began in 2014 with the commissioning of its Data Processing Centre (DPC) and Services Centre. The second phase, which began in 2018, will be completed over the next three years, with the progressive incorporation of the employees into this new facility in which Mercadona plans to invest 100 million euros during said period. The new space, designed to satisfy the needs and experiences of the employees, has up to 15 types of environments so each person can choose based on the task they need to perform, thus evolving from the traditional office model to one with more collaborative, creative and open spaces.

The facility incorporates a large, functional cafeteria with a complete, varied range so

employees can maintain a healthy, balanced diet. Additionally, there is a vending machine area, dubbed the Hacendado Kiosk, so that the whole workforce can enjoy a selection of the range available in the supermarkets during their breaks. At the same time, the new offices also have a large parking area that includes areas for scooters and bikes and charging points for electric vehicles.

As proof of its commitment to sustainability and the environment, the building has internal landscaped patios that contribute to absorbing pollution and producing oxygen, and an East-West orientation, to take advantage of the sunlight and the consequent reduction in electricity consumption. In addition, it is being constructed from locally-produced materials, i.e. 0 kilometres, which reduces its carbon footprint as much as possible, and at the same time, 380 solar panels have been installed along with a smart management system for the building to guarantee an efficient and rational use of resources.

This project is still under development, and its final phase is expected to start in 2023 and end in 2025 with the construction of a new co-innovation centre. Ultimately, the new offices will eventually house 2,600 people, who will be gradually transferred over the next three years.

Innovative technological solutions

The new Albalat dels Sorells offices (Valencia) have a new room reservation system, smart lockers, more sustainable printing and pull printing and IT support, among others, integrated into a mobile app. Also, the IT bar has been created, a support service with IT experts who deal with questions and incidents, fostering the digital transformation underway throughout the company.

Albatat dels Sorells offices (Valencia)

€ 100 M

in investment between 2018 and 2024



Smart lockers that the employees control from the in-house mobile application

Cafeteria with a varied, complete, quality range of food



External landscaped, eco-efficient areas that absorb pollution, generate oxygen and make the most of the sunlight



Gloria Hernández, Project Manager for ERRE Arquitectura; Nichan Bakkalian and Victor Ferré, Chief Organisation Officer and Technical Director for Mercadona, together with their teams; in charge of works and purchasing at the company and responsible for executing the project for the new offices in Albalat dels Sorells, Valencia.

3

THE SUPPLIER

In 2022, Mercadona and its suppliers took some important steps along the road to becoming a Radical Totaler. And they have done this through an efficient selection capable of satisfying “The Boss” always. Suppliers whose specialisation and knowledge of the market guarantee optimum

prescription of each product and which have continued to adapt to the brutal transformation the company is immersed in to continue to promote a unique relationship model that has become one of their best competitive advantages: an efficient supply chain in which each link is profitable.

01

A model based on
commitment

02

Sharpening the
ingenuity in the
context

03

Efficient, sustainable
logistics

A model based on commitment

Suppliers are a key link in the Mercadona Model, and their commitment is fundamental for creating the necessary conditions to achieve the company's main goal: to fully satisfy "The Boss". In fact, they occupy an essential place in the process of brutal transformation the company is immersed in, and with which it aims to effectively boost its efficient selection and the development of the supply chain.

To this end, Mercadona establishes a relationship with its suppliers based on transparency, trust and planning, in which commitment to quality and specialisation are unquestionable. A relationship that seeks shared growth and which guarantees maximum quality in each product, unbeatable prices and excellent service with, additionally, ethical manufacturing criteria in relation to sustainable production and social responsibility.

Good practices

Mercadona is a committed company that goes about business in a responsible manner. To this end, it has adhered to the Code of Good Commercial Practices in Food Procurement for several years, a voluntary agreement that forms part of the Law on Measures to Improve the Functioning of the Food Chain in Spain. Put in place by the Ministry of Agriculture, Fisheries and Food (MAPA), this code aims to introduce and consolidate business practices in the agri-food sector, a goal for which it collaborates with numerous associations throughout the agri-food chain in Spain.

In Portugal, additionally, the company has been a signatory to the Code of Good Practices in the Agri-Food Chain since 2019, the goal of which is to improve the commercial relationship between the economic agents, a fundamental task to ensure desirable balance and cooperation between the different parties involved, not

only in defence of their interests but also in defence of consumer interests.

Additionally, both Mercadona and Irmadona share and require the suppliers they collaborate with to comply with Ethical Conduct Guidelines in line with the principles of the United Nations Global Compact and the Conventions of the International Labour Organisation (ILO). These standards translate to the requirement for a firm commitment on the subject of human rights and work ethics, health and safety in the workplace, environment and sustainability, at the same time as promoting equality, regardless of the country they operate in. In the event of non-compliance, the company reserves the right to immediately end the commercial relationship following written notification to the supplier.

Animal welfare

Mercadona has an Animal Welfare Policy based on the animal welfare principles of the World Organisation for Animal Health (OIE). As a result of this commitment, Mercadona's meat, milk and eggs come from suppliers certified in recognised, endorsed animal welfare standards, both in the farm phase and during transport and subsequent sacrifice.

For their part, all the egg suppliers of Irmadona have this animal welfare certificate and, with respect to its meat suppliers, the company is continuing to work towards all of them being certified in 2023.



Ethical Conduct
Guidelines
for suppliers

Additionally, the company now offers free-range eggs throughout the chain from free-range chickens and cage-free chickens. And in order to continue to progress with this commitment, it has the goal of guaranteeing, by the end of 2025, that 100% of its fresh eggs are from cage-free chickens raised in non-combined systems.

Likewise, all suppliers with abattoirs that collaborate with Mercadona in Spain have recording and image storage systems in

their facilities with the goal of guaranteeing their good practices. It is also worth noting that the cosmetics products of the Deliplus brand that are sold in 1,676 stores in Spain and Portugal are not tested on animals.

In the case of Mercadona, the meat and milk suppliers adhere to the National Plan Against Antibiotic Resistance (PRAN), created by the Spanish Agency of Medicines and the Ministry of Health.



Animal Welfare Policy



Sheep of the supplier Queijaria Victor Fernandes in Azeitão, Setúbal.

Sustainable fishing

Mercadona promotes sustainability in the fields of extractive fishing and aquaculture. To this end, it collaborates exclusively with suppliers that share the principles of its Fishing Product Purchasing Policy, which guarantees compliance with the measures of the legislation in force and which defends sustainable practices, such as the elimination from its selection of threatened or endangered species and the ensuring of traceability from the source to the sale, regardless of the type of species in question.



Fishing
Product
Purchasing
Policy

To this end, all its aquaculture suppliers, both those who work with Mercadona and those who work with Irmãdona are certified for internationally-recognised standards that assess their processes and support the environmental, social and food safety aspects associated with their activity.

In this respect, one example of good practices is the case of the supplier Lerøy Seafood which, year after year, and also in 2022, renews its certifications for food safety and the environment, which enables it to prove that all the fresh salmon Mercadona sells comes from sustainable, responsible fish farms.

Along the same lines, for years, the suppliers Ecurís and Frinsa have been guaranteeing that 100% of Hacendado's tinned tuna comes from responsible, sustainable fishing grounds, a goal it achieves through close collaboration with the International Seafood Sustainability Foundation (ISSF).

For its part, in 2022, Irmãdona joined the "Proof of Purchase at a Fish Market" initiative, created in 2010 by Docapesca, with the goal of contributing to the boosting of the Portuguese fishing industry in favour of fairer remuneration for fishermen while also promoting a healthy diet with fresh, local products.

Sustainable agriculture

Mercadona's fruit and vegetable suppliers are certified under the GAP global sustainability standard, which seeks the promotion and development of safe, sustainable production practices. As a result, they demonstrate responsible activity, which guarantees food safety, traceability, employee health and safety, protection of the environment and efficient use of resources, factors that bring them closer to achieving Sustainable Development Goal no. 12: responsible production and consumption.



Mercadona looks for synergies with the different sectors to improve the functioning of the chain, as demonstrated by its visit on 5 July to the El Jarro Co-innovation Centre ("Jarrods") in Paterna (Valencia) of the Meat and Health Platform, which groups together the six meat associations: Asici, Avianza, Intercun, Interovic, Interporc and Provacuno.

Thanks to this commitment to the sustainability of the sector, Mercadona's agricultural suppliers are growing and consolidating themselves year after year. One clear example of this is Agroponente, with which the company has been collaborating since 2014 and which has not stopped growing. It currently has a total of 3,500 hectares in Spain in Andalusia, the Murcia region and Castilla-La Mancha, worked by over 3,000 farmers, whose effort and dedication are essential to help supply the chain's stores with products such as pepper, aubergine and courgette.

Along the same lines, in Portugal and since 2019, the supplier Queijaria Artesanal Victor Fernandes has been responsible for supplying the country's stores with the typical Queijo de Azeitão, a traditional product with Protected Designation of Origin (DOP) made from the milk of sheep that graze in Setúbal, Palmela and Sesimbra. This family-run cheesemaker, founded in 1988, is the oldest company on the market that produces this type of cheese.

Shared growth

Mercadona has been collaborating with specialist suppliers for years to work together to build a sustainable agri-food chain and significant industrial cluster. An entrepreneurial ecosystem which, through the exchanging of knowledge and a commitment to joint innovation, incorporates increasingly efficient practices and processes to promote the principles of circular economy and reduce the impact on climate change. Over these twelve months, the company has reinforced this commitment and continued to collaborate in the construction of this industry-generating ecosystem and driving force for the development of all those involved.

With this goal, in 2022, the company collaborated with 3,000 product suppliers and over 13,500 non-commercial suppliers and service providers, including 300 hauliers, which together have continued to support the Mercadona Project. A project that seeks growth through quality, stability, safe shopping and specialisation and that, over the last year, was able to generate a total volume of purchases of 23,112 million euros, 22,323 in Spain and 789 from Portuguese suppliers.

Thanks to this joint work, Mercadona has continued to incorporate significant new developments, including the launch of new solutions such as its seafood salad from the supplier Profand, which stands out for its flavour, high nutritional value and the convenience of not needing any prior preparation by "The Boss" before consumption. Other examples include the incorporation into the selection of our toasted mature cheese from the supplier Entrepinares, a unique product on the market that was very well-received by the customers, and the standardisation of the thickness of the slices of smoked salmon from the supplier Ubago Group Mare to improve the texture and flavour of the product.

At the same time, the company is also working with suppliers from other countries in order to always be able to offer "The Boss" the best option on the market. To do this, it is present in 12 countries, in addition to Spain and Portugal, where 38 people of its workforce have been working with the best specialist suppliers for years, whose products, integrated into Mercadona's selection, allow it to meet the needs of its customers, guaranteeing maximum quality at unbeatable prices. In this framework, the company opened a permanent office in Brussels, which allows it greater visibility and enables it to better share and explain its model to European institutions.



We all need to be clear on our goal:
to be a Radical Totaler, where Radical means ALWAYS doing this
Offering “The Boss” the chance to get it right

Creating a team



1,200

people in the prescription and
purchasing departments



3,000

product
suppliers

01

SELECTION

Efficient to always
guarantee that
“The Boss” gets
it right

02

QUALITY

Every product must
always guarantee
**conclusive quality
with food safety**

03

SERVICE

Guaranteeing that
“The Boss” always
**has the product
they need**

Foundations

Spanish omelettes of the supplier Elaborados Naturales de la Ribera in Funes, Navarra.

04 PRICE

Always ensuring an **unbeatable price** for each product

05 PROFITABILITY

Always guaranteeing **profit for Mercadona and for the Supplier**

RADICAL TOTALER

Totaler products

06 CONTINUOUS IMPROVEMENT

Constant work to keep reviewing, continue improving and always boost growth in a **socially responsible** way

Sharpening ingenuity in the current context

One of the main challenges Mercadona has faced in 2022 has been that of trying to minimise the impact the inflationary scenario has had on the price of the shopping basket, with a CPI for food of 15.7% in Spain and 19.9% in Portugal at the end of the year.

15.7%

CPI for food at
the end of 2022
in Spain

19.9%

CPI for food at
the end of 2022
in Portugal

In a “perfect storm” situation that started in April 2021, triggered by factors such as a rise in the price of energy, increased costs of materials in general and the war in Ukraine, with the consequences this conflict is causing for the various economies, particularly the European economy, Mercadona and the suppliers it works with have opted to sharpen their ingenuity and move forward in their goal of becoming a Radical Totaler. Thanks to this, they have introduced new initiatives into their processes with which to mitigate the general rising of prices of the products and be able to continue offering the “Bosses” products of maximum quality at unbeatable prices, even in the current context.

To this end, over these months, Mercadona and its suppliers have not stopped working together on the optimisation of their resources and processes. And they’ve done so by addressing four fundamental core concepts: eliminating the unnecessary, optimising logistics, adjusting package sizes and opting for more environmentally friendly materials and energy.

In the first concept, the company analysed all that in its selection that added no value whatsoever for “The Boss”. And it confirmed that the replacement or reduction of the use of certain materials, mainly plastic, cardboard, paper or ink, generates considerable savings.

In the case of logistics optimisation, both Mercadona and the suppliers have rethought

the organisation of the products and the planning of the trips to manage to transport more with fewer resources. In addition, the company carried out important work to adjust package sizes over these months with the adaptation of the amounts of certain ingredients in some products, having confirmed beforehand that this measure does not in any way affect the end quality, and with the standardisation of the packaging of specific products.

Along the same lines, both the company and the suppliers have increased their efforts and investments to rethink the design of containers and packaging, opting for more sustainable materials, where possible, while also continuing to introduce automated processes in their traditional installations to reduce unnecessary energy consumption and incorporate the use of renewable energy in various processes.

All these decisions have allowed Mercadona to pass on considerable savings in its products and processes and, consequently, cushion the blow of inflation on the end prices. For this reason, the company is going to continue working in this line to also introduce improvements in the area of sustainability, with the same philosophy: always guaranteeing quality and, at the same time, generating a positive impact on the environment, clearly demonstrating the company’s commitment to its “Bosses” and caring for the planet.



Front of the Zaramaga supermarket in Vitoria-Gasteiz, Araba.

Some actions carried out to minimise the impact of the increase in the cost of raw materials

ELIMINATING THE UNNECESSARY

CHEESE WEDGES

Reduction of 50% in plastic film



PACKS OF BEEF

Reduction in the height and thickness of the trays to contain less plastic



BROOMS

Removal of cardboard packaging



OPTING FOR MORE SUSTAINABLE MATERIALS

CURLY SHAMPOO AND OATS SHOWER GEL LINE

Incorporation of rPET bottles



JAMS AND OLIVE OIL SPRAY

Replacement of sleeves with labels or silkscreen printing



CAR FRESHENERS

Replacement of the plastic box with cardboard



€ 150 M
saved in 2022

LOGISTICS OPTIMISATION

FILLING LORRIES

Readjustment in several products of the units per pallet and box to fill lorries better



LOGIFRUIT BOX

Change in box design for transporting various fresh products by increasing the number of units per box



PERFUME BOTTLES AND JARS

All purchased in Europe to reduce transport and CO₂ emissions



TOILETRY BAGS

Elimination of paper filling to optimise transport



SANTA CLAUS MELON

Redesign of loading processes, bringing the supplier closer to the corresponding logistics centres



ADJUSTMENT OF PACKAGE SIZES

PRAWNS

The warehouses went from serving the stores the product by unit and started providing it in boxes



SPANISH BANDERILLAS IN OIL AND ANCHOVIES IN VINEGAR

Reduction in the amount of sunflower oil



DEEP-WATER ROSE SHRIMP FOR RICE DISHES

Reduction in the amount of ice per box



Efficient, sustainable logistics

With the goal of being able to supply the 1,676 supermarkets Mercadona has in both Spain and Portugal, the company has an efficient logistics network, covering more than 1.4 million square metres, distributed between 16 logistics centres, 2 satellite warehouses and another 2 regulator warehouses.

Aware of the impact its activity has, Mercadona has been committed to sustainability in its logistics processes for many years, which requires constant effort in the search for optimisation, dedication to the circular economy and commitment to the automation of relevant procedures.

To achieve these goals, it has a specialised team comprising 12,000 professionals, whose commitment allows them to offer an efficient service and guarantee the supply chain of each supermarket. Similarly, the company constantly invests in the modernisation of its logistics structures and design development, adapting to the new BIM (Building Information Modelling)

modelling technologies and work methods, as well as the construction of new facilities, which exceeded 129 million euros in 2022.

In fact, the company has continued to reinforce its logistics network over these twelve months with significant actions. One example of this is its progress in the construction of the future logistics centre of Almeirim, in the Portuguese district of Santarém, on a plot of 440,000 square metres. The first phase of this centre, consisting of the building of a conventional warehouse for the supply of dry, refrigerated, fresh and frozen products, began last June and will require a total investment of around 225 million euros, of which 41.6 was already allocated in 2022.



Expansion of the Guadix Logistics Centre in Granada.

Another example of the improvements incorporated into the logistics network, in this case in Spain, is the progress made with the Parc Sagunt logistics centre (Valencia), which the company aims to finish in 2025, with the commissioning of the automated frozen goods warehouse, by which year it will have invested over 320 million euros in this project. After beginning operations in 2021 with the commissioning of the fresh goods warehouse, in June 2022, the refrigerated goods warehouse also went into operation, completing the activity of the cold goods building, which occupies a surface area of 74,000 square metres. This

year also saw the installation of the Picking Bridge Crane system, an innovative automated preparation system that allows overexertion on the part of the employee to be reduced.

The work planned on the Riba-Roja de Túria (Valencia) logistics centre is also worth mentioning. In this facility, the company will invest a total of 60 million euros to fully refurbish its fresh goods warehouse, which will allow it to go from 23,000 square metres to 40,000 square metres and also incorporate an Overhead Crane to continue its commitment to smart warehouses.

16
logistics
centres in
operation

€ 129 M
in investment

21st Century Warehouse

The company implemented this pioneering project of its own several years ago, promoting technology and innovation in this type of facility, which has allowed a reduction in overexertion and enhanced safety in these environments. It currently has five centres of these characteristics, located in Ciempozuelos (Madrid), Villadangos del Páramo (León), Abrera (Barcelona), Vitoria-Gasteiz (Araba/Álava) and Parc Sagunt (Valencia). Additionally, they have a supply of perishables with this innovation and technological progress in Guadix (Granada), San Isidro (Alicante) and Zaragoza.



Mercadona's logistics network



Kevin, employee of the Parc Sagunt logistics centre, Valencia.



Pilar Sanz, Managing Director of Construction and Expansion for Mercadona; Ximo Puig, president of the Regional Government of Valencia; Juan Roig and Fernando Roig, president and shareholder of the company; and Rosa Aguado, managing director of logistics, during a visit to the Parc Sagunt logistics centre in Valencia in October.

- 1 RIBA-ROJA DE TÚRIA, Valencia
- 2 ANTEQUERA, Málaga
- 3 SANT SADURNÍ D'ANOIA, Barcelona
- 4 SAN ISIDRO, Alicante
- 5 HUÉVAR, Sevilla
- 6 GRANADILLA DE ABONA, Tenerife (Santa Cruz de Tenerife)
- 7 CIEMPOZUELOS, Madrid
- 8 INGENIO, Gran Canaria (Las Palmas)
- 9 VILLADANGOS DEL PÁRAMO, León
- 10 ZARAGOZA, Zaragoza
- 11 GUADIX, Granada
- 12 ABRERA, Barcelona
- 13 VITORIA-GASTEIZ, Araba/Álava
- 14 PÓVOA DE VARZIM, Porto
- 15 GETAFE, Madrid
- 16 PARC SAGUNT, Valencia
- 17 ALMEIRIM, Santarém (under construction)
- A1 MERCAPALMA, Palma (Illes Balears)
- A2 FUERTEVENTURA, Fuerteventura (Las Palmas)
- R1 RIBA-ROJA DE TÚRIA REGULATING WAREHOUSE, Valencia
- R2 SANT ESTEVE REGULATING WAREHOUSE, Barcelona

HIVES (online warehouse)

- VALENCIA
- BARCELONA
- MADRID
- ALICANTE
- SEVILLE
- BOADILLA DEL MONTE (under construction)

-  Logistics centre in operation
-  Logistics centres under construction
-  Satellite warehouse
-  Regulating warehouse
-  Hive in operation
-  Hive under construction
-  Radius of action



Pedro, employee of the Póvoa de Varzim logistics centre, Porto.



Tamara, employee of the San Isidro logistics centre, Alicante.

4

SOCIETY

Mercadona promotes responsible management, which is based on efficiency and the optimisation of resources, in line with its decision to contribute to protecting and preserving the planet. A model that is also based on honesty and transparency, which aims to give some of what it receives back to society through a firm commitment to

the generation of shared wealth and the joint search for solutions which, overall, make Mercadona a supportive project and a company that is committed to its surroundings with a purpose shared by all those who form part of it: to radiate in society the need for company models that promote sustainable prosperity for all their components.

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Relationship with society

Acknowledgements

The complexity of the year 2022 also affected the whole of society. Despite this context, Mercadona worked intensely over these twelve months to manage, as it does every year, to give part of what it receives back to society, with joint collaborations and the launch of specific initiatives focussed on the development and well-being of people.

In this respect, given the gravity of the situation faced by the refugees coming from Ukraine, over the year, Mercadona and Irmãdona donated a total of 1.5 million euros through 30,000 Society Cards with a value of 50 euros each, which have been distributed with the collaboration of renowned social entities authorised within the official plans for the accommodation of Ukrainian refugees in Spain and Portugal.

At the same time, the company has continued to participate in numerous charity campaigns to help those most in need and contribute to improving their quality of life. The work carried out in this area has been acknowledged, as is the case of the Andalusian Town Councils of Estepona and Marchena, which have praised the company's contribution in terms of donations, and the Government of Aragon,

which, for the second year in a row, awarded Mercadona its Corporate Social Responsibility Stamp. Likewise, in 2022, its collaboration with soup kitchens in Tenerife was rewarded with the island's Town Council Charity Award.

In addition to these acknowledgements, Mercadona's workforce saw how society valued the special, complex effort made as a result of the pandemic, not only in 2022 but also in previous years. For this reason, the Spanish Association of Distributors, Self-service and Supermarkets (ASEDAS) decided to acknowledge this essential and crucial role of all retail and wholesale distribution workers, which actually makes the 99,000 people who form part of Mercadona into "Local Heroes" of the first ASEDAS Gala. Raquel Zamora, an employee of the La Tenería store in Pinto



Raquel Santos, State Coordinator of the inclusion department of the Spanish Refugee Aid Commission (CEAR), handing over a Mercadona Society Card to Yuliia Moskovkina.



Raquel Zamora, employee of the La Tenería supermarket in Pinto, Madrid; and Ricard Cabedo, managing director of corporate relations for Mercadona; receiving the "Local Heroes" award granted by ASEDAS from the minister of Industry, Commerce and Tourism, Reyes Maroto.

(Madrid) was chosen to collect the award on behalf of the whole workforce.

Another sign that demonstrates the value society assigns to the commitment and work of Mercadona is the fact that, in 2022, it has become the company with the best reputation in Spain according to the Spanish Corporate Reputation Monitor (MERCOS) and therefore ratified its number one ranking amongst the companies of its sector. Additionally, the results of this monitor, involving over 46,000 people from very different fields, also placed Juan Roig, president of the company, in first position on the “General Ranking of Leaders for 2022”, in his case, for the fourth consecutive year. Likewise, this monitor included Irmãdona in the ranking of the best companies in Portugal for the first time in its history, specifically at number 19. The company has also been recognised by OnStrategy consultants as the brand that has grown the most with respect to the previous year in its

study of emotional relevance and reputation of brands.

For Mercadona, this type of acknowledgement is a great honour. But, above all, it is a special motivation to continue making an effort and detecting opportunities with which to contribute to generating shared prosperity. Similarly, it drives the company to continue to carry out initiatives that also recognise the effort of other groups in the creation of a more supportive social environment.

One example of this is the work carried out by the Gómez family, a shareholder of the company, through the Gómez Serrano Awards, created in honour of their father to recognise the work of the citizen security forces. Along the same lines, we find the Patrocinio Gómez Awards, in this case in honour of their mother, aimed at singling out and praising values and generous dedication in care work and healthcare in Antequera.

Mercadona has distributed 30,000 Society Cards worth 50 euros each to Ukrainian refugees



Irmãdona has been recognised, for the first time, as the brand that has grown the most in 2022 according to consultancy firm OnStrategy.



Winners of the Patrocinio Gómez Award, granted by the Gómez Gómez siblings.

Environmental commitments

Mercadona maintains a firm commitment to caring for and protecting the environment and seeks at all times to carry out its activity with the minimum possible impact. To this end, the company promotes specific policies on the subject of waste management, carbon footprint and water footprint, amongst others, through its own Environmental Management System, coordinated by a team of over 30 experts in the field and in which all departments of the company collaborate transversally. A commitment that is in line with the Sustainable Development Goals (SDGs) promoted by the United Nations (UN) and which, in 2022, translated to an investment of 40 million euros.

Pollution and climate change

Over these twelve months, the company has continued to work on the prevention of environmental risk and has made a special effort to reduce the impact of its activity on the environment, reducing atmospheric contamination and its carbon footprint. To

this end, it has concluded its first emissions reduction plan, running from 2015 to 2021, and is currently executing its second plan, as part of its journey towards decarbonisation, with the goal set for 2050.

Therefore, in 2021, Mercadona started to calculate its indirect emissions for transport,



Microhybrid Mercadona Online delivery vans at the Hive in Seville.

goods and services purchased and goods and services supplied, setting 2015 as the base year. In 2022, it worked on improving these calculations, and thanks to the implemented reduction measures, the company has managed to reduce emissions by 38.4% between 2015 and 2022 in terms of direct emissions, eliminating greenhouse gases and indirect emissions from imported energy. These are very positive results if we take into account that sales in kilolitres in this period of time rose by 22%. The company has the goal of achieving an additional 30% in its own processes by 2030.

To achieve this reduction in emissions, Mercadona has installed industrial refrigeration systems with technology that use environmentally friendly refrigerant gases, principally based on transcritical CO₂, in all its stores. These facilities also have leak detection and an exhaustive maintenance plan to prevent and repair possible leaks as soon as possible. All these actions together have translated to a reduction of 215,749 tCO₂e due to leaks of fluorinated gases.

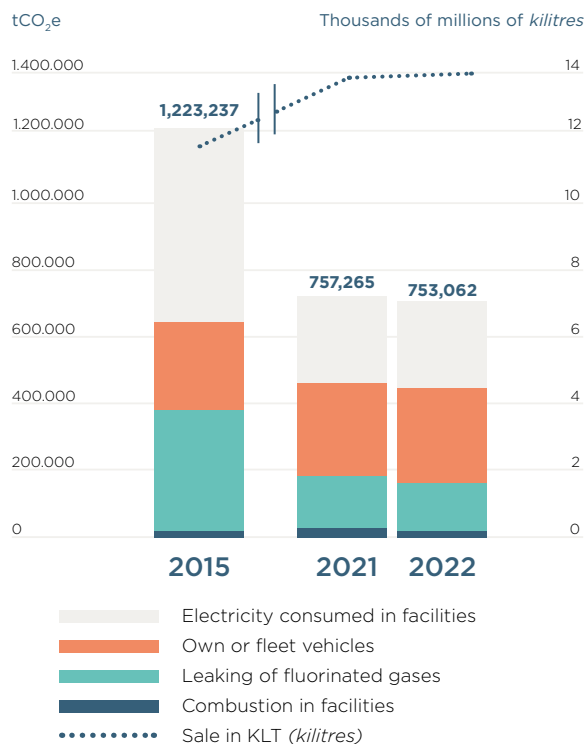
The Efficient Store (Store 8) Model, which began to be implemented throughout the chain in 2016, also contributes to reducing avoidable emissions through the consumption of electricity, with measures such as the installation of doors on the frozen goods cabinets, the use of LED lighting and the improvement of the air conditioning and refrigeration systems. Specifically, since 2015, a reduction in electricity consumption emissions of 303,599 tCO₂e has been achieved.

In terms of transport, the company has continued to optimise the logistics of the fleet of lorries contracted, composed entirely of the latest model of more environmentally-friendly Euro VI vehicles. Additionally, 95

lorries powered by liquid natural gas, 18 lorries powered by compressed natural gas, which use more sustainable fuel, and three double trailers and 40 mega trailer lorries, which have a higher load capacity, were used in 2022. Despite having incorporated 493 bi-fuel and 158 micro-hybrid vans, the company and the transport companies with which it works continue to search for alternative fuel vehicles such as electric or hydrogen-powered options. Likewise, it is worth mentioning the execution in Spain of more than 600 transportation journeys via train during the year, reducing emissions through the reduction of trips via road. All these actions have allowed us to avoid emitting over 209,296 tCO₂e since 2015.

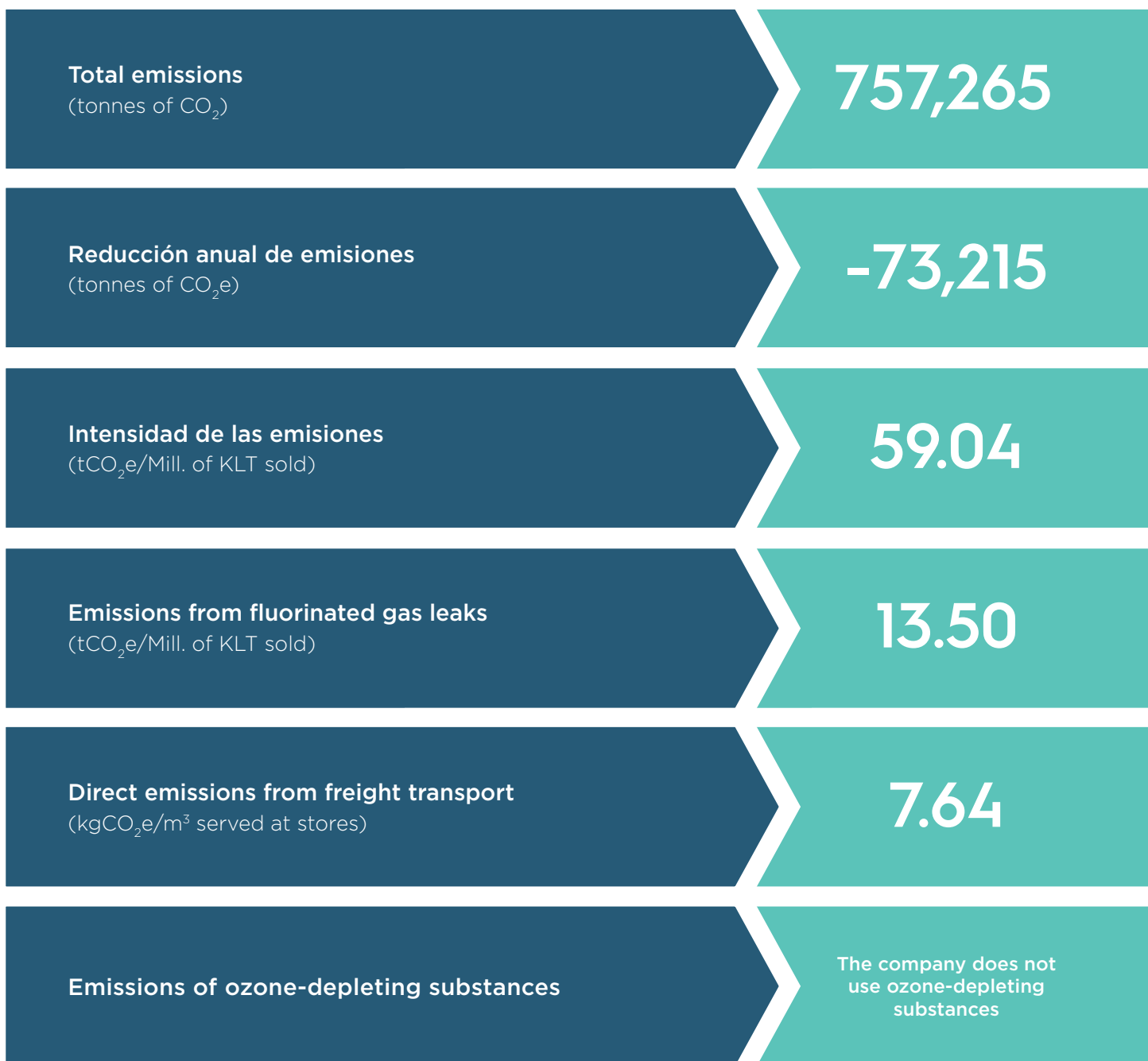


Direct emissions and indirect emissions through the consumption of electricity vs sales in KLT



Carbon footprint

2021



1. Carbon Footprint calculated according to standard ISO 14064. Data from 2021 verified by AENOR. Data from 2022 pending certification.

Mercadona has 2,059 charging points for electric vehicles at its stores, logistics centres and offices

Sustainable use of resources

Mercadona's Environmental Management System promotes the responsible use of resources amongst its personnel through specific policies that reinforce the company's sustainability year after year.

In the area of energy, the constant target is to adjust consumption to the needs as much as possible and, at the same time, introduce pioneering measures, such as the progressive implementation of the New Efficient Store (Store 8) for example, a model that reduces energy consumption by up to 40% with respect to a traditional store and which is already present in a total of 1,287 supermarkets of the 1,676 total stores of the chain.

Likewise, year after year, it increases its commitment to non-contaminating renewable energies. This is the case with solar energy, which it takes advantage of through the installation and use of solar panels in 114 stores, 9 logistics centres and 3 Hives. Thanks to this effort, in 2022, the total production of solar energy was 12,192MWh (10,995MWh in Spain and 1,197MWh in Portugal), a volume it intends to increase in the short to medium-term thanks to its clean energy projects that are being gradually introduced. Additionally, over these twelve months, it has continued to make progress in the use of renewable energy, which, overall, including self-generation using solar panels, already represents 52.68% of its needs.



Electric vehicle charging stations at the Cañadas del Teide supermarket in Paracuellos del Jarama, Madrid.

Within the field of decarbonisation, Mercadona has remained committed to the installation of charging points for electric vehicles in its stores, logistics centres and offices. As a result, in 2022, the company reached a total of 2,059 charging points (1,985 in Spain and 74 in Portugal) after installing 340 new points.

The company’s sustainable policies also apply to the responsible use of water through water strategies that optimise its consumption in stores and warehouses in the different processes in which it is needed. To contribute to achieving this goal, it has a remote measurement system that allows it to control the consumption of water in real time, both in Spain and in Portugal, where the supply is 100% municipal. And at the same time, in order to return the water free of contaminants so its hydrological cycle can continue, it has wastewater treatment stations in the Riba-Roja (Valencia), Huévar (Seville), Ingenio (Gran Canaria), Parc Sagunt (Valencia) and Vitoria-Gasteiz (Araba/Álava) logistics centres, which will soon be joined by the Guadix plant (Granada), currently under construction.

Mercadona is also fully aware of how crucial it is to protect biodiversity to guarantee the future of the planet. To this end, and as is fitting

Electricity consumption savings



Energy consumption



for a leading, responsible company, it carries out numerous initiatives that contribute to mitigating the effect its activity could have in this respect.

One example of this is the implementation of landscaped rooftops on the stores with native species with low water needs. In addition to reducing pollution and the so-called “urban heat island effect”, this green initiative allows the attraction of greater biodiversity, as the gardens become rest places for birds during their migration processes. Similarly, the company’s long-standing relationship with SEO/BirdLife has enabled it to maintain a more sustainable urban environment in central areas of Madrid.

	Chain Total		Spain		Portugal	
	2022	2021	2022	2021	2022	2021
Municipal supply	100%		100%		100%	
Average consumption/store	114.16m ³ /m	119m ³ /m	111.60m ³ /m	118m ³ /m	233.50m ³ /m	209m ³ /m
Total consumption of stores	2.26hm ³	2.40hm ³	2.17hm ³	2,30hm ³	0.09hm ³	0.068hm ³
Total consumption of logistics centres	1.44hm ³	1.40hm ³	1.43hm ³	1.40hm ³	0.008hm ³	0.004hm ³

Waste prevention and circular economy

As a company committed to the principles of circular economy, Mercadona implements a waste management policy to reduce the impact of all its processes by preventing the generation of waste and improving waste management.

Due to its activity, the company generates hazardous and non-hazardous waste, whose appropriate management is dependent on the everyday work of the stores and logistics centres. This management, to a large extent, determines the efficiency of the processes carried out at these facilities. Considered valuable resources that can be reincorporated into the production cycle in several ways, all waste is processed by authorised waste management companies in accordance with the recovery processes required by law. Accordingly, the recovery rate in 2022 was 80% compared to 79% in the previous year.

As regards non-hazardous waste, it is worth highlighting the management of commercial packaging used to contain and protect products throughout the logistical distribution process until they arrive at one of our supermarkets, mainly comprising cardboard, plastic film, plastic wrap and wood. Once collected, the packaging is grouped and reconditioned in our logistics centres, where it is transferred to an authorised waste management company for reintegration into production processes. For example, plastic film is recycled into reusable plastic shopping bags for “The Boss” and plastic delivery bags for transporting online orders. This circular

process has resulted in a total of 8,200 tonnes of plastic being reused in 2022.

In terms of urban and similar waste, 128,877 tonnes were generated in 2022 from Mercadona's activities. In addition, the company offers customers the possibility of depositing used batteries and coffee capsules in containers located at its premises. As a result, 289 tonnes of batteries and 747 tonnes of coffee capsules have been recovered from the homes of the “Bosses”. In collaboration with Arecafé, an alliance formed by companies in the coffee sector, Mercadona delivers these coffee capsules to authorised management companies for proper recovery, transforming the coffee waste into compost and giving a second life to the recovered aluminium and plastic.

Furthermore, the company has continued to focus on ensuring the proper management of the byproducts generated in manufacturing and handling processes. Therefore, animal byproducts not intended for human consumption generated in stores and warehouses and byproducts obtained from bread production processes are converted into animal feed ingredients by authorised management companies. In 2022, a total of 16,622 tonnes were recovered, compared to 12,254 tonnes the previous year.

In addition, Mercadona has continued to pursue its Strategy 6.25 to ensure the reduction and proper management of plastic, whereby it has reviewed its packaging and detected opportunities for improvement throughout the year, with a view to achieving a 25% reduction in the use of plastic by 2025.



Similarly, the company has made progress in its digitalisation project, encompassing the entire production process through to the end-to-end waste management, aiming to improve waste prevention, management, recovery and traceability. The company also implements prevention plans for hazardous waste generated exclusively in preventive maintenance processes at its facilities.

Mercadona’s commitment to a circular economy has a direct return both in the efficiency of its activity and the protection of the environment. But in addition, in 2022, it received social recognition, as reflected

by the fact that the Ministry for Ecological Transition and the Demographic Challenge (MITERD) selected the *trencadís* murals that decorate the seafood section of the chain’s stores in the third edition of its “Catalogue of Good Practices in Circular Economy” as one of the 22 most significant practices of the year in this area, as it combined all the goals sought: giving products a second life, in this case, ceramic; expanding upon the company’s commitment to the SDGs within its Social Responsibility policy; and, above all, providing occupation for people with disabilities through foundations and occupational centres.

9,470
tonnes of animal byproducts not intended for human consumption generated and recovered

7,152
tonnes of bread byproducts generated and recovered

Separated and recycled waste (in tonnes)	2021	2022
Wood	5,127	2,844
Paper and cardboard	245,070	244,490
Plastic and expanded polystyrene	17,754	19,527
Recovery rate (of total waste generated)	recycled/recovered	
	79%	80%
	destroyed/not reported	
	21%	20%

Main food wastage prevention measures



Price reductions for products nearing their expiry date

Daily orders to product suppliers and daily deliveries to our stores, preventing stock accumulation in warehouses and supermarkets



SPB (Always Low Prices) policy without offers or promotions to foster responsible consumption

More information
on the environment:



Adjustment of orders to
sales forecasts using a
dedicated IT tool based
on historical sales data

Transfer of products
unfit for consumption to
authorised management
companies for processing
into fertiliser, energy or
animal feed



Daily donations of
unsold surplus stock to
local charities

A social and responsible model

Since its foundation, Mercadona has consolidated a business project that promotes shared growth, generates charity projects and creates joint wealth. These are goals that it works on through its Social Action Plan, with which it promotes and supports a range of different initiatives, such as charity, training and innovation initiatives, which at the same time are key elements for social cohesion and balance. In short, a project that not only brings value to society but also forms part of it and, as such, collaborates with the goal of growing from it and building “a company society wants to exist and can be proud of”.

Social Action

In 2022, aware of the role society demands of it as a leading company, Mercadona has carried out more charity work with the most vulnerable groups. To mitigate their urgent needs and meet their other needs in part, the company has maintained its commitment through its Social Action Plan, donating products to various social entities in addition to participating for yet another year in numerous campaigns promoted by different bodies.

The support provided over the year through the donation of food and other products has translated to the provision of a total of 25,100 tonnes, 23,200 in Spain and 1,900 in Portugal, a figure that equates to 418,200 trolleys. This is aid that is channelled through collaborations with over 550 charity entities present in both Spain and Portugal and which implied an increase of 22% with respect to the previous year.

Mercadona’s involvement was not limited solely to the donation of basic products. In fact, in 2022, it also participated in the “National Food Collection Campaign” organised by the Spain Federation of Food Banks (FESBAL), thanks to which the company and its “Bosses” donated 3.5 million euros to be fully converted into over 2,300 tonnes of food. In this edition, Mercadona placed a total of 1,623 stores at the project’s disposal in which it carried out various coordination and communication activities so customers could make monetary donations, in multiples of 1 euro, on doing their shopping and going through the cash desk. A social innovation that allows the donations to be adjusted to the real needs of the beneficiaries, at the same time multiplying their efficiency.

Likewise, in Portugal, the company has collaborated on various campaigns for the capturing of resources, such as “Shop for Goodness”, in which the “Bosses” donated over

WE SUPPORT

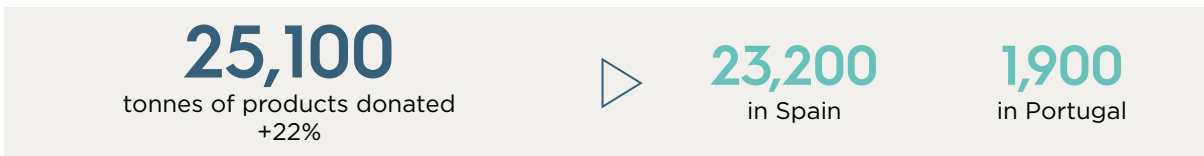


Signatory to the Global Compact

In defence of the fundamental values in terms of human rights, labour and environmental regulations and anti-corruption, in 2022, the company continued to play an active role in the United Nations Global Compact. Through this forum, that of greatest social responsibility in existence and of which it has formed part since 2011, the company has participated alongside more than 21,000 signatory entities from 162 different countries, a key collaboration to contribute to building a more responsible, charitable and sustainable society. Indeed, the company’s dedication has been reflected in numerous actions in recent months. But, above all, the forum has enabled the company to progress in the search for solutions and answers to the needs set forth by the Sustainable Development Goals under the United Nations Global Compact while also being named a “Bronze Prescriber Member” by the Spanish Network of the Global Compact.

10,000 euros at the cash desks to be distributed as Society Cards by the Portuguese Red Cross, and the “Great Collection Campaign” in which the Portuguese “Bosses” collaborated by giving more than 56,000 euros through financial donations at the cash desk. Furthermore, Irmãdona participated for the first time in the food collection campaign for animals organised by Animalife, which raised over 21,000 euros.

Also noteworthy was the initiative in support of Ukrainian refugees within its charity action plan, whereby the Mercadona Group donated a total of 1.5 million euros, which, with the collaboration of various Spanish and Portuguese social entities, has guaranteed access to basic necessities during the first few months in their host country.



Carmela, employee and volunteer; and Leticia, “Boss”, during the “National Collection” in the supermarket in Avenida Valladolid in Valencia.

Support for entrepreneurship

Training and entrepreneurship are essential values for a society seeking to grow and modernise, elements that Mercadona considers fundamental to generate climates of ground-breaking innovation. In order to consolidate these areas, the company is committed to knowledge and learning through various external projects.

The clearest indicator of the commitment the company maintains in terms of capturing talent, with the promotion of education and support for training, is, without a doubt, Marina de Empresas. This project, which forms part of the legacy of Juan Roig, has not stopped growing, true to its goal of building the Mediterranean's greatest commitment to the talent of people in Spain, consolidating an entrepreneurial ecosystem that generates value and is a driving force for innovation along its three axes: EDEM, Lanzadera and Angels.

The first of the pillars that allow the promotion of talent is addressed through EDEM: training. To this end, this university centre and business school offers both pre-university programmes

like degrees, masters and specialised Executive Education and Senior Management programmes. A wide range of education offers that 3,700 students took advantage of in 2022, and which included the participation of various directors of the company and the president of Mercadona himself, Juan Roig, who, like every year, was the professor of the senior management course "15x15: 15 days with 15 leading executives", of the SuperSMEs programme of the 4th year of the Bachelor's Degrees in Business Administration and Management and Business Engineering and Management. Additionally, EDEM has continued to expand its scope of action, supporting training and education in all its fields with new initiatives such as, for example, the first edition of the Hortensia Roig children's literature Award, the goal of which is to promote the study of STEM (Science, Technology, Engineering and Mathematics) disciplines amongst women, and the winner of which was Andrea Navarro with the work "Elsa y el club de los números".

Through EDEM, which also radiates the Total Quality Model, it also contributes to promoting



Javier Jiménez, Managing Director of Lanzadera, and Vicente del Bosque, ex-football national team coach, at a meeting with entrepreneurs in Marina de Empresas.



Juan Roig together with Laura Llopis and Pablo Motos, during a visit to the Marina de Empresas facility.

leadership and entrepreneurship and seeks to incorporate the majority of this talent and place it at the service of society. In fact, this year, EDEM achieved an employability rate of 95% after processing more than 2,000 offers from 800 collaborating entities channelled through its own employment portal.

Lanzadera, the second pillar of Marina de Empresas, has also continued to grow over these twelve months. This business accelerator and incubator was created in 2013 and has managed to boost over 1,100 projects overall, 300 in 2022 alone. These are figures that have contributed to aggregate employment creation of over 10,000 jobs, having allocated an investment of 22 million euros in support loans to entrepreneurs since its foundation, of which more than 1.1 million corresponds to its activity in the year.

The data of Angels, the third pillar, is equally decisive. In 2022, this investment company invested 3 million euros to promote seven projects, which brings the total investment

since its creation to 35 million euros, with which it has invested in 45 companies altogether, all of them related to sustainable, scalable projects that opt for the introduction of the Total Quality Model in their management. Over the year, it also created the Angels Conecta platform, which allows investors and entrepreneurs to establish direct contact, and it holds its annual IDAY, Investors' Day, physically attended by more than 200 people to see the projects, in the case of Lanzadera, in their first round of investment.

At the same time, in the framework of support for entrepreneurship as a driving force for the future growth of society, the company sponsors the "Entrepreneur Award" of the Rei Jaume I Awards together with EDEM and AVE (the Valencian Business Owners' Association). In 2022, in its 12th edition, the winner of this category was Valencian Biologist Ángela Pérez, founder of Health in Code, a project specialising in preventive, personalised and precision medicine.

3,700
students at
EDEM

1,100
projects
promoted by
Lanzadera



Arturo Valls, Pepe Peris, Managing Director of Angels; and Tony Paños, Project Director for Lanzadera.



Quique Dacosta together with Tony Paños, Project Director for Lanzadera, and Neus García, from the corporate communication department of Marina de Empresas, at the offices of Lanzadera.

Relationship with society

Mercadona establishes fluid relationships with the environments in which it carries out its activity through permanent contact and the promotion of dialogue. To strengthen its bonds in the areas in which it is present, the company promotes an attitude of active listening, through which it detects the real needs of the environments, both local and national, and proposes efficient solutions, thus applying one of the universal truths on which its model is based: “to be able to receive, we first must give”.

Consumers

For both Mercadona and Irmãdona, consumer associations are the legitimate voice of the vast majority of the “Bosses” who place their trust in the Group, for which reason it keeps dialogue channels permanently open with its representatives, both locally and in the provincial and national sphere.

In 2022, and through this constant dialogue, in which transparency and honesty take precedence, the Mercadona Group has remained in contact with a total of 119 different associations, which has not only enabled it to strengthen ties but also gain first-hand insight into their concerns and needs in order to find the right answers through analysis and agreement.

Likewise, the joint work carried out over these months once again had an impact on training and the development of training and informational activities to improve consumer protection and satisfaction. In this way, and thanks to its active presence at more than 75 conferences, participation in 18 acts and actions promoted by different associations and the national and European consumption administration bodies and the 26 collaboration agreements renewed, two of them in Portugal, Mercadona has once again demonstrated that “The Boss” is at the centre of all its decisions and that its Total Quality Model is a valid management model that detects opportunities for improvement through dialogue with its consumers and which establishes relationships of understanding and mutual benefit.



“Participatory Roundtable”

During 2022, Mercadona continued to organise its “Participatory Roundtable” (MPAC), an analysis and debate forum founded in 2014 together with the Confederations and Federations of consumer and user associations CECU, FUCI, UNAE and UCAUCE. In 2022, the MPAC, which has had a dedicated Scientific Committee for the last year, studied the dietary changes that have taken place as a result of the current context in its “Consumer Habits” survey and drafted a list of dos and don’ts with relevant recommendations. At the same time, it carried out four surveys on social networks on recycling, healthy habits, COVID-19 and new trends in consumption habits while simultaneously producing various visual reports and launching a new, more intuitive and educational website. Thanks to all these initiatives, the MPAC continues to consolidate itself as a reference in the area of consumption habits, an expert voice in the sector that contributes to anticipating behaviour and analysing the possible solutions and consequences these changes in habits can have.

119

consumer associations and intolerance and allergy associations it maintains a relationship with

106

meetings with consumer and intolerance and allergy associations

94

interactions with consumer and intolerance and allergy associations

75

congresses and conferences of the sector participated in

28

features in videos and editions produced by the associations

26

collaboration agreements with consumer, coeliac, intolerance and other allergy associations

18

acts and actions organised by the associations with which it has participated

11

visits to Mercadona facilities



Joana and María Teresa, “Bosses” of the supermarket in Avenida Doctor Alexandre Alves in Viseu.

**Mercadona
has 36
stores
located in
municipal
markets in
Spain**

Neighbourhood Management

Mercadona is a socially responsible company that is committed to cohabitation with its neighbours. Through the Proactive Neighbourhood Management project, since its launch in 2014, it has been working to build relationships of mutual respect and understanding. This tool detects possible points of controversy and offers solutions that, through consensus and agreement, minimise the possible disruption and strengthen the bonds between Mercadona and its neighbours.

In 2022, the company checked a total of 18,926 loading and unloading processes in its stores in Spain, in addition to 4,901 internal processes in its facilities. At the same time, and as a result of the permanent dialogue with its neighbours, it has addressed a total of 346 suggestions and has been able to detect and apply a satisfactory solution in less than 30 calendar days in 78% of cases.

In Portugal, over these twelve months, Irmadona has analysed 75 internal processes in its facilities and supervised a total of 725 loading and unloading processes. Likewise, it addressed 10 customer suggestions, also providing a solution in less than 30 calendar days for 50% of them.

The relationships Mercadona is building with its neighbours year after year not only allow it to strengthen the bonds and favour cohabitation. They often result in visible actions in the supermarkets themselves. Thus,

the Efficient Store Model is in line with the accessibility strategies recommended by the Spanish Committee Representing People with Disabilities (CERMI) with a view to facilitating the shopping process for these groups.

Likewise, in many of its stores, the company promotes the restoration of emblematic buildings, as occurred in 2022 with the restoration of the store located in the historical centre of Talavera de la Reina (Toledo). Mercadona simulated a row of traditional patio houses in a location in which, from the 13th Century to the middle of the 20th Century, the Mudejar temple of the Church of Saint Peter stood, and has restored and recovered columns, earthenware jars and paving found during the excavation phase. Furthermore, during this year, in collaboration with the Pajarillos Educa Association and the neighbouring businesses, the company has rehabilitated public spaces around the store of the Paseo Juan Carlos I in Valladolid, with the incorporation of decorative murals produced by young people of the neighbourhood in a situation of vulnerability or uprooted from their social culture.

In addition to all of this, Mercadona supports and defends the activity of all commercial formats in its sector, elements that make the neighbourhoods more dynamic. Convinced of this, for more than two decades, it has been contributing to revitalising municipal markets, as evidenced by the 36 stores that it manages in this type of environment.

19,651

checks on loading and unloading processes at stores

4,976

checks on internal processes of facilities and supermarkets

356

suggestions, complaints and improvements processed



Mural next to the supermarket in Paseo Juan Carlos I in Valladolid, an initiative developed by Mercadona in collaboration with the Pajarillos Educa Association and neighbouring businesses to rehabilitate communal spaces within the neighbourhood.

5

CAPITAL

The application of the Mercadona Model, on top of the effort of the workforce and the involvement of the suppliers, has allowed it to overcome the complicated circumstances and achieve the sales and profit targets set, although not that of profitability, which was lower than the previous year. These are the results that the company

has achieved after satisfying the rest of the components in order, “The Boss”, The Employee, The Supplier and Society; and which has been possible thanks to a management model based on the universal truth of “to be able to receive, we must first give”, which takes care of people and which always thinks long-term.

01

Perfect storm and impact on margins

02

Investment and improvements in management

03

Sustainable and shared growth

The Mercadona Group principally comprises Mercadona, S.A., registered in Spain (Tavernes Blanques, Valencia), and Irmãdona Supermercados, registered in Portugal (Vila Nova de Gaia, Porto). Both companies share the same business purpose and carry out the same activity: the distribution of food, drink, personal care, household and pet care products. To perform this task, they have the support of a series of subsidiaries, branches and representative offices in 12 different countries. Thanks to this commercial network, the company channels its international sales, which take place on four continents, and guarantees its “Bosses” an efficient selection of maximum quality at unbeatable prices, also on products produced outside of Spain and Portugal.

As mentioned throughout this Annual Report, at the end of 2022, Mercadona had a network of 1,637 supermarkets in Spain and 39 in Portugal. All these supermarkets, of which 1,287 already operate the Efficient Store (Store 8) Model, are supplied by Mercadona’s dedicated logistics network comprising 16 logistics centres, 2 satellite warehouses and 2 regulator warehouses.

Alongside this network of stores and logistics centres, it also has its own warehouse model called Hives dedicated to the management and preparation of online orders to serve customers in Spain who opt for the online shopping channel, which is currently up and running in Valencia, Barcelona, Madrid, Alicante and Seville. It currently has 22 co-

innovation centres in which it develops new products and incorporates improvements into the selection, hand in hand with the “Bosses”.

All this effort made in 2022 has allowed the company to continue growing and building a project that sets it apart, led by the 99,000 employees who give their dedication and effort on a daily basis to satisfy the “Bosses”.

Since 2011, Mercadona has been a voluntary member of the Tax Agency’s Forum of Large Companies (Ministry of Finance and Public Function), which promotes a framework of collaboration based on the principles of transparency, mutual trust, good faith and loyalty between large companies and the State Tax Administration Body. Additionally, the company adheres to the Code of Good Tax Practices, which promotes a relationship of mutual cooperation between the Tax Agency and the companies that subscribe to it. Likewise, it voluntarily submits an annual report on Tax Transparency with the year’s most relevant information, which appears on the Tax Agency’s website, demonstrating compliance with the standards of collaboration and transparency required by the state agency.

In 2022, as in the previous year, the annual accounts of Mercadona and Irmãdona were audited by Ernst & Young, S.L. and Ernst & Young Audit & Asociados - SROC, S.A., respectively, both of which issued a favourable report with no exceptions. These reports, together with the annual accounts, are filed with the appropriate bodies in each case.

In memory of Juan Carlos Gómez

We at Mercadona would like to take this opportunity to remember Juan Carlos Gómez, a shareholder of the company since 1998. His death last December was a sad piece of news for all of us who make up the company. Juan Carlos was always a person committed to his city of Antequera. His business vision and entrepreneurial spirit impregnated the city he loved so dearly and also Mercadona. We would like to offer his wife, Carmen, and his children, Juan Carlos and Moisés, our most sincere condolences. We have no doubt that they will continue his legacy.



Entrance of the Guadalquivir supermarket in Ronda, Malaga.

NVE

Perfect storm and impact on margins

The unforeseen and unimaginable scenarios of the start of 2022 due to the residual effects of COVID-19, the war in Ukraine and high rates of inflation have had an impact on Mercadona's costs which have increased by 8%, a figure that translates to more than 500 million euros.

These scenarios already signalled a complex 2022 ahead, but these twelve months also saw an unprecedented energy crisis, several months of high temperatures and prolonged drought and increases in the costs of raw materials and products, even giving rise to situations of scarcity in some cases leading to temporary service failures, all of which were events that resulted in a prolonged increase in the cost prices for our suppliers (around 39% in the primary sector and 20% in the food industry) which the company, the next link in the chain, has had to manage with the greatest possible flexibility and agility.

Mercadona, like its suppliers, has also felt the effects of this complex situation on its own cost structure, which has been affected both due to the repercussion of the increase in the CPI (6.5% in Spain and 2.7% in Portugal) on salaries and lease fees, and by the direct effect on transport costs arising from the rise in fuel prices.

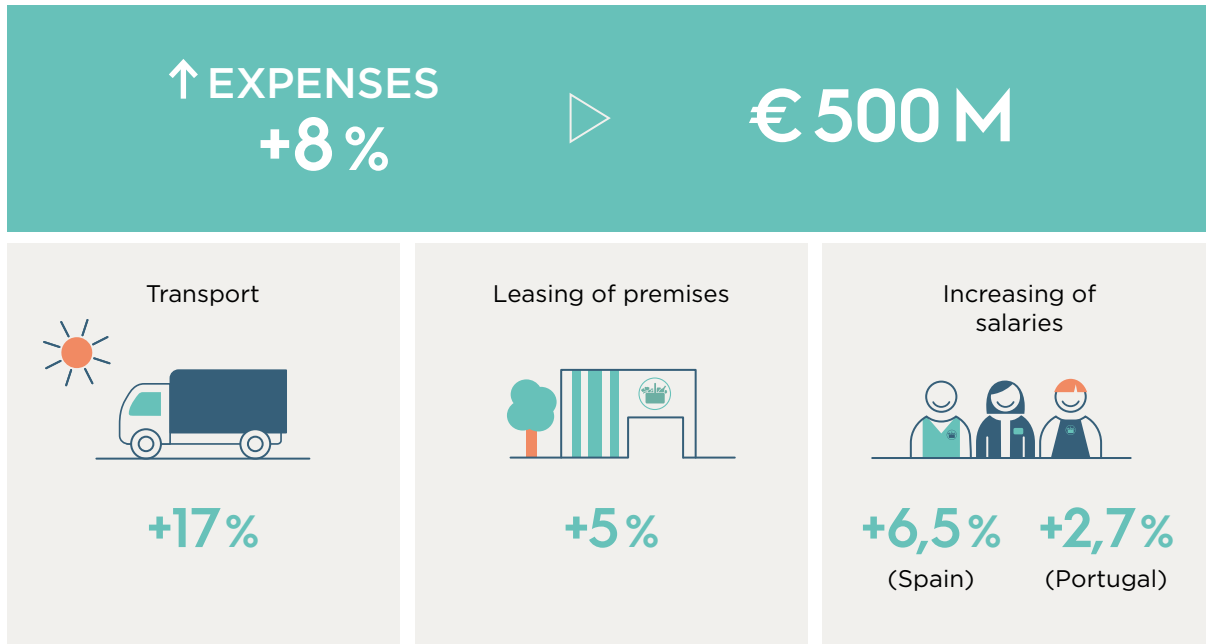
Thanks to the mental effort of the 99,000 people who make up the workforce and the 3,000 product suppliers it works with, the company has managed to cushion the blow of the price increase in costs at the source and, at the expense of reducing its operating margins, avoid passing this on to the "Bos-

ses" in its entirety, which has resulted in savings of approximately 375 million euros for its customers.

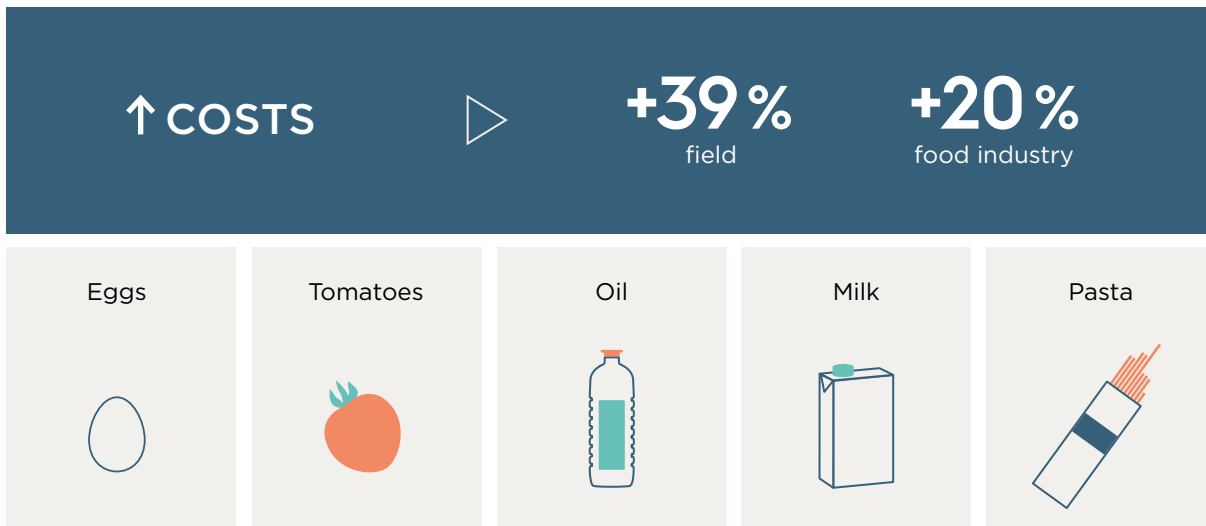
The collective commitment of all the people who make up Mercadona to offering solutions that provide value for the "Bosses" also requires improvement in terms of competitiveness and profitability, to ensure and consolidate a project founded on a business model that promotes sustainable prosperity and the profit from which is distributed widely through society, as shown by the figures for the year: a historic tax contribution of 2,263 million euros, 12% more than in 2021, performance bonuses of 405 million euros and an increase of 5.6% in net profit.

All these steps and decisions made over the year show, for yet another year, that Mercadona is faithful to a management model with a sequential order in which all decisions are made always thinking of "The Boss" first, then sales, and lastly, profit. A management model that has managed to adapt to the circumstances, take on challenges and provide solutions that support the "Bosses", trying, wherever possible, to avoid the impact of all these circumstances on the purchasing power of the 5.7 million families who shop at the company's supermarkets on a daily basis.

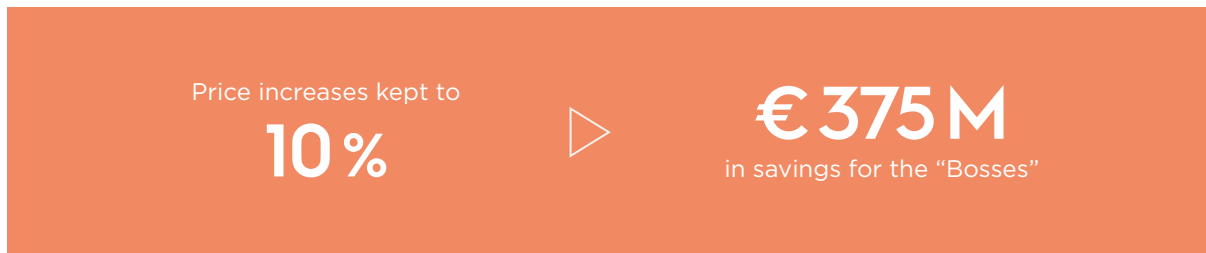
Repercussion of the perfect storm for Mercadona



Scenarios in 2022



Mercadona, a containment barrier for cost price increases



Sales units (*kilitres*)

In 2022, the Mercadona Group sold a total of 12,968 million *kilitres*, a figure that implies a 1.1% increase compared to the previous year. This increase, in a situation of restrained consumption thanks to the general increase in prices, demonstrates the trust “The Boss” places in Mercadona, which is key for its development and growth.

Sales

In 2022, the Group increased its turnover to 31,041 million euros, 11.6% more than in 2021, thanks to its sales through various purchasing channels (in-store, online and the New Teleshopping service) and the fact that the company has managed, through innovation and reducing margins, to offset the increase in costs for its “Bosses”.

Profit

The Group’s profit before tax was 718 million euros, 5.6% more than the previous year, significantly lower than the increase in sales, reflecting the efforts made by the company to contain the impact of inflation by reducing margins on the price of the “Bosses” shopping basket.

EBITDA

The Group’s EBITDA (defined as the Operating Result + Amortisation - Financial income) stood at 1,622 million euros at the close of 2022. Meanwhile, the Group’s operating income evolved in line with profit, consistent with the strategy and in line with its firm commitment to long-term results.

Trend in *kilitres* sold
million kilos-litres (*kilitres*)



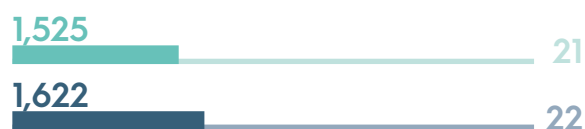
Trend in gross sales
million euros



Trend in net profit
million euros



Trend in EBITDA
million euros

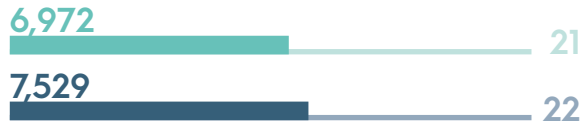


Equity capital

The profit obtained during the year and the capitalisation of nearly all of it meant that equity capital stood at 7,529 million euros at the end of 2022, which shows the company's desire to reinvest.

It is worth noting that the ratio of equity capital to total assets remained at around 62% over the year.

Trend in equity capital
million euros



Front of the Es Rafal supermarket in Palma in the Balearic Islands.

Investment and improvements in management

Despite the impact of these unpredictable scenarios on its activity, Mercadona has remained committed to continuing to invest in all necessary measures to move forward and add value to the five components. In total, 923 million euros have been invested in the brutal transformation in which it is immersed in order to be able to face future challenges, as Mercadona's Model approaches decision-making with long-term profit in mind.

In this respect, the Group has invested 587 million euros to continue implementing the Efficient Store Model through new openings and refurbishments in Spain, at the same time as it has continued incorporating stores in Portugal, thus strengthening the project in the neighbouring country. A total of 129 million euros has been allocated to the construction and remodelling of logistics centres, including Parc Sagunt in Valencia. In terms of digital transformation, total investment in 2022 amounted to 91

million euros, including the Mercadona Online project. The company has continued to move forward in the development of applications and tools that, based on CNA (Cloud Native Architecture) and a Kubernetes platform, make its business processes more resilient, scalable, agile and innovative. A project that already has a multi-disciplinary, specialised team of more than 1,000 people and which has received a cumulative investment of 580 million euros since 2017.



Employees of Mercadona's process costs division team who have led the development of the DPP (Direct Product Profit) tool.

At the same time, Mercadona has implemented a project that allows it to know the costs of each process, both direct and indirect, in a scientific way, as well as the costs of each of the products, with the goal of knowing what efficiency and optimisation improvements can be made, always guaranteeing and even improving the quality and service for its customers.

Therefore, after two years of work and investment of upwards of 5 million euros, which has involved training 600 people, Mercadona has been implementing an internally developed innovative IT tool since the start of 2022. Known internally as DPP (Direct Product Profit), it indicates the profitability of each of the approximately 8,000 products that make up the efficient selection in real time and detects improvements in the processes to reduce costs. In fact, thanks to this innovation, which remains in constant evolution and to which improvements continue to be made, the company has been able to cushion the blow of the rise of many prices through the optimisation of processes and contain the costs throughout 2022 by more than 150 million euros, which have been allocated to offsetting price increases.

Mercadona will continue to implement this type of tool that improves efficiency, as it is already doing with others of similar characteristics, as is the case of the so-called ADT (Direct Store Contribution), which gives the costs and profit per store. In the framework of store management, Mercadona has continued to use and improve the IT tools it has to manage orders, sales and stock control, with the goal of reducing food waste.

The rest of the investment, amounting to approximately 100 million euros, has been allocated primarily to the construction of the new central offices in Albalat dels Sorells (Valencia).

Trend in investment
million euros



Other Indicators

Suppliers

The average payment period to suppliers was 44 days, and the stock turnover period was 12 days.

OPEX

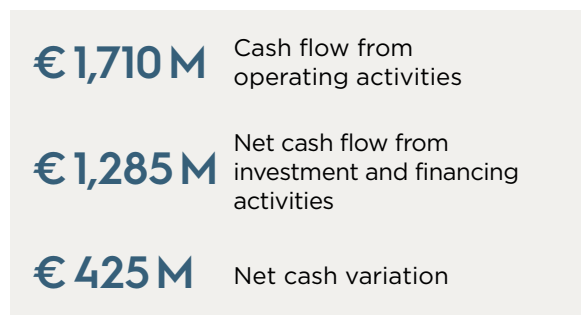
Defined as Personnel Expenses and Other Operating Expenses and Income (without taxes), this amounted to around 5,515 million euros.

Productivity

During the year, Mercadona and Irmãdona increased their productivity (wages plus benefits before taxes/hours worked) by 7%, a fact that evidences the involvement of the people who form part of the Mercadona Project and the effort they make to contribute to optimising the costs of the company's processes.

Cash Flows

The generation of cash flows, taking into account the investment made in 2022, was as follows:



The investment activity described above was carried out using the company's equity.

Sustainable and shared growth

Mercadona is a responsible business project with a management model, the Total Quality Model, committed to the creation of shared value for all its components: “The Boss” (customers), The Employee, The Supplier, Society and Capital.



**Mercadona's
tax
contribution
was 2,263
million
euros**

Thus the company distributes the resources it generates annually between The Employee (bonuses), Society (taxes) and Capital (dividends to shareholders), leaving a significant amount in the company to reinvest and boost both growth and the continuity of the project.

In the framework of its philosophy that “shared success tastes better”, the company distributes 25% through a variable remuneration policy. This rewards the effort, high performance and productivity of employees who have been with the company for over a year and whose dedication has allowed them to hit the personal targets specifically agreed upon for their job role. In 2022, and in order to acknowledge this search for excellence on the part of the whole workforce, even in the most demanding situations, Mercadona shared a total of 405 million euros of its profit, which was distributed among 99% of the people that make up the company.

A workforce which, furthermore, has grown over the year by 3,200 people (2,200 in Spain and 1,000 in Portugal), which translates into an average of 9 jobs created each day. Therefore, in 2022, Mercadona had 99,000 committed employees with stable and quality employment and salaries above the average for the sector.

At the same time, the Mercadona Group promotes shared prosperity in the areas it operates in through tax contributions to Public Administration bodies. In 2022, in the

case of Spain, its contribution in terms of taxes paid was 1,215 million euros, of which 240 million corresponded to corporate tax, 144 million euros to the payment of various taxes and fees, and 831 million euros to Social Security. In the case of Portugal, and through Irmãdona, the contribution was 18 million euros in taxes paid, of which 12 corresponded to Social Security and 6 to the payment of other taxes and fees.

During these twelve months, as confirmed by the figures, the Mercadona Project has continued to grow along with society. And in return, a large part of its success has gone back to society, with a contribution of a total of 27,246 million euros to Spain's GDP in 2022, a figure that represents 2.05% of the total. Along these lines, the Valencian Institute of Economic Research (Ivie) estimated that Mercadona's financial activity in Spain has generated a total of 684,211 jobs through direct, indirect and induced employment, a fact that translates to 3.59% of the total employment of the country and which shows that Mercadona's growth does indeed have a direct effect on the growth of society.

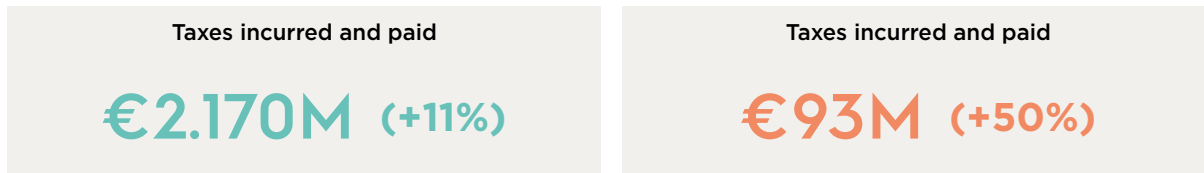
All of this comes in addition to the impact on tax revenue, which in 2022 stood at 9,858 million euros, a figure that represents 2.1% of the total revenue estimated by the Spanish Public Administration bodies, including Social Security contributions, and which constitutes the greatest impact on tax revenue in the history of the company.

Impact of Mercadona's economic activity*

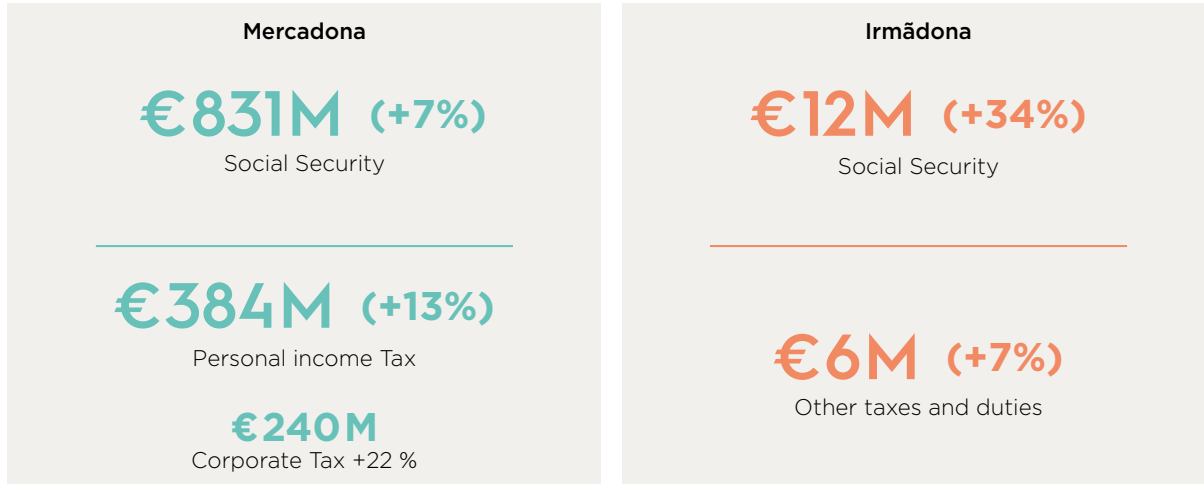
Total contribution of income, employment and tax revenues**



Tax contribution



Tax Contribution Incurred



Tax Contribution Paid



* €M: million euros

** Data updated according to the methodology used by the Valencian Institute for Economic Research (Ivie) in 2022.

MERCADONA GROUP

Balance sheet at 31 December 2022*

(in thousands of euros)

NON-CURRENT ASSETS	7,880,278
Intangible assets and property, plant and equipment	7,437,821
Financial investments and other assets	442,457
CURRENT ASSETS	4,278,260
Inventory	878,595
Trade receivables and financial investments	194,767
Cash and cash equivalents	3,204,898
TOTAL ASSETS	12,158,538
EQUITY	7,528,770
Capital	15,921
Reserves	6,794,698
Profit for the period	718,151
NON-CURRENT LIABILITIES	37,049
Provisions and other liabilities	37,049
CURRENT LIABILITIES	4,592,719
Suppliers	3,212,361
Creditors and debts with Public Entities	1,029,707
Personnel	350,651
TOTAL EQUITY AND LIABILITIES	12,158,538

* Consolidated data for Mercadona and Irmãdona calculated solely for this Report.

MERCADONA GROUP

Income statement at 31 December 2022*

(in thousands of euros)

Revenue	28,466,170
Provisioning	(21,238,881)
Other operating income	28,608
Personnel expenses	(3,678,832)
Other operating expenses	(1,910,915)
Fixed asset depreciation	(746,880)
Result from disposals of fixed assets	4,207
OPERATING INCOME	923,477
Financial income	4,956
NET FINANCIAL INCOME	4,956
PROFIT BEFORE INCOME TAX	928,433
Income tax	(210,282)
PROFIT FOR THE PERIOD	718,151

* Consolidated data for Mercadona and Irmadona calculated solely for this Report.

Additional relevant information

Independent Verification Report

“In compliance with Law 11/2018, of 28 December, the Consolidated Group Inmo-Alameda, S.L.U., to which Mercadona, S.A. and Irmãdona Supermercados, Unipessoal, Lda. belong, has submitted a Consolidated Non-Financial Information Statement (NFIS), which forms part of the consolidated management report, which has been verified by **EY**, as an independent provider of verification services, which issued its verification report without qualifications on 8 February 2023.

As part of this assignment, EY verified a significant part of the indicators that are included, among many others, in this corporate Report. The attached table, 'Impact of Mercadona' economic activity', lists the indicators that appear in this Report and which, in turn, have been verified by EY (identified with √). In the event of a discrepancy, the information included in the NFIS prevails over the latter”.

For more information, this verification report,
together with the Non-Financial Information Statement,
will be available at:



* As defined by the GRI standards, the objective of this report is to provide true, relevant and accurate information.

Impact of Mercadona's economic activity

No.	Indicator	Page/Comment	
1	Name of the organisation	MERCADONA, S.A.	✓
2	Activities, brands, products, and services	Pp. 12-21, 30-31	✓
3	Location of headquarters	Calle Valencia, 5 Tavernes Blanques, Valencia, Spain	✓
4	Location of operations	Spain and Portugal Pp. 4-5	✓
5	Ownership and legal form	Pp. 12-13, 94-97	✓
6	Markets served	Pp. 4-5, 12-13	
7	Scale of the organisation	Pp. 4-5	✓
8	Information on employees and other workers	Pp. 4-5, 40-55 Mercadona has 99,000 permanent employees (95,500 in Spain and 3,500 in Portugal) and has no subcontractors in its primary activity	✓
9	Supply chain	Pp. 4-5, 56-67	
10	Significant changes to the organisation and its supply chain	Pp. 6-7, 14-15, 58-61	✓
11	Precautionary principle or approach	Pp. 20-21	✓
12	External initiatives	Pp. 26-27, 58-61, 86-93	
13	Relationship with associations of which the organisation is a member	Pp. 90-91	✓
14	Statement from the President	Pp. 6-7	
15	Key impacts, risks, and opportunities	Pp. 20-21	✓
16	Values, principles, standards, and norms of behaviour.	Pp. 12-21 Mercadona is governed by the Total Quality Model, which forms the basis of the company's values and paradigms. The internal conduct that all employees share is defined therein. In addition, the company has a Code of Conduct whose mission is to ensure compliance with our values and with the Law	✓
17	Governance structure	Pp. 8-9	

No. Indicator **Page/Comment**

18	Executive positions or positions with responsibility for economic, environmental, and social aspects	Responsibility for economic, social, and environmental issues lies with the members of the Board of Directors, who take their decisions collectively	
19	Consulting stakeholders on economic, environmental, and social topics	Pp. 86-93	
20	Composition of the highest governance body and its committees	Pp. 8-9	
21	Information on whether the person chairing the highest body also holds an executive position	The President of the Board of Directors also chairs the Management Committee	
22	Conflicts of interest	There are no conflicts of interest All members of the Management Committee are Mercadona employees, and there are no conflicts of interest	
23	Role of the highest governance body	Pp. 8-9, 20-21	
24	Collective knowledge of the highest governance body	Pp. 8-9	
25	Evaluation of the highest governance body's performance	Pp. 8-9	
26	Identification and management of economic, social, and environmental impacts	Each department submits the relevant economic, social, and environmental aspects related to its activities to the Management Committee, specifically during coordination meetings	✓
27	Effectiveness of risk management processes	Pp. 18-21	✓
28	Review of economic, environmental, and social topics	Pp. 16-21 The company's governance bodies supervise and approve everything related to economic, environmental, and social topics	✓
29	Highest governance body's role in sustainability reporting	The company's governance bodies supervise and approve all externally-reported information	✓
30	Process for communicating critical concerns to the highest governance body	Each department submits the relevant aspects related to its activities to the Management Committee, specifically during coordination meetings	✓
31	Total number and nature of critical concerns that were communicated to the highest governance body	All concerns related to its activities and under its responsibility are submitted	✓

No.	Indicator	Page/Comment	
32	Remuneration policies	P. 45 The company's remuneration policy has been based on the principle of "equal responsibility, equal pay" for years	✓
33	Processes for determining remuneration	Pp. 42-43, 45	✓
34	Stakeholders' involvement in remuneration	The company has a Collective Agreement in force, signed and agreed with the employees' union representatives	✓
35	List of stakeholders	Pp. 18-21	✓
36	Collective bargaining agreements	Pp. 48-49, 51 The company has its own labour agreement covering 100% of employees	✓
37	Identifying and selecting stakeholders	Pp. 18-21	
38	Approach to stakeholder engagement	Ongoing dialogue with all stakeholders in order to capture and meet their needs and expectations	✓
39	Key topics and concerns raised	Pp. 18-21 The relationship maintained with the stakeholders allows us to apply product improvements made with the "Bosses", innovate with the suppliers and add knowledge with the primary sector to improve the fresh produce selection	✓
40	Definition and contents of the Report	The structure of the report corresponds to the Total Quality Model and reports on the five components of the company (stakeholders)	
41	List of material topics	Pp. 18-21 Each section details the strategies and actions carried out that are relevant to each component (stakeholders)	✓
42	Restatements of information	There have been no relevant changes	✓
43	Reporting period	1 January 2022 to 31 December 2022	✓
44	Date of most recent report	2021	✓
45	Reporting cycle	Annual	✓
46	Contact point for questions regarding the report	Contact information on the back cover	

No.	Indicator	Page/Comment	
47	Ratio between the starting salary broken down by gender and the minimum wage by significant locations of operation	Pp. 42-43, 45 The remuneration policy responds to the principle of equity: "equal responsibility, equal pay", without making distinctions by gender or any other differentiation	
48	Percentage of spending at significant locations of operation corresponding to local suppliers	Pp. 4-5, 61, 103	
49	Number and percentage of departments where corruption-related risks and significant risks have been detected	100% of the activities and internal procedures of the various departments have been assessed where possible corruption-related risks have been identified	
50	Communication and training about anti-corruption policies and procedures	The rejection of corruption is a fundamental principle in the Mercadona Model	✓
51	Confirmed incidents of corruption and actions taken	No cases of corruption have been detected during the period analysed	✓
52	Number of judgements for unfair competition and monopolistic or anti-competitive practices and their outcome	None recorded during the reporting period	
53	Internal energy consumption	7,558,131 GJ	✓
54	Energy intensity	0.1857 GJ/m ³ of goods	
55	Savings of energy consumption	59.4 million kWh	✓
56	Water consumption	Total consumption of 3.7 hm ³ (of which 2.259 hm ³ correspond to stores and 1.441 hm ³ to logistics centres) Average consumption by store and month: 114.16 m ³ /month	✓
57	Water withdrawal by source	100% from municipal public water supply Rainwater harvesting at 3 logistics platforms, which is used for irrigation and washing	✓
58	Direct greenhouse gas emissions from refrigerant gas leaks	11.80 tCO ₂ eq/MKilites	✓
59	Indirect greenhouse gas emissions from energy consumption	21.36 tCO ₂ eq/MKilites	✓
60	Direct greenhouse gas emissions from freight transport	7.30 kgCO ₂ eq/m ³ of goods	✓
61	Intensity of total greenhouse gas emissions	58.07 tCO ₂ eq/MKilites	✓
62	Annual reduction of greenhouse gas emissions	-4,204 tonnes of CO ₂	✓

No.	Indicator	Page/Comment	
63	Emissions of ozone-depleting substances	The company does not use ozone-depleting substances	
64	Total weight of waste, according to type and treatment method	424,068 tonnes of waste (wood, paper, cardboard, plastic, expanded polystyrene and others), of which 80% goes to recycling/recovery	✓
65	Percentage of new suppliers reviewed in terms of environmental criteria	Mercadona requires all its Totaler Suppliers to be certified under an internationally recognised effective environmental management standard (ISO 14001, EMAS, or equivalent)	
66	New employee hires and employee turnover, broken down by age group, gender, and area of activity	P. 42	✓
67	Social benefits provided to full-time employees that are not provided to temporary or part-time employees, broken down by significant locations of activity	There is no such differentiation	
68	Minimum notice periods regarding operational changes and possible inclusion in collective agreements	Any relevant event that may affect staff is reported to the employees and their representatives sufficiently in advance and always within the time limits established by the legislation in force	
69	Percentage of employees who are represented on formal joint management and employee health and safety committees established to help monitor and advise on health and safety programmes	Existing committees represent all employees at the same level, and all agreements are confirmed by management	✓
70	Accident rate, hours lost and absenteeism	Incidence of work accidents with sick leave: 28.78‰ Lost hours: 9,871,109 Absenteeism: 4.81%* Male absenteeism: 1.27% Female absenteeism: 2.86%	✓
71	Workers with high incidence or high risk of diseases related to their occupation	In general, no employees involved in activities with a high incidence or high risk of specific illnesses have been identified	✓
72	Health and safety topics covered in formal agreements with trade unions	There are agreements in force with the trade unions that include aspects such as improvements in the design of workstations and the choice of equipment and production methods to ensure safety at work, as well as promoting the information and training necessary to minimise risks in each position	✓

No.	Indicator	Page/Comment	
73	Average hours of training per year per employee, broken down by gender and professional category	Per employee: 23.9 hours of training and €845.3 invested on average per person in Spain and 240 hours of training and €5,732 invested on average per person in Portugal	✓
74	Skills management and ongoing training programmes that promote employability for employees and help them manage the end of their career	Pp. 46-47	✓
75	Percentage of employees receiving regular performance and career development reviews by gender and professional category	P. 43 All employees are evaluated annually in the performance of their duties, both downstream and upstream	
76	Composition of the governance bodies and breakdown of employees by professional category and gender, age, minority group membership, and other diversity indicators	Pp. 8-9, 42, 48-49	✓
77	Ratio of basic salary of women to men, broken down into women's versus men's remuneration	Pp. 42, 45 The "equal responsibility, equal pay" principle of equity is applied without any difference in terms of gender	✓
78	Incidents of discrimination and corrective actions taken	In 2022, Mercadona did not record any discrimination cases through the available channels	✓
79	Identification of significant operations and suppliers where freedom of association and the right to benefit from collective agreements may be infringed or threatened, and measures taken to support these rights	The company guarantees freedom of association in all its operations, as set out in the current collective agreement No significant suppliers considered at risk have been identified	
80	Identification of operations and suppliers with a significant risk of cases of child labour and measures adopted to contribute to the abolition of child labour	The company guarantees that there is no incident of child labour in its operations No significant suppliers considered at risk have been identified	✓
81	Operations and suppliers at significant risk of being the source of forced labour incidents, and measures taken to contribute to the elimination of all forms of forced labour	The company guarantees that there are no incidents of forced labour in its operations No significant suppliers considered at risk have been identified	
82	Number and percentage of operations that have been subject to human rights reviews or impact assessments	The company complies with the standards required in this area, in accordance with current legislation	✓
83	Hours of employee training on policies and procedures related to those aspects of human rights relevant to their activities, including the percentage of employees trained	All staff receive training in the Mercadona Model, which shapes values and behaviour within the company	✓

No.	Indicator	Page/Comment	
84	Percentage of centres in which development programmes, impact assessments and local community engagement have been implemented	The company does not have this indicator, but the different actions carried out are specified in the Society section (pp. 68-93)	
85	Operations with significant potential or actual negative impacts on local communities	Pp. 20-21, 92 No operations with negative effects on local communities have been identified	
86	Percentage of new suppliers reviewed in terms of criteria relating to human rights, labour practices and social impacts	Pp. 56-67 85% of the selection is of Spanish origin, obtained from suppliers audited according to Mercadona's Model, which includes the satisfaction of employee needs.	
87	Financial contributions made to political parties by country and recipient	None made during the reporting period	
88	Number of incidents of non-compliance with regulations or voluntary codes concerning health and safety impacts on products and services during their life cycle, broken down by type of outcome of such incidents	During the reporting period, no significant incidents of non-compliance have been identified in this area	✓
89	Type of information required by the organisation's procedures relating to the information and labelling of its products and services, and percentage of significant product and service categories that are subject to such requirements	Pp. 30-33	✓
90	Number of cases of non-compliance with regulations and voluntary codes on information and labelling of products and services, broken down by type of result.	During the reporting period, no significant incidents of non-compliance have been identified in this area	
91	Number of cases of non-compliance with regulations or voluntary codes concerning marketing communications, such as advertising and sponsorship, broken down by type of result	During the reporting period, no significant incidents of non-compliance have been identified in this area	
92	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	The company is not aware of any in the reporting period	✓
93	Amount of significant fines for non-compliance with regulations and legislation concerning the supply and use of products and services, monetary value of significant fines, and number of non-monetary sanctions for non-compliance with laws and regulations.	There was no significant non-compliance with regulations*	

* The company considers any economic sanction above €50,000 to be significant.

Juan Roig and Hortensia Herrero Legacy Project

Juan Roig and Hortensia Herrero have continued to run the Legacy Project, a patronage initiative they both began in 2012 to build their common dream: to share their knowledge and personal wealth to contribute selflessly to the development of society. To this end, over the year, they reinforced their personal commitment and financial contribution, which in 2022 amounted to an injection of 80 million euros of their personal wealth.

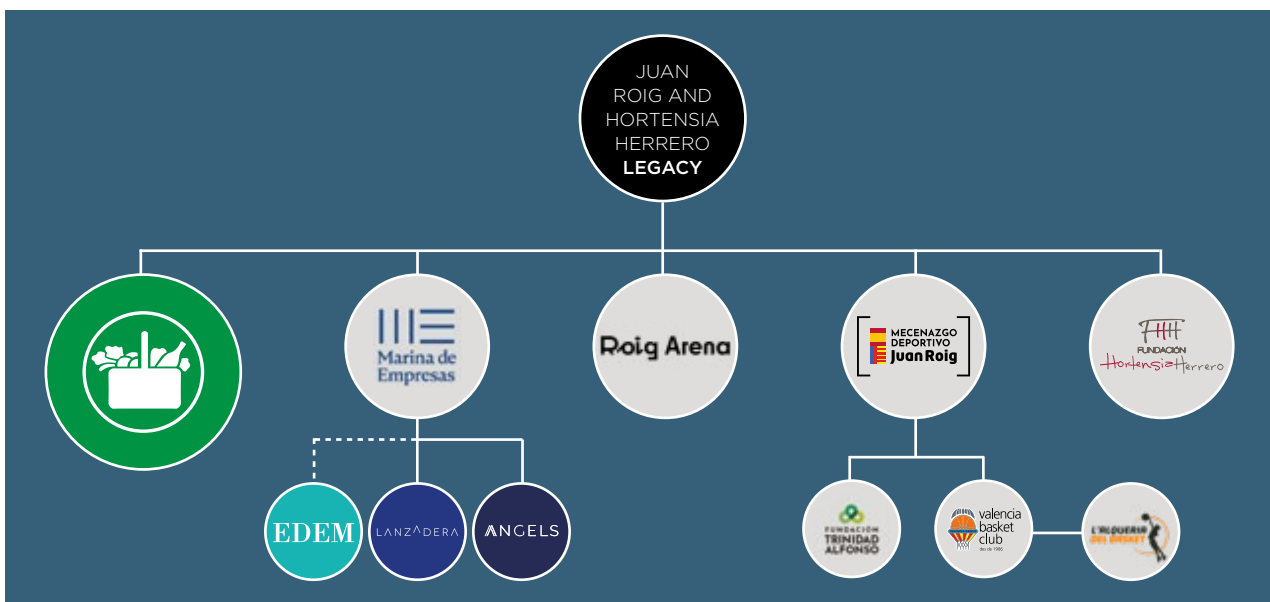
Thus, the Legacy Project has continued to support training and talent by promoting the three pillars of the largest entrepreneurship centre in the Mediterranean, Marina de Empresas: EDEM, a university centre and business school for business training at which 3,700 people train each year; Lanzadera, a business accelerator that supports startups; and Angels, a company that invests in leading entrepreneurs and which accumulated total investment of 3 million euros in 2022, 35 since its foundation.

Through Licampa 1617, they continued to work to inaugurate and consolidate a sustainable, multi-purpose venue in Valencia for the holding of sports, cultural and entertainment events: the Roig Arena, which in 2022 received an investment of 38.3 million euros and will have a

total investment of 280 million euros when it is completed in 2024.

Regarding support for sports, the Juan Roig and Hortensia Herrero Legacy Project continued to grow thanks to the Fundación Trinidad Alfonso and the support they have given to the men's and women's teams of the Valencia Basketball Club and L'Alqueria del Basket. The Fundación Trinidad Alfonso, which in 2022 celebrated ten years of life and support for sports in the Valencian Community, invested 11.5 million in 2022 through around 40 initiatives, whilst the budget allocated by both sponsors to the basketball teams was 14 million euros.

Likewise, the Hortensia Herrero Foundation, which is presided over by the Vice-president of Mercadona, continued to channel support for artistic and cultural patronage with an investment of a total of 6 million euros. in 2022. Hortensia Herrero is financing the restoration work on the Valeriola Palace, located in the historic centre of Valencia, which in 2023 will become the future Hortensia Herrero Art Centre, a project that will require a total investment of 40 million euros. Furthermore, in 2022, the foundation has promoted a dozen projects related to dance, contemporary art and the restoration of historical heritage.





€ 80 M
 invested in 2022 from the
 personal assets of Juan Roig
 and Hortensia Herrero



1. Juan Roig and Hortensia Herrero, at the opening of the exhibition of Architect Ron Arad, together with their four daughters, Hortensia, Juana, Carolina and Amparo; and their sons-in-law Jesús, Álvaro, Roberto and Antonio. 2. Hortensia Herrero together with the dancers awarded a grant by her Foundation at the 2022 Valencia Danza International Ballet Campus. 3. Hortensia Herrero, Juan Roig and Fernando Roig, shareholders and members of Mercadona's Board of Directors. 4. Façade of the Valeriola Palace that houses the Hortensia Herrero Art Centre and her Foundation. 5. Men's and women's first teams, reserve team and school of Valencia Basket for the 22-23 season. 6. Marta Galimany, in the Valencia marathon, after beating the Spanish women's record for distance. 7. Simulation of the Roig Arena. 8. Façade of the headquarters of EDEM Business School in Valencia. 9. Entrepreneurs at the Lanzadera central office. 10. Emilio Peña, entrepreneur and CEO of the startup Flamingueo, invested in by Angels, at the Marina de Empresas facility during Investors Day.

Mercadona's History

1977-2022



1977

Francisco Roig Ballester (1912-2003) and his wife, Trinidad Alfonso Mocholí (1911-2006), started Mercadona's activities within the Cárnicas Roig Group. What had been family-run butcher shops became grocery stores.

1981-1982

Juan Roig and his wife, Hortensia Herrero, together with his siblings, Fernando, Trinidad and Amparo, bought Mercadona from their father. The company had eight stores with approximately 300 m² of retail space. Juan Roig became the manager of the company, which started operating as an independent business.

First company in Spain to use point of sale barcode scanners.

1988-1990

Inauguration of the Riba-Roja de Túria (Valencia) logistics centre, a Spanish pioneer in full automation.

Acquisition of Supermercados Superette, which had 22 stores in Valencia.

Juan Roig and Hortensia Herrero became the company's majority shareholders.

1993-1997

On reaching 10,000 employees and 150 stores, the SPB (Always Low Prices) commercial strategy was launched, later evolving into the Total Quality Model.

Creation of the Hacendado, Bosque Verde, Deliplus, and Compy brands.

Association agreement with Almacenes Gómez Serrano in Antequera (Málaga).



1999-2001

Completion of the process, begun in 1995, to give all employees, 16,825 at the time, permanent contracts.

Inauguration of the first free children's education centre for employees' children at the Sant Sadurní d'Anoia (Barcelona) logistics centre.



2003-2006

First company to carry out an Ethical Audit.

Opening of a supermarket at the Mercat de l'Olivar site in Palma.

Inauguration of the company's 1000th store in Calp (Alicante).



2007-2008

Fourth-ranked company in the world in terms of corporate reputation according to a study by the New York Reputation Institute.

Realignment of Mercadona with the Total Quality Model 15 years after its implementation.

Shopping Trolley Menu to offer "The Boss" the highest quality and cheapest Total Shopping on the market.



2013-2016

Mercadona starts developing the Sustainable Agri-Food Chain.

The start of its internationalisation project with entry into Portugal is approved.

Its first two supermarkets with the New Efficient Store Model are inaugurated, located in Puerto de Sagunto (Valencia) and Peligros (Granada).

Mercadona's History

1977-2022



2017-2018

Development of the Global Fresh Products strategy to boost and modernise the new fresh products sections.

Launch in Valencia of the new online ordering service and opening of the first online warehouse, or Hive, in Vara de Quart (Valencia).

Implementation of the new Ready-to-Eat section.

2019-2020

The internationalisation project comes to fruition with the opening of the first 10 stores in Portugal.

Against the background of the COVID-19 pandemic, the group of exceptional people who form part of the Mercadona Project have helped to achieve the best management in the company's history.

Saying yes to continuing to care for the planet through Strategy 6.25 to reduce plastic and manage waste.

2021

Commitment to conclusive quality by all Mercadona departments in all processes and services.

Inauguration of the Vila do Conde (Porto) and Lisbon co-innovation centres.

2022

Saying yes again to the Radical Totaler strategy, offering "The Boss" the chance to get it right with products of conclusive quality.

Commissioning of the cold storage warehouse in the Parc Sagunt logistics centre (Valencia), which will become fully operational in 2025.

**The Mercadona Project
continues to move forward**



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