



More than  
**100,000**  
people  
sharing a  
common  
project

2023 Annual Report



**2023 Annual Report and more information:**



The cover photograph shows Blanca, employee of the Parc Sagunt logistics centre in Valencia.



Mural by the artist Markiz Nekourouh (Marquise) awarded by the Hortensia Herrero Foundation and Mercadona, located at the Albat del Sorells offices, Valencia.



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## Our most significant achievements in 2023

| Mercadona consolidated group  |  |
|---|--|
| <p><b>1,681</b><br/>stores</p> <p>54 new openings<br/>49 closures</p> | <p><b>104,000</b><br/>employees</p> <p>5,000 new jobs</p>          |
| <p><b>15.4%</b><br/>market share in total sales<br/>area in Spain</p> | <p><b>€28,320 M</b><br/>in purchases in<br/>Spain and Portugal</p> |

| Spain                                   |   |
|---|---|
| <p><b>1,632</b><br/>stores</p>          | <p><b>98,700</b><br/>employees</p>                |
| <p><b>3,200</b><br/>new jobs</p>        | <p><b>€27,142 M</b><br/>in purchases in Spain</p> |
| <p><b>€34,124 M</b><br/>in turnover</p> | <p><b>€771 M</b><br/>in investment</p>            |

**€10,000 M** ▷ **€1,062 M** in 2023  
of investment for brutal transformation (2016-2023)

**€35,527 M**  
in turnover  
+15%

**€2,604 M**  
in tax contributions  
+15%

Portugal

**49**  
stores

**5,300**  
employees

**1,800**  
new jobs

**€1,178 M**  
in purchases in Portugal

**€1,403 M**  
in turnover

**€291 M**  
in investment

€ M: million euros



## Message from the President

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In recent years, Mercadona has managed to develop **numerous projects**, on many occasions thanks to **making bold decisions**, even if unpopular and bothersome, and understanding that the **path to achieving success** is not always a straight line, instead sometimes having to **do tacking**.

With this way of thinking and doing things, and with the strategic vision of the Management Committee, supported by the shareholders, **benefiting the 5 components** (“The Boss”, as we refer to our customers internally, The Employee, The Supplier, Society and Capital), in **2016** Mercadona commenced its **brutal transformation, achieving it in the long-term through investment**. Seven years later, and with an investment that has exceeded **10,000 million euros**, today we can state that the excellent results obtained in the last twelve months **are the result of doing everything necessary within the Mercadona Model**.

In particular, we commenced the implementation of our **New Efficient Store 8 Model**, involving the transformation of all our supermarkets to enhance the shopping experience for the “Bosses” with our new fresh food sections and Ready-to-Eat service, which is already available in most stores. We also announced our

**international project** with our arrival in Portugal, where we currently have 49 supermarkets. Meanwhile, we also launched the **Mercadona Online Project**, which is now making a profit. In addition, we embarked on **redesigning and optimising our logistics centres**, building **new offices in Albalat dels Sorells**, in Valencia, and the **digital transformation** of the company, involving the incorporation of new IT and organisational tools, to improve our scientific knowledge of our processes with a view to making them more efficient and productive.

By introducing and implementing all these decisions, our **sales have increased to €35,527 million**, 15% up on 2022. I would also like to point out that our international project is now on the road to becoming profitable. Furthermore, today our “Bosses” choose us and buy more, after having gained **over 200 customers per store per day and having increased our market share by 0.6 points**. These results reflect the hard work and commitment of our purchasing and prescription departments, together with our specialist suppliers and intersuppliers, aimed at ensuring that our **customers make the right purchases from an efficient selection** through our **Shopping Trolley Menu with the highest quality products at the most affordable prices on the market**.

These changes also translate into better organisation, improved decision-making and more innovation through the participation of all company departments. In this way, we strive to stand out from the competition and stand the test of time **through a sustainable approach without losing sight of efficiency, productivity and improved management**. All this has contributed to a **net profit of €1,009 million**, 40% more than in 2022. Of this total profit, 100 million euros can be attributed to the outstanding management performance of our treasury.

Of course, such a transformation would not have been possible if we had focused solely on physical resources. The most profound change

has been to our **mindset**. After all, we would never have achieved these remarkable results without the **dedication and talent of the 104,000 people who make up Mercadona**, 5,000 of whom have joined our project over the last year. Each and every one of them has been the real driving force behind our transformation, the greatest asset of our “Bosses”, and ultimately, **the reason for Mercadona’s success**. For this reason, as everyone at Mercadona deserves it, the company has shared €600 million of its profits with its employees as performance-related bonuses, 50% more than in 2022.

I firmly believe that Mercadona must operate with the values of shared commitment and purpose, and that **our managers and employees set an individual and collective example of leadership**, because this is the only way that people excel doing what they know best and feel motivated to do so. Each day, **setting an example and our actions** are what best define the **essence of leadership**.

This intention also involves a **social commitment because companies cannot turn their backs on society**. Therefore, we have an obligation to **contribute to the creation of wealth and well-being so that society recognises the value of having more and better companies**. Indeed, this is precisely the basis of Mercadona’s motivation

*“Companies cannot turn their backs on society. We have an obligation to contribute to the creation of wealth and well-being so that society recognises the value of having more and better companies”*

to share its profits with society, as reflected in our joint direct and indirect contribution, which amounted to €2,604 million in 2023, 15% more than in 2022. Similarly, Mercadona paid more than €343 million in corporate income tax, a 43% increase compared to the previous year, with a tax rate of 23.3%.

This commitment to having a more positive impact on society extends to our ongoing **duty to preserve and protect the environment**, as demonstrated by our commitment to saying “yes to continuing to care for the planet”. In this regard, we have maintained our firm commitment to developing policies aimed at reducing emissions, employing recycled material in our commercial packaging and using renewable energy sources.

Seven years after embarking on Mercadona’s brutal transformation, **we still have a long way to go**. With our Model as our roadmap, we will continue to adapt and tack to build a relationship of mutual trust with our specialist suppliers and intersuppliers, which is essential for successfully achieving our goal of **being a Radical Totaler and ensuring that our customers choose us and make the right purchase decisions**. I believe that doing what is necessary to make better progress, and with the leadership of each person, manager and employee that make up this great company, we will manage to make things happen.

Mercadona is on a very good path, and 2023 has been nothing short of outstanding in all respects. For this, I would like to **thank the Board of Directors and the shareholders for their trust placed in the decisions of the Management Committee**. Without their support and dedication, it would not have been possible to commence, develop and continue our brutal transformation, based on the understanding that we needed to focus on the long term through investment, debt-free and with our own equity capital, which today forms the basis of the circle of efficiency, profitability and management in which the company is immersed.

*Juan Roig*



## Management Committee

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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 Purchasing and Dry Products Prescription



**Rafa Berrocal**  
Managing Director of Fish, Fruit, Vegetables, Bakery and Ready-to-Eat Purchasing



**David Cid**  
Managing Director of Logistics



**Pilar Sanz**  
Managing Director of Construction and Expansion



**Patricia Tobía**  
Managing Director of IT



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



**Elena Tejedor**  
Managing Director of External Relations

## Board of Directors

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

Juan Roig Alfonso **President**  
Hortensia M<sup>a</sup> 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

## Audit Committee

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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**



# The Model

**01**

The Mercadona Model

**02**

Progress on the Sustainable Development Goals

**03**

Materiality and stakeholders

**04**

Main risks and strategies

**05**

Irmãdona: Mercadona in Portugal





Mercadona's Model is  
the company's most  
crucial **differential value**  
and the **lighthouse**  
**guiding all the decisions**  
taken by everyone  
involved in this great  
business project

## 1. The Mercadona Model

Mercadona has some differential principles and values that it articulates through its management model: the Total Quality Model. Through this model, the company strives for excellence through its commitment to satisfying each of its components with the same degree of intensity in the following sequential order:

“The Boss”

The Employee

The Supplier

Society

Capital

## 2. 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.

## 3. The buyer is

Physical/Online

*Juan Roig's dream*





#### 4. The vision

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.

#### 5. The Universal Truths

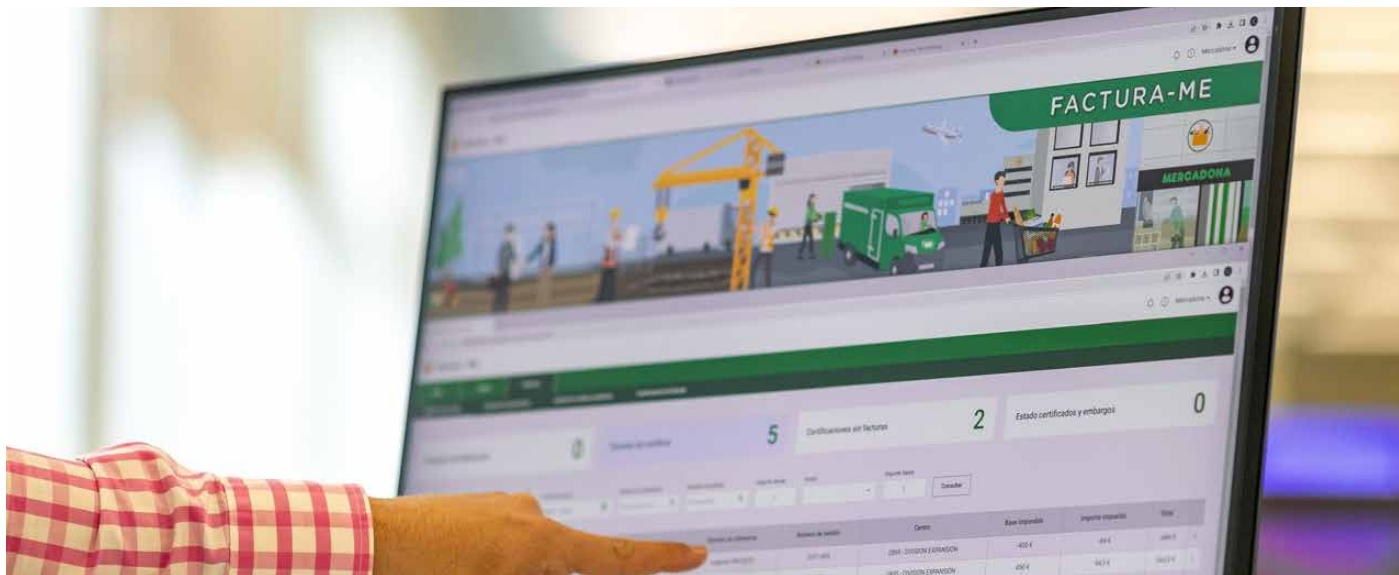
The Mercadona Model takes into account 9 universal truths, principles that are always followed regardless of time or place, whether or not they are believed. The most important one is that in order to receive, we first must give. Because the more we give, the more we receive.

#### 6. The paradigm

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

*“To share and radiate the Mercadona Model in Society”*

## Innovation: Surprising and taking risks



Factura-Me Portal, a new invoicing tool for suppliers.

*Mercadona has its own cross-cutting Innovation Model which involves the whole assembly line: suppliers, employees and customers. With it, the expectations of “The Boss” are anticipated, and we contribute to promoting the United Nations Global Compact’s Sustainable Development Goals 9 and 17*



Homepage of the *Portal Tornillo*, a digital tool for internal product queries.

### Process innovation

- 60 million euros invested in digital transformation, including Mercadona Online.
- Smart store: tools to reduce waiting times.
- Digital receipt in stores in Spain.
- Fault prediction technologies that reinforce automation in stores.
- Digitalisation of selection management.
- Digitalisation of shelf design tools.
- *Portal Tornillo*—a tool for consulting product data simply and efficiently.
- Life Cycle—a tool for easily and efficiently managing registration, deregistration and modifications of products through the assembly line.
- Digital signature during store opening hours.
- Requesting holidays through the Activo2 app in the case of store and Hive staff.
- Prevention of overexertion and unnecessary expenses and strengthening of productivity.
- Digitalisation of logistics processes.
- Digitalisation of the maintenance process.
- Digitalisation in the management of plans and inventory of physical resources in stores.
- Implementation of “BIM” (Building Information Modelling) methodology in the design and management of construction projects in logistics centres and Hives.
- Digitalisation of the non-sales selection (creation of “families”).
- 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.
- Digital signature of contracts and commercial conditions with suppliers.
- New invoicing and information tool for suppliers and the managers in charge (*Factura-Me*).
- Application for purchasing managers to upload commercial agreements negotiated with suppliers (*AComs*).
- Dedicated tool for managing real estate processes (*Real Estate*).

### Product innovation

- Co-innovation Model: 23 co-innovation centres in which the “Bosses” share their experiences to develop products that cover their needs with great quality at unbeatable prices.
- 500 improvements to the selection, 314 new products and 20 innovations.

### Social innovation

- *Trencadís* murals: social-labour integration project in collaboration with foundations and occupational centres.
- 22 stores with urban gardens on the roofs and façades with a positive environmental impact on their surroundings.
- Collaboration in resource collection campaigns in favour of renowned social entities, giving the “Bosses” the opportunity to make donations at the checkout.
- Society Cards.
- Responsible waste management.






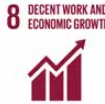

### Open and collaborative innovation








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



## Progress on the Sustainable Development Goals

Mercadona maintains an unwavering commitment to local communities where it is present, and year after year promotes social, environmental and governance initiatives that have a positive impact on its activity. In this regard, the company has been a signatory of the UN Global Compact Spain since 2011, an initiative through which the United Nations promotes the Sustainable Development Goals (SDGs).

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

| SDG   | Ongoing actions  | Components impacted*: |   |    |    |   |
|---|--|-----------------------|---|----|----|---|
|   |  | B                     | E | Su | So | C |
|    | <ul style="list-style-type: none"> <li>- Non-discrimination policy.</li> <li>- Workplace harassment prevention protocol.</li> <li>- Collaboration with entities that encourage the integration of people with disabilities into the world of work.</li> </ul>  |                       | ● | ●  | ●  |   |
|    | <ul style="list-style-type: none"> <li>- Proactive Neighbourhood Management.</li> <li>- Own Environmental Management System.</li> <li>- Sustainable logistics measures.</li> <li>- Efficient Store (Store 8) Model.</li> <li>- Landscaped roofs and integration with the surroundings.</li> <li>- Responsible waste management.</li> <li>- Implementation of Smart Distribution and Silent DUM (urban unloading of goods) in cities.</li> </ul>  |                       |   | ●  | ●  | ● |
|    | <ul style="list-style-type: none"> <li>- SPB (Always Low Prices) sales policy.</li> <li>- Responsible production models in the agri-food chain.</li> <li>- Food waste prevention strategy.</li> <li>- Animal Welfare Policy.</li> <li>- Waste management and reduction plans.</li> <li>- Circular management of commercial packaging.</li> <li>- 2R strategy: optimised and recyclable packaging.</li> <li>- Commitment to energy efficiency.</li> </ul>   | ●                     |   | ●  | ●  | ● |
|   | <ul style="list-style-type: none"> <li>- Action Plan and Reduction of Emissions.</li> <li>- Logistics optimisation.</li> <li>- Own Environmental Management System.</li> <li>- Carbon Footprint measurement.</li> </ul>  |                       |   | ●  | ●  | ● |
|  | <ul style="list-style-type: none"> <li>- Fishing Product Purchasing Policy.</li> <li>- Collaboration with organisations for the sustainability of products from fisheries.</li> </ul>  | ●                     |   | ●  | ●  |   |
|  | <ul style="list-style-type: none"> <li>- Landscaped roofs and integration with the surroundings.</li> <li>- Methodology for the protection of swallows and the common house martin.</li> <li>- Collaboration with suppliers to perform an impact analysis on land-based production systems.</li> <li>- In-store pet food collection campaigns.</li> </ul>  | ●                     |   | ●  | ●  |   |
|  | <ul style="list-style-type: none"> <li>- Partnerships with social and sector-based organisations (AECOC, ASEDAS, CEOE, AVE, Interalimentario Forum, EuroCommerce, COTEC Foundation for Innovation, Forum of Innovative Companies, ÉTNOR Foundation, CIP, APED, Portuguese-Spanish Chamber of Commerce and Industry, Portuguese Plastics Pact, Forética, Seres Foundation, etc.) to advance compliance with the SDGs.</li> <li>- Collaboration with entities that encourage the integration of people with disabilities.</li> <li>- Working closely with suppliers to develop measures to reduce and manage impacts.</li> </ul> |                       | ● |    | ●  |   |

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



## Materiality and stakeholders

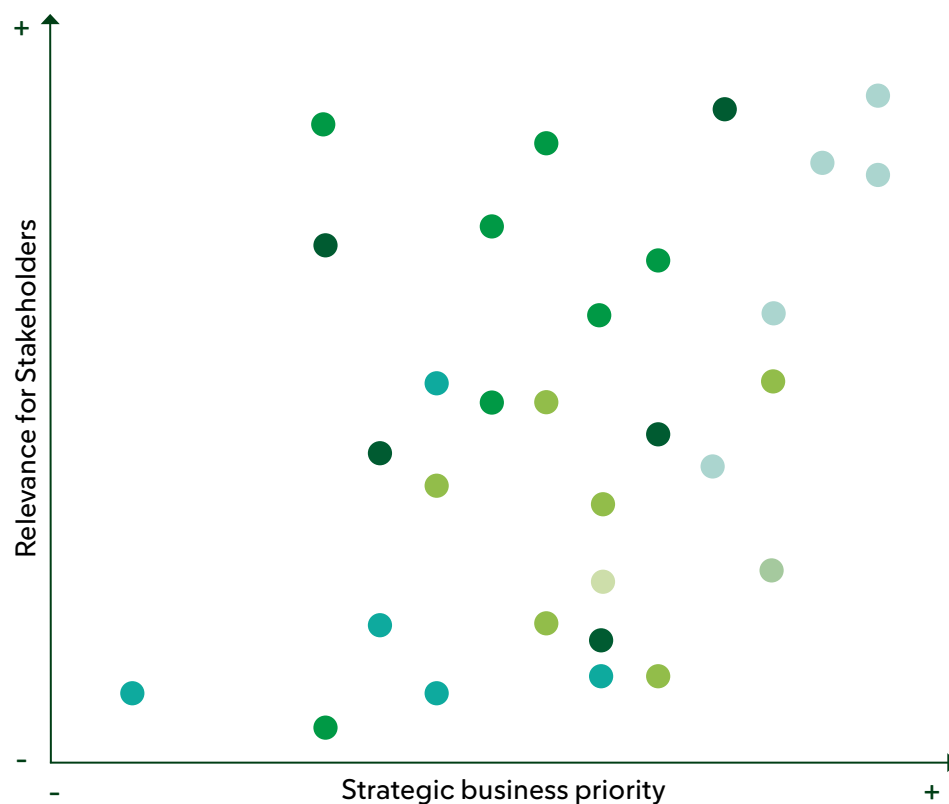
The management model underpinning the Mercadona Group is based on adhering to and demanding compliance with current legislation while taking all necessary measures, above and beyond the regulations, to ensure the satisfaction of the company's different stakeholders, who make up its 5 components.

In line with the recommendations of the Global Reporting Initiative (GRI) standards, a materiality analysis has been carried out to identify relevant issues for the business and stakeholders: "The Boss", the Employee, the Supplier, Society and Capital.

Material issue identification and prioritisation processes have been carried out based on internal inputs. For this purpose, a complete and exhaustive preliminary analysis process played a significant role, which actively involved all the managers concerned and helped to identify and update relevant aspects affecting the company.

In addition, external inputs have been considered, resulting in a trend analysis with the participation of other stakeholders linked to society (e.g. economists, distribution sector experts, etc.), which made it possible to identify new material issues, expectations and assessments.

This process has resulted in the development of a materiality matrix identifying 30 material aspects grouped into three main sustainability categories: environment, social and governance.



## Material Aspects

|               |    |  |
|---------------|----|--|
| Environmental | 1  | Managing food waste                            |
|               | 2  | Recycling and circular economy                 |
|               | 3  | Sustainable logistics                          |
|               | 4  | Improved energy efficiency and digitalisation  |
|               | 5  | Climate and decarbonisation                    |
|               | 6  | Criteria and ESG* criteria in the supply chain |
| Social        | 7  | Attracting and retaining talent                |
|               | 8  | Work-life balance                              |
|               | 9  | Training                                       |
|               | 10 | Competitive salary                             |
|               | 11 | Equality and diversity                         |
|               | 12 | Health and safety                              |
|               | 13 | Internal reporting channels                    |
|               | 14 | Corporate communication                        |
|               | 15 | Supplier relationship                          |
|               | 16 | Food safety                                    |
|               | 17 | Quality  |
|               | 18 | Customer attention/service                     |
|               | 19 | Efficient selection                            |
|               | 20 | Competitive price                              |
|               | 21 | Food donations and social action               |
|               | 22 | Community integration                          |
|               | 23 | Economic development of the environment        |
|               | 24 | Promoting and supporting entrepreneurship      |
|               | 25 | Sports patronage                               |
| Governance    | 26 | Corporate governance best practices            |
|               | 27 | Preventing fraud and corruption                |
|               | 28 | Tax contributions and transparency             |
|               | 29 | Profitability and financial solvency           |
|               | 30 | Data security and protection                   |

\* ESG: Environmental, Social and Governance.

## Main risks and strategies

| Components   | Risks  |
|--------------|--|
| "The Boss"   | Quality  |
|              | Changes in consumption habits  |
|              | Digital transformation   |
|              | Data protection  |
| The Employee | Remunerative and workforce commitment strategies   |
|              | Work-life balance  |
|              | Equality and diversity   |
|              | Occupational risk prevention   |
|              | Data protection  |
| The Supplier | Good business practices  |
|              | Data protection  |
| Society      | Sustainable mobility in cities   |
|              | Responsible use of resources   |
|              | Relationships with local communities   |
|              | Environment and climate change   |
|              | Data protection  |
|              | Legal issues inherent to the different aspects within the business (health, commerce, consumption, industry, employment, finance, environment, etc.) |
| Capital      | Profitability and sustainability   |

## Policies and strategies

|   |   |
|---|---|
| - Quality model with food safety  | ∞ |
| - Product, sales area and process comparisons   | ✓ |
| - "Very Very Serious (VVS) Accident" drills   | ✓ |
| - 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   | ∞ |
| - Customer Service  | ✓ |
| - Cross-cutting innovation  | ✓ |
| - Mercadona Online  | ∞ |
| - Process automation  | ∞ |
| - Application of the General Data Protection Regulation   | ✓ |
| - 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   | ✓ |
| - Family, professional and personal life balance  | ✓ |
| - Promotion of joint responsibility   | ✓ |
| - 5+2 Work Week in stores   | ✓ |
| - Annual calendar of schedules, holidays and days off known in advance  | ✓ |
| - Principle of equity   | ✓ |
| - Equality Plan and diversity management  | ✓ |
| - Medical service available to employees  | ✓ |
| - Health telephone helpline service   | ✓ |
| - Technical team specialising in occupational risk prevention   | ✓ |
| - Guaranteeing and ensuring that the protection protocols established by the company for each process are guaranteed (each person being responsible for their part) | ✓ |
| - Application of the General Data Protection Regulation   | ✓ |
| - 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  | ✓ |
| - Application of the General Data Protection Regulation   | ✓ |
| - Sustainable Logistics Model   | ∞ |
| - Own Environmental Management System   | ∞ |
| - Food waste prevention strategy  | ✓ |
| - Efficient Store (Store 8) Model   | ∞ |
| - Responsible waste management  | ∞ |
| - Circular management of commercial packaging   | ∞ |
| - Dialogue and transparency   | ✓ |
| - Relationship model with local communities, NGOs, social entities, consumer associations and food intolerance and allergy 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   | ✓ |
| - Own Environmental Management System   | ∞ |
| - Strategies to improve the sustainability of our activity in the environment and the supply chain  | ∞ |
| - Emissions reduction and action plan and logistics optimisation  | ∞ |
| - Efficient Store (Store 8) Model   | ∞ |
| - Application of the General Data Protection Regulation   | ✓ |
| - Crime prevention and anti-corruption policies   | ✓ |
| - Staying abreast of legislation and adapting internal processes to comply with legislation   | ✓ |
| - Financial risk management policies  | ✓ |
| - Reinvestment and long-term vision   | ✓ |
| - Wealth generation and shared growth   | ✓ |
| - Conscious capital   | ✓ |
| - Ongoing review of internal processes  | ✓ |

## ***Irmãdona: Mercadona in Portugal***

Irmãdona, “Mercadona’s sister”, which operates as a Portuguese company of Spanish origin with headquarters in Vila Nova de Gaia, has continued to grow in Portugal thanks to the consolidation of Mercadona’s Total Quality Model. This management model has been the foundation of the internationalisation process in Portugal since it was launched in 2016, accumulating a total investment of €874 million and boasting a high-performance and cohesive workforce of 5,300 people, fully committed to the project, having created 1,800 new and high-quality jobs over the course of the year.

Mercadona has continued to drive its internationalisation in Portugal by continuing to grow in 2023. More specifically, over the last twelve months, it has opened ten new supermarkets, bringing the year to a close with a network of 49 stores and greater penetration in the Portuguese market, where it is now present in ten districts: Porto, Braga, Aveiro, Viana do Castelo, Setúbal, Santarém, Viseu, Leiria, Lisbon, and since 2023, Coimbra.

In parallel, and with the aim of continuing to grow and to guarantee a more efficient service to its “Bosses”, the company has continued to strengthen its logistics network with advances in the construction of the new logistics centre in Almeirim (Santarém), which is expected to be operational in 2024. With a total surface area of 120,000 square metres, these new infrastructures, which once fully operational will create 500 new jobs, will require a total investment of €256 million and will represent a firm commitment to sustainability, as demonstrated, for example, by obtaining 25% of their energy supply from renewable sources.

In this way, Irmãdona has continued to grow over the last seven years through its commitment to generating wealth and adding value. According to a study conducted by the Centre for Research in Economics and Management of the University of Minho and the Valencian Institute for Economic Research

(Ivie), this contribution has resulted in a direct, indirect and induced economic impact of €4,422 million between 2019 and 2022 across the entire value chain.

According to the data from this study, conducted for the first time, the supermarket chain’s activity during the same period contributed €1,296.8 million to the Portuguese economy, generating €726.5 million in taxes and creating 55,655 direct, indirect and induced jobs. In fact, in 2022 alone, Mercadona’s activity in Portugal generated €480.9 million in income, 18,600 jobs and €263.2 million in public revenue. Furthermore, the volume of sales generated in the Portuguese production sector in 2022 amounted to €1,477 million.

This business project continues to go from strength to strength and also involves working with local suppliers, with purchases in excess of €1,178 million in 2023. It is a sustainable and efficient project rooted in the present but with a forward-looking vision, which achieved a turnover of €1,403 million in 2023 and whose driving force remains a commitment through all 5 components to consolidate a company that Portuguese society wants to exist and is proud of.



Facade of the Hospital supermarket in Gondomar, Porto.



# “The Boss”

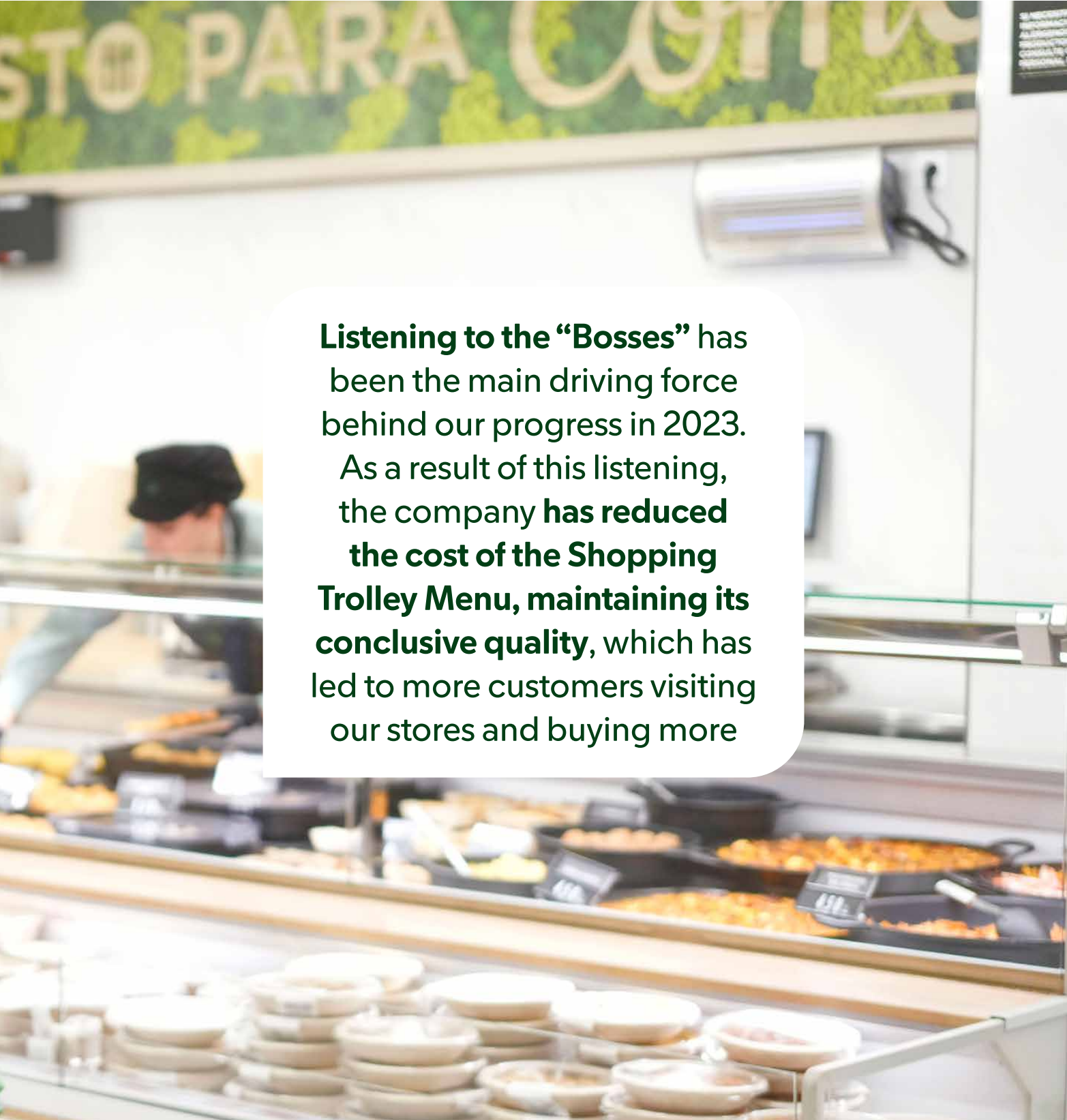
**01**

Listening—the key  
to satisfying “The Boss”

**02**

Improving the shopping  
experience of “The Boss”





**Listening to the “Bosses”** has been the main driving force behind our progress in 2023. As a result of this listening, the company **has reduced the cost of the Shopping Trolley Menu, maintaining its conclusive quality**, which has led to more customers visiting our stores and buying more

María, a “Boss” at the Príncipe de Vergara supermarket in Madrid.

## Listening—the key to satisfying “The Boss”

Since opening its doors more than 40 years ago, Mercadona has listened to the feedback and suggestions of the “Bosses” as a critical factor in fulfilling its primary aim of satisfying the customers who choose to visit its stores every day looking for a Shopping Trolley Menu offering conclusive quality at unbeatable prices.

Against the inflationary backdrop of 2023, in which the general CPI (+3.1% in Spain and +1.4% in Portugal), and in particular, the CPI for food (+7.3% in Spain and +1.7% in Portugal) continued to rise, Mercadona, in response to its customers, took the initiative to reduce costs and lower its selling prices on more than 500 products over the year. As a result, and also by optimising processes, it saved “Bosses” up to €150 a year on their grocery shopping. Over the year, due to the increase in cost prices, Mercadona was forced to raise the prices of several products, but always while endeavouring to minimise the impact on its customers’ wallets.

### Committed to quality and innovation

Mercadona adheres to two essential requirements to continue its brutal transformation: quality and innovation. To continue upholding this requirement of conclusive quality that its customers demand, during 2023 the company has implemented various initiatives. These initiatives included the restructuring of its purchasing department, which since last September has been divided into two general divisions: Purchasing and Dry Products Prescription; and Fish, Fruit and Vegetables, Bakery and Ready-to-Eat Purchasing. This new structure, in collaboration with the over 3,000 specialist suppliers and intersuppliers, works jointly with the objective of offering “The Boss” an efficient selection with maximum quality and unbeatable prices. In essence, it is a dynamic selection developed backwards one product at a time, starting with “The Boss” under its SPB (Always Low Prices) strategy, responding to the needs of customers in food, beverages, household cleaning, personal hygiene and pet care.

With a view to achieving this goal, Mercadona also uses a Co-Innovation Model that involves sharing experiences and consumption patterns with the “Bosses”. By detecting specific needs, tastes and habits, Mercadona transfers all this



information to its suppliers, and thereby fosters direct collaboration in the development of improvements, innovations and new products.

This Co-innovation Model is implemented, among other strategies, through 23 Co-innovation Centres in Spain and Portugal. In 2023, the company opened three new Co-Innovation Centres in Arafo (Tenerife), Seville and Vila Franca de Xira (Lisbon). During the year, at these 23 centres, at which over 200 specialists work, a total of 11,000 work sessions were held, collaboration processes with the "Bosses" which have been essential for continuing to improve and adapt the selection to specific tastes and needs, which has led to a total of 500 improvements, 314 new products and 20 product innovations.

Some examples include a new pack of chopped natural walnuts developed by Importaco Casa Pons, the first product in the distribution sector prepared in this way for use in confectionery and other recipes; a blueberry-filled bar made by the specialist supplier Hellema, the first of its

kind in this category as it is filled with fruit; and pre-cut celery, a variety with a milder flavour prepared specifically for raw consumption by the manufacturer Pascual Marketing. Also notable are the loin hamburger from Elaborados Cárnicos Medina and the sushi trays prepared by Koyasan Foods and Leroy Processing, offered in the Asian food cabinet.



### Quality with food safety



Quality with food safety is an absolute requirement. Therefore, every year, Mercadona allocates significant resources to guaranteeing quality with food safety through a proprietary model designed to offer the highest level of quality and safety in all products and processes.

This model, applicable to all suppliers and throughout the entire assembly line process, is based on three objectives: zero risks, zero defects and zero crises. The model is also based on four strategies: preventive, reactive, contrasting and deployment of society.

In the preventive field, the company has a Food Safety Quality management system

based on the principles of the HACCP (Hazard Analysis and Critical Control Points) Management System, which in 2023 also introduced the improvement of digitalisation of the folder of records derived from this control system. Furthermore, several years ago, Mercadona created the REMER (Emerging Risks) tool for food and non-food products designed to monitor potential risks. Similarly, it employs different tools to detect any legislative changes that could impact its business.

In addition, Mercadona and Irmãdona have operated independent scientific committees for several years. These independent panels, formed by renowned professionals (with



Daniel, a "Boss" at the Mercat del Olivar supermarket in Palma, Balearic Islands.

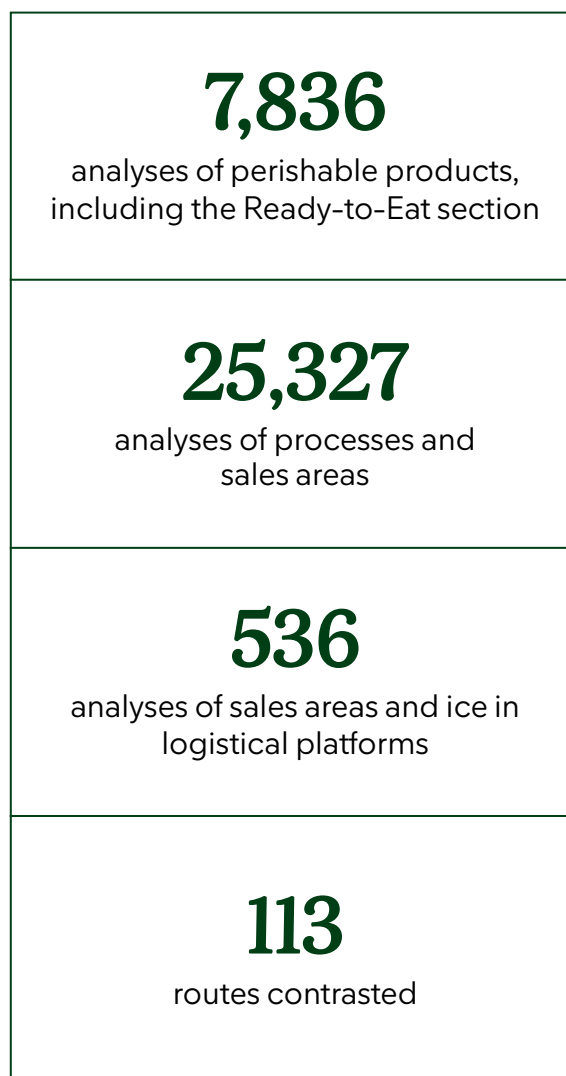
four new experts joining the panel in Spain, bringing the total to ten), provide technical support to ensure consistent high quality and food safety in all its products. Together with an in-house team of specialist scientists, these expert panels play a pivotal role in validating internal processes while strengthening and accelerating the company's talent in this field.

The in-house team receives constant training from specialists in different areas, technology centres and laboratories. At the same time, it draws on a wide range of external experts and leading laboratories, including AINIA, CNTA, Aquimisa, Eurofins, Silliker and Anfacó.

On a reactive level, Mercadona's Model relies on tools to capture information from other sources, such as healthcare authorities, alert networks, suppliers and social networks, in order to obtain feedback on food safety and product quality issues. An example of this is the improved digitalisation of the management of health reports and the adaptation of the INTIE tool to collect information from health inspections by Public Administrations.

In addition, Mercadona and Irmadona carry out drills to test compliance with the internal management method for Very, Very Serious (VVS) incidents in the area of food safety. Mercadona carries out these drills every year in collaboration with Public authorities (three drills in 2023), enabling it to identify areas for improvement and reinforce the skills of the participants in these drills in order to respond more effectively to possible future contingencies.

It is also important to highlight Mercadona's commitment to food safety, as demonstrated by its long-standing presence on specific committees in this field in AECOC, ASEDAS, ENAC, AINIA, AVI, CNTA, SESAL, IFS and APED.



## Your balanced basket

Mercadona is aware that more and more people are turning to healthy eating. Therefore, it aims to help its “Bosses” by offering a selection based on its quality criteria of being both good and great. In 2023, it continued to improve its selection by incorporating basic food items that, when combined properly with healthy daily habits, are the key to a healthy, tasty, varied and balanced diet.

Under the concept of “your balanced basket”, through its website and the different channels it keeps open on social networks, it has maintained active communication with customers, through the circulation of simple recipes that can be incorporated day to day, suggestions of weekly menus, recommendations of specific products, and also sharing tricks for cooking and food, aware of how important it is to be aware of what we need to eat, how we can cook it, in what quantity and with what frequency.

Likewise, it has encouraged conversation with its employees through the Activo2 internal application, which has helped them to prescribe different products, recipes and healthier ways of cooking to customers, such as roasting or steaming, and which has had expert voices to explain which foods make up a healthy diet and in what quantity and with what frequency these different products must be consumed.

In line with its Healthy strategy, Mercadona and its suppliers have continued to improve ingredients, reducing or replacing any that do not add value. This is the case of the cooked ham from supplier Casa Tarradellas, with a 90% meat content, and the Caribe fruit and milk milkshakes, produced by supplier García Carrión, which incorporate a larger quantity

of fruit, and which have also reduced added sugar by 1.4 grams.

Meanwhile, more mini-format ice cream products have been added, manufactured by the specialist supplier Helados Estiu, with a view to providing a portion size that meets the needs of customers. New products have also been introduced which are suitable for preparing in appliances such as air fryers, such as cod fritters from supplier Audens Foods, sold in Spain, and gluten-free hake fish fingers and breaded cuttlefish, both produced by Congalsa.

These efforts have not only allowed the company to provide a varied, efficient and high-quality selection, allowing “The Boss” to choose from a wide range of fresh and non-perishable products; this work has also helped Mercadona strengthen its relationship with its customers by gaining a better understanding of their needs to offer the best options for a healthy diet.

*In 2023, Mercadona met with different consumer associations, food intolerance and allergy associations and public authorities to present its Healthy Strategy*







Strawberry and banana-flavoured kefir produced by the supplier Productes del Moianès in Moià, Barcelona.

## Transparent labelling

To facilitate its “Bosses” being able to prepare a balanced diet, as well as the variety of its selection, tips, recipes and prescriptions from employees, the company has also made improvements to labelling, contributing to this goal. Thus, for example, during these months it has reformulated the labelling of numerous products, applying criteria that facilitate its reading, as is the case of increased font size and the decision to standardise nutritional tables, which facilitates the “Bosses” choosing the product that best suits their needs. It has also made improvements to elements that provide customers with information and guidance on each product, not only related to ingredients and nutritional information but also other aspects such as how to prepare and store products.

All these measures, designed to facilitate better decisions to improve the eating habits of the “Bosses”, are also part of Mercadona’s total transparency policy, which has been implemented in its packaging for many years. As part of this commitment to transparent labelling, for products produced under

Mercadona brands (Hacendado, Bosque Verde, Deliplus and Compy), Mercadona employs a proprietary method that not only identifies the manufacturing supplier but also provides “The Boss” with all the relevant information about each product on the label that is objective and easily identifiable to help each customer make the best possible choices for a balanced basket based on their individual consumption habits.

## Committed to every “Boss”

For many years, Mercadona has demonstrated a responsible commitment to “Bosses” with food intolerances and allergies. In this regard, it endeavours to stock its shelves with suitable products that can be easily identified through labelling, an element that has been improved through increased font sizes.

Mercadona further expanded its gluten-free selection in 2023 as an example of this commitment, reaching 1,533 gluten-free products. For example, it has incorporated products, such as gluten-free hake fish fingers, from the supplier Congalsa. In parallel, in Spain and Portugal it maintains relationships with 29 food intolerance and allergy associations, with which, through constant dialogue, it carries out actions to help society understand the different nutritional needs of different groups.

Mercadona has also sought to meet the specific nutritional and dietary needs of various groups of “Bosses”, such as vegans, who can now enjoy new products in Mercadona’s selection, such as a chocolate-flavoured oat drink made by the supplier Liquats Vegetals and a 0% sugar-free and sweetener-free oat drink made by Frías.



**HACENDADO** deliplus

**BOSQUE VERDE** Compy

*Since 1996 brands developed by Mercadona have been clearly identified on the labelling*

## Customer service

Mercadona believes that communication is fundamental in undertaking its activity. As such, it fosters dialogue and transparency with its “Bosses” by providing relevant information on the company, detecting possible contingencies and offering prompt and practical solutions. To achieve these objectives, the company operates a free Customer Service (SAC) in Spain and Portugal, which employs 94 people (81 in Spain and 13 in Portugal) to reinforce customer satisfaction.

Thanks to the dedication of Mercadona’s Customer Service team, all queries and questions are addressed and conveyed to the relevant managers for individual assessment to find the best solution for “The Boss”. In 2023, Mercadona’s Customer Service responded to all the enquiries received, a total of 256,440 (233,500 in Spain and 22,940 in Portugal).

The company currently has Facebook, X, Instagram, YouTube and LinkedIn profiles. Through these social networks, Mercadona engaged in a total of 598,700 conversations with customers in 2023 (476,000 in Spain and 122,700 in Portugal), demonstrating the importance of social media as a communication channel.

Additionally, in this financial year, Carol, the virtual assistant that it operates in Spain both via WhatsApp and online, with a 24 hour service seven days a week, has held a total of 91,000 conversations with customers. Meanwhile, Mercadona increased the number of FAQs on its company website to help customers find answers to their questions more quickly and easily.

## Customer service telephone number



## Digital presence of Mercadona

### Spain

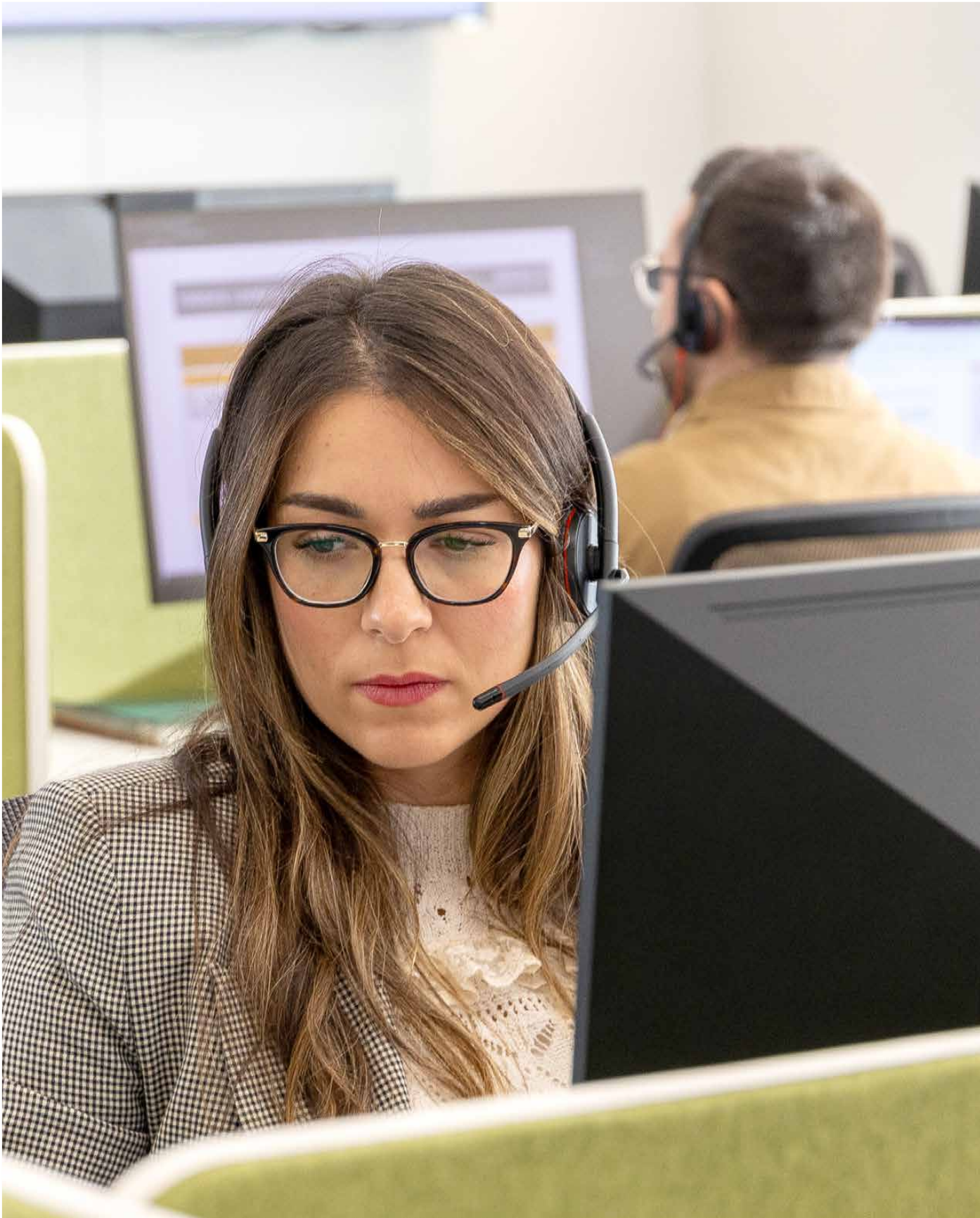
[info.mercadona.es](mailto:info.mercadona.es)

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-  [www.x.com/mercadona](https://www.x.com/mercadona)
-  [www.instagram.com/mercadona](https://www.instagram.com/mercadona)
-  [www.youtube.com/mercadona](https://www.youtube.com/mercadona)
-  [www.linkedin.com/company/mercadona](https://www.linkedin.com/company/mercadona)

### Portugal

[www.mercadona.pt](http://www.mercadona.pt)

-  [www.facebook.com/mercadonaportugal](https://www.facebook.com/mercadonaportugal)
-  [www.x.com/mercadona\\_pt](https://www.x.com/mercadona_pt)
-  [www.instagram.com/mercadona\\_portugal](https://www.instagram.com/mercadona_portugal)
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-  [www.linkedin.com/company/mercadonaportugal](https://www.linkedin.com/company/mercadonaportugal)



Beatriz, a Mercadona Customer Service employee.

## Improving the shopping experience of “The Boss”

Mercadona has once again received the support of its “Bosses” in 2023. A total of 5.8 million families placed their trust in the company on a daily basis. This has been done in two ways: by visiting the 1,681 stores located in Spain and Portugal; and by placing orders through the available online platforms (for now, only in Spain).

The company is deeply grateful for this trust and seeks to build on it by developing and offering, through the combined efforts of its staff and collaborating suppliers, products and services of conclusive quality at unbeatable prices. All this is accomplished while continuously incorporating sustainable and environmentally friendly practices, encouraging responsible purchasing and consumption, and promoting a project that analyses every detail of its activity to ensure complete compliance with the company’s 5 components.

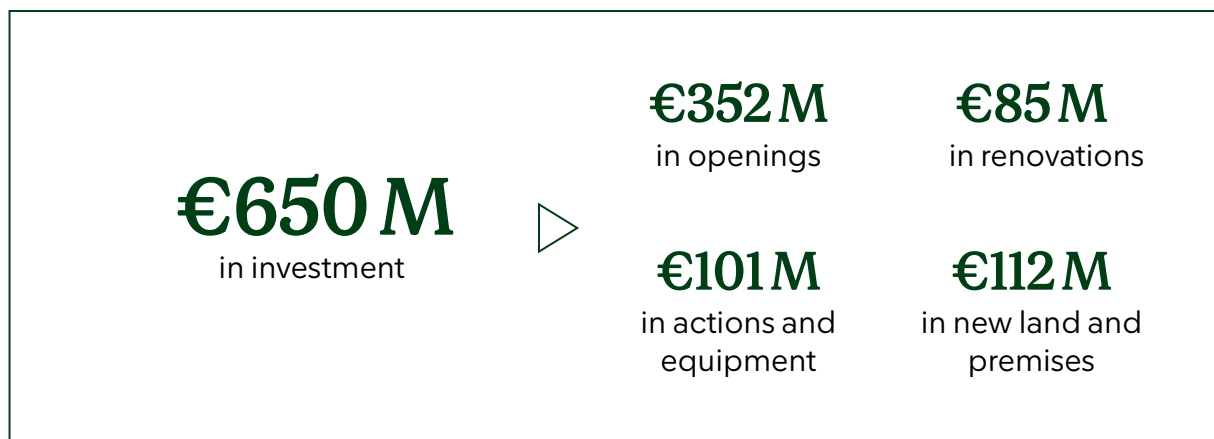
### Supermarket network

In 2023, Mercadona continued to strengthen and modernise its supermarket network to offer its customers the best shopping experience. Thanks to this initiative, the company ended the year with a total of 1,681 stores in Spain and Portugal after closing 49 stores that did not meet the chain’s quality

standards and opening 54 new stores — 44 in Spain and 10 in Portugal.

Over the past twelve months, the company invested a total of €650 million to further enhance its differentiating model. Of this total, €352 million went towards opening new supermarkets, 112 million to purchasing land and premises, and 101 million to various actions and equipment. Moreover, a total of €85 million was invested in upgrading 24 stores in Spain in line with the Efficient Store Model (Store 8), which has now been rolled out in 1,364 supermarkets.

In this way, practically all supermarkets in the chain are more sustainable. In addition to being more environmentally friendly, this pioneering proprietary store model features improved product selection layout and distribution, greater convenience and a better overall shopping experience.





### *Efficient Stores*

*The company has continued to adapt its supermarkets to the New Efficient Store Model*

**1,364**  
Store 8 model stores

|   |   |
|---|---|
| 1 | 2 |
| 3 |   |

1. Entrance to the Alday supermarket in Camargo, Cantabria.
2. Facade of the Mercês supermarket in Sintra, Lisbon.
3. Facade of La Florida supermarket in Oviedo.

## Continuing to evolve with “The Boss”



Developing strategies and implementing initiatives to improve customer service, the shopping experience, and customer satisfaction are key priorities for everyone at Mercadona. With this goal in mind, the company strives to anticipate customer needs by offering specific solutions of conclusive quality tailored to their consumption habits.

A clear example is the Ready-to-Eat service (“Pronto a Comer” in Portugal), offering solutions of varied, quality dishes, which the company launched in 2018. The project has continued to grow since then, and by the end of 2023, it was present in 1,110 stores — 1,061 in Spain and all stores in Portugal.

Likewise, over the last twelve months, it has made significant quality improvements in different recipes, such as the quarter chicken

with potatoes, with an improved marinade, and the pasta salad, which now has an improved pasta cooking point. Furthermore, gluten has been completely removed from all sushi trays, making them suitable for people who are intolerant or allergic to this protein.

In the same vein, the Ready-to-Eat section has incorporated dishes suggested through co-innovation with customers, such as stewed meatballs with potatoes and spaghetti carbonara in Spain, and suckling pig sandwiches in Portugal. Also, to promote the use of this service during the Christmas period, the company offered traditional Christmas dishes of exceptional quality, such as stuffed chicken thighs, with a size tailored to the real consumption patterns of “The Boss”, and seafood salad, a new product added this year.



Valentina and María, “Bosses” of the Baricentro supermarket in Barberà del Vallès, Barcelona.



Paula, an employee at the Rua Filipa Borges supermarket in Barcelos, Braga.

Over the past year, Mercadona has also continued to consolidate its self-service sales model for most of its selection. This decision, initiated by the company in 2022, has streamlined the sale of these dishes, resulting in a significant reduction in waiting times for the “Bosses”. This project has continued to grow, as demonstrated by the total turnover generated, amounting to €483 million.

Meanwhile, the company is currently analysing the performance of its fishmonger section with the twofold aim of tailoring the product even more to its customers and promoting its consumption. To do so, it is adapting the selection to the new habits of “The Boss”, always offering the highest quality and freshness and best service, essential factors.

This model, which combines tradition with the innovation and modernisation of self-service, is currently being tested in 77 of the company’s 1,681 supermarkets.

The current phase of the project is focused on obtaining feedback and suggestions to gain insight, identify processes and detect products whose final in-store preparation adds value.

To develop this re-engineering of the fishmonger section, Mercadona has the support of leasing and specialist companies in the sector, such as Profand and Piscifactorías Andaluzas, which are collaborating on the improvement of the selection and adaptation to this new format.

**1,110**  
stores  
offering  
Ready-to-Eat

**77**  
stores with the  
re-engineered  
fishmonger  
service



Pedro, an employee at the Don Benito supermarket in Badajoz.



Mari Carmen, an employee at the Arroyo de la Encomienda supermarket in Valladolid.



## Mercadona Online

In 2023, Mercadona continued to expand its online shopping service, which is being gradually consolidated. This growth can be seen in the €650 million in sales obtained in this segment, coupled with the fact that online “Bosses” have placed more than 4 million orders through this channel, representing a 19% increase compared to 2022.

With the aim of offering the best possible service and satisfying the needs of its online “Bosses”, the company operates six Hives, warehouses located in Valencia, Barcelona, Madrid, Alicante and Seville, exclusively for online sales. In this financial year, and to

strengthen this type of service, the company opened its sixth Hive in August, specifically in the Madrid town of Boadilla del Monte.

*The new Hive located in Boadilla del Monte (Madrid) has made it possible to expand the service to the “Bosses” in the Community of Madrid*



Preparing orders at the Hive in Boadilla del Monte, Madrid.

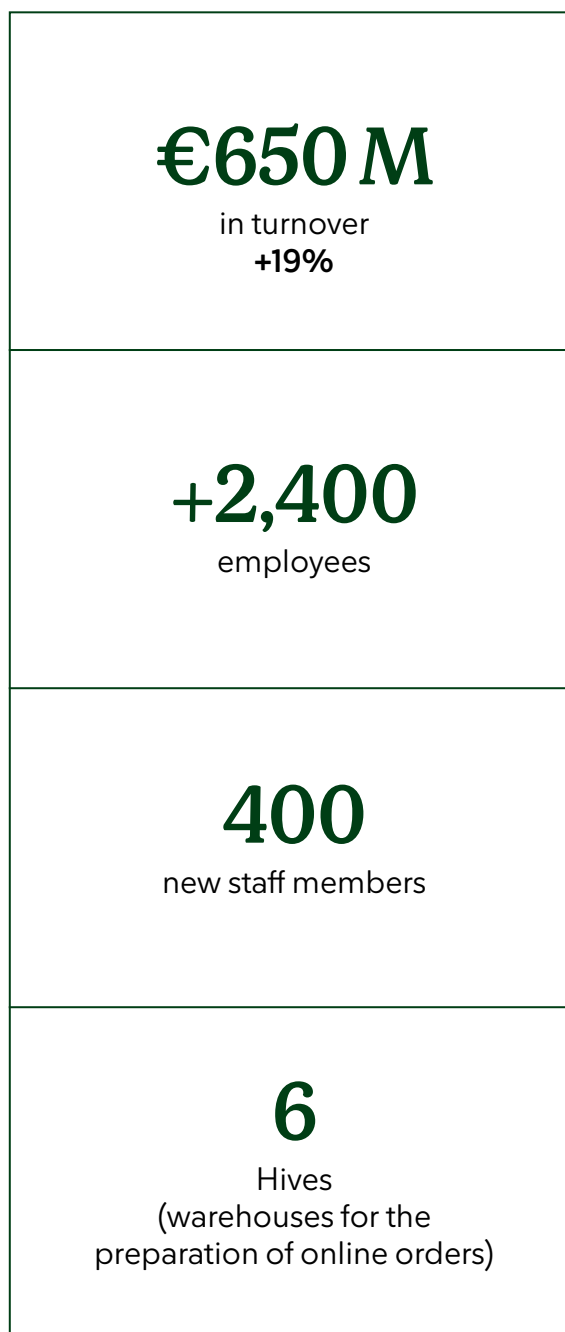
This initiative, representing an investment of close to €13 million, currently serves the west part of the Community of Madrid. A team of 180 managers are involved in this pioneering solution, which serves the towns of Boadilla del Monte, Alcorcón, Villaviciosa de Odón, Leganés, Parla and Tres Cantos.

At the same time, in order to cater to the online shopping needs of the "Bosses" in areas with lower order volumes, Mercadona has also continued to develop its physical store preparation and delivery model. By the end of 2023, these services were operational in 59 stores across Spain, for example, in the Basque Country and Zaragoza, compared to 18 stores in 2022. Thanks to these efforts, the company has reduced order preparation times, optimised physical resources, and minimised the overexertion of the entire workforce by leveraging the experience, technology and specific processes developed at the Hives.

Likewise, the company has continued to improve its service, in this case expanding the selection available through this channel with, for example, the addition of some Ready-to-Eat products, such as the potato omelette or potato salad, which are being received well.

In the area of transport of orders made by the "Bosses" online, there is a network of 720 ECO vans which contribute to reducing the volume of polluting emissions derived from this part of the process.

Mercadona Online comprises a team of over 2,400 people with stable and high-quality employment and specific training following the addition of a total of 400 new employees over the last year.



# The Employee

**01**

Mercadona's human resources model

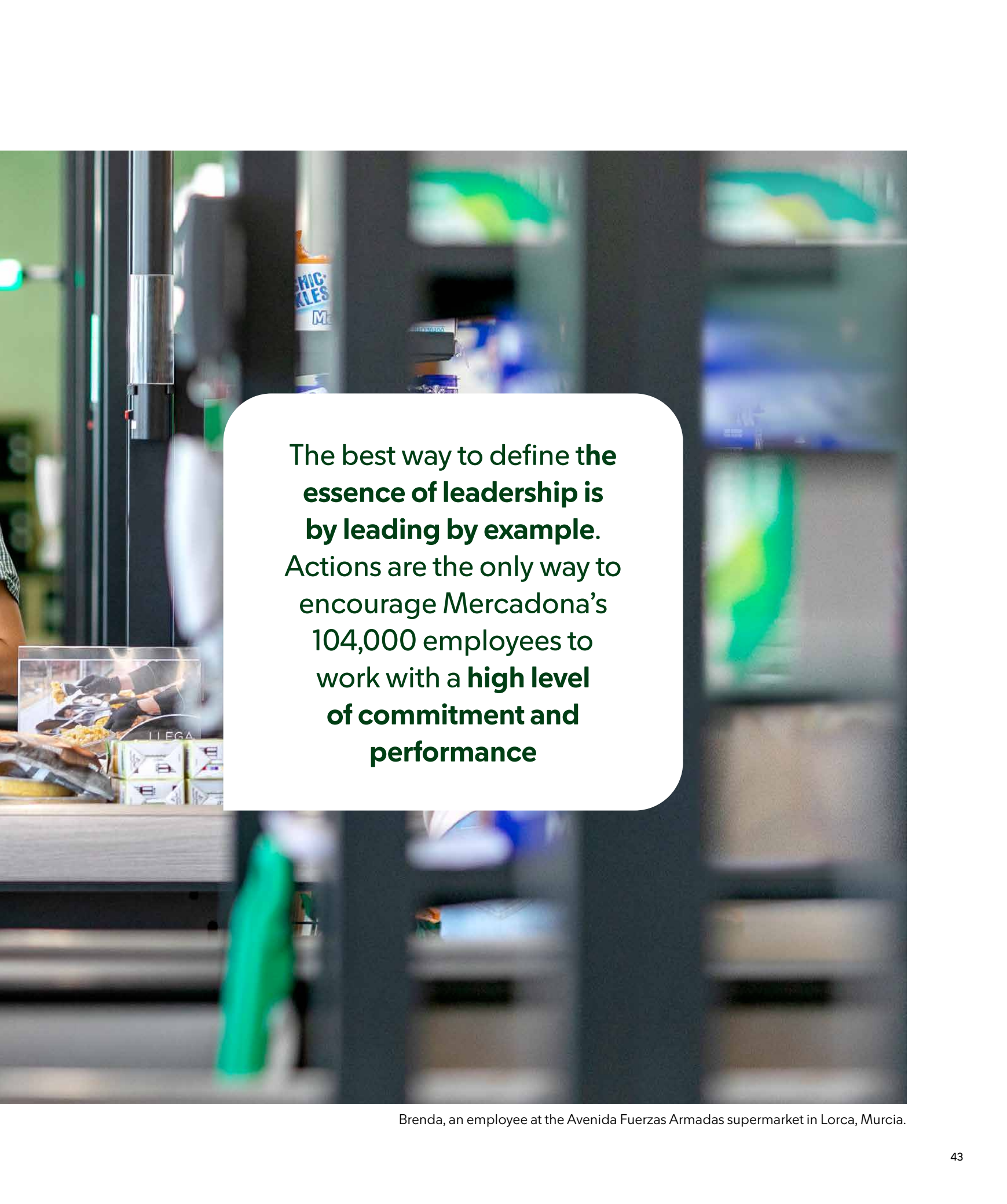
**02**

Committed to people

**03**

Occupational health and safety





The best way to define the **essence of leadership is by leading by example.** Actions are the only way to encourage Mercadona's 104,000 employees to work with a **high level of commitment and performance**

Brenda, an employee at the Avenida Fuerzas Armadas supermarket in Lorca, Murcia.

## Mercadona's human resources model

Mercadona is deeply committed to the people who make up its workforce, one of its priority links, and without question, the reason behind the success of its business project. It does this by means of a highly competitive value set that promotes job stability, equality and diversity, work-life balance, continuous training and above-average remuneration for the sector. These conditions help Mercadona attract, retain and incorporate talent into a collective structure in which the sum of the individualities, through cohesion, generates a multiplying factor of significant intangible value.

### Workforce and job creation

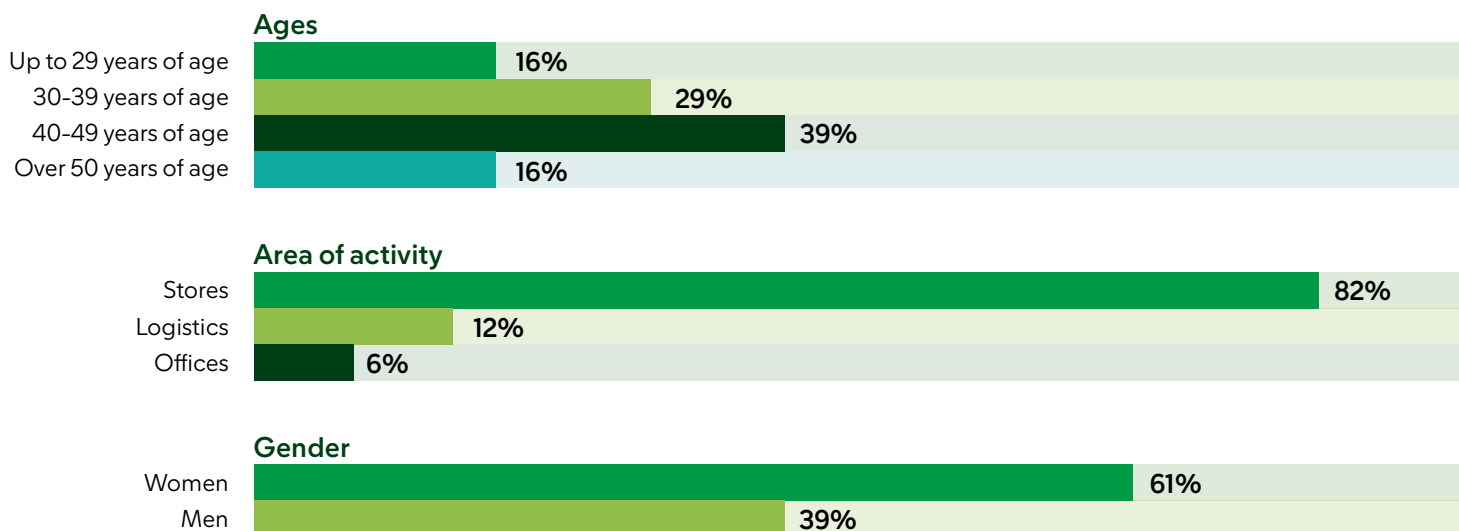
**104,000**  
employees

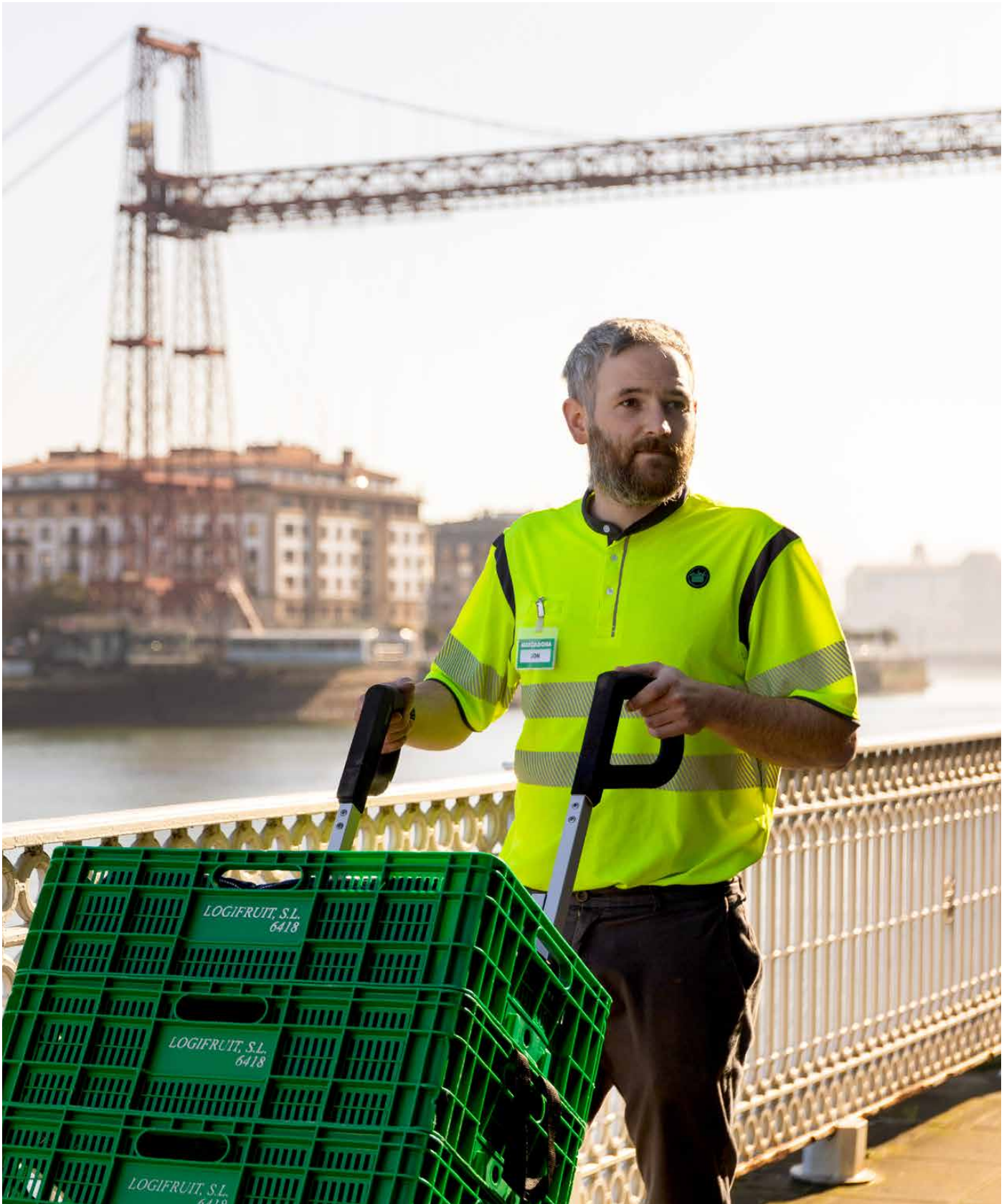
Once again this year, Mercadona has continued to hire talent to strengthen its project and consolidate the brutal transformation underway since 2016. In fact, the company increased its workforce by 5,000 people compared to the previous year and reached a new milestone of over 100,000 employees, specifically 104,000 highly committed people (98,700 in Spain and 5,300 in Portugal).

As part of its brutal transformation, Mercadona has spent years attracting specialised talent in the field of technology. As a result, it currently has a team of 1,000 leading professionals, with 165 hired in 2023, focused on designing the best solutions to digitalise all internal processes, including logistics, human resources, finance and construction.

Meanwhile, Mercadona further cemented its position as an excellent professional career option, as demonstrated by the 100-plus people who retired in 2023, most having spent decades with the company and whose efforts and dedication are recognised and greatly appreciated by the company.

Thus, Mercadona is a company with exceptional staff, involved in achieving excellence in their routine job through their example, and whose individual involvement has been rewarded with the distribution of 600 million euros of profits as a performance-related bonus. The figure of the performance-related bonus, which almost 100% of the staff earned in 2023, represents an increase of 50% compared with the previous financial year.





Jon, an employee at the El Árbol supermarket in Santurtzi, Bizkaia.

Table of employee salaries at Mercadona in 12 monthly payments per year <sup>1</sup>

| Spain       |                  |         |         |          |
|-------------|------------------|---------|---------|----------|
| Seniority   | Less than 1 year | 2 years | 3 years | >4 years |
| Gross/month | *€1,553          | €1,706  | €1,893  | *€2,102  |
| Net/month   | €1,356           | €1,425  | €1,545  | €1,686   |

**≈ 17% ↑**  
than the Official Minimum Wage

**≈ 59% ↑**  
than the Official Minimum Wage

In force 01/01/2024. 3.1% increase in the CPI.

\* The minimum wage at Mercadona in Spain is approximately 17% higher than the Official Minimum Wage (€1,323 gross/month in 12 payments), with the last bracket 59% higher (extra payments included).



Carlos, an employee at the logistics centre in Parc Sagunt, Valencia.



Mª Jesús, an employee at the Carretera de Toledo supermarket in Ciudad Real.

| Portugal    |                  |         |         |          |
|-------------|------------------|---------|---------|----------|
| Seniority   | Less than 1 year | 2 years | 3 years | >4 years |
| Gross/month | **€1,149         | €1,276  | €1,416  | **€1,572 |
| Net/month   | €960             | €1,045  | €1,137  | €1,235   |

**≈ 20%↑**  
than the National Minimum Wage

**≈ 64%↑**  
than the National Minimum Wage

In force 01/01/2024. 1.4% increase in the CPI.

\*\* The minimum wage at Mercadona in Portugal is approximately 20% higher than the Official Minimum Wage (€957 gross/month in 12 payments), with the last bracket 64% higher (extra payments included).

<sup>1</sup> 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. In 2023, the company paid an additional partial bonus to its workforce.



Cleidiane, an employee at the Avenida Dom João II supermarket in Vila Nova de Gaia, Porto.



André, an employee at the Sousa Aroso supermarket in Matosinhos, Porto.



## Committed to people

Since its foundation, Mercadona has prioritised human resource development, investing in the personal and professional growth of its entire workforce. For this reason, every year, it allocates significant resources to improve its HR model by listening to people to offer solutions that meet their needs for continued growth while fostering honest initiatives based on equal rights and opportunities.

### Diversity, equality and inclusion



Mercadona's Total Quality Model advocates the development of employment relations founded on equality, quality in employment and respect for diversity. This management model believes in people and regards respect as an essential principle for creating a healthy working environment that rejects all forms of discrimination based on gender, sexual orientation, disability, age, nationality, trade union affiliation or any other reason.

The company has implemented an internal Equality Plan since 2010, which is now in its fourth edition and aligned with the recent regulatory changes. This Equality Plan seeks to make further progress in equal rights and opportunities for women and men; to further integrate the gender perspective in the management of the company; to guarantee the work-life balance rights of employees; to promote co-responsibility between women and men in the company; and to guarantee equal remuneration, based on the principle of "equal responsibility, equal pay".

Committed to fighting inequality, the company launched an action protocol against gender-based violence in 2013. This protocol, which is constantly undergoing improvements and which is also in place in Portugal, has become an efficient tool for offering practical support through assistance, legal advice and psychological counselling.

The measures backed by the company in Spain and Portugal include three years of unpaid leave with job protection, transfer rights, reduction and adaptation of working hours, suspension of employment contracts with the entitlement to unemployment benefits, and of course, constant medical and legal support through a direct internal helpline.

To this end, the company held awareness-raising campaigns in Spain and Portugal in 2023 to mark the International Day for the Elimination of Violence Against Women (25 November), reaffirming its unwavering zero-tolerance policy.

Since 2013, Mercadona has been a member of the network of Companies for a Society Free of Gender Violence in Spain. Meanwhile, in Portugal, it has been a member of the Business Pact against Violence since 2020, a commitment established with the Secretary of State for Equality and Migration (SEMI) and the Commission for Citizenship and Gender Equality (CIG).

In addition, the company has been operating a protocol in Spain since 2009 to identify possible situations of moral, sexual and gender-based harassment.

Its purpose is to prevent any forms of harassment and to preserve the health and

safety of its workforce in accordance with the principles of speed, efficiency and confidentiality. Similarly, in Portugal, the company implements a Code of Conduct aimed at preventing workplace harassment, which serves as a reference guide to its ethical principles and is followed whenever an internal complaint is submitted.

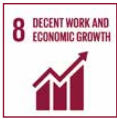
These commitments translate into specific facts and figures. In terms of equality or equity, 61% of Mercadona's workforce is made up of women; 2,155 female employees (47% of the total workforce) occupy managerial positions; and 1,232 women were

promoted to more senior positions within the company in 2023.

Also, in terms of acknowledgements, for the fourth year in a row the company has been named a "Diversity Leader Company" in the Diversity Leader ranking of the Financial Times newspaper. Specifically, it is the fifth highest-ranking Spanish company of the 33 companies that participated in this field and 136th out of the 850 in the world ranking. Furthermore, the company holds the 12th position in the retail trade category, in which only four Spanish companies appear.



Laura, Caty, Rubén and José Eduardo, employees at the Avenida Europa supermarket in La Vall d'Uixó, Castellón.



## New Collective Agreement

In December 2023, Mercadona and representatives of the General Union of Workers (UGT), Workers' Commissions (CCOO) and the Independent Trade Union (SI) signed the new Company Collective Agreement for Spain. Effective from 1 January 2024, the new agreement reaffirms the importance of shared and sustainable growth. Therefore, one of its primary measures is to ensure the purchasing power of the workforce by tying the increase in the base salary to the CPI, up to 2.5%, and in the event that it is higher, up to a maximum of 6% linked to the company's profit objectives.

The company, which stands out for offering salaries far above those existing in its sector, guarantees a minimum starting wage in Spain of 1,553 euros gross/month, (17% more than the Official Minimum Wage), in addition to the supplements of the company's remuneration policy, among other supplements, which entail increases of 11% per year up to the final seniority bracket and which are 59% more than the Official Minimum Wage.

Meanwhile, in Portugal, the Portuguese Association of Distribution Companies (APED) Collective Agreement covers all workers in the sector. In the case of Mercadona, this applies to the 5,300 people with stable and high-quality employment who make up the workforce. Accordingly, Mercadona guarantees a minimum starting wage of €1,149 gross/month in Portugal in 12 payments, 20%

higher than the National Minimum Wage. This figure rises to €1,572 gross/month on reaching more than four years of seniority, which is 64% higher than the National Minimum Wage.

For many years, Mercadona has stood out for its commitment to promoting a healthy work-life balance and a balanced distribution of family responsibilities. In this regard, Mercadona has undertaken additional commitments in the new collective bargaining agreement signed in Spain. For example, and as has been the case until now with store personnel, employees at Hives (exclusive warehouses for preparation and dispatch of online orders) and logistics centres can now rest eight weekends per year, an initiative that will come into effect progressively in 2024 and which will be completed in 2025.

In addition, all other work-life balance measures that have existed for many years will remain in place. Consequently, employees who became parents in 2023 were able to extend their legal parental leave by one month to a total of 20 weeks to look after their new baby, an option taken by 1,826 people in 2023. Alternatively, they were offered the option of taking childcare leave, an option chosen by 1,103 people. All of these employees also had the option of requesting a leave of absence to raise their children up to 12 years of age or for five years in the case of caring for blood relatives.

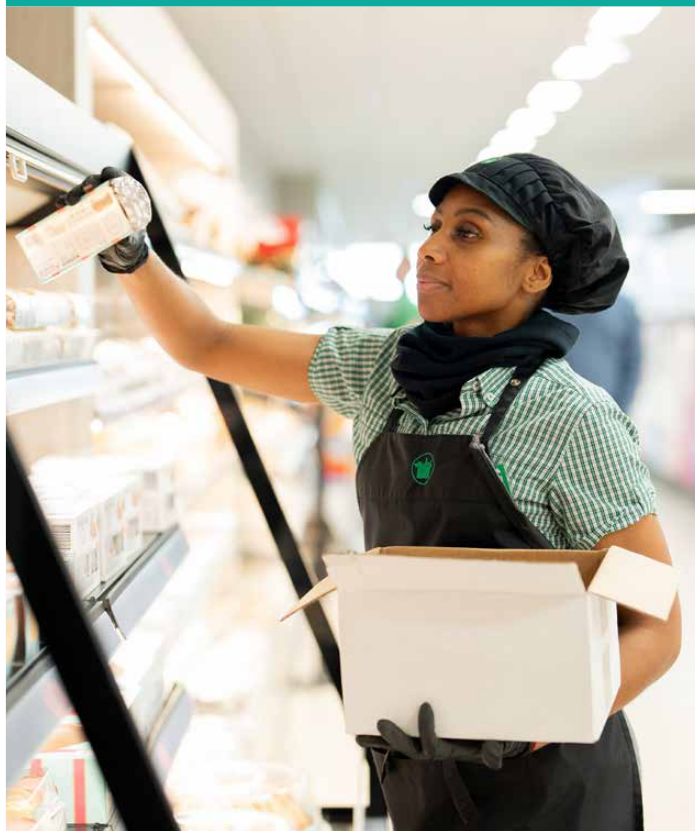
*Commitment  
to work-life  
balance*

**3,208**

people opted  
to take parental  
leave

**14,211**

employees took  
advantage of reduced  
working hours



|     |
|-----|
| 1   |
| 2 3 |

1. Anabel, an employee at the Mercat de Moncada supermarket in Moncada, Valencia.
2. Sónia, an employee at the Corroios supermarket in Seixal, Setúbal.
3. Pablo, an employee of Mercadona's IT department.

## Commitment to training

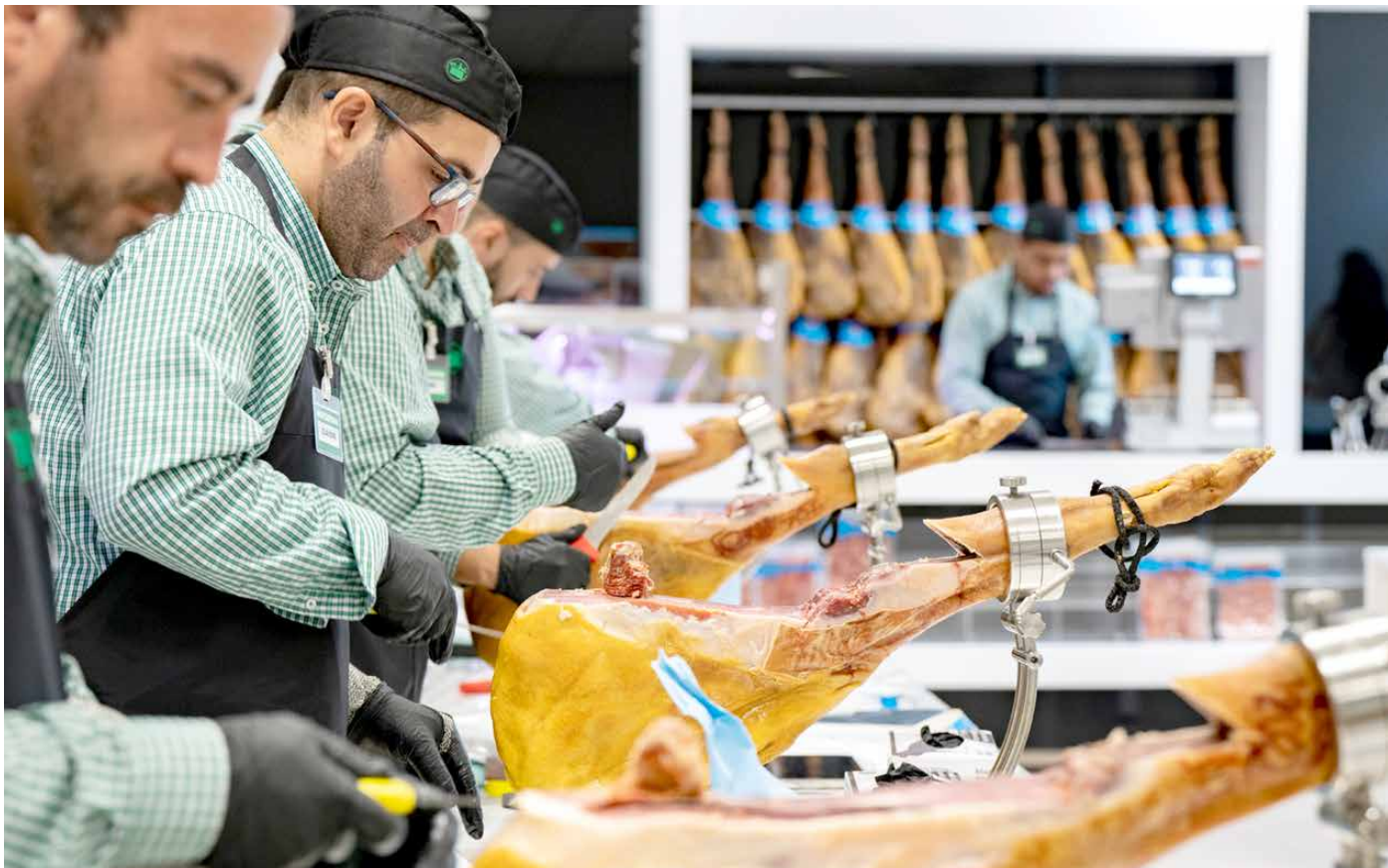


Mercadona is aware that the people who make up its staff are the key factor of the company's success and that their example, effort and talent are essential for being able to achieve its objective of fully satisfying "The Boss". For this reason, it invests in employee training to improve their skills and harness their abilities, and year after year, this effort results in the development of a more highly qualified, cohesive and motivated team.

The company upholds this philosophy from the outset, meaning that new hires receive training from the very first day with Mercadona's Welcome Plan, which, in addition to welcoming new employees, also includes an Occupational Risk Prevention and Food Safety training plan.

The initial training process carried out during the first six months after joining the company not only provides the necessary knowledge to carry out each routine job but also includes specific modules aimed at introducing and expanding on the basic principles of its corporate culture, and in particular, its Total Quality Model.

In addition to this, throughout their careers, the people who form part of the Mercadona staff receive specific training related with improving processes and implementing new tools, which allows them to be kept permanently updated; and in general, more transversally, where the movements carried out and results achieved are conveyed, which promotes a joint alignment of the staff,



Employees during a ham slicing training course at the co-innovation centre in Lisbon.

thereby increasing their pride of belonging. In cases where highly specific training is required, the company enlists the help of external training services.

In 2023, the company spent €111 million on training, translating into a total of 3.4 million hours and a considerable optimisation of personal resources and improvement of employee skills. In the same year, the company completed the deployment of its Training Portal, enabling staff to access and complete online learning content independently. This resulted in over 70,000 people receiving training through 200,000 sessions.

In addition, due to its commitment to training, coupled with the merit and efforts of the people who make up its workforce, a total of 2,221 employees were promoted to positions of greater responsibility in Spain and Portugal, proving once again that the Mercadona Project invests in the talent of its employees and provides constant opportunities to grow personally and professionally.

### Activo2 — platform for dialogue

Activo2, the internal app developed in-house, has continued its consolidation as a key collaborative tool for informing staff of the evolution of the company in real time, as well as the objectives which are gradually achieved. In 2023, Activo2 had a total of 205 posts relating to the day-to-day running of the company and developments as they occurred, and more than 300 examples were disseminated. Additionally, over 12 million views were reached, generating up to 19,500 comments of a very diverse nature, which demonstrates that this internal communication channel is a living channel, in the process of being developed, and which allows opportunities for improvement to be detected through dialogue, and implemented with greater speed.

In this sense, during the twelve months of the campaign, through this channel, it was possible to implement some improvements, such as the possibility for employees in Portugal to personally print employment certificates that they need for any type of administrative management; and all store and Hive employees having the option to request their holidays through this platform.

|  |  |
|--|--|
| <p><b>€111 M</b><br/>invested<br/>in training</p>    | <p><b>€1,068</b><br/>average investment<br/>per employee</p> |
| <p><b>3.4</b><br/>millions hours<br/>in training</p> | <p><b>2,221</b><br/>employees<br/>promoted</p>               |

## Occupational health and safety

Guaranteeing the health and safety of all the people who form part of the Mercadona Project is a priority responsibility and an unwavering commitment for the company. For this reason, every year, the company invests significant resources to improve preventive processes, update and enhance processes and provide the entire workforce, regardless of job position or performance, with more and better occupational health and safety and ergonomic measures.

### Prevention plan and medical service



Mercadona employs an in-house Prevention System comprising a team of specialists who, throughout the year, perform continuous and interdepartmental awareness-raising activities, both in Spain and Portugal, to identify best practices for preventing unsafe behaviour, detecting dangerous working conditions and responding to emergency situations.

Thanks to the Prevention System, and in particular, the team of men and women specialising in diverse medical and technical fields, Mercadona strives to minimise workplace accidents and occupational illnesses through preventive actions. In addition, it improves working conditions by focusing on health and safety when designing job positions. For example, in 2023, significant improvements in health and safety and ergonomics were made to the fishmonger section from the launch of the new sales model.

This prevention service draws on the assistance and guidance of external experts in the field,

including the external prevention services of Quirón Prevención, Previs, Preving and Cualtis, which have contributed to health monitoring, training, specification of criteria, development of new processes and the implementation of several protocols and initiatives to minimise workplace accidents and occupational illnesses.

In 2023, Mercadona provided its workforce with assistance through its 3C (Consultation Call Centre) service, staffed by 92 healthcare workers who are specially trained to respond 24/7 to any health-related queries or issues. Throughout the year, this team received a total of 391,677 enquiries, with an average of 1,073 calls per day. Additionally, Mercadona has maintained its presential supervision thanks to the work of its medical service, made up of 94 doctors who attend to employees each day at their job posts, which also contributes to the early detection of any potential health problem, whether or not related with their work.

|  |  |
|--|--|
| <p><b>79</b><br/>risk assessments<br/>completed</p>        | <p><b>29.42‰*</b><br/>incidence of<br/>accidents at work</p>           |
| <p><b>44</b><br/>days average<br/>length of sick leave</p> | <p><b>€27.6 M</b><br/>invested in occupational<br/>risk prevention</p> |

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

### Albalat dels Sorells Offices

After opening its new corporate offices in 2022, located in Albalat dels Sorells (Valencia), with the incorporation of 250 people, in 2023, Mercadona continued to transfer its office staff to these state-of-the-art facilities, designed by ERRE Arquitectura.

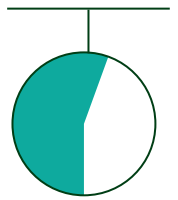
In fact, at the end of 2023, a total of 1,400 people were already based in this new working environment that fosters collaboration and knowledge exchange between all parts of the process, thereby boosting performance and agile decision-making.

The new offices, which are currently in the final development phase which will culminate in 2025 with the construction of a new co-innovation centre, are geared towards efficiency and sustainability.

To this end, they have internal gardened patios which contribute to absorbing pollution and to producing oxygen, with 380 solar panels and an intelligent management system for the building to guarantee the efficient and rational use of resources.

**1,400**

people  
working at  
the Albalat  
dels Sorells  
offices



**54%**



Mercadona employees in the new Agora space at the company's offices in Albalat dels Sorells, Valencia.



# The Supplier

**01**

A common goal: getting it right

**02**

A responsible model

**03**

Logistics network

**04**

Examples of efficiency  
and sustainability





Creating a climate  
of **mutual trust and  
shared leadership** with  
specialist suppliers and  
intersuppliers is the best  
way forward, combining  
our strengths, to **move  
towards our Radical  
Totaler goal**

Paco, an employee of the supplier Vicasol in one of its greenhouses in Almeria.

## ***A common goal: getting it right***

Mercadona maintains close and constant collaboration with each of its specialist suppliers and intersuppliers in order to provide full satisfaction to “The Boss” by offering an efficient selection of conclusive quality at unbeatable prices. This collaboration, built on trust and specialisation for each product, aims to help our customers get it right. In other words, we strive to offer the best options in terms of quality and price to cover all their food, drink, personal hygiene, home care and pet care needs.

### **2023 strategies**

Our suppliers play a pivotal role in the process of brutal transformation, with the clear objective of consolidation as a Radical Totaler, and through an efficient selection, satisfying “The Boss” at all times and offering the chance to get it right. In order to further strengthen supplier relations and contribute in this way to cementing a unique competitive advantage based on specialisation, shared leadership and trust, in 2023, Mercadona reorganised its purchasing department, now managing its relationships with specialist suppliers and intersuppliers through two general divisions.

In this way, and after five years of working in collaboration with suppliers to make the quality leap that Mercadona’s Model requires and to continue advancing toward an agile, efficient and sustainable supply chain that both suppliers and customers demand, Mercadona has a cohesive team that is taking on the responsibility to offer the best solution, with conclusive quality, so that “The Boss” can always get it right.

Similarly, true to its commitment pledged in March 2022 to reflect the reduction in costs in retail prices, Mercadona cut the price of 500 products over the course of the year. For the most part, this action has involved everyday food items, such as fresh produce, dairy products and meat, as well as cleaning products. Most importantly, prices have been cut without altering the conclusive quality in any way while guaranteeing the sustainability of the entire supply chain. Furthermore, this initiative generated savings of more than €250 million in 2023, a year in which the company’s commercial margin fell by one point, demonstrating the efforts made by the company since 2020 to cushion the

impact of inflation on shopping baskets as much as possible.

Mercadona has worked with specialist suppliers and intersuppliers to make further improvements to its selection by discontinuing products with no added value. In addition, the quality of certain well-established products, such as the peach jam from the supplier Alcornia and the strawberry jam from Iberfruta, has been improved by increasing the fruit content and improving the flavour. Similarly, the specialist supplier Latteria Soresina has improved the quality of its *provolone* cheese, both in terms of texture and taste. Meanwhile, certain products that the “Bosses” were missing because nothing else met their needs better were brought back, such as the coffee-flavoured soya drink with no added sugar produced by the supplier Gelasa and the pot and pan cleaner from the specialist supplier SPB.

***Mercadona thanks  
Guillermo Pérez, Teresa  
Pol, Francis Alonso and  
Marga Santos, previously  
managing directors of  
purchasing, for their  
dedication during all these  
years, as they have been,  
continue to be and will  
be essential pieces in this  
transition process***

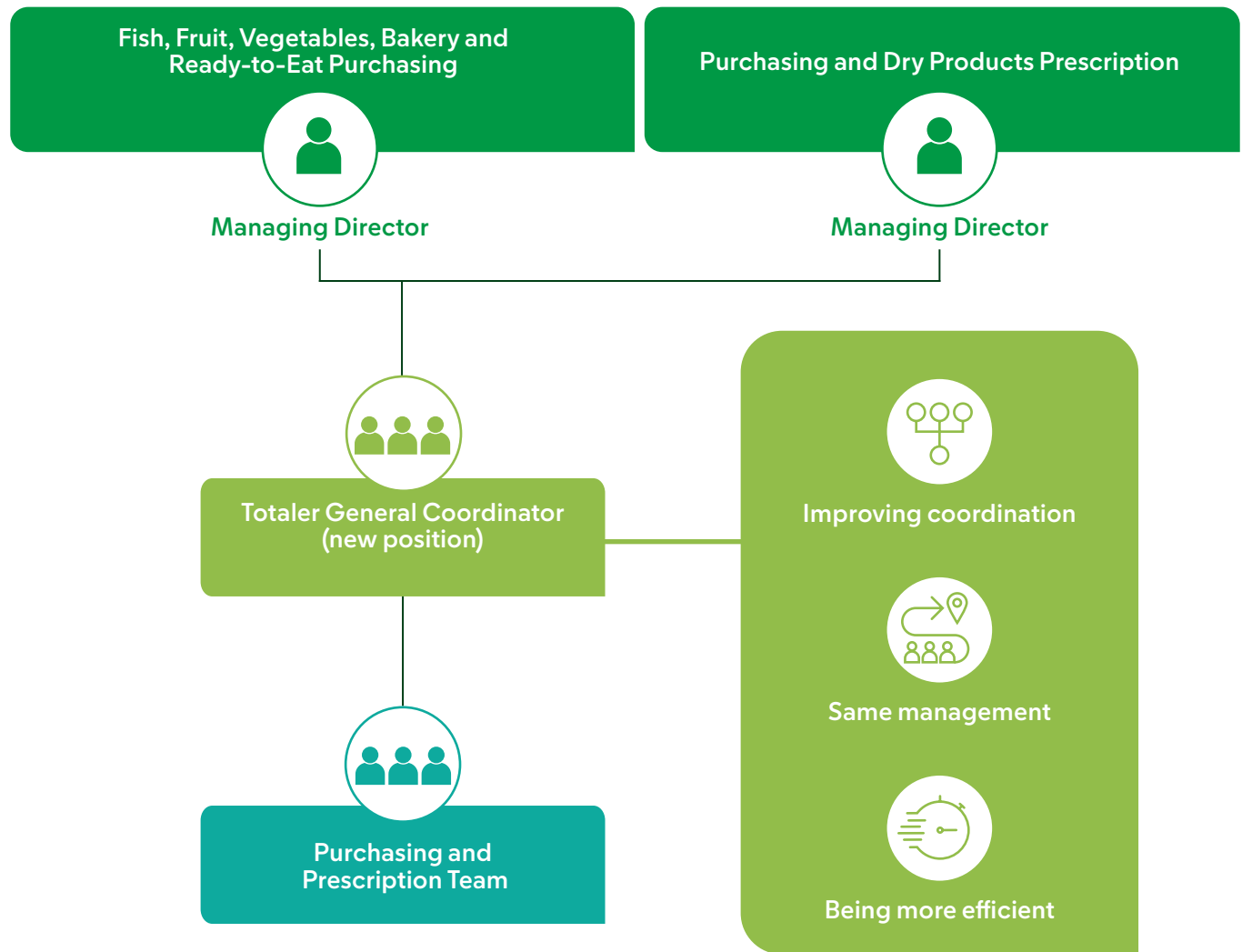
## Reorganisation of the purchasing department

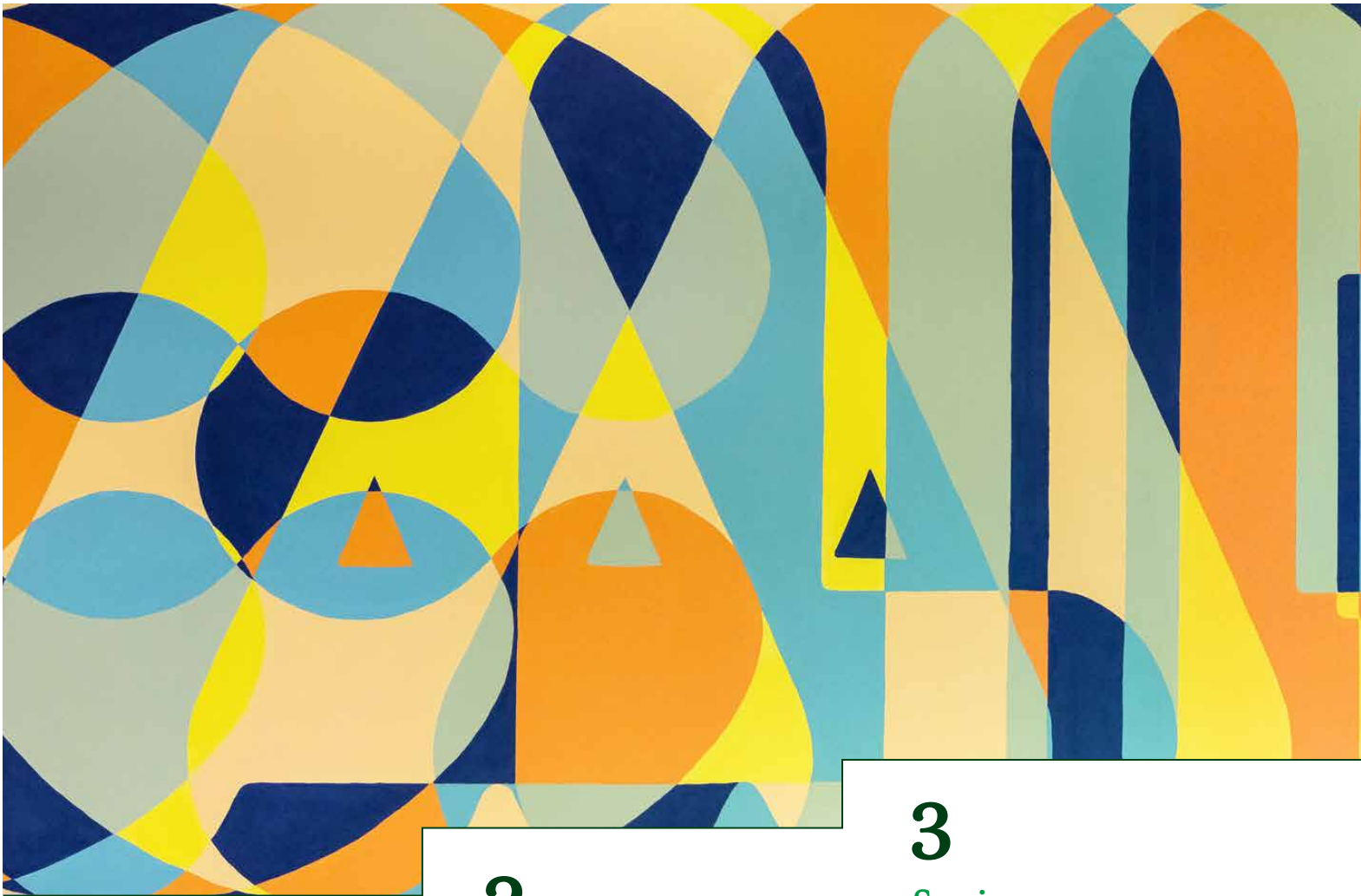
FROM 7 GENERAL MANAGERS



TO 2 GENERAL MANAGERS

UNIT OF THE PURCHASING DEPARTMENT TO INCREASE AGILITY





**1**

***Selection***

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

**2**

***Quality***

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

**3**

***Service***

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

OBJECTIVE





# 4

## Price

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

# 5

## Profitability

**Win-Win** for Mercadona and the Supplier

# 6

## Continuous improvement

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

**3,000**

specialist product suppliers and intersuppliers

**RADICAL TOTALER**

**Totaler products**

Advancing towards being a Radical Totaler with specialist suppliers and intersuppliers, where radical means always doing it to have an **Efficient Selection** with **conclusive quality**

Mural by the artists Miguel Fons and Yasmina Olivas (Bandàliks), awarded by the Hortensia Herrero Foundation and Mercadona, located in the offices of Albalat dels Sorells, Valencia.

## A responsible model

Mercadona operates a responsible relationship model with its specialist suppliers and intersuppliers. For this reason, it not only places its focus on conclusive quality, food safety and unbeatable prices. The company also attaches the same level of importance to ethical standards in its business, which involves upholding sustainable production criteria guided by social and environmental responsibility, a total commitment to the defence of human rights, adherence to best practices in the areas of animal welfare, sustainable fishing and agriculture, and common strategies that pursue shared growth and the generation of value for society.

### Human rights and best practices



*Ethical Conduct  
Guidelines for  
Suppliers*

Mercadona is steadfastly committed to respecting human rights throughout its entire value chain. Mindful of the potential impact of its activity, the company undertakes to guarantee decent work free from discrimination and exploitation in all the links of its value chain.

In line with this commitment, the company requires compliance with a set of Ethical Conduct Guidelines for Suppliers, which it shares with all its collaborating suppliers. These guidelines, aligned with the principles of the United Nations Global Compact and with the Conventions of the International Labour Organisation (ILO), reflect a firm commitment to human rights and work ethics, occupational health and safety, the environment, sustainability, and the promotion of equality in all the countries where Mercadona operates. In the event of non-compliance with these guidelines, Mercadona reserves the right to terminate the commercial relationship immediately, subject to giving prior written notice to the supplier.

In addition, Mercadona is currently developing a global strategy to move forward in terms of knowledge, prevention, mitigation and response to human rights risks and impacts on its value chain.

In this respect, it is also worth highlighting the company's long-standing adherence to the Code of Good Commercial Practices in Food Procurement. Through this voluntary

agreement promoted by the Ministry of Agriculture, Fisheries and Food (MAPA), which falls within the framework of the Law on Measures to Improve the Functioning of the Food Chain in Spain, Mercadona strengthens its commitment to implementing and consolidating fair commercial practices in the agri-food sector. To this end, it collaborates with numerous associations across the entire agri-food chain in Spain.

Mercadona has also undertaken a similar commitment in Portugal since 2019, specifically as a signatory to the Code of Good Practices in the Agri-Food Chain. Thanks to this, it collaborates with the other participants to make improvements in the commercial relationship between the economic agents, a key objective for ensuring a desirable balance and cooperation between the different parties involved, not only in defence of their interests but also in defence of consumer interests.

### Animal welfare

Mercadona has an Animal Welfare Policy based on the animal welfare principles of the World Organisation for Animal Health (OIE). The aim is to guarantee compliance with the "five fundamental freedoms" of animal rights: freedom from thirst, hunger and malnutrition; freedom from physical and thermal stress; freedom from fear and distress; freedom to express normal behaviour patterns; and freedom from pain, injury and disease.

Within this scope of action, the company, through both Mercadona and Irmadona, has guaranteed for many years that all its fresh meat, eggs and milk are sourced from certified suppliers in accordance with recognised and approved animal welfare standards, from the farm stage through to transport and slaughter.

Mercadona also seeks to make constant improvements in this area, such as its commitment to ensuring that 100% of its fresh eggs are from cage-free hens raised in non-combined systems by 2025. This represents yet another step forward in the company's sustainable policy, thanks to which it now offers cage-free eggs from free-range and floor-reared hens throughout the entire chain.

Mercadona's firm commitment to animal welfare is also underpinned by the sense of responsibility assumed by its suppliers. Its meat and dairy suppliers have been engaged for years in the National Antibiotic Resistance Plans (PRAN) promoted by the Spanish Medicines Agency and the Ministry of Health. Likewise, suppliers with slaughter facilities are equipped with image recording and storage systems to ensure compliance with best practices. Meanwhile, animal welfare is also a major focus of Deliplus branded cosmetics suppliers. In terms of their business, this means the adoption of several measures, such as guaranteeing that all products are free from animal testing.



*Animal  
Welfare  
Policy*



Cows grazing in a meadow owned by the supplier Covap in Pozoblanco, Córdoba.



## Sustainable agriculture



Mercadona implements a responsible agricultural management system geared towards greater environmental sustainability and protection and the pursuit of a profitable circular economy. Based on the premise that sustainable agriculture is an essential ethical, social, economic and environmental requirement, Mercadona works closely with suppliers in this sector to guarantee food safety while simultaneously promoting healthy ecosystems and supporting sustainable land, water and natural resource management.

Accordingly, Mercadona aims to improve the sustainability of the agricultural products it makes available to its customers in its

supermarkets. Therefore, its responsible agricultural management system is aligned with European regulatory requirements, promoting efficient and contrasted manufacturing processes by means of internationally recognised certification systems.

By advocating sustainability, Mercadona's agri-food chain is becoming increasingly robust year after year in the agricultural sector in both Spain and Portugal, thanks to specific future-proof initiatives. One example is Surfruit, which has been collaborating with the company since 2021. This supplier's commitment to quality and respect for



Vineyard of the supplier Sociedade dos Vinhos Borges in Felgueiras, Porto.

the environment by implementing a comprehensive sustainability plan endorsed by the main certifications in the sector (which it currently holds) has made it a key strategic operator for the evolution of grapefruit and avocado in Spain, with the ambitious goal of becoming the leading producer of these fruits in Europe.

Also notable are the efforts of the Portuguese supplier Vinhos Borges, which produces five exclusive products for the company's wine selection: Castelo de Moinhos Vinho Verde and Dry, Semi-Dry, Brut and Rosé Sparkling Wines. This specialist producer based in Felgueiras (Porto) has gone from strength to strength since 2019, when it began its partnership with Mercadona. Due to this, the "Bosses" are not only being given the opportunity to enjoy a variety of fresh, vibrant wines that are mainly consumed during the hot seasons of the year, but thanks to the long-term relationship, it is also becoming a social and economic driver in the Portuguese regions in which it is present, having associations with dozens of local farmers who, by virtue of a model of stability and commitment, harvest grapes for the production of their different wines.

### Sustainable fishing

Mercadona has been a signatory to the United Nations Global Compact since 2011 and strives to contribute to the Sustainable Development Goals (SDGs) applicable to its business. In the case of fishing, and aware of how climate change affects biodiversity and the oceans, sustainability has been promoted for years in both the extractive fishing and aquaculture fields, resulting in close and direct collaboration with specialist suppliers

and intersuppliers to guarantee compliance with current legislation and the Fishing Product Purchasing Policy (PCPP).

Accordingly, it promotes various sustainable measures, such as implementing a traceability monitoring system from capture to sale and establishing protocols for control measures complying with minimum sizes, biological stoppages and closed seasons. Furthermore, Mercadona promotes sustainable aquaculture products by following internationally recognised best practice standards, involving, among other aspects, the removal of threatened and endangered species, and species from severely threatened ecosystems from its selection.

A clear example of its commitment to sustainable fishing is Mercadona's collaboration with the supplier Escurís and the International Seafood Sustainability Foundation (ISSF), through which it guarantees that all Hacendado canned tuna comes from responsible and sustainable fishing grounds. In addition, as a result of its work with the specialist supplier Leroy Seafood, Mercadona guarantees that the fresh salmon sold in its fishmonger section is sourced from fish farms that are certified in food safety, the environment and animal welfare.

Likewise, Irmãdona is also committed to sustainable fishing, demonstrated by its adherence since 2022 to the "Fish Market Purchase Certificate" initiative. Launched in 2010 by Docapesca, this project promotes the implementation of measures to promote fairer remuneration for fishermen and a healthy diet based on fresh, local produce.



*Fishing Product  
Purchasing  
Policy*



## Shared growth

Year after year, the Mercadona Project generates significant returns for the entire assembly line, society as a whole, and in particular, the communities where it is present and carries out its activities.

With regard to the supplier, this reality has led to the consolidation of an ecosystem which is a driver of growth and development, and the creation and promotion of a powerful industrial cluster of reference in the general distribution sector. It is an enterprising ecosystem in which quality and food safety are essential factors; which is committed to innovation and the exchange of knowledge as drivers of transformation and growth; which undertakes its activity in an environmentally sustainable and committed way; and which is focused on offering “The Boss” the best solution so that they can always get it right.

In addition, all this is aligned with a collaborative work philosophy based on relationships of trust and geared towards joint growth in a win-win scenario for all links in the chain.

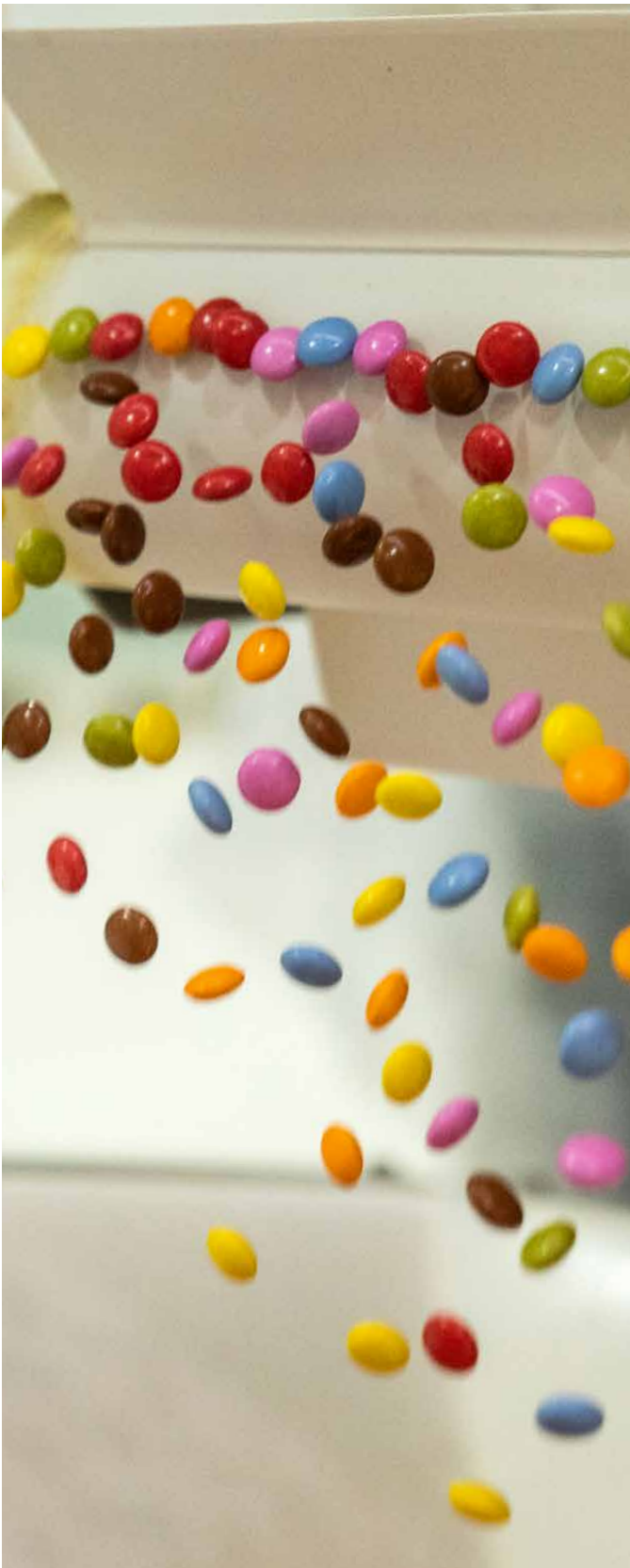
In this regard, in 2023, the company collaborated with 3,000 product suppliers and over 14,000 non-commercial suppliers and service providers, including 350 hauliers. This mutual collaboration and commitment have enabled the company to drive forward a long-term project that continues to evolve and which, over the last twelve months, has generated a total purchase volume of €28,320

million in Spain and Portugal, (€27,142 million from Spanish suppliers and €1,178 million from Portuguese suppliers), up 22% on 2022.

Furthermore, in addition to Spain and Portugal, the company has a presence in 13 countries with a view to always having the best option for its “Bosses”. In these countries, 37 people work with the best specialist suppliers and intersuppliers to enhance Mercadona’s selection and service.

Mercadona also has a permanent regional office in Brussels, providing it with greater visibility and enabling it to share and explain its business model and its differential approach to distribution to European institutions in person.

***Mercadona  
has increased  
its volume of  
purchases from its  
suppliers by 22% to  
a total of €28,320  
million***



“Pintarolas” from the supplier Imperial at its factory in Vila do Conde, Porto.



Production line of the supplier Huevos Guillén at its grading and packaging centre in Perales del Alfambra, Teruel.

## Logistics network

Mercadona has an efficient logistics network of 1.4 million square metres distributed between 17 logistics centres, one under construction in Almeirim (Santarém), 2 satellite warehouses, 2 regulating warehouses and 1 material warehouse. This network serves the company's 1,681 supermarkets (1,632 in Spain and 49 in Portugal) through the dedication and efforts of a team of over 13,000 people, whose expertise and professionalism are indispensable for guaranteeing the efficiency and stability of the supply chain on a daily basis.

17

Logistics centres

(1 under construction)

1.4

million square metres

Mindful of the impact generated by such an extensive and wide-ranging logistics activity, the company remains firmly committed to efficiency and sustainability. This involves continually seeking measures to maximise optimisation and minimise the consumption of resources. In turn, this approach is reflected in the implementation of pioneering circular economy measures, the incorporation of new automation processes, the testing and application of "green" initiatives and close collaboration with logistics suppliers to drive strategies that combine efficiency with respect for the environment and peaceful coexistence with local communities.

In order to meet these challenges, Mercadona allocates significant resources every year to modernising its logistics network. In 2023, it invested a total of €276 million in equipment, improvements, and land acquisition.

For example, during these twelve months, the greatest investment was made in the Almeirim logistics centre, an asset located in the Portuguese district of Santarém, on a plot of over 440,000 square metres, to which 155 million euros have been allocated. Thanks to this, progress has continued, along with the 25 Portuguese specialist suppliers involved in the project, on the construction of dry, refrigerated, perishable and frozen goods warehouses and the buildings intended for general services and offices.

The company has also made significant strides in its Guadix logistics centre in

Granada, where, following a €24.8 million investment in 2023, it has moved ahead with work on the refrigerated products warehouse, which started in 2022. This investment notably included the installation of 30,000 square metres of 4.3 MW solar panels, leading to a 25% saving in electricity consumption in this logistics centre and a reduction of 680 tonnes in CO<sub>2</sub> emissions.

The logistics centre located in Vitoria-Gasteiz also benefited from improvements over the year thanks to a €4 million investment to expand the fish warehouse. Likewise, photovoltaic systems have been installed in a large number of logistics centres since 2023. Specifically, this is the case in the provinces of Barcelona, Seville, Valencia, Zaragoza, León and Vitoria-Gasteiz.

Under Mercadona's digital transformation strategy, the logistics management programmes of all warehouses are being updated in 2023, and the physical equipment of the logistics centres in Antequera (Malaga) and Huévar (Seville) was modernised. These operations involved an investment of €1.4 million and are designed to prevent obsolescence in the IT field.

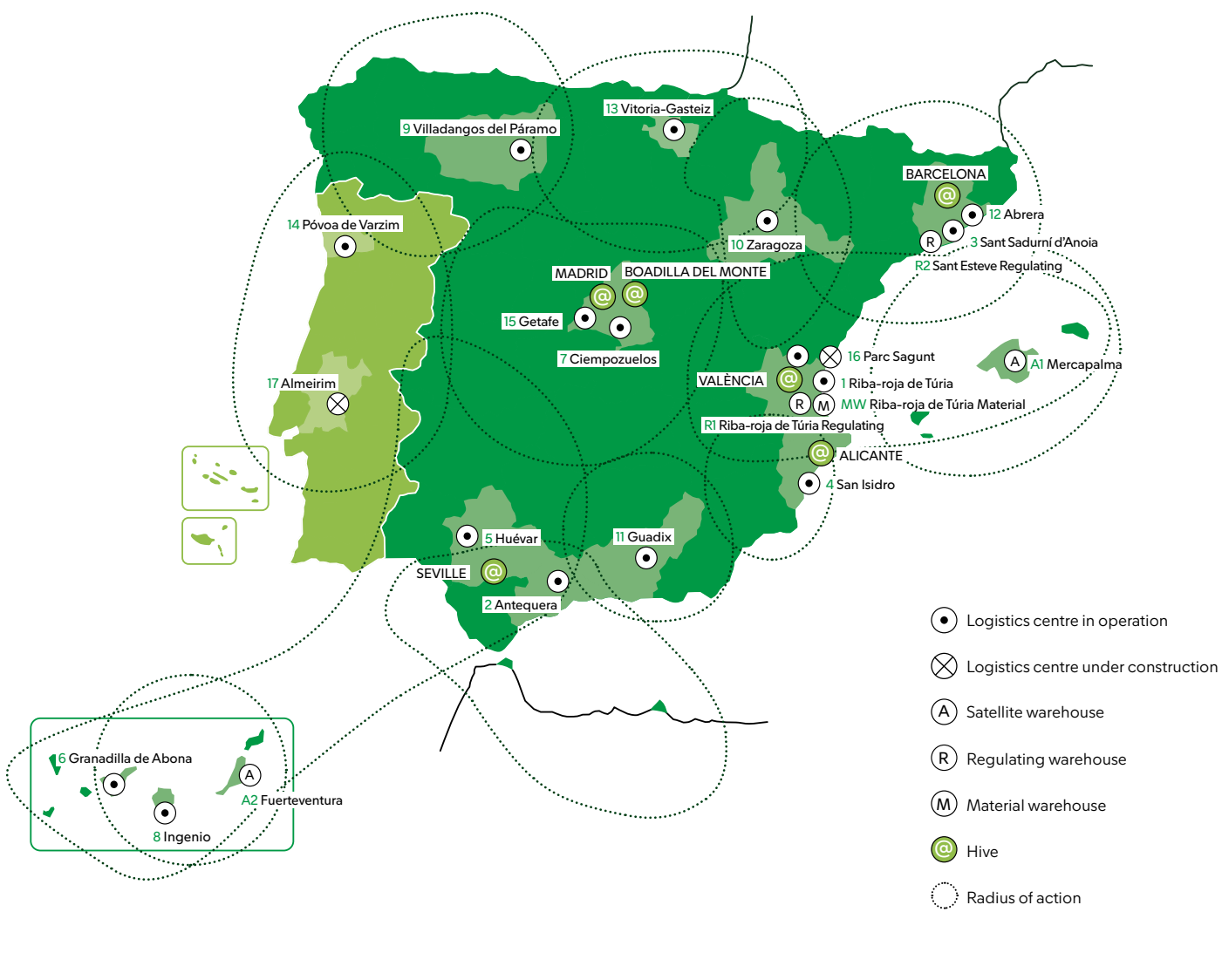
Mention should also be made of the efforts of the employees at the logistics centre in Ribarroja de Túria (Valencia), where a fire broke out in July last year. Despite the severity of the accident, which required the mobilisation of several forces, with seven crews from the Provincial Fire Consortium and three control

units, the fire was controlled and the pertinent supervision work was carried out to prevent the fire from spreading, thereby enabling the rest of the adjoining warehouses could remain in service. Mercadona is extremely grateful for the efforts and dedication of the fire and security services and the company's workplace health and safety team, whose expertise and rapid response enabled all employees to be evacuated swiftly, thereby preventing any personal injuries. Furthermore, through the efforts of the entire warehouse and entire assembly line staff, the impact on the "Bosses" was kept to a minimum.

*Mercadona invested a total of €276 million in projects, equipment and land acquisition for its warehouses in 2023*



Thanks to the commitment of everyone at the logistics centre in Riba-roja de Túria, Valencia, it was possible to minimise the impact of the fire at the dry goods warehouse on 5 July 2023.



- |  |  |
|--|--|
| 1 RIBA-ROJA DE TÚRIA, Valencia                           | 16 PARC SAGUNT, Valencia                             |
| 2 ANTEQUERA, Málaga                                      | 17 ALMEIRIM, Santarém (under construction)           |
| 3 SANT SADURNÍ D'ANOIA, Barcelona                        | A1 MERCAPALMA, Palma (Balearic Islands)              |
| 4 SAN ISIDRO, Alicante                                   | A2 FUERTEVENTURA, Fuerteventura (Las Palmas)         |
| 5 HUÉVAR, Seville  | R1 RIBA-ROJA DE TÚRIA REGULATING WAREHOUSE, Valencia |
| 6 GRANADILLA DE ABONA, Tenerife (Santa Cruz de Tenerife) | R2 SANT ESTEVE REGULATING WAREHOUSE, Barcelona       |
| 7 CIEMPOZUELOS, Madrid                                   | MW RIBA-ROJA DE TÚRIA MATERIAL WAREHOUSE, Valencia   |
| 8 INGENIO, Gran Canaria (Las Palmas)                     |  |
| 9 VILLADANGOS DEL PÁRAMO, León                           | <b>HIVES (online warehouse)</b>                      |
| 10 ZARAGOZA, Zaragoza                                    | VALENCIA   |
| 11 GUADIX, Granada                                       | BARCELONA  |
| 12 ABRERA, Barcelona                                     | MADRID   |
| 13 VITORIA-GASTEIZ, Araba/Álava                          | ALICANTE   |
| 14 PÓVOA DE VARZIM, Porto                                | SEVILLE  |
| 15 GETAFE, Madrid  | BOADILLA DEL MONTE, Madrid                           |



Aerial view of the logistics centre in Almeirim, Santarém, currently under construction.



## Examples of efficiency and sustainability

As part of its commitment to efficiency and sustainability, Mercadona works closely with all its specialist suppliers and intersuppliers to find solutions to minimise the impact of its activity as much as possible through initiatives based on the philosophy of “producing more with fewer resources”.



### Logistics centres

Thanks to the investment in optimising the logistics network, stock has been reduced by two days.

### Baby hygiene line

Elimination of the safety ring, saving 1.6 tonnes of plastic per year.



### Ice cream tubs

Replacement of plastic lids with cardboard lids, saving 90 tonnes of plastic.

### Toilet paper

Recycled plastic has been incorporated in the bundling film, which has allowed 421 tonnes of virgin plastic to be saved per year.



This involves constantly working to optimise processes and harnessing capacities to maximise efficiency in different areas.

**Citrus and stone fruit**

Specialist supplier Martinavarro has developed a new water reuse system, which has saved 11% of water consumption.



**Nut, dried fruit and pumpkin seed mix**

Change from a jar format to a pouch format, saving 56 tonnes of plastic per year.

**Jelly**

Reduction of box sizes across the product range, reducing the amount of cardboard by 19 tonnes.



**Chewing gum container**

Adaptation of the container size to the product contained, achieving a reduction of 40 tonnes of plastic per year and 1 lorry per week for product transportation.

# Society

**01**

Environmental management

**02**

Commitments to society

**03**

Acknowledgements





Mercadona engages with society to create and build a business model that has a greater **positive impact** on the environment and planet. Only in this way will society appreciate the need **to have more and better companies each day**

Entrance to the Baena supermarket, Córdoba.

## Environmental management

Mercadona regards the environment as another subcomponent of its business model, and through its Environmental Management System, constantly strives to optimise the use of natural resources and minimise the impact of its business on the different environments in which it operates. Through the work of its team of some 50 professionals, which also involves all other departments, the company has identified and analysed potential sources of risk and centres its efforts on minimising greenhouse gas emissions, water consumption, wastewater discharge, waste generation and raw material consumption. Similarly, it is continuing to advance in the implementation of impact prevention and management systems with a view to meeting its commitment to “continuing to say yes to care for the planet”, in line with the Sustainable Development Goals (SDGs) advocated by the United Nations (UN).

### Pollution and climate change



In 2023, Mercadona calculated its carbon footprint in accordance with the ISO 14064 standard. In this way, it has managed to certify a 38% reduction in emissions from 2015 to 2022, both for direct greenhouse gas emissions and removals and indirect emissions from imported energy. While expanding its business over the last year, with a 5% increase in *kilitres*, the company has nonetheless maintained its commitment to minimising its impact, resulting in a net reduction of 1% in emissions compared to the previous year.

For this purpose, the company has taken measures in various areas, such as reducing the leakage of refrigerant gases into the atmosphere, emissions from the transport of goods and emissions from electricity consumption. In the first case, it has spent the last few years implementing industrial refrigeration systems in its stores using technologies based on environmentally friendly refrigerant gases, mainly transcritical CO<sub>2</sub>, and leak detection measures, resulting in a total reduction of 226,055 tCO<sub>2</sub>e since 2015.

As regards the reduction of transport emissions, Mercadona has stayed firmly focused on “transporting more with fewer resources”. Accordingly, 100% of its fleet is made up of EURO 6 vehicles, which are more environmentally friendly.

Specifically, the company has a contracted fleet for retail distribution and supplier loading consisting of 4 electric lorries and 99 gas lorries in 2023, including 81 liquefied natural gas lorries and the remaining 18 compressed natural gas lorries. Likewise, it has the support of 8 bi-trailers and 40 megatrailers, as well as the 11,500 loads transported by train during these twelve months, which have surely contributed to reducing its emissions. In addition, the company’s own fleet of delivery vans for online and teleshopping orders, currently available in Spain, is bi-fuel, which reduces fuel consumption, in addition to having a total of 383 micro-hybrid vans.

Together, these measures have enabled the company to make further progress in the Lean&Green Spain Action Plan, with tangible results amounting to a total of 173,934 tonnes of CO<sub>2</sub>e in emissions prevented since 2015. Likewise, in Portugal it adheres to the project for Decarbonisation of the Distribution Sector, an initiative developed by the APED.

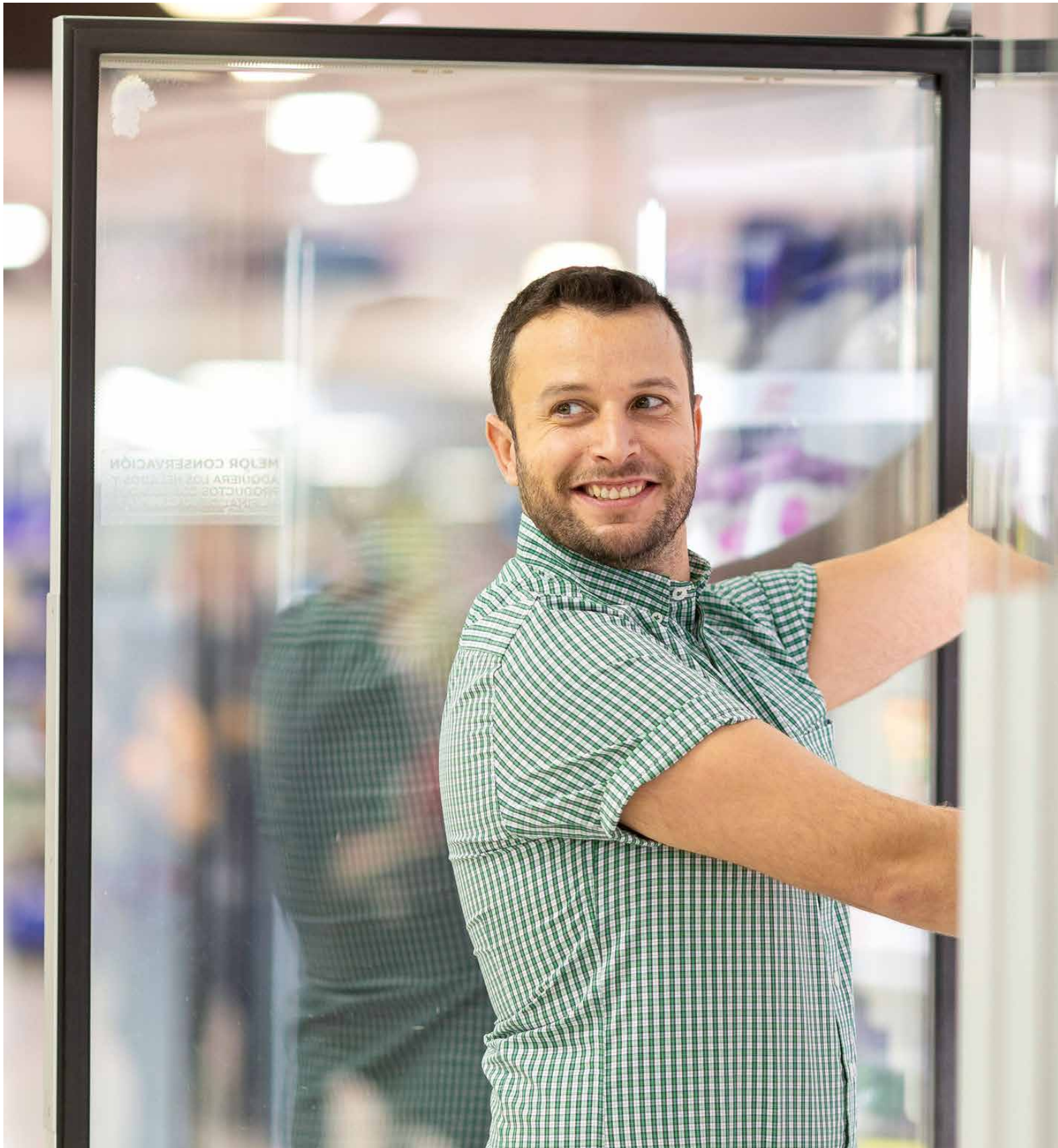
For the third of the pillars, reduction of electricity consumption, Mercadona has continued to promote savings initiatives, such as those derived from its commitment to the Efficient Store Model (Store 8), which incorporates numerous energy efficiency measures, both through the much more efficient refrigeration systems used, and the standardisation of LED lighting, a measure also implemented at the logistics centres, due to the intelligent management of consumption and improvements in insulation of the building. Furthermore, over the last twelve months, it has remained firmly focused on renewable energies, helping it to prevent the emission of 267,947 tCO<sub>2</sub>e into the atmosphere in the last year.

As part of its pledge to protect and respect the environment, Mercadona is currently developing its second emissions plan within the framework of its strategy to decarbonise the company's processes by 2050. After attaining a 38% reduction in 2023 compared to 2015, its target is to achieve an additional 30% reduction in its own processes by 2030 through diverse initiatives, such as the installation of solar panels at its stores, energy efficiency measures in its facilities, the progressive elimination of HFC refrigerants, the installation of transcritical CO<sub>2</sub> refrigeration systems, the intelligent management of its transportation fleet and the purchase of green energy in its electricity supply contracts.

|   |  |   |
|---|--|---|
| <p><b>99</b><br/>lorries<br/>powered by gas</p> | <p><b>4</b><br/>electric<br/>lorries</p> | <p><b>11,500</b><br/>loads transported<br/>by train</p> |
|---|--|---|



Close-up of an electric lorry operated by the supplier Disfrimur.



Javier, an employee at the Paseo de las Delicias supermarket in Madrid.

| 2022*   | 2023**         |
|---|----------------|
| <b>Total emissions</b> (tonnes of CO <sub>2</sub> )   |                |
| <b>763,542</b>  | <b>761,592</b> |
| <b>Annual variation of emissions</b> (tonnes of CO <sub>2</sub> )   |                |
| <b>6,277</b>  | <b>-1,950</b>  |
| <b>Intensity of emissions</b> (tCO <sub>2</sub> e/Mill. of KLT sold)                                      |                |
| <b>58.88</b>  | <b>55.89</b>   |
| <b>Emissions from fluorinated gas leaks</b><br>(tCO <sub>2</sub> e/Mill. of KLT sold)                     |                |
| <b>11.87</b>  | <b>10.58</b>   |
| <b>Direct emissions from goods transportation</b><br>(KgCO <sub>2</sub> e/m <sup>3</sup> served to store) |                |
| <b>7.26</b>   | <b>7.37</b>    |
| <b>Emissions of ozone-depleting substances</b>  |                |
| <b>The company does not use ozone-depleting substances</b>  |                |

\* 2022 data verified under ISO 14064 standard.

\*\* Provisional 2023 data pending verification.



Mercadona's carbon footprint calculation certificate for 2022, issued by AENOR.





*More information  
on the environment*

## Circular economy

Mercadona makes considerable effort to promote a management model founded on responsible production and consumption, which involves optimising its processes and maximising the value of products, materials and resources to keep them in the economic circuit for as long as possible and guarantee their maximum exploitation. In this sense, it endeavours to reduce the generation of waste whenever possible. Whenever this is not feasible, it searches for differential and innovative solutions to recover waste and reintroduce waste products back into the production cycle.

The company applies various circular economy strategies based on the feasibility and specificity of each relevant material flow: food waste, packaging (household and commercial) and general waste.

Due to the sheer scale of its activity, Mercadona implements strategies to reduce food waste, resulting in 99.5% of the total volume of food products having been used by 2023. To do so, the company develops awareness raising and training initiatives for employees and customers, in the first case with specific training on handling during internal processes, and in the second, through sharing of recipes for the best use of food through its own communication channels.

In this regard, Mercadona has participated in the “Food has no waste, use it” project coordinated by AECOC since its launch in 2012, in collaboration with more than 500 companies; and in the “Week against Food Waste”, also organised by AECOC, since its first edition, aimed at raising awareness of the importance of food and the need to make the most of it. Similarly, in Portugal, the company has collaborated in the awareness-raising

campaign to prevent food waste organised by the United Against Waste Movement (Movimento Unidos Contra o Desperdício), of which the company has been a member since its creation in 2020.

Furthermore, in the context of prevention, the company implements its SPB (Always Low Prices) commercial policy, guaranteeing the highest quality shopping trolley at the lowest possible prices, without any special offers or promotions, fostering responsible consumption and preventing the “Bosses” from buying more than they need and stockpiling products.

At the same time, Mercadona supports the modulation of daily orders from stores to logistics centres in line with sales forecasts, the adjustment of prices for near-expiry date products, mainly in the perishable food sections, the daily donation of unsold surplus products fit for consumption, in collaboration with more than 760 social organisations both in Spain and Portugal, and the delivery of products unfit for human consumption to authorised managers for processing into pet food ingredients.

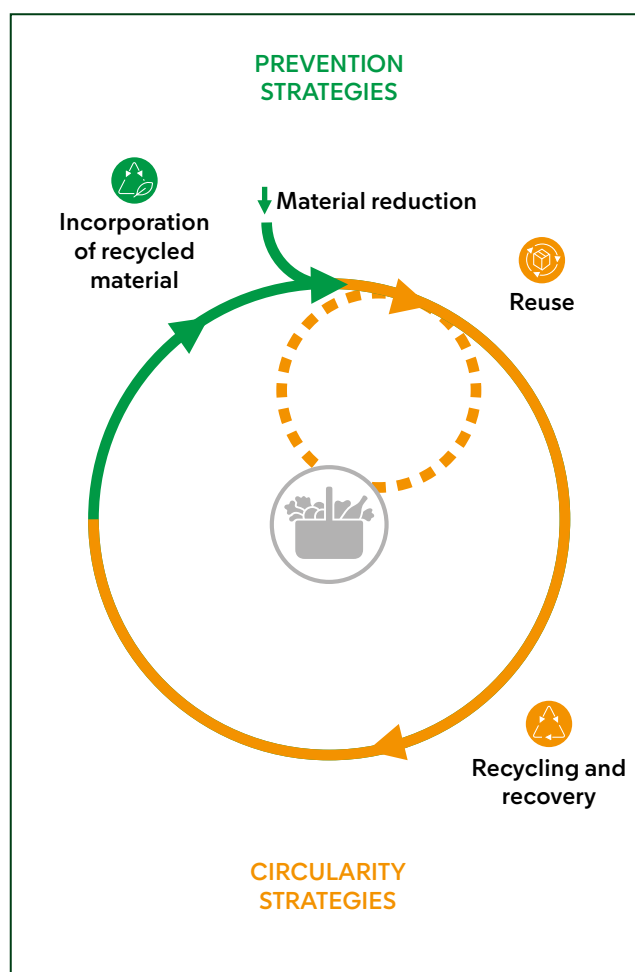
In terms of optimising packaging consumption, Mercadona separates commercial packaging and waste in its stores and warehouses. Once separated and appropriately packed, these materials are transported through reverse logistics to the company’s warehouses and logistics platforms to be condensed and delivered to recycling companies. In this way, the plastic film is re-inserted into the chain, for example, in the bags made available to Mercadona customers for transporting shopping, while recycled cardboard is incorporated in manufacturing processes for new packaging. As a result, 77% of the company’s commercial

single-use packaging contains recycled material.

Mercadona also invests in reusing this type of packaging through a number of processes. For example, the boxes used by the supplier Logifruit have an estimated average life of eight years, meaning that each one can be reused up to 120 times.

Regarding domestic packaging for products destined for use and consumption in private homes, Mercadona adheres to the Extended Producer Responsibility (EPR) strategy for all products marketed in Spain and Portugal, financing the cost associated with the management of the packaging waste generated by these products at the end of their useful life. More specifically, this responsibility is met through Collective Extended Producer Responsibility Schemes (EPRS) for packaging.

## Circular Economy Strategies



Recycling bins located at the entrance of supermarkets.



Within this same framework, the company has focused for several years on incorporating recycled material wherever possible, resulting in 24% of domestic packaging material being recycled by 2023, together with the resulting reduction in virgin raw material consumption. Moreover, the proportion of renewable materials used in domestic packaging reached 20% in 2023.

Likewise, and to continue reducing the consumption of materials, such as paper, in 2023 Mercadona completed the implementation of the digital receipt at the company's 1,632 stores in Spain. Through this initiative, the "Bosses" who use a card as a payment method can receive their receipts by email after having registered on a simple system through WhatsApp. Thanks to this measure, the company expects to save 100 tonnes of paper each year.

Mercadona has continued working on the redesign of Mercadona brand packaging with the double objective of optimising the quantity of material used and improving the recyclability of the waste generated. In this latter case, and with the purpose of promoting the appropriate separation of waste in homes, it has continued to indicate, through pictograms, the appropriate bin for disposal of the waste based on the material it contains.

The company also continues to create and apply measures to prevent the generation of waste, constantly seeking alternatives for making their processes more efficient and reducing the consumption of raw materials wherever possible. Where technically and economically viable, Mercadona manages and recovers the waste streams generated by its activities at its various facilities.

As such, it separates and delivers non-hazardous waste that can be assimilated into household waste to municipal entities or authorised waste managers.

Likewise, it sends all waste from commercial packaging materials (mainly cardboard, plastic and wood) to recycling companies where they can be given a second life and returned to the cycle of the circular economy. Furthermore, the company delivers hazardous waste to authorised waste managers, the majority of which is generated during maintenance processes at its logistics centres. These facilities are equipped with clean points where hazardous waste is stored securely until collection by an authorised waste manager.

In this area, Mercadona is making significant efforts to maximise the use of by-products. For example, it allocates all animal by-products not intended for human consumption (SANDACH) through authorised operators for the manufacture of pet food, while all bread by-products from bread production lines are used for animal feed. Furthermore, it provides specific bins at its stores to collect used coffee capsules. These capsules are then sent to a recycling company, which separates the aluminium, plastic and coffee grounds, all of which are recoverable materials. Likewise, used batteries receive the same treatment. After being disposed of by the "Bosses" in the designated bins in the stores, the batteries are delivered to authorised waste management companies for subsequent management and recycling.



### Redesigned packaging

The packaging for Mercadona brands is currently being redesigned to optimise the amount of material used and improve the recyclability of the waste generated. Pictograms are used to indicate the appropriate bins for disposal according to the material contained in the packaging

|   |   |
|---|---|
| 1 | 2 |
| 3 |   |

1. Isabel, an employee recycling cardboard at the Ermesinde supermarket in Valongo, Porto.
2. Cristina, an employee with a recycled plastic bag at the Avenida Trigueiriza supermarket in Lalín, Pontevedra.
3. Redesigned packaging with recycling information pictograms for Divertidas biscuits from the supplier Seurodis.

## Sustainable use of resources



Mercadona promotes the mindful use of natural resources and establishes responsible policies and strategies that bolster the company's sustainability year after year through its Environmental Management System. Accordingly, environmental management pivots around three main axes: energy consumption, water consumption and biodiversity protection.

Regarding the use of energy, the company invests in efficiency and energy savings, mainly through its Eco-efficient Stores Model, with improvements to building envelopes through increased insulation thickness, zoned air-conditioning with heat recovery systems, LED lighting and optimised ventilation

consumption. It has also deployed new energy management software to automate consumption control at its centres.

As part of its increasing drive towards decarbonisation and the use of non-polluting renewable energies, the company incorporated a total of 224 new photovoltaic systems in 2023, involving an investment of €42 million and contributing to a total of 160,000 solar panels, 120,000 being installed during the year. Mercadona plans to further promote the use of clean and more environmentally friendly energy sources in the coming years, targeting a total photovoltaic capacity of 250 MW, which would imply a self-consumption capacity of 15% of its total annual energy consumption.



Solar panels installed at the logistics centre in Guadix, Granada.

Likewise, in 2023, the company continued to expand its electric vehicle charging point infrastructure by installing new charging points at 396 stores and 14 work centres. Mercadona has invested a total of €6 million in this initiative, resulting in one of the largest public-private charging networks in Spain with more than 3,800 charging points.

In addition, Mercadona has concluded its energy supply contracts for the next decade by signing four contracts that entered into force on 1 January 2024, through which it will manage its entire energy consumption in Spain and Portugal. These agreements have been reached with leading companies, including Iberdrola, Repsol, EDP and Statkraft, which operate their own generation assets.

The company has also pursued ongoing improvements to its water footprint by setting up a task force to analyse its overall water consumption in depth with a remote water metering system in place across its store network, enabling it to monitor consumption, assess the supply network and detect potential leaks and failures.

By 2023, 100% of the water consumed in the chain's stores will come from municipal supplies. In addition, in line with its wastewater discharge prevention and control plan, the company operates wastewater treatment plants at the logistics centres of Riba-roja (Valencia), Huévar (Seville), Ingenio (Gran Canaria), Parc Sagunt (Valencia), Vitoria-Gasteiz (Araba/Álava), Mercapalma (Palma), Villadangos del Páramo (León), Antequera (Málaga), Póvoa de Varzim (Porto), San Isidro (Alicante), Ciempozuelos (Madrid), Abrera (Barcelona) and Guadix (Granada), with the

aim of returning contaminant-free water to the natural water cycle, thus reducing its environmental impact.

Mercadona is also aware that, as a distribution company, it plays a key role in promoting initiatives to adapt its production processes to mitigate their environmental impact and help preserve biodiversity. Therefore, it was the first company in the sector to join the Spanish Business and Biodiversity Initiative (IEEB) of the Ministry for Ecological Transition and the Demographic Challenge (MITERD) and has continued to implement specific measures in a number of stores to preserve or restore biodiversity and minimise the impact caused by its activities or operations in protected areas.

For example, Mercadona has integrated roof gardens in internal courtyards and vertical gardens on façades, initiatives that help to counteract the “heat island” effect, preserve biodiversity and capture CO<sub>2</sub>. In this way, for years Mercadona has maintained a close relationship with SEO/Birdlife, materialised in a project for protecting biodiversity through the installation of nest boxes, bird feeders, water feeders and two hotels for insects on the gardened roof of the supermarket in Glorieta de Quevedo, Madrid. In addition, the company maintains policies for purchasing fish products aimed at preserving biodiversity and protecting the surrounding ecosystems.

# 160,000

solar panels

# 3,800

charging stations

## Commitments to society

Mercadona has an active Social Action Plan which, year after year, helps the company strengthen its bonds with society through values that it believes to be essential, such as dialogue, transparency and active listening. Based on these values, it builds stable relationships in the communities where it operates, focuses on proximity and close cooperation, and forges closer ties to pinpoint special local needs and provide practical solutions arising from consensus and mutual understanding.

### Signatory to the Global Compact



Mercadona has been a signatory to the United Nations Global Compact in Spain since 2011, a forum involving 24,257 organisations from 167 countries.

Through its membership, the company, recognised as a Bronze Prescriber Member, undertakes to uphold core values in the fields of human rights, labour standards and anti-corruption. The forum also has 62 local networks, including the UN Global Compact in Spain, endorsed by 1,673 entities. Over the last year, in line with the United Nations Global Compact, Mercadona has continued to make strides as a company to develop solutions and responses to the challenges presented by the Sustainable Development Goals (SDGs).

### Consumers

Throughout 2023, Mercadona has continued to strengthen its links with consumer associations in recognition of the importance of their work and role as interlocutors for the “Bosses”.

At these meetings, the company can explain in greater detail not only the milestones reached each year but also its specific projects to respond to the needs of the “Bosses” and new purchasing and consumption habits. Likewise, it has the opportunity to share its approach to society, based on transparency, shared growth and the principle of honesty, which the company regards as fundamental in its relationship with consumers.

Accordingly, last year in Spain, it engaged in dialogue with a total of 134 different entities, including 86 consumer associations, 28 intolerance and allergy associations, and in addition to the Ministry of Consumer Affairs, 19 Directorates-General for Consumer Affairs. In Portugal it has collaborated with the consumer associations DECO and DECO PROTeste, and with an intolerance and allergy association, APC, while continuing to strengthen its relationship with consumers in Brussels, in this case through collaboration with a consumer association and four institutional entities.

Furthermore, since 2014, Mercadona, together with the consumer and user association Confederations and Federations FUCI, UNAE, AVACU and UCAUCE, has been promoting the “Participatory Roundtable” (MPAC). This debate forum analyses current changes in the consumption patterns of Spanish society through its annual “Consumption Habits” survey.

In 2023, the company further strengthened this collaboration and continued to consolidate MPAC as a benchmark and a key entity for forecasting consumer behaviour and analysing their potential responses, solutions and consequences. Mercadona has been involved in this project for almost a decade, and the findings are essential for being able to better understand consumer behaviour and respond to their real needs.

## Specific Actions



Ricardo, a “Boss” of the Massamagrell supermarket, Valencia.

# 141

consumer associations, intolerance and allergy associations, and Spanish and European consumer administrations with which the company collaborates

# 27

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

# 198

interactions with consumer and intolerance and allergy associations

# 60

participations in conferences and workdays of the sector



## Donations to social entities



Mercadona has further strengthened its commitment to the most vulnerable groups through a range of charitable initiatives of significant social relevance, as illustrated by the incorporation in 2023 of 215 new social entities with which the company has started to collaborate.

During these twelve months, it has cooperated in Spain with a total of 713 soup kitchens, 54 food banks and other entities through the donation of over 21,900 tonnes of food and products. In addition, the company provided support for other charitable initiatives and took part in fundraising campaigns, including the Great Collection in November and Operation Kilo in spring, raising a total of €3.5 million for food banks, to which Mercadona added a direct donation of over €300,000.

The company also continued to expand its charitable efforts in Portugal, collaborating

with 49 soup kitchens, ten food banks and various other social entities. As a result, it donated more than 1,200 tonnes of food and products. In addition to this contribution, it participated in other initiatives in Portugal, such as the Food Collection organised by the Food Bank Against Hunger in May and November, the “Shop for Goodness” fundraising campaign organised by the Portuguese Red Cross and the Animalife pet food collection campaign, amounting to total donations of over €174,000 in 2023.

As part of the 2023 Great Collection initiative, Mercadona launched a pilot corporate volunteering project in certain parts of Spain and Portugal. In this project, employees from different areas participated by volunteering their time to inform the “Bosses” about the opportunity to make cash donations and support Food Banks.



Rita, a Mercadona employee, and Nuno, a volunteer, donating to the Portuguese Red Cross in Braga.



Rosa, an employee and volunteer, and José Antonio, a “Boss”, during the 2023 Great Collection.

## Support for entrepreneurship

In line with its commitment to society, Mercadona participates in initiatives to foster knowledge, invest in people's talent and contribute to consolidating education. This is particularly true of its association with Marina de Empresas, a European entrepreneurial ecosystem hub with three main pillars.

The first, EDEM, is centred on training through different pre-university programmes, degrees, master's courses, and Executive and Senior Management programmes, such as the 18th edition of the "15x15" senior management course, in which Juan Roig, the president of Mercadona, collaborated personally. Furthermore, the second edition of the Hortensia Roig Prize for children's literature was announced, receiving entries from 22 Mercadona employees. The prize, aimed at promoting scientific and technical disciplines among women, went to Eva Escudero for her work *Los coleccionistas de ceros* (The collectors of zeros), with Lucía Álvarez, a Mercadona employee at La Florida supermarket in Oviedo, Asturias, coming in as a runner-up.

The second pillar of Marina de Empresas, Lanzadera, has already accelerated more than 1,300 companies, following 300 new start-ups in 2023, including several Portuguese companies. Finally, the third pillar, Angels, which invests in leading entrepreneurs to develop sustainable companies and connect them with investors, continued to consolidate its Angels Conecta platform, designed to facilitate direct links between investors and entrepreneurs, and held its annual IDAY, Investor Day, once again this year.

Similarly, Mercadona, together with EDEM and AVE (Valencian Association of Entrepreneurs), sponsors the "Entrepreneur Award" category of the Rei Jaume I Awards. The most recent edition of the award went to Alfonso Jiménez, president of Cascajares, a company dedicated to the transformation of agri-food products and a key player in developing food sector innovation and promoting the circular economy from production to final distribution.



EDEM Junior MBA students in the corridors of the EDEM facilities in Valencia.



Entrepreneurs attending a training day at Lanzadera.



## Neighbourhood management

Mercadona maintains a respectful relationship with its neighbours and local residents, mindful of its day-to-day role in fostering peaceful coexistence and responding to the needs of the neighbourhoods and areas where it operates. For this reason, it advocates dialogue and mutual understanding and remains strongly involved with local communities, in line with the core values of its business ethics.

Within the scope of this commitment, since 2014, the company has implemented its Proactive Neighbourhood Management project, whereby it performs regular checks at its facilities to anticipate possible contingencies. In 2023, it inspected a total of 20,561 loading and unloading processes at its stores and 5,386 internal processes in its facilities. Additionally, over the last twelve months, Mercadona has responded to 359 suggestions, which, following an in-depth analysis, resulted in 75% of proposals received being successfully resolved in under 30 calendar days.

Mercadona carries out specific measures to improve coexistence with its neighbours. Of particular note in 2023 are the actions implemented at its store in Quinta de Santa Bárbara, Braga, Portugal, where the company decided to restore the old granary, which, once reconstructed, was turned into an environmental education centre. The environmental education centre now serves the entire community, demonstrating how the past generations of Minho engaged in various traditional activities, such as livestock farming, agriculture and winemaking.

The company has always supported and advocated the coexistence of different

business formats as a means of stimulating activity in different communities. Indeed, it has spent several decades supporting the revitalisation of local markets, as demonstrated by its collaboration with 35 local shops operating in this type of environment alongside traditional businesses.

This relationship model is also reflected in the chain's own stores. Accordingly, the Store 8 model adheres to the accessibility strategies recommended by the Spanish Committee of Representatives of People with Disabilities (CERMI) to facilitate shopping for people with disabilities. Mercadona's car parks include parking spaces and a signposted pedestrian walkway for "Bosses" with reduced mobility, the aisles are at least 1.80 metres wide for greater comfort, and the toilets are adapted for people with reduced mobility. In addition, all Mercadona stores provide customers with shopping trolleys suitable for different types of physical disability to facilitate the shopping process.

***Mercadona has successfully resolved 75% of the complaints and suggestions received by residents in the areas where it operates***



Aerial view of the Quinta de Santa Bárbara supermarket in Braga, adjacent to a restored traditional Minho house. In addition, a barn was restored and relocated to the Braga Pedagogical Farm.

## Acknowledgements

Against the complex economic and social backdrop of 2023, Mercadona remained closely associated with society to identify and satisfy its needs while also supporting its development and well-being as much as possible.

This commitment, aimed at giving back to society, together with the charitable measures undertaken by the company over the last twelve months, has been acknowledged by society in Spain and Portugal, which is an incentive to continue strengthening its collaboration.

The company's efforts were recognised by the San Juan de Dios Hospital Order in Cordoba with the "Hermano Bonifacio" Award for Mercadona's contribution to its soup kitchen. Meanwhile, the Valencia Food Bank recognised the company's charitable work with the second edition of the 2023 Humanitarian Awards, and the Provincial Council of Gipuzkoa and the Gipuzkoa Food Bank acknowledged the importance of the daily food donations, known as "last minute" donations, made by the company. Mercadona has also been recognised by the Villa de La Orotava City Council in Tenerife, which wished to publicly give thanks for its involvement and dedication in the hours and days following the fire in the town in August, the most serious fire on the island in the last 40 years.

In Portugal, the Portuguese Association of Parents and Friends of Mentally Handicapped Citizens (APPACDM) based in Santarém, the Christian Social Action Group (GASP) in Barcelos and the Social Solidarity Association of São Tiago de Fraião also recognised Mercadona for its efforts throughout the year through daily donations made from its stores.

In 2023, Mercadona was also selected, for yet another year, as the company with the best

reputation in its sector and the second best overall, as measured by the ratings obtained by the Business Monitor of Corporate Reputation (Merco). This monitor ranked Juan Roig, Mercadona's president, as the leader with the best reputation in the "2023 General Ranking of Leaders" for the fifth consecutive year.

In Portugal, this monitor, which for the first time included Mercadona in its ranking of the best companies in Portugal in 2022, saw the Portuguese company climb eleven places in just twelve months to eighth place among the companies with the best reputation in Portugal. Similarly, the Portuguese regional newspaper *Mirante* distinguished Mercadona with the "Business Excellence" award, acknowledging the company as a national model of economic decentralisation with a prominent social role.

Meanwhile, the Spanish Association of Distributors, Self-Service and Supermarkets (ASEDAS), of which Mercadona is a member, honoured retail and wholesale distribution consumers at its "We are here because you are here" gala, held last November in Madrid. The event paid tribute to these consumers for their continued trust, particularly during the most challenging times in recent years.

The Gómez family, a Mercadona shareholder, has again recognised the work of the citizen security forces through the 4th edition of the Juan Manuel Gómez Serrano Awards, as well as the values and provision of healthcare in Antequera, Málaga, through the 7th Edition of the Patrocinio Gómez Awards.



1. ASEDAS representatives and award recipients at the “We are here because you are here” gala celebrating consumers. 2. Presentation of the “Hermano Bonifacio” award to Mercadona for its daily donations through the Barriada Chinales supermarket in Córdoba. 3. Recognition by the Provincial Council of Gipuzkoa and the Gipuzkoa Food Bank for the daily donations made by Mercadona. 4. Winners of the Patrocinio Gómez awards, organised by the Gómez family, shareholders in Mercadona.

# Capital

**01**

Investment as a basis for  
brutal transformation

**02**

Socio-economic context and  
impact on margins

**03**

Sustainable  
and shared growth

**04**

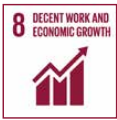
2023 Results





The **strategic decision** of the company's shareholders, made seven years ago, that **investment** is the **long-term benefit** for everyone who forms part of Mercadona, is the cause of Mercadona's excellent results in 2023





The application of Mercadona's Model, combined with the efforts of the entire workforce and the involvement of specialist suppliers and intersuppliers, made it possible to achieve the sales and profit targets set for 2023 while also recovering the loss of profitability of the previous year and restoring it to the same level as in 2016 when the company embarked on its brutal transformation. These results have been achieved after satisfying the rest of the components in the following order: "The Boss", The Employee, The Supplier and Society. This has been possible thanks to a management model that thinks long-term and takes care of people.

The Mercadona Group principally comprises Mercadona, S.A., registered in Spain (Tavernes Blanques, Valencia), and Irmãdona Supermercados Unipessoal, Lda., 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 also have the support of a series of subsidiaries, branches and representative offices in 13 different countries operated by 37 employees. 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 2023, Mercadona had a network of 1,632 supermarkets in Spain and 49 in Portugal. All these supermarkets, of which 1,364 already operate the Efficient Store (Store 8) Model, are supplied by Mercadona's dedicated logistics network, which comprises 17 logistics centres (one currently under construction), 2 satellite warehouses, and 2 regulating warehouses.

In conjunction with this network of stores and logistics centres, it also has its own model of warehouses called Hives, dedicated exclusively

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.

Similarly, Mercadona currently has 23 co-innovation centres in which, thanks to the collaborative efforts of 200 specialists, it develops new products and incorporates improvements into the selection, hand in hand with the "Bosses".

These efforts have enabled the company to continue growing in 2023, building a project that sets it apart, led by the 104,000 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 Authority'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 Authority 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 Authority's website, demonstrating compliance with the standards of collaboration and transparency required by the state agency.

In 2023, as in the previous year, the annual accounts of Mercadona and Irmãdona were audited by Ernst & Young, S.L. and Ernst & Young Audit & Associados-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.



Entrance to the Mercado Central supermarket in Las Palmas de Gran Canaria, Las Palmas.

**Strategic decision made by the Management Committee  
and supported by shareholders in 2016:**

Investment is the long-term benefit  
for the 5 components



**Efficient Store (Store 8)**

In 2016, Mercadona began the renovation of supermarkets with the New Efficient Store Model, which incorporates the Global Fresh products and Ready-to-Eat projects, and which is now present in 1,364 stores whose profitability is now higher than that of a conventional store.

**Portugal Project**

The internationalisation of Mercadona has been developed during the brutal transformation, now having a network of 49 supermarkets, 2 logistics centres (1 currently under construction), and invoicing of €1,403 million.

## ***BRUTAL TRANSFORMATION***

# **+€10,000 M**

invested between 2016 and 2023



### **Logistics optimisation**

Investment effort to improve and optimise efficiency, reducing stock by two days. Between 2016 and 2023, 8 logistics centres have been built, 2 of these in Portugal, and 6 have been renovated.

### **Mercadona Online**

The online business, whose transformation began in 2018 with the opening of the first Hive in Valencia, has continued to grow over the years and is now profitable and productive.

### **Digitalisation/organisation**

Direct Product Profit (DPP) and Store Direct Contribution (ADT) calculate the profitability of the selection and stores. Meanwhile, the Store Organisation Model (MOT) and the Albalat dels Sorells offices have resulted in improved organisation.

## ***Socio-economic context and impact on margins***

2023 began with a complex scenario due to the context of inflation, which caused a direct impact on Mercadona's expenses of over 500 million euros (around 8%), both for fixed and variable costs, which included rents, personnel, energy and transport, among others.

Similarly, the first quarter of the year was particularly affected by a general increase in prices at source, resulting in a consequent impact on products sales prices. In anticipation of the stabilisation and subsequent lowering of cost prices, Mercadona undertook to lower its sales prices in March 2023. More specifically, the company lowered the price of 500 products in its selection over the year while also making considerable efforts not to reflect in its sales prices the different price increases at source that suppliers had transferred to Mercadona's purchase prices.

The outcome of this approach proved positive and saw Mercadona increase its market share over the course of the year. Specifically, its market share grew by an average of 200 customers per store per day. In addition, it increased the number of *kilitres* sold by 5% and increased sales in euros by 15%, all at the expense of reducing the profit margin by one point. These results were achieved at a time when the company recognised the need not only to reduce profit margins to meet customer needs but also to continuously improve quality, supply and service in such a competitive sector.

This increase in activity, along with revenues of €100 million which did not exist in the 2022 financial year, arising from the remuneration of treasury surpluses, and the savings measures in all processes of the company, allowed the company to absorb the greatest

expenses, and despite reducing margins, increase its net profit, reaching 3.1% on sales.

In line with Mercadona's Model, when the process is more efficient, all components of the company should benefit. For this reason, in 2023, a one-off decision was made to increase the variable remuneration or performance-related bonuses by an additional half a month, applicable to employees who met the criteria, bringing the total amount of this item to €600 million. This decision reinforces the company's policy of profit sharing in a year when, thanks to the efforts of the entire workforce and the success of the strategies implemented, it has managed to increase its market share, sales figures and profits.

On top of this, the company's strong results have had a knock-on effect on society, in line with Mercadona's company model, promoting sustainable and shared prosperity, as shown by its figures, for example, its tax contribution of €2,604 million, 15% more than in 2022.

All these decisions are rooted in a management model based on always thinking and acting sequentially, in the following order: "The Boss" first and foremost, followed by sales, and finally, profit. It is a successful model that has continued to grow thanks to the trust and loyalty of the 5.8 million households that shop at one of the chain's 1,681 supermarkets every day.



### *Satisfaction of the 5 components*

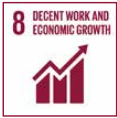
*Mercadona has continued to be committed to joint and sustainable growth with initiatives such as lowering the price of 500 products, the performance-related bonus, commitment to specialist suppliers and intersuppliers and the historic volume of its tax contribution*

|   |   |
|---|---|
| 1 | 2 |
| 3 |   |

1. Diana, a “Boss” of the Fraga supermarket in Huesca.
2. Ismael, an employee at the Camas supermarket, Seville.
3. Greenhouses of the supplier Vegetales Línea Verde in Tudela, Navarra.

## ***Sustainable and shared growth***

The Total Quality Model seeks to create shared value among its 5 components: “The Boss” (quality and conclusive service at an unbeatable price), The Employee (bonus), The Supplier (joint growth), Society (taxes) and Capital (dividends for shareholders). Consequently, it is a management model that demonstrates Mercadona as a sustainable and responsible long-term business project that allocates a significant portion of its resources to reinvestment with a view to driving growth and business continuity.



In terms of the Employee, this model of shared growth translates into working conditions that stand well above the average for the sector. Likewise, in line with its philosophy that “shared success tastes better”, Mercadona’s variable remuneration policy distributes 25% of profits among the entire workforce in recognition of employees who have been with the company for more than a year and whose performance, dedication, efforts, productivity and high performance contribute not only to achieving their individual objectives but also to achieving the goals set for the company.

The workforce has also grown by 5,000 people over the last twelve months (3,200 in Spain and 1,800 in Portugal), representing an average of 13 jobs created every day. As a result, Mercadona ended 2023 with 104,000 employees, all of whom have stable and high-quality jobs and salaries above the sector average.

Year after year, Mercadona shares its prosperity in the areas where it operates through tax contributions to Public authorities. Specifically, in Spain, its 2023 tax contribution amounted to €1,409 million, including €342 million for corporate income tax, €172 million for various taxes and levies and €895 million for social security. In the case of Portugal, and through Irmãdona, the contribution was 29 million euros in

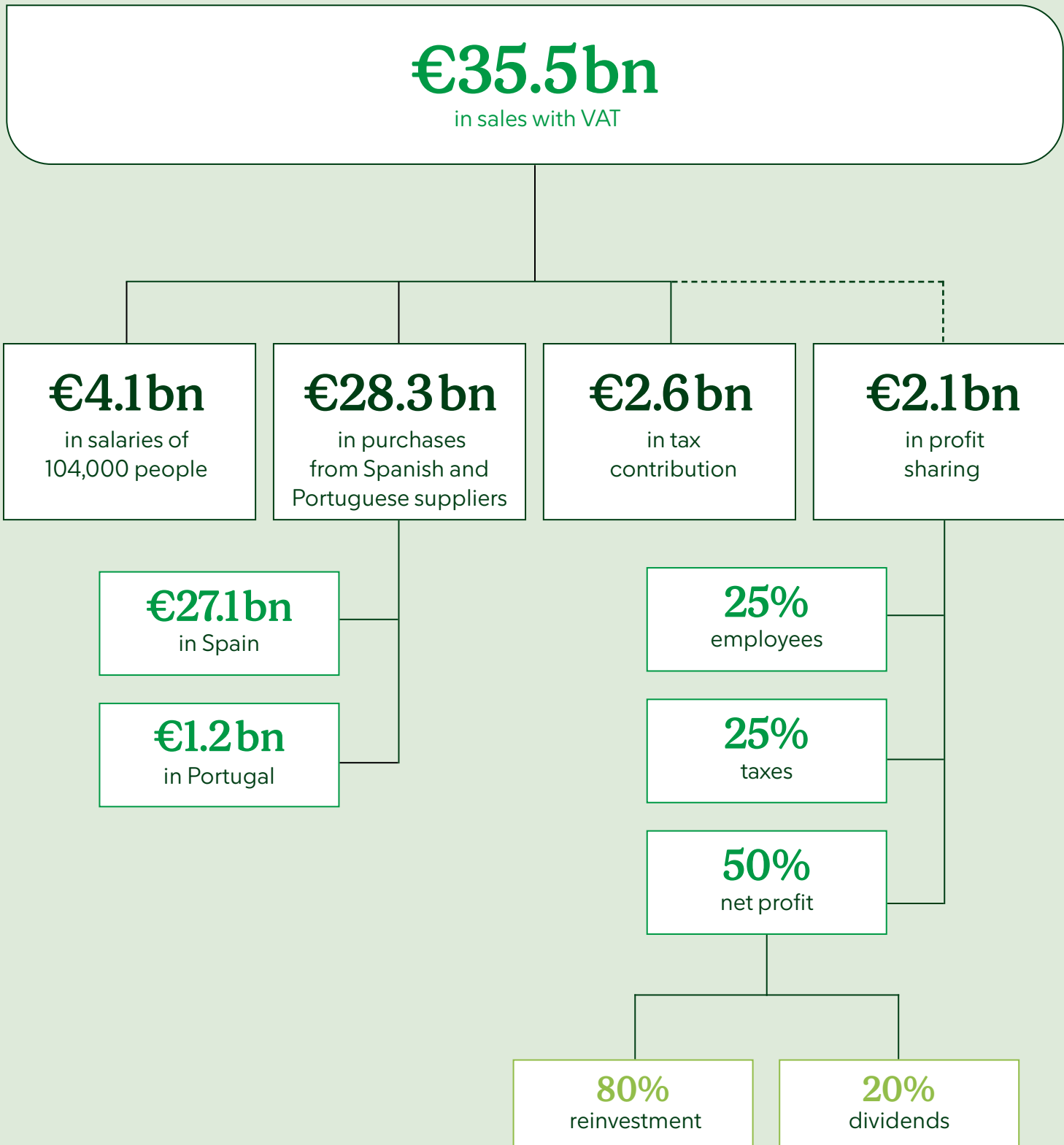
taxes paid, of which 20 correspond to Social Security and 9 to the payment of other taxes and fees.

Furthermore, in 2023, the company continued to give back to society part of what it receives from it. This is shown by its contribution to Spanish GDP during these twelve months, which was 30,768 million euros, a figure which represents 2.1% of the national total. There was also the generation of direct, indirect and induced job posts, which according to the studies of the Valencian Institute for Economic Research (Ivie) amounted to 725,947 jobs, making up 3.66% of total employment in the country.

Mercadona’s activity did not only generate wealth through its contribution to GDP and employment, but also had a fiscal impact of 11,935 million euros during 2023. This represents 2.2% of the estimated total tax collected by Spanish Public authorities, including Social Security contributions.

The combination of these figures has generated the greatest economic impact in the history of the company, proving that the development of Mercadona directly affects the growth of society, and again, that the Mercadona Project, in its commitment to the future, is a differential and socially responsible project.

Impact of Mercadona's economic activity





## 2023 results

### Sales units (*kilitres*)

Mercadona Group's sales in 2023 have amounted to 13,625 million *kilitres*, a figure that represents an increase of 5% compared with the previous financial year.

### Evolution of *kilitres* sold

millions of kilo-litres (*kilitres*)

|      |        |
|------|--------|
| 2022 | 12,968 |
| 2023 | 13,625 |

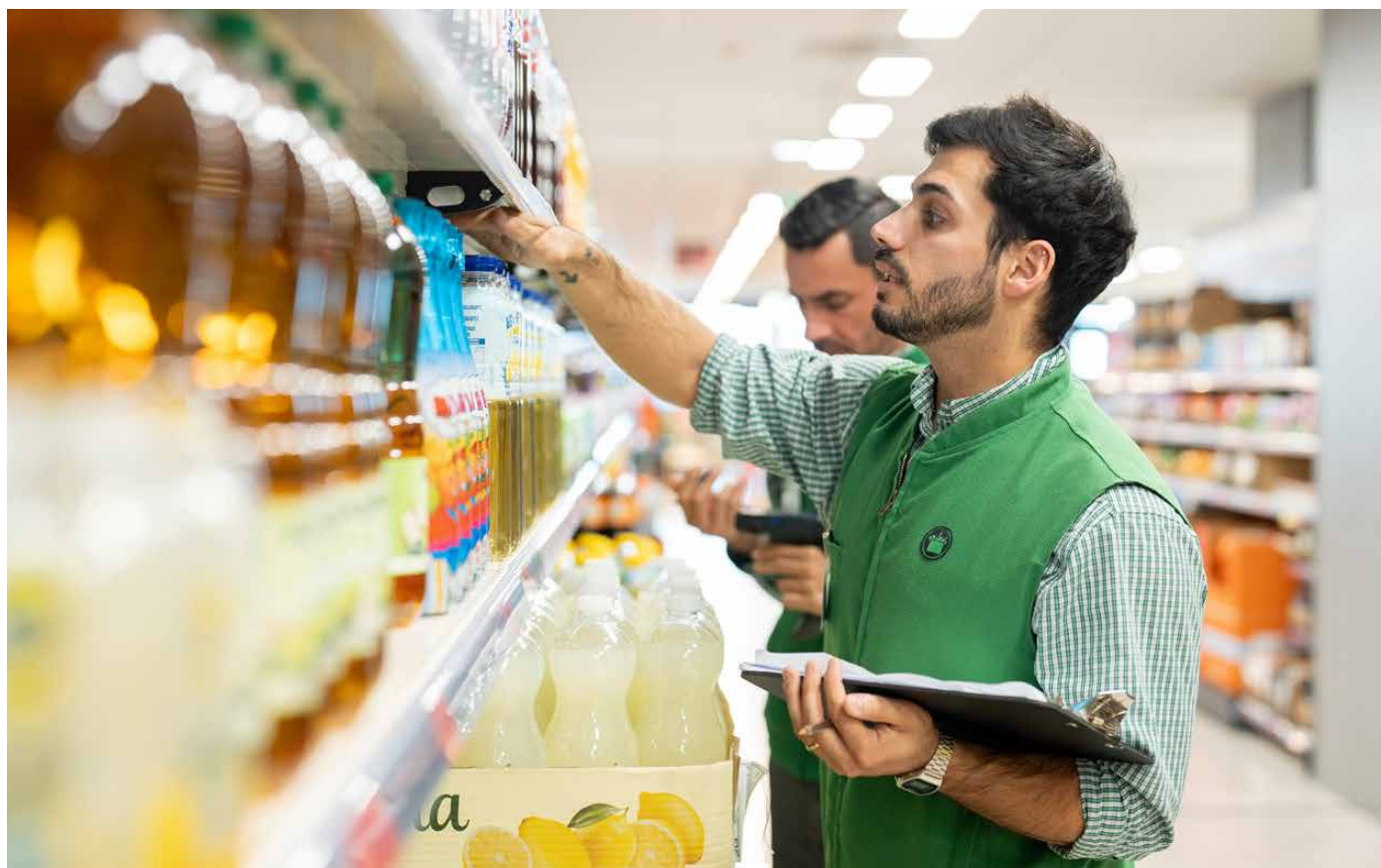
### Sales

The Group increased its turnover to €35,527 million (15% more than in 2022) thanks to sales through its different purchasing channels (in-store and online service). This milestone was achieved through productivity, efficiency and improved management.

### Evolution of gross sales

in millions of euros

|      |        |
|------|--------|
| 2022 | 31,041 |
| 2023 | 35,527 |



Sandro and Bruno, employees at the Corroios supermarket in Seixal, Setúbal.

## Gross margin

The market situation, coupled with higher product prices, forced the entire distribution sector to tighten margins as much as possible. The margin for 2023 stood at 24.5%, down for the second consecutive year, reflecting the competition in the sector and the company's considerable efforts to absorb a portion of the cost increase:

### Gross margin evolution

|      |       |
|------|-------|
| 2022 | 25.4% |
| 2023 | 24.5% |

## Expenses

In spite of containment efforts, costs continued to rise throughout the year. It should be noted that the greatest increase has occurred in personnel expenses, which represent over 60% of operating expenses, after having maintained the commitment to increase salaries in accordance with the CPI and having continued to apply the company's remuneration policy, which involves the increase in salary ranges in accordance with verifiable experience in the job post, performance-related bonus and the growth of funds to cover the needs of "The Boss":

### Evolution of personnel expenditure

in millions of euros

|      |       |
|------|-------|
| 2022 | 3,678 |
| 2023 | 4,115 |

## Productivity

The improvements made in all company processes, together with the successful commercial strategy, resulted in an increase in productivity, which helped to absorb the increase in expenditure:

### % sales related to staff costs

|      |       |
|------|-------|
| 2022 | 12.9% |
| 2023 | 12.5% |

## Profit

The Group's net profit amounted to €1,009 million, 3.1% of turnover. This indicator reflects the efforts made to ensure that the Mercadona Project continues to grow in a sustained and sustainable manner while remaining focused on efficiency, productivity and management improvement.

### Evolution of net profit

in millions of euros

|      |       |
|------|-------|
| 2022 | 718   |
| 2023 | 1,009 |

## EBITDA

The Group's EBITDA (defined as the Operating Result + Amortisation - Financial income) stood at €1,910 million at the close of 2023. 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.

### EBITDA evolution

in millions of euros

|      |       |
|------|-------|
| 2022 | 1,622 |
| 2023 | 1,910 |

## Equity capital

The profit obtained during the year and the capitalisation of nearly all of it meant that equity capital stood at €8,337 million at the end of 2023, which shows the company's desire to reinvest profits. It is worth noting that the ratio of equity capital to total assets remained at around 62% over the year.

### Evolution of equity capital

in millions of euros

|      |       |
|------|-------|
| 2022 | 7,529 |
| 2023 | 8,337 |

## Investments

The company has remained committed to investing in all necessary measures to add value to the 5 components. In total, €1,062 million have been invested in the brutal transformation in which it is immersed in order to be able to face future challenges.

### Evolution of investments

in millions of euros

|      |       |
|------|-------|
| 2022 | 923   |
| 2023 | 1,062 |

## Other Indicators

### Suppliers

The average payment period to suppliers was 45 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 €6,037 million.

### Cash flows

The generation of cash flows, taking into account the investment made in 2023, was as follows:

**€2,300 M**

Cash flow from  
operating activities

**-€1,120 M**

Net cash flow from investment and  
financing activities

**€1,180 M**

Net cash variation



Mari Carmen, “Boss” of the Avenida Europa supermarket in La Vall d’Uixó, Castellón.

## MERCADONA GROUP

Balance sheet at 31 December 2023\*

(in thousands of euros)

|   |                   |
|---|-------------------|
| <b>NON-CURRENT ASSETS</b>                           | <b>8,117,615</b>  |
| Intangible assets and property, plant and equipment | 7,685,612         |
| Financial investments and other assets              | 432,003           |
| <b>CURRENT ASSETS</b>                               | <b>5,411,541</b>  |
| Inventory   | 821,719           |
| Financial investments                               | 204,630           |
| Cash and cash equivalents                           | 4,385,192         |
| <b>TOTAL ASSETS</b>                                 | <b>13,529,156</b> |
| <b>EQUITY</b>                                       | <b>8,336,659</b>  |
| Capital   | 15,921            |
| Reserves  | 7,311,808         |
| Profit for the period                               | 1,008,930         |
| <b>NON-CURRENT LIABILITIES</b>                      | <b>34,767</b>     |
| Deferred tax liabilities and provisions             | 34,767            |
| <b>CURRENT LIABILITIES</b>                          | <b>5,157,730</b>  |
| Suppliers   | 3,570,137         |
| Creditors and debts with public authorities         | 980,040           |
| Personnel   | 607,553           |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <b>13,529,156</b> |

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

**MERCADONA GROUP**

Income statement at 31 December 2023\*

(in thousands of euros)

|                                     |                  |
|-------------------------------------|------------------|
| Revenue                             | 32,861,621       |
| Provisioning                        | (24,796,656)     |
| Other revenues                      | 42,828           |
| Personnel expenses                  | (4,115,139)      |
| Other expenses                      | (2,083,780)      |
| Fixed asset depreciation            | (691,839)        |
| <b>OPERATING INCOME</b>             | <b>1,217,035</b> |
| Financial revenues and expenses     | 96,230           |
| Impairment of financial instruments | (7,914)          |
| <b>NET FINANCIAL INCOME</b>         | <b>88,316</b>    |
| <b>PROFIT BEFORE INCOME TAX</b>     | <b>1,305,351</b> |
| Income tax                          | (296,421)        |
| <b>PROFIT FOR THE PERIOD</b>        | <b>1,008,930</b> |

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

## Juan Roig and Hortensia Herrero Legacy Project

Since 2012, Juan Roig and Hortensia Herrero have kept alive the shared dream of making their knowledge available to society, so that through their altruistic economic support, they can return part of what they receive from it through sustainable projects in the fields of culture, sport and training. In 2023 alone, they allocated €110 million of their personal wealth to this purpose.

**110**  
million  
euros in  
investment

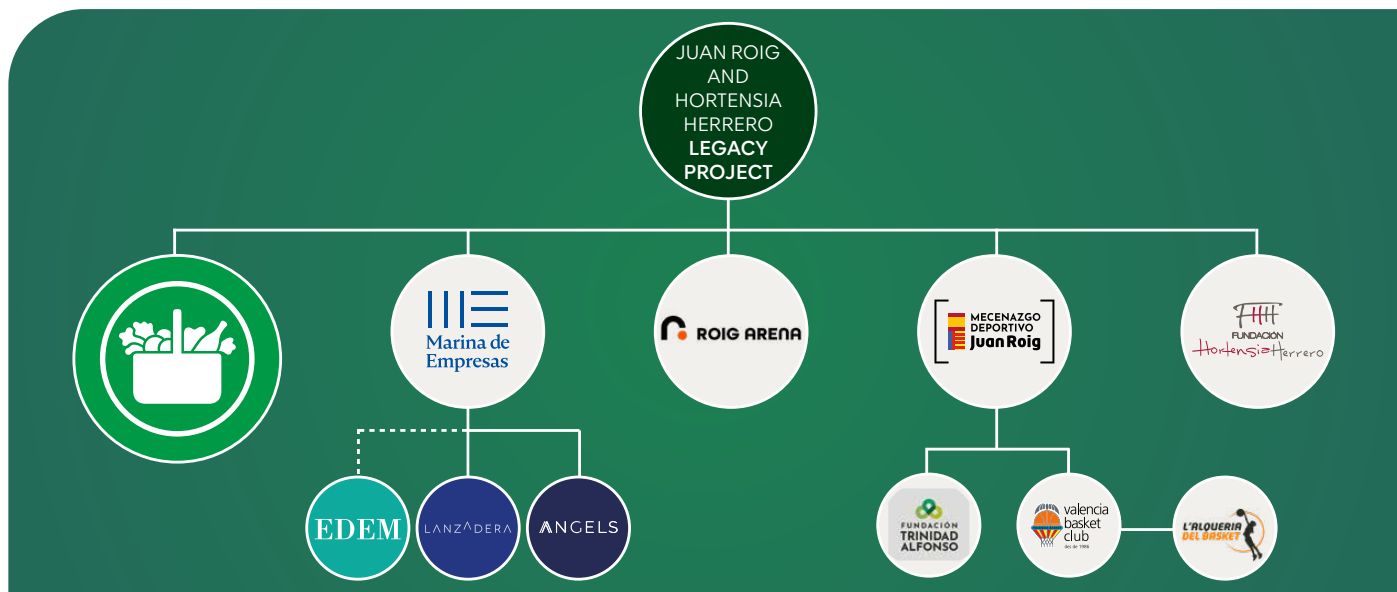
Support for art patronage is channelled through the Hortensia Herrero Foundation, chaired by the Vice-president of Mercadona. Following the €7.4 million invested in 2023, the foundation's total investment since its creation has reached €47.5 million. Furthermore, another milestone was achieved with the opening of the Hortensia Herrero Art Centre, which has already become a leading contemporary art gallery containing more than 100 works by 50 artists, all from Hortensia Herrero's collection.

The commitment to promoting sport has also been reinforced through the Fundación Trinidad Alfonso. In 2023, this entity invested €10.2 million, helping to consolidate the Valencia Marathon as the most popular marathon in Spain in terms of participants and the fourth fastest in the world. Likewise, Hortensia Herrero and Juan Roig continued to support L'Alqueria del Basket and the Valencia Basket Club men's and women's teams with a

total investment of €15.85 million for the 2022-2023 season, which saw the Taronja Club win its first Endesa Women's League title.

Furthermore, work continued in 2023 on the construction of the Roig Arena, a multi-purpose, sustainable venue for sporting, cultural and entertainment events involving a total investment of €280 million from Juan Roig's personal assets. Of these, half has already been paid, and 56.7 million specifically in 2023.

Meanwhile, the Legacy Project has remained firmly focused on talent and training, both essential factors for the development of any society. This has been achieved through a €14.5 million investment in Marina de Empresas, a major hub for entrepreneurship based on three core areas: EDEM, a university centre and business school; Lanzadera, a company accelerator; and Angels, a company that invests in entrepreneurial leaders.





1. Juan Roig and Hortensia Herrero, together with Fernando Roig, Trini Roig and Amparo Roig, at the launch of the FER Project. 2. Room at the Hortensia Herrero Art Centre in Valencia. 3. Juan Roig and Hortensia Herrero, at the opening of the Hortensia Herrero Art Centre, together with their four daughters, Carolina, Amparo, Hortensia and Juana. 4. Dancers with scholarships from the Hortensia Herrero Foundation at the 2023 Valencia Danza International Campus. 5. Players from the Valencia Basket Club women's first team and winners of the 2022-2023 Endesa Women's League. 6. Tariku Novales at the Valencia Marathon after breaking the Spanish men's record for this distance. 7. Aerial view of the progress of the construction works of the Roig Arena in Valencia. 8. Students at the entrance of EDEM. 9. Naia Espinosa, CEO of the startup Dryfing, at the Lanzadera facilities. 10. Ricardo García, entrepreneur and CEO of the startup Flipflow, delivering a presentation at "Investors Day" organised by Angels.



## MERCADONA'S HISTORY 1977-2023



**1977**

Mercadona started out as part of the Cárnicas Roig Group, a business promoted by Francisco Roig Ballester (1912-2003) and Trinidad Alfonso Mocholí (1911-2006).

**1990**

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

**1981**

Juan Roig and his wife, Hortensia Herrero, together with his siblings, Fernando, Trinidad and Amparo, bought Mercadona from their parents.

**1996**

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

**1993**

Implementation of the SPB (Always Low Prices) commercial strategy and the Total Quality Model.

**1999**

All staff members with permanent contracts: a commitment to stable and high-quality employment.

**1997**

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

Mural by the artist Juan Guarch Pérez (Juan Warx) awarded by the Hortensia Herrero Foundation, located in the Albalat dels Sorells offices, Valencia.

## The Mercadona Project continues to move forward



**2016**

Start of the brutal transformation.  
The company approves its internationalisation in Portugal.  
Opening of the first two supermarkets with the New Efficient Store Model (Store 8).

**2008**

Realignment of Mercadona with the Total Quality Model and Shopping Trolley Menu (the highest quality and cheapest shopping trolley on the market).

**2019**

Opening of the first 10 stores in Portugal.

**2018**

Development of the Global Fresh Products Strategy.  
Launch of the new online sales service.  
Implementation of the Ready-to-Eat section.

**2022**

Radical Totaler strategy, offering “The Boss” the chance to get it right with products of conclusive quality.

**2021**

Commitment to conclusive quality by all departments.

**2023**

Over 100,000 employees.  
Since 2016, Mercadona has invested over 10,000 million euros in the brutal transformation.

# Additional relevant information

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## 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 07 February 2024.

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’s 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, 32-33  | ✓ |
| 3  | Location of headquarters   | Calle Valencia, 5<br>Tavernes Blanques, Valencia, Spain   | ✓ |
| 4  | Location of operations   | Spain and Portugal<br>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, 42-55<br>Mercadona has 104,000 permanent employees (98,700 in Spain and 5,300 in Portugal) and has no subcontractors in its primary activity   | ✓ |
| 9  | Supply chain   | Pp. 4-5, 56-67, 72-73   |   |
| 10 | Significant changes to the organisation and its supply chain         | Pp. 6-9, 14-15, 26-27, 58-61  | ✓ |
| 11 | Information on how the company addresses the precautionary principle | Pp. 20-21   | ✓ |
| 12 | External initiatives   | Pp. 28-29, 62-65, 86-91   |   |
| 13 | Relationship with associations of which the organisation is a member | Pp. 17, 86-87   | ✓ |
| 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<br>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. 86-91   |   |
| 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<br>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<br>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                            | Pp. 46-47<br>The company's remuneration policy has been based on the principle of "equal responsibility, equal pay" for years   | ✓ |
| 33 | Processes for determining remuneration           | Pp. 44-47   | ✓ |
| 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. 50-51<br>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<br>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<br>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 2023 to 31 December 2023  | ✓ |
| 44 | Date of most recent report                       | 2022  | ✓ |
| 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. 44-47<br>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, 66.106   |   |
| 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  | 7,175,700 GJ  | ✓ |
| 54 | Energy intensity   | 526.64 GJ/MKil litres sales   |   |
| 55 | Savings in energy consumption  | 144.70 million kWh  | ✓ |
| 56 | Water consumption  | Total consumption 3.66 hm <sup>3</sup> (2.25 hm <sup>3</sup> for shops and 1.41 hm <sup>3</sup> for logistic centres)   | ✓ |
| 57 | Water withdrawal by source   | 100% from municipal public water supply<br>Rainwater harvesting at 3 logistics platforms, which is used for irrigation and washing  | ✓ |
| 58 | Direct greenhouse gas emissions from leakage of fluorinated gases  | 10.58 tCO <sub>2</sub> eq/MKil litres sales   | ✓ |
| 59 | Indirect greenhouse gas emissions from energy consumption  | 21.11 tCO <sub>2</sub> eq/MKil litres   | ✓ |
| 60 | Direct greenhouse gas emissions from freight transport   | 7.37 kg CO <sub>2</sub> eq/m <sup>3</sup> of goods delivered to stores  | ✓ |
| 61 | Intensity of total greenhouse gas emissions  | 55.89 tCO <sub>2</sub> eq/MKil litres sales   | ✓ |
| 62 | Annual variation in greenhouse gas emissions   | -1,950 tonnes of CO <sub>2</sub>  | ✓ |
| 63 | Emissions of ozone-depleting substances  | The company does not use ozone-depleting substances   |   |

| No | Indicator   | Page/Comment  |   |
|----|---|---|---|
| 64 | Total weight of waste generated by type and processing method   | 406,175 tonnes of waste, of which 91% goes to recycling/recovery  | ✓ |
| 65 | Percentage of new suppliers reviewed in terms of environmental criteria   | Mercadona requires all its specialist suppliers and intersuppliers to be certified under an internationally recognised 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. 44   | ✓ |
| 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: 29.42‰<br>Lost hours: 9,988,254<br>Absenteeism: 4.76%*<br>Male absenteeism: 1.46%<br>Female absenteeism: 3.30%   | ✓ |
| 71 | Workers with high incidence or high risk of illness 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 | ✓ |
| 73 | Average hours of training per year per employee, broken down by gender and professional category  | Per employee: 26.6 hours of training and €947.5 invested on average per person in Spain and 142 hours of training and €3,303 invested on average per person in Portugal   | ✓ |



| No | Indicator  | Page/Comment   |   |
|----|--|--|---|
| 74 | Skills management and ongoing training programmes that promote employability for employees and help them manage the end of their career  | Pp. 52-53  | ✓ |
| 75 | Percentage of employees receiving regular performance and career development reviews by gender and professional category   | P. 44<br>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, 44, 48-49   | ✓ |
| 77 | Ratio of base salary of women to men, broken down into women's versus men's remuneration   | Pp. 44, 46-47<br>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 2023, 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.<br>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.<br>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.<br>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  | ✓ |
| 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. 76-91)   |   |

| No | Indicator   | Page/Comment  |   |
|----|---|---|---|
| 85 | Operations with significant potential or actual negative impacts on local communities   | Pp. 20-21, 90<br>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   | P. 66<br>85% of the selection is of Spanish origin, obtained from suppliers audited according to Mercadona's Model, which includes meeting the needs of employees |   |
| 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 non-compliances with regulations and voluntary codes relating to product and service information and labelling, 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 regarding the supply and use of products and services, monetary value of significant fines and number of non-monetary penalties for non-compliance with regulations and legislation | There was no significant non-compliance with regulations*   |   |

\* The company considers any financial sanction in excess of €50,000 to be significant.



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