

MERCADONA

Environment Report 2019-2020





Effective environmental management is crucial
for the good operation of any company.

At Mercadona we are aware that we still have much to improve,
but the results achieved encourage us to continue working.

This Report covers the environmental information corresponding to Mercadona's activity in Spain during the years **2019 and 2020**.

Cases in which the information also includes Mercadona's facilities in Portugal are indicated.



¿SABÍAS QUE...?
NUESTROS
SON DE
RECICLADO

SEGUIR
CUIDANDO
EL PLANETA

¿SABÍAS QUE...?
ESTAMOS INCLUYENDO
INFORMACIÓN QUE TE
AYUDARÁ A RECICLAR

NUESTROS
ENVASES SON DE
MATERIAL RECICLADO

¿SABÍAS QUE...?
MUCHOS DE NUESTROS
ENVASES SON DE
MATERIAL RECICLADO

¿SABÍAS...
HEMOS ELIMINADO
LOS DESECHABLES DE
PLÁSTICO DE 1 USO

¿SABÍAS...
QUE TE
AYUDARÁ A RECICLAR

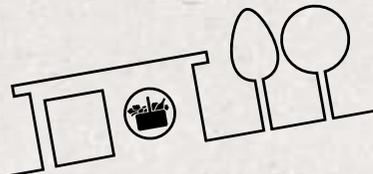
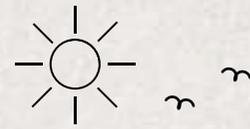


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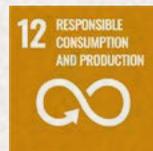
MERCADONA'S ENVIRONMENTAL MANAGEMENT SYSTEM

Mercadona is a company of physical supermarkets and online sales that carries out its activities in Spain and Portugal. For many years now, the company has had an environmental management system based on identifying, preventing and reducing the environmental impacts generated by its activity in three main areas: logistics optimisation, energy efficiency and responsible waste management.

Over the years, this system has expanded and adapted both to the growth of the company and to the different challenges that have arisen as a result of social demands and the objectives that Mercadona sets itself as a company in order to fulfil its long-term vision: to be a company that people want to exist and feel proud of.

Mercadona is committed to the SDGs

Mercadona works actively towards the achievement of the United Nations Sustainable Development Goals. Within its environmental commitment it carries out specific actions that are centred on the following objectives:





Separate waste collection bins in the Expo supermarket in Zaragoza.

New challenges and new strategies

In recent years, the need to improve the environmental performance and increase the sustainability of our societies has become increasingly evident. From the EU's Green Deal, which seeks to decarbonise the European economy by 2050 without sacrificing economic progress, to social movements to achieve a more sustainable economy. All of us, the governments, companies and civil society, are living in an age in which it is necessary to reassess production processes and firmly commit to a Circular Economy that is low in waste and in carbon.

Mercadona is no stranger to this transition, and as part of its business strategy it has said "Yes to continuing to take care of the planet". To do so, it has strengthened its environmental management system, as well as incorporating the Strategy 6.25 to address the challenge of improving how plastic is used and managed in its processes. This Report details the changes that the company is making in its management, as well as the new indicators that Mercadona is going to publish to share the results of all of these efforts.

WE SUPPORT



Mercadona has been a signatory to the Global Compact since 2011, and it works to promote a sustainable and responsible private sector.



1. LOGISTICS OPTIMISATION

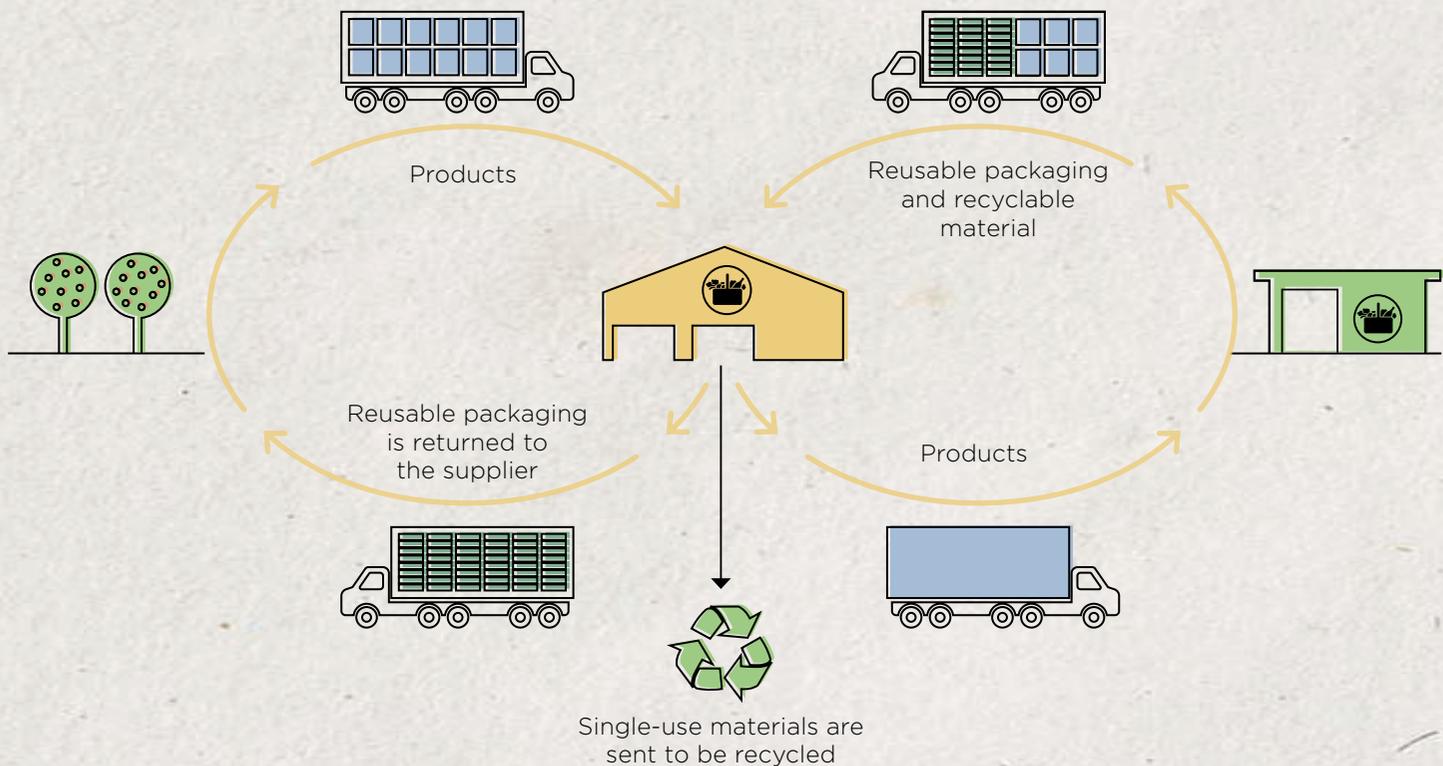
The cornerstone of the distribution process is efficient logistics that allows for products to be delivered to stores with the maximum guarantees of food safety, quality and freshness. Furthermore, to comply with the necessary efficiency requirements, the logistics management must be performed through the best possible use of the means available. This is what is known in Mercadona as “transporting more with fewer resources”, and it translates into a series of strategies that are aimed at transporting the maximum amount of products in the fewest possible trips, taking advantage of every opportunity that presents itself to reduce the environmental impacts associated with this process.

The transformation of urban mobility and the need to find new logistics solutions that ensure the supply while also improving sustainability also requires a set of different solutions to adapt to the urban setting. In this sense, Mercadona is performing a review of its logistics processes that includes solutions such as the use of less polluting alternative fuels, improvements to the refrigeration equipment in the lorries and vans, and adherence to initiatives such as Lean & Green to certify and communicate the reduction of emissions due to transport.

99%
of the fleet complies with the Euro VI engine standard

96
lorries powered by natural gas

777
stores with silent logistics in off-peak hours



Eight Strategy

At Mercadona the “Eight Strategy” is a set of measures that aims to ensure that the lorries that transport the products work in as efficient a manner as possible, optimising fuel use and reducing the environmental impact of their activity. This is achieved through a range of strategies that, when combined, manage to improve the environmental behaviour of the road transport fleet.

Ex-works buying

The usual logistics process of a distributor begins when the goods reach their logistics centres and from there they are delivered to the stores. For many years Mercadona has been collecting goods directly from its suppliers’ facilities to optimise its transport routes.

This makes it possible to better organise lorry trips, improving the efficiency of each trip and reducing the carbon footprint.

Reverse logistics and reusable packaging

An important part of Mercadona’s logistics strategy is the use of reverse logistics, in which it takes advantage of the return trips from stores and trips to collect goods from the suppliers to transport reusable packaging, recyclable materials and products that for some reason need to be returned to the logistics centre (in the case of stores). This allows the fleet to avoid making trips without loads and it increases the company’s efficiency by incorporating the reuse and recycling of commercial packaging into its processes.

“Don’t transport air”

Mercadona’s motto of “don’t transport air” covers four aspects. On the one hand, the eco-design of packaging that aims to improve stacking and lighten the amount of packaging, making it possible to transport more product units in the same space. On the other hand, the distribution of the load inside the lorry box to balance heavy products with bulky products on each trip that ensures that the store receives the goods in as few loads as possible. Another aspect involves looking for and analysing the optimal type of lorry to provide the best service to each store, optimising the capacity of each lorry. Last but not least is the aforementioned reverse logistics, thanks to which the fleet is always doing useful work for the company in all parts of the

trips that it makes, avoiding the unnecessary use of valuable resources and reducing environmental impacts.

With these eco-design, reverse logistics and lorry route optimisation measures, Mercadona’s fleet was 88% full in 2019 and 85% full in 2020. This variation is partly due to the health crisis caused by the COVID-19 pandemic, when service to stores was prioritised over filling lorries, to ensure that the customers could have products on the shelves quickly. It is also due to a change in the pallet stacking criteria, which has made it possible to optimise ergonomics and safety for employees and the restocking time in stores.

Gas-powered delivery vans at the Madrid Hive.



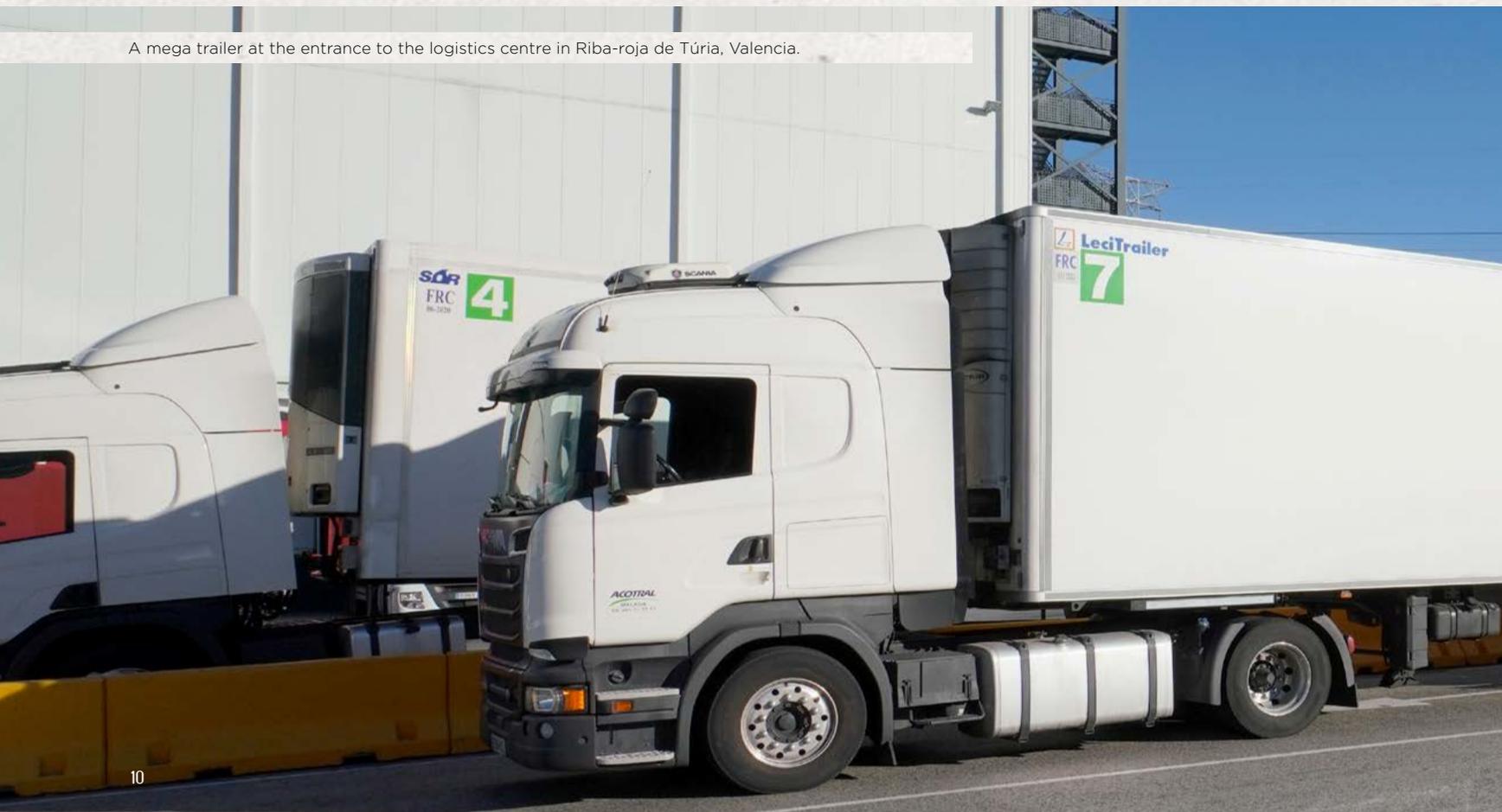
Urban distribution of goods and last mile

Episodes of high pollution in large cities, and the health consequences of exposure to the atmospheric pollution caused by road traffic, among other factors, make it necessary for us to rethink how we supply establishments in urban centres. In this sense, and as explained below, Mercadona has opted for a fleet of lorries that boast the most restrictive emission control standards on the market, and it also applies what it calls “silent logistics in off-peak hours”. This type of distribution consists of going to the stores with the highest-tonnage lorries that are authorised to supply them at times when there is less traffic and activity in the cities (off-peak hours), meaning that fewer lorry trips are required as the amount of goods transported on each trip is increased.

The lorries are also unloaded using adapted means and trained personnel so as not to generate noise pollution. The benefits of this measure have been widely studied, and 777 Mercadona stores in Spain and Portugal are currently supplied this way, reducing traffic congestion in cities as well as atmospheric and noise pollution.

777 stores
in Spain and Portugal are
supplied using silent logistics
in off-peak hours

A mega trailer at the entrance to the logistics centre in Riba-roja de Túria, Valencia.



Fleet renewal

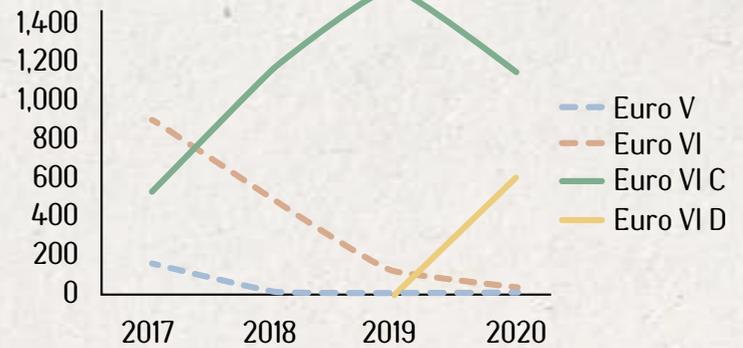
Road transport remains the only available option for supplying the majority of our territory. Moreover, emissions from transport contribute to climate change, as well as affecting atmospheric pollution and air quality in the cities. That is why it is necessary for distribution companies to include a coherent strategy in their policies and procedures, aimed at reducing the emissions due to transport as far as possible, adopting all of the available technologies to improve those impacts, while also guaranteeing that the logistics process can be done in a reliable, fast and efficient way.

Engine standards

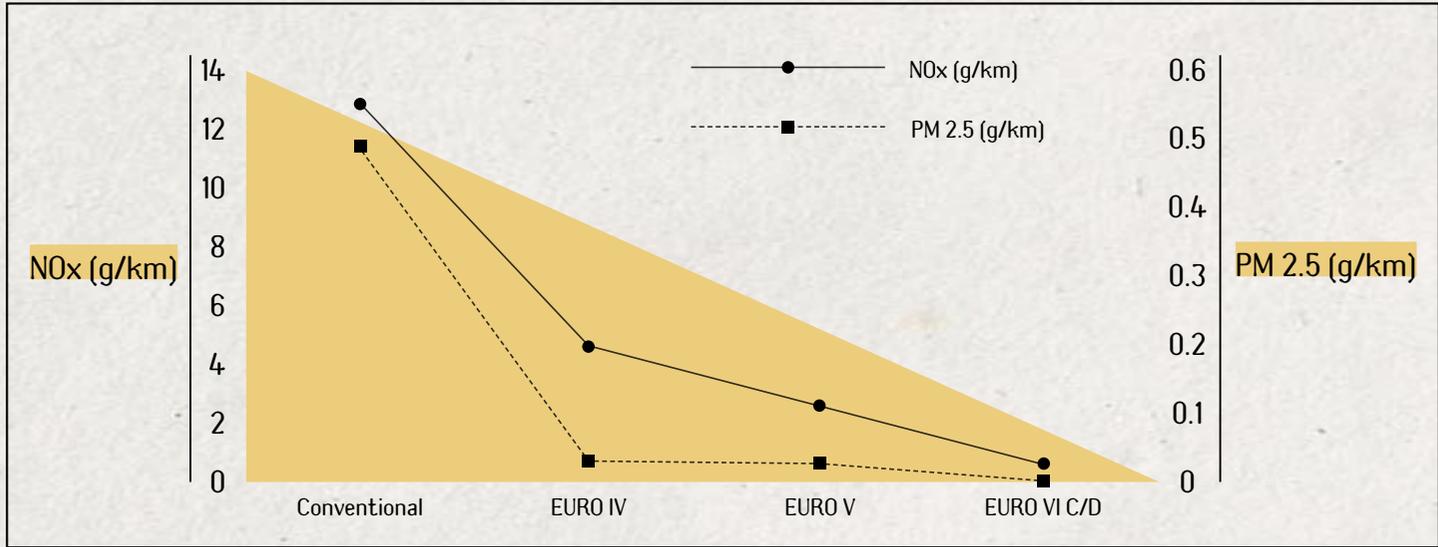
Mercadona's fleet is almost completely (99%) comprised of lorries with engines that comply with the Euro VI, Euro VI C and Euro VI D standards, the most efficient on the market.

These standards determine the maximum amount of nitrogen oxides and particles emitted by the engines, which are the elements that contribute most to atmospheric pollution and to its harmful effects on health.

Fleet renewal by engine standard



Comparison of engine standards vs. NOx and particles



Comparison of emissions of nitrogen oxides (NOx) and particles (PM 2.5), two of the most harmful pollutants to health, according to the characteristics of conventional engines and lorry engines with Euro standards. Mercadona's fleet is comprised entirely of lorries that comply with the Euro VI standard or higher.

Alternative fuels

Although the trend for private vehicles is shifting toward electrification as one of the main strategies, at the present time this solution is not applicable to goods transportation fleets. However, there are alternative fuels to diesel oil that offer better environmental performance, and Mercadona is strongly committed to them: its fleet of lorries powered by Compressed Natural Gas (CNG) has increased from 5 in 2019 to 7 in 2020, while its Liquefied Natural Gas (LNG) fleet now stands at 96 vehicles, 21 more than in 2019.

Mega trailers and lightening of vehicles

Within the general strategy of "Transporting more with fewer resources", Mercadona uses mega trailers and duo trailers that offer a greater loading capacity per tractor unit. It has also lightened the weight of lorries (in elements such as the fuel tank for example) to be able to transport more tonnes per trip, therefore reducing fuel consumption.

Last mile

The van fleet is currently being transformed from diesel to dual fuel (Diesel LPG), and it now has a total of 387 dual fuel vans, which is 323 more than in 2019, making up 16% of the total. Electric tri-temperature vans are also being tested for the last-mile distribution of the Home Delivery and Mercadona Online Services.

Refrigeration equipment

The transport of refrigerated goods also entails the risk of refrigerant gas leaks and Mercadona has introduced improvements in this area.

Over the last few years it has been changing the refrigerant gas used in lorry refrigeration equipment from R-404A to R-452A, which reduces the emissions from gas leaks by up to 45%.

Intermodal transport

In terms of national rail transport, a total of 9,600 train journeys were made in 2019, which resulted in a saving of more than 780 tonnes of greenhouse gas emissions. A total of 9,700 trips were made in 2020, with a saving of more than 920 tonnes of greenhouse gas emissions. For the transport of imported products, Mercadona fundamentally uses maritime transport (63% of the volume), followed by land (29%) and then air (8%) transport, which the company uses to transport time-sensitive products.

Specifically, Mercadona made the following trips in 2020: 4,039 in maritime transport, 1,855 in land transport and 537 in air transport. In the case of loads in Europe, the main volume was carried by road transport (89.53%), followed by intermodal transport, which is when a lorry does part of the journey on-board a ship (7.74%), rolling road, which is when a lorry does part of the trip on a rail platform (1.17%), maritime transport (0.84%) and rail (0.19%).

Additionally, in maritime transport, the shipping companies are starting to incorporate large ships with greater container capacities, as well as ships powered by LNG, which are less polluting than traditional fuels.



In 2020 Mercadona joined the Lean & Green initiative, promoted by the AECOC in Spain. Bearing in mind the objectives defined at the Paris Climate Summit (COP21), the company is working on an Emissions Reduction Action Plan, which will be externally audited with the objective of certifying an initial reduction of 20% in the emissions produced in the company's logistics processes, including both transport and energy efficiency at logistics centres, from 2015 to 2019

Macarena, "Boss" of the Avenida Doctor Pascual Parrilla supermarket in Murcia.



<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>13 CLIMATE ACTION</p> 
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2. ENERGY EFFICIENCY

At the end of 2016, Mercadona started converting its stores to a new model called Store 8, which, as well as introducing aesthetic, ergonomic and accessibility improvements, also incorporates important advances in energy efficiency. At the same time it is carrying out a project to comprehensively measure the store's energy consumption in real time, meaning that it will be able to quantify the improvements achieved and better adjust the equipment and adapt it to the climate circumstances of each location. To do so, it has started installing solar panels in some of the chain's stores (590 kWp at the end of 2020), taking the first steps in a strong commitment to supplementing the energy demand with renewable sources, thereby reducing emissions and making stores more environmentally friendly.

Moreover, Mercadona's logistics centres continue to implement savings measures that manage to improve efficiency without losing processing capacity, and, likewise new automation and digitalisation technologies are being incorporated to be able to monitor, correct and improve their consumption. Among these measures it is worth highlighting the installation of more than 600 kWp in solar panels by the end of 2020, a project that it intends to significantly expand in the coming years.

The result is a network of stores and logistics centres that, without compromising on service quality, extracts the maximum performance possible from the energy resources and aspires to continue improving in this field.

15,705,342

Total energy consumption (in GJ) 2019-2020

39.7 million kWh

Reduction in consumption 2019-2020

1,433

Parking spaces with charging stations for electric vehicles in Spain and Portugal

Stores

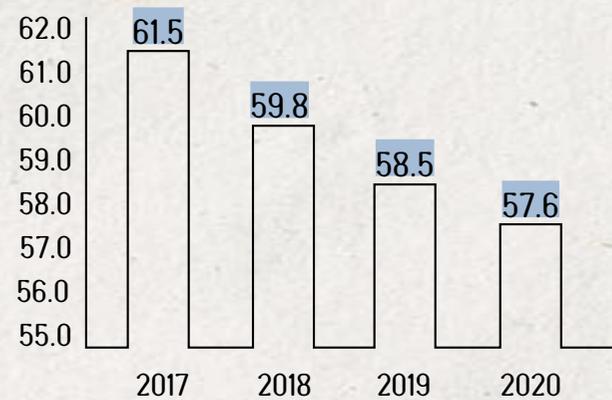
Mercadona currently has 1,277 eco-efficient stores, of which 1,020 are Store 8. The different savings measures have been paying off over the years, and consumption is still being monitored to adjust this to the store's real needs and ensure both thermal comfort and the cold chain.

Energy savings

2019	▶	14 million kWh
2020	▶	25.7 million kWh

The energy saving data for 2020 is not comparable to 2019 due to the restricted store opening hours, a measure adopted as a result of the COVID-19 pandemic to protect the health of employees and customers.

Electrical consumption



Electrical consumption per m³ of goods that arrive at stores (kWh/m³)

Unai, "Boss" of the Zuazo supermarket in Galdakao, Bizkaia.



SOME ENERGY SAVING MEASURES ACCORDING TO THE STORE MODEL

	Conventional store	Atmosphere store	Efficient store (T8)
Heat recovery in the refrigeration plant used for the air conditioning of areas	✓	✓	✓
Entrance hallways to prevent draughts and eliminate the need for an air curtain		✓	✓
Lower ceiling height		✓	✓
Door opening alarms in the refrigeration chambers		✓	✓
Energy saving fluorescent lights		✓	
Presence and natural light sensors		✓	✓
Programmer to automate consumption in stores		✓	✓
Smart consumption management by areas and times		✓	✓
LED lighting			✓
Improvements to enclosures to increase thermal and noise insulation			✓
Automated switching on and off of anti-mist heaters			✓
Automation of the chamber thermostats to turn off the fans when the doors are open			✓
Solar panels for self-consumption			✓
Closable freezers in the frozen goods section			✓

Solar panels

Mercadona has installed more than 1,100 kWp of solar panels at its stores and logistics centres, with more than 3,000 active solar panels



Abraham, employee of the Novenes supermarket in Burriana, Castellón.



Detail of the solar panels installed at the Novenes supermarket in Burriana, Castellón.

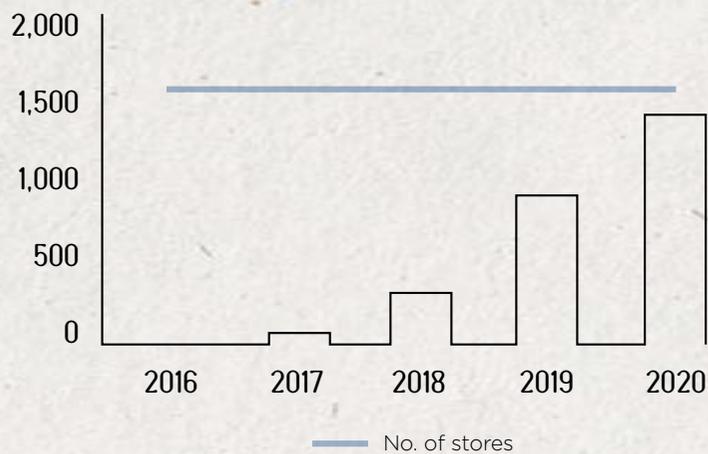
Renewable photovoltaic generation on roofs for self-consumption.
The company saves approximately 15% in electricity at each of the stores that have solar panels. In 2020, 1,400 solar panels were installed at 8 different centres in Spain and Portugal

Charging stations for electric vehicles

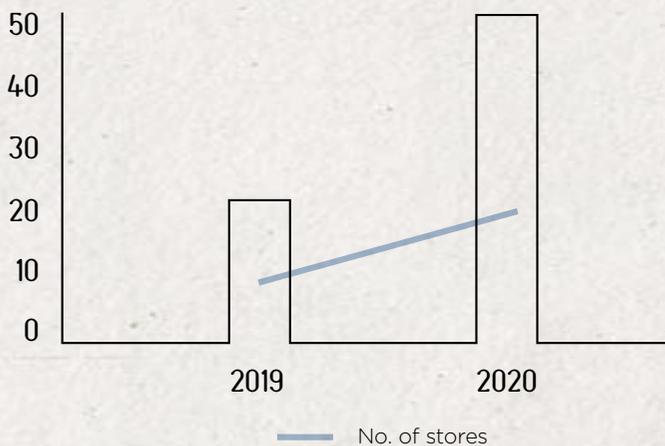
Mercadona car parks have charging stations for electric vehicles. In recent years, and aware of the need to adapt its stores to new modes of mobility, the company has made a great effort to increase the number of this type of parking space. In the case of Portugal, the 20 stores that were in operation at the end of 2020 already had parking spaces with charging stations.

At the end of 2020, Mercadona had installed 1,433 charging stations at its facilities (stores, offices and logistics centres): 1,382 in Spain and 51 in Portugal.

Charging stations in Spain



Charging stations in Portugal



1 in 6 charging stations for electric vehicles in Spain is at Mercadona





Changes to refrigerant gases

One of the areas in which Mercadona has been most active in recent years has been the prevention and control of refrigerant gas leaks, and the updating of refrigeration equipment in stores and logistics centres to migrate to technologies with a lower global warming effect.

It has implemented monitoring and control systems that can detect a leak and fix it quickly, notably reducing the impact of leaked gases. The switch to refrigerant gases with less global warming potential (GWP) has also contributed to reducing leaks, both in absolute terms and in their contribution to Mercadona's CO₂e emissions.

Evolution of refrigerant gas leaks



Evolution of the emissions caused by refrigerant gas leaks in the chain in kilos of CO₂ per cubic metre of goods delivered to stores. The reduction in recent years is due to the implementation of better systems for controlling leaks, the change to refrigerant gases with less GWP, and the transition to refrigeration technologies with subcritical and transcritical CO₂.

Detail of the Strategy 6.25 signs at the El Alisal supermarket in Santander, Cantabria.



1 ELIMINAR BOLSA PLÁSTICO UN SOLO USO EN TODAS LAS SECCIONES

6 AYUDARTE A RECICLAR

5 RECICLAR LOS RESIDUOS DE PLÁSTICO

6 ACCIONES PARA REDUCIR EL PLÁSTICO

SÍ A SEGUIR CUIDANDO EL PLANETA

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND



3. WASTE MANAGEMENT

Waste management is now part of a debate that encompasses all of society. Recognising the need to migrate towards a more sustainable production model has brought to light both the problems and the opportunities that come from good waste management.

Mercadona's environmental management system focuses on reduction as the principal strategy for the waste generated in its processes. However, in recent years it has become evident that there are many more opportunities for improvement, and that the advances in innovative processes, as well as increased demand from the society that Mercadona belongs to, have led to the re-examination of many waste management processes.

In addition to its now consolidated systems for reusing and recycling commercial packaging, and its strategies for preventing food waste and redistributing surpluses, in 2020 Mercadona launched a specific strategy for the packaging of its brands, called Strategy 6.25. This strategy aims to reduce the amount of virgin plastic used in Mercadona Brand packaging, facilitate the recyclability of existing packaging, and work with society to achieve a more efficient recycling process with which we can all advance towards a Circular Economy.

17,000

tonnes of food donated in Spain and Portugal

25%

plastic reduction target for 2025

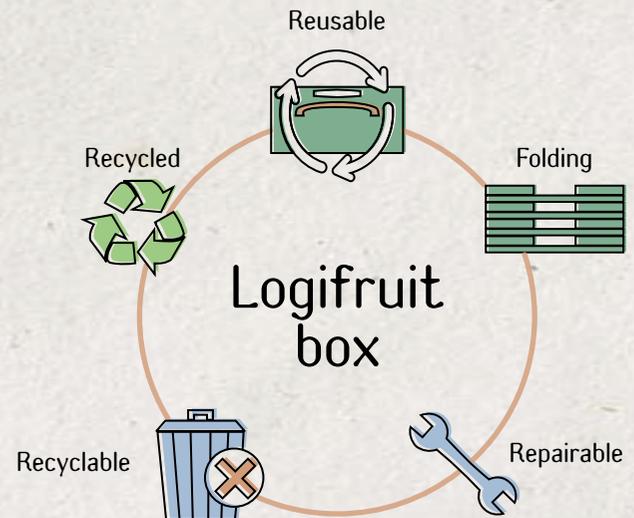
3,000

tonnes of plastic recycled to make reusable bags

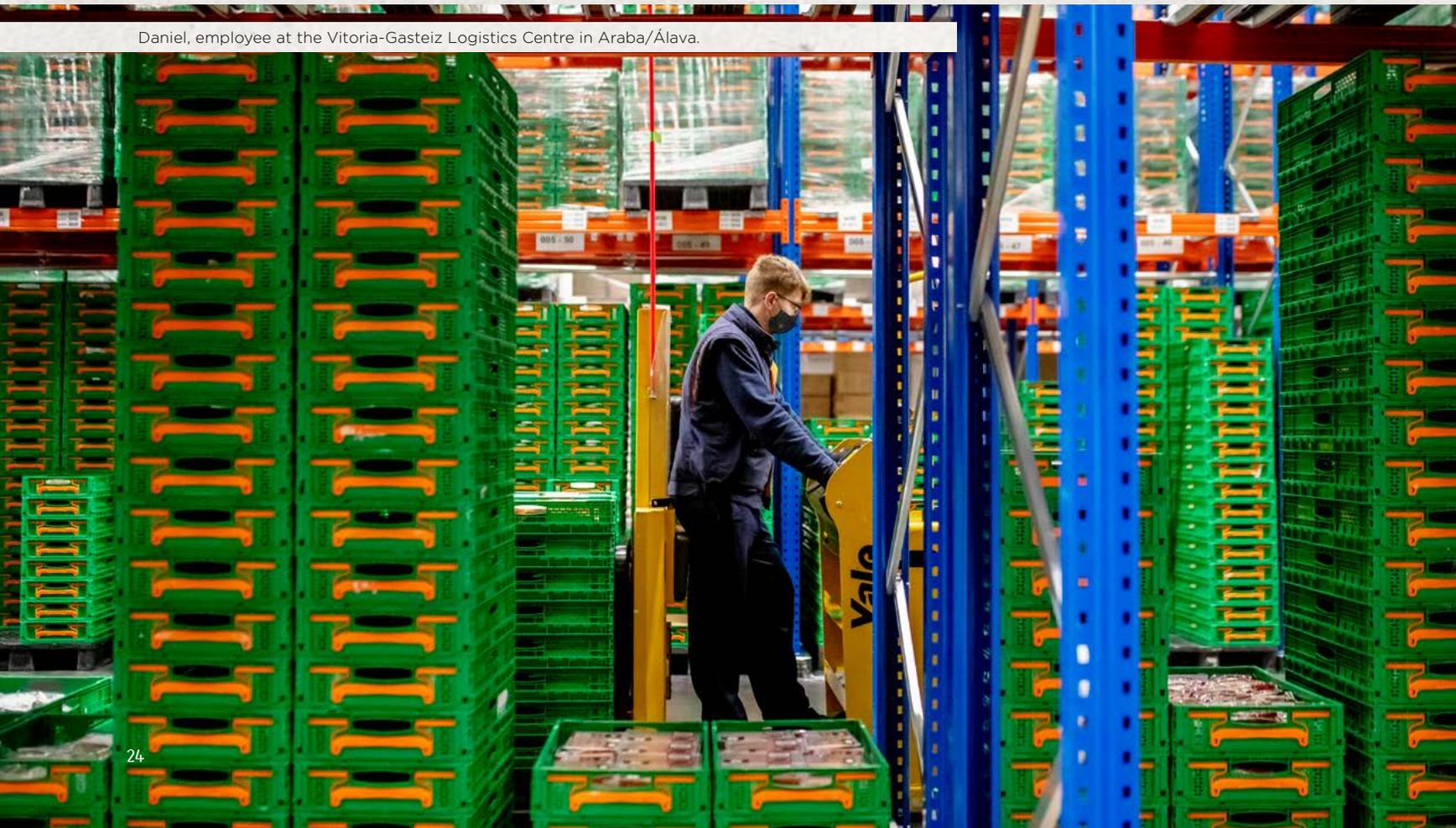
Reuse: Logifruit reusable boxes system

Mercadona has been committed to reusing commercial packaging for 25 years with its supplier Logifruit. The system is designed so that pallets and boxes complete multiple circuits, from the primary producer to the store. Thanks to their modular design they are easy to clean, repair and recycle, making the Logifruit model a good example of a Circular Economy. After each use cycle, every box or pallet returns to the warehouse and enters an automated cleaning and disinfection process that guarantees safety and hygiene. In just a few minutes they are ready to be used again, and can be reused up to 120 times per unit before needing repairing.

Savings of over 180,000 t/year
in single-use materials



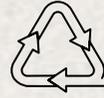
Daniel, employee at the Vitoria-Gasteiz Logistics Centre in Araba/Álava.



Socially responsible with the environment

STRATEGY 6.25 FOR THE REDUCTION OF PLASTIC: THREE OBJECTIVES, SIX ACTIONS

6 ACTIONS TO REDUCE PLASTIC

-  **1** **ELIMINATE SINGLE-USE PLASTIC BAGS IN ALL SECTIONS** ✓
-  **2** **ELIMINATE SINGLE-USE DISPOSABLE PLASTIC ITEMS** ✓
-  **3** **REDUCE THE PLASTIC IN OUR PACKAGING**
ELIMINATE
REDUCE
REPLACE
INCORPORATE recycled material
REUSE
-  **4** **PROMOTE THE USE OF RECYCLABLE PACKAGING**
-  **5** **RECYCLE PLASTIC WASTE IN STORES, HOME DELIVERY SERVICE, AND ONLINE**
-  **6** **TRAIN / INFORM ABOUT HOW TO SEPARATE RECYCLABLES AT HOME**

OBJECTIVES FOR 2025:

- Reduce plastic by 25%
- Make all plastic packaging recyclable
- Recycle all plastic waste

Examples of some Strategy 6.25 actions in stores



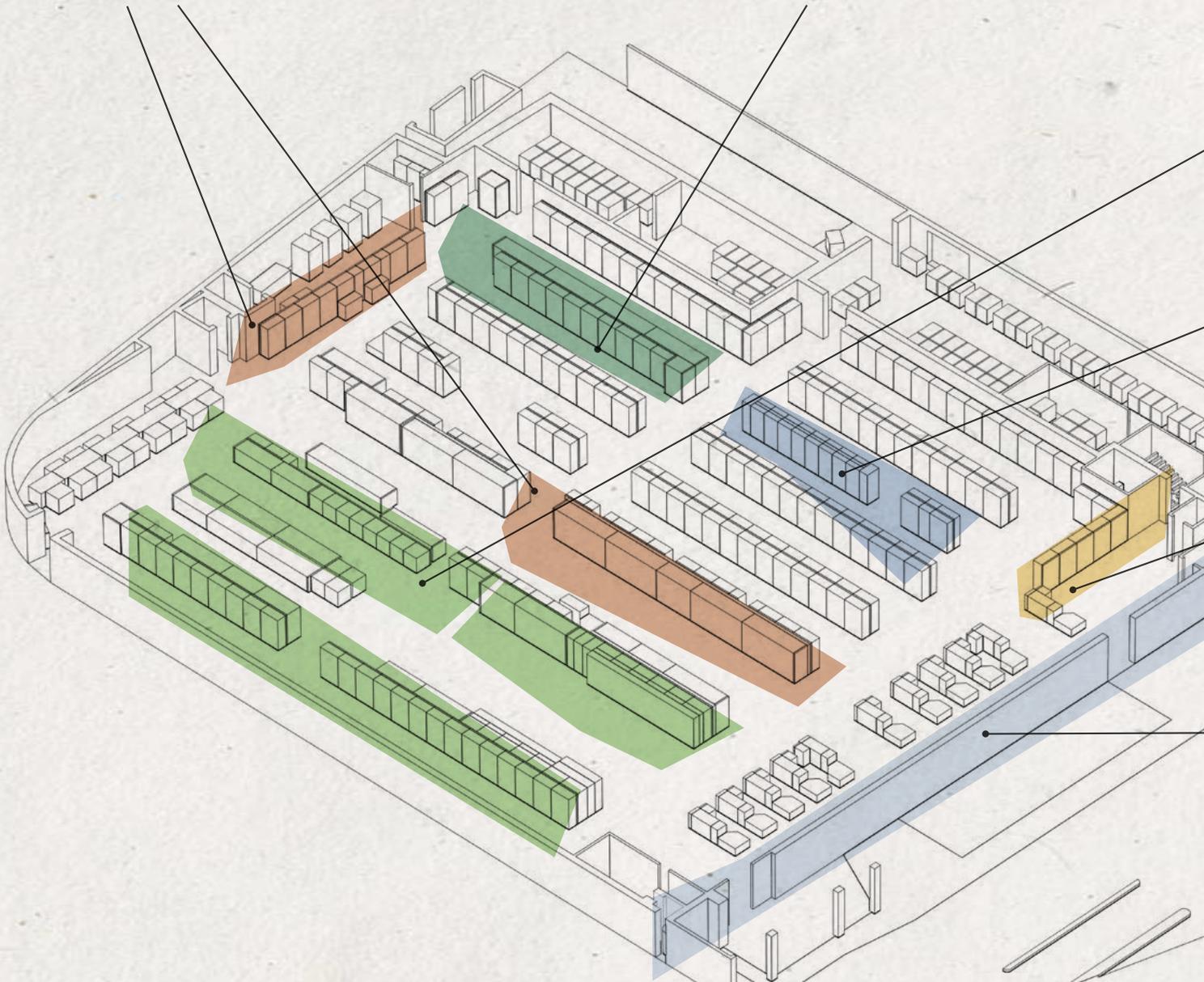
1

REPLACEMENT
OF SINGLE-USE
PLASTIC BAGS
WITH REUSABLE OR
COMPOSTABLE BAGS



2

ELIMINATION
OF SINGLE-USE
DISPOSABLE
PLASTIC ITEMS





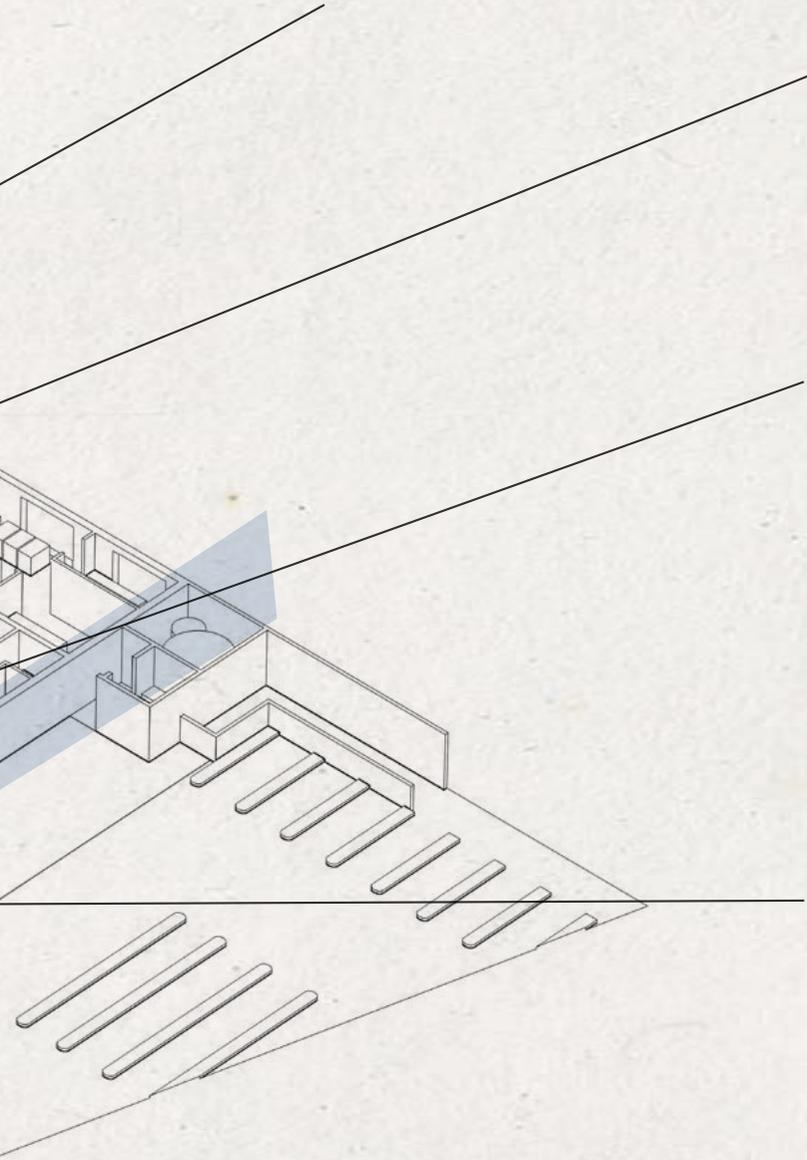
3

MEASURES TO REDUCE AND REPLACE PACKAGING MATERIALS



4

IMPROVED PACKAGING DESIGN TO INCREASE THEIR RECYCLABILITY



5

ENCOURAGE THE CORRECT SEPARATION OF WASTE IN STORES



6

INFORMATION TO FACILITATE BETTER RECYCLING AT HOME

Recycling commercial packaging

In addition to the reusable packaging system, Mercadona uses recyclable materials in part of its commercial packaging. Once the packaging arrives at the stores it is compacted and prepared for transportation through reverse logistics. The packaging is compacted again at the logistics centres to facilitate transport and it is then sent to be recycled, returning it into the cycle of useful materials.

Checkout bags: an example of the Circular Economy

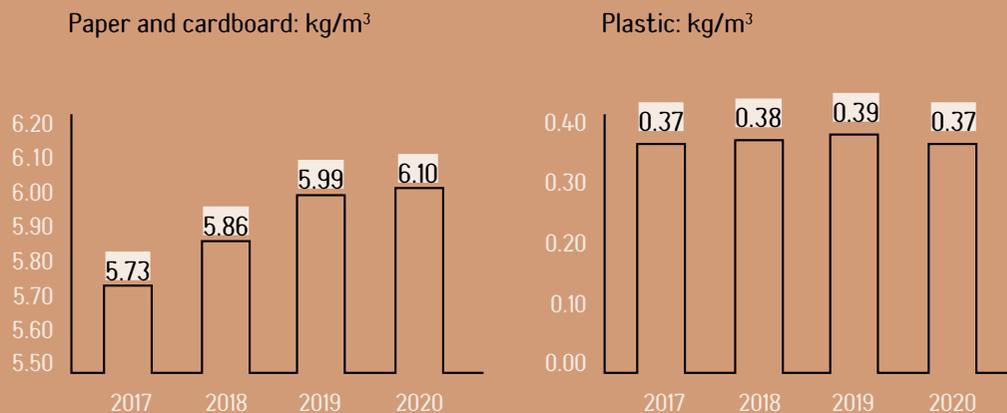
The reusable plastic bags that Mercadona sells are made from 65-70% recycled plastic that comes, in part, from wrapping film, which Mercadona sends to Saica Natur to be recycled and which the supplier Plasbel uses to make the bags.



Circularisation process for the plastic that enters Mercadona as commercial packaging and returns to Mercadona as a reusable bag.

Thanks to reverse logistics and its commercial packaging management model, Mercadona recovers more than 250,000 tonnes of recyclable materials each year, which go on to become raw materials again in production cycles

Kilos of commercial packaging material sent to be recycled per cubic metre of goods that arrive at stores



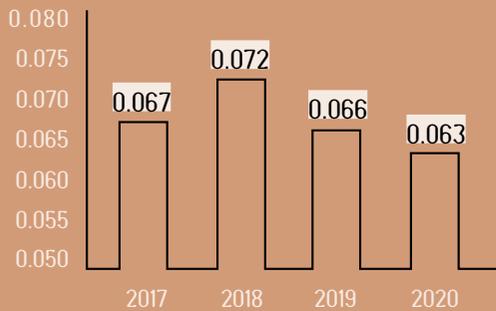
Jesús, delivery person at the Carretera Torrequeradilla supermarket in Jaén.

Food redistribution

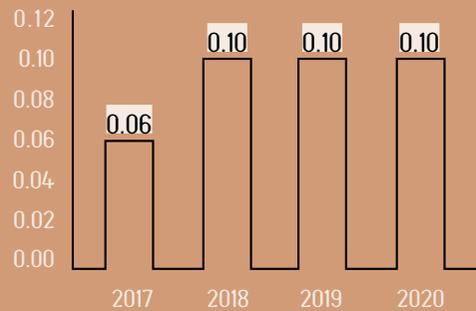
Mercadona has a robust programme for donating food surplus, which reinforces its food waste prevention policy. In 2020, and as a response to the health and economic crisis, Mercadona doubled its food donations to social entities compared to the previous year. Throughout the year, the company donated 17,000 tonnes of products through its collaboration with over 290 soup kitchens, more than 60 food banks, and other social entities in Spain and in the areas of Portugal where the company operates.



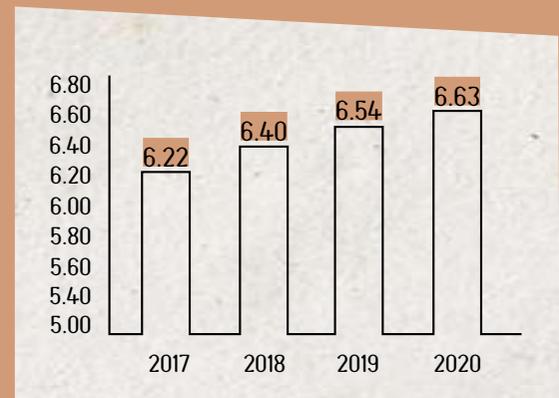
Expanded polystyrene: kg/m³



Wood: kg/m³



Total recycling of commercial packaging: kg/m³



Circularisation of processes: the Logifruit case

Migrating to the Circular Economy involves studying the options for improving processes in order to circularise them as much as possible. This is the strategy that Mercadona and Logifruit have been implementing for 25 years now with their reusable packaging system



Circular process of the Logifruit reusable packaging used by Mercadona.

Storage of Logifruit reusable boxes.



Logifruit boxes complete a closed circuit between stores, logistics centres and suppliers. Thanks to their strength and versatility each box can be used more than 120 times, completing the entire logistics process of transport, storage and cleaning around 13 times a year, in a circular process that has clearly demonstrated its profitability and sustainability

Entrance to the Sagrada Familia supermarket in Barcelona.



11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

17 PARTNERSHIPS FOR THE GOALS



4. COMMITMENTS

The need to face new challenges means finding new collaboration structures. Mercadona, as a distribution company, is part of a complex and diverse value chain with an enormous potential to advance and innovate towards more sustainable production and consumption models.

To be able to implement these improvements it is essential to establish partnerships and alliances both upstream and downstream in the chain, learning about the processes that affect Mercadona, while also letting others know how distribution works. This constant communication and collaboration is essential to achieve a real and determined migration towards a Circular Economy, which now more than ever is based on the interoperability and interconnection of all the links in the value chain.

As such, Mercadona has established and continues to establish long-lasting relationships and fruitful partnerships with numerous associations, initiatives and institutions that make it possible to generate synergies to increase the sustainability of the value chain at all levels. The goal is to have a common sustainability policy for all the relevant aspects of Mercadona's agri-food chain.

**Creation of the Mercadona Circular Economy Chair
with the UPF Barcelona School of Management**

**The suppliers' adherence to the Spanish
Action Plan on Antibiotic Resistance**

**New section of the Mercadona
website: "Let's take care of the planet"**

Sustainability in the supply chain

Mercadona's relationship model with its suppliers in the supply chain is centred on a mutually beneficial relationship that improves how the entire system works. To that end, it is working on different projects aimed at making the chain more resilient, efficient and sustainable.

MERCADONA ANIMAL WELFARE POLICY

1. Guarantee that the animals that provide meat, milk and eggs are raised under conditions that ensure compliance with the 5 freedoms:
 - Provide access to fresh water and a suitable diet to maintain health.
 - Provide an appropriate environment including shelter and a resting area.
 - Prevent pain, injury or disease, by applying preventive measures, rapid diagnosis and proper treatment.
 - Respect the species' normal behaviour, by providing sufficient space, proper facilities and the company of the animal's own kind.
 - Prevent situations of fear and distress, and all unnecessary suffering.
2. Guarantee that personnel at livestock farms and other facilities have the appropriate training in animal welfare to comply with it in all phases of the animal's life.
3. Implement animal welfare certificates for suppliers of meat, eggs and milk before the end of 2021.

Animal welfare

Mercadona, within the framework of its social responsibility and as part of its commitment to improve the sustainability of the supply chain, is strongly dedicated to animal welfare. For that reason, for many years now it has had an Animal Welfare Policy that represents the commitment and effort of the company and its suppliers to not only guarantee maximum food safety and product quality, but to also ensure decent conditions throughout the entire life of the animal.

Mercadona strongly rejects any bad practices with animals and will not work with any supplier that does not comply with this Animal Welfare Policy



Through the Mercadona Animal Welfare Policy, the company and its suppliers of meat, eggs and milk commit to protecting the welfare of animals in livestock farms and all other facilities or processes. This also requires that their practices, as well as complying with current legislation, are audited by independent third-party bodies.

Supplier certifications

Currently, 100% of Mercadona's suppliers of milk and fresh chicken are certified in animal welfare, and it is expected that in 2021 all of Mercadona's suppliers of meat, eggs and milk will be certified.

Furthermore, suppliers with slaughterhouses are committed to having image recording and storage systems in place by the end of 2021.

By the end of 2020, 70% of Mercadona suppliers already had this system operational.

Spanish Action Plan on Antibiotic Resistance

The Spanish Action Plan on Antibiotic Resistance (PRAN) is a joint initiative between the Spanish Ministry of Health, Consumer Affairs and Social Welfare and the Spanish Agency of Medicines and Medical Devices. Its goal is the voluntary reduction of the consumption of certain antibiotics in different species to reduce the risk of selection and dissemination of antibiotic resistance. All of Mercadona's meat and dairy product suppliers are committed to and collaborating for the adoption of the PRAN.



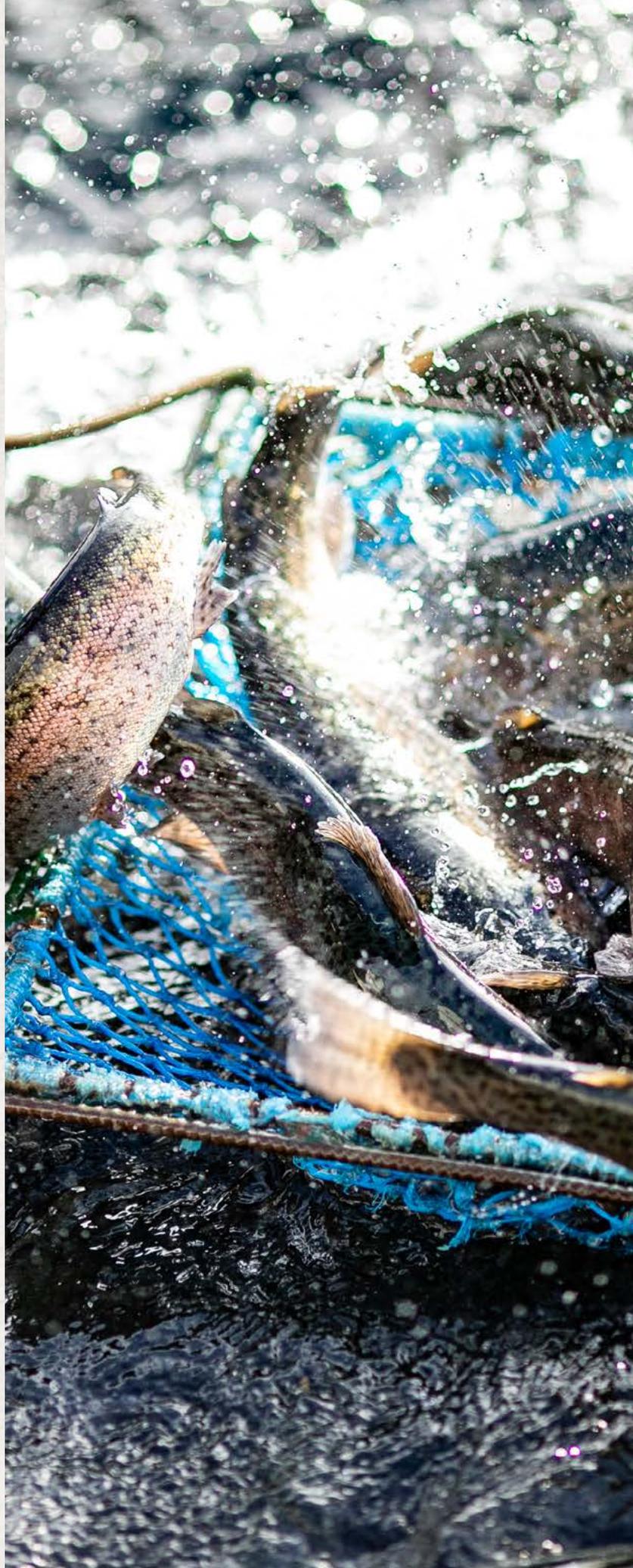
Cow from the Totaler Supplier Naturleite at their farm in Meira, Lugo.

Sustainable fishing

Mercadona has its own Fishing Products Purchasing Policy, signed by all suppliers, that is committed to guaranteeing the sustainability of the fishing products it sells.

MERCADONA SUSTAINABLE FISHING POLICY

1. Not to have products from illegal, unreported and unregulated fishing.
2. Guarantee traceability from catch to sale.
3. Label products in accordance with the current legislation, providing clear, accurate and reasonable information for consumers.
4. Guarantee legal compliance and the management measures in force regarding minimum sizes, biological stoppages and closed seasons, among others.
5. Support continuous improvement and the best techniques available in terms of fishing methods and gear.
6. Support the incorporation of new products that meet the sustainability criteria.
7. Eliminate threatened and endangered species from the assortment, as well as species from seriously threatened ecosystems.
8. Promote sustainable agriculture products through internationally recognised standards of good practice.
9. Support local fishing.
10. Respect decent work conditions.
11. All of the decisions in this area must be taken based on the scientific information available from bodies and institutions with recognised solvency.





Mercadona and its suppliers work to guarantee the traceability of all fishing products and to promote sustainable agriculture through internationally recognised standards of good practice.

These certifications cover the primary production of marine products for human consumption, from the moment the fish or egg enters the production process to the final unprocessed product.

Specifically, these standards focus on criteria that are to be evaluated in terms of:

- Good health and breeding of animals (no unnecessary use of antibiotics or chemical products).
- Preservation of the natural environment and biodiversity.
- Preservation of the diversity of species and wild populations (for example, preventing leaks that could pose a threat to wild fish).
- Traceability of products and production logs.
- Responsible use and supply of animal feed.
- Efficient use of resources.
- Environmental awareness.
- Compliance with local and international laws.

**100% of Mercadona's
aquaculture suppliers
are certified in good
sustainability practices**

Sustainability initiatives

MERCADONA FRESH SALMON

Mercadona's fresh salmon comes from fish factories that are certified in food safety, environment and animal welfare, and which are managed responsibly and sustainably.

This is possible thanks to the work done by the supplier Leroy Seafood together with ASC and Global Good Aquaculture Practice (Global Gap). The supplier is audited annually to confirm that it complies with the conservation principles that promote the two standards that back it.



Animal health and welfare: continuous monitoring of the parameters of fish farms related to feeding, minimisation of stress, the natural behaviour of the salmon, correct handling of pieces, etc.



Sustainable fisheries: since 2019, 100% of the fish farms have the Global GAP certificate, and 71% also have the ASC certificate to maintain the integrity of the ecosystems and re-establish the health of the populations of species with which they work.



Environmental footprint: the objective is to reduce the environmental footprint through the correct management of stocks and the impact of aquaculture in the fjords.



Density: density is a key factor in ensuring animal welfare, which is why we work with lower limits than those established by law in order to guarantee a comfortable space in the pools. The ratio is 97.5% water to 2.5% salmon.

MERCADONA TINNED TUNA

100% of Hacendado tinned tuna comes from responsible fishing grounds, thanks to the constant work and collaboration of the Totaler Supplier Escurís (Jealsa- Rianxeira) with ISSF (International Seafood Sustainability Foundation).

This collaboration has resulted in the enforceable requirements for Hacendado brand tinned tuna.



Animal health and welfare: continuous monitoring of the parameters of fish farms related to feeding, minimisation of stress, the natural behaviour of the tuna, correct handling of pieces, etc.



They fly the flag of countries that are members or partners of the Regional Fisheries Management Organisations (RFMOs), so the ocean where they fish is managed.



There are observers on board, which can be human or electronic.



All of the vessels comply with the Regulation (EC) 1005/2008 to combat illegal, unreported and unregulated fishing (IUU fishing).



Protected species: they only work with species that are properly managed and which do not affect protected habitats. They participate in working groups to protect wild salmon that live naturally in the Norwegian fjords.



Plastic: one of the main measures to protect the oceans is to reduce the amount of plastic. The goal is to reduce non-recyclable plastic by 50%. In addition, they participate in the "Fishing for litter" project for cleaning the seas along with the Norwegian Environment Agency and collaborate in R&D projects to analyse the amount of microplastics in fish.



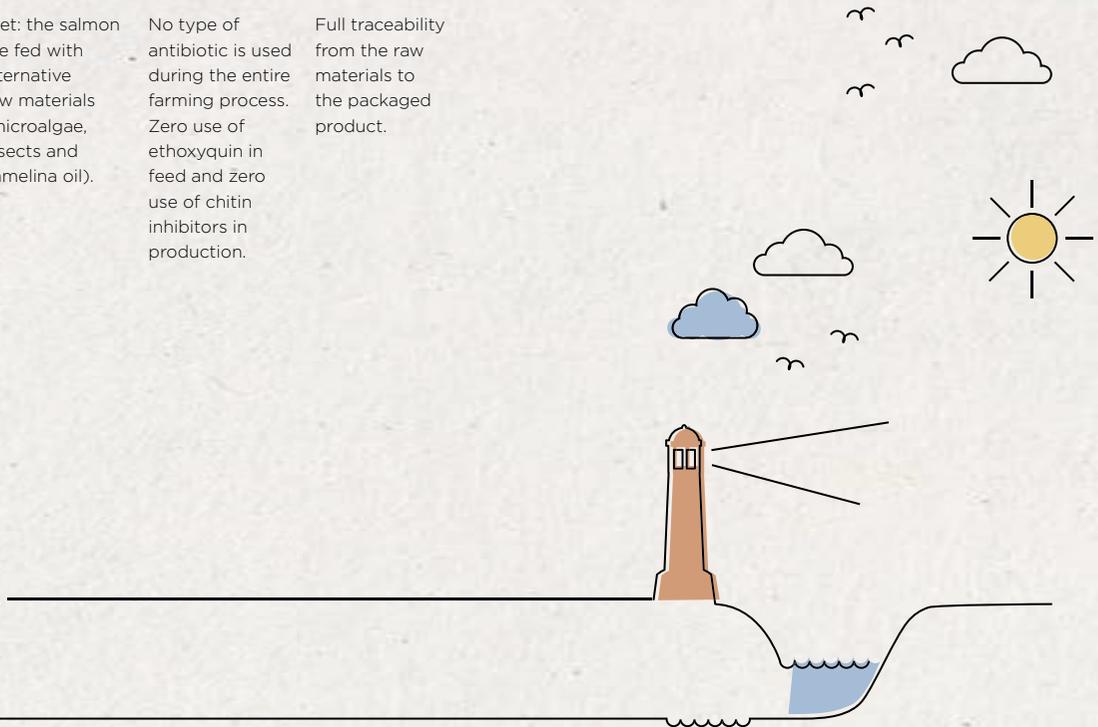
Diet: the salmon are fed with alternative raw materials (microalgae, insects and camelina oil).



No type of antibiotic is used during the entire farming process. Zero use of ethoxyquin in feed and zero use of chitin inhibitors in production.



Full traceability from the raw materials to the packaged product.



The ship captains receive training on ISSF good fishing practices.



Prohibition of shark finning, a practice consisting of cutting off a shark's fin and throwing the body of the animal back into the sea.



All vessels comply with Mercadona's sustainable fishing policy.



They do not do transfers at sea.



They do not use drift nets.



The vessels are numbered so they can be monitored.



They keep 100% of catches and do not throw any back



If they use FADs (fish aggregating devices), the nets must have large enough openings so that other species do not get caught in them.



There is full traceability from the fishing vessel to the final consumer.

Sustainable agriculture and livestock

Mercadona is working with the suppliers in its supply chain and other stakeholders to achieve a more sustainable agri-food chain.

As part of this project, all its fruit and vegetable suppliers are certified in Global GAP, currently the most widespread and recognised standard for sustainability best practices in the agriculture sector.

Global GAP is a voluntary standard to ensure food safety and the sustainability of agricultural operations



Collecting garlic at the Totaler Supplier José Perucho e Hijos in Xátiva, Valencia.



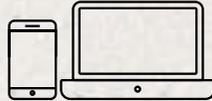
New section of the website

The Mercadona website has added a new “Let’s take care of the planet” section to share content related to sustainability and the environment.

On this website you can find the latest news related to environmental and sustainability topics, interesting recycling content, environmental innovations, false myths and much more, as well as a section with access to the company’s environmental reports online.

Alliance for the Circular Economy

In 2020 Mercadona, along with other large companies and organisations, formed the Circular Economy in Action project, a business alliance to demonstrate the commitment of different sectors to the Circular Economy through action. This commitment is demonstrated through innovative projects that make advancements towards greater sustainability.



“Let’s take care of the planet” section of the Mercadona website

<https://info.mercadona.es/en/lets-protect-the-planet>

Mercadona Circular Economy Chair

In 2020 Mercadona and the Universitat Pompeu Fabra - Barcelona School of Management created the Mercadona Circular Economy Chair, which aims to find formulas to promote resource savings and waste reduction, providing solid arguments to promote responsible debate, and drawing lessons for strategic decision-making related to the Circular Economy. During this time, studies and analysis will be carried out centred on analysing and communicating to different audiences what the Circular Economy is, as well as the opportunities and possible impediments to implementing it as an economic model.



Oriol Amat, dean of the UPF-BSM and current rector of the UPF; Carolina Luis, director of the Mercadona Circular Economy Chair; and Bernat Morales, Mercadona director of External Relations in Catalonia, during the signing of the agreement to create the Chair.

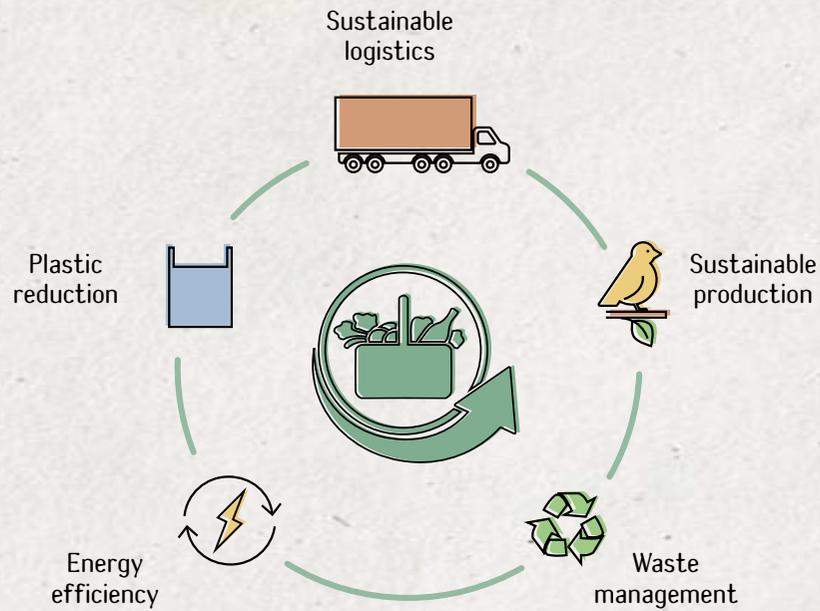


Mercadona performs an inventory of its own emissions based on the GHG protocol. The transition towards a standardised carbon footprint will begin in 2021. This initiative is part of a more ambitious programme to review and standardise its environmental indicators, which also involves reviewing the frequency of this data. All news will be reported through the company's communication channels

5. RELEVANT DATA

	2019	2020
Stores with silent logistics in off-peak hours	760	777
Eco-efficient stores (including Store 8)	1,165	1,277
Savings on energy consumption (millions of kWh)	14	25.7
Total energy consumption (GJ)	7,847,064	7,858,278
Water consumption by stores + logistics centres (hm ³)	3.7	3.7
Commercial packaging materials recovered		
• Paper and cardboard (t)	223,090	233,185
• Plastic and expanded polystyrene (t)	17,079	16,701
• Wood (t)	3,663	3,899
Total tonnes of commercial packaging materials recovered	243,832	253,785
Total tonnes of waste generated	360,000	365,000
Recycling rate		
• % waste recycled / recovered	76%	78%
• % waste destroyed	24%	22%
Tonnes of batteries recovered	173	209
kg CO ₂ eq/m ³ emitted by:		
• Refrigerant gas leaks (direct emissions)	6.93	5.61
• Energy consumption	14.79	10.75
• Transport of goods and travel	17.16	16.99
Total emissions of CO ₂ eq per m ³ of goods that arrive to stores (kilograms)	38.88	33.35
Total emissions of CO ₂ eq (thousands of tonnes)	1,448	1,265
Annual reduction in emissions of CO ₂ eq compared to the previous year (tonnes)	200,000	209,000
Investment in protecting the environment (million euros)	43.7	47

Mercadona continues to say "Yes to continuing to take care of the planet"



Mercadona continues learning and making advances to be able to be a company that people want to exist and that they feel proud of.

The company has strengthened its commitment to robust and transparent environmental management, and will continue working to improve and report its progress.



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