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# Sustainable supply chain

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The incorporation of **sustainable and responsible criteria in the supply chain** was one of the key material topics identified in our double materiality study. This means we must keep our focus on fostering positive impact throughout the supply chain while minimising risks and consequently choosing business partners that are aligned with our ethical standards.

See more in Chapter **About the Report** ▶ .





**Grzegorz Pytko,**  
Director of Purchasing  
Department

*At Biedronka, we take a responsible approach to our social and environmental impacts, which is why we choose to work with business partners who adhere to ethical standards, minimise environmental impact and ensure good working conditions. We demand the highest standards from our partners, but we also actively support them in their sustainability efforts.*

*We choose Polish suppliers to support the local economy and deliver food to consumers from as close to the stores as possible. By reducing the distance, we ensure that our products stay fresh longer while simultaneously reducing CO<sub>2</sub> emissions.*

*In 2023, we continued our efforts to manufacture our products in line with animal welfare standards and relevant certification that guarantee raw material sustainable sourcing. In the coming years, in accordance with our commitments, we will strive to ensure that the products we offer in the Private Brand and fresh products do not contribute to deforestation and conversion.*

## Key figures in 2023:

We cooperated with

# 1,758

suppliers

# 100%

of new suppliers have been environmentally assessed at the start of cooperation

over

# 50%

increase in total purchases of fruit and vegetables from local suppliers, compared to 2022

# 100%

of the eggs sold and used as an ingredient in our Private Brand products came from cage-free hens

# 741




products with sustainability certificates




# 93%

of all food products come from Polish suppliers<sup>4</sup>

<sup>4</sup> Suppliers that have registered businesses in Poland, which is the main market for our business.

## Biedronka's responsibility commitments for 2021–2023

Commitment	Progress of strategy implementation	Implementation stage	Report page
1. Guarantee that at least 90% of Biedronka's purchases of food products are sourced from local suppliers.	93% of food products were sourced from local suppliers.	100% 	p. 55
2. Increase sales of Private Brand and/or perishable products and packaging with sustainability certification to 7% of the total sales of these product categories by 2023.	16.2% of Private Brand and perishable products were certified as sustainable.	100% 	p. 57
3. Carry out environmental audits to at least 20% of Private Brand and perishables suppliers with a purchase volume greater than 1.1 million euros in 2021-2023 period.	Environmental audits were carried out to 22% of suppliers of Private Brand and perishable products.	100% 	p. 53
4. Ensure the annual application of the Sustainable Agriculture Manual in new farms in Poland, to achieve a minimum average sustainability index of 3.7 points (on a scale of 1 to 5, in which 5 is the maximum rating) for farms with at least two assessments.	The achievement of the target has been postponed to the coming years.	Partially achieved	-

Commitment	Progress of strategy implementation	Implementation stage	Report page
<p>5. Contribute to The Consumer Goods Forum's (CGF) Forest Positive Coalition of Action commitments. Within the scope of our Private Brand and perishable products and for each of the commodities considered, the following goals were defined:</p>			
<p><b>Palm Oil:</b> Continue to ensure 100% RSPO-certified palm oil and work on progressively including derivatives.</p>	<p>100% of palm oil is RSPO certified.</p>	<p>100% </p>	<p>p. 58</p>
<p><b>Soy:</b> Reduce soy of unknown origin to 20%, and soy from countries at risk of deforestation to 20%, or ensure that it is RTRS or ProTerra certified.</p>	<p>6% of soy of unknown origin and 73% from countries with risk of deforestation, without RTRS or ProTerra certification.</p>	<p>Partially achieved</p>	<p>p. 58</p>
<p><b>Paper and Wood:</b> ensure certification (FSC, PEFC or SFI) of virgin fibres in:</p> <ul style="list-style-type: none"> <li>• at least 85% of virgin fibres used in products,</li> <li>• 71% of virgin fibres used in packaging.</li> </ul>	<p>95% of certified virgin fibres in products and 73% in packaging.</p>	<p>100% </p>	<p>p. 57</p>
<p><b>Beef:</b> Reduce unknown origins to below 8% and if beef is sourced from Brazil, engage with suppliers to ensure they have a deforestation policy in place.</p>	<p>0% of beef from Brazil. 100% of JMP's Private Brand beef is of known origin.</p>	<p>100% </p>	<p>p. 58</p>

## Relationship with suppliers

We want to provide our customers access to high-quality products at affordable prices and encourage them to follow healthy eating habits and lifestyles. We place emphasis not only on providing high quality, safe and valuable products, but also on taking care of the entire product life cycle, whilst protecting employees and the environment during production processes. We work with suppliers who can demonstrate good sustainability practices and we encourage them to incorporate social, environmental and ethical principles into their operations.

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We are the largest retail chain in Poland. We have been active in the market for nearly 30 years now. We build our competitive advantage on a relatively simple and short supply chain that ensures high quality products, affordable prices, timely distribution and economic, environmental and social benefits to business partners. We work directly with farmers and producers to reduce the number of intermediaries, which also reduces costs. Products arrive at our seventeen distribution centres in Poland, from where they are delivered to stores with a rigorous service level, just in time and via the shortest routes.



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When relating with our suppliers we follow the principles of Jerónimo Martins' Sustainable Sourcing Policy<sup>5</sup> such as compliance with the law and those of fair trade, avoiding unfair business practices. We are committed to respecting human and workers' rights so we exclude working with entities that use forced or child labour and have poor performance on health and safety standards.

We are constantly improving our operations and encouraging suppliers to implement good practices to gradually reduce our negative environmental impacts and prevent any social non-compliance.

<sup>5</sup> <https://www.jeronimomartins.com/wp-content/uploads/01-DOCUMENTS/Responsibility/Sourcing-Responsibility/EN/Sustainable-Sourcing-Policy.pdf>


At Biedronka, we promote an open and friendly attitude towards both long-standing and new suppliers. However, from the very beginning, we establish our business relations based on clear and comprehensible principles. The agreement signed with each supplier expects or mandates the compliance with the Code of Conduct for Suppliers<sup>6</sup> in various topics, such as:

- compliance with the law,
- ensuring product quality and safety,
- protecting the environment,
- responsible use of resources,
- ensuring wages aligned with local requirements,
- ensuring that legally-defined working hours are respected and duly compensated,
- guaranteeing employees' safety,
- providing employees with freedom of association and the right to collective bargaining,
- no child and forced labour,
- preventing any sort of discrimination,
- prohibiting the offering of gifts beyond those of a symbolic nature.

Another document, the Jerónimo Martins Group Code of Conduct<sup>7</sup> sets forth the fundamental principles governing relations with all stakeholders, including other employees, official bodies, political parties and suppliers. They cover the issues related to education, anti-discrimination, safety, health and wellbeing, freedom of association, respect for the privacy of workers and their personal lives. It also governs the issues of conflicts of interest, confidentiality of information, loyalty, and preventing forced and child labour.

## Environmental and social audits of suppliers

We want to work with partners who not only comply with the law but also share the

social and environmental values set forth in our corporate responsibility policies. To ensure this, we regularly audit selected suppliers of perishable and Private Brand products, regardless of how long they have been working with us. We conduct three types of audits: food safety and quality audits (for more, please see Chapter [Promoting good health through food](#) ), environmental audits and social audits. Environmental and social audits are conducted by independent third-party entities.


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We evaluate all new suppliers based on environmental criteria at the start of any business relationship, using surveys. These surveys cover environmental certifications and permits, water and wastewater management, waste management, air emissions and fuels used. Through this information, we ensure that our suppliers meet our environmental standards and can determine what elements of their operations need improvement.

In 2023, we carried out 39 environmental audits to our suppliers of Private Brand and perishable products. Apart from that, we also audited 26 service providers that have a high environmental impact, such as transport, refrigeration and air conditioning services, waste management services, installation and maintenance of treatment systems, printing services, as well as equipment of manufacturers and suppliers.

The **environmental audit** covers approximately 100 criteria, divided into nine categories including, among others, water consumption, energy consumption, waste management, air emissions, noise reduction or storage of hazardous substances. Additionally, we check the volume of the companies' purchases and the materiality of the environmental impact resulting from their operations.

To deepen our understanding of our suppliers' practices, in 2023 we began auditing the poultry farms from which the eggs sold in our chain are sourced (for more, please see subsection [Animal Welfare](#) ).

<sup>6</sup> <https://www.jeronimomartins.com/wp-content/uploads/01-DOCUMENTS/Responsibility/Sourcing-Responsibly/EN/Code-of-Conduct-for-Suppliers.pdf> 

<sup>7</sup> [https://www.jeronimomartins.com/wp-content/uploads/01-DOCUMENTS/Responsibility/Code-of-Conduct/JMRH\\_Codigo\\_Conduta\\_Oficial\\_EN\\_2023.pdf](https://www.jeronimomartins.com/wp-content/uploads/01-DOCUMENTS/Responsibility/Code-of-Conduct/JMRH_Codigo_Conduta_Oficial_EN_2023.pdf) 



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During **social audits**, we verify the compliance of our suppliers' activities with Polish and international human rights laws, as well as adherence to the the best practices recommended by the Consumer Goods Forum. Independent auditing bodies verify 120 different criteria in 12 categories covering, inter alia, such areas as human rights, ethical issues, child labour, freedom of association, emergency preparedness, occupational safety, non-discrimination, or remuneration and working hours.

In 2023, we carried out

14

social audits.

After conducting audits, both environmental and social, on suppliers in which we have identified non-conformities, we impose a corrective action plan requesting them to take specific steps to improve practices that must be implemented within a maximum period of six to twelve months depending on the severity of non-compliance. After this period, and upon demonstration of commitment by the supplier, we conduct a second audit to assess the status of completion of corrective actions. If the supplier has not implemented a corrective action plan, we can suspend or terminate the business relationship.

We also examine social aspects when conducting **quality audits of new and existing suppliers** - in this case using a risk-based approach for product aspects, country of origin, among others. We then audit employee practices, such as the use of appropriate protective clothing, the availability of hand-washing equipment and the condition of welfare areas and sanitary facilities. In 2023, we audited 86 new Private Brand suppliers and 103 new perishables suppliers for this requirement.

We also evaluated compliance with these criteria by all **563 suppliers of Private Brand products, regardless of the length of business relationship**. We also evaluated more

than **347 suppliers of perishable products**, accounting for 49% of all suppliers of this category of products. Among those audited, we did not identify suppliers with significant actual or potential negative social impacts, including in the areas of freedom of association rights and child labour. We help suppliers understand our requirements and comply with them.

The training courses we arrange also play an important role in awareness-building and improving suppliers' skills. Several training sessions were held in 2023, focusing on topics such as food safety and quality, reformulations and product development (especially vegetarian and vegan), food defence<sup>8</sup> and animal welfare. We also conducted training sessions on environmental and social audits, eco-design of packaging, carbon footprint and climate change, and other sustainability topics. In total, these sessions were attended by over 1930 representatives of Private Brand and perishable product suppliers in Poland.



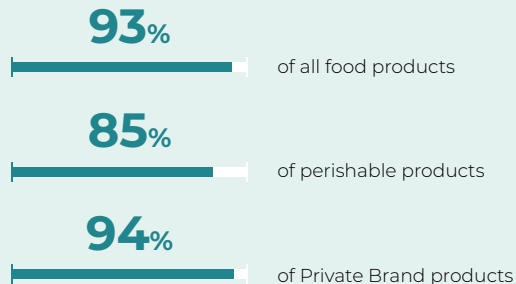
<sup>8</sup> Protection of food products from intentional contamination by physical, chemical, biological or radiological agents.

# Local supplier engagement

Whenever possible, we buy from Polish suppliers to promote the development of the regional economy and support local companies. In addition, we rely on local suppliers<sup>9</sup> who deliver products from nearby locations and in line with seasonal preferences. Shorter transport routes help reduce greenhouse gas emissions (GHG) and transport-related costs. In addition, food products delivered from closer locations reach store shelves faster and more frequently, reducing the risk of food waste.

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Polish suppliers provide:



<sup>9</sup> Local supplier – a supplier who has a registered business in Poland.

## Cooperation with local producers and farmers

We continued a programme for local fruit and vegetable suppliers enabling them to deliver their products to stores or distribution centres close to where they are produced. In 2023, thanks to this initiative, we established business relationships with about 200 suppliers, who delivered more than 123,000 tonnes of fruit and vegetables, i.e. 36,000 tonnes more than in 2022. Under the programme, we purchased products from more than 60 family farms.

To make the relationship easier for smaller producers, we adapted the technical and formal requirements to their capabilities. But what remains constant are the highest quality standards we expect from suppliers regardless of the scale of their operations.

### In cooperation with local fruit and vegetable producers



#### We do not require:

- minimum production volumes or field sizes,
- specialised fleets for fruit delivered directly to stores,
- automated packing lines.



#### We offer:

- short payment terms (usually 21 days),
- individually determined delivery, packaging method and price.





In 2023, total purchases of fruit and vegetables from local suppliers increased by more than

**50%**

compared to 2022, reaching



**130 million kilograms/pieces**

compared to 85 million kilograms/pieces in the previous year. We worked with 374 fruit and vegetable suppliers, with the number of local producers increasing from 226 (in 2022) to 289 (in 2023).

Since 2021, we have had a system in our chain enabling local farmers to supply strawberries directly to our stores. In 2023, we launched a pilot programme of direct delivery to 270 stores for raspberries, and in several stores in Warsaw also for blackberries.



## Promoting sustainable production practices

We strive to provide our consumers with food of the highest quality, produced with respect for the environment and ensuring safe and decent working conditions. We proactively work with our suppliers and business partners to foster ethical and environmental standards in the supply chain. The requirements applied in our value chain are described in the Jerónimo Martins' [Sustainable Sourcing Policy](#) and the [Supplier Code of Conduct](#), among others.

Through these policies, we expect and strive to promote within our supply chain the respect for human rights and workers rights, in accordance with the Consumer Goods Forum's Priority Principles<sup>10</sup>, international conventions and national legislation. In case this expectation is not followed, we reserve the right to suspend or terminate the business relationship.

To learn more about our policies, see subsection [Relationship with suppliers](#).

### Product certification

We offer consumers perishable and Private Brand products with sustainability certifications, and we encourage our third-party brand suppliers to do the same. This way, we aim to clearly communicate to consumers the origin of our products, highlighting that they are made from responsibly sourced raw materials, with a focus on preventing deforestation, ensuring fair trade relations, upholding human and labour rights, and maintaining animal welfare. Each year, we expand the range of products with certifications, such as EU Organic Farming, FSC, PEFC, Rainforest Alliance, MSC.

<sup>10</sup> <https://www.theconsumergoodsforum.com/infographics/priority-industry-principles-infographic/>

## Organic farming

In 2023, we outperformed our target, with

# 16.2%






of the products sold and/or packaging in these categories certified as sustainable.

We support organic farming, so we not only provide our customers with high-quality products but also contribute to ecosystem conservation and sustainable development. Organic farming promotes biodiversity and soil fertility by maintaining the natural cycles of matter and energy, thus minimising negative environmental impacts.

In 2023, the Biedronka offered 52 Private Brand organic products and sold more than 22,000 tonnes of organic products<sup>11</sup>. One of the introduced products was BIO chicken. For more information, please see [our website](#) ▶

We certify the organic bread baking process to ensure the highest quality products and compliance with our standards for ingredients, production technology, hygiene and food safety. In 2023, the number of stores certified to bake organic bread increased by 14 outlets to 489. In order to maintain the highest standards, external audits were carried out in 22 stores and three inspections of the storage of organic products, including bread, in distribution centres.

## Number of perishables and Private Brand products with sustainability certificates

Certification	2022	2023
 FSC	106	401
 PEFC		
 RoInictwo ekologiczne	68	52
 MSC	8	11
 Blue Angel	14	13
 KAT	1	0
 Global Recycled Standard Global Organic Textile Standard OEKO-TEX Made in Green	84	243
 Fairtrade	22	21
UTZ		
Rainforest Alliance		
<b>TOTAL</b>	<b>303</b>	<b>741</b>


<sup>11</sup> In accordance with the definition of organic products provided in EU Parliament and Council Regulation 2018/848 of May 30, 2018 Regulation (EU) 2018/848 of the European Parliament and of the Council of 30 May 2018. ▶

# Fighting deforestation

Working together with the Jerónimo Martins Group, we have been monitoring since 2014 the deforestation risk of the main commodities present in our Private Brand Products, namely soy, beef, palm oil and paper/wood. We want to increase the traceability of these ingredients in supply chains and ensure that producers follow sustainability principles. The Jerónimo Martins Group is a member of the Forest Positive Coalition of Action, an organisation established by the Consumer Goods Forum to fight deforestation. We encourage key suppliers of Private Brand and perishable products to commit to fighting deforestation, by promoting the protection of ecosystems in high risk areas where ingredients are sourced. This intention is materialised through participation in local grassroots initiatives, and data publications on risk factors contributing to deforestation and conversion of high conservation value areas.

## Palm oil

We have achieved our goal of ensuring that only sustainably-grown palm oil, certified by the Roundtable on Sustainable Palm Oil (RSPO), is used in our Private Brand products. We require this certification and verify it with all Private Brand suppliers.

Since 2017, we have been an active founding member of the [Polish Coalition for Sustainable Palm Oil](#) , whose aim is to eliminate, from the Polish market, palm oil originating from unsustainable sources.

## Soy

In line with our commitments, we planned to reduce by half, by the end of 2023, the use of soy from unknown sources, ensuring that its use in our private brand products does not exceed 20% of all sources. We managed to achieve a better result than anticipated and in 2023, reducing the use of soy from unknown sources to just 6%. On



the other hand, we did not manage to meet the goal of limiting to 20% the usage of soy from countries with risk of deforestation or making sure that it is RTRS or ProTerra certified – currently 73% of soy is still sourced from such countries.

In 2023, we used 2 551 tonnes of soy directly in our Private Brand and perishable products and 351 285 tonnes indirectly (e.g. in animal feed).

## Beef

99% of the beef present in our Private Brand products originated in Poland, with the remaining 1% coming from the European Union.

# Animal welfare

In 2022, we implemented the Animal Welfare standard developed by the Jerónimo Martins Group. It obliges suppliers of Private Brand and perishable products to provide adequate living conditions for animals, ensuring constant access to fresh water and feed, provision of adequate rest and shelter facilities, preventive healthcare and prompt treatment, proper care and elimination of stressors, provision of adequate space and companionship of the same species. For more on this topic, please see the [Biedronka 2022 Sustainability Report](#). ▶

We also introduced a separate Animal Welfare standard for fish, on which there is more in the subsection [Sustainable Fishing](#). ▶



## GOOD PRACTICES

### Poultry farm audits

In 2023, we decided to audit all poultry farms that deliver eggs to our chain. It was our initiative to deepen our awareness on the supply chain and better understand the conditions in which animals are raised. At the end of 2023, we reached the level of 70% of audited farms, planning the remaining 30% for the next year. Once these are carried out, we will be able to fully assess our supply chain in this category.

## Sustainable fishing

Our sustainable sourcing policies apply to fish products as well. We review our [Sustainable Fishing Strategy](#) ▶ every year. We strive to ensure that our operations do not contribute to over-exploitation, depletion or extinction of fish species. Every year, we assess the conservation status of the fish and seafood species sold in our stores. An analysis of the results allows us to tailor our procurement so as not to offer species under risk of overexploitation, depletion or extinction.

Assessments consider the threat level of the various species in accordance with the Red List database of the International Union for Conservation of Nature (IUCN). In 2023, our assortment included 30 species of fish at Biedronka, thus continuing our diversification strategy to reduce pressure on the most consumed fish species.

We do not sell live carp. We sell the fish only in the form of slices and fillets stored in refrigerators.

We are the first chain in Poland to have introduced the MSC (Marine Stewardship Council) certification in Private Brand products, in the category of perishable products sold in modified atmosphere packaging (MAP). The MSC label certifies wild fish and seafood fisheries that meet MSC Fisheries Standards, a set of requirements for sustainable fishing. At the end of 2023, we offered 11 MSC-certified products.





## BIEDRONKA STANDARDS

### Animal Welfare for fish

In 2023, we expanded the Animal Welfare standard to include fish – we introduced additional criteria and procedures to ensure better living and care conditions for farmed fish. Audits under this project began in late 2023. They are based on standards that take into account both current welfare regulations and specialised knowledge and experience in working with fish.



## Fresh poultry

In 2023, we continued to sell locally raised free-range chickens (Kraina Mięś Nature – Kurczak z Wolnego Wybiegu). The minimum slaughter age was 70 days (higher than the market average of 56 days according to EU regulations), and access to outdoor space was ensured with a density of less than 27.5 kg per square metre, providing almost twice the area available to conventionally raised chickens.

Most recently, a chicken raised without antibiotics (Kraina Mięś Select – Kurczak Farmerski) was included in our assortment. The poultry farming standards we have adopted assume the plant feed, as well as disease prevention to avoid antibiotic treatment.

## Eggs

# 100%

of the eggs sold as a separate product and used in our Private Brand products are sourced from organic farms, hens raised indoors or free-range hens.

# Biedronka's responsibility commitments for 2024–2026

- Guarantee that at least 90% of Biedronka's purchases of food products are sourced from local suppliers.
- Increase sales of Private Brand and/or perishable products and packaging with sustainability certification to at least 18% of the total sales of these product categories by 2026.
- Carry out environmental audits to at least 20% of selected Private Brand and Perishables suppliers, based on a risk assessment and with a purchase volume greater than one million euros, in the 2024–2026 period.
- Contribute to the objectives of the Forest Positive Coalition of Action of The Consumer Goods Forum. The following objectives have been set for our Private Brand and perishable products:
  - By 2025, ensure that palm oil, soy, paper and wood and beef in our Private Brand and perishable products are not associated with either deforestation or conversion of ecosystems (DCF – Deforestation and Conversion Free).
  - Palm Oil: Continue to ensure that 100% of palm oil in Poland is RSPO-certified and progressively extend this commitment to palm oil derivatives.
  - Soy: By 2025, ensure that 100% of direct and indirect soy is traceable at least to the country of origin and that whenever it comes from an origin where the risk is not negligible, the soy is traced back to the municipality of origin and/or has sustainability certification (e.g. RTRS or Proterra).
  - Beef: Ensure that 100% of the beef in our Private Brand and perishable products is traceable at least to the country of origin, and that traceability to the farm of origin is guaranteed for all beef sourced from non-negligible risk countries.
- Paper and Wood: Working with suppliers of Private Brand products and perishables to ensure that 95% of the virgin fibres used in our products and 80% of the virgin fibres used in our packaging are certified (FSC® or PEFC) by 2026.
- Analyse the sustainability status of fish stocks for at least 80% of fish sales (in kg), from Private Brand and perishable products, and publicly disclose progress.
- Ensure that 100% of wild-caught tuna in our Private Brand and perishable products is traceable to the vessel.
- Continue our efforts to ensure that 100% of eggs used as an ingredient in our Private Brand products are from cage-free hens.
- Ensure that, by 2026, animal welfare topics are included in the scope of audits to perishable suppliers who manufacture products containing at least 80% of animal protein, and publicly disclose the results.
- Carry out inspections to 100% of egg farming units from which Private Brand fresh eggs are produced for Biedronka, until the end of 2024.
- Starting from 2024, carry out 100% of fresh fish, from aquaculture, audits according to the "Fish Welfare" standard.
- Ensure extension of the product guarantee from 2 to 3 years for all electric and additional non-electric non-food products where applicable.