

# CORPORATE RESPONSIBILITY IN VALUE CREATION



## Corporate Responsibility in Value Creation

---

1. Our Approach	192
2. Stakeholder Engagement	194
3. 2017 Highlights	196
4. Promoting Good Health through Food	198
5. Respecting the Environment	207
6. Sourcing Responsibly	217
7. Supporting Surrounding Communities	226
8. Being a Benchmark Employer	232
9. Commitments for 2015-2017	241
10. Commitments for 2018-2020	244
11. Table of Indicators	246

## 1. Our Approach

The Jerónimo Martins Group, which has been in business for 225 years, works to create value in a sustained manner, respecting the quality of life of the present and future generations and mitigating, as far as possible, the impact of Group's activities on the ecosystems on which it depends. The Corporate Responsibility strategy comprises five activity pillars, and is common to all the Group Companies, seeking to address the challenges identified by its stakeholders<sup>1</sup> and the Sustainable Development Goals defined by the United Nations<sup>2</sup>:

### I - Promoting Good Health through Food

Promoting good health through food is embodied in two action strategies:

- i. fostering the quality and diversity of the food products that the Companies sell;
- ii. ensuring food safety in its broader sense, including the availability, accessibility and sustainability of the products sold.

### II - Respecting the Environment

The Group endeavours to foster the efficient management of resources, linked to environmental preservation, with a view to reducing the environmental impacts generated by its businesses. There are three priority areas of activity: climate change, biodiversity and waste management.

### III - Sourcing Responsibly

The Group's Companies monitor the origins and production processes of the products they develop and acquire, seeking to incorporate ethical, social and environmental concerns in its decisions throughout the supply chain. The Group is committed to developing long-lasting commercial relationships, practising fair prices and supporting local production in the countries where it operates.

### IV – Supporting Surrounding Communities

The Group is strongly committed to the communities in the countries where it operates, fostering social cohesion and endeavouring to contribute towards breaking cycles of poverty and malnutrition, by supporting projects and causes concerning the more fragile groups in society: children and young people, and underprivileged elderly people.

### V – Being a Benchmark Employer

By creating employment, the Group aims to stimulate social and economic development in the markets where it does business. To do so, it promotes balanced wage policies and a stimulating and positive work environment, in a firm commitment to its employees, who are also the target of social responsibility policies that are extended to their families.

---

<sup>1</sup> The 10 main material topics are mentioned in the sub-chapter 2 - "Stakeholder Engagement", also available at [www.jeronimomartins.com](http://www.jeronimomartins.com)

<sup>2</sup> Find out about the Group's main activities in the publication "The Power of Collective Action, available at [www.jeronimomartins.com](http://www.jeronimomartins.com) and in the corresponding table found at the end of this Chapter.

## Jerónimo Martins Group remains in the main ESG Indexes

The Group's performance within the scope of its activity in the Corporate Responsibility pillars has been followed by a wide set of stakeholders, including Environment, Social and Governance (ESG) analysts.

In 2017, the Jerónimo Martins Group remained in the FTSE Russell indices: FTSE4Good Developed Index and FTSE4Good Europe Index, which identify the best companies at managing sustainability risks through commitments and activities in the course of running their businesses.

The Group also maintained its presence in the STOXX Global ESG Leaders, STOXX Global ESG Environmental Leaders, Ethibel Excellence Investment Registers, Ethibel Sustainability Index Excellence Europe, and Euronext Vigeo Eurozone 120 indices.

It also continued to secure its presence in the MSCI ACWI ESG Leaders and MSCI ACWI SRI indices, which represent high-performing companies in social, environmental and governance areas. In 2017, the Group achieved an AA rating, one level below leadership.

These indices identify the companies that best manage the ESG risks and they are used, for example, in structured investment products and as a benchmark. This inclusion is the result of recognition of the Group's commitments, actions and results regarding sustainability and in the long-term development of its businesses.

## Business Model and Relation with Sustainable Development



## 2. Stakeholder Engagement

The Jerónimo Martins Group believes that stakeholder engagement is an important step in identifying and managing material environmental, social and economic aspects, which should, therefore, be included in its activity and communication strategy. To do so, and in order to guarantee continuous improvement, the Group uses different communication channels, aiming to be better aligned with the stakeholders' needs and expectations.

Stakeholders	Interfaces	Communication Channels
Shareholders and Investors	Investor Relations Department.	Corporate website, e-mail, Annual Report, half-yearly corporate magazine, financial releases, meetings, conferences, roadshows, Investor's Day and shareholders' meetings.
Analysts	Investor Relations Department, Communications and Corporate Responsibility Department.	Corporate website, e-mail, Annual Report, half-yearly corporate magazine, financial releases, meetings, conferences and Investor's Day.
Official Bodies, Supervising Entities and Local Councils	Investor Relations Department, Tax Departments, Legal Departments, Communications and Corporate Responsibility Department.	Corporate website, e-mail and post, half-yearly corporate magazine and meetings.
Suppliers, Business Partners and Service Providers	Commercial, Marketing, Quality and Private Brand Development, Food Safety, Environment, Regional Operations, Technical, Expansion, IT Departments and Ethics Committee.	JM Direct Portal, follow-up visits, quality and food safety audits, business meetings, direct contacts and half-yearly corporate magazine.
Employees	Human Resources Departments, Training School, Ethics Committee and Employee Assistance Services.	Employee Assistance Services (telephone line, post and electronic mail), internal magazines, Intranet, operational and management meetings, interpersonal relationships, annual performance appraisal, training sessions and internal climate surveys.
Customers and Consumers	Customer Services, Customer Ombudsman and Ethics Committee.	Toll-free phone lines, e-mail, corporate website and post.
Local Communities	Communications and Corporate Responsibility Department, Stores and Distribution Centres.	Follow-up visits, meetings, protocols and partnerships/ patronage.
Journalists	Communications and Corporate Responsibility Department.	Corporate website, press releases, press conferences, meetings, Annual Report and half-yearly corporate magazine.
NGOs and Associations	Communications and Corporate Responsibility Department.	Follow-up visits, meetings, partnerships/patronage and half-yearly corporate magazine.

At an institutional level and with regard to its Companies, the Jerónimo Martins Group is also part of various national and international organisations and initiatives concerning Corporate Responsibility, which enable it to know the trends in these areas<sup>3</sup>.

As a result of its ongoing engagement with its stakeholders, the Group would highlight the following material aspects, in descending order<sup>4</sup>:

<sup>3</sup> For further details on the way we engage with stakeholders and on the organisations the Group is part of, please go to [www.jeronimomartins.com](http://www.jeronimomartins.com), in the "Responsibility" area.

<sup>4</sup> The Group's reporting of its activity in each of these topics can be found throughout this chapter, in the area dedicated to each of the action pillars that embody the commitment to sustainable development and in its Responsibility channel at [www.jeronimomartins.com](http://www.jeronimomartins.com).

1. Food quality and safety;
2. Suppliers Selection based on sustainability criteria;
3. Offer of products from a sustainable origin;
4. Labour conditions;
5. Preference for local suppliers;
6. Engagement and support to employees, their families and surrounding communities;
7. Offer of healthy products;
8. Waste management and recycling;
9. Energy efficiency and water consumption reduction;
10. Suppliers' relationship management.

In order to ensure compliance with the [Principles of Corporate Responsibility](#), and to disclose and reinforce them, the Group also has the Committee on Corporate Governance and Corporate Responsibility, which works closely with the Board of Directors and with the Ethics Committee.<sup>5</sup>

At the end of 2017, LinkedIn, the professional social network, which had around 110 thousand followers, continues to be an important vehicle for disclosing the Group's activity, including the actions carried out within the scope of the five pillars of Corporate Responsibility. Within this context, throughout 2017, 72 posts were released relating to Corporate Responsibility, resulting in over 2.2 million impressions<sup>6</sup>.

---

<sup>5</sup> The responsibilities of each of these Committees are described at [www.jeronimomartins.com](http://www.jeronimomartins.com), in the "Investor" area.

<sup>6</sup> This indicator refers to the number of times each post was displayed to LinkedIn users.

## 3. 2017 Highlights

### Promoting Good Health through Food

- Private Brand products' reformulations, prevented 718 tonnes of fat, 64 tonnes of saturated fat, 85 tonnes of sugar and 59 tonnes of salt from entering the market;
- in Poland, the GoBio range was launched for consumers that prefer biological products. Also, the first vegan products have been included in Biedronka's assortment;
- in Portugal, 11 new products from the Pura Vida range were launched. This range aims at people with specific dietary requirements and/or preferences, such as products without any added sugar, gluten-free or lactose-free products;
- in Portugal, symbols were adopted in the product packaging to ease consumer's choice such as the "Non- GMO" for products containing ingredients that might have been genetically modified, the calories icon for alcoholic beverages and, also for alcoholic drinks, symbol suggesting not to be consumed by pregnant women.

### Respecting the Environment

- In 2017, the Group's carbon footprint (per € 1,000 of sales) reduced by 13.6% compared to 2014, ensuring that its reduction target for the 2015-2017 triennium was met;
- energy and water consumption per one thousand euros of sales registered a reduction of 8.1% and 0.6% compared to 2016, respectively;
- the Group adopted the Consumer Goods Forum Resolution to reduce food waste by half by 2025, with 2016 as the reference year;
- there was a reduction of 7% in the consumption of carrier bags (plastic, paper and reusable plastic), per € 1,000 sales. The sales of trolleys doubled, compared to 2016;
- the rate of waste produced by the Group and sent to recovery increased to 84.7% a rise of 1.6 pp compared to 2016.

### Sourcing Responsibly

- In 2017, the acquisition of at least 80% of products from local suppliers was maintained in all the food banners the Group operates;
- the Group achieved the objective of continuing to introduce sustainability certificates (e.g. UTZ, Marine Stewardship Council and Rainforest Alliance, among others) in its Private Brand products and Perishables, having introduced 60 products with such characteristics in 2017;
- in 2017, and based on the species identified in 2015, the Group complied with its guidelines for its sustainable fishing strategy;
- the Jerónimo Martins Group obtained an overall rating of "A-" for palm oil and paper and wood in the CDP Forests 2017, positioning it at "Leadership" level, just a step away from reaching the maximum rating (A). The commodities soy and beef obtained a classification of "B", the equivalent of the "Management" level.

### Supporting Surrounding Communities

- The value of support offered by the Group was around 21.7 million euros, an increase of 21 % compared to 2016;
- in Portugal, a partnership with Pão a Pão – Associação para a Integração de Refugiados do Médio Oriente (Association for the Integration of Middle East Refugees) was established, aiming at employability and social inclusion of Syrian refugees through the launch of a restaurant. The Group's support is given in food items in an annual value of 18 thousand euros.
- also in Portugal, the "Semear" (Seed) project, that creates work opportunities for people with intellectual difficulties, has seen its first results through the sale of 17 tonnes of vegetables at Pingo Doce stores;

- 437 Biedronka stores and 12 Distribution Centres donated to Caritas 670 tonnes of surplus food that although suitable for consumption, could not be put up for sale;
- the number of schools involved in the “Śniadanie Daje Moc” (Breakfast Gives You Strength) programme increased by 6.3% to 8,318 compared to the previous academic year, which is the equivalent of more than half of the primary schools in Poland. The programme encompassed 275,758 children, an increase of over 40%;
- in Colombia, Ara continued to support ABACO – Banco de Alimentos de Colombia through the donation of surplus food to vulnerable populations in the several municipalities where its stores are located. Over 116 tonnes of food were offered, estimated to have reached 1,544 families.

## Being a Benchmark Employer

- The Group created 7,970 jobs, representing a net growth of 8.3% compared to 2016;
- over 100 million euros in bonuses to its employees were attributed and over 8,700 promotions from stores, Distribution Centres and head offices were registered;
- the investment in support initiatives to employees under the areas of Health, Education and Family Well-Being amounted to 18.7 million euros. In Poland, through the “Możesz Liczyć na Biedronkę” (You Can Count on Biedronka) programme, 5,446 employees in vulnerable situations were given financial support. In Portugal, the “Fundo de Emergência Social” (Social Emergency Fund), counts with the cooperation of social assistants, reached 706 employees.



## 4. Promoting Good Health through Food

### 4.1. Introduction

Bearing in mind the millions of customers who visit the Group's stores every day, Jerónimo Martins is seriously committed to defend and promote public health through food. Furthermore, the Group seeks to encourage responsible consumption as a means of also promoting the business sustainability.

These priorities arise from observing society's eating habits over recent years and noting that excessive consumption of sugar, salt and saturated fats, has resulted in an increase in the prevalence of diseases such as obesity, diabetes, osteoporosis and cardiovascular diseases.

For the Group, being an active agent in the change of these eating habits implies not only promoting healthier lifestyles but also a commitment to investing in the development and more democratic access to nutritionally balanced, less processed Private Brand food products, aimed at meeting specific dietary needs, including intolerance to certain ingredients, along with full, intuitive nutritional labelling.

Promoting good health through food is achieved basically using two action strategies, complemented by objectives and action plans, that are common across the countries and sectors where the Group holds operations, in line with the material topic mentioned in 2016 by the more than 4,700 stakeholders that were heard:

- i. fostering food quality and diversity; and
- ii. ensuring food safety.

### 4.2. Quality and Diversity

In order to guarantee the high standards of Quality and Food Safety of the products sold by the Group, the guidelines in place in Portugal, Poland and Colombia encompass three fundamental policies:

- Quality and Food Safety Policy – guarantees a system for continuous improvement to the processes for developing and monitoring Private Brand products and Perishables;
- Nutritional Policy – aligned with the World Health Organization's recommendations, it defines six aspects in the development of Private Brands: nutritional profile, ingredients, labelling, portion sizes, continuous improvement and communication;
- Policy on Genetically Modified Organisms – based on the principle that the Private Brand products do not contain ingredients or additives of transgenic origin and that, should that not be the case, the consumers will be informed on the respective label.

In addition, the Guidelines for Developing Private Brand Products reinforce the principles listed in the Nutritional Policy, defining the following:

- restrictions as to the use of colouring, preservatives and other superfluous, synthetic additives;
- maximum accepted quantities of some ingredients in the products, such as salt, sugar and fat;
- nutritional reformulation strategies;
- packaging material allowed for contact with foodstuffs;
- principles of nutritional labelling, including information on health, nutrition and the promotion of healthy lifestyles;
- product monitoring plans, including sensory tests, audits and laboratory controls.

In 2017 a review of the Guidelines was made, focusing more on the nutritional criteria for products eaten predominantly by children, namely regarding the nutrients present in the products.

## 4.2.1. Launches

In Poland, the Group launched products that have potential health benefits and also those aimed at people with specific dietary requirements, including the following:

- sautéed vegetable mixes seasoned with Mrożna Kraina, in the following varieties: quinoa, wholemeal rice, and sunflower with flax seeds, all of which are foods that are sources of protein and fibre;
- Złota Rybka frozen cod fillets and Marinero frozen tuna steaks, without added phosphates, which are usually used to preserve fish;
- FruVita Icelandic-style yoghurt (*skyr*) in the natural, raspberry, and blueberry and redcurrant varieties, which are fat-free and have a high protein content;
- Pastani pasta made of whole grains such as rye, wheat, buckwheat and spelt, which are sources of fibre and minerals, so important for a balanced diet.

During the year, Jerónimo Martins launched certified products for vegans, i.e. whose composition is free from any meat or other products of animal origin such as eggs, dairy products and honey, thereby contributing, through scale and the banner's outreach, towards more democratic access to them for the entire population. The main launches include Vitabella fruit snacks, a source of fibre without added sugar, low salt content and gluten-free, and also the Pano corn tortilla wrap.

With the same idea of making access more democratic, the GoBio range was launched, aimed at customers who prefer organic products - complying with production methods, among others, which use no phytopharmaceuticals. Natural yoghurt and fresh milk with just 2% fat are the first references in this range, being certified in compliance with the EU requirements.

The Group maintained a partnership with Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and a Gluten-Free Diet) to monitor the launch of gluten-free products, which includes the production process, ensuring the absence of cross-contamination, and certification of the final product. 21 gluten-free references reached the market in 2017, where of particular note are the Marinero tinned herring, mackerel and tuna.

Biedronka also launched 7 lactose-free products, including the Symfonia ice creams, also gluten-free, Puszysty Bez Laktozy quark-style cheese and the Mleczna Dolina fresh milk. The latter is noted for being the first Private Brand fresh milk in Poland for people with lactose intolerance.

In 2016, Biedronka was the first distribution chain to launch the Wolno Gotowane (Cooked Slowly) range, which are convenient, pre-cooked products to maintain their nutritional properties practically unaltered, avoiding the use of preservatives and prolonging their shelf life. In 2017, two new duck references were added to the range.

Also regarding Perishables, the Kraina Mięś free-range chicken is produced without using any antibiotics and its feed contains no Genetically Modified Organisms (GMO).

In Portugal, the Group remained focused on launching Pingo Doce products that have health benefits and/or are low-processed, while also investing in more convenient portions for consumers:

- 0% fat free yoghurt with no added sugar, with tropical fruit and with strawberry. Its composition is rich in calcium, phosphorous and Vitamin B2 (Riboflavin), which helps towards normal metabolism;
- Greek-style 0% fat yoghurt, in the natural and lemon/lime varieties. Besides being sources of calcium and having a high protein content, they only have sugar that is naturally present. In the case of the latter, it has 30% less sugar when compared to the average on the market;
- breakfast biscuits in the milk and cereals, chocolate, oats, quinoa and poppy seed and ancestral cereals varieties, whose composition has a cereal content varying from 37% to 76%, all containing high-oleic sunflower oil (which is higher in polyunsaturated fatty acids

than olive oil and has antioxidant properties through Omega-3 and Omega-6 and vitamins E and K) and being sources of iron and fibre. They are sold in 50-gram sachets;

- Chicken nuggets with cheese, made of 68% chicken breast and without any flavour intensifiers. On the package it suggests preparing them in the oven, which helps to make them a healthier eating option;
- Dehydrated apple snacks, with no added sugar and a high fibre content. Each packet is the equivalent of two portions of fruit.

In the Pura Vida range, aimed at people with specific dietary needs and/or preferences, such as products with no added sugar and gluten-free and lactose-free products, 11 new products were launched, bringing the total number of references to 87, such as:

- Rice, Rice and Coconut, Oats and Almond Drinks, with no added sugar and of GMO-free origin. They are sources of calcium and several vitamins. The Rice Drink is also gluten-free;
- Chocolate with Stevia, composed of 70% cocoa and with no added sugar. It is also high in fibre, magnesium, phosphorous and iron;
- Flax Seed Flour, a seed that is important for regulating cholesterol and having a good circulatory system. It is a source of zinc and is also high in fibre, Omega-3, vitamin B1, iron, magnesium and phosphorous;
- Quinoa Seeds, a super-food high in phytonutrients, such as fibre, rich in vitamin B1 and phosphorous.

In the 0% Lactose range, the Group launched Rice Pudding, a traditional Portuguese dessert.

In Colombia, 11 new Ara Exclusive Brand products were put on the market with a view to providing healthier alternatives for the consumers of that country, including:

- Heil granola cereals, in the almond and walnut and the dried red fruit varieties, which are sources of fibre and have antioxidant properties;
- the Chocorila, Honky Tonky and Zokis breakfast cereals eaten by a younger public, which are fortified with up to 12 vitamins and minerals, are low in sugar and calories and are fat-free;
- Heil corn and rice crackers with sea salt, are low in salt, fat-free, sugar-free, gluten-free and low in calories;
- the De La Cuesta milk, in the lactose-free semi-skimmed and the full-fat milk varieties, both UHT, low in fat and calories.

## 4.2.2. Reformulations

The reformulations strategy focuses on decreasing, replacing or removing ingredients such as salt, sugar and fat from the composition of products, in order to make a positive contribution towards improving public health. With a view to maximising the desired results, when carrying out the strategy, priority is given to reformulating fast-moving products and/or those favoured by children.

In Poland, 47 food products were reformulated, eliminating salt, sugar and fat. In total, 713 tonnes of fat, 81 tonnes of sugar and 48 tonnes of salt were removed.<sup>7</sup>

The salt content was reduced in nine references of packed fish (salmon, herring and mackerel, very popular in the country), by between 3% and 37%, totalling more than 22 tonnes.

The levels of fat were reduced in 21 references of Biedronka's exclusive brands, notably the Swojska Chata traditional filled pies - pierogi - pre-cooked and ready to be fried. In the steamed varieties, a Russian recipe filled with mushrooms and cabbage, the fat was reduced by between 10% and 30%, totalling 78 tonnes.

<sup>7</sup>The number of tonnes removed is obtained using the following calculation method: the quantities of these ingredients present in the formula of the references covered, multiplied by the number of units sold in the year.

As far as sugar is concerned, among the 15 references reformulated, three varieties of Gorgça Chwila instant soup are worth reference, with reductions of between 24% and 49%, the equivalent of around three tonnes.

In Portugal, the Group reformulated 41 products, preventing around three tonnes of sugar, more than five tonnes of fat, more than 64 tonnes of saturated fat and 11 tonnes of salt from entering the market.

Within the scope of Pingo Doce's Meal Solutions business unit, it was possible to prevent over six tonnes of sugar from reaching the market.

## Total Reformulations

In 2017, the Group prevented the following from entering the market:

- 718 tonnes of fat;
- 64 tonnes of saturated fat;
- 85 tonnes of sugar;
- 59 tonnes of salt.

### 4.2.3. Promoting Healthier Choices

The Packaging Manuals prescribe disclosing the characteristics and benefits of the Private Brand products on the labelling, complying with technical and legal requirements, namely on the nutritional composition of the products, and presenting full nutritional tables, with values per 100 grams and per portion.

The voluntary adoption of more intuitive nutritional information, on the front of the packages has been a priority for the Group, in order to enable the consumer to make a more informed choice about the products they buy.

In Portugal, the following are highlighted:

- adoption of the "Sem OGM" (No GMO) for products whose ingredients could potentially have been genetically modified;
- adoption of the calorie icon on alcoholic beverages;
- adoption of symbols advising against consumption by pregnant women, also for alcoholic beverages;
- maintenance of the icons for products that are a source of Omega-3, lactose-free, gluten-free, without added sugar and without fat;
- maintenance of the identification of Pingo Doce cold meat products that contain low fat with the symbol "Escolha Saudável" (Healthy Choice), in cooperation with the Portuguese Heart Foundation.

In Poland, the following are worth noting:

- adoption of the indication of fibre in the nutritional table (back of packages);
- adoption of the European symbols for a vegan diet and for organic products, accompanying the launches and certifications of these ranges for consumers with specific dietary needs and/or preferences;
- maintenance of the icons for products that are a source of Omega-3, lactose-free and gluten-free.

For 10 years, Pingo Doce has been following the principles of the Mediterranean Diet as a reference for developing Private Brand products and for the meals from the Meal Solutions business unit, as a differentiating aspect of its communication with the public. Besides the advice in terms of cooking and accompanying the meal with vegetables/fruit expressed on the product packaging, the bi-monthly magazine "Sabe Bem" (Tastes Good), with an average print-run of 150 thousand copies, remained one of the preferential means of communication about this diet, by publishing recipes that also encourage the re-use of food and the fight against food waste.

Besides playing a part in encouraging people to adopt this diet, Pingo Doce's website also publishes a list of lactose-free and gluten-free products, aiming to help consumers in their choice. The list is updated every month by Pingo Doce's nutrition team, in accordance with the analytical control carried out on the Private Brand products.

The year will also be remembered for the launch of the “[Junto Fazemos da Mesa um Lugar Melhor](#)” ([Together We Make the Table a Better Place](#)) campaign, which aimed to raise awareness about the importance of food for physical and psychological/emotional health, warning about excess weight among children and young people, about dividing tasks between men and women, the challenges imposed on families from the daily pace of life and from the redefinition of family units, the meal table playing a key role.

At Biedronka, the Group invested in [promoting](#) the Kraina Wedlin Nature cold meat range, considering that they are clean label products, meaning without additives (such as phosphates, preservatives, artificial colouring), or flavour enhancers (such as mono sodium glutamate).

In 2017, the exclusive campaign [Gang Świeżaków](#), created with the intention of encouraging children to eat fruit and vegetables through a collection of soft toys, was maintained and accompanied by a digital application with interactive, educational games that boost their memory and quicker thinking. Within this context, the Group also developed:

- a back-to-school [campaign](#) with Caritas Polska, donating the entire sales of all soft toys that took place on a certain weekend, which was used to support the institution's social projects;
- a book for children, promoting healthy nutritional habits, in partnership with Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition), an institution which carries out studies on consumers' food requirements and promotes actions on the importance of food for the health.

In cooperation with this institute, the Group maintained the “Codziennie Bądź w Formie” (Get in shape every day) campaign, through which it provided a special telephone service to advise consumers to make healthier nutritional choices and to read the product labels.

Biedronka maintained its support to the [Zielona Kraina](#) (Green Earth) project, developed in partnership with the supplier, Green Factory, of the Vital Fresh exclusive brand. The objective of this project is to promote healthier eating habits among primary school children. 165 cooking workshops were carried out at 61 schools in seven cities, and had a target audience of over 3,600 students.

Promoting the Mediterranean Diet, encouraging active lifestyles and sharing recipes for people with specific dietary requirements were priorities in Poland, where informative leaflets were created, totalling 2 million copies. In addition, 54 articles were published by various media, describing the nutritional profiles of Biedronka products and their health benefits. Along with these, there were also 40 articles directed at employees, disclosed using internal channels.

#### 4.2.4. Partnerships and Support

With the objective of learning and sharing further knowledge about food, nutrition and health, the Group fosters active dialogue with institutions, publicising products for people with specific dietary needs.

In Portugal, within the scope of the partnership with the DGS (Directorate-General for Health) for sharing healthy recipes, Pingo Doce contributed with 25 recipes on the Mediterranean Diet developed by its nutrition team for the Promoting Healthy Eating National Programme, which can be viewed at [www.alimentacoosaudavel.dgs.pt](http://www.alimentacoosaudavel.dgs.pt). In addition, the DGS participated in five articles in Pingo Doce's “Sabe Bem” (Tastes Good) magazine.

As a part of APED (Portuguese Association of Distribution Companies), Pingo Doce remained active on the technical committees dedicated to food quality.

The Group also pursued its partnerships with institutions aiming to contribute towards healthy eating, such as:

- the Portuguese Association of Nutritionists, to sponsor the Nutrition and Food Congress;
- the Portuguese Association of Celiac Disease Sufferers, to identify and publicise gluten-free products;
- the Portuguese Heart Foundation, to identify cold meat products low in fat;
- the Partnerstwo dla Zdrowia (Partnership for Health), for the Milk Start and Śniadanie Daje Moc (Breakfast Gives You Power) projects in Poland<sup>8</sup>;
- the Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and a Gluten-Free Diet), to certify 21 new gluten-free products.

In Colombia, Ara began its participation in the work committees of ICONTEC (Colombian Institute of Technical Standards), to discuss and create quality and food safety standards, applicable to all product categories.

### 4.3. Quality and Food Safety

Jerónimo Martins continually invests in the certification and monitoring of processes, facilities and equipment in order to ensure safe and high-quality products. To do so, when implementing appropriate procedures and assessing the respective performance indicators, counts not only on Quality and Food Safety technicians but also on external auditors.

Taking into account the risk analysis performed in the three countries where the Group is present, the control processes were updated, with a view to adjusting them to the changes introduced in the product assortment.

#### 4.3.1. Certifications

During 2017, the following certifications were renewed/maintained:

- ISO 22000:2005 certification, regarding Biedronka's warehousing and distribution process in all the 15 Distribution Centres, and product development process in Biedronka's headquarters;
- ISO 9001:2008 certification for the Development of Private Brands, in Portugal, and Post-Launch Product/Supplier Follow-Up;
- HACCP certification in accordance with the Codex Alimentarius of Pingo Doce's central kitchens in Gaia, Aveiro and Odivelas;
- HACCP certification in accordance with the Codex Alimentarius of the Recheio Cash & Carry stores (including the store in Madeira);
- HACCP certification in accordance with the Codex Alimentarius of a franchised store of Recheio Cash & Carry in the Azores;
- HACCP certification in accordance with the Codex Alimentarius of the Caterplus Food Service platforms in Lisbon and Algarve;
- HACCP Certification, concerning Food Safety, based on the Codex Alimentarius of the Azambuja, Modivas, Alfena and Algoz Distribution Centres.

In 2017, all the Polish Distribution Centres renewed their certification for handling organic products, according to EC Regulation 834/2007.

---

<sup>8</sup> For further information about this programme, refer to sub-chapter 7. "Supporting Surrounding Communities".

## 4.3.2. Audits

To guarantee the high levels of Quality and Food Safety of the products sold by the Group, the processes, facilities and equipment are subject to control audits.

### Distribution Poland

The stores in Poland underwent internal audits and the Distribution Centres were audited both internally and externally to check that the facilities, equipment and procedures are appropriate.

Stores and Distribution Centres	Biedronka			Distribution Centres		
	2017	2016	Δ2017/2016	2017	2016	Δ2017/2016
Internal Audits	5,371	4,411	+22%	30	30	-
Follow-up Audits	201	25	+704%	-	-	-
External Audits	-	-	-	31	30	+3%
HACCP Performance*	80%	81%	-1 p.p.	96%	96%	-

\* At Biedronka, HACCP implementation is evaluated based on specific requirements, which, in turn, are based on the Codex Alimentarius. In the Distribution Centres, the compliance rate refers to the ISO 22000 – Food Safety Management System certification, which is based on the HACCP principles of the Codex Alimentarius.

During 2017, analyses were performed on work surfaces, equipment and product handlers, with the objective of controlling microbiological risks, for which external accredited laboratories were used. A total of 269 analyses were carried out, an increase of 56% when compared to 2016.

### Distribution Portugal

Audits performed on Pingo Doce and Recheio:

Stores and Distribution Centres	Pingo Doce			Recheio			Distribution Centres		
	2017	2016	Δ 2017/2016	2017	2016	Δ 2017/2016	2017	2016	Δ 2017/2016
Internal Audits	836	1,004	-17%	85	106	-24%	39	25	+56%
Follow-up Audits	1,376	785	+75%	139	107	+30%	76	19	+300%
External Audits	19	16	+19%	55	32	+72%	10	3	+233%
HACCP Performance*	88%	86%	+2 p.p.	87%	82%	+5 p.p.	90%	91%	-1 p.p.

\*At Pingo Doce, as well as at Recheio, the implementation of HACCP is evaluated on specific requirements, based on the Codex Alimentarius and appropriate for the realities in which the Companies operate.

The follow-up and external audits' increase at Pingo Doce was due to the implementation of a greater monitoring and support strategy in the systematization of the HACCP system in stores, instead of focusing on evaluation audits. As for external audits, most of them arise from official inspections.

With regard to Distribution Centres, the increase when compared to 2016, can be explained by the fact that bi-weekly follow-ups to Warehouses were carried out in order to monitor compliance with best practices.

Using accredited external laboratories, Pingo Doce, Recheio and the respective Distribution Centres also performed 126,215 Quality and Food Safety analyses on work surfaces, handlers of Perishables and on products handled in stores, as well as on the water and air. This figure represents an increase of 5% compared to the previous year.

## Distribution Colombia

In Colombia, internal audits were carried out in the Ara stores and in the Distribution Centres by external entities.

Stores and Distribution Centres	Ara			Distribution Centres		
	2017	2016	Δ 2017/2016	2017	2016	Δ 2017/2016
Internal Audits	308	182	+69%	3	2	+50%
Good Hygiene and Quality Practices*	65%	72%	-7 p.p.	91%	95%	-4 p.p.

\* The compliance rate refers to the score obtained on Good Practices, in which the criteria aim to guarantee the quality and safety of the products according to the law, evaluating the operation itself and the control system and procedures. The criteria include, among others, hygiene and quality control aspects of the facilities for handling the product, such as temperature, packaging and organic waste management procedures.

The evaluation of the good hygiene and quality practices at the Ara stores decreased due to the implementation of a calibration plan with two external laboratories.

A total of 8,218 analyses were also performed on work surfaces, handlers of perishables, products handled in the stores and on the water. This figure represents a raise of 158% compared to 2016, when 3,185 analyses were performed, something that can be explained by an increase on the number of stores.

### 4.3.3. Analyses

Regarding Food Safety, besides the internal audits mentioned in the previous point, the Group carries out laboratory analyses on its suppliers of Perishables and Private Brand products and on suppliers in general, which may be referred to in sub-chapter 6. "Sourcing Responsibly", as well as laboratory analyses on Perishables and Private Brand products that are sold by its banners. These are carried out by accredited external laboratories.

## Distribution Poland

Number of Analyses/Samples collected	2017	2016	Δ 2017/2016
Private Brand - Food	12,050	12,218	-1%
Private Brand - Non-Food*	878	1,332	-34%
Fruit and Vegetables	751	759	-1%
Meat and Fish	375	1,621	-77%
Bakery	71	39	+82%
Eggs	128	-	-

\* A further 33 Private Brand non-food product inspections were carried out.

The difference in the Bakery analyses was a result of the increase in the number of references for this category in 2017. The decrease in the Non-Food Private Brand and Fresh Meat and Fish products can be explained, respectively, by the change to strategic suppliers, whose analytical products performance made it unnecessary to carry out further analyses, and also by the fact that in 2016 a number of Meat analyses were carried out, a process that became unnecessary in 2017. The egg analysis was performed to meet the legal requirements in this country.



## Distribution Portugal

Number of Analyses/Samples collected	2017	2016	Δ 2017/2016
Private Brand - Food	15,852*	12,566*	+26%
Private Brand - Non-Food	4,134	3,971	+4%
Fruit and Vegetables	2,937	2,529	+16%
Meat	1,428	1,391	+3%
Fish	1,038	1,050	-1%
Bakery	511	642	-20%
Meal Solutions	1,038	1,456	-29%

\* Including routine analyses on the presence of gluten, genetically modified organisms (GMO), lactose and on the denomination of species.

The increase of the Private Brand – Food product analyses is mainly due to the increased frequency of authenticity controls (DNA and GMOs) and allergen research (gluten, milk and lactose).

In the Fruit and Vegetables category, the analyses increase was due to, among others, the introduction of new assessment parameters for the control of pesticide residues, thus complying with the new European Union regulations. The decrease in the Bakery category was due to the discontinuation of specific products, which is why it was not necessary to carry out new nutritional assessments.

The decrease in the number of analyses performed on Meal Solutions products was the result of, among other things, the consolidation of the Pingo Doce kitchen processes and the non-purchase of new equipment, making new validations unnecessary.

## Distribution Colombia

In Colombia, 5,023 laboratory analyses were performed on products available in the stores, which represents an increase of 16% compared to 2016.

Number of Analyses/Samples collected	2017	2016	Δ 2017/2016
Private Brand - Food	4,146	3,434*	+21%
Private Brand - Non-Food	817	813*	+1%
Fruit and Vegetables	17	26	-35%
Meat	26	44	-41%
Fish	5	7	-43%
Bakery	12	10	+20%

\* 2016 figures were adjusted in accordance with the change of scope from "Number of Analysed Products" to "Number of Analyses"

The Private Brand analyses increase was mainly due to the need to evaluate the new products launched.

### 4.3.4. Training

Training in Food Hygiene and Safety was given to 17,593 employees in Poland (39,541 hours of training), 10,795 employees in Portugal (54,689 hours) and 3,549 employees in Colombia (17,847 hours).

## 5. Respecting the Environment

### 5.1. Introduction

Within a context of increasing pressure on natural resources, the Jerónimo Martins Group is constantly challenged to improve its efficiency and to reduce environmental impacts throughout its Companies' supply chains. The Group's priority areas of activity, as defined in the Environmental Policy<sup>9</sup> in force, are the preservation of biodiversity, the fight against climate change and responsible waste management.

### Environmental Audits and Environmental Certification

The Environmental Management System implemented in the Jerónimo Martins Distribution Centres (DC) is based on the ISO 14001:2012 international standard. In Portugal, there continued to be four DC with this certification (Azambuja, Vila do Conde, Algoz and Alfena) out of a total of seven. In Poland, 15 out of the 17 existing DC have the same certification, guaranteeing that more than 70% of the Group's DC are certified according to this standard. It is the Group's objective to increase the number of establishments with this certification to 25 over the next three years. Also in 2017, all the DC in Poland renewed their certification for handling biological products, in accordance with EC Regulation 834/2007.

In addition, the Group conducted internal audits on stores, warehouses and DC to ensure conformity with legal requirements and with internal Environmental Management procedures. In 2017, the Group conducted 299 audits, across Portugal and Poland. Whenever the score obtained in the audits is less than 100%, corrective actions are defined.

### 5.2. Biodiversity

With considerable expertise in Perishables, the Group is aware that the annual sales volumes of Meat, Fish, Fruit and Vegetables, among others, results in impacts on the ecosystems. The Group therefore recognises the responsibility of knowing, mitigating and reflecting those impacts when defining policies, strategies and operational processes.

To do so, the Group assess the risks related to the different services of the ecosystems using as a basis the Ecosystem Services Review, as proposed by the World Research Institute. Based on this approach, Jerónimo Martins defined 11 priority areas of activity that guide the projects and management practices, which include the following: (i) information management; (ii) training; (iii) partnerships with suppliers; and (iv) research and development.

Among the research projects that the Group developed and supported, it should be highlighted the characterisation of the potential risks associated with the species of fish most sold by its Companies in Portugal and Poland. This analysis, performed by an independent specialised entity, in conjunction with the Group's Environment and Sustainability teams, identified aspects such as the level of stock exploitation, the impacts on ecosystems and surrounding communities, traceability and working conditions, and concluded that none of the species sold were at high risk.

In 2017, the Group assessed the degree of vulnerability of all the species of fish sold in Portugal and in Poland<sup>10</sup>. This analysis was based on the Red List of the International Union for the Conservation of Nature (IUCN Red List of Threatened Species) and resulted in discontinuing the sale of a single species classified as "Critically Endangered", whose production was impossible to secure throughout the entire life cycle using aquaculture. For more detailed information, see the "Responsibility" area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

<sup>9</sup> Available for consultation in the "Responsibility" area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

<sup>10</sup> To find out more about the activities carried out by the Group regarding this matter, see sub-chapter 6 of this chapter. "Sourcing Responsibly".

Concerning agriculture, after carrying out a study on the practices of the Group's suppliers of Fruit and Vegetables in Portugal, a manual was compiled to promote the use of production methods that enhance the protection of biodiversity, among other aspects. In 2017, the methodology of the manual was applied to 40 farms from 25 suppliers, having determined the overall sustainability index for each of them. In 2018, Jerónimo Martins will continue to progressively make this manual available to Fruit and Vegetable suppliers in Portugal, so that they can calculate and share their overall sustainability index, as well as the respective improvement measures, thereby enabling the Group to accompany their progress over time. The objective is for this project to be extended to suppliers in Poland and in Colombia over the coming years.

## 5.3. Climate Change

The IPCC<sup>11</sup> has warned that the impact on climate change will be felt through an increase in the average global temperature, a rise in the average sea level and the frequency and intensity of extreme weather events. In addition to the effects on the reduction of agricultural productivity, impacts are also expected regarding Operations as a result of droughts, floods and snowstorms. The Paris Agreement, already in force and ratified by two of the three countries where the Group operates, commits the signatory countries to reducing greenhouse gas emissions (GHG), to ensure that the increase in average global temperature does not exceed 2°C.

That is why the Group is focused on implementing measures that promote the reduction of energy consumption and the minimisation of the associated GHG, such as the logistics processes and refrigerant gases for example, as well as measures related to fighting deforestation, namely through commodities related to this risk: palm oil, soy, beef, and paper and wood<sup>12</sup>.

### 5.3.1. Carbon Footprint

In 2017<sup>13</sup>, the carbon footprint (scopes 1 and 2) was 1,208,592 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), a reduction of 4.6% compared to 2016, which can be mostly justified, by the significant reduction in the market-based emission factors linked to the consumption of electricity. For the same reason, the specific value reduced from 0.0867 to 0.0743 tonnes of carbon equivalent for every thousand euros of sales.

Carbon Footprint - Indicators	2017	2016	Δ 2017/2016
Overall value (scope 1 & 2) – t CO <sub>2</sub> e <sup>14</sup>	1,208,592	1,267,496	-4.6%
Specific value (scope 1 & 2) – t CO <sub>2</sub> e/'000 €	0.0743	0.0867	-14.3%

Carbon Footprint - Indicators	2017 (t CO <sub>2</sub> e)	2016 (t CO <sub>2</sub> e)	Δ 2017/2016
<b>Overall Carbon Footprint (scope 1 and 2)<sup>14</sup></b>			
▪ Distribution Portugal	263,207	339,515	-22.5%
▪ Agribusiness	2,465	2,697	-8.6%
▪ Distribution Poland	911,490	*912,332	-0.1%
▪ Distribution Colombia	31,430	12,952	+142.7%
<b>Carbon Footprint (scope 1 – direct impacts)</b>			
▪ Leakage of refrigeration gases	146,482	157,794	-7.2%
▪ CO <sub>2</sub> usage	18,904	18,007	+5.0%
▪ Fuel consumption	56,074	59,053	-5.0%
▪ Light vehicle fleet	16,451	15,074	+9.1%

<sup>11</sup> IPCC is the acronym for Intergovernmental Panel on Climate Change.

<sup>12</sup> To find out about the Group's initiatives related to commodities linked to the risk of deforestation, see sub-chapter 6 in this chapter. "Sourcing Responsibly".

<sup>13</sup> The Carbon Footprint values for the year 2017 were verified by an external and independent body. The document regarding the certification process can be viewed in the "Responsibility" area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

<sup>14</sup> Scope 2 emissions concern location-based (heating) and market-based (electricity) type emission factors, according to the table "Carbon Footprint – Indicators".

<b>Carbon Footprint (scope 2 – indirect impacts)</b>			
▪ Electricity consumption (location-based)	825,710	779,842	+5.9%
▪ Electricity consumption (market-based)	950,687	995,050	-4.5%
▪ Heating (location-based)	19,994	22,518	-11.2%
<b>Carbon Footprint (scope 3 – other indirect impacts)</b>			
▪ Transport of goods to stores (Distribution)	164,532	155,867	+5.6%
▪ Disposal of waste in landfills	36,912	19,980	+84.7%
▪ Waste Incineration	221	-	N/A
▪ Organic waste composting	120	432	-72.2%
▪ Energy consumption in franchising stores	15,685	16,697	-6.1%
▪ Air travel by employees	1,804	1,970	-8.4%

\* Corrected figures as a result of the external audit in 2017 for Carbon Footprint certification.

**Notes:** Calculation of the carbon footprint of the different activities is made using the three levels of the World Business Council for Sustainable Development (WBCSD) Greenhouse Gases Protocol method: direct, indirect and third party. The values presented take into account emission factors defined by the IPCC – Intergovernmental Panel on Climate Change (for refrigeration gases), by the Portuguese Directorate-General for Energy and Geology, by the Colombian Unidad de Planeación Minero Energética (Unit of Mining and Energy Planning), by the Krajowy Ośrodek Bilansowania i Zarządzania Emisjami (Polish Centre for Emission Balance and Management, for fuels and heating), by the International Energy Agency and by the suppliers (electricity) and by the Greenhouse Gases Protocol (fuels used in light vehicle fleet and transport of goods to stores, air travel) and by the UK GHG Conversion Factors for Company Reporting (waste)

### 5.3.2. Water and Energy Consumptions

The rationalisation of water and energy consumptions is one of the action areas in the fight against climate change, instigating initiatives to reduce their use, which contribute towards both the sustainability of resources and to a reduction in operating costs.

The Group includes environmental criteria in the projects for building and refurbishing its infrastructures. Biedronka, Pingo Doce, Recheio and Ara have been implementing efficient control systems for cooling plants, more efficient technologies in terms of lighting (LED, skylights and photovoltaic cells), refrigerated displays and freezers fitted with doors and covers and, in addition, autonomous energy management systems for energy consumption, to reach a more rational use of the energy required. Other measures such as the installation of flow restrictors, taps with timers and regulating sensors for ice machines have also been implemented. The investment in these measures – more than 65 million euros in the last four years–avoided the emission of over 65 thousand tonnes of carbon and has a return period of less than five years.

Complementary to the technological measures for reducing water and energy consumptions, Jerónimo Martins has been investing in projects to encourage best practices in terms of behaviour. The “Water and Energy Consumption Management Teams”, a project that began in the stores in Portugal in 2011, has achieved a reduction in these consumptions of 357,700 m<sup>3</sup> and 36,565,800 kWh in seven years. This project, which is promoted through monthly challenges and internal benchmarking, has obtained an accumulated saving of over 4.4 million euros.

#### Alfena, a more efficient Distribution Centre

The Alfena DC began operating in April 2017. With the objective of reducing water and energy consumption, the following types of technology were installed:

- Thermal solar panels for heating the hot water (nursery and changing rooms);
- 100% of the lighting fixtures use LED technology;
- control and regulation of the intensity of the lighting depending on motion detection and/or outdoor light;
- heat recovery from the smoke extraction system in the canteen to use for blown-air climate control inside the kitchen;
- harnessing of rain water in the returns warehouse for use, for example, in the outdoor sprinkler system.

This project enables increases in energy efficiency, obtaining reductions in energy consumption of around 32% compared to the usual technology, as well as contributing towards water savings in the order of 1,700 m<sup>3</sup>.

Regarding office buildings, the Let's Go Green project, which encompasses six locations in Portugal, enabled an electricity reduction of 344,900 kWh between 2015 and 2017. Regarding water consumption, there was an increase of 209 m<sup>3</sup>, justified by a growth of 28% in the number of employees working in these offices. When considering per employee consumption, there was a reduction of 2 m<sup>3</sup> per person, in the same period. The Group's objective is to progressively extend these projects to other countries.

## Energy consumption

Total consumption	2017	2016	Δ 2017/2016
Energy consumption			
▪ Absolute value – GJ	6,634,950	*6,488,383	+2.3%
▪ Specific value – GJ/000 €	0.408	*0.444	-8.1%
Energy consumption per business unit			
▪ Distribution Portugal – GJ	1,997,887	*1,943,772	+2.8%
▪ Distribution Poland – GJ	4,184,639	*4,327,971	-3.3%
▪ Distribution Colombia – GJ	419,569	*184,296	+127.7%
▪ Agribusiness – GJ	32,855	*32,344	+1.6%

\* Values have been recalculated to include the fuel consumption of the light vehicle fleet.

## Water consumption

Total consumption	2017	2016	Δ 2017/2016
Water consumption			
▪ Absolute value – m <sup>3</sup>	2,780,958	2,513,756	+10.6%
▪ Specific value – m <sup>3</sup> /000	0.171	0.172	-0.6%
Water consumption per business unit			
▪ Distribution Portugal – m <sup>3</sup>	1,767,613	1,630,890	+8.4%
▪ Distribution Poland – m <sup>3</sup>	813,818	735,383	+10.7%
▪ Distribution Colombia – m <sup>3</sup>	105,994	66,454	+59.5%
▪ Agribusiness – m <sup>3</sup>	93,533	81,029	+15.4%

The increases in the consumption of water and energy are explained by the growth of operations (increase in the number of stores and other infrastructures) and, in Poland, to the investment in the Perishables area.

## Water Extraction by source

Total consumption (m <sup>3</sup> )	2017	2016	Δ 2017/2016
Total water consumption	2,780,958	2,513,756	+10.6%
▪ Municipal supply system	2,598,057	-	-
▪ Underground water	181,787	-	-
▪ Other sources	1,114	-	-
Water consumption per business unit			
▪ Distribution Portugal	1,767,613	1,630,890	+8.4%
• Municipal supply system	1,590,621	-	-
• Underground water	175,878	-	-
• Other sources	1,114	-	-
▪ Distribution Poland	813,818	735,383	+10.7%
• Municipal supply system	813,818	-	-
• Underground water	0	-	-
• Other sources	0	-	-
▪ Distribution Colombia	105,994	66,454	+59.5%
• Municipal supply system	105,994	-	-
• Underground water	0	-	-
• Other sources	0	-	-
▪ Agribusiness	93,533	81,029	+15.4%
• Municipal supply system	87,624	-	-
• Underground water	5,909	-	-
• Other sources	0	-	-

About 93% of all the water consumed by the Group comes from the municipal supply system. For less demanding operations, in terms of water quality (e.g., watering and refrigerating systems), the Group holds the necessary licenses. In 2017, the waste water discharges in the environment (only Companies in Portugal), which are properly treated before rejection, represented about 3% of the total volume of waste water generated by the Group. As far as the re-use of water is concerned, the Alfena DC collected more than 1,100 m<sup>3</sup> of rainwater to use in the cooling systems, sprinklers and washing the outside of trucks.

## Renewable Energy

Technology	No. buildings	Energy saving/year	Saving CO <sub>2</sub> /year
Lamp posts powered by photovoltaic panels	1	72,000 kWh	*28 t
Tubular solar light transporting system	21	120,291 kWh	*46 t
Solar collectors to produce hot water used for heating water and/or in the air conditioning system	17	482,685 kWh	*184 t
Geothermal heat pumps	13	1,523,014 kWh	519 t

\* These values reflect the update in the electricity emission factor.

The investment in renewable energy, which has resulted in increasing the number of buildings with solar collectors and geothermal heat pumps, has enabled annual savings of around 2.2 million kWh, equivalent to approximately 85 thousand euros, representing an increase of 19%, in terms of kWh, compared to 2016.

### 5.3.3. Reduction of Environmental Impacts from Logistics Processes

As part of the Group's commitment to reduce the environmental impacts from logistics processes, the following actions are highlighted:

- in Portugal, at the end of 2017, 83% of the goods transport vehicles complied with the Euro 5 requirements (169 vehicles) and Euro 6 requirements (107 vehicles). In Poland, 93% of the goods transport vehicles complied with the Euro 5 requirements (620 vehicles) and Euro 6 requirements (267 vehicles). In Colombia, 12% of the trucks complied with the Euro 5 requirements (14 vehicles);
- in Portugal, the Group changed from conventional diesel to top diesel for the fleet of vehicles allocated to the DC, with a saving of 0.2 l/100km, which in 2017, meant a reduction in the consumption of diesel of around 50,000 litres;
- the backhauling operation in Poland entailed the collection of a total of 361,592 pallets, 18% more than in 2016, which resulted in a saving of 1,321,940 km while avoiding the emission of 3,436 tonnes of CO<sub>2</sub>. In Portugal, this operation involved a volume of 192,400 pallets, 2% more than in 2016, leading to a saving of 6,732,404 km, avoiding the emission of 5,981 tonnes of CO<sub>2</sub> into the atmosphere.

### 5.3.4. Management of Refrigeration Gases

Jerónimo Martins works on controlling leaks, using more efficient technology and co-operating with service providers in the refrigerated and air-conditioned areas, with the aim of minimizing the emission of greenhouse gases. Investments have been made in natural refrigeration gases both in Portugal and in Poland:

- in Poland, the 16 Biedronka DC have cooling systems installed with thermal roll-containers with CO<sub>2</sub> snow. In Portugal, the same system is in operation in the Algoz DC;
- cooling technologies are installed which run exclusively on CO<sub>2</sub> (33 stores in Portugal, 259 stores and three DC in Poland);
- five DC (four in Portugal and one in Poland) have refrigerated warehouses (positive and/or negative cold) with systems running on ammonia combined with glycol;
- In Portugal, the Alfena DC has a cooling and refrigeration system running on CO<sub>2</sub> (ice machines, freezers and fridges in the canteen);

- in Portugal, 119 stores have refrigeration systems using R-134a combined with glycol and two stores have a cascade refrigeration system (R-134a gas or monopropylene glycol combined with CO<sub>2</sub>);
- there are 247 stores in Portugal and 955 stores in Poland which have freezers that use only propane;
- in Poland, 179 trailers use the R452A refrigerant gas, replacing R404A, resulting in a reduction of over 50% in GWP<sup>15</sup> and, therefore, mitigating the contribution towards global warming.

The Group has been testing solutions in its stores and DC in order to comply with its voluntary commitments to GHG reduction as well as to ensure compliance with future legislation. Whenever possible, new stores or major remodelling projects use equipment with fluids with low GWP potential- in the case of heating, ventilation and air conditioning installations - and 100% natural refrigeration gases - in the case of industrial refrigeration installations.

## 5.4. Waste Management

Reducing waste generated and sending it for recovery both contribute towards a decrease in the use of natural resources and towards a Circular Economy model.

### Waste Recovery Rate

	2017	2016	Δ 2017/2016 (p.p.)
Distribution – Overall*	84.7%	83.1%	+1.6
Distribution – Portugal	59.0%	59.9%	-0.9
Distribution – Poland	91.2%	89.2%	+1.9
Distribution – Colombia	80.8%	78.2%	+2.6
Agribusiness	52.8%	91.7%	-38.8

\* Includes all of the Group's Distribution companies.

The waste recovery rate of the Group (Distribution) stood at 84.7%, a value that represents an increase of 1.6 p.p. when compared to 2016.

### 5.4.1. Characterisation of Waste

In 2017, Jerónimo Martins produced 446,564 tonnes of waste, which represents an increase of 6.3% compared to 2016. This evolution is due to the growth in the Group's operations.

Waste	Distribution Portugal (t)		Distribution Poland (t)		Distribution Colombia (t)		Agribusiness (t)	
	2017	2016	2017	2016	2017	2016	2017	2016
Cardboard and Paper	34,068	34,418	236,176	211,565	7,958	4,950	4	5
Plastic	2,202	2,302	8,055	8,375	496	274	4	3
Wood	220	218	2,188	1,917	46	27	-	-
Organic	4,210	4,307	71,847	70,787	11	-	-	-
Unsorted	40,510	38,981	29,317	33,627	1,494	1,089	43	1
Cooking Oil and Fats	166	181	-	-	5	1	-	-
Waste from Effluent Treatment	4,433	4,212	-	-	457	376	-	-
Hazardous Waste	9	10	185	109	0	1	2	5
Other Waste	1,150	654	1,307	1,537	0	1	-	46

<sup>15</sup>GWP is the acronym for Global Warming Potential.

## 5.4.2. Customer Waste Recovery

As part of the concern for promoting waste recovery to its customers, the Group endeavours to secure the necessary infrastructures and raise awareness among employees, customers and the surrounding communities. In 2017, the following projects are highlighted:

- the network of Pingo Doce recycling bins covered 372 stores, which was 88% of the store network;
- coffee pods and lids/corks/bottle tops recovered, resulted in more than 3,500 euros being raised for charities;
- 97% of the Biedronka stores have recycling bins for the collection of small electrical appliances, fluorescent lamps and batteries;
- with the revision of the Colombian legal framework, the project regarding the collection of used batteries was re-activated. Collection bins were thus placed in 186 stores (47% of the total store network in 2017).

For more detailed information on the number and type of recycling bins available for customers, see the “Responsibility” area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

### Waste Dropped Off by Customers in Recycling Bins at Stores

Waste (in tonnes)	2017	2016	Δ 2017/2016
<b>PORTUGAL</b>			
Batteries	12.01	12.49	-3.8%
WEEE <sup>16</sup> (including fluorescent light bulbs)	78.70	82.04	-4.1%
Used Cooking Oil	100.35	109.26	-8.2%
Printer Ink Cartridges	2.16	3.17	-31.9%
Pods	94.68	108.99	-13.1%
Lids, Corks and Bottle Tops	8.51	10.24	-16.1%
<b>POLAND</b>			
Batteries	133.54	145.82	-8.4%
WEEE <sup>9</sup> (including fluorescent light bulbs)	176.16	224.56	-21.6%
<b>COLOMBIA</b>			
Used batteries	0.18	0	N/A

In Portugal and in Poland, the decrease of 13% in the total quantities of customer waste collected is mainly due to the continuous increase in proximity collection points provided by municipalities and other entities.

### Food Waste

Jerónimo Martins adopted the Consumer Goods Forum’s resolution with a view to reducing food waste by half by 2025, with 2016 being the reference year.

As such, using the recommendations of the Food Loss and Waste protocol, an annual amount of food waste was determined for the Group’s food distribution companies and which is available in the “Responsibility” area in [www.jeronimomartins.com](http://www.jeronimomartins.com).

In 2018, and the following years, continuity will be given to the practices and projects that have been developed so far (e.g., partnerships with suppliers and food donations to charities) in order to pursue the Group’s commitment.

<sup>16</sup>WEEE – Waste Electrical and Electronic Equipment.



## 5.5. Main consumption of materials

It is the Group's objective to determine the origin and production methods of the material resources it uses, promoting more sustainable supply chains and consumption practices.

### Main materials consumed

Input	2017	2016	Δ 2017/2016	
	ton	ton	ton	ton/'000€
Private Brand product paper and cardboard packaging	*182,523	171,611	6%	-7%
Other Private Brand product packaging materials**	*311,061	301,810	3%	-4%
Office paper	717	654	10%	-2%
Promotional leaflets	40,825	18,313	123%	100%

\* Value estimated based on the sales growth of Private Brand articles, compared to 2016.

\*\* Includes metals, plastics and other materials, except paper and cardboard reported above.

Despite the absolute increase in materials consumed, due to the expansion of the Group's operations, there was a reduction in consumption when compared to sales volume. The exception to this decrease lies with the consumption of paper linked to promotional leaflets, which can be justified by the change in the commercial strategy in Poland, which began investing more in this channel, linked to the heightened weekly promotional campaigns.

### Rationalisation of Paper Consumption

In 2017, Jerónimo Martins continued to develop projects to reduce paper consumption and to promote the use of paper from sustainably-managed forests. Measures such as electronic invoice management enabled a saving of more than 7.85 million sheets of paper, the equivalent to a total of 940 trees.

In Poland, the paper used in the offices is produced by companies which have environmental certification or which, at least, have an environmental management system and, in Colombia, it is manufactured from cane sugar. In Portugal, the paper has the "EU Ecolabel".

In Portugal, the paper used for printing the banners' magazines is Programme for the Endorsement of Forest Certification (PEFC) certified or FSC and/or the companies producing it have ISO 14001 certification. The paper used for the leaflets for the Pingo Doce banner and for the leaflets and catalogues for the Recheio banner have the "EU Ecolabel" or are FSC or PEFC certified. In Poland, the paper used for leaflets is FSC or PEFC certified, has the "EU Ecolabel" or the "Blue Angel" label.

### Ecodesign of Packaging

The Group works together with its suppliers to improve the eco-efficiency of the Private Brand product packaging, according to design strategies that aim to (i) reduce the environmental impact linked to the packaging of articles sold; and (ii) optimise the production costs, transport and management of the packaging waste. For the period 2018-2020, the Group aims to implement at least 20 projects of this kind every year.

Products encompassed	Portugal	Poland	Unit
Number of references	265	12	SKU*
Savings in packaging materials	2,495	979	t materials/year
Transport avoided	475	-	t CO <sub>2</sub> e/year
Packaging with FSC certification	42	-	SKU*

\* SKU – Stock Keeping Unit.

In Poland, all the boxes from Polish suppliers for packaging Fruit and Vegetables are made of recycled cardboard with FSC certification, and in 2017 this project began to be replicated for Private Brand products (500 references).

## Reusable Packaging

In Portugal, the use of reusable plastic boxes in the Perishables and Dairy areas remained at 17% of the total boxes handled. In Poland, the project to use reusable plastic boxes to package small electronic equipment was continued (more than 77 thousand units) and in Colombia, reusable transportation boxes continued to be used for bottled water and for fruit and vegetables (around 596 thousand units).

### Reusable check-out bags and solutions

Input	2017	2016	Δ 2017/2016	
	ton   unit	ton   unit	ton   unit	ton   unit/'000€
Plastic check-out bags - <b>tons</b>	5,531	5,339	3.6%	-7%
Paper check-out bags - <b>tons</b>	117	173	-32.4%	-39%
Reusable plastic bags - <b>tons</b>	2,050	1,875	9.3%	-2%
Reusable raffia bags - <b>tons</b>	976	978	-0.2%	-10%
Trolleys – <b>units</b>	26,954	11,718	130.0%	107

At the Jerónimo Martins Group, plastic bags are not given for free at the cash-desks of any of the Companies. This initiative has been progressively adopted since 2007.

## 5.6. Raising Employee and Consumer Awareness

Jerónimo Martins recognizes the importance of individual and collective behaviour for better management of natural resources, emissions and waste. As such, it develops various awareness initiatives, aimed at different stakeholders, such as employees, customers and consumers. For more detailed information, see the “Responsibility” area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

## 5.7. Partnerships and Support

The Group supported the following initiatives in Portugal, focused on restoring natural habitats and protecting biodiversity:

Institution	Project	Amount	Support started in	Further information at
Oceanário de Lisboa (Lisbon Oceanarium)	Pingo Doce Super Animals Campaign II	€ 107,550	2017	<a href="http://www.oceanario.pt">www.oceanario.pt</a>
Oceanário de Lisboa (Lisbon Oceanarium)	Oceanário de Lisboa (Lisbon Oceanarium)	€ 100,000	2003	<a href="http://www.oceanario.pt">www.oceanario.pt</a>
Zoo	Pingo Doce Super Animals Campaign I	€ 86,000	2017	<a href="http://www.zoo.pt">www.zoo.pt</a>
World Wildlife Fund (WWF)	“Green Heart of Cork”	€ 10,000	2013	<a href="http://www.wwf.pt">www.wwf.pt</a>
Liga para a Protecção da Natureza (LPN)	ECOs-Locais	€ 10,000	2011	<a href="http://www.lpn.pt">www.lpn.pt</a>
European Recycling Platform (ERP) – Portugal	“Geração Depositrão” Project	€ 5,000	2013	<a href="http://www.geracaodepositrao.gbae.pt">www.geracaodepositrao.gbae.pt</a>
Zoo	Sponsorship of the Ring-tailed lemur	€ 5,300	2015	<a href="http://www.zoo.pt">www.zoo.pt</a>

In 2017 Jerónimo Martins maintained its partnership with the Green Project Awards Portugal in the Research and Development category. The Jerónimo Martins-Green Project Awards prize, to the value of 20 thousand euros, aims to support scientific research projects, which have the potential to be replicated and which benefit the environment, society and the economy. In 2017, the awarded project, “ECO-Zement”, stood out for its innovative use of waste from the process of refining oil in

cement-based building materials. The partial replacement of cement with the said waste (which is estimated to reach 1,700 tonnes per year deposited in landfills), has a lower environmental impact than conventional materials, as it takes advantage of a raw material that is usually wasted, thereby reducing carbon emissions and the consumption of non-renewable natural resources.

## 6. Sourcing Responsibly

### 6.1. Introduction

Jerónimo Martins believes that developing partnerships with its suppliers and service providers is essential to reinforce its value proposition and to foster socio-economic development in the regions where it operates. The Group seeks to integrate social, environmental and ethical criteria in its choices and decision-making, aiming to promote an ongoing reduction in the impacts of its activities today and in the future, as advocated in its Sustainable Sourcing Policy and its Supplier Code of Conduct<sup>17</sup>.

### 6.2. Commitment: Local Suppliers

Under equal commercial terms, the Group prefers to choose local suppliers. Importing essentially occurs in the following cases:

- i. products are scarce, due to production seasonality, common in the Fruit and Vegetables area;
- ii. when there is no local product, or the quantity produced is insufficient to guarantee the supply to the chain stores;
- iii. when the quality-price ratio of domestic products does not allow the Group to keep its best price and quality commitment to its consumers.

In 2017, 92% of the products sold in Poland were sourced from local suppliers. In Portugal, that ratio stood at 84% and in Colombia at over 95%.

#### Perishables and Private Brand

Regarding Private Brand, most of the products were also purchased from local suppliers: more than 95% in Colombia, 92% in Poland, and between 60% (Pingo Doce) and 72% (Recheio) in Portugal. The Perishables<sup>18</sup> area shows the same trend, with 67% of products in Portugal being sourced from local suppliers, while this figure is 83% in Poland. In Colombia, this ratio is above 95%.

As a means of raising the awareness of its consumers and fostering the purchase of products of local origin, the Group uses specific signs.

In Portugal, domestic Perishable products are identified by “O Melhor de Portugal Está Aqui” (The Best of Portugal is Here) stickers. The nationally produced Private Brand products are identified by “Produzido em Portugal” (Made in Portugal) and “Fruta 100% Portuguesa” (100% Portuguese Fruit). In Poland, domestic products are identified by the “Polski Produkt” (Polish Product) sticker or by the “#jedzcopolskie” (Eat what is Polish) sticker. In the case of the latter, Biedronka maintained the [www.jedzcopolskie.biedronka.pl](http://www.jedzcopolskie.biedronka.pl) website to promote the consumption of fruit and vegetables, and also for sharing information about the local suppliers it works with, as well as suggested recipes.

In Colombia, domestic products are marked with the “Hecho en Colombia” (Made in Colombia) sticker and Private Brand products are marked with the “Una Marca de Ara” (An Ara Brand) sticker.

#### Supplier Engagement

The Group prefers to develop lasting relations for cooperation with its producers and suppliers, which may encompass technical follow-up, support in optimising their processes and/or guaranteeing product outflow, therefore stimulating local economies. The following initiatives are highlighted:

<sup>17</sup> Available for consultation in the “Responsibility” area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

<sup>18</sup> Information about the proportion of products sourced from suppliers in each of the Perishables categories is available in the “Responsibility” area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

## Portugal

- In 2017, Pingo Doce entered into a partnership with a local supplier for stocking its stores with “Maçã das Beiras”, an apple of Portuguese origin, having sold more than 1,000 tonnes;
- the partnership with a cooperative of fishermen in the Sesimbra area was maintained for catching black scabbard fish, ensuring quality and price competitiveness, as well as maintaining traditional fishing practices that enable the sustained regeneration of the species;
- in July 2017, the Group launched a promotional campaign for 100% domestic pork in around 40% of the Pingo Doce Stores, aiming to promote local production. During the year, over 26.5 thousand tonnes of the pork sold was of Portuguese origin;
- in 2017, Pingo Doce continued the extraordinary measure of supporting Portuguese producers of Perishables with whom it works and who are members of the Confederação dos Agricultores de Portugal - CAP (Portuguese Farmers' Confederation). This measure consists of Pingo Doce anticipating payment terms to an average of 10 days (instead of the 30 days established by law), without financial costs to the producer. Since its implementation in 2012, approximately 500 producers in the categories of Fruit, Vegetables, Meat, Fish, Cold Meat and Wine have already benefited from this initiative.

## Poland

- Poland is one of the largest producers of strawberries in Europe. To cope with the limited useful life for this fruit to be eaten, Biedronka established a network with more than 100 suppliers, located in regions close to the DC, as a way of guaranteeing quality strawberries in sufficient quantity, thereby reducing the time between the harvest and the product being available in the stores. In the first year of the project (2014), 74 tonnes were sold between July and September. In 2016, and as a result of consolidating this initiative, it was possible to sell 650 tonnes in the same period. In 2017, Biedronka reached 1,000 tonnes, an increase of around 54% compared to 2016;
- in 2017, Biedronka increased the number of organic Private Brand Perishable SKUs to 22, compared to the nine launched in 2016. These are part of the permanent Fruit and Vegetables assortment, like apples, onions or root vegetables, and part of the offer of seasonal products such as citric fruit, tomatoes and pumpkin. The volume sold increased by 150% compared to 2016, corresponding to a total of 1,700 tonnes and along with their suppliers, contributing towards an increase in the offer of these types of products in Poland;
- in the Bakery area, Biedronka created a traditional type of bread baked in a wood oven, as part of a project in partnership with a Polish Bakery - Nowakowski Piekarnie- founded in 1925. It is made based on a traditional recipe, kneaded by hand and baked in an oven with certified beech. Over 2.3 million units were sold in 2017;
- within the Butcher's section, of note is the partnership developed with a Polish producer of beef, whose life cycle is controlled in conjunction with Biedronka in a “field to fork” approach. The Veal Festival, which began in April, takes place during the second week of each month in about 100 stores. During the project's first year, over 30 tonnes were sold.

## Colombia

- Since it started doing business in 2013, Ara has been aiming to establish stable relations and partnerships with Colombian suppliers. In 2017, Ara cooperated with 95 local suppliers which provided more than 580 Private Brand products;
- the 5<sup>th</sup> edition of the Ara Private Brand Congress took place in Bogotá, under the theme “Giving Wings to a Better Retail”, which was attended by 170 current and potential local suppliers;
- with the support of a local supplier, Ara created a product called “BBQ wings”, the first of its kind in the Colombian market. The product is served with a spicy barbecue sauce without artificial colourants or sodium glutamate. In just six months, the product was included in the 25 top-selling products in two of the three regions where the Group is present: The Coffee Growing Region and Bogotá;

- Ara decided to extend its bakery product portfolio, which up to now focused on bread and baguettes, to flaky pastry. To do so, it brought together technicians from its quality team, professional chefs and the three suppliers who already had experience in producing pastries. Five products were created including a French croissant and a chicken/meat pie, which contributed towards around a double-digit like-for-like increase in the Bakery and Pastries category.

### 6.3. Commitment: Human and Workers' Rights

Jerónimo Martins works with suppliers who are committed to complying with the legal provisions and national and international agreements applicable to the area of Human and Worker's Rights, as set out in its Sustainable Sourcing Policy<sup>19</sup>.

The Group has undertaken the commitment to terminate business relations with suppliers whenever it learns that they and/or their suppliers violate Human, Children's and/or Workers' Rights and/or if they do not incorporate ethical and environmental concerns when conducting their business, and/or when they are not willing to draw up and implement a corrective action plan.

Additionally, and as part of the Group's participation in The Consumer Goods Forum, it has undertaken the commitment to contribute towards eradicating forced labour – as defined by the International Labour Organization – throughout its banners' supply chains and to continue to ensure its absence in its operations.

### 6.4. Commitment: Promotion of More Sustainable Production Practices

Along with the ethical and social aspects already mentioned, Jerónimo Martins also favours production methods that have a lower consumption of natural resources and impacts on the ecosystems.

#### Deforestation

The Group highlights its actions linked to deforestation commodities (palm oil, soy, beef, wood and paper) in order to reduce carbon emissions linked to forest destruction, preserve biodiversity in these ecosystems and contribute towards eliminating Human Rights violations of Children and/or Workers that have been reported.

To do so, since 2014, the Group has been mapping the presence of these ingredients in the Private Brand and Perishable products sold in Portugal, Poland and Colombia. Additionally, it asks its suppliers, who have products where these ingredients were identified, about their respective origin and the existence of sustainability certification. The results of this work are publicly disclosed in its annual response to the Carbon Disclosure Project (CDP) Forests. For the first time, the figures for 2017 were verified by an external entity.

Jerónimo Martins' goal is to progressively ensure the sustainable origin of these raw materials, in line with the commitment to "Zero Net Deforestation by 2020" made within the scope of its participation in The Consumer Goods Forum<sup>20</sup>. The following results were obtained in 2017:

- Palm oil
  - In 2017, 22,956 tonnes were present in the Group's Private Brand products and Perishables, a reduction of 38%, compared to 2014. This reduction is the result of replacing palm oil with vegetable oils with a better nutritional profile;
  - out of the total palm oil used, about 26% is RSPO certified.

<sup>19</sup> Available for consultation in the "Responsibility" area at [www.jeronimomartins.com](http://www.jeronimomartins.com).

<sup>20</sup> For further details about the Group's actions on this subject, please go to [www.cdp.net](http://www.cdp.net).

- Soy
  - 13,649 tonnes of soy as a direct ingredient were present in the Group's Private Brand products and Perishables in 2017. Of these, 8,215 tonnes are from countries at risk of deforestation<sup>21</sup>, a value about six times above the observed in 2014. This increase in soy from countries at risk of deforestation is mostly due to the Group's operations expansion in Colombia, a country with a high consumption of vegetable oils containing soy and where a significant percentage is sourced from Bolivia. The Group is investing efforts to characterize the agricultural practices adopted by these suppliers. Embedded soy (e.g., used in animal feed) was calculated at 283,667 tonnes;
  - regarding levels of sustainably certified soy (e.g., RTRS and ProTerra), these were of less than 1% for direct soy and of about 3% for embedded soy. It should be noted that only 3% of the total soy available in the market holds this type of certification<sup>22</sup>.
- Paper and Wood
  - Private Brand products represented a consumption of 108,439 tonnes of paper and wood in 2017, excluding packaging, an increase of 8%, compared to 2014. Of these, 9,417 tonnes are from countries at risk of deforestation<sup>21</sup>, representing a reduction of 41%, compared to 2014. Paper and wood present in packaging were responsible for 94,460 tonnes;
  - out of the total paper and wood used in its Private Brand products 7% has sustainable certification, as is the case of 66% of the paper and cardboard product packaging.
- Beef
  - In 2017, 42,849 tonnes were present in the Group's Private Brand products and Perishables an increase of 37%, compared to 2014. Of these 938 tonnes are from countries at risk of deforestation<sup>21</sup>, compared to the 2.83 tonnes in 2014. This evolution is mostly due to the increase of sourcing from countries such as Uruguay, Brazil and Argentina;
  - less than 2% of the total beef used in these products comes from these countries.

The Group also joined the Roundtable on Sustainable Palm Oil in 2017 and took the first steps towards joining the Soy Buyers Coalition, a project led by the Consumer Goods Forum, in which more than 10 companies from the manufacturing and retail sectors participate, aiming to develop and implement projects that contribute towards curbing deforestation in the main soy-producing regions in Brazil.

## Jerónimo Martins Group achieves an "A-" and "B" scores in the CDP Forests 2017

In 2017, the Group obtained an overall "A-" score for palm oil, and paper and wood, positioning the Group at the "Leadership" level, one step away from achieving the highest score (A). The commodities soy and beef obtained a classification of "B", the equivalent of the "Management" level.

The CDP "Forests" programme assesses its performance in terms of the strategy for commodities linked to deforestation, including transparency when reporting information and risk management. CDP is a non-profit international organization which develops programmes for companies and cities to measure, disclose and manage important environmental information.

## Fish

In the context of its sustainable fishing strategy, and as a result of the studies which have been carried out in this area<sup>23</sup>, the Group defined courses of action to reduce pressure on threatened

<sup>21</sup> Countries at risk of deforestation considered are defined according to the Consumer Goods Forum' Guidelines for soy and paper and timber. Regarding beef, the Group considers the same origins considered for soy.

<sup>22</sup> Information provided by The International Institute for Sustainable Development in the report 'Standards and Biodiversity: Thematic Review' (2017).

<sup>23</sup> To find out more about the actions carried out by the Group in this area, see sub-chapter 5. "Respecting the Environment" in this chapter.

species<sup>24</sup>. These include: i) banning the purchase and sale of species classified as “Critically Endangered” for which there are no extraordinary licences; ii) looking for alternatives to aquaculture for species classified as “Endangered”, and not carrying out promotional activities involving fish from wild populations that have not come from sustainably-managed stocks and/or that do not have a sustainability certificate; and iii) limit promotional actions for species classified as “Vulnerable” whenever they do not come from aquaculture and/or have not come from sustainably-managed stocks and/or that do not have a sustainability certificate.

In 2017, and based on the species identified in 2015, the Group verified compliance with the courses of action defined above:

- species classified as “Critically Endangered”, for which there were no extraordinary licenses, were not sold;
- promotions of species classified as “Endangered” were only carried out for species from aquaculture;
- there was a 10% reduction in the promotion of species classified as “Vulnerable”, of these over 95% were either sourced from aquaculture or from sustainably-managed stocks.

## Partnerships for fighting food waste

Fighting food waste is a challenge Jerónimo Martins tackles on various fronts, and consequently, in several of its corporate responsibility pillars. Regarding supplier engagement, the Group encourages the purchase of non-graded food, which previously had little or no economic value. As such, it is contributing towards reducing the upstream waste in its operations, while at the same time ensuring that these products, whose nutritional profile is the same as the graded products, are part of the value chain, reaching its consumers' tables.

The Group does so both by incorporating them in its soups in Portugal and in Poland or in 4<sup>th</sup> range products (washed and pre-cut vegetables ready to use), or by selling them at a reduced price in its Recheio stores.

In total, in 2017, the Group made sure that over 13,600 tonnes of these products, also known as “ugly” fruit and vegetables, was placed on the market, an increase of 2% compared to 2016.

## Reduction in the distances that products travel

Jerónimo Martins developed partnerships with its Fruit and Vegetables suppliers, seeking to reduce the environmental impacts associated with the sale of such products. An example is the case of mango production in Spain or Senegal. These partnerships have production characteristics similar to those of the mangoes produced in Brazil, but has allowed the distance travelled to be reduced by more than 5,000 km and to substitute air by sea or road transport, leading to a significant reduction in CO<sub>2</sub> emissions. This partnership also ensures, in stores, a product of higher quality, since the reduction in distance makes it possible to harvest the mango when it is more mature. In 2017 it sold over 47 thousand kilograms of mangoes sourced from these countries.

The Group's strategy for supplying certain strategic products, through its own production at its company Jerónimo Martins Agro-Alimentar, also means it has greater operational control over the process, in the reduction of the distances travelled by the products, and subsequent carbon emissions, and in the delivery lead time to the store, thereby contributing towards greater product quality. Such is the case of Angus beef and the production of sea-bass and gilt-head bream through aquaculture, which are varieties traditionally produced outside Portugal. In 2017, the Group secured the supply of over 350 tonnes of Angus beef and 1,330 kg of sea-bass. It aims to progressively increase these quantities.

<sup>24</sup> Based on the classification of the International Union for Conservation of Nature and Natural Resources (IUCN) and the Convention on International Trade and Endangered Species of Wild Fauna and Flora (CITES).



## Certified Products

The Group seeks to progressively incorporate sustainability-certified Private Brand products and Perishables into its assortment. In 2017, it launched:

- 15 new references with the Marine Stewardship Council (MSC) certification;
- 13 references with organic certification in Poland, 11 in the Fruit & Vegetables category and 2 Private Brand references;
- 13 references with Forest Stewardship Council (FSC) certification regarding primary product packaging;
- 13 references with UTZ certified cocoa as an ingredient;
- 3 Dolphin Safe references;
- 2 beverage references containing coffee or tea with “Rainforest Alliance” certification;
- 1 PEFC certified reference for the paper fibres present in the product.

The table below shows the total quantity of Private Brand products and Perishables with sustainability certification in 2017 and 2016. In total, there was an increase of 30% in the number of SKUs with sustainability certification.

Certification	#SKU		Δ 2017/2016
	2017	2016	
Organic*	64	49	+31%
FSC**	43	30	+42%
UTZ	22	14	+57%
MSC	16	10	+60%
Dolphin Safe	15	12	+25%
PEFC**	14	13	+8%
SFI**	13	13	0%
EU Ecolabel	7	8	-13%
Rainforest Alliance	6	4	+50%
Fairtrade	1	1	0%
<b>Total</b>	<b>202</b>	<b>155</b>	<b>+30%</b>

\* These products are developed according to the rules of organic production, are certified by an independent external body and bear the European Union logo which ensures compliance with the Community Regulation for Organic Agriculture.

\*\* Figure includes products with this certification and/or packaging material with this certification.

Biedronka continued to be part of the “Charter for Sustainable Cleaning” initiative, promoted by the International Association for Soaps, Detergents and Maintenance Products, which encourages the improvement to product performance in the Hygiene and Cleaning category regarding a series of criteria: toxicity, eco-efficiency and consumption of raw materials, among others.

## Sustainable cocoa, tea and coffee in Private Brand products

In 2017, 13 references were launched with UTZ certification, totalling 22 references in Portugal and Poland. An UTZ product seeks to demonstrate, through a certification programme, that the raw material was obtained using a sustainable agricultural model.

In the same period, Biedronka launched two references, one containing tea and the other coffee with "Rainforest Alliance" certification, ensuring that these ingredients originate from sustainable agriculture and that they meet the environmental and social criteria defined by that entity.

The Group maintained its first coffee product reference with 100% Fairtrade certification. The certification ensures compliance with social, environmental and economic criteria, supporting small suppliers through payment of a guaranteed minimum value for production.

These certifications promote good agricultural practices while guaranteeing farmers an improvement to their working conditions and quality of life, as well as protecting the natural resources on which they depend.

## Animal welfare

### Animal testing

The Jerónimo Martins Group complies with the provision of European Directive 201/63/EU in all the countries where it operates and does not permit any animal testing in its Private Brand and Perishables. The exception resides in animal food products where sensory tests are performed in order to assess the degree of the specific target population's satisfaction, and also in products which aim to control or eliminate parasites and/or super-populations that might be sources of contamination or disease (e.g. insects).

### Practices adopted

Within the scope of promoting animal welfare, the Group complies with the indications of European Directive 98/58/EC in its areas of operation, as well as with the legislation in force. Whenever possible, it promotes practices above the benchmark.

Jerónimo Martins highlights the production of Private Brand free-range chickens at Biedronka, which are available in all its stores, whose sales doubled compared to 2016. The chickens are produced without using antibiotics and without feed containing genetically modified organisms. This project started in 2015 in conjunction with Polish suppliers and, to date, is unique in Poland.

Furthermore, the lamb sold by Pingo Doce comes from animals grazing on natural pastures, in accordance with the assumptions of High Natural Value agriculture and livestock. This concept assumes that low intensity production systems with reduced inputs can contribute towards protecting the biodiversity of the regions where they are implemented.

In addition, the Group has undertaken the commitment to eradicate, by 2025, the sale of eggs from caged chickens in the Jerónimo Martins Group's Private Brands.

Within the scope of the Group's agribusiness activities, the following actions are highlighted:

#### Angus beef:

- availability of an area per animal above the recommended 3 m<sup>2</sup>, in over 60%;
- daily renewal of fresh hay in the bedding;
- animals driven in appropriate channels, the use of electric shocks and similar practices being banned.

#### Aquaculture:

- production in open sea and not in tanks, enabling the fish to develop in their natural habitat;
- handling is reduced to a minimum until capture, in order to avoid stress to the fish.

## 6.5. Supplier Audits

### Quality and Food Safety

Jerónimo Martins regularly audits its Perishables and Private Brand suppliers as a means of assessment and follow-up in terms of management and control processes, the implemented quality system, product formulation and labour and environmental aspects. The audits are mandatory for suppliers conducting their business in countries where the Group operates.

The supplier evaluations cover a set of environmental requirements, which have a 5% weight in the assessment. These requirements include criteria associated with the management of water, effluents, waste, atmospheric emissions, noise and hazardous substances. Each supplier is reassessed at predefined intervals based on the score they obtained.

The Group also assesses the health and safety in the workplace and training conditions, which have a 10% weight in the assessment. These requirements include criteria such as the existence and use of appropriate clothing, equipment for washing hands, rules of conduct and personal hygiene, the existence and condition of social areas, changing rooms and bathrooms for employees, and ensuring the provision of appropriate training for carrying out their roles.

### Audits on Perishables and Private Brand Suppliers\*

	2017	2016	Δ 2017/2016
<b>Portugal</b>			
Perishables	921	847	+9%
Private Brand – Food and Non-Food	259	244	+6%
<b>Poland</b>			
Perishables	357**	376***	-5%
Private Brand – Food and Non-Food****	446	451	-1%
<b>Colombia</b>			
Perishables	57	56	+2%
Private Brand – Food and Non-Food	150	165	-9%

\*The audits include the following topics: selection, control and follow-up.

\*\* In 2017 a further 1,189 inspections were carried out.

\*\*\* Corrected figure compared to 2016 in order to exclude the number of inspections (1,078.).

\*\*\*\* In 2017 a further 3,429 inspections on non-food Private Brand products were also carried out and, in 2016 a further 3,074 were executed.

In Colombia, the reduction in the number of Private Brand audits is due to the high performance result obtained in 2016 by 30 of the suppliers evaluated. In these cases, the frequency of these audits is set to biennial.

### Certifications

As regards to certifications, in the case of foreign suppliers not covered by its internal audit system, the Group demands Food Safety certification recognized by the Global Food Safety Initiative, namely British Retail Consortium (BRC), Global Good Agricultural Practices (Global G.A.P.), HACCP/Codex Alimentarius or ISO.

All potential new Private Brand product and Perishables suppliers must be audited in accordance with the Group's internal criteria (common to the three countries where it does business). In the case of suppliers who are not located in these countries, they must be certified according to the food standards of the BRC, the International Featured Standards (IFS) or the Food Safety System Certification (FSSC) 22000.

## Awarded Private Brand non-food products

In 2017, Biedronka's non-food products were once again awarded for their quality and/or innovation. This was the case of the Dada Private Brand nappies, to which the Instytut Matki i Dziecka (Institute of Mother and Child) awarded the Golden Logo, the only product of its kind with this distinction. Skincare products for children from the Dada Private Brand, such as the cleaning wipes, also obtained a positive assessment from the same Institute.

The "Eden Sensitive" fabric softener was recommended by the Polish Allergology Association (Polskie Towarzystwo Alergologiczne) for not containing allergens and is therefore recognized as a hypoallergenic product.

## Environment

The Group also carried out exclusively environmental audits on both service providers and goods suppliers, aimed at ensuring compliance with the minimum environmental performance requirements, assessing the performance level and defining an action plan to correct non-conformities. Suppliers are selected based on criteria involving materiality for the Group (business volume and product criticality and/or production location).

In 2017, Jerónimo Martins conducted 35 environmental audits on service providers in Portugal and 8 in Poland. The level of environmental performance (for all service providers in Portugal audited since 2009) was as follows: 12% achieved an "Excellent" performance, 8% "High", 75% "Basic" and 5% "Below basic".

The environmental audits on suppliers of Perishables and Private Brands are conducted by an external entity. In 2017, 60 suppliers in Portugal were audited. The level of environmental performance (for all suppliers audited since 2016) was as follows: 8% achieved an "Excellent" performance, 5% "High", 60% "Basic" and 27% "Below Basic".

All the suppliers audited and classified with a "Below basic" level (lower than 70%) and/or those who do not fully comply with the defined critical requirements, have received a corrective action plan which the supplier must address within a maximum of six months. The Group reserves the right to suspend cooperation with business partners who do not comply with the defined corrective action plan, whose effectiveness is gauged in a second audit, which is always performed in the year immediately following the first audit.

## 6.6. Supplier Training

In Portugal and Poland, over 20 training sessions and meetings took place, involving suppliers. These were focused on issues of Quality and Food Safety, furthering the co-operation with business partners, especially with regard to discussing areas for improvement and development of innovative products.

Regarding the Environment, in 2017, four training sessions on electronic delivery notes for transporting waste took place in Portugal, attended by 41 participants representing waste management operators, and two workshops on the Sustainable Agriculture Manual, involving 30 participants, representing suppliers of Fruit and Vegetables.

In the same year, the Group organized its 6<sup>th</sup> Sustainability Conference "The Power of Collective Action" dedicated to the United Nations' Sustainable Development Goals and how partnerships can contribute to its achievement. The one-day event was attended by more than 20 Polish and Portuguese suppliers and service providers of the Group.

## 7. Supporting Surrounding Communities

### 7.1. Introduction

With over 3,500 proximity food stores spread across more than a thousand cities, towns and villages in three countries, the Group recognizes the importance of being an active citizen in the contribution towards overcoming the socio-economic risks faced by communities, such as through fighting malnutrition and hunger, and helping to break the cycles of both poverty and social exclusion. In addition, Jerónimo Martins supports projects concerning knowledge about nutrition, aiming to raise awareness, especially among younger generations, about having healthy eating habits and lifestyles.

This is the guiding principle of the Policy on Supporting Surrounding Communities, available at [www.jeronimomartins.com](http://www.jeronimomartins.com), which focuses on the more vulnerable groups in society: the elderly, and underprivileged children and young people.

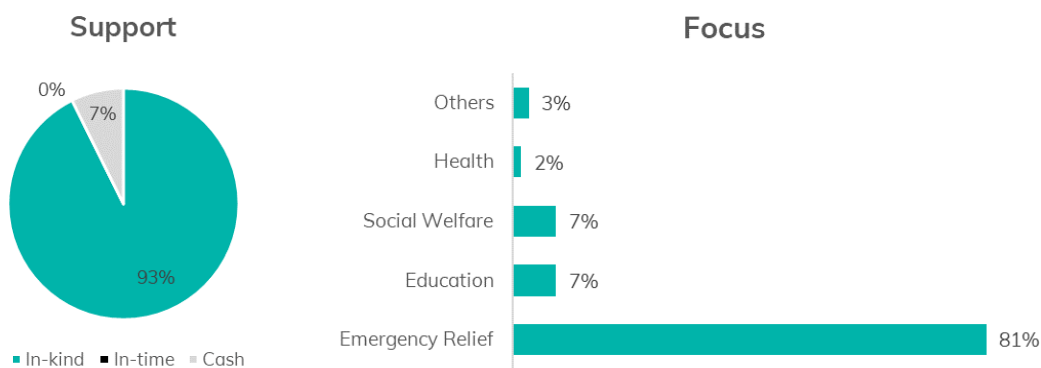
### 7.2. Managing the Policy

The actions supported and promoted by the Group are monitored and assessed according to the impact they produce, with a view to efficient allocation of resources to projects covering the largest possible number of people and/or generating the greatest and best results.

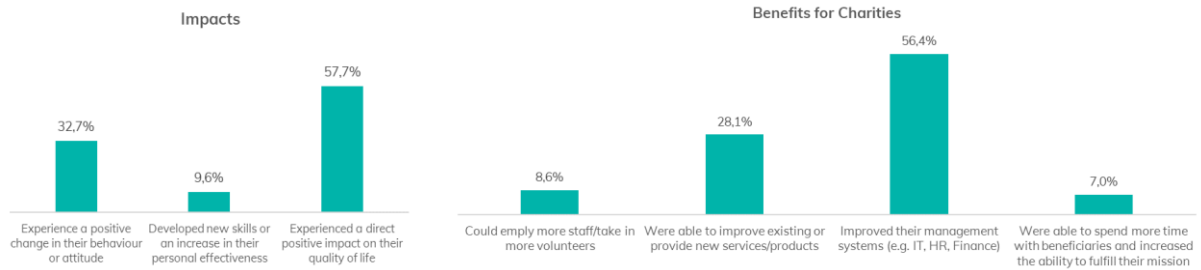
The criteria implicit to the methodology for measuring social impact from the London Benchmarking Group (LBG), of which the Group has been a member since 2011, makes it possible not only to gauge the social changes achieved, but also to collect feedback from employees involved in the support.

In 2017, it was possible to measure the impact of investing over 8.1 million euros<sup>25</sup> in support allocated to 144 organisations, which in turn, are estimated to have reached more than 268 thousand beneficiaries. This amount encompasses donations in kind and also monetary donations, channelled mainly into support in the areas of Social Emergency, Education and Social Well-Being.

#### Measuring Social Impacts



<sup>25</sup>This value refers to the activities/projects measured with institutions and their beneficiaries and which have a minimum level, as from which significant social impact data can be considered. It does not, therefore, refer to the amount reported as the total value of support offered by the Jerónimo Martins Group.



Most of the beneficiaries questioned by the institutions reported positive impacts on their quality of life. The institutions also confirmed that the support provided by Jerónimo Martins and its companies had enabled them to invest in improved management systems, both in terms of human resources and information and management technology.

Reporting of the main indicators, using the LBG model, can be found on the corporate website, in the channel [Supporting Surrounding Communities](#).

Follow-up visits to the institutions with which the Group has entered into cooperation agreements are also carried out, to make an *in loco* check of the quality of the infrastructures and service provided.

### 7.3. Direct Support

In 2017, the Group continued to offer food to institutions who work on providing relief to the extremely poor, and monetary support to organisations which carry out educational work with children and young people at risk, in an attempt to curb school drop-out and social exclusion.

Direct support in money and in kind attributed at a corporate level and by all the Group's Companies amounted to around 21.7 million euros in 2017, which represents an increase of 21% compared to 2016.

**Fighting Food Waste**

In the various countries, the Group donates surplus food that has the right food safety conditions, but cannot be sold, to institutions providing social support.

This food reaches people who are extremely vulnerable, and in 2017, amounted to the equivalent of 10.7 thousand tonnes donated.

### Corporate

Jerónimo Martins supported more than 50 institutions, donating around 3.7 million euros to support projects concerning education, literacy and culture (82%), social causes (11%) and for other kinds of support, including health, environment and citizenship (7%).

With the arrival in Portugal of refugees from various Middle Eastern countries, namely Syria, we entered into a partnership with Pão a Pão - Associação para Integração de Refugiados do Médio Oriente (Association for the Integration of Middle Eastern Refugees), with a view to addressing the integration and employability of Syrian refugees, by setting up a restaurant.

This restaurant is called Mezze (Meal) and it is located in the centre of Lisbon, a place where you can eat traditional meals from Syria. The Group's support is given in foodstuffs to an annual value of 18 thousand euros.

The Group also supported the "Despert'arte" project, which consists of creating cultural initiatives through a platform for artistic creation linking the contribution of artists from different areas - namely music, cinema, writing, dance, illustration and photography - to the participation of children, young people and adults from charities, thereby providing them with new experiences.

For the third year running, Jerónimo Martins maintained the support to Academia do Johnson (Johnson's Academy) whose mission is to combat social exclusion and the school drop-out of about 160 children and young people from vulnerable communities in the Lisbon metropolitan area. With a further 20 people compared to the previous year, Academia do Johnson (Johnson's Academy) offers educational, professional and cultural tools provided by trained personnel, who use sports activities and study support as a means of behavioural, social and technical development, which help prevent risk situations in their lives and that enhance their integration into schools and into society.

The Group also took in two young people in a real work context, who were hired to work in the Jerónimo Martins' Headquarters and in Pingo Doce.

## Pingo Doce

Pingo Doce supported more than 400 institutions in Portugal that fulfil a social mission in the communities surrounding the chain's stores, providing foodstuffs and money.

In total, the donations amounted to more than 14.6 million euros. Over 96% of this value refers to food donations, which with an equivalent weight<sup>26</sup> of 9.6 thousand tonnes, which are distributed among 367 institutions spread across the entire country.

Within this context, Pingo Doce carried out a communication campaign to inform customers about the total weight of products donated by the stores to support the institutions in their communities.

## Recheio

Recheio, João Gomes Camacho and Caterplus offered donations in foodstuffs and as well as money to 147 institutions, worth more than 550 thousand euros. 84% of this amount refers to offers of surplus food, equivalent to 318<sup>27</sup> tonnes.

## Biedronka

In Poland, the amount of support was more than 2.5 million euros, reaching more than 400 institutions.

Biedronka continued to donate surplus food to local dioceses of Caritas and other institutions; such food, while fine for consumption and complying with food safety requirements, cannot be sold to consumers. Starting with 63 stores and seven Distribution Centres (DC) actively donating in 2016, the banner have now reached 437 stores and 12 DC, by the end of 2017.

As such, the food donations amounted to around 670 tonnes<sup>28</sup>, an equivalent value of more than 1.4 million euros, and were estimated to have reached more than 11 thousand people.

Also within this context, Biedronka provided 77 thousand euros to support the purchase of two refrigerated goods transport vehicles. Together with this amount, the sales money from the [Gang Świeżaków](#) (fruit and vegetable plush toys) campaign, which was around 170 thousand euros, was used to purchase another five vehicles for Caritas, among other things.

As in previous years, as part of International Children's Day, Biedronka supported the "Let's Stay Together" campaign, developed along with Caritas, to foster the strengthening of ties between children and their families. The campaign took place in 22 cities in various regions in Poland. More than 200 thousand children and parents have enjoyed the various entertainment activities and foodstuffs offered by Biedronka, representing an investment of around 100 thousand euros.

<sup>26</sup> This value is calculated using the Portuguese Food Bank's estimate of 1.46 euros per kilogram donated by customers.

<sup>27</sup> This value is calculated using the Portuguese Food Bank's estimate of 1.46 euros per kilogram donated by customers.

<sup>28</sup> This value is calculated using the Polish Federation of Food Banks' estimate of 2.15 euros (9 PLN) for each kilogram donated by customers.

## Ara

In Colombia, within the scope of its partnership with the ICBF - Instituto Colombiano de Bienestar Familiar (Colombian Institute of Family Well-Being), at the end of 2016, Ara stopped offering foodstuffs to community nannies who take care of children under the age of five from families and neighbourhoods with very few financial resources.

The *Madres Comunitarias* (Community Mothers) programme has fulfilled its purpose of addressing the nutritional deficiencies children had with regard to proteins, vitamins and minerals, a check being made through ICBF, on the routing of the foodstuffs, as well as the mental and physical well-being and an evaluation of the nutritional indicators of the children who benefited from it. In 2018, this support was redesigned to address the children's other needs, namely regarding their personal hygiene.

Between 2014 and 2016, the partnership between Ara and the ICBF reached a total of 3,668 children from 262 nurseries. More than 14,750 food baskets were offered during this period, to a value of more than 179 thousand euros, the equivalent of more than 220 tonnes of food donations.

Also in this country, support was maintained to Abaco - Asociación de Bancos de Alimentos de Colombia (Colombian Association of Food Banks) whose mission is to establish strategic alliances with public and private partners to fight hunger and food waste by directing surplus food to underprivileged people.

In 2017, within the scope of this programme, Ara was responsible for donating over 116 tonnes of foodstuffs, around 30% of the total managed by Abaco in the country, the equivalent of more than 238 thousand euros, corresponding to an increase of 170% due to store expansion. It is estimated that these foodstuffs reached a monthly average of over 590 people and simultaneously avoided the equivalent emission of 2,400 tonnes of CO<sub>2</sub>, which would otherwise have been sent to landfill.

## 7.4. Internal Volunteering and Other Campaigns

The Group's employees continued to participate in the programmes of Associação Junior Achievement Portugal, with the objective of fostering entrepreneurship among children and young people, by teaching topics such as relations with family and the community, economics and on how to set up a business. 121 volunteers enrolled the 2016/2017 academic year and 109 applications were registered for the 2017/2018 academic year.

During the Christmas season, the Group organised an internal welfare campaign, to offer presents requested by 145 children, coming from dysfunctional families, who live throughout the year in foster homes supported by Jerónimo Martins.

In addition, during the Christmas Party, which brings together around 1,000 managers and the Group's senior executives, a photo exhibition of an urban environment was held, taken by children and young people from four institutions with which the Group has a cooperation agreement. Within the scope of the "Somos Imagem" (We are Image) initiative, employees had the opportunity to see these children and young people's creativity exhibited under the theme "Growth".

Jerónimo Martins offered the items produced to various employees, making them aware of the need to value the perspective of these children and young people of the world around them, as a means of promoting social inclusion. Within the scope of this initiative, the amount the Group offered to Casa Pia, Obra do Ardina, Aldeias SOS and SOL - Associação de Apoio às Crianças Infectadas pelo Vírus da Sida (Association Supporting Children Infected with AIDS), totalled 2,500 euros, which will be used to boost investment in the personal and educational development of the children and young people in their care.



## 7.5. Indirect Support

Raising the awareness of society about becoming involved in campaigns to collect foodstuffs and other articles, as well as initiatives to raise funds, may help to create a collective awareness about the fight against the hunger and malnutrition affecting more vulnerable people, namely by supporting the work carried out every day by charities.

In Portugal, Pingo Doce's customers donated around 1,000 tonnes of food<sup>29</sup> to the campaigns organized by the Food Bank. In addition, the cards sold to consumers, convertible into foodstuffs aimed at supporting these institutions, totalled more than 198 thousand euros.

In Poland, in partnership with the Polish Federation of Food Banks and Caritas, Biedronka's customers rallied round to offer food through various campaigns that ran throughout the year. The organisation's estimate indicates donations of over 1,000 tonnes of food.

In Colombia, Ara has also been raising the awareness of consumers to help the most needy by rounding up the value of their purchases. The value donated is delivered monthly to the Fundación Aldeas Infantiles SOS Colombia (SOS Colombia Child Villages Foundation) for their programme *Fortalecimiento Familiar* (Family Support), in the municipalities of Ríosucio, Bolívar and Bogotá. Customer donations increased by 73% to over 86 thousand euros, an amount which was used to support the work carried out by Aldeas SOS, which help children and young people from 1,544 families.

## 7.6. Other Support

Partnerships with members of civil society are key mechanisms for understanding and approaching the main social risks, and also for identifying and fulfilling opportunities for furthering social cohesion in the countries where the Group operates. Jerónimo Martins believes that only by joining forces and through collective action is it possible to have a positive and lasting impact on people's lives.

Within this context, Biedronka has cooperated with Danone, Lubella and Instytut Matki i Dziecka (Polish Institute of Mother and Child) within the scope of the *Partnerstwo dla Zdrowia* (Partnership for Health) to fight malnutrition in children by facilitating access to products with the right nutritional profile, and raising awareness about healthy eating.

The two projects supported by the Company are:

- the social products from the [Mleczny Start](#) (Milk Start) range, which are sold exclusively at Biedronka and were created with the intention of offering low-price food solutions, which provide up to 25% of the daily needs in vitamins and minerals recommended for a child's

### Semear Project

In Portugal, Jerónimo Martins' cooperation towards the [Semear](#) project began in 2014 with the aim of supporting young adults, from the age of 18 to 45, with intellectual and developmental difficulties, through projects which enable them to overcome the barriers to their social and professional inclusion, taking into consideration the high unemployment rate affecting this vulnerable population.

The Quality and Commercial areas supported the implementation of the programme, which consists of producing fruit and vegetables, and giving advice about crops that are viable for selling in Pingo Doce stores. With the support of the vegetable supplier Estevão Luís Salvador, it was possible to offer technical training through internships and a solution for packing and selling the products.

This year, over 12 tonnes of butternut squash was produced and 5 tonnes of tri-colour sweet potato.

<sup>29</sup> Estimate of the said institutions.

healthy growth. Without any associated profit, a monthly average of 1.4 million units were sold in 2017, totalling, in more than 10 years, in excess of 200 million units.

- the [Śniadanie Daje Moc](#) (Breakfast Gives You Strength) programme, which, in a playful way and using learning materials, endeavours to raise the awareness of children up to the age of three, their parents and teachers from the primary schools that are part of the programme, about the importance of the first meal of the day for a balanced nutrition and healthy growth. An increase of 6.3% in the number of schools involved was recorded, to 8,318, compared to the previous school year, which represents more than half of the primary schools in the country. The programme encompassed 275,758 children, an increase of more than 80 thousand children.

Also on the subject of food, Biedronka maintained the cooperation with the vegetables supplier Green Factory, to continue with the [Zielona Kraina](#) (Green Earth) programme, in which Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition) takes part. In the 2016/2017 academic year, and in line with the school programmes and eating habits recommended by specialists, 400 free workshops took place (which include preparing meals, games and talks), with nutritionists and cooks. In this academic year, until December, 189 workshops were conducted in 61 schools. During the 2015/2016 and 2016/2017 academic years, Biedronka engaged with more than 13 thousand 4<sup>th</sup>-year students.

In Portugal, in partnership with ABAE – Associação Bandeira Azul Europa, we cooperated on the Eco-Cooks project, within the scope of the [Healthy and Sustainable Food](#), project, which aims to raise the awareness of students from participating schools on topics such as food, nutrition and sustainable agri-food production.

Within this project, an assessment was made of the preparation of complete menus with local and seasonal ingredients, which could be made in a school environment. The Group provided the financial support to buy the food, for the teams' travel and offered solar ovens to the winners in each school level. Over 200 students participated in the various contests that took place.

## Pingo Doce and Biedronka Children's Literature Prizes

Promoting and publicising children's literature has been one of the Group's priorities within the scope of bringing greater democracy to the access to books as a source of knowledge, critical spirit and creativity among younger generations.

Along with the strategy for selling books at prices that are accessible to all household budgets, Pingo Doce and Biedronka have been fostering children's literature competitions, which help new writers and illustrators to gain prominence.

The 4<sup>th</sup> edition of the [Pingo Doce Children's Literature Prize](#) and the 3<sup>rd</sup> edition of the [Piórko Prize](#), which reward the winners with 50,000 euros to be divided equally between the text and illustration categories and with the opportunity to publish and sell their works, resulted in more than 2,350 and 4,100 entries, respectively. Since their first editions, the cumulative value of the prizes attributed amounts to 350,000 euros and the total number of award-winning books sold amounts to around 69,000 and 115,000 respectively.

## 8. Being a Benchmark Employer

### 8.1. Introduction

There are more than 100 thousand people contributing every day towards the sustained growth of the Jerónimo Martins business. We know that the ongoing importance placed on the development of the teams, the focus on professional excellence and the investment in working conditions and on the performance compensation policies are indispensable to reinforce a solid and cohesive culture that puts the employees in first place.

In a context of expansion, continuously attracting talent to meet the Group's growth needs, investing in varying profiles and skills, is a strategic priority, along with creating opportunities for vulnerable people to join the job market.

In 2017, the Group's Companies created 7,970 jobs, which represents a net increase of 8.3% compared to 2016. More than 972 internships in on-the-job training were also provided in the Group's different Companies.

The indicators characterising the Jerónimo Martins team in 2017 were as follows:

- 104,203 people: 68,037 in Poland, 31,713 in Portugal and 4,453 in Colombia;
- 76% women;
- 66% of the management positions are held by women;
- 14% are under 25 years of age; 38% are aged between 25 and 34; 31% between 35 and 44; 13% between 45 and 54; 4% are aged 55 or over;
- 89% are hired on a full-time basis;
- 64% are permanent members of staff.

### 8.2. Principles and Values

Jerónimo Martins conducts its businesses in accordance with the values and ethical principles that govern its conduct, in a transparent relationship with the various stakeholders with whom it has relations: employees, customers, business partners and investors, among others.

The Code of Conduct embodies the standard of behaviour expected from the employees, regardless of the duties they carry out, and is handed out as part of their training content when they join. Application of the Code is reinforced through the different internal communication channels available.

The Group's Ethics Committee is the body responsible for impartially and independently monitoring the disclosure of and compliance with this document within the organization. It therefore provides an email contact for communicating any queries or incidents related to it, safeguarding the confidentiality of the contacts received. Further information on the Code of Conduct and the Ethics Committee can be found at [www.jeronimomartins.com](http://www.jeronimomartins.com).

#### 8.2.1. Respect for Human and Workers' Rights

The Group complies with national and international legislation of the countries where it operates and applies the guidelines of the United Nations Organization and the International Labour Organization.

The Group's activity is based on the principles of respect and decent treatment of each individual, both during the recruitment and selection processes and regarding professional development and performance appraisals, forbidding any direct or indirect discriminatory practice and fostering a culture of fairness and meritocracy.

Jerónimo Martins is guided by strict compliance with the national legislation of the countries where it does business, namely, with the prior notice periods established by law, regarding changes of an operational nature.

The Group's Companies do not hire under-age employees and the risks arising from child labour and forced labour are duly safeguarded. In the same way, in the countries where the Group operates, the rights of indigenous people are in no way put at risk by the activity of the Companies.

## 8.2.2 Freedom of Association and Collective Bargaining

The Group also respects freedom of association and collective bargaining, as well as union activity within the terms established in the applicable legislation in each country, as set out in the Code of Conduct.

The collective bargaining agreement negotiated between the parties, only existing in Portugal for the time being, covers more than 90% of the employees in that country.

## 8.3. Attracting Talent

Aiming to continue investing in its benchmark position as far as talent attraction is concerned, Jerónimo Martins maintained a process for aligning recruitment practices in each of the countries where it is present, investing in attraction programmes and profile diversity.

### 8.3.1 Recruitment

The Group remained focused on the consistency of the recruitment process in the different businesses, sharing best practices and setting a highly-demanding standard regarding talent acquisition.

The professional network, LinkedIn, continues to be a valuable tool for attracting talent and for the Group's positioning as a benchmark employer (Employment Branding), having launched a new [showcase page](#) dedicated to talent programmes for students and new graduates. There was a substantial increase in the number of applicants recruited from this network and in the number of followers of the [Group's page](#), who at the end of the year were around 110,000.

### 8.3.2 Internal Mobility

Internal mobility is an employee development strategy, enabling new knowledge and/or processes to be shared and transmitted between the origin and destination areas. Following on from the trend in previous years, 43,776 employees changed their current position, workplace or Company within the Jerónimo Martins Group.

The Group also invests in international mobility, with the goal of further developing competencies and addressing the specific needs of the business in an expansion context. A total of 57 employees are in the situation of being expats.

### 8.3.3 Young Talent Programmes

The Management Trainee Programme, in existence for over 30 years, is the main programme for attracting young talent to the Group, offering a career in the Food Distribution business and the opportunity to acquire competencies and knowledge, through a unique combination of on-the-job experience and a dedicated training programme. 39 trainees were admitted to the Jerónimo Martins Group in 2017.

The Summer Internship Programme also offered 74 students from Portuguese and Polish universities a unique learning experience during the summer holidays. The programme has been enhancing the Group's employment branding, also helping to identify future candidates for the trainee programmes and other recruitment opportunities.

Pursuant to the applicable law, SENA – Servicio Nacional de Aprendizaje stipulated an internship quota aimed to promote the development of skills and employment opportunities for students. Since 2012, Ara has hired 343 interns.

To nurture young talent at the Jerónimo Martins Group and continuing on with the partnership with the University of Aveiro, in Portugal, two scholarship programmes were created for employees' children and for students doing a Master's in Commercial Management in that university. Together, these programmes will provide financial support to 19 students.

## 8.4. Development and Compensation

It is a strategic priority to identify and plan job succession for existing functions within the Organisation. That is why a partnership has been established with the consultants Korn Ferry International, with a view to create a global approach to mapping internal talent and identify development needs.

Regarding compensation, the Group seeks to follow a competitive policy, in line with the strategy defined in each country.

Given the focus on high standards of performance, Jerónimo Martins wants to acknowledge and compensate its employees for meeting objectives. That is why variable remuneration plays a crucial part in the Group's compensation policies and is the instrument that ensures that the reward policy and the defined meritocracy culture are aligned.

The total amount of bonuses attributed to our employees was 107 million euros and there were 8,774 promotions.

Aware that benefits play an extremely important role in protecting and safeguarding our employees, the Group provides a competitive benefits package in each country when compared to the best practices in the local markets.

In 2017, Jerónimo Martins reviewed and improved its short-term and long-term international mobility policies, thereby fostering the mobility of our internal talent.

## 8.5. Training

The training strategy remained mainly focused on developing competencies that are essential for the Organisation, through exclusive, tailor-made programmes, complemented by international executive education programmes in partnership with universities. In addition, specific short-term open registration learning solutions were set up.

Within this context, the 5<sup>th</sup> edition of the Strategic Management Programme took place at Universidade Católica Portuguesa and the Kellogg School of Management, with 38 participants from the three countries, exposing them to innovative management concepts and global trends, thereby also contributing towards consolidating internal networks, team spirit and organisational culture.

In Portugal, the Group implemented the 4<sup>th</sup> edition of the General Retail Management Programme, in partnership with Universidade Católica Portuguesa, focused on developing the employees'

management skills, using development projects to promote a broader vision of the business and innovation to address the specific challenges of the business.

Maintaining the focus on leadership Jerónimo Martins created the “Be a Leader” programme, bringing together various training initiatives which will be implemented in all businesses.

Equally, the employees’ digital and innovation skills were developed through programmes such as the Digital Executive Programme, designed in cooperation with Universidade Nova de Lisboa, the Design Thinking Workshops, and internal knowledge-sharing sessions.

In Portugal, the Jerónimo Martins Training School remained focused on developing the employees’ management and leadership skills, where of particular note, among others, the General and Advanced Store Management programmes and the General and Advanced Section Management programmes in Pingo Doce and Recheio Companies.

Reflecting the Group’s investment in the excellent quality of its Perishables, the Group reinforced the training programmes in line with operational needs. In this context, Pingo Doce continued to invest in building training programmes on Perishables both directly through the Training School, and in partnership with the Portuguese Navy, at Escola de Tecnologias Navais do Alfeite (Alfeite School of Naval Technologies), in the area of Bakery and Meal Solutions.

In Poland, training continued to be given in the strategic area of Perishables, focusing on the categories of Fruit, Vegetables, Flowers, Bakery, Butchery and Fishery.

The Biedronka Management Academy continued with the training programmes for managers and deputy store managers, having revised its programme and seeking to develop skills related to leadership and leading teams, and focus on achieving goals.

The 3<sup>rd</sup> edition of the General Management Programme for managers and senior managers, in partnership with the Kozminsky University, aimed to further the knowledge in the areas of Leadership, Management, Finance, Logistics and Marketing.

The e-learning platform, “Biedronka Virtual School”, reached more than 2,700 employees, enabling them to have contact with training content in their own workplace.

In Colombia, it is worth highlighting the partnership with CESA – Colegio de Estudios Superiores de Administración to develop the Retail Management Programme, aiming to further the knowledge of the business and a greater awareness of Ara’s future challenges. Of particular note also was the reinforcement of the internal trainers’ competencies through a training of trainer’s programme.

Ara developed a variety of training as well adapted to the needs of the business, such as marketing, employer branding, category management, quality, recruitment, legal and e-commerce, among others.

In 2017, the overall effort of investing in training resulted in an increase of 17% in the training volume compared to the previous year, which means a total of 63,478 training sessions held. A better management of the training initiatives resulted in a larger volume of training, even with less sessions held.

Training Indicators	2017	2016	Δ 2017/2016
Total No. of Sessions	63,478	67,063	-5%
Training Volume *	4,630,703	3,954,810	+17%

\* Training volume = No. training hours x No. employees in training

## 8.6. Programmes for Inclusion in the Job Market

Portugal has been the pioneer country within the Group in terms of implementation of projects concerning social inclusion and employability established with different partners in three essential areas of intervention: disability, situation of particular social vulnerability, and migrants and refugees. In 2017, 70 people were trained in practical work context, some of which led to people being hired by Pingo Doce or Recheio Companies.

As an example, highlight goes to the partnerships with JRS – Serviço Jesuíta aos Refugiados (Jesuit Refugee Service), Arco Maior, Casa Pia de Lisboa, Vale de Acór, Academia do Johnson, Cercica (Cooperative for the Education and Rehabilitation of Maladjusted Citizens of Cascais), Focus CRL, APSA (Portuguese Association of Asperger Syndrome) or BIPP – Banco de Informação de Pais para Pais (Parent to Parent Information Bank).

## 8.7 Health and Safety in the Workplace

The Group is concerned for the welfare of its employees, providing safe infrastructures and equipment, and promotes safety campaigns based on reinforcing a culture of preventing behaviour associated with the risk of workplace accidents and occupational diseases.

In Portugal, under the motto “Safety or Consequence”, the Health and Safety in the Workplace campaign was launched, linked to the topic of load handling. This campaign was based on three pillars: training, awareness-raising and promoting the topic among the teams. The Safety Delegates, employees who are entrusted with the special responsibilities of training their colleagues and raising their awareness on the importance of adopting best practices, were the Ambassadors of this campaign.

Other activities were also carried out in order to achieve improvements to the employees’ health and safety, notably sessions for assessing psycho-social risks, ergonomic risks, as well as training sessions, emergency drills, and listening to the employees on the topics of safety.

Besides the health monitoring medical exams, we performed various kinds of check-ups, with the objective of warning about the importance of preventative care and for publicising healthy lifestyles.

Endeavouring to have an integrated and optimized system for health at work, the JM Care IT platform was launched, with a view to managing the medical exams, performing audits on the workstations and managing the programmes for promoting health at work.

In Poland, the Group reduced the frequency and severity of workplace accidents, which was a reflection of the programme that was implemented for preventing the most common causes of workplace accidents, called “3 Areas of Particular Hazard”: moving within the store, operating a trolley and using a knife.

Biedronka’s certification according to the OHSAS 18001 Standard for Occupational Health and Safety Management System, by Det Norske Veritas, making the banner the only retailer in the Polish market to have this distinction and confirming the Group’s operations’ high degree of safety through external audits.

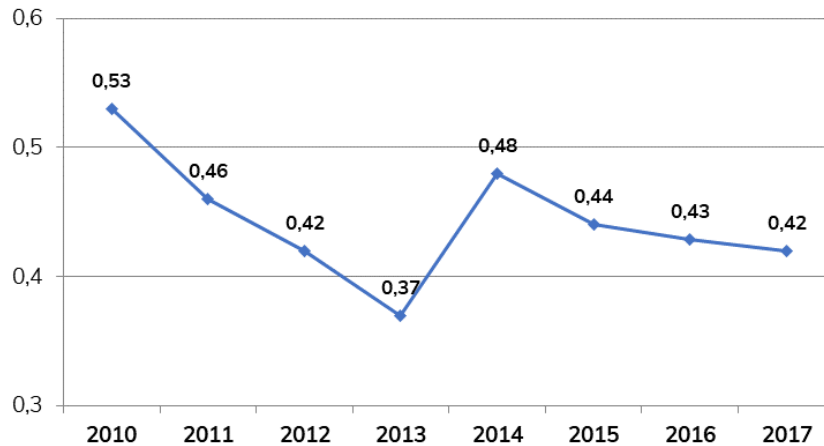
In 2017, Jerónimo Martins decided to award the stores who showed a special interest in the topics related to a culture of safety and employee engagement.

The Group organized the “Nationwide First Aid Competitions” for rescue teams in partnership with the State Fire Service, besides the regular training initiatives, information and documentation, among others.

In Colombia, training and information in the operational areas was reinforced, having recorded a decrease in the severity rate.

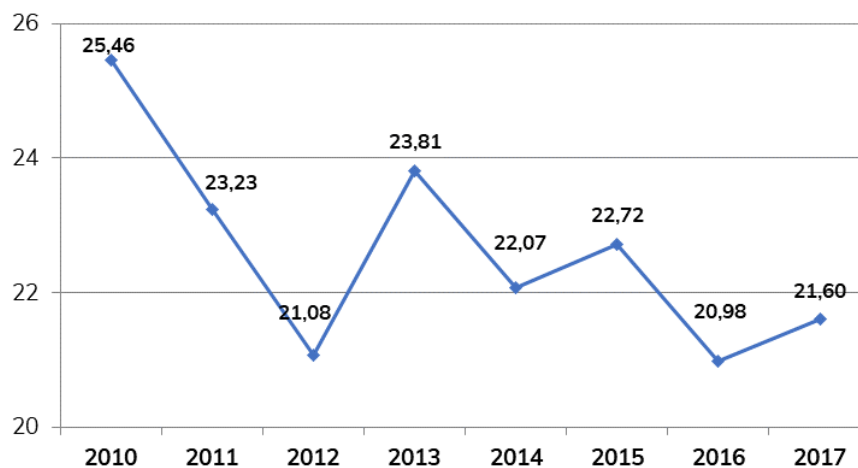
## Aggregate Health and Safety Indicators

Severity rate



Severity Rate = (Total lost days as a result of accidents occurring in the workplace with lost and accepted days by the insurance company / Total Working Hours) x 10<sup>3</sup>

Frequency rate



Frequency Rate = (Total No. of Accidents occurring in the workplace with lost and accepted days by the insurance company + No. of Deaths occurring in the workplace) / Total Working Hours \* 10<sup>6</sup>

Scope	Training Hours	Emergency Drills	Audits
Portugal	16,230	227	687
Poland	33,940	1,972	837
Colombia	11,899	215	438

Additionally, in 2017, the Group carried out 27,666 health exams in Portugal, 78,548 in Poland and 4,592 in Colombia, within the scope of the legal provisions regarding health at work.

## 8.8. Internal Social Responsibility

Internal Social Responsibility, reflected in the support for our employees and their families, is an integral part of the Group's strategy. With activities in the specific areas of Health, Education and



Family Well-Being, the different programmes implemented in Portugal and Poland have enabled to reinforce the support for the Jerónimo Martins most important asset: people.

In Poland, a substantial part of the amount invested in these programs is supported by the Social Fund, in compliance with the legal provisions in force.

## 8.8.1 Health

Health continues to be one of the areas receiving the greatest investment, as programmes are developed that fill the gaps in the response from the National Health Services in Portugal and in Poland. In 2017, the Group invested over 1.8 million euros in this pillar.

In Portugal, the “SOS Dentista” (SOS Dentist) programme, has the objective to support employees with oral health problems and who do not have the financial capacity to bear the total costs of their dental treatment. Three editions have already been launched, encompassing more than 2,865 employees. In 2017, 818 employees completed their treatment. The “SOS Dentista Júnior” (SOS Junior Dentist) programme enabled 99 employees’ children aged between 7 and 17, to conclude their treatment.

Through the “Famílias Especiais” (Special Families) programme, we supported 41 children. This programme aims to offer complementary therapies (hydrotherapy and riding therapy), home therapies (physiotherapy, speech therapy and occupational therapy) and support for the carer to families with children and young people with special needs.

The objective of the “Mais Vida” (More Life) programme, developed in partnership with the Champalimaud Foundation and the Portuguese Red Cross, is to guarantee a response to cases of cancer. In 2017, 41 people were included within the scope of this programme.

In Poland, with the “Razem Zadbajmy o Zdrowie” (Let's take care of health together) programme, employees were invited to carry out free medical exams, along with an educational programme and various activities related to health and fitness, such as running and cycling competitions. In 2017, 2,841 employees benefited from this programme.

The “Mali Bohaterowie” (Little Heroes) programme is for employees in Poland whose children suffer from health problems. It is possible to request subsidies that are for medical services, purchasing medicines, personal care products or rehabilitation equipment. This programme is aimed to support children with severe health problems and physical disabilities, allowing them also to participate in rehabilitation/integration camps. This year, 191 children took part in the programme.

The “Multisport Card” is an initiative that runs throughout the entire year. Through the offer of a prepaid card, employees have access to sports and leisure activities in a network of over 3,500 facilities across Poland. This is an initiative that promotes employees’ health and fitness. In 2017, 9,116 employees benefited from this programme.

The “Wracaj do Zdrowia” (Get Well Soon) programme was launched in 2017, aiming to provide financial support to employees who are recovering from serious, chronic and life-threatening illnesses. In the programme’s first year, 53 employees were supported.

## 8.8.2 Education

Education continues to be one of the Jerónimo Martins’ strategic pillars. As such, investment in programmes that aim to make a difference in employees’ lives has continued, with about 1.4 million euros allocated to this in 2017.

In Portugal, the “Bolsas de Estudo” (Scholarships) programme provides financial support in pursuing studies and completing an academic degree. The 100 scholarships granted every year are for employees’ children, employees enrolling for the first time and those who are already attending a higher education course and have not received State support. Since its launch in 2012, the Group attributed 427 scholarships, 95 of which in 2017.

The “Regresso às Aulas” (Back-to-School) programme incorporates various initiatives. Besides offering a School Kit to children who are starting primary school, it includes discounts on the purchase of school books, free school books for large families with low incomes, special conditions for purchasing a computer and a 5-euro voucher to spend in school materials. This year, 827 children received their School Kit.

Over 1,500 children participated in the “Summer Camps”, where the activities are adapted to the participants’ age (and includes the participation of children with special needs), addressing topics such as sport, education, arts and culture. Besides the residential and non-residential schemes, there was also an “Adventure in England”, an experience that includes an English course and touristic and cultural excursions in that country.

In Poland, the “Do Szkoły z Biedronką” (Back to School with Biedronka) programme helped employees’ children in the first year of schooling, offering school materials. In 2017, 760 children benefited from the programme. This programme also supports low-income families through a pre-paid card, which the amount of funding is calculated based on the employee socio-economic situation. 4,826 families had access to this benefit in 2017.

The “Summer Camps” programme is designed to offer educational activities to help develop children’s creativity and interests. It is intended for employees’ children (between the ages of 8 and 12) with low household income. In 2017, 1,142 children participated. The “Hello Biedronka” programme, a Summer camp that lasts for two weeks, is aimed at adolescents (between 14 and 17 years old) allowing the attendance of English lessons. This year, 160 young people took part in this programme.

### 8.8.3 Family Well-Being

In Portugal, the “Fundo de Emergência Social” (Social Emergency Fund) aims to support employees who have proven economic needs or are at risk from a social or family point of view. The work carried out with the employees and their families is supported by social workers who ensure an effective, rapid and professional response.

This support is divided into five areas: food, health, education, legal advice and financial guidance. This year the Group supported 706 employees, representing an investment of over 570,000 euros.

Similarly, in Poland, the “Możesz liczyć na Biedronkę” (You can count on Biedronka) programme is for employees and their families who are in a vulnerable situation. In 2017, 5,446 employees received financial support.

The “Biedronka dla Seniora” (Biedronka for Pensioners) programme is for retired employees who are undergoing financial difficulties due to having no professional activity. In 2017, 37 ex-employees received support.

The initiatives carried out on Children’s Day and at Christmas are implemented in Portugal and in Poland and are meant to celebrate special moments to employees. In both countries, 124,573 gifts were distributed. 5,373 Baby Kits were also offered to employees who became parents, seeking to alleviate some of the regular expenses in the first days of their children’s lives.

In 2017, the Group invested around 15.5 million euros in the Family Well-Being pillar.

## 8.9. Retaining and Engaging Employees

The Group is committed to regularly consult its employees, as a way to leverage their participation, engagement and commitment to the Company. That will be the barometer for evaluating the success of the Group's policies and for identifying the topics that should be addressed.

Therefore, a global approach to this consultation was built, entailing, in each geography, two different moments: the Global Survey, applied every other year to all the Group's Companies, and the Pulse Survey, aimed at listening to a representative sample of employees annually.

In addition, the internal communication strategy is a valuable tool in aligning organizational culture, principles and values, as well as sharing initiatives, enhancing employees' pride of belonging to the Organisation.

The Omni-channel strategy and the reinforcement of the digital internal communication has enabled us to reach an increasing number of employees, regardless of their place of work or their position, ensuring that they are informed and engaged with the challenges of the business.

One year after the launch of the Intranet platform "Our JM", communication has been processed and consolidated so that the employees may gain greater knowledge of the different Group's Companies, their mission and pillars of action, as well as access to content of specific interest to each country.

In Portugal and Poland, and also in Colombia as from 2018, the Employee Assistance Services make it possible to clarify any work-related issues or to receive requests for social support, ensuring that such contacts are handled in accordance with the assurance of confidentiality. These services aim to reinforce the close relationship and trust with employees.

	Employee Assistance Service	
	No. of Contacts/Procedures Initiated	% of Procedures Concluded
Portugal	18,418	98%
Poland	5,087	94%

In Colombia, the Comité de Convivencia Laboral (Committee for Labour Coexistence) is in place, in accordance with the applicable legislation, aimed at receiving and resolving employees' complaints, including cases of alleged or possible discrimination.

The year will also be noted for the launch of the Workplace Going Digital, a strategic project whose objective is to begin transforming the Group's work processes, supplying the necessary digital tools for the change, which is aimed to promote greater cooperation and communication, resulting in gains in efficiency and productivity.

## 9. Commitments for 2015-2017

Action pillars	Commitments for 2015-2017	Progress
<b>Promoting Good Health through Food</b>	Further improve the nutritional profile of both the Private Brand products, through product innovation and reformulation, and in the Meal Solutions meals.	<b>Achieved.</b> Between 2015 and 2017, the Group avoided the following from entering the market: <ul style="list-style-type: none"> <li>988 tons of fat, including saturated fat;</li> <li>525 tons of sugar;</li> <li>164 tons of salt.</li> </ul>
	Continue to develop programmes promoting the Mediterranean Diet and awareness for reading food labels amongst consumers.	<b>Achieved.</b> In Portugal, Pingo Doce maintained its commitment to the magazine "Sabe Bem" (Tastes Good) with an average print run of 150 thousand copies, highlighting healthier ways of preparing products and the offer of the Pingo Doce brand. In Poland, within the scope of promoting information about nutrition, in conjunction with Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition), Biedronka developed the "Wiesz Co Jesz" (Know What You're Eating) and the "Codziennie Bądź w Formie" (In Shape Everyday) campaigns, whereby it provided a special telephone line to advise consumers on making healthier nutritional choices and reading products' labels.
	Increase the number of references of the lactose-free and gluten-free range, in Private Brand products in Portugal and Poland.	<b>Achieved.</b> Between 2015-2017, 77 products without gluten or lactose-free were launched. In this period, another 48 products from Pingo Doce' Pura Vida range were launched. This range is intended for consumers with special/nutritional preferences, having products such as sugar, gluten or lactose free.
	In Portugal, ensure that products intended for children have a higher nutritional profile than the market benchmark.	<b>Achieved.</b> In this period, products such as Farinha Láctea Pêra Pingo Doce was launched for babies from the age of four months, which is gluten-free and contains transition milk. It has a 9 p.p lower sugar content than the benchmark. As for the Pingo Doce Bolsas de Fruta, these products are made from fruit puree, standing out from the benchmark which uses concentrate. In turn, Bebidas de Soja Kids contain vitamins B1, E, D or iodine, differentiating from the benchmarks.
	In Portugal, develop and implement nutritional information in the Meal Solutions area.	<b>Achieved.</b> Within the scope of adapting to national and community regulations, the Meals Solutions' meals were labelled with information on their nutritional profiles, and are available for consultation at the customer's request, and communication materials were also developed in the service areas in order to publicise the legally required aspects concerning allergens.
	In Portugal, in the Meal Solutions area, test meals for consumers with special dietary requirements or those who seek other dietary options.	<b>Achieved.</b> During 2016, the offer of meals for vegetarians or consumers seeking healthier options increased from seven references to 12. Every week three of these kinds of dishes were available in the Pingo Doce Restaurants and Take Away.
	In Portugal, continue to develop and implement nutritional information in the Bakery.	<b>Achieved.</b> Within the scope of adapting to national and community regulations on nutrition profiles and communication of allergens, Pingo Doce labelled its pre-packed Bakery and Pastry products and those packed on request by the customers, with the necessary information.
<b>Respecting the Environment</b>	Reduce the Group's carbon footprint by 2% in the 2015- 2017 three-year period (per €1,000 of sales), compared to 2014.	<b>Achieved.</b> In 2017, the Group's carbon footprint reduced by 13.6% (per €1,000 of sales), compared to 2014.
	Make an annual reduction in the consumption of water and electricity of 2% per year (comparing the same store network in Portugal and Poland).	<b>Partially achieved.</b> LFL reductions for the three years were, on average, above 2%: 2017 – Water: -9.4%; Electricity: -3.1%. 2016 – Water: -1.9%; Electricity: -1.2%. 2015 – Water: -1.7%; Electricity: -2.5%. 2015 and 2016 values were reviewed in order to also reflect sales evolution.
	Reduce the amount of waste sent to landfill by 5 p.p. in the 2015-2017 three-year period, compared to 2014 (objective measured using the ratio amount of waste recovered / total	<b>Not achieved.</b> In 2017, the recovery rate increased by 2.2 p.p., compared to 2014.

Action pillars	Commitments for 2015-2017	Progress
	amount of waste).	
	Increase the number of locations with environmental certification (at least 20).	<p><b>Not achieved.</b> At the end of 2017, 19 DC were environmentally certified according to ISO 14001.</p> <p>The number of DC in Portugal with this certification remained at four, given that the Guardieiras DC was closed. In Poland there are now 15 DC with the same environmental certification. The 16<sup>th</sup> Biedronka DC, inaugurated at the end of 2017, is now being prepared to be included in the scope of certification.</p>
<b>Sourcing Responsibly</b>	In all brands, ensure continuity of the sourcing of at least 80% of food products from local suppliers.	<p><b>Partially achieved.</b> In 2017, all Food Distribution Companies, with the exception of Pingo Doce (77%), in Portugal, Poland and Colombia fulfilled this commitment, buying more than 80% of food products from local suppliers. As a whole, the food purchases of the Group's food distribution companies were over 89%.</p>
	Continue to introduce sustainability certificates (UTZ certification, Fairtrade, MSC, EU-Ecolabel or others) for at least: <ul style="list-style-type: none"> <li>Private Brand (two products);</li> <li>Perishables (four products).</li> </ul>	<p><b>Achieved.</b> In 2017 the Group launched:</p> <ul style="list-style-type: none"> <li>15 Marine Stewardship Council (MSC) certified references (Biedronka);</li> <li>13 references with organic certification in Poland, 11 in the Fruit &amp; Vegetables category and 2 Private Brand references (Biedronka);</li> <li>13 references with Forest Stewardship Council (FSC) certification regarding primary product packaging (Pingo Doce);</li> <li>13 references with UTZ certified cocoa as an ingredient; (Biedronka);</li> <li>3 Dolphin Safe references in Portugal (Recheio);</li> <li>2 beverage references containing coffee or tea with "Rainforest Alliance" certification (Biedronka);</li> <li>1 PEFC certified reference for the paper fibres present in the product (Biedronka).</li> </ul>
	Reduce by 5% the presence of palm oil in the total sales of Private Brand products.	<p><b>Achieved.</b> There was a 38% reduction of palm oil in Private Brand products and Perishables in 2017, compared to 2014. This reduction is essentially a result of a substitution of food oils with a better nutritional profile.</p>
	Reduce by 5% soya, beef, wood and paper products from countries at risk of deforestation.	<p><b>Not achieved.</b> In 2017, there was a 41% reduction, compared to 2014, in paper and wood products from countries at risk of deforestation and an increase in soya and beef from countries at risk of deforestation.</p> <p>For more details on the Group's actions, including progress in 2017, information will be available at <a href="http://www.jeronimomartins.com">www.jeronimomartins.com</a> and at <a href="http://www.cdp.net">www.cdp.net</a> throughout 2018.</p>
<b>Supporting Surrounding Communities</b>	Monitoring and disclosure of the social impacts resulting from the support offered, according to the LBG (London Benchmarking Group) model.	<p><b>Achieved.</b> The results for these years were disclosed by the Group at <a href="http://www.jeronimomartins.com">www.jeronimomartins.com</a> and for 2017 they were also included at present Chapter.</p>
	In Portugal, start at least one project of community investment per year, aimed at children, young people or older people from vulnerable environments.	<p><b>Partially achieved.</b> In 2016 and 2017, support to the community project Academia do Johnson (Johnson's Academy) was maintained, which commenced in 2015. The partnership with the Pão a Pão – Associação para a Integração de Refugiados do Médio Oriente (Association for the Integration of Middle East Refugees) was established aiming at giving opportunities for inclusion and employability to Syrian refugees.</p>
	In Poland, strengthen the involvement in social projects, focused on children, young people and older people from vulnerable environments.	<p><b>Accomplished.</b> Various social projects were continued, including "Hope for the Euro", that aims to contribute towards the development of institutionalized children from families with economic difficulties. Biedronka continued to participate in two projects on the Partnership for Health platform: "Milk Start" and "Breakfast Gives You Strength". Additionally, the Zielona Kraina (Green Land) project for fostering healthy eating in</p>

Action pillars	Commitments for 2015-2017	Progress
	In Poland, further develop the programme to combat child malnutrition, under the project Partnerstwo dla Zdrowia (Partnership for Health): - increase the number of schools by at least 5% in each academic year.	schools was launched.  <b>Achieved.</b> On this multi-stakeholder platform, the number of schools involved in 2017 increased by 6.3% compared to the previous academic year, reaching 8,318, which is the equivalent of more than half of the country's primary schools. The programme encompassed 275,758 children, an increase of over 80 thousand children since 2016.
	In Colombia, continue to support the programme Madres Comunitarias (Community Mothers), supporting two community nurseries, for each Ara store opened.	<b>Not accomplished.</b> Support through the regular provision of foodstuffs to 262 community nurseries was maintained, the same number as in 2015, despite the expansion of the Ara stores, due to the programme having been redefined at a government level. Between 2014 and 2016, the partnership between Ara and the ICBF enrolled 3,668 children. 14,750 food baskets were offered during this period amounting to over 179 thousand euros, the equivalent to over 220 tonnes of food offered.
	In Colombia, extend the involvement in social projects such as Aldeas Infantiles SOS Colombia (SOS Children's Villages) and Abaco - Asociación de Bancos de Alimentos de Colombia (Colombian Association of Food Banks) for the donation foodstuffs.	<b>Achieved.</b> The support to Aldeas Infantiles SOS Colombia programme has been widened to the regions where Ara is expanding. Being an indirect support by rounding up the value of customers' purchases for this cause, which has exceeded 169 thousand euros in this period, an important support to children and youngsters. The support to Abaco - Asociación de Bancos de Alimentos de Colombia resulted in the donation of over 352 thousand euros in food surplus during these three years, estimated to have reached a monthly average of 590 people in 2017.
<b>Being a Benchmark Employer</b>	Following the commitments made for the previous three year period and with the continued tough and very challenging economic environment for the employees' families, particularly in Portugal and in Poland, the strategic focus will remain on: <ul style="list-style-type: none"> <li>i. continuously improving the employees' working conditions;</li> <li>ii. supporting the quality of life of our families in the different geographical areas in which we operate.</li> </ul>	<b>Achieved.</b> In Portugal, the "SOS Dentist Junior" programme was launched in 2016, aiming at supporting worker's children with ages between 7 and 17. In 2017, 99 children conclude their dental treatment. The "Mais Vida" programme was also extended to the entire country of Portugal, focusing on giving support to families of people with cancer.  In this period, other social programmes were maintained to aid workers in a vulnerability situation such as "Mali Bohaterowie" (Little Heroes), focusing at workers in Poland whose children suffer from health problems. Subsidies can be requested to support medical services, medicines, personal care products or rehab equipment, and 191 children were enrolled in 2017. In Portugal, the Social Emergency Fund has been available since 2011 and has supported 706 employees, in 2017.

## 10. Commitments for 2018-2020






Action pillars	Commitments for 2018-2020
<b>Promoting Good Health through Food</b>	Further improve the nutritional profile of the Private Brand products, through product innovation and reformulation, and in the Meal Solutions meals.
	Continue to develop programmes promoting the Mediterranean Diet and healthy nutritional habits based on recommendations by local experts, and those raising consumer awareness about reading food labels.
	Increase the number of references of the lactose-free and gluten-free range by 5% per year compared to 2017, in Private Brand products in Portugal and Poland.
	In Portugal and in Poland, develop food solutions without any animal protein, aimed at consumers with specific dietary needs/preferences.
	In Portugal and in Poland, ensure that products intended for children have a higher nutritional profile than the benchmark.
	In all the countries, continue analysing Private Brand products as to their raw materials, using external laboratories, ensuring their authenticity and fighting food fraud.
	In all the countries, ensure the use of voluntary "Non-GMO" labelling for all references that could contain genetically modified ingredients.
	In all countries, facilitate responsible consumption through voluntary labelling with regard to nutritional aspects and alcohol information.
	In all the countries, make it easier for consumers to manage food products' expiry dates and tackle food waste, by adopting only one expiry date on the product labels, whenever possible vis-à-vis legal requirements.
	<b>Respecting the Environment</b>
Reduce water consumption annually by 2% (per € 1,000 of sales).	
Reduce electricity consumption annually by 2% (per € 1,000 of sales).	
Reduce the quantity of waste sent to landfill by 5 p.p. during the 2018-2020 three-year period, compared to 2017.	
Complete at least 20 ecodesign projects for Private Brand product packaging every year.	
Reduce the Group's food waste by 10% during the 2018-2020 three-year period, compared to 2016.	
<b>Sourcing Responsibly</b>	Increase the number of locations with environmental certification (at least 25).
	Guarantee that 80% of the Jerónimo Martins Group's purchases of food products, are sourced from local suppliers.
	Continue introducing sustainability certificates (e.g. UTZ, Fairtrade, MSC, ASC, RSPO, EU Ecolabel, EU Organic Label, etc.) for at least 10 Private Brand products and Perishables.
	Contribute towards achieving the Zero Net Deforestation goal by 2020, as defined by the Consumer Goods Forum, namely through active management of palm oil, soya, beef, and wood and paper.
	Carry out at least 50 environmental audits every year on suppliers of Private Brand and Perishables.
<b>Supporting Surrounding Communities</b>	Carry out at least 40 environmental audits every year on service providers.
	Monitoring and disclosure of the social impacts resulting from the support offered, according to the LBG (London Benchmarking Group) model.
	In Portugal, start at least one project of community investment per year, aimed at children, young people or older people from vulnerable environments.
	In Poland, strengthen the involvement in social projects, focused on children, young people and older people from vulnerable environments.
	In Poland, expand the programme for direct food donations from the stores to local non-governmental organizations. Reach 1,500 stores by 2020.
	In conjunction with Caritas Polska, launch a programme supporting vulnerable senior citizens, hoping to have an impact on at least 4,000 people every year.
In Colombia, maintain the involvement in social projects such as Aldeas Infantiles SOS Colombia (SOS Children's Villages), and Abaco - Asociación de Bancos de Alimentos de Colombia (Colombian Association of Food Banks) for the donation foodstuffs.	

Action pillars	Commitments for 2018-2020
<b>Being a Benchmark Employer</b>	Continuous improvement to the quality of life of our employees, through internal social responsibility programmes in all the countries where we are present.
	Continuous reinforcement of the training and information programmes concerning the Code of Conduct, aimed at all the Organization's employees, regardless of their place of work or position, promoting its full compliance.
	Foster diversity in talent attraction.









## 11. Table of Indicators

The following table of indicators is based on the methodology of the Global Reporting Initiative G4 Index.



No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
G4-1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Refer to "Message from the Chairman".	---
G4-2	Description of key impacts, risks, and opportunities.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C "Internal Organisation".	---
G4-3	Name of the organization.	Jerónimo Martins, SGPS, S.A.	---
G4-4	Primary brands, products, and services.	Refer to Chapter I. "The Jerónimo Martins Group".	---
G4-5	Location of the organization's headquarters.	Rua Actor António Silva n.º 7 1649-033 Lisboa	---
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Refer to Chapter I. "The Jerónimo Martins Group".	---
G4-7	Nature of ownership and legal form.		---
G4-8	Markets served.		---
G4-9	Scale of the organization.	Refer to Chapter I. "The Jerónimo Martins Group".	---
G4-10	Total workforce. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer".	---
G4-11	Employees covered by collective bargaining agreements.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer".	Principle 3   
G4-12	Description of the organization's supply chain.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 1. "Our Approach".	---
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Non-applicable.	---
G4-14	Precautionary approach or principle of the organization.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C. "Internal Organisation", subsection III – Internal Control and Risk Management and Chapter V. "Corporate Responsibility in Value Creation".	---
G4-15	Initiatives to which the organization subscribes or which it endorses.	See channel "About Us", page "Organisations to Which We Belong" and channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	---
G4-16	Memberships of associations and national or international advocacy organizations.		---
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents.	Refer to Chapter I. "The Jerónimo Martins Group" and Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	---
G4-18	Process for defining the report content and the Aspect Boundaries.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 2. Stakeholders Engagement".	
G4-19	Material Aspects identified in the process for defining report content.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 1. "Our Approach" and subchapter 2. "Stakeholders Engagement".	
G4-20	Aspect Boundary within the organization for each material Aspect.	Chapter V. "Corporate Responsibility in Value Creation" demonstrates the Group's progress concerning the identified material aspects, representing more than 99% of the Group's turnover.	
G4-21	Aspect Boundary outside the organization for each material Aspect.		
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Non-applicable.	---





No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Non-applicable.	---
G4-24	List of stakeholder groups engaged by the organization.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 1. "Our Approach" and subchapter 2. Stakeholders Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	16
G4-25	Basis for identification and selection of stakeholders with whom to engage.		
G4-26	Organization's approach to stakeholder engagement.		
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.		
G4-28	Reporting period for information provided.	This Jerónimo Martins Group's Annual Report covers the activities carried out between January 1 <sup>st</sup> and December 31 <sup>st</sup> 2017.	12
G4-29	Date of most recent previous report.	The previous Jerónimo Martins Group's Annual Report referred to 2016.	12
G4-30	Reporting cycle (such as annual, biennial).	The Corporate Responsibility Report (included in the Annual Report) has an annually periodicity.	12
G4-31	Contact point for questions regarding the report or its contents.	<a href="mailto:comunicacao@jeronimo-martins.com">comunicacao@jeronimo-martins.com</a>	12
G4-33	Organization's policy and current practice with regard to seeking external assurance for the report.	The information contained and marked in this table has been verified by an external third part – PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.	12
G4-34	Governance structure of the organization.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	16
G4-35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	16
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	16
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 2. "Stakeholders Engagement".	16
G4-38	Composition of the highest governance body and its committees.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	16
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section A.	16
G4-40	Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	16
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct and Code of Conduct for Suppliers on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> . See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	16
G4-42	Highest governance body's and senior executives' roles.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections	16







No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
		A, B and C.	
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	The Group carries out activities (e.g. Sustainability Conference, internal newsletters and progress reports) that enable its management bodies to become more aware of sustainability topics. Refer to Chapter V. "Corporate Responsibility in Value Creation".	16
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	16
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C.	16
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C.	16
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C.	16
G4-48	Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	The approval of the Corporate Responsibility Report, included in the Annual Report, is a responsibility of the Shareholders' General Meeting.	16
G4-49	Process for communicating critical concerns to the highest governance body.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	16
G4-51	Remuneration policies for the highest governance body and senior executives.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	Principle 6   8
G4-52	Process for determining remuneration.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	Principle 6   8
G4-53	How stakeholders' views are sought and taken into account regarding remuneration.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	8
G4-56	Organization's values, principles, standards and norms of behavior.		Principle 2
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct and Code of Conduct for Suppliers on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> . See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	Principle 10   16
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.		
G4-EC1	Direct economic value generated and distributed.	Refer to Chapter III. "Consolidated Financial Statements" and indicator G4-EC7.	8
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C. "Internal Organisation".	13
G4-EC3	Coverage of the organization's defined benefit plan obligations.	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D. Refer to Chapter III. "Consolidated Financial Statements".	---
G4-EC4	Financial assistance received from government.	The Jerónimo Martins Group didn't receive any financial assistance from the Portuguese, Polish or Colombian governments during 2017.	16
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	 82% of employees with senior positions are hired locally.	Principle 6   10
G4-EC7	Development and impact of infrastructure investments and services supported.	 Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy". See channel "Responsibility", page "Supporting	2

No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Surrounding Communities" on the website <a href="http://www.jeronimomartins.com/en">www.jeronimomartins.com/en</a> .	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly".	8   10
G4-EN1	Materials used by weight or volume.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.5. "Main Consumption of Materials".	Principle 7   12
G4-EN2	Percentage of materials used that are recycled input materials.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.5. "Main Consumption of Materials".	---
G4-EN3	Energy consumption within the organization. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7   7
G4-EN4	Energy consumption outside of the organization.	This indicator is disclosed as CO <sub>2</sub> e concerning the calculation of the Group's Carbon Footprint - scope 3 emissions. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change". It includes flight travel fuel consumption, energy consumed by franchised stores and fuel consumed transporting goods between Distribution Centres and stores.	Principle 7   7
G4-EN5	Energy intensity.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7   7
G4-EN6	Reduction of energy consumption.		
G4-EN7	Reductions in energy requirements of products and services.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change" and section 5.4 "Waste Management".	Principle 7   7
G4-EN8	Total water withdrawal by source. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7   6
G4-EN9	Water sources significantly affected by withdrawal of water.	Non-applicable. More than 93% of the total water consumed by the Group comes from the municipal network. Regarding less demanding operations in terms of water quality (e.g. irrigation and cooling systems), the Group holds the necessary licenses.	6
G4-EN10	Percentage and total volume of water recycled and reused.	Less than 1%.	Principle 7   6
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas.	The Jerónimo Martins Group infrastructures comply with legal requirements concerning environmental matters and are built within the urban network. Particularly regarding Agribusiness, the Group owns some properties close to the National Ecological Network, collaborating with governmental entities to ensure its conservation.	14   15
G4-EN12	Description of significant impacts of activities, products, and services on protected areas.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Biodiversity".	
G4-EN13	Habitats protected or restored.	Non-applicable to the Group's activities in 2017. Nevertheless, the Group collaborates with a number of habitat and ecosystem conservation initiatives such as WWF, Green Heart of Cork and LPN Eco-Loicais.	Principle 7   14   15
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Biodiversity" and subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1). 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7   13
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2). 		
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3). 		
G4-EN18	Greenhouse gas (GHG) emissions intensity. 		
G4-EN19	Reduction of greenhouse gas (GHG) emissions <sup>30</sup> . 		
G4-EN20	Emissions of ozone-depleting substances (ODS).	In 2017, an emission of 6.55 kg of CFC-11 eq., associated to the use of gases R22 and R141b, was verified in air conditioning equipment in Colombia, which is part of the fixed assets of the acquired stores. These	13


<sup>30</sup> Verification focused solely on the reduction of greenhouse gas emissions achieved.

No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
		represent about 0.8% of the total of this type of equipment used in the Group's Companies.	
G4-EN21	NOx, SOx, and other significant air emissions.	This aspect is not material. Small quantities are emitted from fossil fuels combustion (use of on-site fuel for equipment operation, emergency and heating generators and light fleet vehicle companies).	
G4-EN22	Total water discharge by quality and destination.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.4. "Waste Management".	Principle 7   15
G4-EN23	Total weight of waste by type and disposal method. 		
G4-EN24	Total number and volume of significant spills.	In 2017, there were no spills with significant environmental impacts.	
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	This aspect is not material. None of the transactions referred are assured by the Jerónimo Martins Group's companies.	15
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	This aspect is not material. It has a residual expression in the Group's activities (less than 3%). See Chapter V. "Corporate Responsibility in Creating Value"; subchapter 5. "Respect the environment", section 5.3. "Climate change".	14
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	Principle 7   14
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	This aspect is not material. Nevertheless, the Group promotes the collection of customer waste in its stores for recovery. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.4. "Waste Management".	12
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	---
G4-EN31	Total environmental protection expenditures and investments by type.	The Group has strongly invested in supporting and improving its environmental performance, including natural refrigeration systems, energy efficiency, renewable energy, collection of customer waste for recovery and projects to support biodiversity conservation.	Principle 7
G4-EN32	Percentage of new suppliers that were screened using environmental criteria. 	In 2017, the Group audited 259 new suppliers. These were all environmentally evaluated also. Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	Principle 8   12
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 5. "Respecting the Environment", section 5.2. "Biodiversity" and subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	7
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	The total number of environmental grievances is less than 1%.	---
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or PART-time employees, by significant locations of operation.	All benefits are applied to employees, regardless their contract.	8   10
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values".	8   10
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Aggregate occupational health and safety indicators for frequency and severity are available in Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.7. "Health and Safety at Work".	Principle 1   8   10
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	This aspect is not material.	---
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Non-applicable.	---
G4-	Average hours of training per year per	The number and volume of training sessions can be consulted in Chapter	Principle 6   8


No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
LA9	employee by gender, and by employee category.	V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.5. "Training".	10
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.5. "Training".	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	All employees are covered by the performance assessment system according to internally defined criteria.	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	 The Jerónimo Martins' team is described in Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.1. "Introduction".	8   10
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	 In 2017, the Group audited 259 new Private Label and Perishable suppliers. These were also evaluated concerning labor practices (e.g.: existence and/or use of appropriate clothing, hand washing equipment, conduct and personal hygiene rules, existence and conditions of social areas, locker rooms and sanitary facilities for employees and the control of training administration appropriate to the exercise of the function).	Principle 2   8   10
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	 In 2017, 1,356 Private and Perishable Brand suppliers were audited. Of these, 23 (1.7%) were identified as having labour practices with negative impacts (e.g. lack of and/or misuse of appropriate clothing, hand washing equipment, non-compliance with rules of conduct and personal hygiene, among others), in which 16 (70% of nonconformities) committed to implement corrective measures. Of the remaining 7 (30% of nonconformities), the Group terminated its business relationship due to non-compliance with several aspects, which also included those related to labour.	Principle 1
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.	The contracts signed with new suppliers imply knowledge and acceptance to the Jerónimo Martins Group's Code of Conduct for Suppliers. Refer to Chapter V. "Corporate Responsibility in Value Creation subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 2   8   10
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	The Group conducts training sessions on its Code of Conduct in its Companies which includes Human Rights aspects. See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	Principle 1   8   10
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values" and Creation subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 3   8   10
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labour.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values" and Creation subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 5   8   10
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values" and Creation subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 4   8   10
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	 Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy".	10
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks	Refer to Chapter IV. "Corporate Governance", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C "Internal Organisation".	Principle 10   16

No.	Description	Evidence	United Nations Global Compact Principles / Sustainable Development Goals
	identified.		
G4-SO4	Communication and training on anti-corruption policies and procedures.	The Group conducts training sessions on its Code of Conduct in its Companies which includes anti-corruption policies and procedures aspects. See channel "Responsibility", page "Corporate Responsibility Publications" to para consult the Code of Conduct on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	The companies of the Jerónimo Martins Group do not support any political parties or their representatives, nor do they contribute financially to groups that support party interests. See channel "Responsibility", page "Corporate Responsibility Publications" to para consult the Code of Conduct on the website <a href="http://www.jeronimomartins.com/en">http://www.jeronimomartins.com/en</a> .	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food" and subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	12
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling.	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food", section 4.2. "Quality and Diversity" and subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	12
G4-PR6	Sale of banned or disputed products.	Non-applicable. Jerónimo Martins does not sell any kind of disputed or banned products in any of the geographies where it operates.	12
---	Further improve the nutritional profile of both the Private Brand products, through product innovation and reformulation, and in the Meal Solutions meals. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 4. "Promoting Good Health through Food", section 4.2. "Quality and Diversity".	3   12
---	Calculation of the consumption of deforestation commodities in Private Brand products and Perishables in 2017. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	12   13   15
---	Reduce by 5% the presence of palm oil in the total sales of Private Brand products. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	12   13   15
---	Reduce by 5% soya, beef, wood and paper products from countries at risk of deforestation. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	12   13   15
---	Monitoring and disclosure of the social impacts resulting from the support offered, according to the LBG (London Benchmarking Group) model. 	Refer to Chapter V. "Corporate Responsibility in Value Creation", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy". See channel "Responsibility", page "Supporting Surrounding Communities" on the website <a href="http://www.jeronimomartins.com/en">www.jeronimomartins.com/en</a> .	2

## Table caption:

 Indicator verified by an external third party.

### United Nations Sustainable Development Goals

- |   |  |
|---|--|
|  No Poverty                              |  Reduced Inequalities                   |
|  Zero Hunger                             |  Sustainable Cities and Communities     |
|  Good Health and Well-being              |  Responsible Consumption and Production |
|  Quality Education                       |  Climate Action                         |
|  Gender Equality                         |  Life Below Water                       |
|  Clean Water and Sanitation              |  Life on Land                           |
|  Affordable and Clean Energy             |  Peace, Justice and Strong Institutions |
|  Decent Work and Economic Growth         |  Partnerships for the Goals             |
|  Industry, Innovation and Infrastructure |  |

### United Nations Global Compact Principles

#### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.