225 YEARS GROWING

2017

Jerónimo Martins

Jerónimo Martins

225 YEARS GROWING

For the past 225 years,
we have known that growing
takes time.

That the bigger the ambition,
the greater the responsibility.
And that real success is built by
the will to improve every day.
Even acknowledging that
perfection doesn't exist,
we strive to do what is right.

For all of us.

And for this world, that is ours.

Let's grow.

OUR IDENTITY

This is the story of our history. 225 years of passion for the food business which is reflected in the way we tell our adventure of growth. For a future we want to keep on building.

Focus on growth

An identity that conveys the Group's focus on the future and on growth, through the graphic design of the leaf in the letter "O".

The previous logo

JERÓNIMO MARTINS

A symbol to convey:

Cohesion, order, dynamism

A "financial" brand

Developed in the context of the post-financial crisis that the Group lived at the beginning of the century.

> ***"Fourteen years after our latest branding exercise, we needed to mirror in our visual identity the huge transformation that has occurred in Jerónimo Martins since the beginning of this new millennium."***

Pedro Soares dos Santos, Chairman of the Jerónimo Martins Group

Heritage meets modernity

A strong and distinctive typography that balances tradition and modernity, the Group's legacy and its vision for the future.

A world of colour

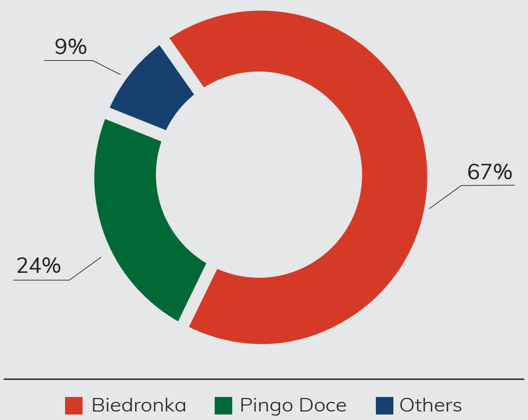
Inspired by the chromatic diversity existing in the food world, the brand expresses itself in rich and strong colours, whose tone varies according to the cycle of days.

2017

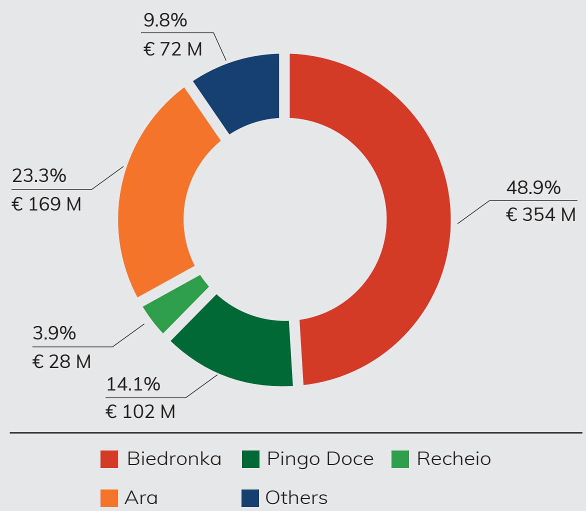
TOP INDICATORS

EBITDA	NET RESULT	SALES
€ 922 M	€ 385 M	€ 16,276 M

CONTRIBUTION TO SALES BY BANNER



INVESTMENT: € 724 M

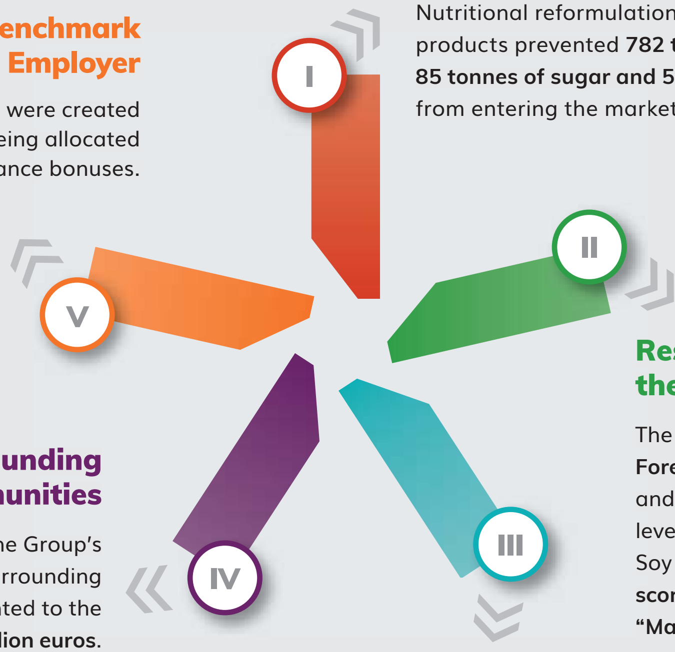


STORE OPENINGS BY BANNER

Biedronka	Pingo Doce	Recheio	Ara	Hebe
+121	+10	+1	+169	+30
Total 2,823	Total 422	Total 43	Total 389	Total 182

PILLARS OF RESPONSIBILITY

Within our approach to Corporate Responsibility, we assume growth and value creation as pillars of our mission, in a sustainable way.



Promoting Good Health Through Food

Nutritional reformulations of Private Brand products prevented **782 tonnes of fat, 85 tonnes of sugar and 59 tonnes of salt** from entering the market.

Respecting the Environment

The Group scored **"A-" in the CDP Forests** 2017 for palm oil and paper and wood, reaching **"Leadership"** level in these commodities.
Soy and beef commodities were **scored "B"**, the equivalent to the **"Management"** level.

Sourcing Responsibly

We sourced more than **80% of our products** locally.

Supporting Surrounding Communities

The support offered by the Group's Companies to the surrounding communities amounted to the equivalent of **22 million euros**.

Being a Benchmark Employer

Around **8,000 jobs** were created with **107 million euros** being allocated to the employees performance bonuses.

JERÓNIMO MARTINS TEAM

We are more than 100,000 people in Portugal, Poland and Colombia.

EMPLOYEES	**WOMEN**	*77%*
	MEN	*23%*
MANAGERS	**WOMEN**	*66%*
	MEN	*34%*

MESSAGE FROM THE CHAIRMAN

In 2017, we beat all sales records, successively bolstered our market position across all banners and continued to be amongst the biggest names in the retail world.

2017 was a remarkable year in various aspects, during which we saw an increasing unpredictability worldwide.

In the European Union, and from a political standpoint, it was a year of strong emotions. In Germany, Angela Merkel was re-elected for a fourth term but her party (CDU) lost considerable support, recording its worst result since 1949.

The most structural change, however, began with the far-right party entering the German Bundestag, which won 94 seats for the AfD party, thus becoming Germany's third-strongest political force. This is the first time in the history of post-war Germany that a clearly far-right party has a seat in Parliament. And it happened in what was the first federal election held since the Government led by Angela Merkel opened its doors to migrants and refugees in 2015, allowing over one million people to enter the country.

Confirming the resurgence of nationalism and of the far-right in Europe, in the Netherlands, the anti-Islam, anti-immigration and anti-EU party led by Geert Wilders (PVV) won 20 seats in Parliament, eight more than it previously had. Today, it is the second-largest party, even though it failed to reach its goal of becoming the largest Dutch parliamentary force.

In 2017, the opposite note came from France, with Emmanuel Macron's overwhelming victory in the second round of the presidential election, against Marine Le Pen – 66.1% against 33.9%. A victory that was immediately repeated in the parliamentary elections, with Macron's newly--formed party winning a majority from voters clearly supporting the new French President's reforming, pro-European and inclusive vision.

In Portugal, the crisis in neighbouring Catalonia, which today is politically fractured, was followed closely. A slowdown in the Spanish economy is expected which will, should it occur, affect Portugal given the country's weight as an important destination for Portuguese exports (approximately 25% of total exports).

For the Portuguese, 2017 will, above all, be remembered for its inseparable link to the tragic forest fires. The fires claimed at least 112 human lives and, according to an estimate from the European Forest Fire Information System, approximately 500 thousand hectares were burned, including the irreplaceable Pinhal de Leiria (Leiria Pine Forest) with its 700 years of history. The devastation caused by this violent destruction, which saw the Government fail in its duty to protect people and property, overshadowed positive economic news. In fact, exiting the excessive deficit procedure and an increase in the Portuguese Republic's rating are good indicators of recovery, albeit with an unstable balance, specifically taking into account opposition in the social sectors of the State, which is expected to increase, as well as the structural reforms that are yet to be implemented.

At the Jerónimo Martins Group, in a year in which we celebrated our 225th anniversary, we broke the 100,000-employee barrier and gave our corporate visual identity a new look in a rebranding campaign that sought to find a balance between legacy and modernity.
In 2017, we beat all sales records, successively bolstered our market position across all banners and continued to be amongst the biggest names in the retail world, more specifically ranked 56th, our best ever performance in the "Global Power of Retailing 2018" ranking, a study conducted by consulting firm Deloitte in collaboration with North-American magazine "Stores".

These 12 months were challenging, with strong investments in the expansion of international business, and maximum demand in our three markets: Portugal, Poland and Colombia.
Focus on sales, by investing in reinforcing price positioning and in the shopping experience, proved to be effective: the Group's turnover reached 16.3 billion euros in 2017, up 11.3% Year-on-Year, driven by 6.6% like-for-like growth.

Net income attributable to Jerónimo Martins amounted to 385 million euros, which represents a comparative increase of 6.7% (i.e. excluding the one-off contribution from Monterroio in 2016).

The Group continued to be an important and determined investor in the markets in which it operates, having increased capex to 724 million euros, of which half was allocated to expansion (new stores and Distribution Centres) and more than one third to major refurbishment of the store networks in Portugal and Poland.

Biedronka used an investment of 354 million euros (49% of total investment) to open 121 stores, inaugurated a new Distribution Centre and refurbished 226 stores during the year.

From a consumption perspective, Poland has a favourable environment, stimulated by the drop in unemployment, the acceleration of wage increases and the overall improvement of the living conditions of families, also as a result of the Family 500 plus Programme. Leveraging the opportunity created by the tendency to increase differentiation and the value of the shopping basket, Biedronka multiplied actions to improve the quality of its offer, bolstering innovation and the attractiveness of its assortment. Concurrently, it also knew when to seize opportunities and was quick to read the market and respond with specific product promotions and strong temporary actions, reinforcing the competitiveness of its positioning and price leadership.

Establishing like-for-like performance as its main priority, the Company recorded 8.6% growth in the year. Total sales increased 13.2% (+10.4% in local currency) to 11.1 billion euros, with Biedronka closing the year with 2,823 locations.

Managing a tough balance between extending the borders of its model and maintaining the efficiency of its cost structure, in a context in which it is under added pressure related mainly to investments in the continuous improvement of wages, benefits and support programmes for employees, Biedronka recorded an EBITDA of 805 million euros (+11%, at a constant foreign exchange rate) whilst maintaining the respective margin almost in line with the previous year (7.3%).

In Portugal, in a mature and highly competitive market, our Companies once again showed resilience, strength and solidity.

Pingo Doce closed 2017 with total sales of 3.7 billion euros, an increase of 3.1% compared to the previous year, an additional 1% when taking into account the same store network. In addition to intense promotions and investment in innovation, namely by rolling-out 175 new Private Brand products, total sales also benefited from investment in selective expansion and permanent improvement of logistical services for the stores and the consumer's shopping experience. This investment was reflected in the nine net additions to the store network implemented throughout the year, 44 refurbishments and in the inauguration, in the North of Portugal, of the most modern Distribution Centre in our entire network which amounted to an investment of 102 million euros.

Recognising the decisive contribution made by the teams to operational performance and in relation to services and the overall quality of the experience offered to customers, the Company carried out in 2017 a review of the remuneration packages. This had an expected impact on EBITDA which, at 188 million euros, fell by 1.6% compared to 2016.

Recheio leveraged the very positive dynamic of the tourism sector in Portugal, whilst simultaneously bolstering its international operations, ending the year with exports to 25 countries, across four continents.

When taking into account the same store network, its sales increased by a significant 6.2% in the year, with an overall turnover growth of 7.2%, to 942 million euros, also benefiting from a new store opened in Vila Nova de Gaia (the 39th store in the chain) and the relocation of the Food-Service platform to Porto.

With EBITDA at 50 million euros (+6.7% Year-on-Year), and despite the investment made to drive sales, Recheio's EBITDA margin held steady at 5.3%, in line with the previous year, in a clear demonstration of its ability to maintain its cost discipline and efficiency levels.

€ 724 M of investment

The Group invested 724 million euros, about half of which were channeled to new store openings and Distribution Centers and more than a third was allocated to refurbish the stores in Portugal and Poland.

With regard to our not-as-yet profitable business, Hebe consistently improved the differentiation and competitiveness of its value proposition and proved that it has a concept and business model with interesting development potential. Total sales increased 35.7% in relation to 2016, to 166 million euros, in a year in which the banner opened 30 stores and closed the year with a total network of 182 locations.

In Colombia, where the peace process today is considered irreversible, we continued to focus on paving the way for Ara's future growth. Present in three regions, our Colombian chain achieved sales of 405 million euros, up 72% from the previous year, despite some irregularities recorded in customer trust levels. This performance reflects the continued effort to adjust the value proposition to regional specificities of consumer behaviour and also our own learning curve as regards the needs and preferences of Colombian consumers.

The Company was able to deliver on its main priority for 2017: accelerate and expand the network to bolster presence and capillarity. By executing an investment programme of 169 million euros, Ara opened 169 stores – that is, one new store every two days – of which 77 in the last quarter of the year. This means that the Company more than doubled its number of store openings compared to 2016, whilst simultaneously continuing to invest in its logistics infrastructure.

In 2017, Ara accounted for 88% of the 85 million euro loss recorded in EBITDA, with Hebe accounting for the rest, which continues its upward trend towards profitability. Excluding the dilution caused by the losses recorded in these new businesses, consolidated EBITDA would have grown 9.0% with a 6.4% margin on sales.

All investments considered, consolidated EBITDA amounted to 922 million euros (+4.7%, at a constant foreign exchange rate, compared to 2016), with a margin of 5.7%, which clearly demonstrates the strength of the sales performance of our Companies. Moreover, the robustness of our balance sheet remained unshaken, ending the year with a net cash flow position of 170 million euros.

In light of the Group's sound financial position and given that the flexibility to finance current and future growth opportunities will not be compromised, Jerónimo Martins' Board of Directors will propose a dividend distribution at the Shareholders' General Meeting of approximately 385 million euros relating to profits from the 2017 financial year. This proposal corresponds to a payout of 100% which, for the second consecutive year and exceptionally, amounts to approximately double what would normaly be distributed under the prevailing dividends policy.

We, therefore, have begun 2018 strong and well-prepared; another year in which growth will be our top strategic priority and the force that drives us.

We will continue to invest heavily in our businesses, committed to the continuous improvement of the balance between profitability and sustainability. It is this management that ensures us both a place among the top retailers of the world and the inclusion in important international sustainability indices which recognise the best companies that make a long-term investment in the development of their business by also achieving strong social, environmental and governance performance.

These results and the long-term consideration in conducting the businesses would not be possible without the support of Jerónimo Martins' investors, and in particular of its majority shareholder, and their solidarity with the mission and strategy we pursue. I extend my gratitude to all of you and renew my commitment to continue leading the Group towards profitable and sustainable growth.

I also would like to express my gratitude and appreciation for my colleagues on the Board of Directors for their invaluable contribution to the vision that guides us and in the trust they have always had in our ability to execute and deliver. To my teams, I thank you for the passion, commitment and competence that make us who we are and that lead us, day after day, to wherever our ambition takes us.

Pedro Soares dos Santos
Chairman and CEO

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This document is a simplified version of the Jerónimo Martins Group's 2017 Annual Report. The full version of the Annual Report is available at 225yearsgrowing.jeronimomartins.com.

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HOW WE MAKE A DIFFERENCE

WHO WE ARE

For 225 years, we have not stopped growing

With more than 100 thousand employees spread across three countries, today we are an international Group inspired by a legacy of more than two centuries of experience in the food business.

I

1. PROFILE AND STRUCTURE

This Annual Report of the Jerónimo Martins Group covers the period from January 1st to December 31st, 2017, and includes the areas of Distribution and Agribusiness in Portugal and the area of Distribution in Poland and Colombia, describing the results of the entities directly held by the Group.

Portugal

Poland

Colombia

1.1. Identity and Responsibilities

Asset Portfolio

Jerónimo Martins is a Group that has assets in the Food area, mostly in Distribution, with market leadership positions in Poland and Portugal. In 2017, it achieved sales of 16.3 billion euros (68% in Poland) and an EBITDA of 922 million euros (87% in Poland). The Group has a total of 104,203 employees and ended the year with a market capitalisation of 10.2 billion euros on the Euronext Lisbon.

We are present in all three countries, serving daily more than four million consumers.

In Poland, **Biedronka**, a chain of food stores with a positioning that combines the quality of its assortment, store environment and proximity locations with the most competitive prices in the market, is the Food Retail sales leader, operating 2,823 stores spread across the entire country. At the end of 2017, the Company reached 11.1 billion euros of sales, recording around 1.4 billion customer tickets.

Also in Poland, since May 2011, the Group has a chain in the drugstore sector, under the **Hebe** banner, which has 182 stores. This business concept is based on the offer of a Health and Beauty assortment with high quality advice, at very competitive prices.

In Colombia, **Ara** currently operates in three regions of the country: the Coffee Growing Region, the Caribbean Coast and Bogota. It is a chain of proximity food stores, mostly set up in residential neighbourhoods, with a positioning of quality at the best price, combining competitiveness with promotional opportunities in key categories for the Colombian consumer. At the end of the year, Ara was operating in 389 locations.

In Portugal, the Jerónimo Martins Group holds a leading position in Food Distribution, having reached a combined turnover of 4.6 billion euros in 2017. It operates with the banners **Pingo Doce** (422 supermarkets, including four Pingo Doce & Go) and **Recheio** (39 Cash & Carry and four platforms, three of them related to Food Service), which are leaders in the Supermarket and Cash & Carry segments, respectively.

Also in Portugal, through Pingo Doce, Jerónimo Martins has invested in developing projects that are complementary to the Food Retail business, namely **Refeições no Sítio do Costume** Restaurants, **Bem-Estar** Stores, Petrol Stations, as well as Clothing (for adults and children) and Shoes and Accessories, through the **New Code** and **Spot** banners, respectively. These last two are developed within the scope of partnerships with specialised operators.

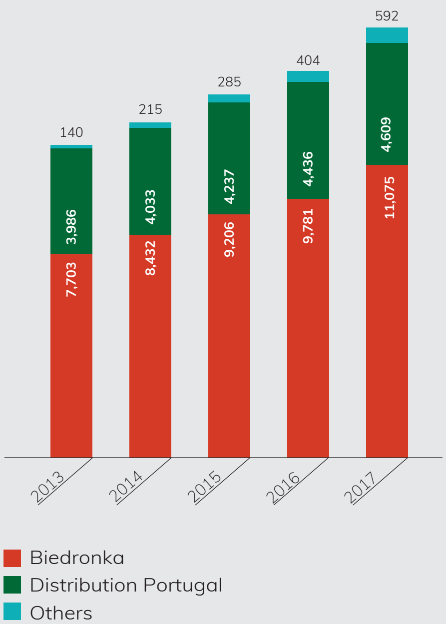
The main objective of **Jerónimo Martins Agro-Alimentar (JMA)** is to safeguard the Group's Companies ability to have a supply of some strategic products.
It currently operates in the areas of Dairy Products, Livestock (angus beef) and Aquaculture (sea bass and sea bream).

Jerónimo Martins Restauração e Serviços is engaged in developing projects in the Restaurants sector and, at the end of 2017, was operating the Jeronymo chain of kiosks and coffee shops with 21 points of sales.

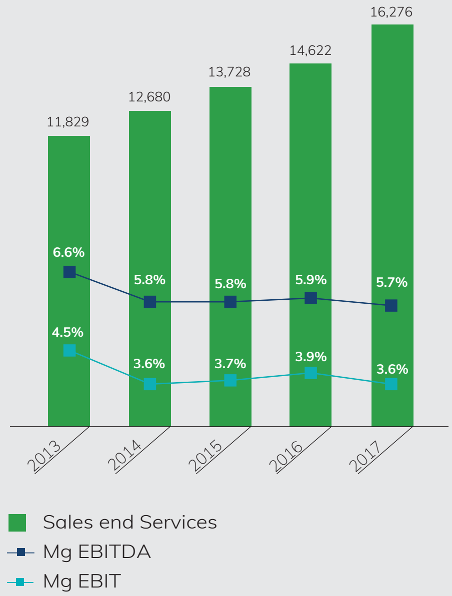
Hussel, a Specialised Retail chain selling chocolates and confectionery, had 24 stores at the end of 2017.

1.2. Operating and Financial Indicators

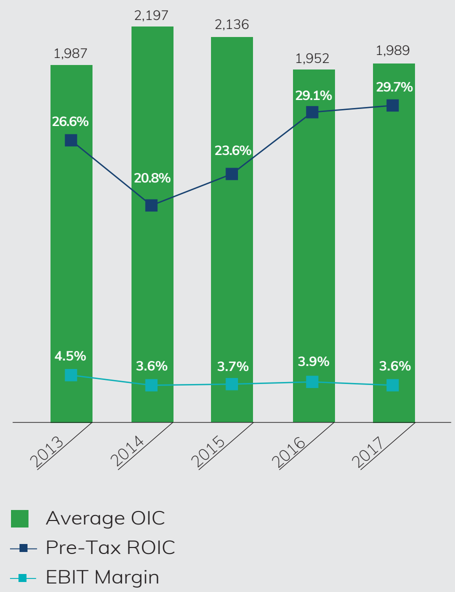
Sales & Services
€' 000,000



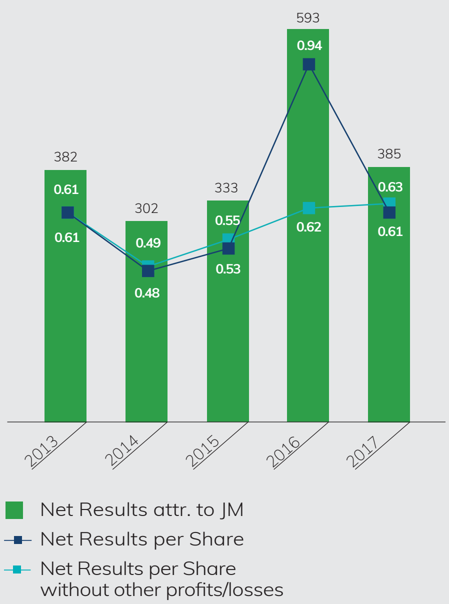
Sales, EBITDA Margin & EBIT Margin
€' 000,000



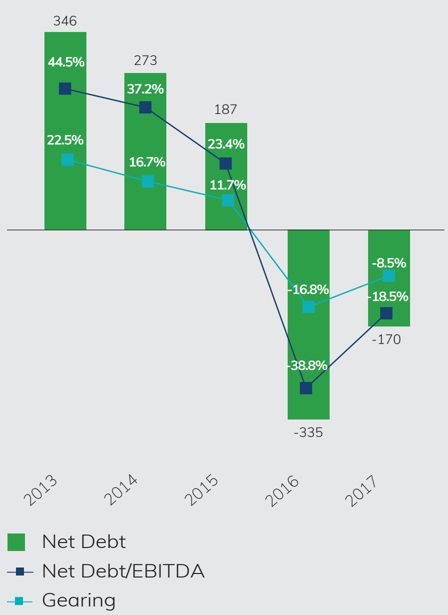
Pre-Tax ROIC
€' 000,000



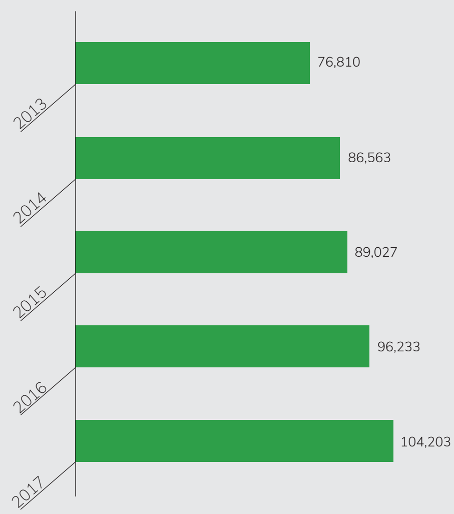
Net Results and Net Results per Share
€' 000,000



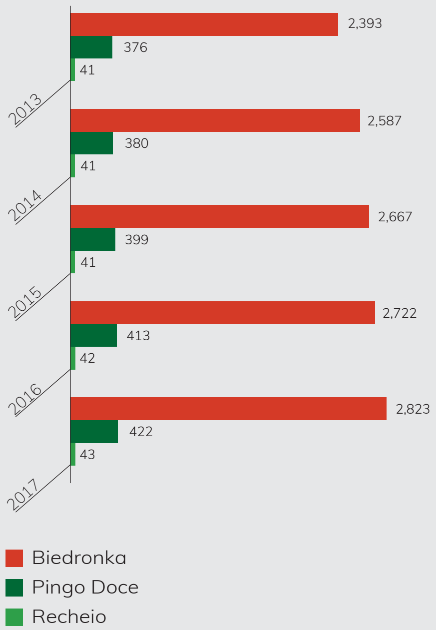
Net Debt
€' 000,000



Employees

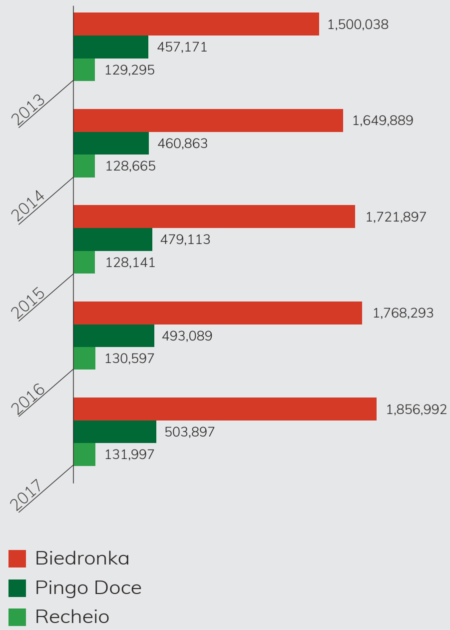


Number of Stores



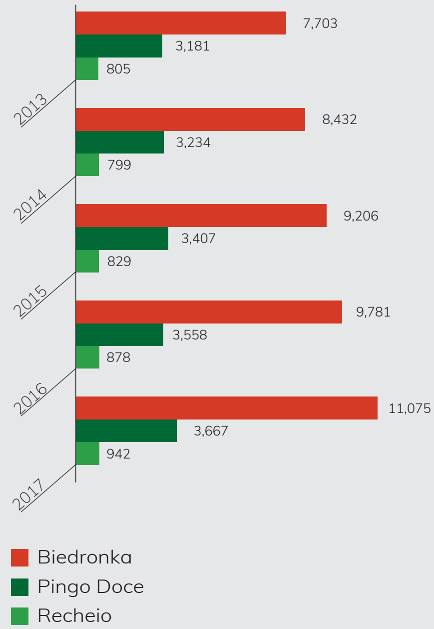
Sales Area

m²



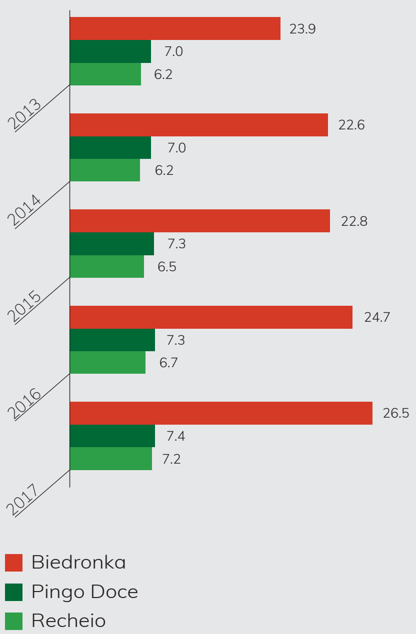
Sales

€ 000,000

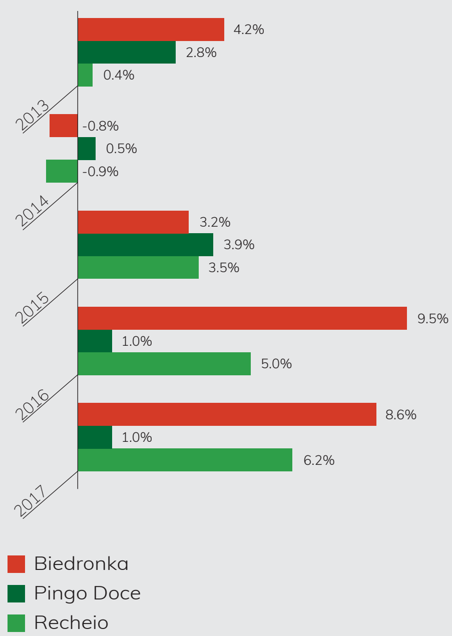


Sales/sqm

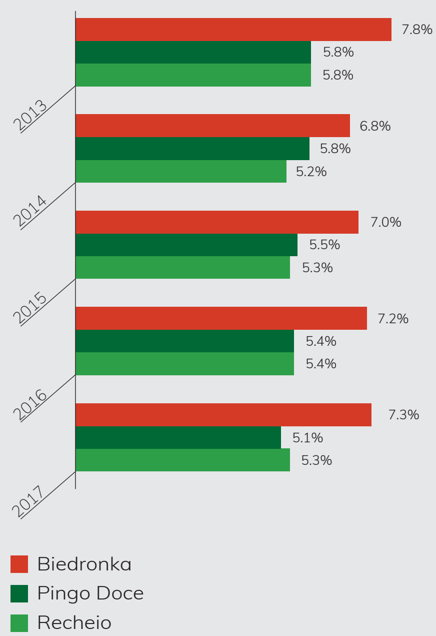
Local currency ('000)



LFL Sales Growth



EBITDA Margin



1.3. Statutory Bodies and Structure

1.3.1. Statutory Bodies

Election date: 14 April 2016

Composition of the Board of Directors elected for the 2016-2018 term

Pedro Soares dos Santos

Chairman of the Board of Directors and Chief Executive Officer

Born on 7 March 1960

- Chairman of the Board of Directors since December 2013
- Chief Executive Officer of the Group since April 2010
- Member of the Board of Directors since March 1995

Andrzej Szlezak

Born on 7 July 1954

- Member of the Board of Directors since April 2013

António Viana-Baptista

Born on 19 December 1957

- Member of the Board of Directors since April 2010

A. Stefan Kirsten

Born on 22 February 1961

- Member of the Board of Directors since April 2015

Clara Christina Streit

Born on 18 December 1968

- Member of the Board of Directors since April 2015
- Member of the Audit Committee since April 2016

Francisco Seixas da Costa
Born on 28 January 1948
- Member of the Board of Directors since April 2013

Hans Eggerstedt
Born on 12 March 1938
- Member of the Board of Directors since June 2001
- Member of the Audit Committee since March 2007

Statutory Auditor and External Auditor:
Ernst & Young Audit & Associados, SROC, S.A.*
Av. República 90, 6.º, 1600 – 206 Lisboa, Portugal

Represented by:
João Carlos Miguel Alves
(R.O.C. n.º 896).

Substitute:
Rui Abel Serra Martins
(R.O.C. n.º 1119).

Henrique Soares dos Santos
Born on 7 November 1968
- Member of the Board of Directors since April 2015

Sérgio Tavares Rebelo
Born on 29 October 1959
- Member of the Board of Directors since April 2013
- Chairman of the Audit Committee since April 2016

Company Secretary:
Ana Luísa Abreu Coelho Virgínia

Substitute:
Carlos Miguel Martins Ferreira

Board of the Shareholders' Meeting

Chairman:
Abel Bernardino Teixeira Mesquita

Secretary:
Nuno de Deus Pinheiro

* Appointed on 6 April 2017.

WHERE WE ARE

1.3.2. Business Structure

Food Distribution

POLAND
- Biedronka – Neighbourhood stores – *100%*

PORTUGAL
- Pingo Doce – Supermarket – *51%*
- Recheio – Cash & Carry – *100%*
- **Jerónimo Martins Agro-Alimentar** – Agribusiness

COLOMBIA
- Ara – Neighbourhood stores – *100%*

Specialised Retail

POLAND
- Hebe – Drugstore – *100%*

PORTUGAL
- Jeronymo – Coffee Shops – *100%*
- Hussel – Chocolates and Confectionery – *51%*

FINANCIAL INDICATORS

SALES

€16,276 M

EBITDA

€922 M

EBITDA MARGIN

5.7%

JERÓNIMO MARTINS SHARE

€16.20

(31/12/2017)

SHARE YTD 2017

+ 9.9%

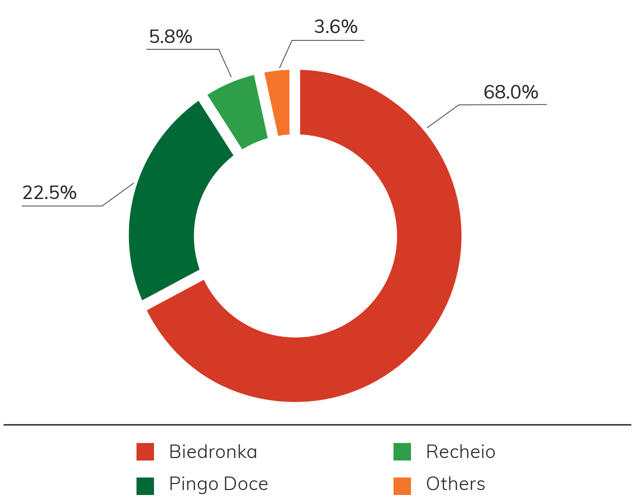
MARKET CAP

€10,200 M

PRE-TAX ROIC

29.7%

Sales by Business Area 2017



EBITDA by Business Area 2017

(Million euros)

	EBITDA	Total
Biedronka	805	87.3%
Pingo Doce	188	20.4%
Recheio	50	5.5%
Others	-122	-13.2%
JM	**922**	**100%**

2. STRATEGIC POSITIONING

The Group offers proximity and convenient food solutions for all consumers, at very competitive prices.

2.1. Mission

Jerónimo Martins is an international Group with its head office in Portugal, operating in the food area, essentially in the Distribution sector, aiming to satisfy the needs and expectations of its stakeholders and the legitimate interests of its shareholders in the short, medium and long term, while simultaneously contributing towards the sustainable development of the regions in which it operates.

As key pillars for its mission and within the scope of its approach to Corporate Responsibility, Jerónimo Martins adopts continuous and sustainable value creation and growth.

Jerónimo Martins' Corporate Responsibility focuses on its contribution towards improving the quality of life in the communities where the Group operates, by providing healthy products and food solutions, being actively responsible in its purchases and sales, defending human rights and working conditions, stimulating a more cohesive and balanced social structure, and respecting the environment and natural resources.

2.2. Strategic Vision

Creating Value and Growth

The Group's strategic guidelines for creating value are based on four aspects:

1. continuous promotion of sustainable growth;
2. careful risk management to preserve the value of its assets and to reinforce the robustness of its balance sheet;
3. maximisation of the effect of scale and synergies;
4. fostering of proposals for differentiation to ensure competitive advantages.

These four aspects aim to accomplish the following strategic objectives:

- to achieve and consolidate a leadership position in the markets where it operates;
- to build and develop strong and responsible banners and brands;
- to ensure balanced growth of sales and profitability of its business units.

In pursuing these objectives, the Group Companies carry out their activities using the following guidelines:

- reinforcing the importance to the customer/consumer, in addition to guaranteeing price competitiveness;
- improving their operational efficiency;
- incorporating technological developments;
- identifying opportunities for profitable growth.

2.3. Operational Profile

Our operational positioning reflects a clear, value food retail approach, focused on value and strategically geared towards mass-market.

The Group offers proximity and convenient food solutions for all consumers, at very competitive prices, which requires operating with maximum efficiency and lean cost structures. All our value propositions are marked by strong differentiation in three essential aspects: the variety and quality of fresh food, strong private brands, and a quality store environment.

The success of our formats is leveraged on our market leadership, which within a mass-market approach, is linked to relevant size, and is essential for creating economies of scale that enable us to increase the efficiency of our logistics and operations. That is the only way to offer the best prices and boost notoriety and trust, so essential for building lasting relationships with strategic business partners and with our consumers.

3. AWARDS AND RECOGNITION

We present some of the awards and recognitions that the Group obtained during 2017.

Corporate

- Jerónimo Martins stands in 56th place in the "Global Powers of Retailing 2018" ranking, its best position ever in this annual survey by Deloitte, having risen eight places compared to the 64th place recorded in the previous edition;
- The Group was included in the **FTSE4Good Global Index** and **FTSE4Good Europe Index**, which identify the best companies at managing sustainability risks through commitments they have taken on and activities carried out when running their businesses;
- In recognition of its good performance, the Group was confirmed on the **STOXX ESG** and **STOXX Sustainability** indices, more specifically the **STOXX Global ESG Environmental Leaders**, the **STOXX Europe Sustainability** and the **EURO STOXX Sustainability**, which represent the companies that are the world leaders in social, environmental and governance matters;
- Jerónimo Martins was also acknowledged by remaining on the **Ethibel Excellence Investment Registers** and the **Ethibel Sustainability Index Excellence Europe**, which highlight the companies with the best performance in sustainable and ethical investments;
- The Group also maintained its inclusion in the **Euronext Vigeo Index: Eurozone 120**, an index which distinguishes the companies with the best performance in over 300 indicators regarding social, environmental and governance aspects;
- In 2017, besides remaining in the **MSCI ACWI ESG Leaders** and **MSCI ACWI SRI i**ndices, which represent companies with a high performance in social, environmental and governance areas, the Group achieved an AA rating, just one level away from the leadership threshold;
- **"Best Investor Relations Officer"** award (Cláudia Falcão), given at the 30th edition of the Investor Relations & Governance Awards, promoted by the consultants, Deloitte;
- Jerónimo Martins Polska won 2nd place in **The Most Valuable Polish Brand 2016** ranking, attributed by the "Rzeczpospolita" newspaper;
- For the second year running, Jerónimo Martins Polska achieved 2nd place in the **500 Biggest Companies** list, recognized by the "Rzeczpospolita" newspaper;
- Jerónimo Martins Polska was classified in 2nd place in the **Most Patriotic Companies in Poland Index**;
- Jerónimo Martins Polska won 2nd place in the list of the **1,000 Biggest Companies in Poland**, in terms of sales, compiled by "Gazeta Finansowa";
- Jerónimo Martins Polska is among the 10 top **Responsible Companies** in the ranking compiled by "Dziennik Gazeta Prawna";
- Jerónimo Martins Polska was acknowledged by the publication "Polityka Weekly", with the **White Leaf 2017** of "Corporate Social Responsibility", for the work it carried out in projects promoting and implementing Sustainable Development Goals, regarding Reformulations and Nutrition;

- Jerónimo Martins Polska was awarded by the "Forum Odpowiedzialnego Biznesu", at the 15th edition of the **Responsible Business Forum Report**, for its best practices in reporting on Sustainability, regarding the Environment and Support to Surrounding Communities;
- Jerónimo Martins Polska won 4th place in the Biggest Companies in Central and Eastern Europe ranking – **"TOP 500 CEE"** – attributed by the Coface Group and the "Rzeczpospolita" newspaper;
- Jerónimo Martins Polska won 1st place in the **"Effie Awards"**, in the Retail category, with the "Gang Świeżaków 2" campaign;
- Jerónimo Martins Colombia was nominated at the **Premios Portafolio**, in the category for best "Human Resources Management", attributed by the daily newspaper, "Portafolio";

Biedronka

- Biedronka was recognised as **Retailer of the Year 2016 – Selected by Suppliers**, an initiative of "AC Nielsen Polska";
- Biedronka received the title **Consumer Quality Leader 2017**, awarded within the scope of the Polish Quality and Service Programme;
- Biedronka won 1st place among **The Media's Most Popular Retail Companies**.

Pingo Doce

- Three ads in Pingo Doce's campaign "Make Your Table a Better Place" took the first three places in the **YouTube Ads Leaderboard** in Portugal, during February;
- Within the scope of the 28th edition of the "500 Biggest & Best 2017", Pingo Doce was awarded in the category **"Greatest Contribution towards Employment"**. Between 2014 and 2016, the Company stood out with regard to creating jobs in Portugal, taking on an additional 3,080 employees. This award is promoted every year by the magazine "Exame", in partnership with Informa D&B and Deloitte, with the objective of acknowledging the major companies in Portugal that make a positive contribution towards the domestic economy;
- 11 Pingo Doce Private Brand wines received 19 medals in three international wine contests:
  - Decanter World Wines Event contest – 10 medals received, with a special note for the Vinho do Porto LBV Tinto Pingo Doce 75cl, which earned a **Platinum Medal**;
  - Wine Challenge International Contest – eight medals received, with a special note for the Vinho do Porto 10 Anos Pingo Doce 75 cl and the Vinho Douro Reserva Tinto Pingo Doce Edição Limitada 75 cl (2016 harvest), both awarded with **Silver Medals**;
  - Concours Mondial De Bruxelles contest, where the Vinho Palmela Reserva Tinto 75 cl (2014 harvest) received the **Silver Medal**;
- The Pingo Doce brand was awarded at the Vertex Awards 2017, where the awards received in the Popcorn range (**Gold**) and Babycare range (**Silver**) should be highlighted.

Recheio

- For the third year running, Consumer Choice – Centro de Avaliação da Satisfação do Consumidor awarded Recheio the **Choice of the Professionals** seal, in the "Wholesale Distribution" category.

Hebe

- In the "Drugstore" category, Hebe won the "Most Customer-Friendly Company" award, attributed by Polski Program Jakości Obsługi;
- The professional cosmetics magazine "Wiadomości Kosmetyczne" gave Hebe three "**Drogeria Roku**" awards, in the "Assortment", "Trends" and "Store Layout" categories.

WHAT WE DID

A year of accelerated growth

In 2017, we have shown that the best way of celebrating 225 years of history is to further invest in the growth of our businesses in Portugal, Colombia and Poland, while strengthening our market positions and maintaining our financial balance unchanged.

2

1. KEY FACTS OF THE YEAR

We have kept the growth as first and absolute priority and strengthened the investment in our operations.

Biedronka

- Opening of 121 stores, ending the year with 2,823 locations
- Refurbishing of 226 stores
- Opening of the 16th Distribution Centre in Gorzow, reinforcing the logistics capacity of the Western area of Poland
- Moja Biedronka loyalty card registered in excess of six million cards

Pingo Doce

- Opening of 10 stores, four of which under third-party management agreements, closing the year with 422 locations
- Refurbishing of 23 stores
- Inauguration of the Group's biggest Distribution Centre in Alfena, in the North of Portugal
- Launch of the Pingo Doce App, whose main functionalities include searching, viewing and selecting the in-store promotions

Hebe

- Opening of 30 stores, ending the year with a total of 182 locations
- Hebe's loyalty programme approached 2.5 million members
- Rebranding of all the pharmacies to HebeApteka

Recheio

- Opening of a store in Gaia, to add to the 38 already in existence and four platforms, three of them related to Food Service
- Relocation of the Porto Logistics Platform to Guardeiras, to reinforce the service to the HoReCa channel
- Inclusion of 29 stores in the Amanhecer concept, ending 2017 with a total of 314 stores in the network

Jerónimo Martins Agro-Alimentar (JMA)

- Continuation of the building and installation of processing equipment in the new Dairy factory in Portalegre, which is planned to open in 2018
- Acquisition of two farms, furnishing greater capacity to the Angus beef fattening operation
- First sea bass capture in Sines and start of gilt-head bream production in Madeira

Ara

- Opening of 169 stores, ending the year with 389 locations operating in three regions of Colombia

Jeronymo and Hussel

- Opening of three Jeronymo stores
- Refurbishing of four Hussel stores to adapt to the new concept

2. ENVIRONMENT IN 2017

The Food Retail market grew in all geographies where we are present.

2.1. Poland

Macroeconomic Environment

Once again, the Polish economy achieved robust growth, which stood at 4.6% in 2017 (+2.9% in 2016). Domestic demand was the main growth driver, also sustained by the subsidies within the scope of the "Family 500 plus" programme, whereby families were attributed 500 zlotys per month and for each child (excluding the first child, in higher income families) as well as by the decrease in unemployment, combined with the substantial increases in salaries. Investment recovery, which can mainly be explained by the increase in funds from the European Union, was another contributing factor towards the country's economic growth.

The increase in demand for labour was partially accompanied by job offers. Unemployment reached historically low levels (7.3%), with an increasingly large number of employers reporting difficulties in hiring the necessary personnel, which caused a rise in salaries.

In 2017, the zloty recorded an average annual exchange rate[1] of 4.2539 against the euro, which represents an appreciation of 2.5% compared to the 4.3627 recorded in 2016. The year-end foreign exchange position also appreciated against the euro (+5.3%), with a 4.1770 and 4.4103 rate for 2017 and 2016, respectively.

The annual growth of the CPI remained moderate at 2.0%, notwithstanding the increasing pressure on domestic demand and the growth, albeit slower, of import prices. On the other hand, the price of food products increased significantly (+4.2% vs. 0.8% in 2016), driven firstly by domestic factors (decrease in the offer of fruit due to adverse weather conditions during spring) and then by the increase in the price of some products worldwide, namely milk, butter and eggs.

The price of non-food goods and the stable growth in the price of services contributed towards basic inflation remaining low (+0.7%).

Modern Food Retail

According to PMR Research, the Modern Food Retail market grew by 4.6% in 2017 (+4.2% in 2016), reaching in excess of 265 billion zlotys. This growth was prompted by the considerable increase in household disposable income, driven by the positive environment in the job market (an increase in employment and a significant growth in pay, supported by the substantial increase in the minimum wage) and by the partially delayed impact of the "Family 500 Plus" programme, launched by the Polish Government in mid-2016. This programme had a significant impact on private consumption, which grew by almost 5% in real terms, and on the structure of household spending. Households allocated the additional income not only to better meeting

[1] Average annual exchange rate determined by weighting the turnover of the Group's companies operating in this currency.

their needs in terms of essential goods, but to the purchase of electrical appliances, tourism, cars and to buying and repairing their homes. Equally, there was an increase in spending on entertainment, and also an increase in savings.

The projected growth for the sale of non-food products is 1.5 to 2 times higher than the forecast growth of food-based products. As such, it is not surprising that retail chains have placed greater importance on non-food products.

The strong competition and the changes in consumption patterns and consumer behaviour resulted in the increasing popularity of smaller-sized stores situated closer to where consumers live or work. Convenience stores became a popular format, which is where openings were concentrated and where many chains tested or planned to test formats that are better adapted to the increased consumer's convenience needs.

In the Food Retail sector there was still room for consolidation, the number of independent stores having decreased, in line with the trend of previous years. The market remained highly competitive, with the major organised retail chains leading the growth, but also with chains of small local stores and supermarkets continuing to have substantial representation.

The medium and long-term outlook is positive. Consumption should continue to rise alongside the increase in salaries, with a positive impact on Food Retail. However, for 2018, the main risk factor for the sector will be the ban on stores opening on Sundays. It is predicted that this restriction will start in March 2018, affecting two Sundays per month and that it will progressively be extended over the coming years, so that in 2020 it will only be permitted to open on seven Sundays in the year.

Health and Beauty Retail

According to PMR Research's projections, the Polish Health and Beauty market grew by 4.7%

in 2017 (+5.7% in 2016), reaching 23 billion zlotys. 2018 should see the same growth dynamics and post a similar pace, the market being estimated to reach 24.1 billion zlotys.

The good economic situation recorded in Poland in 2017 had a very positive impact on the development of the health and beauty market. The fall in unemployment, the increase in the minimum wage and the "Family 500 plus" programme contributed towards a significant improvement in the Polish population's purchasing power, which was reflected in the growth of private consumption in the country.

On the other hand, there were other non-economic factors that were relevant for the evolution of the cosmetics market in Poland, which were related to changes in consumer behaviour and to the activities of several players.

Consumers are increasingly demanding in their search for novelties, natural products, local brands and specialized products (professional range and dermo cosmetic products). Great value is also placed on convenient shopping and store services. On the other hand, social networks and bloggers as influencers and opinion leaders are gaining more and more importance, especially among the younger generations. The ageing population has also changed consumer behaviour with regard to buying more specialized and anti-ageing products.

The market remained very competitive, both regarding price and promotions. Simultaneously, the Discount stores continued to develop their offer in the hygiene and personal care product category, namely cosmetics.

In terms of expansion, a significant number of openings continued to take place.

Over the next five years, PMR predicts that the Health and Beauty market will continue to grow at an average rate of more than 4%, the products (their specifications) and price remaining the critical factors when it comes to consumer choice.

2.2. Portugal

Macroeconomic Environment

In 2017, GDP increased by 2.7%, the largest growth since 2000, benefiting from an economic expansion cycle that extended to all the countries in the euro zone, home to Portugal's main commercial partners, as well as from the very favourable evolution of the tourism sector.

According to the latest information from Banco de Portugal (December 2017), this growth was the result of an increase in domestic demand of 2.7% (+1.6% in 2016), reflecting the positive contribution from private consumption (+2.2% vs. +2.1% in 2016) and the strong growth in investments (+8.3% vs. +1.6% in 2016). The increase in private consumption was essentially recorded in durable goods, while the boost in investments was in construction, machinery and equipment, and transport material.

Simultaneously, exports posted a significant growth of 7.7% (4.1% in 2016), with substantial gains in market share, where of particular note is the positive contribution from tourism and the automotive sector, boosted by the increase in its

productive capacity. At the same time, imports picked up, growing 7.5% after a more modest growth in 2016 (+4.1%), influenced by the increase in the prices of energy, mostly in the first half of 2017, and of other commodities in the second half of the year.

The level of consumer confidence continued to improve, as a result of a certain increase in actual disposable income, the progressive improvement in the job market and the continued favourable financing conditions.

Regarding the job market, employment evolved very favourably, with the unemployment rate dropping to 8.9% (+11.2% in 2016).

Inflation stood at 1.4%, considerably higher than the 0.6% in 2016, as a result of the rise in the price of imports and the slight increase in unit labour costs. Food prices increased by 1.5% (+0.5% in 2016).

In 2017, the deficit should have stood at around 1.2% of GDP (+2.0% in 2016), below the target of 1.5% set by the European Commission. This reduction is mostly due to the economic recovery, the fall in interest expenses and lower than budgeted public investment. Nevertheless, despite this reduction, in the medium term, there are risks of budgetary instability as a result of the increase in interest rates which, with Portugal's level of public debt, could mean a strong increase in annual interest expenses.

Modern Food Retail

In 2017, the Food Retail market recorded a positive evolution both in Specialized Establishments and in Non-Specialized ones, with a 4.1% growth in sales keeping broadly the same evolution as the previous year.

The competitive environment continued to be highly challenging, with intense levels of promotional activity, as was the case in the previous years. The pace of expansion of new Food Retail stores was also maintained, in particular in the proximity formats, as well as the refurbishment of the existing store network.

In 2018, consumer behaviour should confirm the trend of the last few years, reinforcing their move towards convenient solutions that facilitate their daily routine and towards more conscious consumption with regard to the impact on their health and well-being. On the other hand, consumers will remain focused on rationalising their shopping, and so price/promotion will continue, therefore, to be a critical factor when choosing their favourite store.

Wholesale Market

During 2017, the turnover of the Cash & Carry operators in Portugal recorded a positive trend (+8.4%, according to TSR Nielsen – Cash & Carry Market), which was helped decisively by the dynamics in the HoReCa channel.

Growth in this channel naturally reflects the excellent performance of the tourism sector. According to INE (Portuguese National Statistics Institute), in the months from January to November 2017, the number of guests in hotels and other types of accommodation increased by 8.7%.

The competitive environment continued to be highly challenging, with intense levels of promotional activity.

The network of wholesale stores remained stable, while of particular note is the opening of a new Recheio store in Vila Nova de Gaia.

It should also be noted that Garcias (a company specialized in selling wines and spirits) opened its 6th establishment in 2017.

Regarding Traditional Retail, we would highlight the (re)opening of 29 stores with the Amanhecer brand and the continuity of the opening of Meu Super stores, thereby reinforcing the proximity positioning of both chains operated by small retailers, all across the country.

It is predicted that the wholesale market will continue to perform well in 2018, with a positive impact from tourism.

2.3. Colombia

Macroeconomic Environment

In 2017, economic growth in Colombia softened compared to the previous year, with GDP posting an increase of 1.5%, the lowest since 2009. This evolution reflected the significant reduction in consumer confidence, largely explained by the adverse effect of the tax reform, which led to a sharp drop in consumption and in private investment.

The more accentuated than expected slowdown in economic growth caused a greater reduction in tax revenue than forecast by the Government, with significant impacts on the country's deficit, which meant that some of the planned structural public investments were postponed, such as investment in road infrastructures. Moreover, despite the very significant recovery of the coal price, the evolution of the oil price was lower than expected, with impacts on the trade balance and public deficit.

The external environment was also not the most favourable, with Latin America presenting very modest growth, combined with a backdrop of social tension.

The unemployment rate reflected the GDP growth slowdown, reaching 9.4% in 2017, 0.2 p.p. higher than in 2016 (+9.2% in 2016).

The average inflation recorded in 2017 stood at 4.3%, significantly below the 7.5% in 2016, but still higher than the Colombian Central Bank's target (+3.0%; ±1.0 p.p.). Even so, the lower inflation made it possible to reduce the reference interest rate by 275 basis points during the year (from 7.5% to 4.75%).

During 2017, the Colombian peso recorded an average appreciation against the euro of 1.3%.

An improvement to the Colombian economy is expected for 2018, supported by increased consumer confidence, as they should recover part of their purchasing power, due to the increase in VAT that already was incorporated in 2017 and, at the same time, due to lower inflation. In 2018, it is also anticipated that general elections will take place in March and presidential elections in May-June.

Modern Food Retail

The Colombian retail market showed timid growth in 2017, due to the negative influence of the tax reform, which had a strong impact on consumption and the confidence of Colombian households.

The Food Retail in Colombia grew again versus 2016, however at a slower pace than in the previous year, with Traditional Retail and Independent Supermarkets recording a relatively stable evolution and Modern Organized Retail growing in comparison to the previous year.

The number of openings in 2017 was led by the Discount format, where over 500 stores opened. There were other types of formats opening up, although to a much lesser extent, and some closures mainly due to the integration in other retail companies.

The weight of the sales of the Discount stores in Modern Food Retail increased to 13%, considering Nielson base analysis, benefiting from consumers being more price-oriented in an environment of lower economic growth. The pace of this format's expansion also contributed towards the evolution recorded.

In 2017, the Colombian Central Bank's reduction of the reference interest rate several times from 7.5% in 2016 to 4.75%, made it possible to partially offset the slowdown in household consumption.

For 2018, we should continue to a see a significant growth in the Discount format, which should also gain presence in the proximity market.

Sources:
Eurostat; Bank of Portugal Economic Bulletins; Portuguese Ministry of Finance; Portuguese National Statistics Institute (INE); National Bank of Poland Economic Bulletins; Central Statistical Office (GUS); Banco de la República (Colombian Central Bank); Colombia National Administrative Department of Statistics (DANE); Planet Retail; TNS; Nielsen and PMR Research.

3. GROUP PERFORMANCE

Each banner ensured the necessary investments, ending 2017 with stronger and more competitive models.

3.1. Strategic priorities for 2017

The Group's major strategic priorities have been sales growth and increased market shares in each of the countries where we are present.

In 2017, Jerónimo Martins maintained growth as its number one top priority and reinforced the investment in its Operations in order to continue achieving a balance between sustainable growth and profitability, both in the short and the medium-long term.

As such, each business area focused its attention on improving their respective value propositions for the consumer through i. the attractiveness and innovation of the in-store offer; ii. price positioning; iii. remuneration and compensation of the teams and iv. improved store quality.

In general, the defined strategies and objectives were implemented and achieved by the Management Teams while being duly monitored by the Board of Directors, which oversaw the management's activities without any constraints.

To face the opportunities and challenges in the various markets, each banner ensured the necessary investments, ending 2017 with stronger and more competitive models.

3.1.1. Biedronka – Reinforcing the preference of an increasingly demanding consumer

In Poland, the consumption environment and the respective prospects for development remained favourable, resulting in a very positive evolution of the food basket.

Within this environment, Biedronka identified a series of opportunities for sales growth and for reinforcing its market position, which it was able to seize, challenging the boundaries of its business model without ever jeopardising it. This was to maintain its cost-efficiency, which enables it to simultaneously sustain growth and profitability.

In such a framework, and throughout 2017, the continuous improvement to the assortment, the further price opportunities, the quality of the stores and the services provided by the teams, were areas where Biedronka made investments. These investments, which were structurally carried out throughout the Company, were essential for achieving the sales target, but also for preparing the Company to continue growing within an environment which is expected to continue presenting important opportunities.

The improvement to the quality of the offer available in the stores, in line with what has been done over the last few years, was given the utmost attention, both regarding the permanent assortment, with the quality evolving in line with the trading up recorded in the market, and also regarding the in&out food campaigns where the banner invested as a way of complementing the basic assortment, bringing increased innovation and appeal.

Competitive price positioning and the customers' perception of it are essential pillars of Biedronka's competitive advantage. As such, the banner successfully managed to balance direct investment in price with promotions that are important to the consumer, besides innovatively working a product offering, which while not part of the regular assortment, was provided through campaigns, at a very attractive price.

Among the various actions, of particular note were the times of the year in which Biedronka was at the fore by promoting essential products in the Polish households' basket at times when they had peaks in inflation. This alignment with consumer needs was recognized and reflected in the sales growth.

The store environment, the adjustment to its layout, the type of equipment and lighting, among others, are parts of the shopping experience with a direct contribution towards sales, besides being critical for the efficiency of the operations. The refurbishment programme, which covered more than 220 stores, is one of the crucial aspects for ensuring Biedronka's sustained growth, making it possible to improve the offer and the shopping experience while protecting the efficiency demands of the business model.

Finally, a reference to the asset that made the biggest contribution towards the success of this strategy for winning the Polish consumer's preference – the teams. Regarding the distribution centres, and the stores, it is the people who successfully deliver the defined strategy and they are the ones who ensure the levels of service, quality and efficiency at all levels of the operation. The review of the remuneration packages, together with a series of important benefits, alongside a group of internal social responsibility initiatives are also a fundamental part of the investment in Biedronka's value proposition.

Competitive price positioning and the customers' perception of it are essential pillars of Biedronka's competitive advantage.

3.1.2. Pingo Doce – Maintaining growth in a maturing market

In Portugal, the Food Retail environment remained challenging and consumers continued to be promotion-driven. In addition to this already complex operating environment there was also the continuous expansion of the installed capacity in proximity food retail, with the opening of new stores.

With a strong market position and renowned differentiation in Perishables, Private Brand and its shopping experience, Pingo Doce continued to invest heavily in promotions, where it also focused its innovation efforts, on these three strategic pillars.

As such, the Private Brand assortment was strongly boosted in terms of innovation, with launches and improvements in its various categories.

The full refurbishment of 23 stores, not only reinforced the quality of the shopping experience, but also contributed significantly to the visibility and quality of the perishables handling operation, where new products were also launched throughout the year.

Finally, in October, the Company began reviewing the remuneration packages, in clear recognition of the important part the teams play in delivering a quality value proposition, but also as an important step in investing in increasing levels of efficiency and service quality.

3.1.3. Ara – Building the foundations of its growth

After entering its third geographic region – Bogota – in September 2016, Ara is aware of the need to work on adapting locally to each region, with implications on part of the assortment offered, as well as on the commercial strategies and marketing. Furthermore, the Company recognizes the extent of the opportunity that the proximity market represents in Colombia and the importance of the adjustment of its value proposition to take advantage of that opportunity.

In this context, 2017 was a pivotal year for Ara, which consolidated the investment that began in 2016 to reinforce the various teams, building expansion capacity and accelerating the store openings to more than the double of the previous year.

This investment has given the Company an important execution momentum for the future, in a phase in which gaining relevance for the Colombian consumer continues to be a challenge that the Company is prepared to face.

3.2. Execution of the Investment Programme

As mentioned, when executing the growth strategy, the investment in new stores goes hand-in-hand with the investment in improving the quality and efficiency of the current store network. It is this investment in refurbishing and renovating that enables us to ensure the sustainability of the like-for-like, as well as the leadership in terms of consumer preference.

In 2017, the Group's investment was 724 million euros, of which 51% was allocated to expansion (new stores and Distribution Centres), the rest having been largely allocated to comprehensive refurbishing projects for the existing store network.

At Biedronka, the investment plan for the year reached 354 million euros (49% of the Group's total capex), including 121 store openings, 226 refurbishings and a new distribution centre that was inaugurated in October.

(million euros)

	2017			2016		
Business Area	**Expansion[1]**	**Others[2]**	**Total**	Expansion[1]	Others[2]	Total
Biedronka	**113**	**241**	**354**	53	180	233
Stores	88	222	310	51	170	221
Logistics & Head Office	25	19	44	2	10	12
Pingo Doce	**32**	**70**	**102**	75	62	137
Stores	17	66	83	33	59	92
Logistics & Head Office	16	3	19	42	3	45
Recheio	**13**	**15**	**28**	8	13	21
Ara	**169**	**0**	**169**	64	0	64
Stores	129	0	129	59	0	59
Logistics & Head Office	40	0	40	5	0	5
Total Food Distribution	**327**	**326**	**653**	199	255	455
Hebe	**5**	**1**	**7**	5	2	6
Services & Others	**39**	**25**	**65**	10	11	21
Total JM	**372**	**352**	**724**	214	268	482
% of EBITDA	**40.3%**	**38.2%**	**78.6%**	24.9%	31.1%	56.0%

[1] New Stores and Distribution Centres.
[2] Revampings, Maintenance and Others.

Also in Poland, Hebe went ahead with its store opening plan, having added 30 locations to its store network.

In Portugal, Pingo Doce invested 102 million euros, covering 10 new stores, four of which managed under an agency contract. The banner also carried out 23 comprehensive refurbishings and 21 more minor ones, but which were important for improving the shopping experience and the efficiency of the store operations.

Within the context of the logistics re-scaling programme, in 2017, Pingo Doce inaugurated a new Distribution Centre in the northern region, making a fundamental improvement to the affected stores' coverage and service levels.

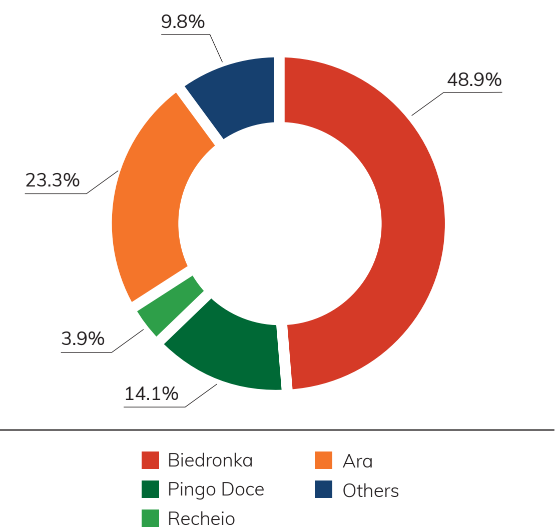
On the other hand, Recheio invested a total of 28 million euros, including the opening of a new store and, within the scope of a project for modernising the Food Service platforms, the relocation of the Porto platform which is now larger and better adapted to business opportunities.

Also in Portugal, in the agribusiness area, construction continued on the new dairy factory and two new Angus beef fattening farms were acquired.

In Colombia, Ara invested a total of 169 million euros. Regarding store openings, it inaugurated 169 locations, a huge increase in its capacity compared to the 79 openings that took place in 2016.

In 2017, Ara also invested in preparing additional logistics capacity, within the regions where it currently operates, which will enable it to increase its future logistics capacity and efficiency.

Investment by Business Area



(million euros)

	New Stores		Revampings [1]		Closed Stores	
	2017	2016	**2017**	2016	**2017**	2016
Biedronka	**121**	83	**226**	221	**20**	28
Pingo Doce	**10**	14	**23**	21	**1**	0
Recheio	**1**	1	**1**	1	**0**	0
Ara	**169**	79	**0**	0	**1**	0
Hebe	**30**	26	**0**	5	**1**	7
Other Businesses[2]	**9**	5	**4**	2	**3**	4

[1] Only includes the revampings that implied the closing of the food selling area, with exception for Recheio.
[2] Including the stores NewCode, Spot, Bem Estar, Refeições no Sítio do Costume, Fuel Stations, Jeronymo and Hussel.

3.3. Consolidated Activity in 2017

3.3.1. Consolidated Sales

The Group's sales reached 16.3 billion euros in 2017, 11.3% higher than the previous year (+9.4% at constant exchange rates).

(million euros)

	2017		2016		Δ %		LFL
		% total		% total	w/o F/X	Euro	
Sales & Services							
Biedronka	**11,075**	**68.0%**	9,781	66.9%	10.4 %	13.2%	8.6%
Pingo Doce[1]	**3,667**	**22.5%**	3,558	24.3%		3.1%	1.0%
Recheio	**942**	**5.8%**	878	6.0%		7.2%	6.2%
Ara	**405**	**2.5%**	236	1.6%	71.8%	72.0%	n.a.
Hebe	**166**	**1.0%**	122	0.8%	32.3%	35.7%	n.a.
Others & Cons. Adjustments	**20**	**0.1%**	46	0.3%		n.a.	n.a.
Total JM	**16,276**	**100%**	**14,622**	**100%**	**9.4%**	**11.3%**	**6.6%**

[1] Includes stores sales and fuel

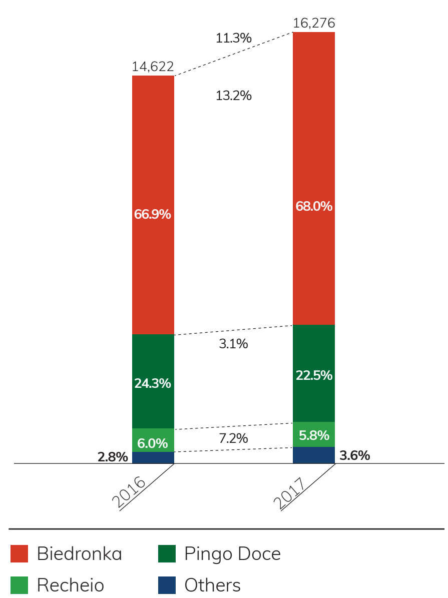
In Poland, there was a favourable consumption environment throughout the year, with a positive impact on the food sector. Food inflation in the country was 4.2%, being this price evolution driven by sharp peaks in the prices of various important products over the course of the year.

Biedronka's strategic priority – sales growth – remained unchanged and was driven by the banner's ability to create opportunities in a dynamic market.

Consumers' demand for improving their food basket led to a trading up in consumption, which Biedronka addressed by continuously improving its assortment and by carrying out innovative in&out campaigns throughout the year.

Consolidated Sales

(million euros)



Aware that price continues to be of key importance to the Polish consumer, Biedronka seized the opportunities created by high inflation in some products and strategic categories, reinforcing price perception and generating additional sales.

Every quarter posted a remarkable exceptional delivery of LFL growth. During the year, LFL was 8.6% and drove total sales to increase by 13.2% (+10.4% in local currency), to 11.1 billion euros.

As planned, Biedronka increased its total store network by 101 stores (121 opening during the year), ending 2017 with 2,823 locations.

With an improved value proposition, Hebe had a good sales performance, which stood at 166 million euros, 35.7% ahead of 2016 (+32.3% at a constant exchange rate). The banner opened 30 stores during the year, ending 2017 with a total network of 182 locations.

Food inflation in Portugal stood at 1.5%. After the accentuated slowdown to 0.6% seen in the 3rd quarter (and which was driven by some seasonal perishables), food inflation in the 4th quarter evolved to 2.0%.

The consumption environment in the country, although still demanding, showed some dynamism.

Pingo Doce took advantage of this improvement to boost its intense commercial activity, achieving a solid LFL sales growth of +1.0% for the year.

The Group's sales reached 16.3 billion euros in 2017, 11.3% higher than the previous year.

This growth, together with the opening of 10 stores (9 net additions) in the year, resulted in sales of 3,667 million euros, 3.1% higher than the previous year, which enabled Pingo Doce to close 2017 with a reinforced market position.

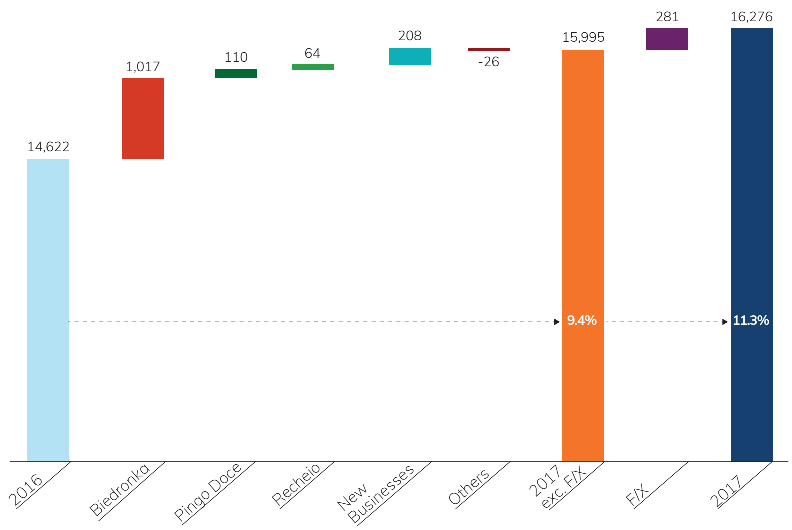
Recheio consistently performed above its market throughout the year, taking advantage of a well-positioned value proposition and a more favourable environment, which led to a LFL growth of 6.2% for 2017. Total sales increased by 7.2% to 942 million euros.

In Colombia, food inflation stood at 2.6%. Although consumer confidence was negative during the year, there began to be signs of trend towards improvement as from April.

Ara reached sales of 405 million euros, 72.0% ahead of the previous year (+71.8% at a constant exchange rate). The Company's main priority for 2017 was to work on its capacity to accelerate the network expansion. Through this investment, it was possible to open 169 stores in the year, 77 of which during the 4th quarter.

Contribution to Consolidated Sales Growth

(million euros)



3.3.2. Consolidated Operating Results

(million euros)

	2017		2016		Δ%
		%		%	
Net Sales and Services	**16,276**		14,622		**11.3%**
Gross Margin	3,458	21.2%	3,113	21.3%	11.1%
Operating Costs	-2,536	-15.6%	-2,251	-15.4%	12.7%
EBITDA	**922**	**5.7%**	**862**	**5.9%**	**7.0%**
Depreciation	-331	-2.0%	-294	-2.0%	12.4%
EBIT	**591**	**3.6%**	**568**	**3.9%**	**4.2%**

The ambition for profitable growth led to combined focus on sales and operational efficiency, maintaining a virtuous circle, where the good LFL performance is the result of managing the mix, which means that new growth opportunities can be created while protecting the efficiency of the competitive advantage.

Consolidated EBITDA stood at 922 million euros, a growth of 7.0% compared to the previous year (+4.7% at constant exchange rates).

(million euros)

	2017		2016		Δ%
		%		%	
Biedronka	805	87.3%	707	82.1%	13.8%
Pingo Doce	188	20.4%	192	22.2%	-1.6%
Recheio	50	5.5%	47	5.5%	6.7%
Others & Cons. Adjustments	-122	-13.2%	-84	-9.8%	44.3%
Consolidated EBITDA	**922**	**100%**	**862**	**100%**	**7.0%**

This performance was achieved in a year of significant investments in Colombia and also in Biedronka and Pingo Doce's value propositions, regarding their price positioning and the quality of the stores and teams.

The Group's EBITDA margin was 5.7% (5.9% in 2016).

When excluding the dilution caused by the losses at Ara and Hebe, EBITDA grew by 9.0% and reached a margin of 6.4%.

Biedronka posted an EBITDA of 805 million euros, an increase of 13.8% compared to 2016 (+11.0% at a constant exchange rate). This performance was the result of delivering a solid LFL sales growth, achieved through efficient management of the marketing mix – assortment, price, promotions in&out campaigns and advertising – together with a watchful eye on the operating standards needed to maintain the efficiency of the cost structure.

Biedronka's EBITDA margin was 7.3%, broadly in line with the previous year.

Pingo Doce generated an EBITDA of 188 million euros, 1.6% below that posted in 2016. The respective margin was 5.1%, a decrease from the 5.4% posted in the previous year, essentially, reflecting the banner's decision to carry out a review of its teams' salary packages in 2017.

Recheio posted an EBITDA of 50 million euros, 6.7% higher than 2016, with the respective margin coming in at 5.3%, broadly in line with 2016. The growth in EBITDA was the result of a very good sales performance and control of the levels of efficiency while investing in sales.

Together, Ara and Hebe posted EBITDA losses of 85 million euros (62 million euros in 2016), Ara having been responsible for around 88% of the total.

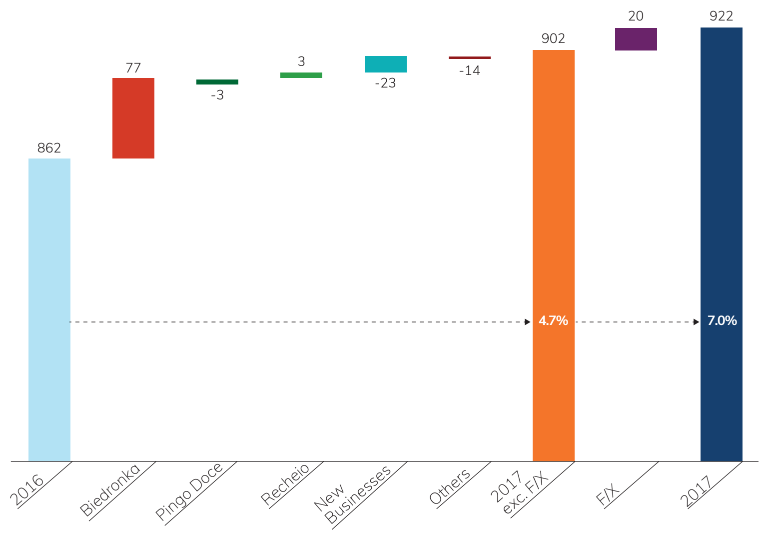
The increase in Ara's costs comes as a result of its decision, announced in the 3rd quarter of 2016, to accelerate its future expansion capacity, namely by reinforcing the team, which took place in 2017.

Regarding Hebe, as planned, and as a result of the good sales performance and evolution of the management of the respective mix, the losses generated remained on a downward trend.

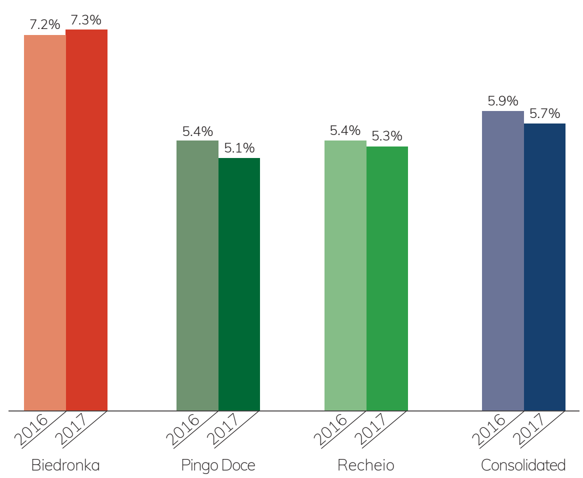
It was the sales performance at all the banners that was the basis for the growth in consolidated EBITDA, so that the previously anticipated inflation in costs, namely staff costs, could be offset.

Contribution to Consolidated EBITDA Growth

(million euros)



EBITDA Margin



3.3.3. Net Consolidated Results

(million euros)

	2017		2016		Δ%
		%		%	
EBIT	**591**	**3.6%**	568	3.9%	4.2%
Net Financial Results	-12	-0.1%	-17	-0.1%	-29.9%
Profit in Associated Companies	0	0.0%	10	0.1%	n.a.
Other Profits/Losses	-14	-0.1%	184	1.3%	n.a.
EBT	**565**	**3.5%**	744	5.1%	-24.1%
Taxes	-152	-0.9%	-130	-0.9%	17.1%
Net Profit	**413**	**2.5%**	614	4.2%	-32.8%
Non Controlling Interest	-27	-0.2%	-21	-0.1%	29.6%
Net Profit attr. to JM	**385**	**2.4%**	593	4.1%	-35.0%
EPS (€)	0.61		0.94		-35.0%
EPS without Other Profits/Losses (€)	**0.63**		0.62		0.3%

Net results attributable to Jerónimo Martins were 385 million euros.

Excluding the contribution from Monterroio disposal in 2016, the net results had a year-on-year growth of 6.7%.

Other profits/losses amounted to –14 million euros, including, among other things, the closure of a warehouse in Portugal, impairments and write-off and restructuring costs.

Net financial results were 12 million euros. The net interest presented a slight increase versus the previous year, reflecting the zloty and Colombian pesos debt, in line with the Group's risk management policy which ensures a natural hedging of the investment in each geography.

The good sales performance, with the continued focus on the efficiency of the models, together with an extremely robust balance sheet, made it possible to increase the net results, despite the further investments in Colombia.

3.3.4. Cash Flow

(million euros)

	2017	2016
EBITDA	**922**	862
Interest Payment	**-15**	-14
Other Financial Items	**0**	3
Income Tax	**-160**	-177
Funds From Operations	**747**	**673**
Capex Payment	**-662**	-433
Δ Working Capital	**168**	193
Others[1]	**-4**	285
Free Cash Flow	**249**	**718**

[1] Includes in 2016 €302 million from the proceeds of Monterroio sale.

Cash flow generated in the year reached 249 million euros. Comparing the same indicator in 2016 (adjusted for the sale of Monterroio), there was a reduction of 167 million euros due to the increase in the pace of expansion in Colombia and logistics investment in Poland, reflected in the 229 million euros increase in the Group's capex.

Working capital maintained a solid performance, remaining under careful scrutiny within the scope of the management of invested capital.

3.3.5. Consolidated Balance Sheet

(million euros)

	2017	2016
Net Goodwill	**647**	630
Net Fixed Assets	**3,639**	3,180
Total Working Capital	**-2,496**	-2,201
Others	**54**	46
Invested Capital	**1,843**	**1,656**
Total Borrowings	**529**	335
Leasings	**8**	4
Accrued Interest and Hedging	**4**	0
Marketable Sec. & Bank Deposits	**-712**	-674
Net Debt	**-170**	**-335**
Non Controlling Interests	**225**	253
Share Capital	**629**	629
Retained Earnings	**1,159**	1,109
Shareholders Funds	**2,013**	**1,991**
Gearing	**-8.5%**	**-16.8%**

At the end of 2017, the Group posted a net cash position of 170 million euros.

The robustness of the balance sheet is unquestionable, notwithstanding the increase in the Group's investment programme. It should be remembered that in May 2017, 380 million euros were paid out in dividends.

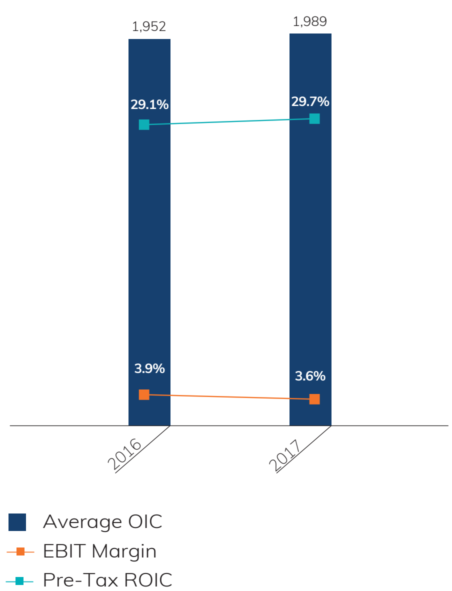
3.3.6. Return on Invested Capital

Return on invested capital, calculated on a Pre-Tax ROIC basis, was 29.7%.

The excellent sales performance and strict management of working capital made it possible to increase capital turnover compensating the increased investment in Colombia.

The very strong increase in the capital turnover at Biedronka was the major driver of the evolution of the Group's Pre-Tax ROIC. Pingo Doce and Recheio also posted a positive evolution of capital turnover.

Pre-Tax ROIC
(million euros)



3.3.7. Debt Breakdown

At the end of 2017, the Group had an excess liquidity with negative net debt reaching 170 million euros. It should be remembered that in 2016, net debt, which was also negative, incorporated the sale of Monterroio.

JMR's bond loan, which was issued in 2015 with a value of 150 million euros, matured in 2017, and was refinanced using bank loans of 100 million euros.

The indebtedness is composed by the currency from each geography, which reflects the favouring for natural coverage of the investment.

(million euros)

	2017	2016
Long Term Debt	232	112
as % of Total Borrowings	**43.8%**	33.3%
Average Maturity (years)	**2.4**	3.5
Bond Loans	0	0
Commercial Paper	0	0
Other LT Debt	232	112
Short Term Debt	298	224
as % of Total Borrowings	**56.2%**	66.7%
Total Borrowings	**529**	335
Average Maturity (years)	**1.4**	1.6
Leasings	8	4
Accrued Interest & Hedging	4	0
Marketable Securities & Bank Deposits	-712	-674
Net Debt	**-170**	-335
% Debt in Euros (Financial Debt + Leasings)	**24.3%**	44.2%
% Debt in Zlotys (Financial Debt + Leasings)	**44.8%**	27.8%
% Debt in Pesos (Financial Debt + Leasings)	**30.9%**	27.9%

3.3.8. Jerónimo Martins in the Capital Markets

Share Description		
Listed Stock Exchange		Euronext Lisbon
IPO		November 1989
Share Capital (€)		629,293,220
Nominal Value		€1.00
Number of Shares Issued		629,293,220
Symbol		JMT
Codes	ISIN	PTJMT0AE0001
	Reuters	JMT.LS
	Bloomberg	JMT PL
	Sedol	B1Y1SQ7
	WKN	878605

Jerónimo Martins' shares are part of 70 indices, the most relevant being the PSI20 (the reference index of the Euronext Lisbon), the Euronext100 and the EuroStoxx, among others, and are traded on 35 different platforms, mostly in the main European markets.

Capital Structure
For information on the structure of Jerónimo Martins' capital, see point 9. Management Report Annex, in this chapter.

PSI20 Performance
The Portuguese market's reference index – PSI20 – is composed by 18 shares, BPI and Montepio having stopped being part of it in 2017, while Ibersol and Novabase were included.

After an 11.9% devaluation in 2016, and having started the year on negative ground, as from the end of March the trend inverted and the PSI20 closed 2017 with an increase in value of 15.2%, to 5,388.33 points, having posted one of the most significant climbs among European indices. Of the 18 companies listed, only five posted a negative performance.

The index's good performance was in line with the evolution of the Portuguese economy and the improvement to the State's financing costs and the Republic's rating, which has a huge impact on the stock market.

The Portuguese stock market index was above the main European indices, with the WIG20 (Polish market reference index) posting the best performance in the year, with an appreciation of 26.4%.

Jerónimo Martins Share Price Performance

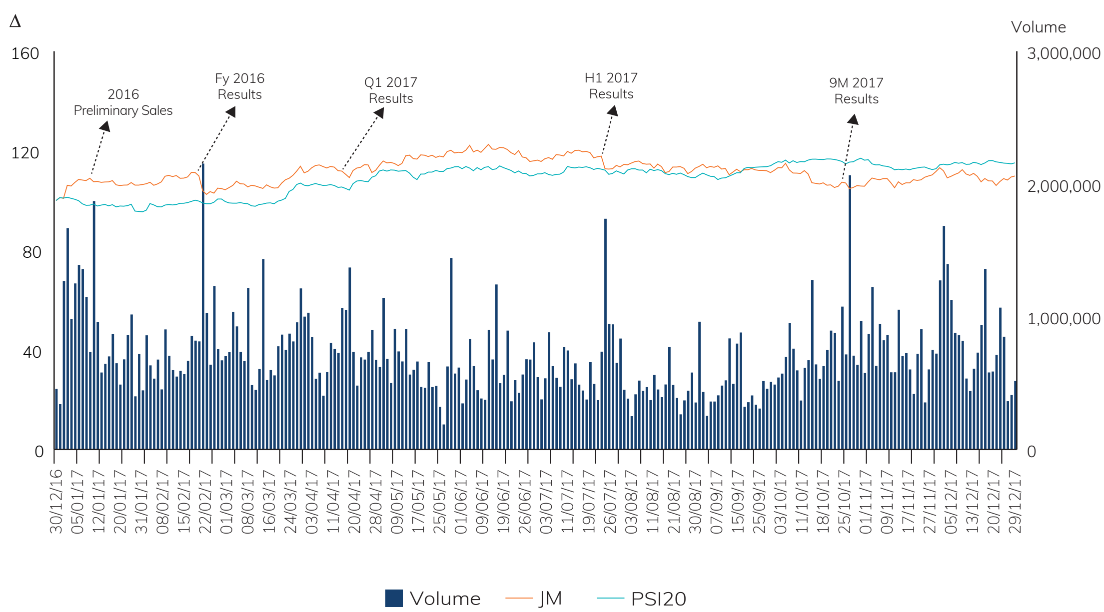
In 2017, the Jerónimo Martins share increased in value by 9.9%, after having posted a 22.9% price increase the previous year.

According to Euronext Lisbon, in 2017 Jerónimo Martins had the third highest market capitalisation, having closed the year with a relative weight of 10.5% in the PSI20. The Group closed 2017 with a market capitalisation of 10.2 billion euros versus 9.3 billion euros at the end of 2016. Jerónimo Martins is one of the three Portuguese companies to be part of the Euronext100, having maintained its weight of 0.4% in that index.

Jerónimo Martins' shares were among the most traded on the Euronext Lisbon, with around 182 million shares traded, meaning a daily average of around 715 thousand shares, at an average price of 16.456 euros (15.6% higher than that recorded in 2016). In terms of turnover, these shares represented the equivalent of 12.7% (three billion euros) of the overall volume of shares traded on the PSI20 index in 2017 (23.5 billion euros).

Jerónimo Martins' shares showed a more pronounced positive trend during the first half of the year, having recorded a minimum price of 14.88 euros on 3 January and a maximum price of 18.07 euros on 14 June and ending 2017 with a price of 16.20 euros, representing a 9.9% increase in value compared to the end of 2016.

Performance of Jerónimo Martins' shares



Analysts

In 2017, three research companies began covering Jerónimo Martins (Commerzbank, Macquaire and Natixis) and another five ended the coverage (Berenberg, BiG, Ipopema, Millennium Dom Maklerski, VTB Capital). At the end of the year, 31 analysts were following Jerónimo Martins: eight analysts issued a positive recommendation on the security, 15 issued a neutral recommendation and eight issued a negative recommendation.
At the end of 2017, the average price target of the analysts was 16.51 euros, which means an upside potential of 2.0% compared to the closing price on 31 December.

Analysts recommendation

Jerónimo Martins Financial Performance 2013-2017

(million euros)

	2017	2016	2015	2014	2013
Balance Sheet					
Net Goodwill	**647**	630	640	640	648
Net Fixed Assets	**3,639**	3,180	3,060	2,940	2,810
Total Working Capital	**-2,496**	-2,201	-2,001	-1,778	-1,686
Others	**54**	46	82	111	112
Invested Capital	**1,843**	**1,656**	**1,780**	**1,912**	**1,885**
Net Debt	**-170**	-335	187	273	346
Total Borrowings	**529**	335	658	714	688
Leasings	**8**	4	0	1	6
Accrued Interest	**4**	0	0	4	20
Marketable Securities and Bank Deposits	**-712**	-674	-471	-446	-368
Non Controlling Interests	**225**	253	252	243	236
Equity	**1,788**	1,738	1,342	1,396	1,304

(million euros)

	2017	2016	2015	2014	2013
Income Statement					
Net Sales & Services	**16,276**	14,622	13,728	12,680	11,829
EBITDA	**922**	862	800	733	777
EBITDA margin	**5.7%**	5.9%	5.8%	5.8%	6.6%
Depreciation	**-331**	-294	-294	-277	-249
EBIT	**591**	568	505	457	528
EBIT margin	**3.6%**	3.9%	3.7%	3.6%	4.5%
Financial Results	**-12**	-17	-26	-34	-39
Profit in Associated Companies	**0**	10	17	15	19
Other Profits/Losses[1]	**-14**	184	-20	-9	-4
EBT	**565**	744	475	429	503
Taxes	**-152**	-130	-117	-104	-111
Net Income	**413**	614	358	325	393
Non Controlling Interests	**-27**	-21	-25	-23	-10
Net Income attributable to JM	**385**	593	333	302	382

[1] Other Profits/Losses include the Other Operating Profits/Losses and Gains in Others Investments as presented in the Income Statement by Functions and detailed in the notes to Consolidated Accounts.

(million euros)

	2017	2016	2015	2014	2013
Market Ratios					
Share Capital (€)	**629,293,220**	629,293,220	629,293,220	629,293,220	629,293,220
Total Number of Shares	**629,293,220**	629,293,220	629,293,220	629,293,220	629,293,220
Own Shares	**859,000**	859,000	859,000	859,000	859,000
Free Float	**28.4%**	29.7%	31.7%	26.9%	32.0%
EPS (€)	**0.61**	0.94	0.53	0.48	0.61
Dividend per share (€)	**0.61**	0.27	0.62[1]	0.31	0.30
Stock Market Performance					
High (€)	**18.07**	16.35	13.81	14.25	18.47
Low (€)	**14.88**	10.92	7.70	6.98	13.61
Average (€)	**16.46**	14.24	11.84	10.94	15.51
Closing (End of year) (€)	**16.20**	14.74	12.00	8.34	14.22
Market Capitalisation (31 Dec) (€ 000.000)	**10,191**	9,276	7,548	5,245	8,945
Transactions (volume) (1,000 shares)	**182,115**	251,292	344,797	274,146	202,709
Annual Growth	**9.9%**	22.9%	43.9%	-41.4%	-2.6%
Annual Growth – PSI20	**15.2%**	-11.9%	10.7%	-26.8%	16.0%

[1] The value refers to the payment of a gross dividend of 0.245 euros per share, on May 07, 2015, regarding the distribution of 2014 results and to the distribution of free reserves corresponding to a gross dividend of 0.375 euros per share, paid on December 22, 2015.

4. PERFORMANCE OF THE BUSINESS AREAS

As a result of the strong performance of our teams, all the Group's Companies strengthened their market positions.

4.1. Food Distribution

4.1.1. Biedronka

Message from the Managing Director

Well supported by the new operations organization that had been implemented in the previous year, 2017 was a year in which we constantly challenged ourselves in order to satisfy an increasingly discerning consumer, and also to surprise them with convenient solutions and relevant purchasing opportunities. This attitude resulted in the continuous improvement of the permanent assortment and the seasonal offer, as well as in greater innovation regarding the non-permanent campaigns. The initiatives that were implemented strengthened Biedronka's positioning as the benchmark banner in the Polish Food Retail market and resulted in a significant growth in sales.

Everything that was done throughout 2017 was based on what are essential pillars of our competitiveness. While both price positioning and perception were reinforced through relevant promotions on products that are important to the Polish consumer, work began, and will continue, on the Private Brand, reviewing the image of the packaging and innovating at the level of the assortment in several categories.

Aware that the pace of the operation's delivery is only possible through the quality of our teams and our logistics infrastructure and operations, investments in both – through a fair and competitive salary policy and an ambitious refurbishing programme – were and will continue to be crucial for the Company.

We started 2018 with a strengthened market position, and also confident that as a team, we shall continue to work to maintain the dynamics of the operations and to harness the Polish consumers' preference.

2017 Performance

In Poland, the consumption environment remained positive throughout the year, continuing to benefit from a subsidy that has been allocated to families with more than one child since April 2016, in addition to the increase in the minimum national wage in January 2017, which has led to general increases in companies' salary packages.

In the Food Retail sector, the competitive environment remained particularly intense, with promotional campaigns gaining increasing importance in the various players' sales initiatives.

Biedronka started the year maintaining its focus on like-for-like growth unchanged within a consumption environment that, while favourable, is also geared towards the best opportunities for quality and innovation at the best price.

In the previous year, the Company had reorganized its teams, to work in a more streamlined way and centred on the Polish consumer, and so it capitalized on this new operational structure, fine-tuning the campaigns, at any given moment, to their preferences and needs.

In this context, importance continued to be placed on thematic campaigns, in order to bring about innovation and aspirational products, which were alluring and simultaneously made it possible to increase the basket. Around 40 campaigns were carried out over the course of the year.

The actions carried out with the permanent assortment also played an important part, particularly in view of the inflation recorded in some products that are essential to the Polish consumer and which Biedronka identified as clear opportunities to reinforce price positioning and perception, with very clear positive results in the LFL sales performance.

Investment in advertising increased, having been very carefully used as a driver of the campaigns created throughout the year. The loyalty card, launched in September 2016, has more than six million active users and has been progressively used by the Company as a means of increasing the notoriety of its commercial initiatives. The result of this ongoing focus on growth led to a 13.2% increase in the banner's sales, which reached 11.1 billion euros. In local currency, sales grew by 10.4%, driven by the LFL of 8.6% and by the store opening plan. Regarding the execution of the investment plan for the year, and besides the opening of 121 new locations, it is essential to highlight the store refurbishing plan, which included 226 locations in 2017.

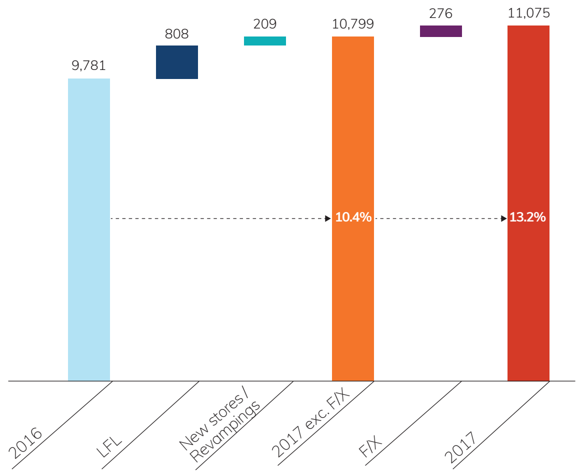
Biedronka believes that the investment in refurbishing is essential to reinforce the banner's competitive position in the market, enabling it to not only protect the levels of efficiency, but also to improve the shopping experience with a positive impact on LFL growth.

Focus on sales, combined with the operational discipline and efficiency protection, enabled the EBITDA margin to remain stable at 7.3%, despite the already expected pressure on costs, namely those related to staff.

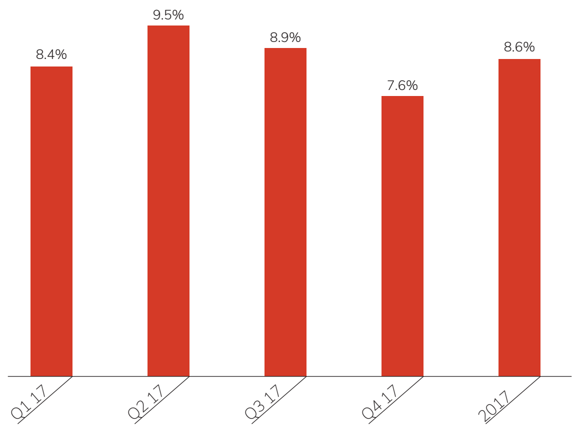
The EBITDA generated by the Company increased by 13.8% (+11.0% in local currency) to 805 million euros.

Biedronka – Net Sales

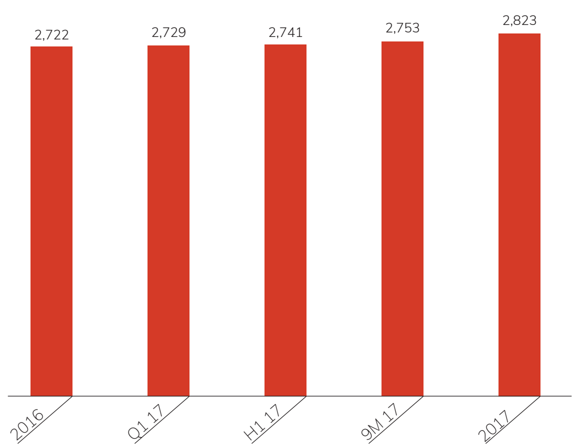
(million euros)



Biedronka
Like-for-like Sales Growth



Biedronka
Number of Stores



4.1.2. Pingo Doce

Message from the Managing Director

In 2017, Pingo Doce reinforced its position in the Food Retail market, increasing its market share for the sixth year running, as a result of continuous improvements to i) the shopping experience: we opened 10 new stores and refurbished 23; ii) reinforcing the differentiating pillars of our offer: Perishables, Private Brand and Meal Solutions, and iii) placing value on our people.

The investment in Perishables was the foundation for the growth in these categories, strengthening our positioning as an expert in Fresh Produce and contributing towards securing the preference of portuguese consumers.

2017 was once again a year of great innovation in the Private Brand, with the launch of 175 products in what consumers have chosen as the quality brand. The Private Brand remains as an essential cornerstone of the value proposition that we deliver every day to our customers, and also reflects Pingo Doce's concern for promoting a more balanced and varied diet.

We recognize that our people are our greatest asset, and so 2017 also stands out for the further investment in our employees, through the implementation of a new salary policy, the continuous investment in training and professional development.

In a mature business, it is critical to have efficiency in all the processes. That is why we built a new Distribution Centre, in the North of the country in Alfena, Valongo, which has an area of 70 thousand sqm and has improved the supply chain and the service to the 180 stores in the northern region.

We believe we have a strong Company that is well prepared for the challenges of the future, with a robust value proposition, and which is the portuguese people's supermarket of choice. We are committed to continuing to strengthen our market position, and to more fully and consistently meet the demands of our customers.

2017 Performance

Throughout 2017, the Food Retail market in Portugal remained extremely competitive and promotional, with the consumers reacting positively to the campaigns that ran at any given moment. As planned, Pingo Doce remained focused on its sales performance and on increasing market share, reinforcing its market position.

In pursuit of this objective, the banner concentrated investments in essential and differentiating areas of its value proposition.

Strong commercial dynamics was maintained, with 548 promotional campaigns and 35 theme-related activities, aimed at reinforcing the relationship with customers.

The line of communication followed throughout 2017 consistently using the preferred means of communication, with radio ads supporting in-store activities and the six television campaigns strengthening Pingo Doce's positioning as the leader in quality and price.

The Poupa Mais ('Save More') card also played an essential part in communicating with the consumer, namely in disclosing campaigns, having its penetration rate increased 5.5 p.p. in 2017.

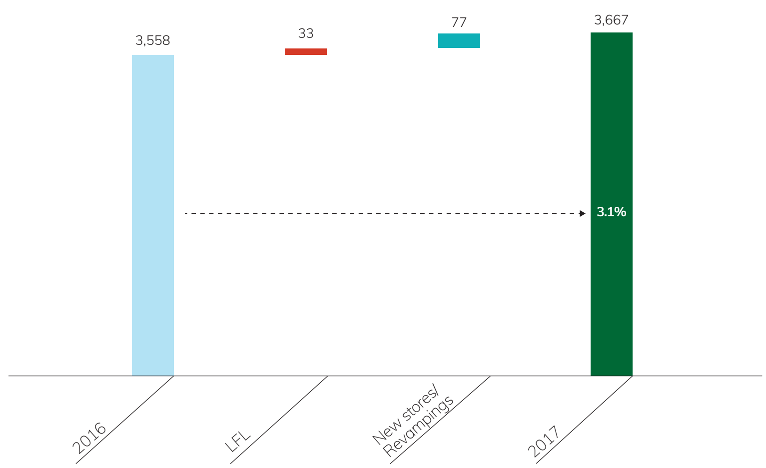
Pingo Doce, without neglecting price competitiveness, also reinforced the innovation of the Private Brand assortment, launching 175 new articles and introducing improvements to the packing of more than 200 of its products.

The store environment and the quality of the shopping experience were also given due attention, as the refurbishing plan covered a total of 23 locations, besides the 21 store improvement projects that were also carried out during the year.

This consistent investment strategy has led to a 1% growth in LFL sales (excluding fuel), which together with the new stores, resulted in an increase of 3.1% of the total sales, which stood at 3,667 million euros, and in reinforced market share.

Pingo Doce – Net Sales

(million euros)



During the year, the Company carried out a review of its remuneration packages of the store and warehouse teams, an essential aspect for achieving sustainability and service quality in the operations. As anticipated, this review had an impact on Pingo Doce's EBITDA margin which went from 5.4% in 2016 to 5.1% in 2017, the EBITDA generated in the year having reached 188 million euros.

Pingo Doce opened 10 new stores in 2017, four of which with an agency contract, the store management and ownership of the locations where these operate are undertaken by third--parties with proven experience in the proximity food retail sector.

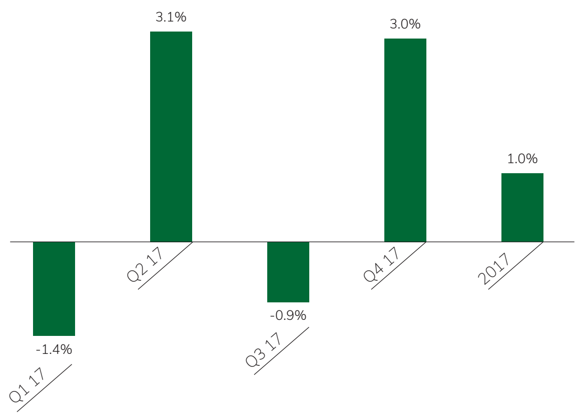
At the end of the year, Pingo Doce launched its App, which makes it possible to view the in-store promotions as well as create and share shopping lists, and to check all the benefits obtained.

Within the scope of the logistics re-scaling, the inauguration of a new Distribution Centre in Alfena, in the North of Portugal, was a crucial milestone for the quality and efficiency of the Company's operations.

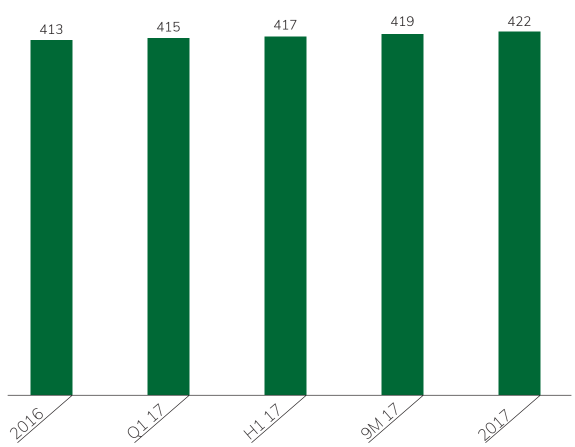
This new Distribution Centre enables us to supply more than 180 stores and to close a less efficient logistics infrastructure that was being used to provide the service to the stores.

Portugal's Prime Minister António Costa (right) and Alexandre Soares dos Santos (left), former leader of the Jerónimo Martins Group for more than four decades, cut the ribbon at the inauguration of the new state-of-the-art Distribution Centre in Alfena, North of Portugal, under the watchful eye of the current Chairman and CEO, Pedro Soares dos Santos (center).

Pingo Doce
Like-for-like Sales Growth (excl. fuel)



Pingo Doce
Number of Stores



4.1.3. Recheio

Message from the Managing Director

2017 was a record year for sales at Recheio, which maintained its market leadership, with sustained growth, and consolidated its different strategic areas. Food Service and Exports continued to play an important role in boosting turnover, along with the investment in online and multi-channel sales as a means of improving customer service.

This year we opened a new store in Vila Nova de Gaia and reinforced our presence in traditional retail through the Amanhecer project, which now has 314 stores.

2017 Performance

Recheio sales increased by 7.2% in 2017, driven by the growth in all the segments in which it operates: HoReCa, Traditional Retail and Exports.

After identifying Food Service and Exports as the main drivers of sales impetus and growth in 2017, the Company continued its development and consolidation trajectory in these two channels.

The HoReCa channel continued to post the biggest growth in volume, as a result of the increased tourism in the country and the priority that the Company gave to being its customers' preferred partner.

Despite the severe competitive pressure in Traditional Retail, Recheio managed to continue increasing the value of its customers' average basket, through a reliable and consistent value proposition, with particular emphasis on competitive price positioning.

With regard to Exports, there was an increase in sales of more than 20%, either by enlarging the number of countries to which it exports, or the growing number of customers in the markets where it does business.

Regarding the Amanhecer project, 29 stores were added to the network during the year, so that the Company ended the year with 314 partner stores.

Improvements were made during the year to the logistics operation in Leiria and the Transport Management System was extended to more of the Company's stores, in order to ensure better delivery route management and to increase the customer service level.

In 2017, investment was maintained in the online channel and the Company continued to win new customers, reinforcing the brand notoriety and developing additional means of disclosing the assortment and of communicating with its international customers.

Simultaneously, as far as Restaurant Services and Take Away are concerned, Caterplus' website was developed and launched, so as to boost the number of customers in this sector.

In 2017, the Company inaugurated a new store in Cais de Gaia and replaced the Food Service Platform, by transferring it from the Mercado Abastecedor do Porto to Guardeiras, thereby aiming to boost sales growth, providing a better response to customers and reinforcing the efficiency of the operation.

Regarding its promotional strategy, Recheio continued to invest in leaflets and seasonal campaigns, focusing the message on low prices to increase both the number of customers and the value of the average basket per customer.

Sales of Private Brand, another of the banner's cornerstones of differentiation, increased by 9.5%, representing 21.6% of Recheio's sales. 192 new products were launched during the year.

In terms of profitability, Recheio increased its EBITDA by 6.7% with the respective margin relatively stable at 5.3%, despite the strong investment in price and the promotional initiatives that were carried out.

4.1.4. Ara

Message from the Managing Director

It was a year of strong expansion, in which we opened a total of 169 new stores in the three regions where we currently operate, closing the year with 389 locations: 109 in the South, where we began the operation (Coffee Growing Region), 150 in the North (Caribbean Coast) and 130 stores in the Centre (Bogota and surrounding area).

It took a huge effort to achieve this number of openings as well as strong focus on recruiting, selecting and training new employees to ensure a quality, efficient and welcoming service for all the Colombians who visit us every day. We trained more than 2,000 employees and, today, we are around 4,500 people.

We continued to gain market share in the Colombian modern Food Retail market, reinforcing our leadership in the Coffee Growing Region, where we ended the year with a share above 24%, which means, representing more than 5% of modern retail nationwide.

In a context of rapid growth and the accelerated expansion of a format that has been well received by the Colombian people, recruitment, selection and training of future employees will continue to be one of the priorities in order to respond to the needs of the business.

Confident of the entire team's high level of engagement and determination to exceed the defined goals, we have an ambitious plan for 2018.

2017 Performance

2017 was a year marked by accelerated expansion, mainly concentrated in the Bogota region. The opening of new stores and the cascading of the format in the regions where we operate continued to be among the main priorities, with Ara ending the year totalling 389 stores.

Notwithstanding the focus dedicated to developing the Ara chain, in March 2017, a Cash & Carry store with the *Bodega del Canasto* banner was inaugurated next to the border with Venezuela, with the objective of testing the market in this sector while at the same time supplying the region with essential products.

Our sales reached 405 million euros, a growth of 72% compared to the previous year, Ara having consolidated its leadership in modern retail in the Coffee Growing Region and increased its share in all the geographic areas where it is present.

During the year, priority was given to developing the Private Brand assortment, 196 new products having been launched. The Private Brand has 106 suppliers, mostly local, and it already counts for more than 40% of Ara's sales.

The banner also remained focused on the efficiency of the operation, namely in the logistics area, in particular regarding transportation, implementing the TMS (Transport Management System), enabling better planning of goods distribution, and reducing the number of kilometres travelled, with a direct influence on reducing the costs of the operation.

During the year, Ara became even more price--focused, having combined nationwide campaigns with the introduction of regional leaflets, keeping in permanent contact with local consumers and giving its price positioning greater notoriety.

4.2. Agribusiness

4.2.1. Jerónimo Martins Agro-Alimentar (JMA)

Message from the Managing Director

2017 was JMA's third year in business, throughout which it increased and consolidated the capacity of its operating units.

In the Dairy business, the current factory improved the level of productive efficiency achieved in 2016, continuing to ensure the supply of UHT milk and cream for the Pingo Doce and Recheio Private Brands, while the construction of the new factory went into cruise speed, enabling production in this new unit to become a reality in 2018.

In the Production and Fattening of Angus beef, two new units were acquired in January and June in the Centre and Alentejo regions, which will enable to replicate the same business model as had already been implemented in the unit in the North of the country.

In the Aquaculture business, sea bream began to be produced in September in the unit set up in Madeira, through Marismar (in partnership with a local company) and in December, Seaculture made its first catch, thereby starting to supply sea bass from the unit in Sines.

2017 Performance

In 2017, JMA reinforced its presence in the three areas in which it does business: Dairy Products, Angus beef Production and Fattening and Aquaculture, and its mission continued to be to protect and secure sustainable access to sources of differentiating products, ensuring that the Group's internal needs are met with competitive costs, efficiency and quality.

In the Dairy business, 2017 was a year for maintaining efforts and focus on operational improvements and optimizing the current factory, which improved its efficiency in the production of processed milk, increasing the volume produced and securing 55% of the Private Brand UHT milk and cream needs.

In the meantime, the construction of the new factory and the installation of processing equipment began, which should be concluded in the first half of 2018.

In the Angus Fattening business, during 2017 we made further improvements to operating efficiency in the Manhente (Barcelos) unit. Additionally, two new farms were acquired in the Centre and Alentejo regions, and these will significantly enhance the existing operation, which will also be extended to production.

With regard to Aquaculture, Seaculture's production of sea bass continued in the concession set up in the Port of Sines, where it recorded a significant increase in the installed and used capacity. In December, Seaculture made the first catch, thereby starting its supply of sea bass. On the island of Madeira, a unit was also set up for the purpose of producing sea bream, through a local partnership. This year was crucial for assessing this production's performance and for adapting the infrastructures to the project being developed.

4.3. Specialised Retail

4.3.1. Hebe

Message from the Managing Director

In 2017, Hebe reinforced its position in the Polish market, achieving solid improvements in many areas of the business. The execution of the strategy enabled us to achieve the results defined.

We also accelerated our expansion with 30 openings, reaching 182 locations at the end of the year. At the same time, we kept enhancing differentiation through our exclusive assortment, service and unique store environment. We also continued to invest in digital, social and loyalty assets, strengthening the proximity with our Facebook fans and loyal customers. Moreover, in 2017, we focused particularly on improving the instore logistics to optimize our productivity and ensure an enhanced shopping experience for our customers.

Finally, all "Na zdrowie" pharmacies were rebranded to "HebeApteka" reinforcing the consistency of the Hebe brand.

In 2018, we will pursue the strategy execution and accelerate the development of the chain, reaching more cities and customers.

2017 Performance
In 2017, the market was very challenging as it became more promotional and competitive, with some non-specialist players also developing their presence in the Health & Beauty and Personal Care categories.

Hebe posted a 35.7% sales growth, reaching 707 million zlotys by the year-end, continuing to increase the number of visits and to enlarge its customer base, while also targeting the increase in the average basket.

In terms of market share evolution, during 2017 Hebe accelerated its positive trajectory and maintained its position as the chain with the highest growth in the Polish Health & Beauty and Personal Care markets having increased its market share in all categories, especially in fragrances, make-up and skin care.

In 2017, Hebe opened 30 stores, primarily in shopping centres and galleries, ending the year with a total of 182 locations.

The Company continued to increase the sales of its exclusive brands and Private Brands which represent almost 20% of the business. Hebe also launched a new SPA category as well as a new "Hebe Professional" brand – make-up, hand and foot accessories – which are very well accepted by customers and create differentiation through an innovative assortment.

Hebe continued its endeavour to achieve enhanced sales performance and brand awareness, managing seasonal campaigns, related to Valentine's Day, Women's Day, Easter, Black Friday, Christmas and New Year.

Hebe's loyalty programme came close to 2.5 million members, 95% of whom are women. More than 60% of the Company's total sales were made to customers who are loyalty card holders, showing the relevance of the programme, which still has room for development.

Hebe also invested in digital presence. On Facebook, Hebe reached more than 400 thousand fans. The Company also invested in developing Instagram (26 thousand followers) and launched a YouTube channel, increasing awareness of the brand among younger generations.

The Company continued to reduce its operating losses, focusing on increasing the top line growth and being more cost-efficient, while improving its margin mix.

4.3.2. Jeronymo and Hussel

Message from the Managing Director

2017 was marked by the Company's re-design, following the sale of the Olá ice cream parlours, which represented 30% of our sales. We continued to invest in refurbishing the Hussel stores to the new more modern concept and launched a new generation of Jeronymo coffee shops, completing three openings during the year.

In 2018, we will invest in expanding the Jeronymo brand and continue renewing the Hussel chain.

2017 Performance

In 2017, the Company's sales increased compared to the previous year, with a like-for-like growth in both banners.

Jeronymo inaugurated three new stores – Porto, Braga and Lisbon (a kiosk located in the Colombo shopping centre) –, thereby reinforcing its presence in very well-known locations.

In 2017, the Jeronymo coffee shops continued to invest in developing the assortment and in better adapting to the taste of the Portuguese consumer, namely investing in healthier products. During the year, various theme-based campaigns ran, with communication at the point of sale and on social networks, most actively on Facebook.

In 2017, Hussel opened a new store in Mar Shopping in Loulé and refurbished four stores, modernizing them to fit its 5th generation concept that was launched in the previous year, with the objective of differentiating its stores and better adapting to its positioning.

In marketing terms, campaigns were launched to boost sales in the less dynamic months and increase customer attraction, while continuing to invest in innovation and development of limited edition products for regular campaigns (Valentine's Day, Easter and Christmas) and in the specific *décor* in the stores for those occasions.

In terms of developing the assortment, the Company invested in products especially aimed at consumers with dietary restrictions and launched some sugar-free, lactose-free and gluten-free products.

5. OUTLOOK FOR THE JERÓNIMO MARTINS BUSINESSES

We will continue to invest heavily in our businesses, committed to the continuous improvement of the balance between profitability and sustainability.

Biedronka

For 2018, Biedronka is maintaining sales growth, essentially focused on the LFL, and the reinforcement of its market share as strategic priorities. The Company is aware of the challenges ahead and is prepared to the market changes following the new regulation on the Sunday trade ban.

The price positioning and perception will continue to be essential parts of the banner's strategy, as well as the permanent focus on the needs and aspirations of the consumer, by continuously adjusting the offer.

This strategic vision implies the permanent investment in the quality of the value proposition, where the pricing policy, the refurbishing plan and the teams are of key importance.

The efficiency of the operation, a fundamental competitive advantage, is also one of the Company's permanent focal points which, for the year, will be centred in developing automation solutions which will make it possible not only to increase efficiency but also the speed of some operational processes.

Hebe

In 2018, Hebe will leverage on its value proposition, through a differentiating and unique assortment and by maintaining competitive pricing. Meanwhile, store expansion will accelerate, focusing on locations with greater consumer traffic, in order to gain scale but also to increase Hebe's penetration in the market.

Pingo Doce

The Company's priority for 2018 will be to continue to focus on the defined strategic pillars – Price, Perishables, Private Brand and the quality of the shopping experience – that should enable us to achieve an increase in market share.

Within the framework of this vision, the investment in the stores, the assortment and the teams will play a key role in executing the strategy for the year, always geared towards identifying the best opportunities for serving the consumer.

Recheio

In 2018, the Company intends to remodel some locations, in order to improve the shopping experience and customer service and to develop the Perishables category, an area where it has strong expertise. Focus will also be on the expansion of the partnership with Traditional Retail and the continued development of the Amanhecer chain.

Recheio will continue to develop its information systems to simplify processes and further strengthen relations with its customers.

Jeronymo and Hussel

In 2018, both banners will continue to be focused on the operation and commercial dynamics as means of reinforcing their liaison with consumers.

Jeronymo will continue to be focused on identifying potential new locations and on opening new stores, investing in the renewed image, while Hussel will remain focused on refurbishing some of its stores, adapting them to the new concept, and in developing the new image of its website.

Ara

In 2018, Ara aims to continue focus in its store expansion, mainly in the Bogota region, while consolidating the locations in the other regions where it is already present – the Coffee Growing Region and the Caribbean Coast.

The communication strategy will be centred on strengthening our positioning and price leadership.

After five years in operation, analysing and seeking to understand the consumer and the specific regional aspects of the competitive market, we have drawn up a new, more flexible and dynamic organizational structure that has been fully operational since 1 January 2018, which gives greater autonomy to the regions to better meet the local needs of the consumer. We believe this new organisational design to be crucial for us to succeed in a market where price and emotion go hand in hand.

Agribusiness

In 2018, it is expected that JMA will achieve expansion in all its areas of activity: i. start of production in the new dairy factory, reinforcing efficiency, innovation and capacity in this area; ii. increase domestic Angus beef production and fattening through two new farms acquired in 2017; and iii. expansion of the Aquaculture business to other regions and start of gilt-bream fishing on the island of Madeira.

6. DIVIDEND DISTRIBUTION POLICY

In 2017, the gross dividend paid to shareholders was 0.605 euros per share, paid in May 2017.

The Company's Board of Directors has maintained a policy of dividend distribution based on the following rules:

- the value of the dividend distributed must be between 40% and 50% of ordinary consolidated net earnings;
- if, as a result of applying the criteria mentioned above, there is a drop in the dividend in a certain year compared to that of the previous year, and the Board of Directors considers that this decrease is a result of abnormal and merely circumstantial situations, it may propose that the value from the previous year should be maintained. It may even resort to free existing reserves, providing that the use of these reserves does not jeopardise the principles adopted for balance sheet management.

At the 6 April 2017 AGM, considering the good performance of the previous year and the strong balance sheet position, following the Board of Directors' proposal, it was resolved to distribute dividends and free reserves in a total amount of 380.2 million euros, equivalent to approximately 100% of the 2016' ordinary consolidated earnings. This translated in a gross dividend of 0.605 euros per share, paid in May 2017.

Taking into account the financial situation of the Group at the end of 2017, as well as its cash generation capacity, and because it will not affect either the strength of its balance sheet or its future expansion opportunities, the dividends' proposal (refer to the results appropriation proposal below) to be submitted to the AGM on the 12 April 2018, corresponds to nearly a 100% payout which, for the second consecutive year and exceptionally, will be the double of what would normally result from the Company's dividend policy.

7. RESULTS APPROPRIATION PROPOSAL

The Group declared consolidated profits of € 385.35 million and proposes a gross dividend of € 0.613 per share for the year 2017.

In the financial year 2017, Jerónimo Martins, SGPS, S.A. declared consolidated profits of 385,355,786.63 euros and a profit in individual accounts of 539,215,535.50 euros.

The Board of Directors proposes to Shareholders that the net profits for the year be applied in the following manner:

- Free Reserves 153,985,358,64 euros;
- Dividends 385,230,176,86 euros.

The proposed distribution of profits for the year represents a **gross dividend payment of 0.613 euros** per share, excluding own shares in the portfolio.

Lisbon, 27 February 2018

The Board of Directors

8. MANAGEMENT REPORT ANNEX

Information Concerning Stakes Held in the Company by Members of the Board of Directors and Statutory Auditor

(Under the terms of paragraph 5 of article 447 of the Portuguese Commercial Companies Code)

The Board of Directors

Members of the Board of Directors	Held on 31.12.16		Increases during the year		Decreases during the year		Held on 31.12.17	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	**274,805**	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code)[1]	353,260,814	-	-	-	-	-	**353,260,814**	-
Clara Christina Streit	800	-	-	-	-	-	**800**	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	**19,700**	-
Henrique Manuel da Silveira e Castro Soares dos Santos	26,455[2]	-	-	-	-	-	**26,455**[2]	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Sociedade Francisco Manuel dos Santos, B.V.
[2] Of which 1,500 shares held by spouse.

Statutory Auditor

As at 31 December 2017, the Statutory Auditor Ernst & Young Audit & Associados, SROC, S.A., did not hold any shares or bonds of Jerónimo Martins, SGPS, S.A. and had not made any transactions, this year, with Jerónimo Martins, SGPS, S.A. securities.

List of Transactions made by Persons with Managerial Responsibilities and People Closely Connected with Them

Under the terms of paragraph 7 of Article 14 of CMVM Regulation 5/2008, Jerónimo Martins, SGPS, S.A. hereby informs that no transactions were made by persons with managerial responsibilities in the Company during the course of 2017.

List of Qualifying Holdings as at 31 December 2017

(Pursuant to paragraph 4 of Article 448 of the Commercial Companies Code and in sub-paragraph b) of paragraph 1 of Article 8 of the Portuguese Securities Code Regulations no. 5/2008.)

Shareholder	No. of Shares Held	% Capital	No. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.A. Through Sociedade Francisco Manuel dos Santos, B.V	353,260,814	56.136%	353,260,814	56.136%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
Standard Life Aberdeen plc Through Investment Managed by Standard Life Aberdeen plc	23,127,393	3.675%	23,127,393	3.675%
BlackRock, Inc.	16,623,792	2.642%	16,623,792	2.642%
Baillie Gifford & Co. Through Baillie Gifford Overseas Limited	12,723,138	2.022%	12,723,138	2.022%
BNP Paribas Investment Partners, Limited Company Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.003%

Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A.
* Based on the total number of shares under the terms of section b), paragraph 3 of article 16 of the Portuguese Securities Code.

HOW WE ARE ORGANISED

Our governance model

Our Corporate Governance model is in line with the best practices in the market with the aim of being the most suitable to the interests of our stakeholders.


3

PART 1.

INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

Section A
Shareholder Structure

Subsection I
Capital Structure

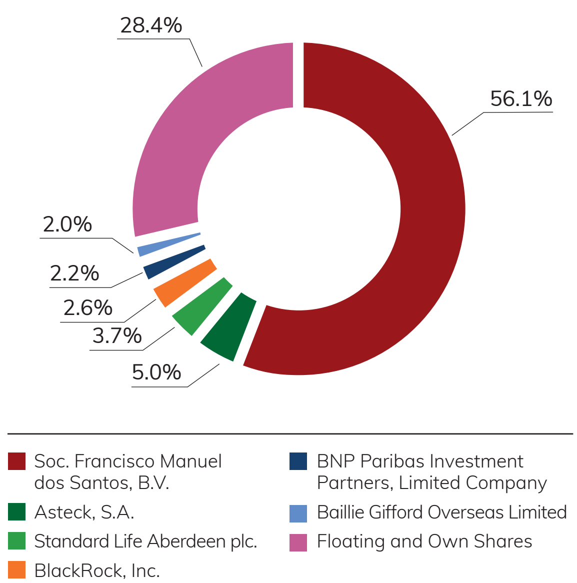
1. Capital Structure

The Company's share capital is 629,293,220 euros. It is fully subscribed and paid up, and divided into six hundred and twenty-nine million, two hundred and ninety-three thousand, two hundred and twenty shares with a nominal value of one euro each.

All issued shares are ordinary, there are no other categories of shares, and all shares have been admitted to trading on the Euronext Lisbon stock exchange.

The Company's shareholder structure is the following, with reference to 31 December 2017*:

Shareholder Structure



* According to the last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A. up to the said date.

2. Restrictions on the Transfer of Shares

Jerónimo Martins' shares are freely transferable and there are no restrictions concerning their tradability.

3. Own Shares

The Company holds 859 thousand shares in its own portfolio, which were acquired in 1999 at an average price of 7.06 euros per share (price adjusted by the restatement of capital). These shares represent 0.14% of the Company's share capital, which would correspond to equal percentage of voting rights.

4. Important Agreements to Which the Company is a Party and That Come Into Effect, Amend or are Terminated in Cases Such as a Change in the Control of the Company After a Takeover Bid

There are no significant agreements (including financing agreements) to which the Company is a party and that come into effect, are amended or terminated in case of a change in the control of the Company after a takeover bid.

5. Defensive Measures

No defensive measures were adopted that require payments or the assumption of costs by the Company in the event of a change of control or a change in the composition of the Board of Directors and that are likely to impair the free transfer of shares and the free assessment by the shareholders of the performance of the Board members, or that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. Shareholders' Agreements Known to the Company

Pursuant to the communication regarding the qualifying holding received by the Company on 2nd January, 2012, the same was informed of a shareholders' agreement concerning the exercise of voting rights, on the following terms:

"It is further informed that, in accordance with the terms of number 2 of article 21, paragraphs b) and c), of the Portuguese Securities Code, Sociedade Francisco Manuel dos Santos, SGPS, S.A.[*] controls Sociedade Francisco Manuel dos Santos B.V., since it may exercise the corresponding voting rights under a Shareholders Agreement.

In accordance with the terms of article 20 of the Portuguese Securities Code, especially paragraph b) of its number 1, under the above mentioned Shareholders Agreement, the corresponding voting rights of the Jerónimo Martins, SGPS, S.A. shares, object of the purchase and sale above mentioned, remain attributed to Sociedade Francisco Manuel dos Santos, SGPS S.A.[*]"

The Company, however, does not know of any restrictions concerning the transfer of securities or voting rights.

* The company name was changed on 2015 to "Sociedade Francisco Manuel dos Santos, SGPS, S.E."

7. Shareholders with Qualifying Holdings

The holders of qualifying holdings, calculated in accordance with the terms of paragraph 1 of Article 20 PSC, based on the total number of shares under the terms of section b), paragraph 3 of Article 16 PSC, as at 31st December 2017, are identified in the table below.

List of Qualifying Holdings as at 31st December 2017*

(Pursuant to paragraph 4 of Article 448 of the Commercial Companies Code – CCC, and in sub-paragraph b) of paragraph 1 of Article 8 of the Portuguese Securities Regulations no. 5/2008)

Shareholder	No. of Shares Held	% Capital	No. of Voting Rights	% of Voting Rights*
Sociedade Francisco Manuel dos Santos, SGPS, S.E. Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
Heerema Holding Company Inc. Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
Standard Life Aberdeen plc. Through Investment Managed by Standard Life Aberdeen plc	23,127,393	3.675%	23,127,393	3.675%
BlackRock, Inc.	16,623,792	2.642%	16,623,792	2.642%
Baillie Gifford & Co. Through Baillie Gifford Overseas Limited	12,723,138	2.022%	12,723,138	2.022%
BNP Paribas Investment Partners, Limited Company Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.003%

* Source: Last communications made by the shareholders with qualifying holdings to Jerónimo Martins, SGPS, S.A. up to the said date.

8. Number of Shares and Bonds Held by Members of the Management and Supervisory Boards

(Pursuant to paragraph 5 of Article 447 CCC)

The Board of Directors

Members of the Board of Directors	Held on 31.12.16		Increases during the year		Decreases during the year		Held on 31.12.17	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code)[1]	353,260,814	-	-	-	-	-	353,260,814	-
Clara Christina Streit	800	-	-	-	-	-	800	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
Henrique Manuel da Silveira e Castro Soares dos Santos	26,455[2]	-	-	-	-	-	26,455[2]	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

[1] Sociedade Francisco Manuel dos Santos, B.V.; see Point 20.
[2] Of which 1,500 shares held by spouse.

Statutory Auditor

As at 31st December, 2017, the Statutory Auditor, Ernst & Young Audit & Associados, SROC, S.A., confirmed not holding any shares or bonds of Jerónimo Martins, SGPS, S.A. and not having made any transactions, during 2017, with Jerónimo Martins, SGPS, S.A. securities.

9. Special Powers of the Board of Directors, especially as Regards Resolutions on the Capital Increase

Any capital increase is subject to prior deliberation by the General Shareholders' Meeting.

10. Significant Business Relationships between the Holders of Qualifying Holdings and the Company

Pursuant to the policy that has been followed by the Company in this area, no business was carried out by the Company with the owners of Qualifying Holdings or entities in any type of relationship with the owners of such Holdings, outside of normal market conditions.

There are no significant business relationships between holders of Qualifying Holdings and the Company.

Subsection I

General Meeting

A. Composition of the Presiding Board of the General Meeting

11. Details and Position of the Members of the Presiding Board of the General Meeting

On 14th April 2016, Abel Bernardino Teixeira Mesquita and Nuno de Deus Pinheiro were appointed as Chairman and Secretary of the General Shareholders' Meeting, respectively, for the term 2016-2018.

B. Exercising the Right to Vote

12. Restrictions on the Right to Vote

The Company and its Board of Directors particularly value the principles of free transferability of shares and assessment by shareholders of the performance of members of the Board of Directors.

As such Article Twenty Four of the Articles of Association of the Company establishes the rule that each share has the right to one vote.

Accordingly, the Company has not established mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, inter alia, no special rights for shareholders or restraints on the exercise of voting rights are provided for in the Company's Articles of Association, nor is there any special rule in the Articles of Association regarding systems whereby the financial rights attached to securities are separated from the holding of securities.

Attending the Shareholders' Meeting is not subject to holding a minimum number of shares.

According to Article Twenty-Six of the Articles of Association of the Company, the Shareholders' Meeting may take place upon the first convocation, as long as more than 50% of the Company's capital is present or represented.

Participation in the General Shareholders' Meeting

Under the provisions of the Portuguese Securities Code and Article Twenty-Three of the Articles of Association, the shareholders that meet the following conditions can participate and vote at the General Meeting:

i. On the Record Date, corresponding to 00:00 (GMT) of the fifth trading day prior to the General Shareholder's Meeting, they held shares of the Company entitling them to at least one vote;
ii. By the end of the day prior to the day of the Record Date, they had stated in writing, to the Chairman of the General Shareholder's Meeting and to the respective financial intermediary, their intention to participate in the meeting;
iii. By the end of the day of the Record Date, the respective financial intermediary has sent to the Chairman of the General Shareholder's Meeting information on the number of shares registered under that shareholder's name on the Record Date.

Postal Vote

According to paragraph three of Article Twenty--Five of the Articles of Association, postal votes are allowed. Pursuant to the Articles of Association, postal votes count for the formation of a constitutive quorum for the General Shareholders'

Meeting, and it is the responsibility of the Chairman of the Board of the General Shareholders' Meeting or his substitute to verify their authenticity and full compliance with the procedures, as well as to assure confidentiality when a vote is submitted. In the event that a shareholder or a shareholder's representative is present at the General Shareholders' Meeting, the postal vote that was issued is revoked.

Postal votes count as negative votes in relation to deliberative proposals presented subsequent to the date on which those votes were issued.

The Company has provided a form to exercise the right to vote by post on its web page.

As the Company's Articles of Association do not state anything on this matter, the Company has established a deadline of 48 hours prior to the General Shareholders' Meeting for receipt of postal votes, thus complying with and, to a certain extent, exceeding the recommendations of the CMVM on this matter.

Vote by Electronic Means

The Company, also recognising that using new technologies encourages shareholders to exercise their right to vote, has adopted, since 2006, adequate mechanisms so that they may vote electronically in General Shareholders' Meetings. Thus, shareholders must state their intent to exercise their right to vote electronically to the Chairman of the Board of the General Shareholders' Meeting, at the Company's Head Office or using the Jerónimo Martins website, at https://www.jeronimomartins.com/en/. In that expression of interest, shareholders must indicate the address of the financial intermediary with whom the securities are registered, to which a registered letter will be subsequently sent containing the electronic address to be used to vote, and an identification code to use in the electronic mail message by which the shareholder exercises its right to vote.

13. Maximum Percentage of Voting Rights That may be Exercised by a Single Shareholder or by Shareholders That are in Any Relationship as set out in Art. 20/1 PSC

The Company has not established rules stating that voting rights over a certain number are not counted, when issued by a single shareholder or shareholders related to it.

14. Details of Shareholders' Resolutions That, Imposed by the Articles of Association, may Only be Taken With a Qualified Majority, in Addition to Those Legally Provided

There is no special rule in the Articles of Association regarding deliberative quorums.

Subsection II
Management and Supervision (Board of Directors)

A. Composition

15. Details of Corporate Governance Model Adopted

The Company has adopted the anglo-saxon governance model which corresponds to the option foreseen in subparagraph b) of Article 278 CCC. According to this model the management and supervision of the Company are organized through a Board of Directors, which includes the Audit Committee, and a Statutory Auditor.

16. Articles of Association Rules on the Procedural Requirements Governing the Appointment and Replacement of Members of the Board of Directors

The first Article of the Regulations of the Company's Board of Directors foresees that the composition of this body will be decided in the General Shareholders' Meeting pursuant to the terms indicated in paragraph one of Article Twelve of the Articles of Association, and that it will be presided over by the respective Chairman, chosen by the General Shareholders' Meeting.

Paragraph number three of Article nine of the same Regulations prescribes that in the event of death, resignation or impediment, whether temporary or definitive, of any of its members, the Board of Directors will agree on a substitute. If the appointment does not occur within 60 days of the absence of the Director, the Audit Committee will be responsible for appointing the substitute.

Diversity Policy

In Portuguese company law, the shareholders have exclusive competence to appoint the members of management and supervision bodies of companies. Hence, considering that the shareholders are not to be confused with the Company, it is not possible for the latter to define or enforce a diversity policy as is foreseen in Art. 245-A, no. 1, r) of the Portuguese Securities Code, as amended by Decree-Law no. 89/2017, of 28th July.

In addition, the recent and late entry into force of Decree-Law no. 89/2017 still did not allow the shareholders to ponder and, wanting, to take expressly into consideration in elective procedures diversity concerns, which are underlying in the rules at stake (the first elective shareholder's general meeting after the entry into force of the said Decree-Law will only take place, foreseeably, on 2019).

This does not mean, however, that in selecting the members of management and supervision bodies of the Company (respectively, Board of Directors and Audit Committee), the shareholders do not take into account diversity criteria that seek to combine the individual attributes of each of the members, such as independence, integrity, experience and competence, with the specific characteristics of the Company, e.g., its governance model, its dimension, its shareholder structure and its business model.

It can even be said that, in the current structure of the Board of Directors and of the Audit Committee, the shareholders have safeguarded the gender diversity (notwithstanding compliance with the legislation on that subject that the Company will have to comply with from 2019 on), age diversity, qualification diversity and professional background diversity, as can be seen in point 1.3.1. of Chapter 1, and in points 17 to 19, and 26 of Chapter 3 of this document.

17. Composition of the Board of Directors

According to the Articles of Associations, the Board of Directors is comprised of a minimum of seven and a maximum of eleven members, elected by the General Shareholders' Meeting for three year terms. During 2017, the Board of Directors had the composition indicated below, being currently composed of nine effective members, who were elected at the General Meeting held on 14th April 2016 for the term of office 2016-2018:

Pedro Manuel de Castro Soares dos Santos
- Chairman of the Board of Directors since 18 December 2013
- CEO
- First appointment on 31st March 1995
- Expiry of the term of office on 31st December 2018

Andrzej Szlezak
- Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2018

António Pedro de Carvalho Viana-Baptista
- Independent Non-Executive Director
- First appointment on 9th April 2010
- Expiry of the term of office on 31st December 2018

Artur Stefan Kirsten
- Non-Executive Director
- First appointment on April 2010 (term of office expired on February 2011)
- New appointment on 9th April 2015
- Expiry of the term of office on 31st December 2018

Clara Christina Streit
- Independent Non-Executive Director
- First appointment on 9th April 2015
- Expiry of the term of office on 31st December 2018

Francisco Manuel Seixas da Costa
- Independent Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2018

Hans Eggerstedt
- Non-Executive Director
- First appointment on 29th June 2001
- Expiry of the term of office on 31st December 2018

Henrique Manuel da Silveira e Castro Soares dos Santos
- Non-Executive Director
- First appointment on 9th April 2015
- Expiry of the term of office on 31st December 2018

Sérgio Tavares Rebelo
- Independent Non-Executive Director
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2018

18. Distinction Between Executive and Non-Executive Directors and, as Regards Non-Executive Members, Details of Members that may be Considered Independent

The Company seeks a balance in the composition of the Board of Directors through the integration of Non-Executive Directors and Independent Directors alongside the Executive Director, in the scope of a delegation of duties, the respective discrimination of which being referred in point 17, above. The distinctive criterium used by the Company coincides with that of the EU Commission's Recommendation 2005/162/EC, of 15th February 2005, being considered as Executive Director any member who is engaged in the daily management of the Company and, *a contrario sensu*, Non-Executive Directors are those who are not engaged in the daily management.

The Board of Directors is therefore composed of Non-Executive Directors, in particular Independent Directors who possess a wide range of technical skills, contact networks and connections with national and international bodies, who therefore enrich and optimise the Company's management in terms of creating value and ensuring adequate protection of the interests of all its shareholders, thereby ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the Board of Directors.

In accordance with the principles by which the Company is run, although all Board Members are accountable to all shareholders equally, the independence of the Board of Directors in relation to the shareholders is further reinforced by the existence of Independent Board Members.

Pursuant to the 2013 CMVM's Recommendations on Corporate Governance, hereafter referred to as "2013 CMVM's Recommendations", considering the provision of recommendation II.1.7, which establishes the independence criteria to be used in the evaluation made by the Board of Directors, Francisco Seixas da Costa, António Viana-Baptista, Clara Christina Streit, Sérgio Rebelo and Hans Eggerstedt qualify as Independent Directors. The latter three Directors are also members of the Audit Committee and therefore they are subject further to the independence criteria indicated in paragraph 5 of Article 414 CCC. According to these criteria, Director Hans Eggerstedt cannot be regarded as independent. Each of the members of the Audit Committee also complies with the rules of incompatibility laid down in paragraph 1 of Article 414-A CCC, except that provided for in sub-paragraph b).

Being the number of Independent Directors of four, in accordance to the criteria above mentioned, out of a total of nine Directors, the Company complies with recommendation II.1.7. (2013 CMVM's Recommendations), also in the part where it establishes that Non-Executive Directors shall include an appropriate number of independent members (*in casu*, half of such Directors).

19. Professional Qualifications of the Board of Directors

Pedro Soares dos Santos joined the Operating Division of Pingo Doce in 1983. In 1985, he joined the Sales and Marketing Department of Iglo/Unilever, and five years later, assumed the post of Assistant Director of Recheio Operations. In 1995, he was named General Manager of the latter Company. Between 1999 and 2000, he accepted responsibility for operations in Poland and in Brazil. In 2001, he also assumed responsibility for the operations area for Food Distribution in Portugal. He has been a Director of Jerónimo Martins, SGPS, S.A. since 31st March 1995, and has been Chief Executive Officer since 9th April 2010 and Chairman of the Board of Directors of the Company since 18th December 2013.

Andrzej Szlezak is a Polish national and has a Master degree in English philology and in law from Adam Mickiewicz University in Poznan, Poland. In 1981, he passed the judicial exam and in 1994, he was admitted to the Chamber of Legal Advisors (Poznan Chapter). In 1979, he started his academic career at said university where he was awarded his doctorate and post-doctorate degrees in Law ("Habilitated Doctor") in 1985 and in 1992, respectively. In 1994, he was awarded a professorship at Adam Mickiewicz University (Law School), which he held until 1996. At present, he is a professor at Warsaw School of Social Sciences and Humanities. In 1991, he joined the law firm of Soltysinski, Kawecki & Szlezak ("SK&S") where he became Partner in 1993 and Senior Partner in 1996. During his practice at SK&S he has provided legal advice in numerous privatization and restructuring transactions in many sectors of Polish economy (mostly in M&A, corporate and greenfield projects). Since 1999, he has been an arbitrator of the Arbitration Court at the Polish Chamber of Commerce (KIG) in Warsaw, being at the moment Deputy Chairman of the Arbitration Board of this Court. He has also been appointed an arbitrator in several proceedings (national and international) before the ICC International Court of Arbitration in Paris and in *ad hoc* proceedings conducted according to the UNCITRAL Arbitration Rules. He is also the author of several publications, including foreign-language publications, in the fields of civil, commercial and arbitration law. He has been a Non-Executive Director of the Company since 10th April 2013.

António Viana-Baptista holds a Degree in Economics from Universidade Católica Portuguesa (1980), has a postgraduate diploma in European Economics from Universidade Católica Portuguesa (1981) and an MBA from INSEAD (Fontainebleau, 1983). Between 1985 and 1991, he was Principal Partner of Mckinsey & Co. in the Madrid and Lisbon offices. He held the post of Director in the Banco Português de Investimento, between 1991 and 1998. From 1998 to 2002, he was Chairman and CEO of Telefónica International. From 2002 to 2006, he was Chairman and CEO of Telefónica Móviles S.A. From 2006 to 2008, he was Chairman and CEO of Telefónica España. Between 2000 and 2008, he was a Non-Executive Director of the Board of Directors of Portugal Telecom. He was CEO of Crédit Suisse AG for Spain and Portugal, from 2011 to 2016, acting currently as a consultant of that company. He has been Non-Executive Director of the Company since 9th April 2010.

Artur Stefan Kirsten is a German national and took his master degree in Business Economics and Informatics, from 1981 to 1986, at the FernUniversität Hagen and Georg-August-Universität Göttingen. In 1991, he has taken his Doctorate Degree followed later by the Stanford Executive Program with the Graduate School of Business of Stanford University in California. Since 1995, he has been teaching at different universities in Germany and abroad. Dr. Kirsten has been appointed to a professorship with the Westfaelische University in Gelsenkirchen since 2001. He serves as the Chief Financial Officer of Vonovia SE (former "Deutsche Annington SE") where he has been a member of the Management Board since 1st January 2011. He was Member of the Board of Directors of the Company, from April 2010 to February 2011, and he is currently a Board member at Sociedade Francisco Manuel dos Santos BV. His previous positions were as Chief Executive Officer (CEO) of Majid Al Futtaiim Group LLC, a real estate development company focusing mainly on property, retail and ventures in the Emirates, and Chief Financial Officer (CFO) of Metro AG and ThyssenKrupp AG in Germany. He has been Non-Executive Director of the Company since 9th April 2015.

Clara Christina Streit is both a US and German citizen and holds a Master's Degree in Business Administration from the University of St. Gallen, Switzerland. She serves as an Associate Professor at the Lisbon Nova e Católica Universities and independent Non-Executive Director of several European corporations. She began her career as a Consultant at McKinsey & Company where she retired as Senior Partner in 2012, after more than 20 years of experience as an advisor to financial institutions. From 2013 to 2017, she served as Member of the Supervisory Board and as Chair of the Nomination Committee of the Dutch insurance company Delta Lloyd N.V. She serves as a Director of Bank Vontobel AG, since 2011, where she is also a member of the Nomination and Compensation Committee. Since 2013, she has been a member of the Supervisory Board of the German property company Vonovia SE (former "Deutsche Annington SE"). From May 2015, she is a Member of the Board of Directors and of the Internal Controls & Risks and Corporate Governance, HR & Nomination Committees at Unicredit S.p.A, Milan. In 2017, she was appointed Member of the Supervisory Board, Member of the Risk Committee and the Nomination and Corporate Governance Committee. She has been Non-Executive Director of the Company since 9th April 2015.

Francisco Seixas da Costa has a degree in Political and Social Sciences from the Universidade Técnica of Lisbon. He started his diplomatic career in 1975 as a diplomat in the Portuguese Ministry of Foreign Affairs. Between 1995 and 2001, he was Secretary of State for European Affairs, where he had several official functions, amongst others, Portuguese chief negotiator of the EU Amsterdam treaty, from 1995 to 1997, Portuguese coordinator for the negotiation of the EU financial framework, from 1997 to 1999, and President of the Council of Ministers of the EU Internal Market in 2000. From 2001 until 2002, he was Ambassador, Permanent Representative to the United Nations, in New York, and, from 2002 until 2004, he was Ambassador, Permanent Representative to the Organization for Security and Cooperation in Europe (OSCE), in Vienna. Between 2004 and 2008, he was Ambassador to Brazil, in Brasília, and, between 2009 and 2013, he was Ambassador to France and Permanent Representative to UNESCO (since 2012), in Paris. Since 2013, he has been member of the Consultative Council of Fundação Calouste Gulbenkian and member of the Strategic Council of Mota-Engil, SGPS, S.A. Since 2014, he is a professor in Universidade Autónoma de Lisboa. In April 2016, he was appointed Director and member of the Nominations and Remunerations Committee of EDP Renováveis and, in 2017 he was appointed Member of the Independent General Council of RTP – Rádio e Televisão de Portugal, S.A. He is a columnist and cooperates with several publications, also being the author of several works on international issues and security. He has been a Non-Executive Director of the Company, since 10th April 2013.

Hans Eggerstedt is a German national, with a degree in Economics from the University of Hamburg. He joined Unilever in 1964, where he has spent his entire career. Among other positions, he was Director of Retail Operations, Ice Cream and Frozen Foods in Germany, President and CEO of Unilever Turkey, Regional Director for Central and Eastern Europe, Financial Director and Information and Technology Director of Unilever. He was nominated to the Board of Directors of Unilever N.V. and Unilever PLC in 1985, a position he held until 1999. Between 2003 and 2012, he was a Non-Executive Director of the COLT Telekom Group S.A., from Luxembourg. He has been Non-Executive Director of the Company, since 29th June 2001.

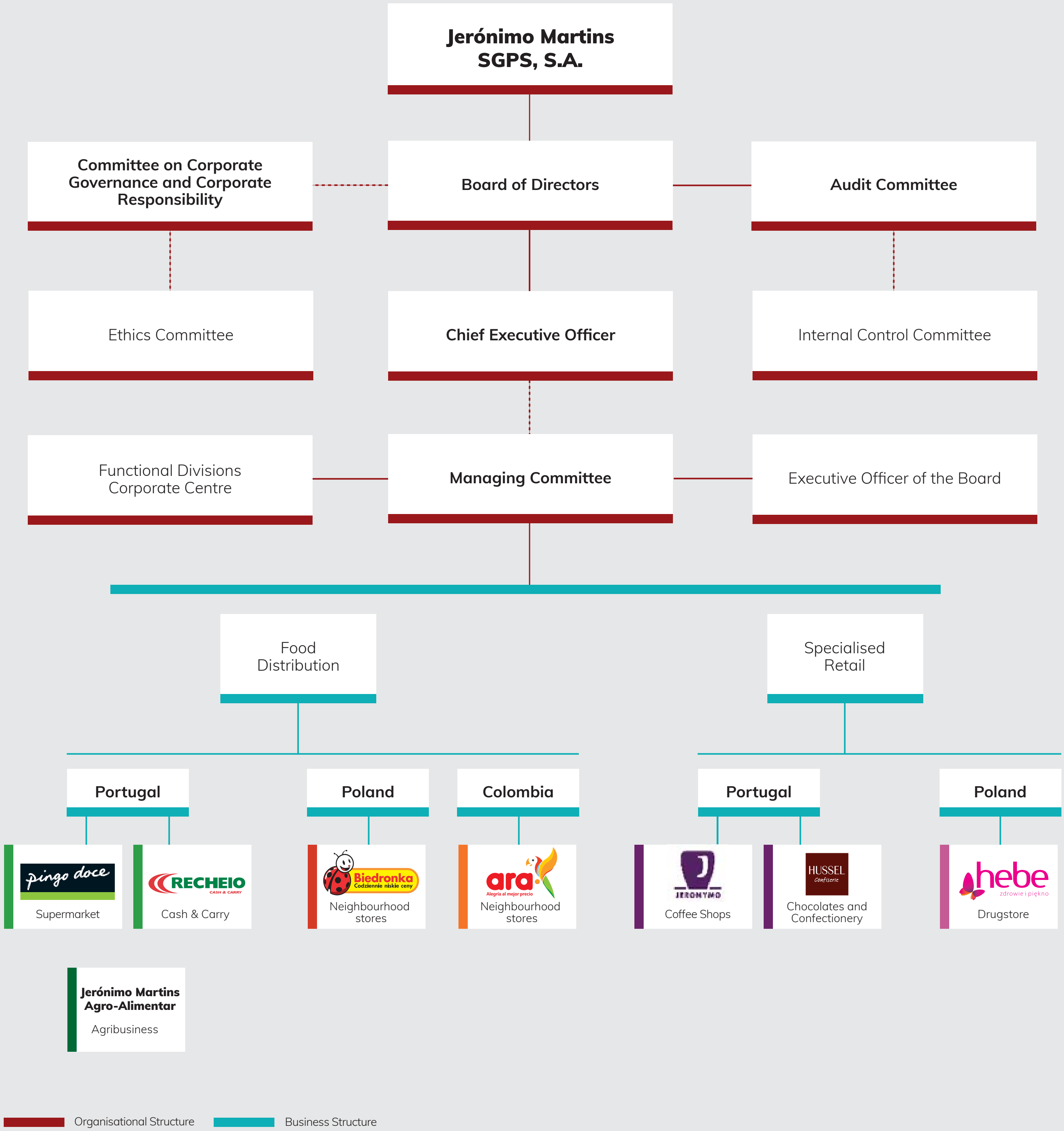
Henrique Soares dos Santos holds a Degree in Management by Instituto Superior de Gestão and is an Alumni of INSEAD. He began his career in 1993 as Management Accountant Trainee at Fima – Produtos Alimentares S.A., and one year later was Assistant of the Management Accounting Director. He served as Budget Controller of Jerónimo Martins, SGPS, S.A., between 1996 and 1997, the year he started serving as Treasury Manager of Eurocash Sp z.o.o in Poland, until 1998. The following year he was appointed Financial Controller of Jerónimo Martins Retail Activity Polska Sp z.o.o. In 2001, he served as Deputy Group Controller and, in the same year, he was appointed Chief of Staff to the Chairman of the Board of Directors, a position he held until 2002. He last served as both Company Secretary and Chief Information Security Officer of Jerónimo Martins, SGPS, S.A. He was Member of the Board of Directors of Waterventures – Consultoria, Projectos e Investimentos, S.A. He is a Member of the Board of Directors of Jerónimo Martins – Serviços, S.A., of Arica Holding B.V., of Sindcom – Investimentos, Participações e Gestão, S.A., as well as of Nesfia – Sociedade Imobiliária, S.A. and Sociedade Francisco Manuel dos Santos, II, S.A. He has been Non-Executive Director of the Company, since 9th April 2015.

Sérgio Tavares Rebelo has a degree in Economy from Universidade Católica Portuguesa. He also has a M.Sc. in Operations Research from Instituto Superior Técnico of Lisbon, as well as a M.A. and a Ph.D. in Economy from University of Rochester. He began his academic career as an instructor at Universidade Católica Portuguesa, in 1981. In 1988, he joined Northwestern University as Assistant Professor of Finance and became Associated Professor of Finance, in 1991. Between 1992 and 1997, he was Associated Professor of the Department of Economics of the University of Rochester and, since 1997, he has been Tokai Bank Distinguished Professor of International Finance, Kellogg School of Management, of Northwestern University. Since 1982, he has published numerous articles and books on economics and finance. He has been a Member of the Advisory Council to the Global Markets Institute at Goldman Sachs, since April 2012, and was appointed Non-Executive Director of Integrated DNA Technologies, as from September 2015. He has been Non-Executive Director of the Company since 10th April 2013.

20. Customary and Meaningful Relationships of Members of the Board of Directors with Shareholders that are Assigned Qualifying Holdings

Member of the Board of Directors	Type of Relationship	Shareholder with Qualifying Holding
Artur Stefan Kirsten	Director	Sociedade Francisco Manuel dos Santos, B.V.

21. Organisational Charts, Allocation of Powers and Division of Responsibilities



Chairman of the Board of Directors

The Chairman of the Board of Directors, according to the Board of Directors' Regulations, in addition to the institutional representation of the Company, has a special responsibility for managing the respective meetings, for monitoring the action taken on the decisions made by this body, for taking part in the meetings of other committees set up by the Board of Directors and for defining the overall strategy of the Company.

Delegation of Powers and Coordination of Non-Executive Directors

The Board of Directors, by resolution, delegated various duties regarding the day-to-day management of the Company in one Chief Executive Officer who, in the terms of such delegation, is entitled:

a. to manage all corporate businesses and perform all operations relating to its corporate objectives, included in the scope of its current role, as holding company;
b. to represent the Company, in court or otherwise, to propose and answer to any lawsuits or engage in any arbitrations, for which purpose it may designate proxies, as well as compromise in, confess or withdraw from any such lawsuits or arbitrations;
c. to decide on loans or other financial operations to be contracted from the financial market at home or abroad, as well as on the issuance of debt securities within the powers of the Board of Directors and to accept the supervision of the lending entities, all these up to the amount of 50,000,000 (fifty million) euros and in full compliance with that prescribed in the Articles of Association of the Company;
d. to decide on the provision of technical and financial support, including through the granting of loans by the Company to companies whose stakes or shares the former holds in total or in part;
e. to decide on the sale/transfer or lease (as lessor) any movable or immovable assets, including shares, units, quotas and bonds, and in general to decide on any divestments up to the amount of 50,000,000 (fifty million) euros or, independently of such threshold, whenever such divestment is set out in the Medium or Long-Term Plans, as defined below, approved by the Board of Directors;
f. to decide on the acquisition or lease (as lessee) of any movable or immovable assets, including shares, units, quotas and bonds, and in general to decide on any investments up to the amount of 50,000,000 (fifty million) euros or, independently of such threshold, whenever such investment is set out in the Medium and Long-Term Plans, as defined below, approved by the Board of Directors;
g. to appoint the individuals to be proposed to the General Shareholders' Meeting from the companies referred to in sub-paragraph d) above, to fill the roles of the respective corporate bodies, indicating those who will fulfil executive functions;
h. to approve policies and rules transverse to the Companies of the Group, such as procedure manuals, regulations and service instructions, maxime, those concerning (i) Human Resources, (ii) Operational Control, (iii) Food Safety and Quality Control, and (iv) Reporting and Investments;
i. to approve the expansion plans with respect to the activities of each of the business areas, as well as Group Companies forming part of the Group but not included in the business areas;
j. to approve the organic structure for the Group's companies;
k. to decide on the instructions to be given by the Company to the management of its subsidiary Companies with respect to those matters referred to herein, pursuant to and in compliance with the applicable laws.

For the purpose of the delegation of powers, it is considered as being foreseen in the Medium and Long-Term Plans (which are considered to be the activity and investment plans and financial projections on a three-year term), the acquisitions, sales, investments or divestments, the amount of which does not exceed by more than 10% each heading contained in those Plans.

In 2017, the Managing Committee remained in office as the consultative body which, as referred in point 29, has the primary goal of assisting the Chief Executive Officer in the duties delegated by the Board, in relation to the daily management of the businesses within the corporate purpose of the Company.

Nevertheless, pursuant to the terms of its Internal Regulation, the Board of Directors retains authority over strategic matters of management of the Group, in particular those regarding the definition of general policies of the Company and the corporate structure of the Group and those that, due to their importance and special nature, may significantly impact on the business activity of the Group.

The matters referred to in Article 407(4) CCC are off-limits to the Chief Executive Officer.

Apart from the powers on strategic matters of management of the Group, the Board of Directors has effective control on directing corporate activities by always seeking to be duly informed and by ensuring the supervision of the Company's management, having implemented mechanisms that ensure such supervision.

To this end, at each Board of Directors meeting the Chief Executive Officer reports on the Company activity since the last meeting and provides any further clarification that the Non-Executive Directors may require. All information requested by the Non-Executive Directors in 2017 was provided in full and in a timely manner by the Chief Executive Officer.

Additionally, considering that the Chief Executive Officer is, simultaneously, Chairman of the Board of Directors, it was approved by decision of the said Board, a Mechanism for Coordinating the Activities of Non-Executive Directors, complying with recommendation II.1.10 of CMVM's Recommendations 2013.

Such Mechanism foresees that the members of the Board of Directors who are not part of an Executive Committee or are not Executive Directors are responsible, pursuant to the terms of Article 407, paragraph 8 CCC, for monitoring the activity of the Executive Committee or the Executive Directors, as the case may be, as well as for the damages caused by their acts or omissions when, having knowledge of such acts or the intent to commit them, they do not seek the intervention of the Board of Directors to take the necessary measures.

The monitoring and supervising activity is also carried out by Non-Executive Directors through their participation in Specialized Committees and working groups set up by the Company, as well as in the corporate bodies of subsidiary companies.

Still on the terms of such Mechanism, the Executive Directors or the Chairman of the Executive Committee, as applicable, as well as Directors charged with a special duty, pursuant to the terms of Article 407, paragraphs 1 and 2 CCC, shall:

a) whenever necessary disclose to Non-Executive Directors all the relevant information regarding the performance of the delegated powers or the special duty conferred upon them;

b) answer, within a reasonable deadline, to any information request presented by any Non-Executive Director, within their respective functions, and such information shall also be made available to the remainder members of the Board of Directors.

It is foreseen in the said Mechanism that Non-Executive Directors may also meet in *ad hoc* meetings, convened at the request of any two of them by the Company's Secretary (who shall inform the Chairman of the Board of Directors about the summons), pursuant to the terms foreseen in the Board of Directors Regulations.

In order to allow for an independent and informed participation of Non-Executive Directors in the meetings of the Board of Directors or in the meetings of the Specialised Committees and working groups set up by the Company as well as in the corporate bodies of subsidiary companies they integrate, the Mechanism foresees that the Company's Secretary shall make available to them the definitive agenda of the meeting and respective preliminary documentation, pursuant to the terms and within the deadlines foreseen in the Board of Directors Regulation.

The Company's Secretary shall also ensure, according to the Mechanism implemented, the delivery to the Directors, who so request, of a copy of the minutes of the meetings of the Managing Committee as well as a copy of any other minutes of the meetings of Corporate Bodies or Specialised Committees within the Board of Directors. Moreover, the Company's Secretary shall, within its duties, provide Directors with all information regarding the resolutions of the Board of Directors or Executive Committee or the decisions of the Executive Directors.

Organisational Structure and Division of Responsibilities

Jerónimo Martins, SGPS, S.A. is the Holding Company of the Group and, as such is responsible for the main guidelines for the various business areas, as well as for ensuring consistency between the established objectives and available resources. The Holding Company's services include a set of Functional Divisions which provide support for Corporate Centre and services to the Operating Areas of the Group's companies, in the different geographical areas in which they operate.

In operational terms, Jerónimo Martins is organised into three business segments: i. Food Distribution, ii. Specialised Retail and iii. Agribusiness, being its major focus on the first one. The Distribution segment – Food and Specialised Retail – is organised into Geographical Areas and Operating Areas (under different brands). The Agribusiness segment serves, essentially, as a support to Food Distribution, at the present time only in Portugal, guaranteeing the supply and differentiation in relevant categories.

Holding Company Functional Divisions

The Holding Company is responsible for: i. defining and implementing the development strategy of the Group's portfolio; ii. strategic planning and control of the various businesses and consistency with the global objectives; iii. defining and controlling financial policies; and iv. defining Human Resources Policy, with direct responsibility for implementing the Management Development Policy.

The Holding Company's functional divisions are organised as follows:

The Jerónimo Martins Group
Functional Divisions
of Corporate Support

Environment
Fernando Frade

Logistics and Supply Chain
Eduardo Brito

Legal Affairs
Carlos Martins Ferreira

Marketing and Consumer
André Ribeiro de Faria

Internal Audit
Madalena Mena

Financial Operations
Conceição Carrapeta

Commercial
Pedro Leandro

Quality and Private Brand Development
Carlos Santos

Corporate Communications and Responsibility
Sara Miranda

Operations Quality and Food Safety
Marta Moreira

Financial Control
António Pereira

Human Resources
Marta Maia

Business Development
João Nuno Magalhães

Investor Relations
Cláudia Falcão

International Expansion and Strategy
Nuno Abrantes

Security
João Carreira

Fiscal Affairs
Rita Marques

Information Security
Nuno Galveia

Risk Management
Kinga Kurlit

Information Technology
Benedetto Conversano

Environment – Responsible for defining the strategy, policies and procedures across the geographies where the Jerónimo Martins Group is present, assuring the fulfillment of the commitments taken by the Group and promoting the identification of opportunities to minimize the negative environmental impacts, both direct and indirect, derived from its operations and products, on the value chain.

Based on the environmental risk evaluation, the trends, the available scientific information and the Sustainable Development Objectives set by the United Nations, the Group's environmental strategy has as its priorities: the protection of biodiversity, the correct management of waste and fighting climate change. Specific objectives, programs and goals have been established to manage each of these priorities.

The main commitments and actions implemented in 2017, as well as the results achieved, can be found in Chapter 4 of this document.

Legal Affairs – Ensures ongoing legal assistance to the Company, preparing contracts, opinions and studies, assisting the Board of Directors in decision making, implementing risk planning policies and giving support to other Functional Divisions. It also ensures the necessary coordination between the legal departments of subsidiaries in the different jurisdictions in which they operate.

In 2017, this Division continued to focus on monitoring the evolution of the corporate rules and recommendations in the Group's various reorganization operations and on supporting the Board of Directors and other Functional Divisions in the projects of international expansion of the Group, among other matters.

It also had an important role regarding the prevention of legal disputes, through legal counselling and internal training.

Internal Audit – Assesses the quality and effectiveness of the internal control and risk management systems (both operational and non-operational) that are set by the Board of Directors, ensuring their compliance with the Group's and each business unit's procedures, as well as ensuring compliance with the legislation and regulations applicable to the respective operations.

This Division reports hierarchically to the Chairman of the Board of Directors and functionally to the Audit Committee. The activities carried out by this Functional Division are referred in point 50.

Commercial – Responsible for defining, coordinating and implementing the strategy, and global common commercial policies, common to the several geographies where the Group operates.

It has as its main mission to lead the coordination and integration of the commercial departments of the several operational companies, in pursuing the following main goals:

- procurement activities and joint negotiationas with producers and international suppliers of Private Brands, Perishables and Non-Food;
- to promote the sharing of know-how and information between the different geographies;
- to encourage and operationalize common innovation associated to Private Brands;
- to develop global brands in specific categories;
- to potentiate and coordinate all other commercial synergies between companies.

Corporate Communications and Responsibility – Ensures the strategic management of the Jerónimo Martins brand and is responsible for preserving and developing the Group's reputation capital. This mission is pursued by engaging in a continuous dialogue with the several external non-financial stakeholders and by promoting the integration of environmental, social and ethical concerns in day-to-day decisions along the value chain. It acts also as an agent of inter-departmental integration, developing efforts to guarantee the alignment of messages and practices with the Group's values and goals.

In 2017, in the scope of the celebration plan of the 225th anniversary of Jerónimo Martins, the team was responsible for the conception, development and simultaneous launch in the three countries of the rebranding project, including managing the change of all corporate brand's touchpoints, from the website to building signage. Two new books with important contributions to the Group's knowledge about its history were also produced and a digital archive of existing historic documents was set up and organized.

Also in the digital area, and as the manager of the LinkedIn corporate page in partnership with Corporate Human Resources, in 2017 it celebrated the achievement of reaching 100,000 followers in this social network (www.linkedin.com/company/jeronimo-martins).

It also organised the 6th Sustainability Conference, under the theme "The Power of Collective Action", addressed to both its top management and strategic business partners, which was also attended by Government and Non-Government Organisations, as well as other agents in the Food Distribution industry.

Financial Control – Responsible for providing financial information to support decision-making by the Company's Corporate Bodies.
It encompasses the areas of Consolidation and Accounting, Financial Planning and Control.

The Consolidation and Accounting area prepares consolidated financial information in order to comply with statutory and legal obligations and supports the Board of Directors by implementing and monitoring the policies and the accounting principles adopted by the Group.

It also supervises the financial reporting of the different Group Companies to ensure that it conforms to the standards, supporting the Companies in the accounting assessment of non-recurrent transactions, as well as restructuring and expansion operations.

The area of Planning and Control coordinates and supports the process for creating the Jerónimo Martins Strategic Plans, which are used as a basis for strategic decision-making by the Corporate Governance bodies.

It has a control function, monitoring the performance of the different business units of the Group and investigating any deviations from the plans. It thus provides the Managing Committee of Jerónimo Martins with relevant information and proposals to guarantee corrective measures that allow the defined strategic objectives to be achieved.

It also makes a financial assessment of all investment projects that are relevant for the Group, providing support to the Managing Committee for its approval and subsequent follow-up.

In 2017, it focused its activity on the implementation of several ownership structure restructuring projects, with the aim of achieving organizational simplification and administrative efficiency. It also supported and monitored the performance of the business units, with special focus on the new businesses, and supported the development of the medium and long-term strategic plans of the Group.

Business Development – Responsible for business development projects that are focused on key opportunities and challenges that are closely linked to the business of Group Companies.

Throughout 2017, this Division coordinated Group-wide projects and supported all Group Companies in business development projects and strategic reflections.

International Expansion and Strategy – Responsible for prospecting and analysing opportunities to develop the Group's business portfolio and for leading and participating in projects of a strategic nature related to M&A activities.

With regard to the development of the business portfolio, it holds the responsibility to search for, analyse and evaluate opportunities for the Group to expand and increase its value, focusing its activity on markets and businesses that can support the development of new and relevant business units for the Jerónimo Martins portfolio.

During 2017, it led and supported several strategic projects and continued to develop prospects for expansion in new markets and businesses.

Fiscal Affairs – Provides all of the Group's Companies with assistance in tax matters, ensuring compliance with legislation in force and in the optimisation of the business units' management activities from a tax perspective. It also manages the Group's tax disputes and its relations with external consultants and lawyers, as well as with Tax Authorities.

In 2017, it gave the necessary technical support in all ownership restructuring operations. It monitored the implementation in the Group of the European legislation related with the Base Erosion and Profit Shifting (BEPS). Through the associations, national and international, that represent the sector it ensured the defense of the Group's interests, whether collaborating on the clarification and implementation of new legislation, or in the public debate of legislative projects.

Risk Management – Responsible for implementing the Group's risk management policies and procedures, as well as for providing the necessary support to the Governance Bodies of the Company in identifying any risks that might compromise the strategy defined by the Group, as well as its business objectives.

The activities carried out in the area of Risk Management are described in points 52 to 55 of this document.

Logistics and Supply Chain – It has as main contribution, the participation in the execution of the strategic plans for the development and growth of the diverse businesses in the different geographies.

Its objective is to support and promote the efficiency of the Group's business models, in all dimensions of the respective supply chain.

Having the above as a starting point, this Division defined as a mission:

- to promote and foster good practices, and increase synergies among teams from different geographies;
- to plan and define with the Companies, the models of the supply chain that best adapt to the evolution of each market;
- to contribute to the evolution of supply models of suppliers, so that this translates into improvements in scale, and productivity gains in the value chain;
- to design and remodel the physical infrastructure, modern and technologically advanced, with distribution centers of reference in the industry and that in these platforms, it provides a service of excellence to the stores.

Marketing and Consumer Office – Office responsible for Marketing's strategic vision according to a consumer centric perspective with special focus on the Digital area.

It is this area's priority to understand thoroughly the clients so that the same are provided with an always improving experience in each of the Group's brands. For this are used tools and methodologies in Data and Consumer Insights that enable the establishment of a relevant interaction and a better experience in all contact points.

In 2017, this Office produced a strategic vision for Digital in the Group, prioritising key activities. Additionally, it supported the Companies in several Marketing, Communication and Digital activities.

Financial Operations – This Division includes Financial Risk Management, as well as Insurance and Treasury Management. The activity of the first area is discussed in detail in points 52 to 55.

Treasury Management is responsible for managing relations with the financial institutions that already undertake or have the potential to undertake business with Jerónimo Martins, ensuring that these entities fulfil the defined criteria, and also ensuring that the best possible conditions are always achieved. It also executes treasury planning with the aim of negotiating and implementing, for all the Group's Companies, the most suitable financial sources according to its cash flow generation profile, or to get the highest return with the lowest risk from the excess cash of the Group.

A large part of the treasury activities of Jerónimo Martins is centralized in the Holding Company, which is a structure that provides services to all other Companies of the Group. The negotiation and management of the insurance policies of the Group are also negotiated and managed in this division, where the responsibility for the relation with the insurance brockers and insurance companies that do business with the Group.

In compliance with the above-described activities, during 2017, new debt was issued to finance new investments but also to refinance debt maturing.

Quality and Private Brand Development – Responsible for defining, planning, implementing and controlling the policies, procedures, methodologies and rules in the various countries where Jerónimo Martins operates, ensuring the use of the best and most up-to-date practices in this area.

In 2017, the main activities carried out focused on:

- carrying out the defined product and supplier control activities;

- continuous improvement of Private Brand products by reformulating existing products – where we can highlight the effort to replace or remove palm oil in some products in order to improve the nutritional profile;
- increasing anti-fraud and GMO (Genetically Modified Organisms) ingredients controls;
- maintaining the certifications in Quality and Food Safety;
- rolling-out of the QMS (Quality Management System) IT tool for all geographies;
- conclusion and review of the Corporate Guidelines for Private Brand – Perishables, Food and Non-Food Products.

Operations Quality and Food Safety – Responsible in the three geographies for ensuring quality and food safety in all products and processes, along the supply chain, in all its steps: producers and suppliers, goods reception and storage, stores, kitchens and fresh dough factory.

For that, it defines, plans, implements and controls policies, standards and requirements, for products and processes, promoting alignment of local structures and sharing of best practices, always seeking continuous improvement of products Quality and Food Safety and customer satisfaction.

Human Resources – Founded on the culture and values of Jerónimo Martins, this Corporate area is responsible for defining and implementing the strategy and global policies of Human Resources with regard to the main pillars of Human Resource Management – Recruitment, Training, Development, Compensation and Benefits – promoting its compliance, safeguarding the uniqueness of the different geographical areas in which the Group operates and the individual nature of the different Companies.

The activities that this Functional Division carried out in 2017 can be found in detail in Chapter 4, Section 8 – Being a Benchmark Employer – of this document.

Investor Relations – Responsible for the communication with investors – whether current shareholders or not, institutional and private, national and foreign – as well as with the analysts who formulate opinions and recommendations regarding Jerónimo Martins' share price. It is also the responsibility of this Division to co-ordinate all matters related to the Portuguese financial markets regulator (CMVM).

The activities carried out by this Functional Division can be found in detail in points 56 and 58.

Security – Responsible for the implementation of a security strategy to ensure the safety and protection of Jerónimo Martins Group's employees, customers, values and assets. In this context, it defines and coordinates procedures in terms of protecting the security of the Companies's people and assets, intervening whenever there are thefts and robberies, fraud and other illegal and/or violent activities perpetrated in the facilities or against employees of the Group.

In 2017, in the scope of this Division's activities plan, the security systems assessments of the Group's companies stores were carried out, being evaluated the legal compliance and electronic security risk, in order to optimize the security procedures adopted.

In the second semester of 2017, security assessments of JM Agro-Alimentar'companies facilities were carried out and Security awareness initiatives were also carried out to the Group's stores managers.

Information Security – Responsible for planning, implementing and maintaining an information security and cibersecurity management system in all Group Companies. It is also responsible for preparing the response to security incidents, its management, and to support systems recovery in the event of any disruption to the operations.

Information Security Officers (ISO) in each country, who report to this Division, ensure local compliance with applicable Information Security Policies and Standards and provide assistance to the respective business and support areas.

In 2017, it is highlighted the assessment on the Group's security architecture, the information security awareness campaign, security incidents readiness programme and promoting personal data security.

Information Technology – Its mission is to support growth of the business in a sustainable way, by leading change through relevant IT innovation in every Company of the Group.

The Division is responsible for defining and implementing the Global Information Technology Strategy for the Group, for promoting technology--based innovation and for aligning IT systems, policies and processes.

The key priorities for 2017 have been along the direction of:

- growing efficient: to support the organic expansion of the Group and, additionally, to implement a system that allows the export of products; to support the opening of a Distribution Center in Alfena to support the growth of logistical operations and the efficiency of deliveries to the stores; new logistic model in Poland; disaster recovery plan in Ara;

infrastructure upgrades and automation for recurrent processes based on RPA technologies (robotic process automation);
- digital: creating new capabilities focused on the customer experience from digital signage to selling online, mobile app and MB way in stores. Also in this year, a new phase for digital collaboration in the Group has begun at the level of each workstation;
- consumer relevant: focusing on the improvement of our assortment, more consistent and new moments of promotions, special actions directed to a specific geography (for example: Mini Cashier in the POS of Ara).

In addition, major progress was made towards the implementation of more efficient internal processes as is reflected in the Global IT Dashboard.

Operational Areas

The organisational structure of Jerónimo Martins is aimed mainly at ensuring specialisation in the Group's various businesses by creating geographical areas and operational areas, thus guaranteeing the required proximity to the different markets.

The Food Distribution business is divided into geographical areas – Portugal, Poland and Colombia – and within those countries then further divided into operational areas. In Portugal, there are two operational areas: Pingo Doce (Supermarkets and Hypermarkets) and Recheio (Cash & Carry), which encompasses the Food Service division through Caterplus. In Poland, there is the operational unit Biedronka (food stores) and in Colombia the unit Ara (food stores).

Within the Group's portfolio there is also a business segment devoted to Specialised Retail, existing in Portugal the operational areas Jeronymo (cafeterias) and Hussel (chocolates and confectionery shops) and in Poland the operational area Hebe (drugstores).

In the last three years, the Group implemented the first investments in the Agribusiness area, starting its activity in the areas of dairy products, beef and aquaculture, with a special focus in the protection and differentiation of the supply chain from the operations of Food Distribution.

B. Functioning

22. Availability and Place Where Rules on the Functioning of the Board of Directors may be Viewed

The Regulation of the Board of Directors is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

23. Number of Meetings Held and the Attendance

The Board of Directors, whose duties are described in Article Thirteen of the Company's Articles of Association, meets at least four times a year, and any of its members may be represented at the Board Meetings by another member, by means of a letter addressed to the Chairman.

During 2017, the Board of Directors met six times. The respective minutes were prepared for all meetings.

The Directors who have not personally attended Board Meetings have appointed another Board Member to represent them, as statutorily provided, with the attendance of each Director to the referred meetings during the exercise of respective duties as follows:

Pedro Soares dos Santos	100%
Andrzej Szlezak	100%
António Viana-Baptista	100%
Artur Stefan Kirsten[1]	67%
Clara Streit[1]	83%
Francisco Seixas da Costa	100%
Hans Eggerstedt	100%
Henrique Soares dos Santos	100%
Sérgio Rebelo	100%

[1] In every meeting not attended, the Director in question issued a representation letter, according to the Company's by-laws.

24. Performance Appraisal of Executive Directors

The assessment of performance of Executive Directors is made by the Remuneration Committee, elected by the General Shareholders' Meeting (see points 66 *et seq.*).

The Remuneration Committee is in charge of, in the scope of the Remuneration Policy, assessing the individual and collective performance of Executive Directors, evaluate their influence and impact in Jerónimo Martins' businesses and assessing their alignment with the medium and long-term interests of the Company.

As referred below (see point 27), currently there are no committees composed exclusively by Directors. Notwithstanding such fact, the performance of Executive Directors who are part of mixed committees (i.e. also composed of Non-directors) is evaluated by the Remuneration Committee, in the terms referred above.

25. Predefined Criteria For Assessing Executive Directors' Performance

The predefined criteria for assessing Executive Directors' performance arise from that established in the Remuneration Policy described in point 69.

26. Positions That the Members of the Board of Directors Hold in Other Companies and Respective Availatility

Throughout the said year, the members of the Board of Directors held positions in other companies, namely:

Pedro Soares dos Santos
- Director of Jerónimo Martins Serviços, S.A.*
- Director of Jerónimo Martins Polska, S.A.*
- Director of Jerónimo Martins Drogerie i Farmacja Sp. z o.o.*
- Director of Jerónimo Martins Colombia, SAS*
- Director of Recheio, SGPS, S.A.*
- Director of JMR – Gestão de Empresas de Retalho, SGPS, S.A.*
- Director of Jerónimo Martins – Agro-Alimentar, S.A.*
- Director of Arica Holding B.V.
- President of the Supervisory Board of Warta – Retail & Services Investments B.V.*
- President of the Supervisory Board of New World Investments B.V.*

Andrzej Szlezak
- Chairman of the Supervisory Board of Agora, S.A.
- Member of the Supervisory Board of Warta – Retail & Services Investments B.V.*

António Viana-Baptista
- Director of Semapa, SGPS, S.A.
- Director of Arica Holding B.V.
- Director (Non-Executive) of Abertis Infraestructuras, S.A.

Artur Stefan Kirsten
- Member of the Executive Committee and Chief Financial Officer of Vonovia SE
- President of the Supervisory Board of Vonovia Finance B.V.
- Member of the Supervisory Board of AVW Versicherungsmakler GmbH
- Deputy Chairman of the Administrative Board of Conwert Immobilien Invest SE
- Director of Movendo Capital, B.V.
- Director of Sociedade Francisco Manuel dos Santos, B.V.

Clara Christina Streit
- Director (Non-Executive) of Vontobel Holding AG, Vontobel Bank AG (Zurique)
- Member of the Supervisory Board of Vonovia SE
- Director (Non-Executive) of Unicredit SpA
- Member of the Supervisory Board of NN Group N.V.

Francisco Seixas da Costa
- Member of the Consultive Board of Faculdade de Economia da Universidade de Coimbra
- Member of the Consultive Board of Faculdade de Ciências Sociais e Humanas da Universidade Nova de Lisboa
- Chairman of the International Consultive Board of Fundação Calouste Gulbenkian
- Member of the Strategic Consultive Committee of Mota-Engil, S.A.
- Director (Non-Executive) of EDP Renováveis, S.A.
- Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
- Director (Non-Executive) of Mota-Engil Engenharia e Construções África, S.A.
- Member of the Audit Committee of Mota-Engil Engenharia e Construções África, S.A.
- Member of the Independent General Council of RTP – Rádio e Televisão de Portugal, S.A.

Hans Eggerstedt
- Director of Arica Holding B.V.

Henrique Soares dos Santos
- Director of Nesfia – Sociedade Imobiliária, S.A.
- Director of Jerónimo Martins – Serviços, S.A.*
- Director of Arica Holding B.V.
- Director of Sindcom – Investimentos, Participações e Gestão, S.A.
- Director of Sociedade Francisco Manuel dos Santos, II, S.A.

Sérgio Tavares Rebelo
- Member of the Advisory Council to the Global Markets Institute at Goldman Sachs
- Director (Non-Executive) of Integrated DNA Technologies, Inc.
- Member of the Supervisory Board of Warta – Retail & Services Investments B.V.*
- Member of the Supervisory Board of New World Investments B.V.*

* Companies that are part of the Group.

The positions held by the members of the Board in other companies did not affect their availability to take part in the Company's affairs, as demonstrated in the attendance report mentioned in point 23.

C. Committees within the Board of Directors and Board Delegate

27. Details of the Committees created within the Board of Directors

Currently, there are no committees in the Company composed exclusively by Directors, without prejudice to the Audit Committee to which is made reference to in points 30 to 33, being the Regulation of the Audit Committee available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

However, some committees were created in the Company, composed by Directors and by other individuals who are not Directors, analysed in point 29.

28. Details of the Board Delegate

The Board of Directors appointed a Chief Executive Officer, responsible for implementing the strategic decisions taken by the Board, in accordance with the delegated powers, and a Managing Committee, responsible for assisting the Chief Executive Officer in the duties delegated to that officer by the Board of Directors.

The role of Chief Executive Officer is performed by Pedro Soares dos Santos.

29. Description of the Powers of Each of the Committees Established and a Summary of Activities Undertaken

Managing Committee

The Managing Committee of the Company, which has the same term of office as that of the Board of Directors that appointed it, is composed of the Chief Executive Officer, Pedro Soares dos Santos, who is the Chair, Carlos Martins Ferreira, Luís Araújo, Marta Lopes Maia, Nuno Abrantes, Pedro Leandro and Sara Miranda. In accordance with its regulations, the Managing Committee is responsible for advising the CEO, within the respective delegation of powers, in carrying out the following functions:

- control over the implementation by the Companies in the Group of the strategic guidelines and policies defined by the Board of Directors;
- financial and accounting control of the Group and of the Companies that are a part thereof;
- senior coordination of the operational activities of the different Companies in the Group, whether integrated or not in business areas;
- launching of new businesses and monitoring them until they are implemented and integrated in the respective business areas;
- implementation of the management policy of Human Resources defined for the top-level management of the entire Group.

In 2017, the Managing Committee held meetings for the exercise of its competences, having been drawn up minutes of the meetings, which were sent to the Chairman of the Board of Directors and to the Company's Secretary.

Committee on Corporate Governance and Corporate Responsibility (CCGCR)

CCGCR is made up of a minimum of three and a maximum of nine Members, who are not required to be Directors, appointed by the Board of Directors. One of the members will be the Chairman.

The Board of Directors decided to appoint the current Chairman of the Board of Directors, Pedro Soares dos Santos, as Chairman of CCGCR, with the other Members of the Committee being Andrzej Szlezak, Artur Santos Silva, José Soares dos Santos and Maria de Fátima Barros.

In carrying out its mission, the CCGCR collaborates with the Board of Directors, assessing and submitting to it proposals for strategic orientation in the area of Corporate Responsibility, as well as monitoring and supervising on a permanent basis matters concerning: i. corporate governance, social responsibility, the environment and ethics; ii. the business sustainability of the Group; iii. internal codes of ethics and of conduct; and iv. systems of assessment and resolution of conflicts of interest, especially regarding relations between the Company and its shareholders or other stakeholders.

Especially on what concerns company governance, CCGCR has the duty to keep up, review and assess the appropriateness of the Company's model of governance and its consistency with the recommendations, patterns, and national and international best practices on company governance, addressing the Board of Directors the recommendations and proposing any changes, deemed adequate.

Ethics Committee

The Ethics Committee of Jerónimo Martins is composed of three to five members appointed by the Board of Directors, based on a proposal from the Committee on Corporate Governance and Corporate Responsibility. Currently, it is composed by Susana Correia de Campos, Adriana Olarte and Patrícia Farinha. The mission of the Ethics Committee is to provide independent supervision of the disclosure of and compliance with the Group's Code of Conduct in all the Companies of the Group.

The duties of the Ethics Committee include: i. establishing the channels of communication with the addressees of the Jerónimo Martins Group Code of Conduct and gathering such information as may be addressed to it in this connection; ii. ensuring the existence of an adequate system of internal control of compliance with the Jerónimo Martins Group Code of Conduct and with the appraisal of the recommendations stemming from such control; iii. appraising such issues as may be submitted to it by the Board of Directors, by the Audit Committee or by the CCGCR within the scope of compliance with Code of Conduct and with analysing, in abstract, those that may be raised by any employee, customer or business partner (stakeholders); iv. proposing to the CCGCR the adoption of such measures as it may deem fit in this connection, including a review of internal procedures and alterations to the Jerónimo Martins Group Code of Conduct; and v. drawing up an annual report on its activities to be presented to the Committee on Corporate Governance and Corporate Responsibility.

The Ethics Committee reports functionally to the CCGCR, which has responsibilities in the fields of corporate governance, social responsibility, environment and ethics, including those related to the internal codes of ethics and of conduct. The minutes of the meetings held in 2017 for the exercise of its competences were drawn up.

Internal Control Committee

The Internal Control Committee (ICC), appointed by the Board of Directors and reporting to the Audit Committee, is specifically responsible for evaluating the quality and reliability of the internal control system and the process of preparing financial statements, as well as for evaluating the quality of the monitoring process in force in Jerónimo Martins' Companies, with a view to ensuring compliance with the laws and regulations to which they are subject. In performing this latter task, the ICC must obtain regular information on the legal and fiscal contingencies that affect the Companies of the Group.

The ICC meets monthly, as a general rule, for the exercise of its competences, having been drawn up minutes of such meetings. It is composed of a Chairman (Alan Johnson) and four members (Francisco Martins, Jerónimo David Duarte, Madalena Mena and Henrique Soares dos Santos). None of the members is an Executive Director of the Company.

In 2017, the ICC continued its activities of supervision and evaluation of risks and critical processes, analysing the reports prepared by the Internal Audit Department. As a representative of the External Audit team is invited to attend these meetings, the Committee is also informed of the conclusions of the external audit work that takes place during the year.

Subsection III
Supervision
(Audit Committee)

A. Composition

30. Details of the Supervisory Board

The supervisory board of the Company is the Audit Committee, consequence of the anglo-saxon governance model adopted.

In addition to the responsibilities conferred by law, the Audit Committee, in performing its activities, is responsible in for the following:
- monitoring the preparation and disclosure of financial information;
- monitoring the effectiveness of internal control systems, internal auditing and risk management. For this purpose, they may work with the ICC, which shall report to them regularly on their work, pointing out situations that should be analysed by the Audit Committee;
- evaluating the external audit on a regular basis;
- approving activity plans in the area of risk management and following up on their execution, proceeding with the assessment of the recommendations resulting from the audit actions and the revisions of the procedures undertaken;
- looking after the existence of an adequate internal risk management system for the companies of which Jerónimo Martins is holder of shares or quotas, ensuring full compliance with its objectives;
- approving internal audit activity programmes, which respective Department functionally reports to it, as well as of the external audit;
- selecting, as proposed by the Managing Committee, the service provider for the external audit;
- monitoring the legal accounts audit services;
- assessing and monitoring the independence of the Statutory Auditor, especially when it performs additional services for the Company;
- issuing prior opinion on transactions of significant importance between the Company and its shareholders with qualifying holdings – or entities with them related under the terms of Article 20, no. 1 of the Portuguese Securities Code –, establishing the procedures and criteria necessary to define the level of significant importance.

The Audit Committee, for the adequate performance of its duties, requests and appraises all the management information deemed necessary. In addition, it has unrestricted access to the documentation produced by the auditors of the Company, having the possibility to request any information from them it deems necessary and being the first recipient of the final reports prepared by the external auditors.

During the year, the Audit Committee paid particular attention to the financial risk management and to the analysis of the reports and corrective measures proposed by Internal Audit.

31. Composition of the Audit Committee

According to the Articles of Association, the Audit Committee is comprised of three members of the Board of Directors, one of whom will be its Chairman.

The members of the Audit Committee are appointed by the General Shareholder's Meeting to terms of three years, simultaneously with the members of the Board of Directors, and the lists of proposed members of the latter body must indicate those that are intended to form the Audit Committee. The members of the Audit Committee cannot perform executive roles in the Company.

The composition of the Audit Committee, during 2017, was the following:

Sérgio Tavares Rebelo
- Chairman of the Audit Committee
- First appointment on 10th April 2013
- Expiry of the term of office on 31st December 2018

Clara Streit
- First appointment on 14th April 2016
- Expiry of the term of office on 31st December 2018

Hans Eggerstedt
- First appointment on 30th March 2007
- Expiry of the term of office on 31st December 2018

Diversity Policy

On this regard it is applicable what is stated in point 16.

32. Details of the Independent Members of the Audit Committee

Each member of the Audit Committee complies with the rules of incompatibility laid down in paragraph 1 of Article 414-A CCC, except that provided for in sub-paragraph b). Sérgio Tavares Rebelo and Clara Streit comply with the independence criteria foreseen in Article 414, number 5 CCC. See point 18 concerning Hans Eggerstedt.

33. Professional Qualifications of the Members of the Audit Committee

The professional qualifications of the members of the Audit Committee are those described on point 19 ("Professional Qualifications of the Members of the Board of Directors").

Additionally, reference should be made to the fact that the vast experience of the members of the Committee in corporate body positions, as well as to their special technical merit in this particular matter, have created particular added value for the Company.

The Chairman of the Audit Committee, Sérgio Tavares Rebelo, is recognised internationally as one of the best economists of today, having distinguished as a professor of International Finance at Kellogg School of Management. He acted as a consultant of several financial institutions, including, *inter alia*, the World Bank, the International Monetary Fund and the Bank of Portugal, as well as having occupied several positions in non-profit organizations. His outstanding academic background and his knowledge on risk management issues, e.g., financial, apart from his assertiveness and discernment in raising issues about the businesses and the countries where they operate, ensure him a special competence for the assignment as Chairman of the supervision body of the Company.

B. Functioning

34. Availability and Place Where the Rules on the Functioning of the Audit Committee may be Viewed

The Regulation of the Audit Committee is available on the Company's website, through the link mentioned in point 61 ("Relevant Addresses").

35. Number of Meetings Held and the Attendance of Each Member of the Audit Committee

The Audit Committee meets, at least, once every three months and is responsible for supervising Company management, carrying out the duties attributed by law and by Article Twenty of the Articles of Association.

During 2017, the Audit Committee met six times and all meetings were duly minuted.

The attendance of each Director at the meetings during the exercise of the respective duties, measured in terms of personal attendance, was as follows:

Sérgio Rebelo	100%
Clara Streit	100%
Hans Eggerstedt	100%

36. Positions that the Members of the Audit Committee Hold in Other Companies and Respective Availability

The members of the Audit Committee have always been available for the Company's affairs during 2017, having participated in the same when it was necessary or when they considered to be necessary.

The positions held by the members of the Audit Committee in other companies are described in point 26 ("Positions that the Members of the Board of Directors Hold in Other Companies").

C. Powers and Duties

37. Description of the Procedures and Criteria Applicable to the Supervisory Body for the Purposes of Hiring Additional Services from the External Auditor

According to the provisions of Law no. 148/2015, of 9th September, the provision of services other than audit services is subject to the verification of its adequacy (under the point of view of threats to independence and safeguard measures that eventually may be necessary) and prior approval of the Audit Committee, duly substantiated.

38. Other Duties of the Supervisory Body

The duties of the Audit Committee are described in point 30.

Subsection IV
Statutory Auditor

39. Details of the Statutory Auditor and the Partner That Represents the Same

The Company's Statutory Auditor is Ernst & Young Audit & Associados, SROC, S.A. ROC (Chartered Accountant) no. 178, registered at the CMVM (Portuguese Securities Market Commission) under no. 20161480, represented by João Carlos Miguel Alves, ROC no. 896 or by Rui Abel Serra Martins, ROC no. 1119.

The former Company's Statutory Auditor, PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., ROC (Chartered Accountant) no. 183 registered at the CMVM (Portuguese Securities Market Commission) under no. 20161485 represented by João Rui Fernandes Ramos, ROC no. 1333 or by António Joaquim Brochado Correia, ROC no. 1076, remained in office until 6th April 2017.

40. Number of Years that the Statutory Auditor Consecutively Carries out Duties with the Company

The Company's Statutory Auditor carries out duties with the Company since 6th April 2017.

The former Company's Statutory Auditor, PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., carried out duties with the Company for 29 years. In calculating the said number of years, it was taken into account the period in which other statutory auditors, members of the PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. network carried out that role in Jerónimo Martins.

41. Description of Other Services that the Statutory Auditor Provides to the Company

The Statutory Auditor also carries out the role of the Company's External Auditor, as mentioned in point 42. In point 46, is made reference to other services carried out by the Statutory Auditor for the Company.

Subsection V
External Auditor

42. Details of the External Auditor and the Partner That Represents the Same in Carrying out These Duties

The External Auditor is Ernst & Young Audit & Associados, SROC, S.A. (Chartered Accountant No. 178), registered at the CMVM (Portuguese Securities Market Commission) under no. 20161480, represented by João Carlos Miguel Alves, ROC no. 896, or by Rui Abel Serra Martins, ROC no. 1119.

During 2017, the External Auditor monitored the efficiency and functioning of the internal control mechanisms, taking part in the meetings of the Internal Control Committee, reporting any deficiencies identified in the exercise of its activity, as well as making the necessary recommendations regarding the procedures and mechanisms that were analysed.

The External Auditor was able to verify the implementation of the remuneration policies and systems by reviewing the minutes of the Remuneration Committee's meetings, the remuneration policy in force and other accounting and financial information that is essential for that purpose.

The former Company's Statutory Auditor, PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. registered at the CMVM (Portuguese Securities Market Commission) under no. 20161485, represented by João Rui Fernandes Ramos, ROC no. 1333 or by António Joaquim Brochado Correia, ROC no. 1076, remained in office until 6th April 2017.

43. Number of Years that the External Auditor and Respective Partner that Represents the Same in Carrying out These Duties Consecutively Carries out Duties with the Company

Ernst & Young Audit & Associados, SROC, S.A., as well as the partner that represents the External Auditor has been carrying out that role for the Company since 6th April 2017.

The former Company's External Auditor, PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., carried out duties with the Company for 29 years. In calculating the said number of years, it was taken into account the period in which other statutory auditors, members of the PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. network carried out that role in Jerónimo Martins.

44. Rotation Policy and Schedule of the External Auditor and the Respective Partner That Represents Said Auditor in Carrying Out Such Duties

The Company did not set any specific policy regarding the rotation of the External Auditor and of the Statutory Auditor. It follows, however, the new Legal Regime of Portuguese Statutory Auditors, approved by Law nr. 140/2015, of 7th September, which establishes in its article 54, no. 2, that the maximum period for carrying out the duties as partner responsible for the Statutory Audit is seven years, and the company of statutory auditors may be appointed as Statutory Auditor and External Auditor for the maximum period of two mandates of 4 years, or three mandates of 3 years.

45. Details of the Board Responsible for Assessing the External Auditor and the Regular Intervals When Said Assessment is Carried out

The Audit Committee is the responsible body for evaluating the performance of the External Auditor, which is performed annually.

46. Details of Services, Other Than Auditing, Carried out by the External Auditor for the Company and/or Companies in a Control Relationship and an Indication of the Internal Procedures for Approving the Recruitment of Such Services and a Statement on the Reasons for Said Recruitment

From the non-audit services requested by Group's Companies to the External Auditor and other entities belonging to the same network:

- until 6th April 2017, PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. provided services totalling 7,500 euros, concerning certification of the carbon footprint calculation, and access to a tax database;
- from 6th April 2017 on, Ernst & Young Audit & Associados, SROC, S.A. provided services totalling 39,150 euros, concerning audit reliability services under applicable laws in the countries where the Group operates, support services in the field of human resources and other services consisting in training rendered to employees in programs not specifically prepared for the Group.

All these services were necessary for the regular activity of the Companies of the Group and, after due analysis of the situation, the External Auditor and/or the entities belonging to its network were considered as those which could best perform the said services. Besides being carried out by employees who do not participate in any auditing work for the Group, these services are marginal to the work of the auditors and do not affect, either by their nature or by their amount, the independence of the External Auditor during the performance of its role.

As a result of the procedure mentioned in point 37, all services to which is made reference above were subject to prior approval of the Audit Committee, duly substantiated.

47. Details of the Annual Remuneration Paid by the Company and/or Legal Entities in a Control or Group Relationship to the Auditor and Other Natural or Legal Persons Pertaining to the Same Network and Percentage Breakdown Relating to the Following Services

In 2017, the total remuneration paid to the External Auditor and other individuals or companies' belonging to the same network was the following:

To PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., the total amount of 7,500 euros was paid for services rendered until 6th April 2017.

In percentage terms, the amount referred to is divided, in the said period, as follows*:

	Amount	%
By the Company		
Amount for statutory auditing services (€)	-	-
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	7,500	100.0%
By entities comprising the Group		
Amount for statutory auditing services (€)	-	-
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	-	-

* It is clarified that in this chart only the amounts effectively paid on 2017 were considered. The amounts due for other services rendered by PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. until 6th April 2017, for e.g., statutory auditing services, were paid in advance, on 2016, and considered in the amounts disclosed in that year.

To Ernst & Young Audit & Associados, SROC, S.A. was paid the amount of 785,147 euros, for services rendered as from 6th April 2017.

In percentage terms, the amount referred to is divided as follows:

	Amount	%
By the Company		
Amount for statutory auditing services (€)	86,650	11.0%
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	15,500	2.0%
By entities comprising the Group		
Amount for statutory auditing services (€)	659,346	84.0%
Amount for audit reliability services (€)	2,700	0.3%
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	20,951	2.7%

Section C
Internal Organisation

Subsection I
Articles of Association

48. Rules Governing Amendment to the Articles of Association

The Articles of Association do not define any rules applicable to the amendment of the Company's Articles of Association, therefore the terms defined by the Law apply to these matters.

Subsection II
Reporting of Irregularities

49. Reporting Means and Policy on the Reporting of Irregularities in the Company

Since 2004, the Ethics Committee of Jerónimo Martins has implemented a system of bottom-up communication that ensures that every employee, at every level, has access to communication channels to contact officers who are recognised within the Company with information on possible irregularities occurring within the Group. They may also make any comments or suggestions, particularly with respect to compliance with the procedural manuals in effect, especially the Code of Conduct.

This measure clarifies guidelines on questions as diverse as compliance with current legislation, respect for the principles of non-discrimination and equal opportunities, environmental concerns, business transparency and the integrity of relations with suppliers, customers and official entities, among other matters.

The Ethics Committee has informed all the Group employees of the available means to, if necessary, communicate with this body. This is possible by means of letter via freepost or internal or external e-mail with a dedicated address. Interested parties may also request, from the respective General Manager or Functional Director, any clarification of the rules in force and their application, or they may provide them with information regarding any situation that may question them.

Whichever communication channel is used, anonymity is assured for anyone who requires it.

Subsection III
Internal Control and Risk Management

50. Individuals, Boards or Committees Responsible for the Internal Audit and/or Implementation of the Internal Control Systems

The Internal Audit Department assesses the quality and effectiveness of the Internal Control and Risk Management systems that are set by the Board of Directors.

The Internal Control objectives involve the assurance of the operational efficiency, the financial and operational reporting consistency and the fulfilment of applicable laws and regulations. To assure it, the Internal Audit activity plan takes in consideration the evaluation of the operational risks and the critical processes applicable to each Company.

The results of the internal audits are made available, on a monthly basis to the Internal Control Committee and to the Group's Managing Committee. Each quarter, these reports are presented to the Audit Committee. With the same regularity, a report is prepared regarding the status of the recommendations agreed with the audited areas managers.

During 2017, there were audits performed over stock management, cash collection, management of accounts payable and receivable, supplementary income, quality assurance and food safety, investments and information systems, among others.

51. Details of Hierarchical and/or Functional Dependency in Relation to Other Boards or Committees of the Company

The head of the Internal Audit Department reports hierarchally to the Chairman of the Board and CEO and, functionally, to the Audit Committee. The head of Internal Audit is also a member of the Internal Control Committee, which in turn reports to the Audit Committee.

See organisational structure in point 21.

52. Other Functional Areas Responsible for Risk Control

a) Enterprise Risk Management System

The Group, and in particular its Board of Directors, dedicates a great deal of attention to the risks affecting the businesses and their objectives, and is committed to ensure that Risk Management is an effective and fundamental component of the corporate strategy, culture and value-creation process.

The approach to Risk Management is detailed in the Group's Risk Management Policy, which sets out the Group's Enterprise Risk Management System and outlines the roles and responsibilities of the persons responsible for its execution.

a.1) Risk Management Objectives

The aim of the Group's Enterprise Risk Management System is not to eliminate risk completely from the Group's activities, but rather to ensure that every effort is made to manage risk appropriately, maximising potential opportunities and minimising the adverse effects of risk.

The Group's Enterprise Risk Management System has the objectives to structure and consistently organise the way the Group identifies and evaluates risks, assuring that they are assessed broadly, considering dependencies and correlations among various risks areas and also promoting alignment of the process across the organization. It establishes procedures for reporting that allow for an adequate monitoring of the risk mitigation and control measures.

Due to the size and geographical dispersion of Jerónimo Martins' activities, successful Risk Management depends on the active participation of all employees, who should assume this as an integral part of their jobs, particularly through the identification, reporting and mitigation of risks associated within their area of responsibility. Therefore, all activities must be carried out with an understanding of what the risk is, with an awareness of the potential impact of unexpected events on the Company and its reputation.

The Group is committed to ensuring all employees are provided with adequate guidance and training on the principles of Risk Management, on the criteria and processes set by the Risk Management Policy and on their responsibilities to manage risks effectively.

a.2). Organisation of Risk Management

The Risk Management Governance Model is defined in order to ensure the effectiveness of Risk Management Framework and is aligned with the Three Lines of Defence Model, which distinguishes among three groups (or lines) involved in effective Risk Management, namely:

- First Line of Defence (Business Operations: Risk Owners) – responsible for the daily Risk Management activities aligned with the business strategy, and also aligned with existing internal procedures and Risk Management Policy;
- Second Line of Defence (Oversight/ Compliance Functions: Group and Business Unit Risk Managers) – responsible for the Risk Management analysis and reporting, as well as for suggestions or policies development that improve the efficiency of Risk Management processes. This second line also includes functions such as Financial Control, Security, Quality & Food Safety, amongst other corporate areas;

- Third Line of Defence (Independent Assurance: Internal Audit and External Audit) – responsible for providing assurance on the effectiveness of governance, Risk Management and internal controls, including the manner in which the first and second lines of defence perform their Risk Management and control objectives.

The Risk Management organisational structure considers the following main roles and responsibilities:
- the Board of Directors is responsible for establishing the Risk Management Policy and strategy and for setting goals in terms of risk-taking. It is also the Board's responsibility to provide for the creation of control systems necessary to ensure that the risks effectively incurred are consistent with the goals set;
- the Audit Committee approves the activity plans with regard to Risk Management, monitors their execution and assesses the effectiveness of the internal control, internal auditing and risk management system;
- the CEO, assisted by the Managing Committee, ensures the implementation of the Risk Management Policy and strategy as established by the Board of Directors, as well as promotes a risk awareness culture in the organisation ensuring that Risk Management is embedded in all processes and activities;
- the Risk Committee assists and advises the Managing Committee, as the CEO's assisting body, in assessing and monitoring the mitigating measures for the different types of risk, and ensuring the existence of an effective Risk Management framework, that ensures a level of risk exposure compatible with the objectives and strategies approved by the Board of Directors;
- the Group Risk Management Division (GRM) is responsible for the implementation of the Risk Management framework, coordination of all Risk Management activities and for supporting the Managing Committee and the Risk Committee in the identification of risk exposures that might compromise the Group's strategic and business goals. GRM is also responsible for the coordination and alignment of the practices adopted by the Companies in the Business Continuity Plans (BCP);
- the Business Unit Risk Managers are responsible for the implementation of Risk Management initiatives at the Company level and to support the respective Risk Owners activities;
- the Risk Owners are all employees in charge of the execution and/or control over a given process or activity, within a business unit or a corporate structure, which are responsible for managing the risks involved in those activities;
- the Internal Audit Department focuses its work on the significant risks, as identified by management, and audits the Risk Management processes across the Organisation, providing assurance regarding the effectiveness and efficiency on the Management of Risk and active support in the Risk Management process.

53. Details of the Major Risks to Which the Company is Exposed in Pursuing its Business Activity

Strategic Risks

Strategic risk management involves monitoring factors such as social, political and macro--economic trends: the evolution of demographics, consumers' preferences, the life cycles of the businesses, the dynamics of the markets (financial, employment, natural and energy resources), geopolitical situation, the activities of competitors, technological innovation, availability of resources, legal and regulatory changes and social scrutiny of the Group's business activities.

The management team uses this information to understand market needs and attemps to identify any opportunities and threats in the industries and sectors in which it operates, namely in terms of potential profitability and growth, but also in terms of both the strategic alignment and appropriateness of its business model in light of current and future conditions.

Operating Risks

Derives from the execution of normal business functions, across the value chain, and focuses on risks arising from the processes through which the Group units operate.

The operational risks cover risks related to category management and sourcing, stock management, cash management, logistics and supply chain and the efficiency in the use of resources and assets as well as their safety and security.

Fraud, money laundering and corruption risks are also considered in the risk assessment for the most relevant operational activities. The adequacy and range of the controls and mitigation measures are also reviewed and reconsidered whenever necessary.

Food Quality and Safety

The Group seeks to provide healthier products and food solutions, and it seeks to ensure and enforce product safety measures in strict compliance with food safety standards.

The Quality and Food Safety Departments of the Companies are responsible for the following areas: i. prevention, through selection, assessment, and follow-up audits on suppliers; ii. monitoring, by following the product throughout the whole logistics flow, to analyse compliance with best practice and certification requirements; and iii. training, by carrying out periodic simulations and awareness initiatives.

The Companies are monitored continuously by quality control technicians, to ensure the implementation of procedures and to assess the efficiency of training and the suitability of the facilities and equipment.

Environmental Risks

Ensuring the efficient management of resources, while promoting environmental preservation, is essential for the sustained growth of the Jerónimo Martins Group's businesses. Considering the size of its Companies, the Group has been conducting studies on the impacts of such activities on ecosystems and on the services and the resources they provide, in the following areas: i. Impacts of the Group's Companies activities on biodiversity and dependency on ecosystem services; ii. Agricultural management practices focused on water and energy consumption, biodiversity and economic management; iii. Risk analysis on fish sold in Group's stores; iv. Analysis of risks and opportunities associated with the impacts of climate change on Group's activities; and v. Mapping of deforestation commodities, their origins and production methods in Private Brand products and Perishables.

As a result of the studies about biodiversity management, priority action areas have been identified, which entail practices such as training, partnerships with suppliers, and research and development. This is the case of the work that has been developed with suppliers in Portugal which led to the publication of a Sustainable Agriculture Manual and the corporate sustainable fishing strategy that defines specific lines of action according to the identified risk categories[1].

Regarding both climate change risks and those associated with deforestation commodities, the following typologies were identified:

- Regulatory, which can be a result of increased costs of compliance with environmental legislation;
- Physical, which may result in shortage of natural resources, such as agricultural products, or disruption of supply chain activities associated with climatic events;
- Reputational, associated with expectations of the Group's stakeholders to reduce carbon emissions and contribute to tackle deforestation.

[1] To find out more about the actions carried out by the Group in this area, please refer to subchapters "Protecting the Environment" and "Sourcing Responsibly", respectively, in the "How we make a difference" chapter of the current document.

The probability of occurrence of these situations and their level of impact, including financial risks, as well as their management, are analysed by the Group as part of its risk assessment procedures. Considering the risks posed by climate change, particularly, the Group discloses its review in the annual response to CDP (Carbon Disclosure Project), for the programs Climate and Forest, which are available at https://www.cdp.net.

Physical Security and People Risks

The Security Department is responsible for ensuring that conditions exist to guarantee the physical security of people and facilities.

Physical security and people risk management involves defining and publicising working standards and instructions, carrying out employee awareness initiatives and training, performing audits on the stores, risk assessment in all establishments and performing emergency simulations.

Information Systems Risks

The risks associated to Information Technologies are analysed considering their different components: planning and organisation, development, innovation, operations management, information security and continuity.

The risk management of Information Security in the Group is the responsibility of an exclusively dedicated Department and consists of implementing and maintaining an Information Security Management System that ensures confidentiality, integrity and availability of critical business information, performing monitoring and control activities in order to identify and mitigate potential vulnerabilities.

Regulation Risks

Compliance with legislation is provided by the Legal Departments of the Group's Companies. With regard to the Holding Company, the Legal Department guarantees the co-ordination and implementation of strategies aimed at protecting the interests of Jerónimo Martins in legal disputes, and it also manages outside advisers.

Compliance in issues related with Personal Data is followed by the Data Privacy Department, supported by the Legal Departments of the Holding Company, of the Group Companies and the Information Security Department.

In order to ensure the fulfilment of tax obligations, the Group Fiscal Affairs Department advises the Group's Companies, as well as oversees their tax proceedings.

Financial Risks

Risk Factors

Jerónimo Martins is exposed to several financial risks, namely: price risk; which includes interest and exchange rate risks: transactional risk, which includes credit and liquidity risk;
and the risk arising from the Group's investments portfolio, including various risks such as interest rate, credit, foreign exchange, inflation, political and fiscal.

The management of these risks is focused on the unpredictable nature of the financial markets and aims to minimize its adverse effects on the Company's financial performance.

Certain types of exposure are managed using financial derivative instruments.

The activity in this area is carried out by the Financial Operations Department.
It is responsible, with the cooperation of the financial areas of the Group´s companies, for identifying and risk assessing and for executing the hedging of financial risks, by following the guidelines set out in the Financial Risk Management Policy.

Every quarter, reports on compliance with the Financial Risk Management Policy are presented to and discussed with the Audit Committee.

The information concerning financial risks to which the Group is exposed can be found in note 31 – Financial Risks of Chapter III of the Annual Report and Accounts.

54. Description of the Procedure for Identification, Assessment, Monitoring, Control and Risk Management

The Group's Risk Management framework assumes a continuous process of risk assessment, which is an integral part of the normal decision-making and management processes.

The Risk Management process is aligned with the ISO 31000 international standard recommendations and seeks mainly to distinguish what is irrelevant from what is material, requiring an active management which involves the assessment of sources of risk, the probability of occurrence of a certain event, and the consequences of its occurrence within the context of the control environment.

The Group prepares and maintains an overall risk profile that lists all relevant operational and strategic risks, as well as the corresponding implemented mitigation and control mechanisms. The list is updated regularly with information from the on-going risk assessment processes.

A global annual review is made under the coordination of the Group's Risk Management Corporate Division, as part of the strategic and operational planning processes, so that the information related to the most relevant risks is duly updated and considered during the planning process. This process triggers the development of the alternatives under analysis as well as the identification of new activities that strengthen the defense of the directed objectives.

55. Core Details on the Internal Control and Risk Management Systems Implemented in the Company Regarding the Procedure for Reporting Financial Information (Art. 245-A/1/m) PSC)

The Board of Directors is highly committed to assuring the reliability of financial reporting and the preparation of the Group's financial statements. This is done by ensuring that the Group has in place adequate policies that provide reasonable assurance that transactions are recorded and reported in accordance with Generally Accepted Accounting Principles (GAAP), and that expenditures are realized only when properly authorized.

The financial reporting risk is mitigated by enforcing segregation of duties and by setting preventive and detective controls, which involves limiting access to IT systems, and a comprehensive performance monitoring system.

Additional controls are provided by the Audit Committee oversight and Internal Control Committee reliability assessments over the preparation and disclosure of financial information and by the Group's Planning and Control Department monitoring activities over the performance of each business units and in review of the deviations to the approved plans.

Subsection IV
Investor Assistance

56. Department Responsible for Investor Assistance

Composition

The Investor Relations Office of Jerónimo Martins is comprised as follows:
Office Manager: Cláudia Falcão
Team: Ana Maria Marcão, Hugo Fernandes and Raquel Freitas

Main Roles

The Investor Relations Office of Jerónimo Martins is responsible for communication with all investors – institutional and private, national and foreign – as well as the analysts who formulate opinions and recommendations regarding the Company. The Investor Relations Office is also responsible for matters related to the Comissão do Mercado de Valores Mobiliários (Portuguese Securities and Exchange Commission).

Communication Policy of Jerónimo Martins for the Capital Markets

Jerónimo Martins' policy for communicating to the capital markets aims to ensure a regular flow of relevant information – history, current performance and outlook for the future –, which respects the principles of symmetry and simultaneity and creates a faithful image of the Company's business performance and strategy for investors, shareholders, analysts and the general public.

The financial communication strategy outlined for each year is based on the principles of transparency, rigour and consistency. This ensures that all relevant information is transmitted in a non-discriminatory, clear and complete manner to stakeholders.

Information Provided

Annually, and based on the above-mentioned principles, the Office draws up a Communication Plan for the Financial Market, which is included in the global communication strategy of Jerónimo Martins.

With the objective of transmitting an updated and clear vision of the strategies of the different business areas of Jerónimo Martins to the market, in terms of operational performance and outlook, the Investor Relations Office organises a series of events so that investors can learn about Jerónimo Martins' various businesses, its strategies and prospects for the future, and simultaneously follow the progress of activities during the year, by clarifying any doubts.

Throughout 2017, activities were carried out that allowed the financial markets to dialogue not only with the Investor Relations Office, but also with the Jerónimo Martins management team. The following are highlighted:

- meetings with financial analysts and investors;
- responses to e-mail questions addressed to the Investor Relations Office;
- telephone calls;
- release of announcements to the market through the CMVM (Portuguese Securities and Exchange Commission) extranet, through the Jerónimo Martins and Euronext Lisbon websites, and e-mail messages sent to all the Company's investors and financial analysts listed in the database created and updated by the Office;
- presentations to the financial community: presentation of results, roadshows, conferences and Annual General Shareholders' Meeting;
- organisation of visits to the operations in Poland and Colombia, with the management of the respective Companies;
- development and update of the investor relations webpage on the Company's institutional website.

In order to make information easily accessible to all interested parties, the communications issued regularly by the Office are available in full on the Jerónimo Martins' institutional website, at https://www.jeronimomartins.com/en/.

The site not only provides, in Portuguese and in English, mandatory information, but also general information about the Group and the Companies that form it, in addition to other information considered relevant, namely:

- announcements to the market about privileged information;
- annual accounts, including the Annual Report on the activities of the Audit Committee, six-month and quarterly reports of the Group;
- economic and financial indicators and statistical data, updated every six or twelve months, in accordance with the Company or business area;
- Jerónimo Martins' most recent presentation to the financial community, and historical collection;
- information about share performance on the stockmarket;
- the annual calendar of Company events, released at the beginning of every year, including, among others, General Shareholders' Meetings, the disclosure of annual, half-yearly and quarterly results;

- information about Corporate Governance;
- Code of Conduct of Jerónimo Martins;
- Company Articles of Association;
- current Internal Regulations;
- information regarding the General Shareholders' Meetings;
- minutes of the General Shareholders' Meetings, or respective extracts;
- historical agendas and decisions taken at the General Shareholders' Meetings held over the three previous years.

Contacts

The Office may be contacted through the Market Relations Representative and the Investor Relations Office Manager, Cláudia Falcão – and via the e-mail address: investor.relations@jeronimo-martins.com.

The main contact information for the Investor Relations Office is as follows:
Address: Rua Actor António Silva, n.º 7, 1649-033, Lisboa
Telephone: +351 21 752 61 05

57. Market Liaison Officer

The Jerónimo Martins' Market Relations Representative is the Investor Relations Office Manager, Cláudia Falcão.

58. Extent and Deadline for Replying to the Requests for Information Received Throughout the Year or Pending from Preceding Years

Within the scope of issues addressed to the Investor Relations Office, during the course of 2017, 371 meeting contacts were recorded with investors and financial analysts and 443 requests for information sent via e-mail, or through telephone contact, to which was given an immediate reply to, or were responded to within an appropriate time for the type of request.

Subsection V
Website

59. Address(es)

The Company's institutional website is available in Portuguese and English and can be accessed using the following address:
https://www.jeronimomartins.com/en/

60. Place Where Information on the Firm, Public Company Status, Headquarters and Other Details Referred to in Art. 171 of the Commercial Companies Code is Available

Information concerning Article 171 CCC is available on the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/contacts/

61. Place Where the Articles of Association and Regulations on the Functioning of the Boards and/or Committees are Available

The Articles of Association and regulations on the functioning of the boards and/or committees are available on the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/investors/governance/articles-of-association-and-regulations/

62. Place Where Information is Available on the Names of the Corporate Boards' Members, the Market Liaison Officer, the Investor Assistance Office or Comparable Structure, Respective Functions and Contact Details

The information in question is available on the Jerónimo Martins institutional website and may be accessed through the following links:

- **Names of the Corporate Boards' Members:**
  Board of Directors:
  https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/board-of-directors/

  Audit Committee:
  whttps://www.jeronimomartins.com/en/investors/governance/corporate-bodies/audit-committee/

  General Meeting
  https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/shareholders-meeting/

  Statutory Auditor
  https://www.jeronimomartins.com/en/investors/governance/corporate-bodies/statutory-auditor-roc/

- **Name of the Market Liaison Officer:**
  https://www.jeronimomartins.com/en/investors/investor-contacts/
- **Information concerning the Investor Assistance Office, respective functions and contact details:**
  https://www.jeronimomartins.com/en/investors/investor-contacts/

63. Place Where the Documents Relating to Financial Accounts Reporting are Available and the Half-Yearly Calendar on Company Events Published at the Beginning of Every Six Months, Including, Inter Alia, General Shareholders' Meetings, Disclosure of Annual, Half-Yearly and, Where Applicable, Quarterly Financial Statements

The place where the documents in question are available is the Jerónimo Martins institutional website through the following links:

- **Financial accounts reporting:**
  https://www.jeronimomartins.com/en/investors/presentations-and-reports/
- **Half-yearly calendar on Company events:**
  https://www.jeronimomartins.com/en/investors/financial-calendar/

64. Place Where the Notice Convening the General Shareholders' Meeting and all the Preparatory and Subsequent Information Related Thereto is Disclosed

The place where the notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed is the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/investors/general-meetings/

65. Place Where the Historical Archive on the Resolutions Passed at the Company's General Shareholders' Meetings, Share Capital and Voting Results Relating to the Preceding Three Years are Available

The place where the historical archive on the resolutions passed at the Company's General Meetings, share capital and voting results relating to the preceding years, including the last three, is available is the Jerónimo Martins institutional website through the following link:
https://www.jeronimomartins.com/en/investors/general-meetings/

Section D Remuneration

Subsection I
Power to Establish

66. Details of the Powers for Establishing the Remuneration of Corporate Boards, Chief Executive and Directors of the Company

Within the terms of Article Twenty-Nine of the Company's Articles of Association, the remuneration of the Statutory Bodies is set by the Shareholder's Meeting, or by a Committee nominated by the latter. Within the scope of the latter possibility, the shareholders of Jerónimo Martins decided to nominate the Remuneration Committee to set the remuneration of the Members of the Statutory Bodies.

The Remuneration Committee is elected for a three year term, being the present term comprised between years 2016-2018.

The remuneration of the Company's management is decided by the respective Board.

Subsection II
Remuneration Committee

67. Composition of the Remuneration Committee, Including Details of individuals or legal persons recruited to Provide Services to Said Committee and a Statement on the Independence of Each Member And Advisor

At the General Shareholders' Meeting held on 14th April 2016 Elizabeth Bastoni (co-opted Chairman), Erik Geilenkirchen and Jorge Ponce de Leão[2] were elected to this Committee, for the term in force.

None of the Members of the Remuneration Committee is a member of the Board of Directors of the Company, or has a spouse, family member or relative in such a position, nor do they have relationships with the Members of the Board of Directors that may affect their impartiality in the performance of their duties.

During 2017, no individual or legal person was hired to support the Remuneration Committee in the performance of its duties.

68. Knowledge and Experience in Remuneration Policy Issues by Members of the Remuneration Committee

The Members of this Committee have extensive knowledge and international experience in management and remuneration policy, which gives them the necessary skills to perform their duties adequately and effectively.

Elizabeth Bastoni holds several degrees from different Universities, having started her career in tax consultancy with specialization in expatriates taxation. She also worked in Thales as VP – Professional Development, Compensation and Benefits, and as Head of HR. She was Head of Global Compensation and Benefits of The Coca-Cola Company, EVP and Chief HR and Communications Officer of Carlson, Chief HR Officer of BMGI (Bill and Melinda Gates Investments), Member of the Board of Directors and Chair of the Compensations Committees of Carlson Wagonlit Travel and of The Rezidor Hotel Group, as well as Member of the Board of Directors of the Human Resources Association WorldatWork. Currently she is a Non-Executive Director and member of the Compensation and Nomination Committee of Société BIC.

[2] Jorge Ponce Leão resigned already in January 2018 due to exclusivity obligations deriving from his appointment as executive manager of a State-owned company.

Erik Geilenkirchen holds a Masters in Mechanical Engineering. Since 1989 his professional activity has been focused in HR, having worked in Hay Group for nine years, and, afterwards, in Ahold Group as VP Human Resources (Asia/Pacific), SVP (Asia/Pacific) at Group Philips with focus in HR and Chief Human Resources Officer at Cofra Holding. He is the founder of "IntelligentBoardRoom.com".

Jorge Ponce de Leão has a Law degree, having worked in the Labor Law area since the beginning of the 70's as external legal advisor, as well as in-house in some Portuguese companies. He worked as Head of Legal and Tax Services (Jerónimo Martins Group – industrial area), and was appointed Member of the Board of Directors of the Company during the 1990's. He also held management duties in the HR area of Radiotelevisão Portuguesa, was CEO of SAIP SGPS and Chairman of the Board of Directors of ANA – Aeroportos de Portugal.

To better understand the business and the Company's culture and values, the members of the Remuneration Committee had the chance to visit the Operations of the Group in the several countries where it operates. This was deemed important by this Committee to make sure that the remuneration policies and processes of corporate bodies, particularly the one of Directors with executive duties are effectively aligned with the business' strategy and with the rest of the Organization.

Subsection III
Remuneration Structure

69. Description of the Remuneration Policy of the Board of Directors and the Supervisory Board

The Remuneration Committee was of the opinion that there was no justification for major changes to the basic principles that have been the core of the Corporate Bodies Remuneration Policy, which should continue having in attention the current legal and recomendatory framework, as well as the organisational model adopted by the Board of Directors.

With respect to the organisation of the Board of Directors, the Remuneration Committee has especially taken into account the following characteristics:

- the existence of a Chief Executive Officer with delegated duties regarding the day-to-day management of the Company, as well as of a Director or Directors to whom the Board have entrusted or may entrust special duties;
- the participation of Non-Executive Directors in Specialised Committees, who are therefore called to devote increased time to Company's affairs.

Considering the said organisational model the Remuneration Committee understands that there are no grounds justifying any major changes in the principles that have been adopted as to the Corporate Bodies Remuneration Policy.

In fixing the remuneration for the Corporate Bodies in 2017, and in order to guarantee that the Company pay levels are adequate and in line with the international market practices, as this is the landscape where the Company operates, the Remuneration Committee relied on benchmark studies[3]. Such studies included not only other companies in the PSI 20, but also other listed european international peers working in the same sector, bearing in mind the said caractheristics of the Company.

The remuneration of Directors with executive duties continues to comprise a fixed and a variable component, that together guarantee a competitive remuneration in the market and which also serve as a motivating element for high individual and collective performance, allowing ambitious targets for accelerated growth and the appropriate shareholders remuneration to be set and achieved.

[3] Based on publicly available information and on documents published by specialized consultancy firms.

Annually, the variable component is fixed by the Remuneration Committee, taking into account the expected contribution of Directors with executive duties to results, shareholder value creation (EVA), evolution of share prices, the work carried out during the preceding financial year, the degree of achievement of the projects integrated on the Group's Strategic Scorecard, as well as the criteria applied in the attribution of variable remuneration to the remaining Managers.

The Remuneration Policy continues seeking to reward the Directors with executive duties for the sustained performance of the Company in the long-term, and the safeguarding of the interests of the company and shareholders within this period of time. For this reason, the variable component takes into account the contribution of the Directors with executive duties to the conduct of business namely through the achievement of EVA objectives set out in the Medium and Long-Term Plan approved by the Board of Directors and the implementation of a series of projects across the Group's Companies, which, having been identified by the Board of Directors as essential to ensure future competitiveness, have a time scale that may exceed one calendar year, being the Directors with executive duties responsible for each compliance stage, in the scope of their duties.

The variable remuneration is, as already noted, dependent on predetermined criteria, objectives and targets to be fixed at the start of each year by the Remuneration Committee, which take into consideration the Company's real growth, the wealth created for shareholders and long-term sustainability.

Bearing in mind the contribution of the several countries and business areas where the Group operates to total turnover and consolidated results, the Remuneration Committee considers adequate that the payment of the fixed and variable components of remuneration to Directors with executive duties be split amongst the Company and its subsidiary companies where such Directors are also members of the management body, according with a ratio to be determined by this Committee.

As regards the deferral of part of the variable component of the remuneration, the Remuneration Committee conducted a study on the subject in 2011 without reaching a conclusion about the advantages or inconveniences of its adoption, considering that the manner in which the remuneration of the Directors with executive duties is structured is adequate and ensures full alignment of their interests with those of the Company in the long-term. For the same reason, the Remuneration Committee deems unnecessary to determine the maximum potential amount, in aggregate and/or individual terms of remuneration to be paid to Members of Corporate Bodies. Furthermore, the Committee considers that the Remuneration Policy of the Company is aligned with the remuneration practices of its counterparts within the PSI20, bearing in mind the characteristics of the Company.

The Company did not enter into any contracts with its Directors which mitigate the risk inherent to the remuneration variability set by the Company, nor is the same aware that any such contracts have been entered into between its Directors and third parties.

The absence of a deferral period for the variable component makes it unnecessary to have mechanisms to prevent the execution of contracts by Executive Directors that subvert the rationale of variable remuneration.

The remuneration of the members of the Audit Committee as well as the remuneration of Directors with non-executive duties continues to comprise a fixed component only.

With respect to Directors with non-executive duties who are part of Specialised Committees (whether or not exclusively composed of Directors), the Remuneration Committee considered it appropriate to continue the attribution of meeting fees, bearing in mind that the duties performed within those Committees demand additional availability from the respective member Directors.

Similarly, with respect to Directors with non-executive duties who take part of supervisory bodies of the Company's subsidiaries, bearing in mind that such duties arise from the exercise of their functions as Directors, the Remuneration Committee considered appropriate to attribute to them meeting fees.

As established by the Remuneration Committee in 2010, life and health insurance fringe benefits continued for Directors with executive duties.

The Statutory Auditor is remunerated in accordance with the auditing services agreement signed with the Jerónimo Martins Group, which covers almost all its subsidiaries. This remuneration shall be in line with market practices.

The Retirement Pension Plan for Executive Directors was approved at the 2005 Annual General Metting, which is described in point 76.

This Remuneration Policy was subject to discussion at the Annual General Shareholders' Meeting held last year.

70. Information on how Remuneration is Structured so as to Enable the Aligning of the Interests of the Members of the Board of Directors With the Company's Long-Term Interests and how it is Based on the Performance Assessment and how it Discourages Excessive Risk Taking

As results from the Remuneration Policy described in point 69, remuneration is structured in a way that allows alignment between the interests of the Board Members with the long-term interests of the Company.

The existence of fixed and variable components of remuneration, the fact that the variable remuneration is fixed depending on the verification of several objective factors, e.g., the real growth of the Company, the wealth created for shareholders, the implementation of projects across the Group's Companies which ensure the future competitiveness of businesses and long-term sustainability, cause that management's evaluation is made taking into attention the interests of the Company and its shareholders not only in the short term, but also in the middle and long-term.

Within the parameters of the remuneration policy in force, and to ensure alignment with market best practices, the Remuneration Committee deemed adequate to review the process of defining targets and assess performance for Directors with executive duties, namely the Chief Executive Officer, having followed-up the progress in both qualitative and quantitative targets on a quarterly basis. It also defined clear and measurable qualitative targets, namely by getting access to ESG (Environmental, Social and Governance) reports.

Based on a rigorous and thorough analysis of multiple sources of evidence both internal and independent, the Remuneration Committee followed closely the progress of several performance indicators, both quantitative (sales growth, net earnings, EVA and gearing) and qualitative (strategic path and resources allocation / investments, organizational health and talent management, and multi-stakeholder relations).

As referred in point 69, the Company did not enter into any contracts with its Directors which intend to mitigate the risk inherent to the variability of remuneration set by the Company.

71. Reference to the Existence of Variable Remuneration Component and Information on any Impact of the Performance Appraisal on This Component

The remuneration of Directors with executive duties is comprised of a variable component depending, also, of a performance review depending on the effective delivery of the objectives and targets, measured by the behaviour of the quantitative and qualitative indicators.
See points 69 and 70.

72. Deferred Payment of the Remuneration's Variable Component and Specification of Relevant Deferral Period

There is no deferred payment of the remuneration's variable component. See point 69.

73. Criteria Whereon the Allocation of Variable Remuneration on Shares is Based, and Also on Maintaining Company Shares that the Executive Directors Have Had Access to, on the Possible Share Contracts, Hedging or Risk Transfer Contracts, the Corresponding Limit and its Relation to the Total Annual Remuneration Value

The Company does not have any type of plan for attribution of shares to Directors and officers, as defined in no. 3 of Article 248-B PSC.

74. Criteria Whereon the Allocation of Variable Remuneration on Options is Based and details of the Deferral Period

The Company does not have any plan for the attribution of share purchase options to Directors and officers, as defined in no. 3 of Article 248-B PSC.

75. Key Factors and Grounds for Any Annual Bonus Scheme and Any Additional Non-Financial Benefits

See points 69 to 71. Directors with executive duties receive also life and health insurance fringe benefits.

76. Key Characteristics of the Supplementary Pensions or Early Retirement Schemes for Directors and Date When Said Schemes Were approved at the General Shareholders' Meeting, on an Individual Basis

At the 2005 Annual General Meeting, a Retirement Pension Plan for Executive Directors was approved.

It is a Defined Contribution Pension Plan, in which the value of the contribution is fixed in advance – the percentage of the monthly deduction for the Fund is currently 17.5% – the value of the benefits varying depending on the earnings obtained. The Remuneration Committee defines the contribution rate of the Company and the initial contribution.

Plan Participants, as defined in the respective regulation, include the Executive Directors of the Company. In the specific case of Executive Directors in office at the time of the 2005 General Meeting, those who opted for the current Pension Plan would forego eligibility for the Alternative Pension Plan, by way of expressly and irrevocably waiving it.

The retirement date coincides with the day itself or the first day of the month following the month in which the Participant reaches normal retirement age, as established into the General Social Security Scheme. A Participant will be considered to be in a state of total and permanent invalidity if recognised as such by the Portuguese Social Security.

The pensionable salary is the gross monthly salary paid by the Company and any of its direct or indirect subsidiary companies, multiplied by 14 and divided by 12. To this fixed monthly amount is added, at the end of each calendar year, a variable amount comprising all the amounts received as variable remuneration from said Company and subsidiary companies.

Additionally, concerning Directors who were in office at the date of the said 2005 General Meeting, the complementary pension or retirement system regime applies, and under the terms of the respective Regulation, Directors have the right to a Complementary Pension at retirement age, cumulatively, when they: i. are over 60 years old; ii. have performed executive functions; and iii. have performed the role of a Director for more than 10 years. This supplement was established in the 1996 Annual General Shareholders' Meeting and only those Directors that have not opted for the Retirement Pension Plan mentioned above may benefit from this supplement.

Subsection IV
Remuneration Disclosure

77. Details on the Amount Relating to the Annual Remuneration Paid as a Whole and Individually to Members of the Company's Board of Directors, Including Fixed and Variable Remuneration and as Regards the Latter, Reference to the Different Components That Give Rise to Same

The gross remuneration of the Members of the Board in 2017 totaled 1,567,750.00 euros, corresponding 890,500.00 euros to fixed remuneration, 378,000.00 euros to variable remuneration and 299,250.00 euros contributions to retirement pension plan.

In the chart below reference is made to the gross remuneration paid individually to the Members of the Board of Directors:

Director	Remuneration Paid		
	Fixed Component	Variable Component*	Retirement Pension Plan
Pedro Soares dos Santos	220,500.00	378,000.00	299,250.00
Andrzej Szlezak	80,000.00	-	-
António Viana-Baptista	80,000.00	-	-
Artur Stefan Kirsten	80,000.00	-	-
Clara Christina Streit	80,000.00	-	-
Francisco Seixas da Costa	80,000.00	-	-
Hans Eggerstedt	80,000.00	-	-
Henrique Soares dos Santos	80,000.00	-	-
Sérgio Tavares Rebelo	110,000.00	-	-

* Annual variable remuneration fixed and paid in 2017, following the performance assessment for the year 2016.

78. Amounts paid, for any Reason Whatsoever, by Other Companies in a Control or Group Relationship, or are Subject to a Common Control

Additionally to the amounts referred to in point 77, amounts were paid by other companies in a control or group relationship or subject to a common control to Directors during 2017 totalling 1,251,500.00 euros, being the gross individual amounts paid detailed in the chart below:

Director	Amounts Paid (euros)	
	Fixed Component	Variable Component*
Pedro Soares dos Santos[1]	409,500.00	702,000.00
Andrzej Szlezak[2]	50,000.00	-
Sérgio Tavares Rebelo[2]	90,000.00	-

* Annual variable remuneration fixed and paid in 2017, following the performance assessment for the year 2016.
[1] For exercise of management duties.
[2] For exercise of functions in Supervisory Board.

79. Remuneration Paid in the Form of Profit-Sharing and/or Bonus Payments and the Reasons for Said Bonuses or Profit Sharing Being Awarded

The Company did not pay to Directors any remuneration in the form of profit-sharing or bonuses (other than the variable remuneration referred in points 77 and 78, set according to the Remuneration Policy described in point 69).

80. Compensation Paid or Owed to Former Executive Directors Concerning Contract Termination During the Financial Year

No payment was made, nor there is any payment obligation whatsoever, in the event of termination of functions during the term of the Board of Directors.

81. Details of the Annual Remuneration Paid, as a Whole and Individually, to the Members of the Company's Supervisory Board

The gross remuneration paid to the Members of the Audit Committee, in such quality, as a whole was 60,000.00 euros, being the gross individual amounts paid detailed in the chart below:

Audit Committee	Remuneration Paid (euros)	
	Fixed Component	Variable Component
Sérgio Tavares Rebelo (President)	20,000.00	-
Hans Eggerstedt	20,000.00	-
Clara Christina Streit	20,000.00	-

82. Details of the Remuneration in Said Year of the Chairman of the Presiding Board to the General Meeting

The remuneration paid by the Company to the Chairman of the Board of the General Shareholder's Meeting in the year of reference was 7,500.00 euros.

Subsection V
Agreements with Remuneration Implications

83. Envisaged Contractual Restraints for Compensation Payable for the Unfair Dismissal of Directors and the Relevance Thereof to the Remuneration's Variable Component

There are no contractual restraints for the compensation payable in the event of dismissal of Directors without due cause. This matter is regulated by the applicable law.

84. Existence and Description of Agreements Between the Company and Members of the Board of Directors and Managers That Envisage Compensation in the Event of Resignation or Unfair Dismissal or Termination of Employment Following a Takeover Bid

There are no agreements between the Company and Members of the Managing Bodies, officers or employees that foresee indemnity payments in the event of resignation, dismissal without due cause, or termination of the labour relationship as a consequence of change in the Company's control.

Subsection VI
Share Allocation and/or Stock Option Plan

85. Details of the Plan and the Number of Persons Included Therein

The Company does not have any plan in force to attribute shares or options to acquire shares.

86. Characteristics of the Plan

The Company does not have any plan in force to attribute shares or options to acquire shares.

87. Stock Option Plans for the Company Employees and Staff

The Company does not have any plan in force to attribute options to acquire shares.

88. Control Mechanisms for a Possible Employee-Shareholder System

There is no employee-shareholder system in the Company.

Section E
Related Party Transactions

Subsection I
Control Mechanisms and Procedures

89. Mechanisms Implemented by the Company for the Purpose of Controlling Transactions With Related Parties

Business between the Company and the Members of the Board

Any dealings that may exist between the Company and its Board Members are subject to the provisions of Article 397 CCC, and may only be entered into if so authorised by a resolution of the Board of Directors, for which the interested Director cannot vote, and that authorisation must be preceded by a favourable opinion from the Audit Committee.

Taking into account the election of Andrzej Szlezak (partner in the firm of lawyers Sołtysiński Kawecki & Szlęzak (SK&S), one of the Jerónimo Martins Group's External Legal Counsels) for the position of Director of Jerónimo Martins for the term 2013-2015, the Board of Directors authorized, since 2013, within the terms of paragraph 2 of Article 397 CCC and following the favourable opinion of the Audit Committee, the maintenance of the contract between the Companies and its subsidiaries and the above-mentioned law firm for the provision of legal services.

Business between the Company and Other Related Parties

The Board of Directors adopted the procedure and criteria approved by the Audit Committee in the scope of business with other related parties. See point 91.

90. Details of Transactions That Were Subject To Control in the Referred Year

In 2017, there were no transactions subject to control.

91. A Description of the Procedures and Criteria Applicable to the Supervisory Body When Same Provides Preliminary Assessment of the Business Deals to be Carried out Between the Company and the Holders of Qualifying Holdings

In this regard, it should be noted that in terms of procedure the Audit Committee, according to its regulations, is responsible for issuing prior opinion on transactions of significant importance between the Company and its shareholders with qualifying holdings – or entities with them related under the terms of Article 20, no. 1 PSC –, establishing the procedures and criteria necessary to define the level of significant importance.

The Audit Committee approved the procedure and criteria applicable to these situations.

Thus, deals between the Company or Companies within Jerónimo Martins Group and shareholders with a qualifying holding or entities with which the same are linked, shall be subject to the assessment and prior opinion of the Audit Committee, whenever one of the following criteria is fulfilled:

a) having an amount equal to or higher than three million euros or 20% of the sales of the respective shareholder;

b) despite having an amount lower than the one resulting from the criteria mentioned in the previous paragraph, the addition of that amount to the amount of the previous deals concluded with the same shareholder with a qualifying holding, during the same fiscal year, equals or exceeds five million euros;

c) regardless of the amount, they may cause a material impact on the Company's name concerning its independence in the relationships with shareholders with qualifying holdings.

Subsection II
Data on Business Deals

92. Details of the Place Where the Financial Statements Including Information on Business Dealings With Related Parties Are Available, in Accordance With IAS 24

The information concerning business dealings with related parties may be found on note 27 – Related Parties of Chapter III of the Annual Report.

PART 2.

CORPORATE GOVERNANCE ASSESSMENT

1. Details of the Corporate Governance Code Implemented

The Company adopted the Code of Corporate Governance of the CMVM (which is published on the CMVM's website at http://www.cmvm.pt/en/Legislacao/National_legislation/RecCorporate%20Governance/Pages/Corporate-Governance.aspx?pg, having considered that the same ensures an adequate level of protection of its shareholders' interests, and company governance transparency.

The Company is also governed by its Code of Conduct, whose content is linked to corporate governance matters, and which may be consulted on its website. All of its Corporate Bodies are governed by regulations, which are documented and available on the Company's website at https://www.jeronimomartins.com/en/ .

2. Analysis of Compliance with the Corporate Governance Code Implemented

2.1. Statement of Compliance

The Company complies in its essence with the Recommendations of the CMVM in the Corporate Governance Code of 2013. It is accepted, however, that there are some recommendations that were not adopted in their entirety as it is better explained below.

The following shows the breakdown of the recommendations contained in the Code of Corporate Governance of the CMVM that were adopted, partially adopted, not adopted and not applicable, as well as reference to the text of the Report where the compliance or justification for not adopting or partially adopting these recommendations may be found.

Recommendation	Status regarding the adoption	Referral to the CGR text
I. VOTING AND CORPORATE CONTROL		
I.1.	Adopted	Part I, Section B, Subsection I, point 12
I.2.	Adopted	Part I, Section B, Subsection I, point 12
I.3.	Adopted	Part I, Section B, Subsection I, point 12
I.4.	Adopted	Part I, Section B, Subsection I, point 13
I.5.	Adopted	Part I, Section A, Subsection I, points 4 and 5 and Section B, Subsection I, point 12
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. Supervision and Management		
II.1.1.	Adopted	Part I, Section B, Subsection II, points 21 and 28
II.1.2.	Adopted	Part I, Section B, Subsection II, point 21
II.1.3.	Not applicable	
II.1.4.	Adopted	Part I, Section B, Subsection II, points 24, 25, 29 and Section D, Subsection III, point 69
II.1.5.	Adopted	Part I, Section C, Subsection III, points 50, 52 and 54
II.1.6.	Adopted	Part I, Section B, Subsection II, point 18
II.1.7.	Adopted	Part I, Section B, Subsection II, point 18
II.1.8.	Adopted	Part I, Section B, Subsection II, point 21
II.1.9.	Not applicable	
II.1.10.	Adopted	Part I, Section B, Subsection II, point 21
II.2. Supervision		
II.2.1.	Adopted	Part I, Section B, Subsection II, point 19 and Subsection III, points 32 and 33
II.2.2.	Adopted	Part I, Section B, Subsection III, point 30
II.2.3.	Adopted	Part I, Section B, Subsection III, point 30, and Subsection V, point 45
II.2.4.	Adopted	Part I, Section B, Subsection III, point 30 and Section C, Subsection III, point 52
II.2.5.	Adopted	Part I, Section B, Subsection II, point 29 and Section C, Subsection III, point 50
II.3. Remuneration Setting		
II.3.1.	Adopted	Part I, Section D, Subsection II, point 67
II.3.2.	Adopted	Part I, Section D, Subsection II, point 67
II.3.3.	Partially adopted	Part I, Section D, Subsection III, points 69 and 70 and Part II, point 2.1, sub. a)

(Continues)

(Continuation)

Recommendation	Status regarding the adoption	Referral to the CGR text
II.3.4.	Not applicable	Part I, Section D, Subsection III, points 73 and 74
II.3.5.	Adopted	Part I, Section D, Subsection III, points 69 and 76
III. REMUNERATION		
III.1.	Adopted	Part I, Section D, Subsection III, points 69 and 70
III.2.	Adopted	Part I, Section B, Subsection II, points 17 and 18, Section D, Subsection III, point 69 and Subsection IV, points 77, 78 and 79
III.3.	Not adopted	Part I, Section D, Subsection III, point 69 and Part II, point 2.1. sub.s a) and b)
III.4.	Not adopted	Part I, Section D, Subsection III, point 72 and Part II, point 2.1. sub. c)
III.5.	Adopted	Part I, Section D, Subsection III, point 69
III.6.	Not applicable	Part I, Section D, Subsection III, points 69, 73 and 74
III.7.	Not applicable	Part I, Section D, Subsection III, points 69 and 74
III.8.	Adopted	Part I, Section D, Subsection III, point 69, and Subsection V, point 84
IV. AUDITING		
IV.1.	Adopted	Part I, Section B, Subsection V, point 42
IV.2.	Partially adopted	Part I, Section B, Subsection III, point 30, Subsection III, point 37, Subsection V, point 46, and Part II, point 2.1, sub. d)
IV.3.	Adopted	Part I, Section B, Subsection V, point 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1.	Adopted	Part I, Section A, Subsection II, point 10, Section E, Subsection I, points 89 and 91
V.2.	Adopted	Part I, Section E, Subsection I, point 91
VI. INFORMATION		
VI.1.	Adopted	Part I, Section C, Subsection IV, point 56 and Subsection V, point 59
VI.2.	Adopted	Part I, Section C, Subsection IV, points 56 and 58

In light of the text of the recommendations, the following recommendations, also referenced in the table above, were not fully complied with. The corresponding explanations are detailed below.

a) With respect to **subparagraph b)** of **recommendation II.3.3.**, it is important to explain that the matter concerning the remuneration of Directors, including the setting of maximum limits for all the components of the remuneration, depends exclusively on the Remuneration Committee, which is a Committee appointed by the General Shareholder's Meeting and independent of the Board of Directors. Thus, the full compliance with the referred recommendation is within the exclusive competence of the Remuneration Committee. The latter decided not to follow the recommendation, as it recognised that the manner in which the remuneration of Executive Directors is structured is adequate and allows the alignment between the interests of Executive Directors and those of the Company in the long term, being in line with the remuneration practices of similar companies, taking into account the characteristics of the Company.

b) Regarding **recommendation III.3**.: see explanation in the preceding subparagraph.

c) In relation to **recommendation III.4.**, it should be noted that the Company's Remuneration Policy does not provide for the deferred payment of all or part of the variable component of remuneration, and the Remuneration Committee believes that it has found, thusfar, the mechanisms that allow the alignment of the interests of the Executive Directors with the long-term interests of the Company and the shareholders, enabling the sustained growth of the Company's business and the corresponding value creation for the shareholders.

d) As regards **recommendation IV.2.**, it is important to explain that in 2011 the Audit Committee established the rules concerning the provision of consultancy services by the External Auditor. These rules determine:
i. the possibility of contracting those services, if the auditor's independence is assured; and
ii. the obligation to obtain prior approval of the said Committee, from the moment the global amount of fees related to this type of services in that year surpasses 10% of the global amount of fees concerning audit services.
The Audit Committee considers that the provision of non-audit services up to the said amount of 10% does not compromise the auditor's independence. Furthermore, the Committee considers this solution as the most appropriate to the Group's geographical multi-location and to the specific needs of its subsidiaries set up in other jurisdictions.

3. Other Information

There is no other data or additional information, which is relevant for understanding the corporate governance model and practices adopted.

HOW WE MAKE A DIFFERENCE

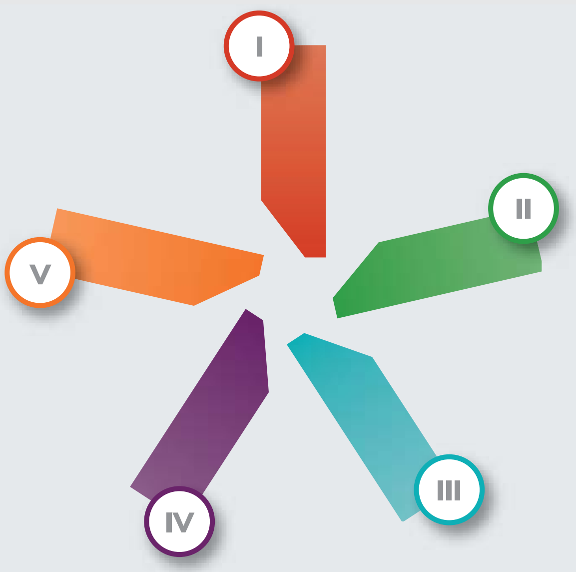
Growing in a sustainable way

For 225 years we have known that responsible businesses are built looking beyond the horizon, balancing the short and medium-long terms. This heritage of more than two centuries increases our responsibility of seeking value creation with respect for economic, environmental and social development.

1. OUR APPROACH

Only by respecting natural resources and promoting an improvement to the quality of life of current generations we can ensure the sustainability of future generations.

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 the 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[1] and the Sustainable Development Goals defined by the United Nations[2]:



[1] The 10 main material topics are mentioned in the sub-chapter 2 "Stakeholder Engagement", also available at www.jeronimomartins.com

[2] Find out about the Group's main activities in the publication "The Power of Collective Action", available at www.jeronimomartins.com and in the corresponding table of indicators found at the end of this Chapter.

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

We endeavour 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

Our 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. We are committed to developing long-lasting commercial relationships, practising fair prices and supporting local production in the countries where we operate.

IV – Supporting Surrounding Communities

We are strongly committed to the communities in the countries where we operate, 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, we aim to stimulate social and economic development in the markets where we do business. To do so, we promote balanced wage policies and a stimulating and positive work environment, in a firm commitment to our employees, who are also the target of social responsibility policies that are extended to their families.

Business Model and Relation with Sustainable Development

Jerónimo Martins Group remains in the main ESG Indexes

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

In 2017, we 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.

We also maintained our 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.

We also continued to secure our 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, we 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 our commitments, actions and results regarding sustainability and in the long-term development of our businesses.

2. STAKEHOLDER ENGAGEMENT

We use different communication channels, aiming to be better aligned with our stakeholders' needs and expectations.

We believe that stakeholder engagement is an important step in identifying and managing material environmental, social and economic aspects, which should, therefore, be included in our activity and communication strategy. To do so, and in order to guarantee continuous improvement, we use 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 our Companies, we are also part of various national and international organisations and initiatives concerning Corporate Responsibility, which enable us to know the trends in these areas[3].

As a result of our ongoing engagement with our stakeholders, we would highlight the following material aspects, in descending order[4]:

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, we also have the Committee on Corporate Governance and Corporate Responsibility, which works closely with the Board of Directors and with the Ethics Committee[5].

At the end of 2017, LinkedIn, the professional social network, which had around 110 thousand followers, continues to be an important vehicle for disclosing our 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[6].

[3] 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, in the "Responsibility" area.
[4] Our reporting of our 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 our Responsibility channel at www.jeronimomartins.com.
[5] The responsibilities of each of these Committees are described at www.jeronimomartins.com, in the "Investor" area.
[6] This indicator refers to the number of times each post was displayed to LinkedIn users.

3. 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, our carbon footprint (per € 1,000 of sales) reduced by 13.6% compared to 2014, ensuring that our 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;
- we 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 p.p. 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;
- we achieved the objective of continuing to introduce sustainability certificates (e.g. UTZ, Marine Stewardship Council and Rainforest Alliance, among others) in our 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;
- we 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. Our 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

- We created 7,970 jobs, representing a net growth of 8.3% compared to 2016;
- over 100 million euros in bonuses to our 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

We are committed to improving the quality of life of our consumers through food and by promoting responsible consumption.

4.1. Introduction

Bearing in mind the millions of customers who visit our stores every day, we are seriously committed to defend and promote public health through food. Furthermore, we seek 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 we hold 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;
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 us, 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, we 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 Mroźna 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;
- Zlota Rybka frozen cod fillets and Marinero frozen tuna steaks, without added phosphates, which are usually used to preserve fish;
- FruVita Islandic-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, we 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 Vitanella 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.

We 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 Mięs free-range chicken is produced without using any antibiotics and its feed contains no Genetically Modified Organisms (GMO).

In Portugal, we 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, we 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.

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.

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[7].

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.

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

In Portugal, we 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.

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.

[7] 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.

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, we 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, we maintained the "Codziennie Bądź w Formie" (Get in shape every day) campaign, through which we 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, we foster 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.alimentacaosaudavel.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.

We also pursued our 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[8];
- 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.

[8] For further information about this programme, refer to sub-chapter 7. "Supporting Surrounding Communities".

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

We continually invest 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, we count not only on our 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.

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	Δ 2017/2016	**2017**	2016	Δ 2017/2016
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.

8,579

AUDITS ON QUALITY AND FOOD SAFETY

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.

PRIVATE BRAND – FOOD PRODUCT ANALYSES

POLAND	PORTUGAL	COLOMBIA
12,050	15,852	4,146

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

Environmental conservation is essential for the sustained growth of our businesses, coupled with efficient resource management.

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. Our priority areas of activity, as defined in the Environmental Policy[9] 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 our 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 our 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, we conducted internal audits on stores, warehouses and DC to ensure conformity with legal requirements and with internal Environmental Management procedures. In 2017, we 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, we are aware that the annual sales volumes of Meat, Fish, Fruit and Vegetables, among others, results in impacts on the ecosystems. We therefore recognise the responsibility of knowing, mitigating and reflecting those impacts when defining policies, strategies and operational processes.

To do so, we 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, we 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.

[9] Available for consultation in the "Responsibility" area at www.jeronimomartins.com.

Among the research projects that we developed and supported, it should be highlighted the characterisation of the potential risks associated with the species of fish most sold by our 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, we assessed the degree of vulnerability of all the species of fish sold in Portugal and in Poland[10]. 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.

Concerning agriculture, after carrying out a study on the practices of our 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, we 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 us 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[11] 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.

[10] To find out more about the activities carried out by the Group regarding this matter, see sub-chapter 6 of this chapter. "Sourcing Responsibly".
[11] IPCC is the acronym for Intergovernmental Panel on Climate Change.

That is why we are 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[12].

5.3.1. Carbon Footprint

Em 2017[13], the carbon footprint (scopes 1 and 2) was 1,208,592 tonnes of carbon dioxide equivalent (CO_2e), 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_2e** [14]	**1,208,592**	1,267,496	-4.6%
Specific value (scope 1 & 2) – **t CO_2e/'000 €**	**0.0743**	0.0867	-14.3%

Carbon Footprint – Indicators	2017 (t CO_2e)	2016 (t CO_2e)	Δ 2017/2016
Overall Carbon Footprint (scope 1 & 2)[14]			
• 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%
Carbon Footprint (scope 1 – direct impacts)			
• Leakage of refrigeration gases	**146,482**	157,794	-7.2%
• CO_2 usage	**18,904**	18,007	+5.0%
• Fuel consumption	**56,074**	59,053	-5.0%
• Light vehicle fleet	**16,451**	15,074	+9.1%
Carbon Footprint (scope 2 – indirect impacts)			
• 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%
Carbon Footprint (scope 3 – other indirect impacts)			
• 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).

[12] To find out about our initiatives related to commodities linked to the risk of deforestation, see sub-chapter 6 in this chapter. "Sourcing Responsibly".
[13] 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.
[14] Scope 2 emissions concern location-based (heating) and market-based (electricity) type emission factors, according to the table "Carbon Footprint – Indicators".

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.

We include environmental criteria in the projects for building and refurbishing our 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, we have 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^3 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^3.

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^3, 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^3 per person, in the same period. Our 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^3**	**2,780,958**	2,513,756	+10.6%
• Specific value – **m^3/'000**	**0.171**	0.172	-0.6%
Water consumption per business unit			
• Distribution Portugal – **m^3**	**1,767,613**	1,630,890	+8.4%
• Distribution Poland – **m^3**	**813,818**	735,383	+10.7%
• Distribution Colombia – **m^3**	**105,994**	66,454	+59.5%
• Agribusiness – **m^3**	**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^3)	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^3 of rainwater to use in the cooling systems, sprinklers and washing the outside of trucks.

Renewable Energy

Technology	Number of buildings	Energy saving/year	Saving CO_2/year
Lamp posts powered by photovoltaic panels	1	72,000 kWh	*28 ton
Tubular solar light transporting system	21	120,291 kWh	*46 ton
Solar collectors to produce hot water used for heating water and/or in the air conditioning system	17	482,685 kWh	*184 ton
Geothermal heat pumps	13	1,523,014 kWh	519 ton

* 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 our commitment to reduce the environmental impacts from logistics processes, we highlight the following actions:

- 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, we 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_2. 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_2 into the atmosphere.

5.3.4. Management of Refrigeration Gases

We work 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_2 snow. In Portugal, the same system is in operation in the Algoz DC;
- cooling technologies are installed which run exclusively on CO_2 (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_2 (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_2);
- 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[15] and, therefore, mitigating the contribution towards global warming.

We have been testing solutions in our stores and DC in order to comply with our 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.

[15] GWP is the acronym for Global Warming Potential.

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 Rates

	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, we produced 446,564 tonnes of waste, which represents an increase of 6.3% compared to 2016. This evolution is due to the growth in our operations.

Waste	Distribution Portugal (ton)		Distribution Poland (ton)		Distribution Colombia (ton)		Agribusiness (ton)	
	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

5.4.2. Customer Waste Recovery

As part of the concern for promoting waste recovery to our customers, we endeavour to secure the necessary infrastructures and raise awareness among employees, customers and the surrounding communities. In 2017, we highlight the following projects:

- 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.

Waste Dropped Off by Customers in Recycling Bins at Stores

Waste (in ton)	2017	2016	Δ 2017/2016
Portugal			
Batteries	**12.01**	12.49	-3.8%
WEEE[16] (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%
Poland			
Batteries	**133.54**	145.82	-8.4%
WEEE[16] (including fluorescent light bulbs)	**176.16**	224.56	-21.6%
Colombia			
Used batteries	**0.18**	0	N/A

[16] WEEE – Waste Electrical and Electronic Equipment.

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

We 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.

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 our commitment.

5.5. Main Consumption of Materials

It is our objective to determine the origin and production methods of the material resources we use, promoting more sustainable supply chains and consumption practice.

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 our 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, we 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

We work together with our 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, we aim 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_2e/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	
			'000€	'000€
Plastic check-out bags – **tons**	**5,531**	5,339	+3.6%	-7%
Paper check-out bags – **tons**	**117**	173	-32.4%	-39%
Reusable plastic bags – **tons**	**2,050**	1,875	+9.3%	-2%
Reusable raffia bags – **tons**	**976**	978	-0.2%	-10%
Trolleys – **units**	**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

We recognize the importance of individual and collective behaviour for better management of natural resources, emissions and waste. As such, we develop various awareness initiatives, aimed at different stakeholders, such as our employees, customers and consumers. For more detailed information, see the "Responsibility" area at www.jeronimomartins.com.

5.7. Partnerships and Support

In 2017, we maintained our 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.

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
Lisbon Oceanarium	Pingo Doce Super Animals Campaign II	€ 107,550	2017	www.oceanario.pt
Lisbon Oceanarium	Lisbon Oceanarium	€ 100,000	2003	www.oceanario.pt
Lisbon Zoo	Pingo Doce Super Animals Campaign I	€ 86,000	2017	www.zoo.pt
World Wildlife Fund (WWF)	"Green Heart of Cork"	€ 10,000	2013	www.wwf.pt
Liga para a Protecção da Natureza (LPN)	ECOs-Locais	€ 10,000	2011	www.lpn.pt
European Recycling Platform (ERP) – Portugal	"Geração Depositrão" Project	€ 5,000	2013	www.geracaodepositrao.abae.pt
Lisbon Zoo	Sponsorship of the Ring-tailed lemur	€ 5,300	2015	www.zoo.pt

6. SOURCING RESPONSIBLY

We endeavour to incorporate ethical and environmental concerns in our supply chains, in order to drive a gradual and sustained improvement regarding the impacts of our business activity.

6.1. Introduction

We believe that developing partnerships with our suppliers and service providers is essential to reinforce our value proposition and to foster socio-economic development in the regions where we operate. We seek to integrate social, environmental and ethical criteria in our choices and decision-making, aiming to promote an ongoing reduction in the impacts of our activities today and in the future, as advocated in our Sustainable Sourcing Policy and our Supplier Code of Conduct[17].

6.2. Commitment: Local Suppliers

Under equal commercial terms, we prefer 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[18] 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, we use 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).

[17] Available for consultation in the "Responsibility" area at www.jeronimomartins.com.
[18] 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.

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 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

We prefer to develop lasting relations for cooperation with our 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:

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 5th 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

We work 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 our Sustainable Sourcing Policy[19].

We have undertaken the commitment to terminate business relations with suppliers whenever we learn 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 our participation in The Consumer Goods Forum, we have undertaken the commitment to contribute towards eradicating forced labour – as defined by the International

[19] Available for consultation in the "Responsibility" area at www.jeronimomartins.com.

Labour Organization – throughout our banners' supply chains and to continue to ensure its absence in our operations.

6.4. Commitment: Promotion of More Sustainable Production Practices

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

Deforestation

We highlight our 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, we have been mapping the presence of these ingredients in the Private Brand and Perishable products sold in Portugal, Poland and Colombia. Additionally, we ask our 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 our annual response to the Carbon Disclosure Project (CDP) Forests. For the first time, the figures for 2017 were verified by an external entity.

Our 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 our participation in The Consumer Goods Forum[20]. We obtained the following results 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.

- 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[21], 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[22].

- 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[21], 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.

[20] For further details about the Group's actions on this subject, please go to www.cdp.net.
[21] 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.
[22] Information provided by The International Institute for Sustainable Development in the report 'Standards and Biodiversity: Thematic Review' (2017).

- 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[21], 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.

We 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.

Fish

In the context of our sustainable fishing strategy, and as a result of the studies which have been carried out in this area[23], we defined courses of action to reduce pressure on threatened species[24]. 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, we 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;

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

In 2017, we 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 our 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.

[21] 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.
[23] 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.
[24] 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).

- 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 we tackle on various fronts and, consequently, in several of our corporate responsibility pillars. Regarding supplier engagement, we encourage the purchase of non-graded food, which previously had little or no economic value. As such, we are contributing towards reducing the upstream waste in our 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 our consumers' tables.

We do so both by incorporating them in our soups in Portugal and in Poland or in 4^{th} range products (washed and pre-cut vegetables ready to use), or by selling them at a reduced price in our Recheio stores.

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

Reduction in the distances that products travel

We developed partnerships with our 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_2 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.

Our strategy for supplying certain strategic products, through our own production at our company Jerónimo Martins Agro-Alimentar, also means we have 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, we secured the supply of over 350 tonnes of Angus beef and 1,330 kg of sea-bass. We aim to progressively increase these quantities

Certified Products

We seek to progressively incorporate sustainability-certified Private Brand products and Perishables into our assortment.
In 2017, we 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%
Total	**202**	**155**	**+30%**

* 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.

We maintained our 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, we comply with the indications of European Directive 98/58/EC in our areas of operation, as well as with the legislation in force. Whenever possible, we promote practices above the benchmark.

We highlight 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, we have undertaken the commitment to eradicate, by 2025, the sale of eggs from caged chickens in the Group's Private Brands.

Within the scope of our Agribusiness activities, we highlight the following actions:

Angus beef:
- availability of an area per animal above the recommended 3 m^2, 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

We regularly audit our 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 we operate.

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.

We also assess 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
Portugal			
Perishables	**921**	847	+9%
Private Brand – Food and Non-Food	**259**	244	+6%
Poland			
Perishables	****357**	***376	-5%
Private Brand – Food and Non-Food****	**446**	451	-1%
Colombia			
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 our internal audit system, we demand 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 our internal criteria (common to the three countries where we do business). In the case of suppliers who are not located in these countries,

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.

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.

Environment

We 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, we 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. We reserve 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 cooperation 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 6th 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

We establish and develop proximity relationships with the communities where we are present, endeavouring to have a positive impact on them from a social and economic point of view.

7.1. Introduction

With over 3,500 proximity food stores spread across more than a thousand cities, towns and villages in three countries, we recognize 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, we support projects concerning knowledge about nutrition, aiming to raise awareness, especially among younger generations, about having healthy eating habits and lifestyles.

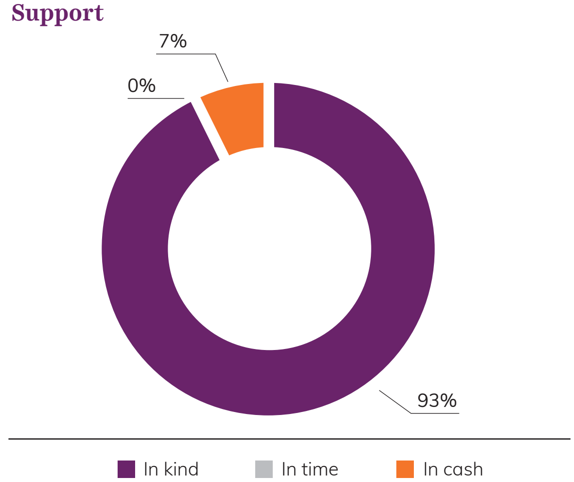
This is the guiding principle of the Policy on Supporting Surrounding Communities, available at www.jeronimomartins.com, which focuses on the more vulnerable groups in society: the elderly, and underprivileged children and young people.

7.2. Managing the Policy

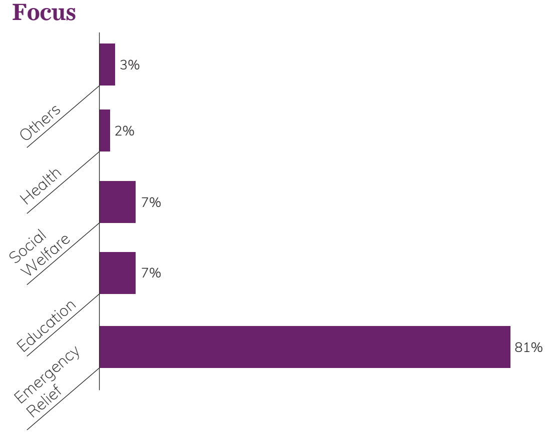
The actions supported and promoted by the Group are monitored and assessed according to the impact they produce, with a view to efficient allocation of resources to projects covering the largest possible number of people and/or generating the greatest and best results.

Measuring Social Impacts

Support



Focus



The criteria implicit to the methodology for measuring social impact from the London Benchmarking Group (LBG), of which we have 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.

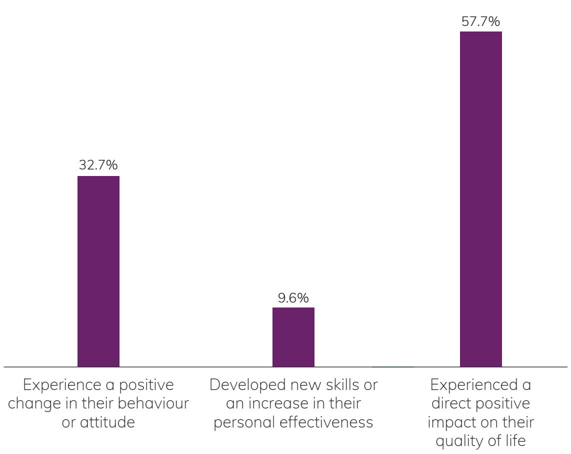
In 2017, it was possible to measure the impact of investing over 8.1 million euros[25] in support allocated to 144 organisations, which in turn, are estimated to have reached more than 268 thousand beneficiaries. This amount encompasses donations in kind and also monetary donations, channelled mainly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

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.

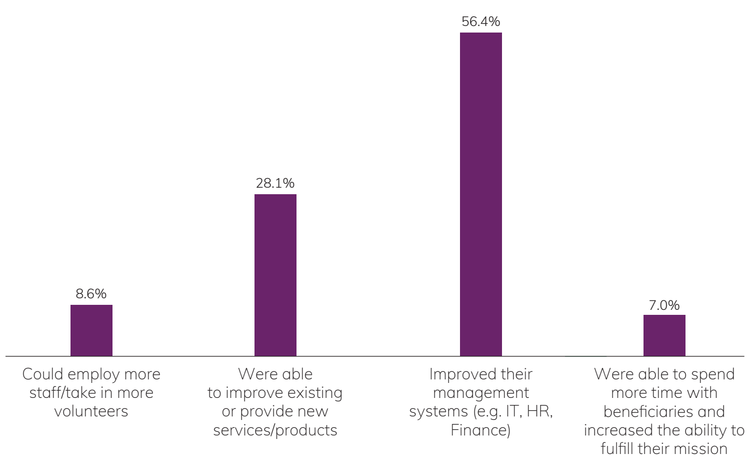
Reporting of the main indicators, using the LBG model, can be found on the corporate website, in the channel Supporting Surrounding Communities.

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

Impacts



Benefits for Charities



[25] 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

7.3. Direct Support

In 2017, we 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 our 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, we donate 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

We 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. Our support is given in foodstuffs to an annual value of 18 thousand euros.

We 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, we 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.

We 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[26] 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.

[26] This value is calculated using the Portuguese Food Bank's estimate of 1.46 euros per kilogram donated by customers.

Recheio
Recheio, João Gomes Camacho and Caterplus offered donations in foodstuffs 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[26] 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 as 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[27], 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.

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 that 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_2, which would otherwise have been sent to landfill.

7.4. Internal Volunteering and Other Campaigns

Our employees continued to participate in the programmes of Associação Junior Achievement

[27] This value is calculated using the Polish Federation of Food Banks' estimate of 2.15 euros (9 PLN) for each kilogram donated by customers.

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, we 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".

We 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 we 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[28] 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

Semear Project

In Portugal, our 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.

[28] Estimate of the said institutions.

in the countries where we operate. We believe 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 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 4th-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. We 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 our 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 4th edition of the Pingo Doce Children's Literature Prize and the 3rd 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

The Group we are today is the result of the dedication, enthusiasm and motivation of our more than 100 thousand people. That's why we continuously promote their personal and professional development.

8.1. Introduction

There are more than 100 thousand people contributing every day towards the sustained growth of our 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 our 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, our 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 our different Companies.

The indicators characterising our 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

We conduct our businesses in accordance with the values and ethical principles that govern our conduct, in a transparent relationship with the various stakeholders with whom we have 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 e-mail 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.

8.2.1. Respect for Human and Workers' Rights

We comply with national and international legislation of the countries where we operate and apply the guidelines of the United Nations Organization and the International Labour Organization.

Our 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.

We are guided by strict compliance with the national legislation of the countries where we do business, namely, with the prior notice periods established by law, regarding changes of an operational nature.

Our 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 we operate, 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

We also respect 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 our benchmark position as far as talent attraction is concerned, we maintained a process for aligning recruitment practices in each of the countries where we are present, investing in attraction programmes and profile diversity.

8.3.1. Recruitment

We 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 our 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 our 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.

We also invest 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 our 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 Matins 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, we seek to follow a competitive policy, in line with the strategy defined in each country.

Given the focus on high standards of performance, we want to acknowledge and compensate our employees for meeting objectives. That is why variable remuneration plays a crucial part in our 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, we provide a competitive benefits package in each country when compared to the best practices in the local markets.

In 2017, we reviewed and improved our 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 5th 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, we implemented the 4th 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, we 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 our investment in the excellent quality of our Perishables, we 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 3rd 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

We are concerned for the welfare of our employees, providing safe infrastructures and equipment, and promoting 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, we 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.

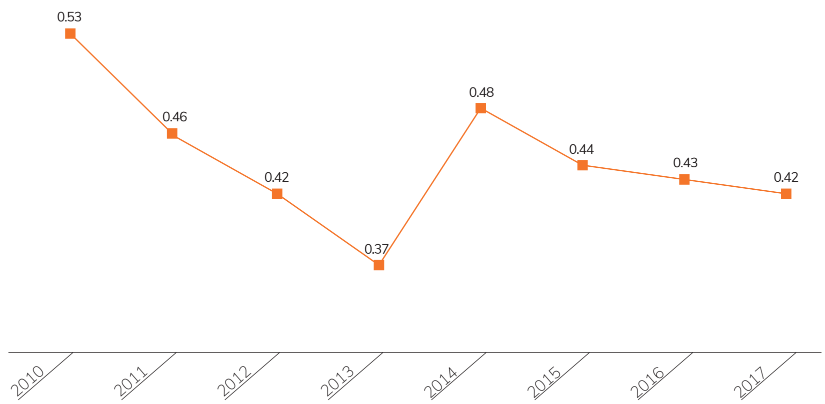
In 2017, we decided to award the stores who showed a special interest in the topics related to a culture of safety and employee engagement.

We 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.

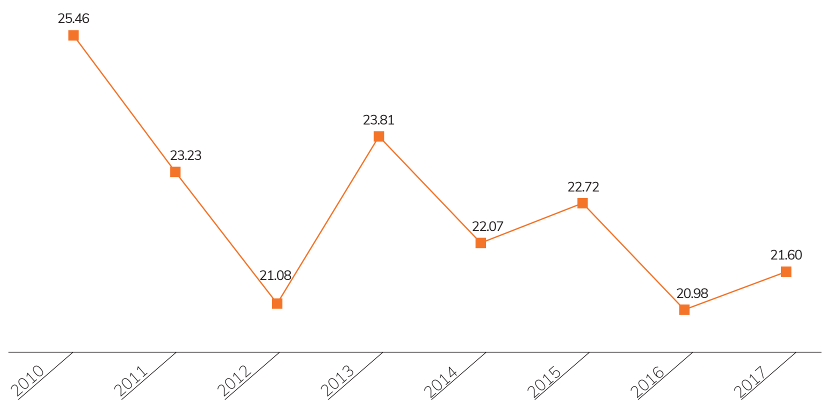
Aggregate Health and Safety Indicators

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 10^3.

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 * 10^6.

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 our 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 our 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, we 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 our 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, we 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, we 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, we invested around 15.5 million euros in the Family Well-Being pillar.

8.9. Retaining and Engaging Employees

We are committed to regularly consult our employees, as a way to leverage their participation, engagement and commitment to the Company. That will be the barometer for evaluating the success of our 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
Promoting Good Health through Food	Further improve the nutritional profile of both the Private Brand products, through product innovation and reformulation, and in the Meal Solutions meals.	**Achieved.** Between 2015 and 2017, the Group avoided the following from entering the market: • 988 tons of fat, including saturated fat; • 525 tons of sugar; • 164 tons of salt.
	Continue to develop programmes promoting the Mediterranean Diet and awareness for reading food labels amongst consumers.	**Achieved.** 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.	**Achieved.** 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.	**Achieved.** 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.	**Achieved.** 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.

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Action pillars	Commitments for 2015-2017	Progress
	In Portugal, in the Meal Solutions area, test meals for consumers with special dietary requirements or those who seek other dietary options.	**Achieved.** 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.	**Achieved.** 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.
Respecting the Environment	Reduce the Group's carbon footprint by 2% in the 2015-2017 three-year period (per €1,000 of sales), compared to 2014.	**Achieved.** 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).	**Partially achieved.** LFL reductions for the three years were, on average, above 2%: 2017 – Water: -9.4%; Eletricity: -3.1%. 2016 – Water: -1.9%; Eletricity: -1.2%. 2015 – Water: -1.7%; Eletricity: -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 amount of waste).	**Not achieved.** In 2017, the recovery rate increased by 2.2 p.p., compared to 2014.
	Increase the number of locations with environmental certification (at least 20).	**Not achieved.** At the end of 2017, 19 DC were environmentally certified according to ISO 14001. The number of DC in Portugal with this certification remained at four, given that the Guardeiras DC was closed. In Poland there are now 15 DC with the same environmental certification. The 16th Biedronka DC, inaugurated at the end of 2017, is now being prepared to be included in the scope of certification.
Sourcing Responsibly	In all brands, ensure continuity of the sourcing of at least 80% of food products from local suppliers.	**Partially achieved.** 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%.

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Action pillars	Commitments for 2015-2017	Progress
	Continue to introduce sustainability certificates (UTZ certification, Fairtrade, MSC, EU-Ecolabel or others) for at least: • Private Brand (two products); • Perishables (four products).	**Achieved.** In 2017 the Group launched: • 15 Marine Stewardship Council (MSC) certified references (Biedronka); • 13 references with organic certification in Poland, 11 in the Fruit & Vegetables category and 2 Private Brand references (Biedronka); • 13 references with Forest Stewardship Council (FSC) certification regarding primary product packaging (Pingo Doce); • 13 references with UTZ certified cocoa as an ingredient (Biedronka); • 3 Dolphin Safe references in Portugal (Recheio); • 2 beverage references containing coffee or tea with "Rainforest Alliance" certification (Biedronka); • 1 PEFC certified reference for the paper fibres present in the product (Biedronka).
	Reduce by 5% the presence of palm oil in the total sales of Private Brand products.	**Achieved.** 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.
	Reduce by 5% soya, beef, wood and paper products from countries at risk of deforestation.	**Not achieved.** 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. For more details on the Group's actions, including progress in 2017, information will be available at www.jeronimomartins.com and at www.cdp.net throughout 2018.
Supporting Surrounding Communities	Monitoring and disclosure of the social impacts resulting from the support offered, according to the LBG (London Benchmarking Group) model.	**Achieved.** The results for these years were disclosed by the Group at www.jeronimomartins.com and for 2017 they were also included at present Chapter.
	In Portugal, start at least one project of community investment per year, aimed at children, young people or older people from vulnerable environments.	**Partially achieved.** 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.
	In Poland, strengthen the involvement in social projects, focused on children, young people and older people from vulnerable environments.	**Achieved.** 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 schools was launched.

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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.	**Achieved.** 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.	**Not achieved.** 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 of foodstuffs.	**Achieved.** 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.
Being a Benchmark Employer	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: i. continuously improving the employees' working conditions; ii. supporting the quality of life of our families in the different geographical areas in which we operate.	**Achieved.** 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" (More Life) 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
Promoting Good Health through Food	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 the 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.
Respecting the Environment	Reduce the Group's carbon footprint by 5% in the 2018-2020 three-year period (per €1,000 of sales), compared to 2017.
	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.
	Increase the number of locations with environmental certification (at least 25).

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Action pillars	Commitments for 2018-2020
Sourcing Responsibly	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.
	Carry out at least 40 environmental audits every year on service providers.
Supporting Surrounding Communities	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 of foodstuffs.
Being a Benchmark Employer	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 3. "How we are organized", 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 1. "Who we are".	---
G4-5	Location of the Organization's headquarters.	Rua Actor António Silva n. ° 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.		---
G4-7	Nature of ownership and legal form.	Refer to Chapter 1. "Who we are".	---
G4-8	Markets served.		---
G4-9	Scale of the Organization		---
G4-10	Total workforce. ✔	Refer to Chapter 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer".	---
G4-11	Employees covered by collective bargaining agreements.	Refer to Chapter 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer".	Principle 3 Goal 10

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No.	Description	Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-12	Description of the Organization's supply chain.	Refer to Chapter 4. "How we make a difference", 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 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C. "Internal Organisation", subsection III – Internal Control and Risk Management and Chapter 4. "How we make a difference".	---
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 www.jeronimomartins.com/en.	---
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 1. "Who we are" and Chapter 3. "How we are organized", 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 4. "How we make a difference", subchapter 2. "Stakeholders Engagement".	Goal 12
G4-19	Material aspects identified in the process for defining report content.	Refer to Chapter 4. "How we make a difference", subchapter 1. "Our Approach" and subchapter 2. "Stakeholders Engagement".	
G4-20	Aspect boundary within the Organization for each material aspect.	Chapter 4. "How we make a difference" 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.	---
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.		
G4-24	List of stakeholder groups engaged by the organization.	Refer to Chapter 4. "How we make a difference", subchapter 1. "Our Approach" and subchapter 2. "Stakeholders Engagement". See channel "Responsibility", page "Our Responsibility Strategy", subpage "Stakeholder Engagement" on the website www.jeronimomartins.com/en.	Goal 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.		

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No.	Description	Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-28	Reporting period for information provided.	This Jerónimo Martins Group's Annual Report covers the activities carried out between 1 January and 31 December 2017.	Goal 12
G4-29	Date of most recent previous report.	The previous Jerónimo Martins Group's Annual Report referred to 2016.	
G4-30	Reporting cycle (such as annual, biennial).	The Corporate Responsibility Report (included in the Annual Report) has an annually periodicity.	
G4-31	Contact point for questions regarding the report or its contents.	comunicacao@jeronimo-martins.com	
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.	
G4-34	Governance structure of the Organization.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	Goal 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 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	
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.		
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 4. "How we make a difference", subchapter 2. "Stakeholders Engagement".	
G4-38	Composition of the highest governance body and its committees.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	
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 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section A.	

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No.	Description	Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
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 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections A and B.	Goal 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 www.jeronimomartins.com/en. See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website www.jeronimomartins.com/en.	
G4-42	Highest governance body's and senior executives' roles.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, sections 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 4. "How we make a difference".	
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 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	
G4-45	Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C.	
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.		
G4-47	Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.		
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.	
G4-49	Process for communicating critical concerns to the highest governance body.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance.	
G4-51	Remuneration policies for the highest governance body and senior executives.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	Principle 6 Goal 8

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No.	Description	Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-52	Process for determining remuneration.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D.	Principle 6 Goal 8
G4-53	How stakeholders' views are sought and taken into account regarding remuneration.		Goal 8
G4-56	Organization's values, principles, standards and norms of behavior.	See channel "Responsibility", page "Corporate Responsibility Publications" to consult the Code of Conduct and Code of Conduct for Suppliers on the website www.jeronimomartins.com/en. See channel "Investors", page "Corporate Governance", subpage "Specialised Committees" on the website www.jeronimomartins.com/en.	Principle 2
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity.		Principle 10 Goal 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" (refer to full version of the Annual Report on the website www.jeronimomartins.com/en) and indicator G4-EC7.	Goal 8
G4-EC2	Financial implications and other risks and opportunities for the Organization's activities due to climate change.	Refer to Chapter 3. "How we are organised", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C. "Internal Organisation".	Goal 13
G4-EC3	Coverage of the Organization's defined benefit plan obligations.	Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section D. Refer to Chapter III. "Consolidated Financial Statements" (refer to full version of the Annual Report on the website www.jeronimomartins.com/en).	---
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.	Goal 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 Goal 10
G4-EC7	Development and impact of infrastructure investments and services supported. ✔	Refer to Chapter 4. "How we make a difference", subchapter 7. "Supporting Surrounding Communities", section 7.2 "Managing the Policy". See channel "Responsibility", page "Supporting Surrounding Communities" on the website www.jeronimomartins.com/en.	Goal 2
G4-EC8	Significant indirect economic impacts, including the extent of impacts.		

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	✔	Refer to Chapter 4. "How we make a difference", subchapter 6. "Sourcing Responsibly".	Goals 8 and 10
G4-EN1	Materials used by weight or volume.		Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.5. "Main Consumption of Materials".	Principle 7 Goal 12
G4-EN2	Percentage of materials used that are recycled input materials.			---
G4-EN3	Energy consumption within the Organization.	✔	Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7 Goal 7
G4-EN4	Energy consumption outside of the Organization.		This indicator is disclosed as CO_2 e concerning the calculation of the Group's Carbon Footprint – scope 3 emissions. Refer to Chapter 4. "How we make a difference", 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.	
G4-EN5	Energy intensity.		Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	
G4-EN6	Reduction of energy consumption.			
G4-EN7	Reductions in energy requirements of products and services.		Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change" and section 5.4. "Waste Management".	
G4-EN8	Total water withdrawal by source.	✔	Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Principle 7 Goal 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.	Goal 6
G4-EN10	Percentage and total volume of water recycled and reused.		Less than 1%.	Principle 7 Goal 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.	Goals 14 and 15

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-EN12	Description of significant impacts of activities, products, and services on protected areas.		Refer to Chapter 4. “How we make a difference”, subchapter 5. “Respecting the Environment”, section 5.2. "Biodiversity".	Principle 7 Goals 14 and 15
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-Locais.	
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 4. “How we make a difference”, 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 4. “How we make a difference”, subchapter 5. “Respecting the Environment”, section 5.3. “Climate Change”.	Principle 7 Goal 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[1].	✔		
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 represent about 0.8% of the total of this type of equipment used in the Group’s Companies.	Goal 13
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 4. “How we make a difference”, subchapter 5. “Respecting the Environment”, section 5.4. “Waste Management”.	
G4-EN23	Total weight of waste by type and disposal method.	✔		Principle 7 Goal 15

(Continues)

[1] Verification focused solely on the reduction of greenhouse gas emissions achieved.

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-EN24	Total number and volume of significant spills.		In 2017, there were no spills with significant environmental impacts.	Goal 15
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.	
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 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.3. "Climate Change".	Goal 14
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.		Refer to Chapter 4. "How we make a difference", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	Principle 7 Goal 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 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.4. "Waste Management".	Goal 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 4. "How we make a difference", 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 4. "How we make a difference", subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	Principle 8 Goal 12
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.		Refer to Chapter 4. "How we make a difference", subchapter 5. "Respecting the Environment", section 5.2. "Biodiversity" and subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	Goal 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%.	---

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
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.	Goals 8 and 10
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.		Refer to Chapter 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values".	
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 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer", section 8.7. "Health and Safety in the Workplace".	Principle 1 Goals 8 and 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-LA9	Average hours of training per year per employee by gender, and by employee category.		The number and volume of training sessions can be consulted in Chapter 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer", section 8.5. "Training".	Principle 6 Goals 8 and 10
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.			
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 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer", section 8.1. "Introduction".	Goals 8 and 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 labour 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 Goals 8 and 10

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
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 non-conformities) committed to implement corrective measures. Of the remaining 7 (30% of non-conformities), 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 4. "How we make a difference", subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 2 Goals 8 and 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 www.jeronimomartins.com/en.	Principle 1 Goals 8 and 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 4. "How we make a difference", subchapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values" and subchapter 6. "Sourcing Responsibly", section 6.3. "Commitment: Human and Workers' Rights".	Principle 3 Goals 8 and 10
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.			Principle 5 Goals 8 and 10
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.			Principle 4 Goals 8 and 10
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	✔	Refer to Chapter 4. "How we make a difference", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy".	Goal 10

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No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.		Refer to Chapter 3. "How we are organized", PART I – Information on Shareholder Structure, Organisation and Corporate Governance, section C "Internal Organisation".	Principle 10 Goal 16
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 consult the Code of Conduct on the website www.jeronimomartins.com/en.	
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 consult the Code of Conduct on the website www.jeronimomartins.com/en.	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	✔	Refer to Chapter 4. "How we make a difference", subchapter 4. "Promoting Good Health through Food" and subchapter 6. "Sourcing Responsibly", section 6.5. "Supplier Audits".	Goal 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 4. "How we make a difference", 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".	
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.	
---	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 4. "How we make a difference", subchapter 4. "Promoting Good Health through Food", section 4.2. "Quality and Diversity".	Goals 3 and 12
---	Calculation of the consumption of deforestation commodities in Private Brand products and Perishables in 2017.	✔	Refer to Chapter 4. "How we make a difference", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	Goals 12, 13 and 15

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(Continuation)

No.	Description		Evidence	United Nations Global Compact Principles/ Sustainable Development Goals
---	Reduce by 5% the presence of palm oil in the total sales of Private Brand products.	✔	Refer to Chapter 4. "How we make a difference", subchapter 6. "Sourcing Responsibly", section 6.4. "Commitment: Promotion of More Sustainable Production Practices".	Goals 12, 13 and 15
---	Reduce by 5% soya, beef, wood and paper products from countries at risk of deforestation.	✔		
---	Monitoring and disclosure of the social impacts resulting from the support offered, according to the LBG (London Benchmarking Group) model.	✔	Refer to Chapter 4. "How we make a difference", subchapter 7. "Supporting Surrounding Communities", section 7.2. "Managing the Policy". See channel "Responsibility", page "Supporting Surrounding Communities" on the website www.jeronimomartins.com/en.	Goal 2

Tag name

✔ Indicator verified by an external third party.

United Nations Sustainable Development Goals

United Nations Global Compact Principles

Human Rights
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;
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;
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;
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.

Independent Limited Assurance Report

*** (Free translation from the original in Portuguese)**

To the Board of Directors of Jerónimo Martins, S.G.P.S., S.A.,

Introduction

1 We were engaged by the Board of Directors of Jerónimo Martins, S.G.P.S., S.A. ("Jerónimo Martins" or "Company") to perform a limited assurance engagement on the indicators identified in the paragraph 4 below, which integrate the sustainability information included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, relating to the year ended in December 31, 2017, prepared by the Company for the purpose of communicating its annual sustainability performance.

Responsibilities

2 It is the responsibility of the Board of Directors to prepare the indicators identified in the paragraph 4 below, included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, in accordance with the instructions and criteria disclosed on it and based on the sustainability reporting guidelines "Global Reporting Initiative" ("GRI"), version G4, and the maintenance of an appropriate system of internal control to enable the adequately preparation of the mentioned information.

3 Our responsibility is to issue a limited assurance report, which is professional and independent, based on the procedures performed and specified in the paragraph below.

Scope

4 The work performed was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the indicators, identified in the subchapter 11. "Table of Indicators", of Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, as "✓ Indicator verified by an external third party" are free from material misstatement. For this purpose the above mentioned work included:

5 For this purpose the above mentioned work included:

(i) Inquiries to management and senior officials responsible for areas under analysis, with the purpose of understanding how the information system is structured and their awareness of issues included in the report;
(ii) Identification of the existence of internal management procedures leading to the implementation of economic, environmental and social policies;
(iii) Testing, on a sampling basis, the efficiency of processes and systems in place for collection, consolidation, validation and reporting of the performance information previously mentioned, through calculations and validation of reported data;
(iv) Confirmation that operational units follow the instructions on collection, consolidation, validation and reporting of performance information;

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(v) Execution of substantive procedures, on a sampling basis, in order to collect evidence of the reported information;
(vi) Comparison of financial and economic data included in the sustainability information with the audited by the external auditor, in the scope of the legal review of Jerónimo Martins's financial statements for the year ended in December 31, 2017;
(vii) Verification that the indicators identified in the paragraph 4 above, included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, are based on the GRI guidelines, when applicable.

6 The procedures performed were more limited than those used in an engagement to obtain reasonable assurance and, therefore, less assurance was obtained than in a reasonable assurance engagement.

7 We believe that the procedures performed provide an acceptable basis for our conclusion.

Quality and independence

8 We apply the International Standard on Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

9 We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and of the ethics code of the Institute of Statutory Auditors.

Conclusion

10 Based on the work performed, nothing has come to our attention that causes us to believe that the indicators identified in the paragraph 4 above, included in Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, relating to the year ended in December 31, 2017, were not prepared, in all material respects, in accordance with the instructions and criteria disclosed on it and based on the GRI guidelines, version G4.

Restriction on use

11 This report is issued solely for information and use of the Board of Directors of the Company for the purpose of communicating its annual sustainability performance in the Chapter 5. "Corporate Responsibility in Value Creation" of the Annual Report 2017, and should not be used for any other purpose. We will not assume any responsibility to third parties other than Jerónimo Martins by our work and the conclusions expressed in this report, which will be attached to the Company's Annual Report 2017.

March 5, 2018

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

António Brochado Correia, R.O.C.

*** (This is a translation, not to be signed)**

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For the past 225 years,
we have not stopped growing.
Nor looking beyond the horizon,
navigating with the winds of change.
Never satisfied with old routes,
always searching for new paths.
For alternative ways of doing it.
For different means of getting there.
Because, after all, today we are halfway
towards starting a better tomorrow.
Let's grow.
Jerónimo Martins

225 growing years

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