

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)

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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.