

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;
- Złota 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 Vitabella fruit snacks, a source of fibre without added sugar, low salt content and gluten-free, and also the Pano corn tortilla wrap.

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

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 Mięś 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.

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 removed⁷.

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

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.

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 Gorqca 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 Poland⁸;
- 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



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).