

# 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](http://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 – Serviço Nacional de Aprendizaje stipulated an internship quota aimed to promote the development of skills and employment opportunities for students. Since 2012, Ara has hired 343 interns.

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

## **8.4. Development and Compensation**

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

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

In Portugal, we implemented the 4<sup>th</sup> edition of the General Retail Management Programme, in partnership with Universidade Católica Portuguesa, focused on developing the employees' management skills, using development projects to promote a broader vision of the business and innovation to address the specific challenges of the business.

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

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

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

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

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

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

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

## 8.6. Programmes for Inclusion in the Job Market

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

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

## 8.7. Health and Safety in the Workplace

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.

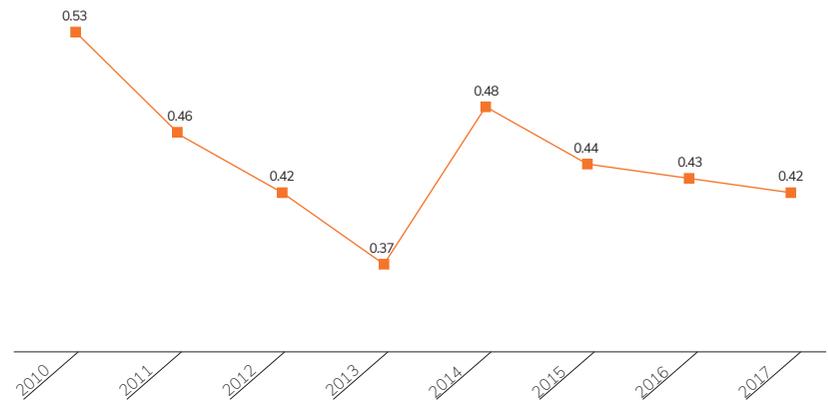
In 2017, we decided to award the stores who showed a special interest in the topics related to a culture of safety and employee engagement.

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<sup>3</sup>.

### Frequency rate



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

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

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

## 8.8. Internal Social Responsibility

Internal Social Responsibility, reflected in the support for our employees and their families, is an integral part of 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.