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## IV. Corporate Governance

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## **PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE**

### **Section A SHAREHOLDER STRUCTURE**

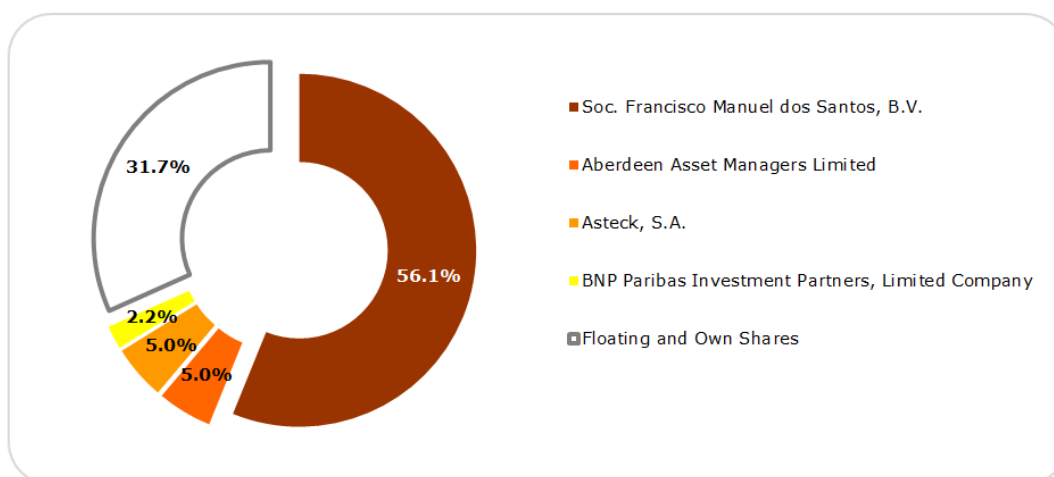
#### **Subsection I Capital Structure**

##### **1. The Capital Structure (Share Capital, Number of Shares, Distribution of Capital by Shareholders, etc), Including an Indication of Shares That Are Not Admitted to Trading, Different Classes of Shares, Rights and Duties of Same and the Capital Percentage That Each Class Represents (Art. 245.º-A/1/a of the Portuguese Securities Code - PSC)**

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 NYSE Euronext Lisbon stock exchange.

The Company's shareholder structure is the following, with reference to 31 December 2015\*:



\* 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, Such as Clauses on Consent for Disposal, or Limits on the Ownership of Shares (Art. 245.º-A/1/b PSC)**

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

### **3. Number of Own Shares, the Percentage of Share Capital that it Represents and Corresponding Percentage of Voting Rights that Corresponded to Own Shares (Art. 245.º-A/1/a PSC)**

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, and the Respective Effects, Except Where Due to their Nature, the Disclosure Thereof Would be Seriously Detrimental to the Company; This Exception Does Not Apply Where the Company is Specifically Required to Disclose Said Information Pursuant to Other Legal Requirements (Art. 245.º-A/1/j PSC)**

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. A System That is Subject to the Renewal or Withdrawal of Countermeasures, Particularly Those 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**

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 that the Company is aware of and That May Result in Restrictions on the Transfer of Securities or Voting Rights (Art. 245.º-A/1/g PSC)**

Pursuant to the communication regarding the qualifying holding received by the Company on 2<sup>nd</sup> 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.

## Subsection II Shareholdings and Bonds Held

### 7. Details of The Natural or Legal Persons Who, Directly or Indirectly, are Holders of Qualifying Holdings (Art. 245.º-A/1/c & /d PSC) and Art. 16.º PSC) With Details of the Percentage of Capital and Votes Attributed and the Source and Causes of the Attribution

The holders of Qualifying Holdings, calculated in accordance with the terms of paragraph 1 of Article 20 of the Portuguese Securities Code, based on the total number of shares under the terms of section b), paragraph 3 of Article 16 of the Portuguese Securities Code, as at 31<sup>st</sup> December 2015, are identified in the table below.

#### List of Qualifying Holdings as at 31<sup>st</sup> December 2015\*

*(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
<b>Sociedade Francisco Manuel dos Santos, SGPS, S.A.</b>				
Through Sociedade Francisco Manuel dos Santos, B.V.	353,260,814	56.136%	353,260,814	56.136%
<b>Aberdeen Asset Managers Limited</b>				
Directly	31,482,477	5.003%	31,482,477	5.003%
<b>Heerema Holding Company Inc.</b>				
Through Asteck, S.A.	31,464,750	5.000%	31,464,750	5.000%
<b>BNP Paribas Investment Partners, Limited Company</b>				
Through Investment Funds Managed by BNP Paribas	13,536,757	2.151%	12,604,860	2.006%

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

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

(Pursuant to paragraph 5 of Article 447 of the Commercial Companies Code)

### The Board of Directors

Membros do Conselho de Administração	Held on 31.12.14		Increases during the year		Decreases during the year		Held on 31.12.15	
	Shares	Bonds	Shares	Bonds	Shares	Bonds	Shares	Bonds
Pedro Manuel de Castro Soares dos Santos	274,805	-	-	-	-	-	274,805	-
Alan Johnson	30,075	-	-	-	-	-	30,075	-
Andrzej Szlezak	-	-	-	-	-	-	-	-
António Pedro de Carvalho Viana-Baptista	-	-	-	-	-	-	-	-
Artur Stefan Kirsten <sup>1</sup>	n.a.	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) <sup>2</sup>	n.a.	-	-	-	-	-	353,260,814	-
Clara Christina Streit <sup>1</sup>	n.a.	-	-	-	-	-	800	-
Francisco Manuel Seixas da Costa	-	-	-	-	-	-	-	-
Hans Eggerstedt	19,700	-	-	-	-	-	19,700	-
Henrique Manuel da Silveira e Castro Soares dos Santos <sup>1</sup>	n.a.	-	-	-	-	-	26,455 <sup>3</sup>	-
José Manuel da Silveira e Castro Soares dos Santos <sup>4</sup>	20,509	-	-	-	-	-	n.a.	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) <sup>2</sup>	353,260,814	-	-	-	-	-	n.a.	-
Nicolaas Pronk	-	-	-	-	-	-	-	-
Belonging to company in which is a Director (sec. d), § 2 of Article 447 Commercial Companies Code) <sup>5</sup>	31,464,750	-	-	-	-	-	31,464,750	-
Sérgio Tavares Rebelo	-	-	-	-	-	-	-	-

<sup>1</sup> Appointed on 9<sup>th</sup> April 2015 to the Board of Directors.

<sup>2</sup> Sociedade Francisco Manuel dos Santos, B.V.; See Point 20.

<sup>3</sup> Of which 1,500 shares held by spouse.

<sup>4</sup> Ceased his duties as Director on 9<sup>th</sup> April 2015.

<sup>5</sup> Asteck, S.A.; See Point 20.

### Statutory Auditor

As at 31<sup>st</sup> December, 2015, the Statutory Auditor PricewaterhouseCoopers & Associados, SROC, Lda., did not hold any shares or bonds of Jerónimo Martins, SGPS, S.A. and did not make any transactions, during 2015, with Jerónimo Martins, SGPS, S.A. securities.

## 9. Special Powers of the Board of Directors, especially as Regards Resolutions on the Capital Increase (Art. 245.º-A/1/i) PSC) With an Indication as to the Allocation Date, Time Period Within Which Said Powers May Be Carried Out, the Upper Ceiling for the Capital Increase the Amount Already Issued Pursuant to the Allocation of Powers and Mode of Implementing the Powers Assigned

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

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## **10. Information on Any 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.

## Section B CORPORATE BODIES AND COMMITTEES

### 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 and Respective Term of Office (Beginning and End)

On 10<sup>th</sup> April 2013 João Vieira de Castro and Tiago Ferreira de Lemos were appointed as Chairman and Secretary of the General Shareholders' Meeting respectively, for the term of office that expired on 31<sup>st</sup> December 2015. On 17<sup>th</sup> December 2013 the Company was informed of the resignation of the Chairman of the General Shareholder's Meeting.

Subsequently to said resignation, Abel Bernardino Teixeira Mesquita was elected Chairman of the General Shareholders' Meeting, on 10<sup>th</sup> April 2014, for the remainder of the term in force.

#### B. Exercising the Right to Vote

##### 12. Any Restrictions on the Right to Vote, Such as Restrictions on Voting Rights Subject to Holding a Number or Percentage of Shares, Deadlines for Exercising Voting Rights, or Systems Whereby the Financial Rights Attaching to Securities are Separated from the Holding of securities (Art. 245.º-A/1/f PSC)

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 <http://www.jeronimomartins.pt/?lang=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.

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**13. Details of the 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 Article 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, and Details of Said Majority**

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 of the Commercial Companies Code. 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 (Article 245-A/1/h PSC)**

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.

According to Article one of the respective Regulations, and Article Nineteen of the Articles of Association, the Audit Committee is composed of three Members of the Board of Directors, one of whom will be its Chairman. The members of the Audit Committee are appointed 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.

There is no specific regulatory provision regarding the appointment and replacement of Members of the Audit Committee, being applicable only what is set forth in law.

#### **17. Composition of the Board of Directors, With Details of the Articles of Association's Minimum and Maximum Number of Members, Duration of Term of Office, Number of Effective Members, Date When First Appointed and End of the Term of Office of Each Member**

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. Currently, the Board of Directors has eleven members and there are no substitute members:



**Pedro Manuel de Castro Soares dos Santos**

- Chairman of the Board of Directors since 18 December 2013
- CEO
- First appointment on 31<sup>st</sup> March 1995
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Alan Johnson**

- Non-Executive Director
- First appointment on 30<sup>th</sup> March 2012
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Andrzej Szlezak**

- Non-Executive Director
- First appointment on 10<sup>th</sup> April 2013
- Expiry of the term of office on 31<sup>st</sup> December 2015

**António Pedro de Carvalho Viana-Baptista**

- Independent Non-Executive Director
- First appointment on 9<sup>th</sup> April 2010
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Francisco Manuel Seixas da Costa**

- Independent Non-Executive Director
- First appointment on 10<sup>th</sup> April 2013
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Hans Eggerstedt**

- Non-Executive Director
- First appointment on 29<sup>th</sup> June 2001
- Expiry of the term of office on 31<sup>st</sup> December 2015

**José Manuel da Silveira e Castro Soares dos Santos**

- Director with special tasks (see Point 18)
- First appointment on 31<sup>st</sup> March 1995
- Expiry of the term of office on 9<sup>th</sup> April 2015

**Nicolaas Pronk**

- Non-Executive Director
- First appointment on 30<sup>th</sup> March 2007
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Sérgio Tavares Rebelo**

- Independent Non-Executive Director
- First appointment on 10<sup>th</sup> April 2013
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Henrique Manuel da Silveira e Castro Soares dos Santos**

- Non-Executive Director
- First appointment on 9<sup>th</sup> April 2015
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Clara Christina Streit**

- Independent Non-Executive Director
- First appointment on 9<sup>th</sup> April 2015
- Expiry of the term of office on 31<sup>st</sup> December 2015

**Artur Stefan Kirsten**

- Non-Executive Director
- First appointment on April 2010 (term of office expired on February 2011)
- New appointment on 9<sup>th</sup> April 2015. Expiry of the term of office on 31<sup>st</sup> December 2015

With regard to changes in the composition of the Board of Directors throughout 2015, it is to note the resignation from the position of member of the Board of Directors by José Manuel da Silveira e Castro Soares dos Santos, by letter dated of 3<sup>rd</sup> March 2015 which became effective on 9<sup>th</sup> April 2015.

In the General Meeting held on 9<sup>th</sup> April 2015, it was decided to increase the number of members of the Board of Directors in the current term of office and, additionally, to replace José Manuel da Silveira e Castro Soares dos Santos as member of the Board of Directors until the end of the current term of office. Therefore, in this General Meeting were appointed as members of the Board of Directors until the end of the current term of office Henrique Manuel da Silveira e Castro Soares dos Santos, Clara Christina Streit and Artur Stefan Kirsten.

## 18. Distinction to be Drawn 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 15<sup>th</sup> 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. However, according to understanding expressed by the CMVM, the existence of a special task would allow to qualify a Director as Executive Director.

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, Clara Christina Streit, António Viana-Baptista, 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 of the Commercial Companies Code. 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 of the Commercial Companies Code, except that provided for in sub-paragraph b).

Having passed the number of Independent Directors to four, in accordance to the criteria above mentioned, out of a total of eleven 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*, more than one third).

## 19. Professional Qualifications and Other Relevant Curricular Information of Each Member 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 31<sup>st</sup> March 1995, and has been Chief Executive Officer since 9<sup>th</sup> April 2010 and Chairman of the Board of Directors of the Company since 18<sup>th</sup> December 2013.

José Soares dos Santos holds a Degree in Biology from Universidade Clássica de Lisboa, joined Svea Lab AB in Sweden in 1985, before going to work for the URL Colworth Laboratory in March 1987. In 1988, he joined the Human Resources Department of FimaVG – Distribuição de Produtos Alimentares, Lda., and in 1990 he was named Product Manager. Between 1992 and 1995 he worked for Brooke Bond Foods. He was a Director of Jerónimo Martins SGPS, S.A. between 31<sup>st</sup> March 1995 and 29<sup>th</sup> June 2001, and was reappointed on 15<sup>th</sup> April 2004 up to 9<sup>th</sup> April 2015.

Alan Johnson is a British national, with a degree in Finance & Accounting obtained in the UK. He joined Unilever in 1976, where he made his professional career, occupying various financial positions in several countries such as United Kingdom, Brazil, Nigeria, France, Belgium, the Netherlands and Italy. Amongst other positions, he was Senior Vice President Strategy & Finance for Europe, Senior Vice President Finance & IT and CFO of Unilever Foods Division worldwide. Until March 2011, he was Chief Audit Executive, based in Rotterdam. He was a member of the Market Oversight Committee of the Chartered Association of Certified Accountants between 2007 and 2013, and has been a member of the Professional Accountants in Business Committee of the International Federation of Accountants based in New York since 2011. In January 2012, he joined the Jerónimo Martins Group as Chief Financial Officer, being Director of Jerónimo Martins, SGPS, S.A. since 30<sup>th</sup> March 2012.

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 Jerónimo Martins, SGPS, S.A. since 29<sup>th</sup> June 2001.

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 10<sup>th</sup> 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. Since 2011, he is CEO of Crédit Suisse AG for Spain and Portugal. He has been Non-Executive Director of the Company since 9<sup>th</sup> April 2010.

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. He has been a Non-Executive Director of the Company since 10<sup>th</sup> April 2013.

Nicolaas Pronk is a Dutch national, and has a degree in Finance, Auditing, and Information Technology. Between 1981 and 1989 he worked for KPMG in the Financial Audit area for Dutch and foreign companies. In 1989 he joined the Heerema Group, created the Internal Audit Department, and since then has performed various functions within the Group, having been responsible for various acquisitions and disinvestments and defining Corporate Governance. Since 1999 he has been the Financial Director of the Heerema Group, including responsibility for the areas of Finance, Treasury, Corporate Governance, Insurance and Taxation, reporting to that Group's President. He has been a Non-Executive Director of the Company since 30<sup>th</sup> March 2007.

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 10<sup>th</sup> April 2013.

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 in 2001, 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 is a Member of the Board of Directors of Jerónimo Martins - Serviços, S.A., of Sindcom – Investimentos, Participações e Gestão, S.A., as well as of Nesfia - Sociedade Imobiliária, S.A. and of Waterventures – Consultoria, Projectos e Investimentos, S.A.. He has been Non-Executive Director of the Company since 9<sup>th</sup> 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. 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 and Chairs the Nomination Committee of the Dutch insurance company Delta Lloyd N.V. She also Chairs the Finance Committee 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. She has been Non-Executive Director of the Company since 9<sup>th</sup> April 2015.

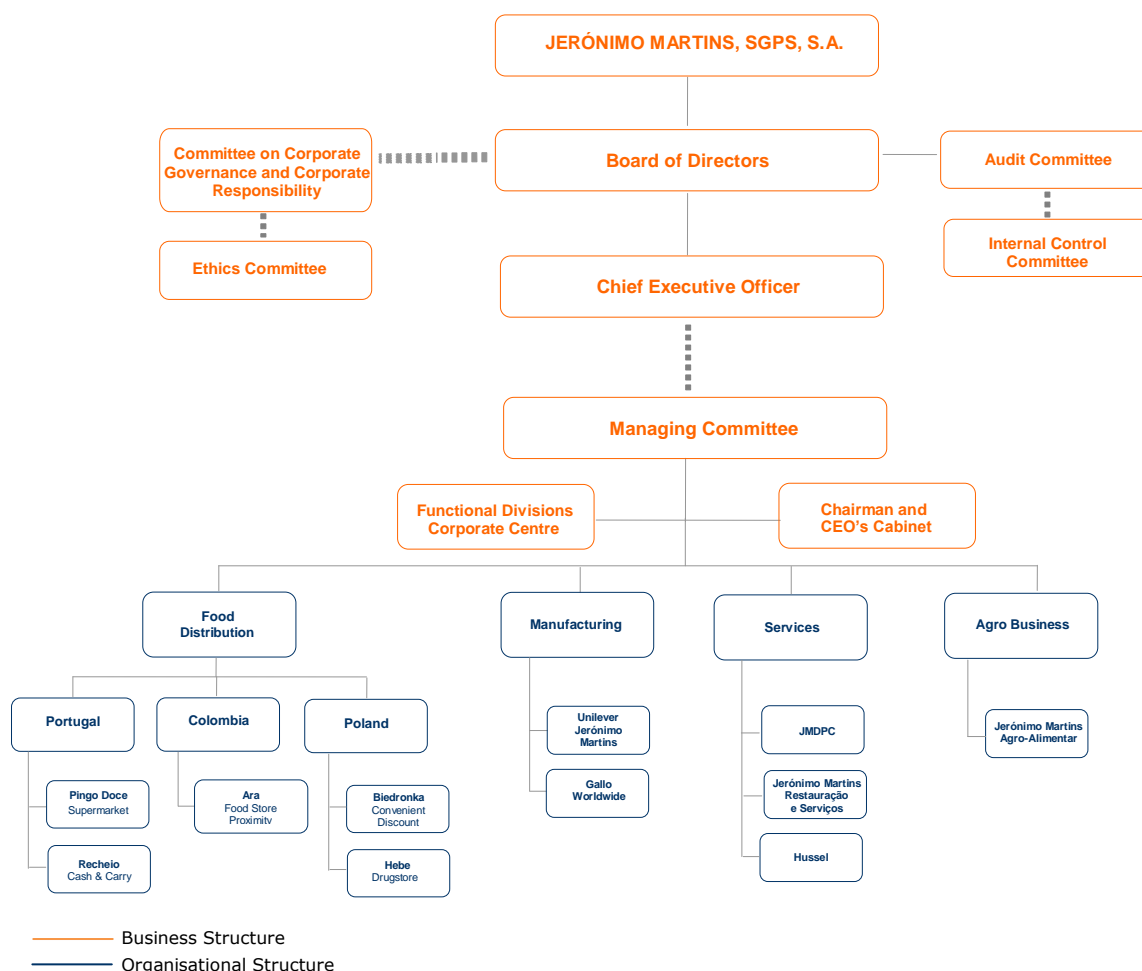
Artur Stefan Kirsten is a German national, and took his master degree in Business Economics and Informatics from 1981 to 1986 at the FernUniversität Hagen and Georg-August-Universität Göttingen. In 1991 he has taken his Doctorate Degree followed later by the Stanford Executive Program with the Graduate 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 1<sup>st</sup> 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 9<sup>th</sup> April 2015.

## 20. Customary and Meaningful Family, Professional or Business Relationships of Members of the Board of Directors, with Shareholders That are Assigned Qualifying Holdings That are Greater Than 2% of the Voting Rights

<b>Member of the Board of Directors</b>	<b>Type of Relationship</b>	<b>Shareholder with Qualifying Holding</b>
José Soares dos Santos <sup>1</sup>	Director	Sociedade Francisco Manuel dos Santos, SGPS, S.A.
	Director	Sociedade Francisco Manuel dos Santos, B.V.
Artur Stefan Kirsten	Director	Sociedade Francisco Manuel dos Santos, B.V.
Nicolaas Pronk	Director	Astek, S.A.

<sup>1</sup> Expiry of the term of office on 9 April, 2015

## 21. Organisational Charts Concerning the Allocation of Powers Between the Various Corporate Boards, Committees and/or Departments Within the Company, Including Information on Delegating Powers, Particularly as Regards the Delegation of the Company's Daily Management



### 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, Coordination of Non-Executive Directors, and Special Duties

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 2015, 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) of the Commercial Companies Code 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 2015 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 of the Commercial Companies Code, 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 of the Commercial Companies Code, 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.

Pursuant to Article 407 (1) of the Commercial Companies Code, the Board of Directors had allocated to Director José Manuel da Silveira e Castro Soares dos Santos the special task of monitoring of the activities of the joint venture Unilever Jerónimo Martins, of the activities of Jerónimo Martins – Distribuição de Produtos de Consumo, Lda. and the activities of Jerónimo Martins – Restauração e Serviços, S.A., having such special task ceased with the cessation of functions of the said Director on 9<sup>th</sup> April 2015.

## **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 four business segments: i. Food Distribution, ii. Manufacturing, iii. Marketing Services, Representations and Restaurant Services, and iv. Agro Business. The first area is organised into Geographical Areas and Operating Areas.

### **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:



**Environment and Food Safety** – Responsible for defining the strategy, policies and procedures to be implemented within the areas under its responsibility across all the countries where the Jerónimo Martins Group is present.

Concerning the environment, Jerónimo Martins has defined the principle of establishing strategies, processes, projects, goals and targets, as part of the value chain, in order to minimise the direct and indirect impacts caused by its operations, especially those linked to the consumption of energy and water, to ensure the proper use of materials, to implement correct waste management and to protect biodiversity. The main actions implemented in 2015 and the results obtained can be found in the Chapter V of the Annual Report.

A crucial activity at Jerónimo Martins is Food Safety. The respective information component was strengthened through communications with our customers published in various media and through different ways of informing the consumer on how to keep the food freshness until the moment of consumption.

**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 2015, 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 project of internationalisation 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 procedures, as well as with procedures laid out in the Operations Manual of each business unit, 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.

**Corporate Communications and Responsibility** – It is responsible for the strategic management of the Jerónimo Martins brand, by enhancing relations with the various non-financial stakeholders and promoting and strengthening the integration of environmental, social and ethical issues in the value chain, preserving and developing the Group's reputation capital. It acts as an agent of inter-departmental integration, promoting the alignment of messages and practices with the values and strategic goals of the Group.

In 2015, this Department organised the conference "Sustainability in the Supply Chain" that aimed at sensitising the senior management of the Group and some selected business partners to environmental and social issues along the value chain. For the first time, some suppliers have joined the debate by sharing with an audience of around 200 people their sustainable investment cases and practices.

It implemented an internal training model on the brand's reputation management which encompasses aspects including the Group's External Communication Policy or reputation risk, threats and crisis management. The identification of spokespeople for the brand and their respective training is also part of this Department's mission.

As the manager of the Jerónimo Martins' Linked In page, in partnership with Human Resources, this Department activated this channel also as a way to convey messages that are associated to the values of the brand, in general, and as a benchmark employer, in particular, having surpassed the 50,000 followers mark on this social network.

**Financial Control** – Responsible for providing financial information to support decision-making by the Company's Corporate Bodies. It encompasses the areas of Consolidation, 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 2015 it focused its activity on the implementation of supporting structures to the Agro Business project, on the monitoring of the performance of the business units and on supporting the development of the medium and long-term strategic plans of the Group.

**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.

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.

With regard to strategic projects, it holds the responsibility to lead or support both corporate group-wide projects and strategic projects that are specific to individual Group Companies.

During 2015, it led and supported several strategic projects across the Group's geographies, 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 2015, this Functional Division monitored the various international developments and the OECD's presentation of proposed actions on the Base Erosion and Profit Shifting (BEPS), and through the associations 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. This Division also participated actively in the procedures which allow the Group, through its activities in the scope of the applicable regimes, obtain tax benefits.

**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 Report.

**Marketing & 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 2015 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 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 have or intend to have in the future a business relationship with Jerónimo Martins in terms of financing, ensuring that these entities fulfil the defined criteria, and also ensuring that the best possible conditions may be obtained at all times. 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. It is also this area's responsibility to elaborate and to ensure the execution of the treasury budget that is based on the activity plans of the Group's Companies.

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. In compliance with the above-described activities, during 2015 new debt was issued to finance the investments in Poland and in Colombia.

**Quality Control 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 2015 the main activities carried out focused on: i. increasing the control of products and suppliers mainly in Poland and in Colombia; ii. continuing with the improvement process for Private Brands by reformulating existing products with a big focus in Poland; iii. first launches of products dedicated to consumers with special needs in Poland, mainly gluten-free and lactose-free products; iv. upgrading and using the IT tool, QMS Projects, in Portugal to support the development of new products; v. use of IT tool, QMS Suppliers, in Poland and in Colombia; vi. QMS Recall IT tool implementation in Poland and Colombia; vii. Quality and Food Safety certifications maintenance; viii. systematizing the implemented changes on the new products development procedure in Poland; ix. finalizing the "Non-Food Products Corporate Guidelines" document applicable to our Private Brands.

**Human Resources** – Founded on the culture and values and Principles 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 2015 can be found in detail in Chapter V, Section 8 - Being a Benchmark Employer - of the Annual Report.

**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** – This area defines and controls procedures in terms of protecting the security of the Group'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.

**Information Security** – Responsible for implementing and maintaining an information security management system which ensures the confidentiality, integrity and availability of information in all Group Companies, as well as assuring recovery of systems 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 2015, Information Security assessed and mitigated information risks in the Group's information systems, including in the new Agro Business area. The Mobile Device Security Policy, applicable to all Group companies, was reviewed to improve protection of information handled on these devices.

**Information Technology** – 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.

IT also has the responsibility to create the conditions for the businesses to achieve their goals, by providing IT services that enable to implement and support the solutions required by the processes of the organization, from infrastructure to applications.

Of the work carried out in 2015, the following should be highlighted: i) the definition of the strategic plan of the Group for the coming years, in line with the ambition for its businesses; ii) the redesign of a Disaster Recovery infrastructure; iii) the start-up of the operation in the second region in Colombia.

In addition, major progress was made towards the definition of a Global Project Portfolio, which includes strengthening the infrastructure back-end and towards a reinforced digital agenda.



## **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 Foodservice division through Caterplus. In Poland there are also two operational areas: Biedronka (food stores) and Hebe (drugstores) that includes Apteka Na Zdrowie (pharmacies). In Colombia one area: Ara (food stores).

In the Manufacturing segment, Jerónimo Martins operates in partnership with Unilever, through the company Unilever Jerónimo Martins, Lda., which conducts the businesses of the Food, Personal Care and Home Care products and Ice Creams, and through the company Gallo Worldwide, Lda., which produces and sells olive oil and cooking oils.

Within the Group's portfolio there is also a business segment devoted to Marketing Services, Representations and Restaurant Services, which includes: i. Jerónimo Martins Distribuição de Produtos de Consumo, which represents major international brands of food products and premium cosmetic brands in Portugal; ii. Hussel, a retail chain specialised in chocolates and confectionary; and iii. Jerónimo Martins Restauração e Serviços, which owns the chain of Jerónimo coffee shops and Olá ice cream stores.

In 2015, the Group implemented the first investments in the Agro Business area, starting its activity in the areas of dairy products and beef, 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. The Number of Meetings Held and the Attendance Report For Each Member of the Board of Directors**

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 2015, the Board of Directors met seven times. The respective minutes were prepared for all meetings.

The Directors who have not personally attended Board Meetings have, in general, 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	86%
Alan Johnson	100%
Andrzej Szlezak	100%
António Viana-Baptista	86%
Francisco Seixas da Costa	100%
Hans Eggerstedt	100%
José Soares dos Santos	100%
Nicolaas Pronk *	71%
Sérgio Rebelo *	57%
Henrique Soares dos Santos**	100%
Clara Streit* **	80%
Artur Stefan Kirsten* **	80%

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

\*\* Only the meetings of the Board of Directors held after April 9, 2015, date of the respective appointment as Director, were taken into account.

## 24. Details of Competent Corporate Boards Undertaking the 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. The Availability of Each Member of the Board of Directors and Details of the Positions Held at the Same Time in Other Companies Within and Outside the Group, and Other Relevant Activities Undertaken by Members of This Board Throughout the Financial Year

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 Jeronimo Martins Polska, S.A.\*  
Director of Jeronimo Martins Drogerie i Farmacja Sp. z o.o.\*  
Director of Jeronimo Martins Colombia, SAS\*  
Director of Recheio, SGPS, S.A.\*  
Director of Funchalgest – Sociedade Gestora de Participações Sociais, S.A.\*  
Director of JMR – Gestão de Empresas de Retalho, SGPS, S.A.\*  
Director of Jerónimo Martins – Agro-Alimentar, S.A.\*  
Director of Quinta da Parreira – Exploração Agrícola, S.A. until 7 December 2015  
Manager of Jerónimo Martins – Distribuição de Produtos de Consumo, Lda.\*  
Manager of Servicompra, SGPS, Lda.\* until 11 August 2015  
President of the Supervisory Board of Warta – Retail & Services Investments B.V.\*

### **José Soares dos Santos (until 9 April 2015)**

Director of Jerónimo Martins Serviços, S.A.\*  
Director of Victor Guedes Indústria e Comércio, S.A.\*\*  
Director of FIMA Olá – Produtos Alimentares, S.A. \*\*  
Director of Jerónimo Martins – Restauração e Serviços, S.A.\*  
Director of Sociedade Imobiliária da Matinha, S.A.  
Director of Sociedade Francisco Manuel dos Santos, SGPS, S.A.  
Director of Sociedade Francisco Manuel dos Santos, B.V.  
Director of SFMS – Imobiliária, S.A.  
Director of Fundação Francisco Manuel dos Santos  
Member of the Supervisory Board of Warta – Retail & Services Investments B.V.\*  
Manager of Unilever Jerónimo Martins, Lda.\*\*  
Manager of Gallo Worldwide, Lda.\*\*  
Manager of Jerónimo Martins – Distribuição de Produtos de Consumo, Lda.\*  
Manager of Transportadora Central do Infante, Lda.\*\*

### **Alan Johnson**

Does not hold any position in other companies

### **Hans Eggerstedt**

Member of the Board of Directors of Arica B.V.  
Member of the Advisory Board of the Amsterdam Institute of Finance (The Netherlands)  
Member of the Supervisory Board of Warta – Retail & Services 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**

CEO of Crédit Suisse AG for Spain and Portugal  
Member of the Board of Directors of Semapa, SGPS, S.A.

Member of the Board of Directors of Arica B.V.  
Member of the Board of Directors of Jasper Wireless Inc.

**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  
President of the Consultive Board of Fundação Calouste Gulbenkian  
Member of the Strategic Committee of Mota-Engil, S.A.  
Member of the Board of Directors (Non-Executive) of Mota-Engil Africa, N.V.  
Member of the Supervisory Board of Warta – Retail & Services Investments B.V.\*

**Nicolaas Pronk**

Member of the Board of Directors of Antillian Holding Company N.V.  
Member of the Board of Directors of Aquamondo Insurance N.V.  
Member of the Board of Directors of Asteck S.A.  
Member of the Board of Directors of Cellotek Finance Luxembourg S.à.r.l.  
Member of the Board of Directors of Cellotek Holding (Luxembourg) S.A.  
Member of the Board of Directors of Epcote S.A.  
Member of the Board of Directors of Heavy Transport Group, Inc.  
Member of the Board of Directors of Heavy Transport Holding Denmark ApS  
Member of the Board of Directors of Heerema Engineering & Project Services, Inc.  
Member of the Board of Directors of Heerema Engineering and Project Services (Luxembourg) S.à.r.l.  
Member of the Board of Directors of Heerema Engineering Holding (Luxembourg) S.A.  
Member of the Board of Directors of Heerema Fabrication Finance (Luxembourg) S.A.  
Member of the Board of Directors of Heerema Fabrication Holding S.E.  
Member of the Board of Directors of Heerema Group Services S.A.  
Member of the Board of Directors of Heerema Holding Services (Antilles) N.V.  
Member of the Board of Directors of Heerema International Group Services Holding S.A.  
Member of the Board of Directors of Heerema International Group Services S.A.  
Member of the Board of Directors of Heerema Marine Contractors Finance (Luxembourg) S.A.  
Member of the Board of Directors of Heerema Marine Contractors Holding, S.E.  
Member of the Board of Directors of Heerema Transport Finance (Luxembourg) S.à.r.l.  
Member of the Board of Directors of Heerema Transport Finance II (Luxembourg) S.A.  
Member of the Supervisory Board of Spyker N.V.

**Sérgio Tavares Rebelo**

Member of the Advisory Council to the Global Markets Institute at Goldman Sachs  
Member of the Board of Directors (Non-Executive) of Integrated DNA Technologies, Inc.

**Henrique Soares dos Santos**

Director of Nesfia – Sociedade Imobiliária, S.A.  
Director of Jerónimo Martins - Serviços, S.A.\*  
Director of Sindcom – Investimentos, Participações e Gestão, S.A.  
Director of Waterventures – Consultoria, Projectos e Investimentos, S.A.

**Clara Christina Streit**

Member of the Board of Directors (Non-Executive) of Vontobel Holding AG, Vontobel Bank AG (Zurique)  
Member of the Supervisory Board of Delta Lloyd N.V.  
Member of the Supervisory Board of Vonovia SE  
Member of the Board of Directors (Non-Executive) of Unicredit SpA

**Artur Stefan Kirsten**

Member of the Executive Committee and Chief Financial Officer of Vonovia SE  
Member of the Supervisory Board of AVW Versicherungsmakler GmbH  
Member of the Management Board of Sociedade Francisco Manuel dos Santos, B.V.

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, and the Place Where the Rules on the Functioning Thereof is Available**

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 in Exercising Said Powers**

#### **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, Javier van Engelen (the Group's Chief Financial Officer), Pedro Pereira da Silva (who resigned on 31<sup>st</sup> December 2015), Marta Lopes Maia, Nuno Abrantes, Sara Miranda and Carlos Martins Ferreira. 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 2015, the Managing Committee met 18 times, drawing 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, Francisco Sá Carneiro, Francisco Seixas da Costa, Henrique Soares dos Santos, J.J. Gomes Canotilho, José Soares dos Santos, Ludo van der Heyden and Sara Miranda.

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, Agata Wojcik-Ryszawa and Helena Morais. 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, having met twice in 2015.

### **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, and is composed of a Chairman (Alan Johnson) and four members (David Duarte, José Gomes Miguel, Madalena Mena and Henrique Soares dos Santos). None of the members is an Executive Director of the Company.

In 2015, the ICC met 11 times, having 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 (Audit Committee) Representing the Model Adopted

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 previous 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, With Details of the Articles of Association's Minimum and Maximum Number of Members, Duration of Term of Office, Number of Effective Members, Date of First Appointment, Date of End of the Term of Office for Each Member**

According to the Articles of Association, the Audit Committee is comprised of three members of the Board of Directors, elected by the General Shareholder's Meeting to terms of three years. Currently, the Audit Committee has no substitute members.

Currently, the Audit Committee is composed of:

#### **Hans Eggerstedt**

- Chairman of the Audit Committee
- First appointment on 29<sup>th</sup> June 2001
- Expiry of the term of office on 31<sup>st</sup> December 2015

#### **Sérgio Tavares Rebelo**

- First appointment on 10<sup>th</sup> April 2013
- Expiry of the term of office on 31<sup>st</sup> December 2015

#### **António Viana-Baptista**

- First appointment on 9<sup>th</sup> April 2010
- Expiry of the term of office on 31<sup>st</sup> December 2015

### **32. Details of the Members of the Audit Committee, Which are Considered to be Independent Pursuant to Article 414/5 CSC**

Each member of the Audit Committee complies with the rules of incompatibility laid down in paragraph 1 of Article 414-A of the Commercial Companies Code, except that provided for in sub-paragraph b). Except for its Chairman, the other two members further comply with the independence criteria foreseen in Article 414, number 5 of the Commercial Companies Code.

### **33. Professional Qualifications of each Member of the Audit Committee, and Other Important Curricular Information**

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, Hans Eggerstedt, is internationally recognised as one of the best managers of his generation, having worked, over the course of his long career, in positions of great responsibility in various countries. His solid academic training and professional experience in areas of management and control ensure he has the special skills to chair the Company's supervisory body.

## 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. The Number of Meetings Held and the Attendance Report for 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 2015, the Audit Committee met five 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:

Hans Eggerstedt	100%
António Viana-Baptista	100%
Sérgio Rebelo	100%

### 36. The Availability of Each Member of the Audit Committee, Indicating the Positions Held Simultaneously in Other Companies Inside and Outside the Group, and Other Relevant Activities Undertaken by Members of These Boards Throughout the Financial Year

Members of the Audit Committee have always been available for the Company's affairs during 2015, 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. A Description of the Procedures and Criteria Applicable to the Supervisory Body for The Purposes of Hiring Additional Services From the External Auditor

With respect to the provision of non-audit services by the Auditor, 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 Committee, from the moment the global amount of fees related to

these type of services in that year surpasses 10% of the global amount of fees concerning audit services.

The Audit Committee considered that the provision of non-audit services up to the said amount of 10% is not capable of compromising auditor's independence. Furthermore, the Committee considered 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.

Finally, it should also be noted that, taking into account the Audit Committee's role of evaluating and supervising the Statutory Auditor and External Auditor, when it carries out its annual assessment on the independence of these entities, as well as on the possibility of maintaining or the need to change the external audit service provider, the Audit Committee is compelled to check if there are reasons requiring the justified dismissal of either of these entities. Should they believe that there is just cause for this purpose, it is the Audit Committee's responsibility, in the case of the Statutory Auditor, to propose such dismissal to the General Shareholders' Meeting, within the terms provided for in Article 419 of the Commercial Companies Code and, consequently, as the role of the External Auditor is carried out by the same entity, to propose the termination of the respective auditing service contract to the Company's Board of Directors.

### **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 PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., ROC (Chartered Accountant) No. 183, registered at the CMVM (Portuguese Securities Market Commission) under no. 9077, represented by José Pereira Alves, ROC no. 711 or by António Joaquim Brochado Correia, ROC no. 1076.

### **40. Statement on the Number of Years that the Statutory Auditor Consecutively Carries Out Duties With the Company and/or Group**

The Company's Statutory Auditor carries out duties with the Company for 27 years.

The Statutory Auditor was nominated for the first time during 2005, although for calculating the said number of years, the period in which other statutory auditors, members of the PricewaterhouseCoopers & Associados, SROC, Lda. network carried out that role at Jerónimo Martins is taken into account.

#### **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 Appointed in Accordance With Article 8 PSC and the Partner That Represents the Same in Carrying out These Duties, and the Respective Registration Number at the CMVM**

The External Auditor is PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., ROC (Chartered Accountant) No. 183, registered at the CMVM (Portuguese Securities Market Commission) under no. 9077, represented by José Pereira Alves, ROC no. 711 or by António Joaquim Brochado Correia, ROC no. 1076.

During 2015 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.

#### **43. Statement on the 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 and/or Group**

PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. has been carrying out the role of External Auditor to the Company for 27 years, taking into account, in calculating the said number of years, the period in which other statutory auditors, members of the PricewaterhouseCoopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. network carried out that role at Jerónimo Martins.

The partner that represents the External Auditor has been carrying out that role for the Company since 9<sup>th</sup> January 2014.

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

With regard to the rotation of the External Auditor, the Company has not set any external auditor rotation policy based on a pre-defined number of years, taking into account the fact that disadvantages have been identified for the auditing role when approaching the end of the pre-defined period of performance of duties.

Alternatively, bearing in mind that the Audit Committee is the body responsible for determining the conditions for maintaining, rotating or replacing the External Auditor, this body performs an annual assessment of the External Auditor, checking the independence necessary for it to remain in office and carries out an analysis of the cost/benefit of changing the External Auditor, advising on the respective maintenance or otherwise.

Additionally, the Company complied with what was foreseen in paragraph 2 of Article 54 of the former Legal Regime of Portuguese Statutory Auditors which set seven years as the maximum period for exercising audit functions by the partner responsible for overseeing the statutory audit or for the direct execution of the statutory audit, which is the Company's case, and the analysis made by the Audit Committee always implied compliance with such legal obligation.

The new Legal Regime of Portuguese Statutory Auditors, approved by Law nr. 140/2015, of September 7<sup>th</sup> (which came into force on 1 January 2016) foresees a new regime which is applicable to the rotation of statutory auditors of public-interest entities, which will have to be taken into account by the Company.

#### **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. The Committee discussed and considered the costs and advantages of maintaining the External Auditor, as well as the independence shown in that role, having decided to give a favourable opinion for its maintenance for the year 2015.

#### **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, totalling 44,342 euros, reference is made to those concerning access to a tax database, audit reliability services under applicable laws in the countries where the Group operates, support services in the field of human resources and certification of the carbon footprint calculation.

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.

In this respect it should also be noted that in 2011 the Audit Committee regulated the commissioning of non-audit services to the External Auditor, as mentioned in point 37, allowing them to be commissioned as long as the independence of the External Auditor was assured and imposing their prior approval as of the moment the global amount of the respective fees in the year surpassed 10% of the global fees of the audit services.

#### **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 2015, the total remuneration paid to the External Auditor and other individuals or companies' belonging to the same network was 875,015 euros.

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

	<b>Amount</b>	<b>%</b>
<b>By the Company</b>		
Amount for statutory auditing services (€)	95,390	10,9%
Amount for audit reliability services (€)	-	-
Amount for tax consulting services (€)	-	-
Amount for other non-statutory auditing services (€)	11,720	1,3%
<b>By entities comprising the Group</b>		
Amount for statutory auditing services (€)	735,284	84,0%
Amount for audit reliability services (€)	14,920	1,7%
Amount for tax consulting services (€)	4,902	0,6%
Amount for other non-statutory auditing services (€)	12,800	1,5%

## **Section C INTERNAL ORGANISATION**

### **Subsection I Articles of Association**

#### **48. The Rules Governing Amendment to the Articles of Association (Article 245-A/1/h) PSC)**

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 2015, there were audits performed over stock management, cash collection, management of accounts payable and receivable, supplementary income, 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 that 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, maximizing potential opportunities and minimizing the adverse effects of risk.

The Group's Enterprise Risk Management system has the objectives to structure and consistently organize the way the Group identifies risks, assuring that they are assessed broadly, considering dependencies and correlations within various risks areas. It establishes procedures for reporting that allow for an adequate monitoring of the risk mitigation and control measures risks.

Due to the size and geographical dispersion of Jerónimo Martins' activities, successful Risk Management depends on the participation of all employees, who should assume this as an integral part of their jobs, particularly through the identification and reporting 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 Functions: Group and Business Unit Risk Managers) – responsible for the Risk Management analysis and reporting, as well as for future suggestions or policies development that improve or increase 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 organizational 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 organization 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 establishing the mitigating measures for the different types of risk, and ensuring the existence of an effective Risk Management framework;
- 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 Organization, providing assurance regarding the effectiveness and efficiency on the Management of Risk and active support in the Risk Management process.

### **53. Details and Description of the Major Economic, Financial and Legal 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 consumers' preferences, the businesses' life cycle, the dynamics of the markets (financial, employment, natural and energy resources), the competitors' activity, technological innovation, availability of resources and legal and regulatory changes.

The management team uses this information to understand market needs and 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 it 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 resource and assets as well as its safety and security.

Fraud 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 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 circuit, 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.

### **Environment Risks**

The efficient management of resources, coupled with environmental preservation, is essential for the sustained growth of the Group's businesses. Jerónimo Martins' Companies develop activities which, either due to the nature of its activities or its dimension, have environmental impacts on ecosystems.

Aware of this fact, the Group has conducted studies on the effects of its activities on ecosystems and the resources they provide. This is the case of the studies: i. Biodiversity Management in Jerónimo Martins; ii. Sustainable Agriculture; iii. Fish Species Risk Assessment, and iv. Deforestation commodity mapping in Private Label and Perishable products.

The risks of climate change are also addressed by the Group and can be of the following nature:

- Regulatory, which can be a result of increased costs of compliance with new 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.

The probability of occurrence of these situations and their level of impact are analysed by the Group as part of its risk assessment procedures. Considering the risks posed by climate change, in particular, the Group discloses its review in the annual response to CDP (Carbon Disclosure Project), which is 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 its different components: planning and organization, development, 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 and recovery of the systems in the event of interruption to the operations.

## Regulation Risks

Compliance with legislation is provided by the Legal Departments of the Group 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.

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: market risk (which includes exchange rate risk, interest rate risk and price risk), liquidity risk and credit risk.

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, under the supervision of the Chief Financial Officer. It is responsible for identifying, assessing and hedging financial risks, by following the guidelines set out in the Financial Risk Management Policy that was approved in 2012 by the Board of Directors.

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 30 – 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 considers 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 review is made under the coordination of the Group 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 way it 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 (Article 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, Functions, the Information Made Available by Said Department and Contact Details

#### 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, 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.

Jerónimo Martins' communication policy regarding the financial market is designed to ensure that material information - history, current performance and outlook for the future - is available to all its stakeholders, in order to provide clear and complete information about the Group.

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 2015, 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 web sites, and mass mailings 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, Annual General Shareholders' Meeting.

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 <http://www.jeronimomartins.pt/?lang=en>.

The site not only provides 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 stock market;
- 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 regarding the General Shareholders' Meetings;
- Information about Corporate Governance;
- Code of Conduct of Jerónimo Martins;
- Company Articles of Association;
- Current Internal Regulations;
- Minutes of the General Shareholders' Meetings, or respective extracts, which are available within five days of the meeting's date;
- Historical agendas and decisions taken at the General Shareholders' Meetings held over the seven previous years.

The website also has all this information, with no exception, in English and was a pioneer in its accessibility for people with visual disabilities, using a tool specially designed for this purpose.

## **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.pt](mailto:investor.relations@jeronimo-martins.pt).

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. Data on the 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 Office, sent via email, or through telephone contact, during the course of 2015, the Investor Relations Office recorded 408 requests for information, the majority of which were given an immediate reply to or were responded to within an appropriate time for the type of request. At the end of the year there were no pending requests for information.

## 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

<http://www.jeronimomartins.pt/?lang=en> ou  
<http://www.jeronimomartins.com/?lang=en>

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

Information concerning Article 171 of the Commercial Companies Code is available on the Jerónimo Martins institutional website through the following link:

<http://www.jeronimomartins.pt/o-grupo/contactos-corporativos.aspx?lang=en>

### 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:

<http://www.jeronimomartins.pt/investidor/governo-da-sociedade/estatutos-regulamentos.aspx?lang=en>



## **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:

<http://www.jeronimomartins.pt/investidor/governo-da-sociedade/orgao-social/conselho-de-administracao.aspx?lang=en>

Audit Committee:

<http://www.jeronimomartins.pt/investidor/governo-da-sociedade/orgao-social/comissao-de-auditoria.aspx?lang=en>

General Meeting

<http://www.jeronimomartins.pt/investidor/governo-da-sociedade/orgao-social/assembleia-geral.aspx?lang=en>

Statutory Auditor

<http://www.jeronimomartins.pt/investidor/governo-da-sociedade/orgao-social/revisor-oficial-de-contas.aspx?lang=en>

- Name of the market liaison officer:

[http://www.jeronimomartins.pt/investidor/contactos\\_investidor.aspx?lang=en](http://www.jeronimomartins.pt/investidor/contactos_investidor.aspx?lang=en)

- Information concerning the investor assistance office, respective functions and contact details:

<http://www.jeronimomartins.pt/investidor/gabinete-relacoes-com-investidor.aspx?lang=en>

## **63. Place Where the Documents are Available and Relate to Financial Accounts Reporting, Which Should be Accessible For at Least Five Years and the Half-Yearly Calendar on Company Events that is Published at the Beginning of Every Six Months, Including, Inter Alia, General 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:

<http://www.jeronimomartins.pt/investidor/relatorios.aspx?lang=en>

- Half-yearly calendar on Company events:

<http://www.jeronimomartins.pt/investidor/calendario-financeiro.aspx?lang=en>

#### **64. Place Where the Notice Convening the General 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:

<http://www.jeronimomartins.pt/investidor/assembleia-geral.aspx?lang=en>

#### **65. Place Where the Historical Archive on the Resolutions Passed at the Company's General 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:

<http://www.jeronimomartins.pt/investidor/assembleia-geral/arquivo-assembleias-gerais.aspx?lang=en>

## 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 2013-2015.

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 10<sup>th</sup> April 2013 Arlindo do Amaral (Chairman), José Queiroz Lopes Raimundo and Soledade Carvalho Duarte 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.

On 10<sup>th</sup> April 2014, José Queiroz Lopes Raimundo resigned as member of this Committee and the position remains vacant.

During 2014, the Remuneration Committee did not consider it necessary to contract services to support it 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 experience in management and remuneration policy, which gives them the necessary skills to perform their duties adequately and effectively.

Arlindo do Amaral has a Law degree from Lisbon Law School of University of Lisbon, having worked for more than thirty years in Fima Lever Iglo Group in the area of human resources management, having namely acted as Human Resources Manager, Remuneration Officer and Human Resources Director.

Soledade Carvalho Duarte has a degree in Human Resources Management and Labor Psychology by ISLA/ESOCT, working since 1986 in the Executive Search area, having been responsible for the deployment of the Executive Assessment business line in Portugal. She developed several processes for the selection and the hiring of executives and senior management in different areas of activity. She was distinguished as Practice Leader in the Automotive and Health Care sector.

### Subsection III Remuneration Structure

#### 69. Description of the Remuneration Policy of the Board of Directors and Supervisory Boards as Set Out in Article 2 of Law No. 28/2009 of 19 June

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 recommendatory framework, as well as the organizational model adopted by the Board of Directors, pursuant to the election of the respective members for the 2013-2015 period.

With respect to the organization 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.

The remuneration of Directors with executive duties continues to comprise a fixed and a variable component, that together guarantee a more competitive remuneration in the market and which also serves 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.

Annually, by proposal of the Chairman of the Board of Directors, the variable component is fixed by the Remuneration Committee, taking into account the expected contribution of Executive Directors 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 Executive Directors 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 Executive Directors to the conduct of business through: 1) the achievement of EVA objectives set out in the Medium and Long-Term Plan approved by the Board of Directors; 2) the development of the share price; 3) 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 Executive Directors responsible for each compliance stage, in the scope of their duties.

The variable remuneration is, as already noted, dependent on predetermined criteria to be fixed at the start of each year by the Remuneration Committee, following a proposal from the Chairman of the Board of Directors, 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 Executive Directors 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 PSI-20, 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 Non-Executive Directors 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 Meeting, 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.

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 There being a 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. See point 69.

### **72. The 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. The 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, Including 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 of the Portuguese Securities Code.

#### **74. The Criteria Whereon the Allocation of Variable Remuneration on Options is Based and details of the Deferral Period and the Exercise Price**

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 of the Portuguese Securities Code.

#### **75. The 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 Statement on the Date When Said Schemes Were approved at the General 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 recognized as such by the Portuguese Social Security.

The pensionable salary is the gross monthly basic salary 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.

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 remuneration of the members of the Board in 2015 totaled 1,741,999.08 euros, corresponding the total amount to fixed remuneration.

In the chart below reference is made to the remuneration paid individually to the Members of the Board of Directors:

Director	Remuneration Paid	
	Fixed Component (euro)	Variable Component (euro)
Pedro Soares dos Santos*	456,160.05	-
Alan Johnson**	493,500.00	-
Andrzej Szlezak	70,000.00	-
António Pedro de Carvalho Viana-Baptista	70,000.00	-
Artur Stefan Kirsten	30,000.00	-
Clara Christina Streit	50,000.00	-
Francisco Seixas da Costa	70,000.00	-
Hans Eggerstedt	70,000.00	-
Henrique Soares dos Santos	40,000.00	-
José Soares dos Santos***	242,339.03	-
Nicolaas Pronk	50,000.00	-
Sérgio Tavares Rebelo	100,000.00	-

\* Includes contributions in the financial year to the Retirement Pension Plan, in the amount of 86,362.52 euro.

\*\* Includes contributions in the financial year to the Retirement Pension Plan, in the amount of 73.500,00 euro.

\*\*\* Includes contributions in the financial year to the Retirement Pension Plan, in the amount of 28,583.32 euro.

### 78. Any 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 2015 totalling 475,500.00 euro, being the individual amounts paid detailed in the chart below:

Director	Amounts Paid	
	Fixed Component (euro)	Variable Component (euro)
Pedro Soares dos Santos*	409,500.00	-
Andrzej Szlezak**	22,000.00	-
Francisco Seixas da Costa**	22,000.00	-
Hans Eggerstedt**	22,000.00	-

\* For exercise of management duties.

\*\* 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.

### **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 for the Purposes of Law No. 28/2009 of 19 June**

The remuneration paid to the members of the Audit Committee, in such quality, as a whole was 48,000.00 euro, being the individual amounts paid detailed in the chart below:

<b>Audit Committee</b>	<b>Remuneration Paid</b>	
	<b>Fixed Component (euro)</b>	<b>Variable Component (euro)</b>
Hans Eggerstedt (President)	16,000.00	-
António Pedro de Carvalho Viana-Baptista	16,000.00	-
Sérgio Tavares Rebelo	16,000.00	-

### **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 5,000.00 euro.

## **Subsection V Agreements with Remuneration Implications**

### **83. The 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. Reference to the Existence and Description, With Details of the Sums Involved, of Agreements Between the Company and Members of the Board of Directors and Managers, Pursuant to Article 248-B/3 of the Securities Code That Envisage Compensation in the Event of Resignation or Unfair Dismissal or Termination of Employment Following a Takeover Bid (Article 245-A/1/I) PSC)**

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 (Allocation Conditions, Non-Transfer of Share Clauses, Criteria on Share-Pricing and the Exercising Option Price, the Period During Which the Options May be Exercised, the Characteristics of the Shares or Options to be Allocated, the Existence of Incentives to Purchase and/or Exercise Options)**

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 Inasmuch as the Voting Rights are not Directly Exercised by Said Employees (Article 245-A/1/e) PSC)**

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 of the Commercial Companies Code, 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 of the Commercial Companies Code and following the favourable opinion of the Audit Committee, the maintenance of the contract between the Companies and its subsidiaries and the above-mentioned 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 2015, 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 or Entity-Relationships With the Former, as Envisaged in Article 20 of the Securities Code

As mentioned on point 10 ("Information on Any Significant Business Relationships Between the Holders of Qualifying Holdings and the Company"), no business was carried out by the Company with the shareholders with Qualifying Holdings or entities in any type of relationship with the owners of such holdings, outside of normal market conditions.

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 of the Portuguese Securities Code –, 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 3 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 5 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 26 – Related Parties of Chapter III.

## PART II – 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/recomendacao/recomendacoes/Pages/default.aspx>, 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 <http://www.jeronimomartins.pt/?lang=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
<b>I. VOTING AND CORPORATE CONTROL</b>		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	Part I, Section B, Sub-section I, point 12
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	Part I, Section B, Sub-section I, point 12
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Adopted	Part I, Section B, Sub-section I, point 12

<b>RECOMMENDATION</b>	<b>STATUS REGARDING THE ADOPTION</b>	<b>REFERRAL TO THE CGR TEXT</b>
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	Part I, Section B, Sub-section I, point 13
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Adopted	Part I, Section A, Sub-section I, points 4 and 5 and Section B, Sub-section I, point 12
<b>II. SUPERVISION, MANAGEMENT AND OVERSIGHT</b>		
<b>II.1. Supervision and Management</b>		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Adopted	Part I, Section B, Sub-section II, points 21 and 28
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Adopted	Part I, Section B, Sub-section II, point 21
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.	Adopted	Part I, Section B, Sub-section II, points 24, 25, 29 and Section D, Sub-section III, point 69
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	Part I, Section C, Sub-section III, points 50, 52 and 54

<b>RECOMMENDATION</b>	<b>STATUS REGARDING THE ADOPTION</b>	<b>REFERRAL TO THE CGR TEXT</b>
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	Adopted	Part I, Section B, Sub-section II, point 18
<p>II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>	Adopted	Part I, Section B, Sub-section II, point 18
II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	Adopted	Part I, Section B, Sub-section II, point 21
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Not applicable	
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Adopted	Part I, Section B, Sub-section II, point 21
<b>II.2. Supervision</b>		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Partially adopted	Part I, Section B, Sub-section II, point 19 and Subsection III, points 32, 33, and Part II, point 2.1., sub. a)



<b>RECOMMENDATION</b>	<b>STATUS REGARDING THE ADOPTION</b>	<b>REFERRAL TO THE CGR TEXT</b>
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, <i>inter alia</i> , for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	Part I, Section B, Sub-section II, point 30
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Adopted	Part I, Section B, Sub-section II, point 45
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	Part I, Section B, Sub-section II, point 30 and Section C, Sub-section III, point 52
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Adopted	Part I, Section B, Sub-section II, point 29 and Section C, Sub-section III, point 50
<b>II.3. Remuneration Setting</b>		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Adopted	Part I, Section D, Sub-section II, point 67
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Adopted	Part I, Section D, Sub-section II, point 67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:  a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies ;  b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;  d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Partially Adopted	Part I, Section D, Sub-section III, point 69 and Part II, point 2.1, sub. b)
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Not applicable	Part I, Section D, Sub-section III, points 73 and 74

<b>RECOMMENDATION</b>	<b>STATUS REGARDING THE ADOPTION</b>	<b>REFERRAL TO THE CGR TEXT</b>
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Adopted	Part I, Section D, Sub-section III, points 69 and 76
<b>III. REMUNERATION</b>		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Adopted	Part I, Section D, Sub-section III, point 69
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Adopted	Part I, Section D, Sub-section III, point 69 and Sub-section IV, points 77, 78 and 79
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not Adopted	Part I, Section D, Sub-section III, point 69 and Part II, point 2.1. sub.s b) and c)
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Not Adopted	Part I, Section D, Sub-section III, point 72 and Part II, point 2.1. sub. d)
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Adopted	Part I, Section D, Sub-section III, point 69
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Not applicable	Part I, Section D, Sub-section III, points 69, 73 and 74
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	Part I, Section D, Sub-section III, points 69 and 74
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	Adopted	Part I, Section D, Sub-section III, point 69, and Sub-section V, point 84
<b>IV. AUDITING</b>		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Adopted	Part I, Section B, Sub-section V, point 42

<b>RECOMMENDATION</b>	<b>STATUS REGARDING THE ADOPTION</b>	<b>REFERRAL TO THE CGR TEXT</b>
IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Partially Adopted	Part I, Section B, Sub-section II, point 30, Sub-section III, point 37, Sub-section V, point 46, and Part II, point 2.1, sub. e)
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	Part I, Section B, Sub-section V, point 44
<b>V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS</b>		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Adopted	Part I, Section A, Sub-section II, point 10, Section E, Sub-section I, points 89 and 91
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.	Adopted	Part I, Section E, Sub-section I, point 91
<b>VI. INFORMATION</b>		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Adopted	Part I, Section C, Sub-section IV, point 56 and Sub-section V, point 59
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Adopted	Part I, Section C, Sub-section 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) Regarding **recommendation II.2.1.** it is hereby clarified that the Audit Committee saw fit to appoint as its Chairman the Director that undertook that role during the previous mandate, despite the fact that this Director no longer met the objective independence criteria defined in Subparagraph b of Paragraph 5 of Article 414 of the Commercial Companies Code, bearing in mind the high degree of independence shown by the Chairman of this Committee in exercising his functions to date. In the benefit

of the Company and its shareholders, the Audit Committee decided to maintain its Chairman.

b) 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.

c) Regarding **recommendation III.3.:** see explanation in the preceding subparagraph.

d) 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.

e) 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 these 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.