



IV. HOW WE MAKE A DIFFERENCE

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1. OUR APPROACH

With a history of over two centuries, the Jerónimo Martins Group aims to create value in a sustainable manner, respecting the quality of life of the present and future generations and seeking to mitigate the impact of its activities on the ecosystems. Our Corporate Responsibility is governed by five common pillars.



I - PROMOTING GOOD HEALTH THROUGH FOOD

Promoting good health through food is achieved through two action strategies:

- i. fostering the quality and diversity of the food products that the Group sells; and
- ii. promoting food safety in its broader sense, including the availability, accessibility and sustainability of the products sold.



II - RESPECTING THE ENVIRONMENT

Aiming to promote more sustainable production and consumption practices, the Group has focussed its initiatives on three priority areas: climate change, biodiversity and waste management.



III - SOURCING RESPONSIBLY

The Group's Companies aim to develop long-lasting commercial relationships, seeking to practice fair pricing and actively supporting local production in the countries where it operates, incorporating ethical, social and environmental concerns in its supply chains.



IV - SUPPORTING SURROUNDING COMMUNITIES

We are committed to the communities in the countries where the Group's Companies operate, aiming to promote social cohesion and to break the cycles of poverty and malnutrition, by supporting projects and social causes concerning the more fragile groups in society: children and young people and the elderly.






BEING A BENCHMARK EMPLOYER

By creating employment, we aim to stimulate economic development in the markets in which we operate, seeking to promote balanced and competitive wages policies and a healthy and challenging work environment, by offering the needed setting to their professional and personal development.




VALUE CHAIN AND SUSTAINABILITY

1. NATURAL RESOURCES

-  Biodiversity
-  Sustainable exploitation
-  Local suppliers






2. MANUFACTURING

-  Environmental monitoring
-  Compliance with Code of Conduct
-  Product innovation






3. OPERATIONS

-  Eco-efficiency
-  Employee support
-  Waste collection and recovery from operations and customers





4. CUSTOMER

-  Healthy food
-  Quality and food safety
-  Responsible consumption



5. COMMUNITY

-  Fighting food waste
-  Food donations



FIGHTING FOOD WASTE

We continuously and efficiently monitor the management of raw materials throughout the value chain, with the objective of preventing the production of waste, in an integrated effort to combat food waste:

- Promoting Good Health through Food, by supplying ready-made soups, fruit and salads, through incorporating products that are not standardised for sale;
- Respecting the Environment, by encouraging the reduction of the amount of food waste generated;
- Sourcing Responsibly, by purchasing not standardised size food products, which previously had no economic value. This practice guaranteed the use of over 10,200 tonnes of products in 2015;
- Supporting Surrounding Communities, by donating food to those in need and contributing towards the fight against hunger and malnutrition. In 2015, approximately 9,500 of food products were given;
- Being a Benchmark Employer, through specific training initiatives for employees for identifying, selecting and separating food that is appropriate for human consumption.

2. STAKEHOLDER ENGAGEMENT

As food specialists, our Group believes in creating value through regular and proactive dialogue with its various stakeholders.

In a spirit of continuous improvement we have strengthened our engagement with all stakeholders, using specific communication channels, aiming at ensuring greater alignment with their needs and expectations.

| Stakeholders | Interfaces | Communication Channels |
|--|---|---|
| Shareholders and investors | Investor Relations Department, Communications and Corporate Responsibility Department and Ethics Committee. | Corporate website, e-mail, Annual Report, financial releases, meetings, conferences, roadshows, Investor's Day and General Shareholders' Meetings. |
| Official bodies, supervising entities and local councils | Investor Relations Department, Tax Departments, Legal Departments, Communications and Corporate Responsibility Department, Institutional Relations Department and Ethics Committee. | Corporate website, e-mail, meetings and post. |
| Suppliers, business partners and service providers | Commercial, Marketing, Quality and Food Safety, Environment, Development of Private Brand, Regional Operations, Technical, Expansion, IT Departments and Ethics Committee. | JM Direct Portal, follow-up visits, Quality and Food Safety audits, business meetings and direct contacts. |
| Employees | Human Resources Department, Training School, Ethics Committee, Communications and Corporate Responsibility Department. | Employee Assistance Services, telephone lines, internal magazines, Intranet, corporate website, operational and management meetings, annual performance appraisal, training sessions, internal environment surveys and "Open Letter". |
| Customers and consumers | Customer Services, Customer Ombudsman and Ethics Committee. | Toll-free phone lines, e-mail, corporate website and post. |
| Local communities | Communications and Corporate Responsibility Department, Stores, Distribution Centres and Ethics Committee. | Follow-up visits, meetings, protocols and partnerships/patronage. |
| Journalists | Communications and Corporate Responsibility Department and Ethics Committee. | Corporate website, press releases, press conferences, meetings and Annual Reports. |
| NGOs and associations | Communications and Corporate Responsibility Department, Institutional Relations Department and Ethics Committee. | Follow-up visits, meetings and partnerships/patronage. |

In order to ensure compliance with the Principles of Corporate Responsibility and in order to disclose and reinforce them, the Committee on Corporate Governance and Corporate Responsibility works closely with the Board of Directors and the Ethics Committee monitors both the disclosure of and the compliance with the Code of Conduct in all the Group's Companies.

The responsibilities of each of these Committees are described at www.jeronimomartins.pt, in the "Investor" area.

The professional social network LinkedIn has been an important vehicle in all the countries, to attract employees and to disclose relevant topics about the Group, including the actions carried out within the scope of the five pillars of Corporate Responsibility. Within this context, throughout 2015, 28 Corporate Responsibility posts were released, resulting in over 950 thousand print-outs¹. The number of followers of the Jerónimo Martins page on this social network was in excess of 50 thousand at the end of the year.

The Jerónimo Martins Group is part of various national and international organisations and initiatives concerning Corporate Responsibility. For further details on our relations with stakeholders and on the organisations the Group is part of, go to www.jeronimomartins.pt in the "Responsibility" area.

¹ This indicator refers to the number of times each post was displayed to LinkedIn users.

3. HIGHLIGHTS



PROMOTING GOOD HEALTH THROUGH FOOD

- The nutritional reformulation of 93 Private Brand products, in Portugal and in Poland, prevented 54 tonnes of fat, 298 tonnes of sugar and 74 tonnes of salt from entering the market;
- Biedronka maintained its offer of new solutions for consumers with special dietary requirements, having increased the assortment of gluten-free and lactose-free products. In total, 13 new references were put on the market;
- In Portugal, Pingo Doce launched seven Pura Vida "0% Lactose" references;
- In the Meal Solutions area, seven vegetarian dishes were developed, which became part of the regular weekly offer of meals in the Pingo Doce restaurants.



RESPECTING THE ENVIRONMENT

- The specific value of equivalent tonnes of carbon, per thousand euros of sales, has decreased 5.8%;
- The specific values of water and energy consumptions, per thousand euros of sales, has decreased 3.5% and 10.2% respectively;

- Within the scope of the Group's participation in the Carbon Disclosure Project (CDP), in the "Climate" segment, the Group obtained a score of 98 points, on a scale from 0 to 100, regarding the level of information disclosed. The performance of its strategy for climate change was classified as B, on a scale from E to A. Since 2012, these classifications have shown an evolution of 44 points and three levels, regarding the information disclosed and the performance of the strategy, respectively.



SOURCING RESPONSIBLY

- The Group's Companies maintained their commitment to sourcing at least 80% of the food products they sell from local suppliers;
- In the CDP's annual evaluation, in the "Forests" segment, where an analysis is made on the strategy for combating deforestation, the Group obtained the "Management" classification, a level below the maximum score, whilst its evaluation for each commodity analysed (palm, soy, beef, wood and derivatives) was higher than the average for the sector;
- Biedronka and Pingo Doce launched five references with UTZ certified cocoa,

a certification programme that promotes sustainable production practices: in Poland, chocolate biscuits, tiramisu and profiteroles; in Portugal, two references of chocolate-covered strawberries.



SUPPORTING SURROUNDING COMMUNITIES

- The support to communities in the sphere of influence of our stores and Distribution Centres amounted to 17.4 million euros, representing an increase of 9.4% compared to 2014;
- Academia do Johnson (Johnson's Academy) was the new community project selected in 2015 for ongoing institutional support. This institution's mission is to combat the social exclusion and school drop-out of around 100 children and young people from very vulnerable communities;
- Biedronka launched the 1st edition of the Children's Literature Prize, with the objective of seeing the birth of new writers and illustrators of children's works and make reading accessible to everyone;
- In Colombia, Ara reinforced its support to the Madres Comunitarias (Community Mothers) project, having reached 147 more nurseries than in 2014. Food was regularly provided to 262 community nurseries for around 3,400 children.



BEING A BENCHMARK EMPLOYER

- 2,464 jobs were created, representing a net growth of 2.8% compared to 2014;
- The Group allocated around 66.7 million euros given in performance bonuses to employees;
- In Portugal, the Fundo de Emergência Social (Social Emergency Fund) has supported 912 employees, that translated into around 2,400 support measures split by food, health, legal and financial advice;
- In Poland, the To School with Biedronka programme began, whereby a contribution was made of 80% of the value of the school books of children of employees with economic difficulties. A total of 2,400 children were covered by this programme;
- The Group has invested over 14.8 million euros in several internal social responsibility programmes within the scope of the Family Well-Being pillar.



4. PROMOTING GOOD HEALTH THROUGH FOOD

4.1. INTRODUCTION

The strategic focus on promoting a healthy diet arises right from the Group's core business.

The commitment to Promoting Good Health through Food is achieved through two common lines of action in the countries where we operate: i. promoting food quality and variety in the offer of Private Brands and Perishables; and ii. promoting food safety.

4.2. QUALITY AND DIVERSITY

In order to achieve high Quality and Food Safety standards of the products we sell, the guidelines in place in Portugal, Poland and Colombia follow three fundamental policies:

- Quality and Food Safety Policy – guarantees a system for continuous improvement in the processes for developing and monitoring Private Brand products and Perishables;
- Nutritional Policy – aligned with the World Health Organization's recommendations, it defines six pillars in the development of Private Brands: nutritional profile, ingredients, labelling, portion sizes, continuous improvement and communication;

- Policy on Genetically Modified Organisms – based on the principle that the Private Brand products do not contain ingredients or additives of transgenic origin and that, should that not be the case, the consumers will be informed on the respective label.

In addition, the Guidelines for Developing Private Brand Products reinforce the principles listed in the Nutritional Policy, defining the following:

- restrictions as to the use of colouring, preservatives and other superfluous, synthetic additives;
- maximum accepted quantities of some ingredients in the products, such as salt, sugar or fat;
- nutritional reformulation strategies;
- packaging material appropriate for contact with foodstuffs;
- principles of nutritional labelling, including information on health, nutrition and the promotion of healthy lifestyles;
- product monitoring plans, namely sensorial tests, audits and laboratory controls.

4.2.1. LAUNCHES

In Poland were launched products that have potential health benefits as well as others that are aimed at people with specific dietary requirements, including the following:

- three Aktiplus natural yoghurt references, with the BB-12® bacteria;
- seven references of natural fruit and/or vegetable juices from the Vital Fresh range, which are sources of vitamins, fibre and potassium;
- ProSerce spread with olives and plant sterols that help reduce blood cholesterol;
- two references of Polaris water enriched with magnesium and with seven added vitamins;
- Herbarium, cistus tea. This plant originates from the Mediterranean and is rich in polyphenols that may act as antioxidants and also strengthen the immune system;
- five references of the Vitalsss food supplements, with vitamins and minerals that support different body functions.



KCALCULATION

Biedronka launched the Kcalculation range, following the recommendations of the World Health Organization in its development.

In partnership with the Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition), low-calorie products were developed with the objective of bringing the food portions in line with physical needs. In the case of the snacks, the number of calories is limited to 50 or 100, whilst the ready meals have a limit of 350 calories.

Out of a total of 23 references launched, some examples include two Vitanella dried apple products whose innovative production process avoids deterioration of the nutrients and the use of preservatives.

The Vital Fresh soups were also launched, to which have been added olive oil and that contain no colouring or preservatives, as well as the Bonitki biscuits which contain vitamins E and B1 (thiamin), and the minerals magnesium and iron.



In Poland, references aimed especially at children were launched, which have a nutritional composition providing access to vitamins and ingredients that are essential for growth and bone development.

Examples of this are three Miami cheese references, which are sources of calcium and vitamin D, free from colouring and have only natural flavouring.

In Portugal, the Pura Vida range is aimed at people with specific dietary requirements or preferences, having gluten-free products or those without any added sugar. In 2015, new 14 references reached the market, among which the Cookies de Amendoim (Peanut Cookies) made of wholemeal cereals, without added sugar, containing fibre and high-oleic sunflower oil. As is the case of olive oil, sunflower oil contains mono-saturated fatty acids, which make it healthier and beneficial for good cardiovascular function.

Other Pura Vida range launches include the AntiOx natural juices with fruit produced in Portugal and with vitamin E, which helps to protect body cells against oxidation. Wholemeal lemon and cinnamon biscuits, rich in fibre, chicken meals with fusilli and vegetables and hake with wild rice were also launched onto the market.

Also in 2015 the “0% Lactose” tag in the Pura Vida range was extended throughout the year with seven references, including yoghurts, ice creams and also creamed spinach. Regarding the latter, besides containing 44% spinach, which makes it a source of fibre, it is also gluten-free.

Other low-processed products or those that are beneficial for the health were also launched, such as:

- Gelado de Iogurte Natural Pingo Doce (Frozen Natural Yoghurt), unique in the private brands market in Portugal;
- Iogurte Grego de Morango Pingo Doce (Strawberry Greek Yoghurt) with 14% fruit, free from colouring, preservatives and gluten;
- Bolacha Maria Pingo Doce (Maria Biscuit) dessert, a gluten-free source of calcium;
- Mix Frutos Silvestres Pingo Doce (Mixed Fruits of the Forest) with six varieties of fruit with antioxidant properties, is free from colouring and preservatives and a source of vitamin C;
- various yoghurt references, such as the Magro Limão Pingo Doce (Low-Fat Lemon) fat-free liquid yoghurt without added sugar and the Bifidus yoghurt with mango pulp.

For further information on the products launched in 2015, see the “Responsibility” area at www.jeronimomartins.pt.





4.2.2. REFORMULATIONS

The reformulations strategy focuses on products that might have a positive nutritional impact on public health, such as fast-moving consumer goods and those preferred by children.

In 2015, the following were prevented from entering the market²:

- 298 tonnes of sugar;
- 74 tonnes of salt;
- 54 tonnes of fat.

In Poland, 45 food products were reformulated, additives of synthetic origin, flavour intensifiers and preservatives having been removed and the levels of salt, sugar and fat reduced.

In total, 11 tonnes of fat, 274 tonnes of sugar and around 70 tonnes of salt were prevented from entering the Polish market.

For example, in three of the Vitarella juice references, the level of sugar was reduced by between 6% and 10%, avoiding around three tonnes of sugar from being placed on the market. The traditional cheese salad from the Tolonis range was reformulated, decreasing the level of salt by 10%, which prevented the consumption of over nine tonnes of salt.

In Portugal, 48 products were nutritionally reformulated, having prevented over 24 tonnes of sugar, around 43 tonnes of fat (including saturated fat) and around 4 tonnes of salt from entering the market.

Two Petit Líquido liquid yoghurt references aimed at children, had their fat content reduced by over 55%, thereby preventing over two tonnes from being placed on the market. Vitamin D, essential for bone formation, was also added to these yoghurts.

In the case of the Morango (Strawberry) reference, the level of fat is less than 14% and the level of fruit is more than 80% compared to the benchmark. The Morango-Banana (Strawberry-Banana) reference also has less than 10% fat and over 15% fruit.

The Puré de Batata Congelada (Frozen Mashed Potato) Pingo Doce and Amanhecer had their levels of saturated fat reduced by around 54%. The Batatas Congeladas Noisette (Frozen Noisette Potatoes) also had milk removed from their composition allowing the consumption from lactose intolerants, and palm oil was replaced with sunflower oil, which enabled the fat content to be reduced by around 27%. We estimate that the reformulation of the three references has prevented 24 tonnes of fat from entering the market.

PALM OIL

In conjunction with its partners from the Consumer Goods Forum, the Group has taken on the commitment to reach “Zero Net Deforestation” by 2020, and so it has been reformulating its products, with a concern for removing palm oil from the composition of its food products, removing it or replacing it with other oils with a healthier nutritional profile. In 2015, eight references from the Group’s Private Brand assortment were reformulated to remove palm oil from their composition.

To find out more about the Group’s position and its actions regarding the origin of palm oil in Private Brand products, see sub-chapter 6. “Sourcing Responsibly”.

4.2.3. PROMOTING HEALTHIER CHOICES

The Packaging Manuals are for disclosing the characteristics and benefits of the Private Brand products, in compliance with the technical and legal requirements. One of the examples is the commitment to clearly and concisely inform consumers on the nutritional composition of the products, providing full nutritional tables with the values per 100 grams and per portion.

²The number of tonnes of sugar, fat and salt removed is obtained using the following calculation method: the quantity of these ingredients present in the formula of the references covered, multiplied by the number of units sold in the year.

In addition, Pingo Doce adopts the principles of the Mediterranean Diet as a differentiating feature for developing its Private Brand products and the meals from the Meal Solutions business unit.

The “Sabe Bem” (Tastes Good) bi-monthly magazine for Pingo Doce customers, with an average print-run of 160 thousand copies, remained one of the means of communication where recipes and articles on this type of diet are provided.

The new in-store leaflets for publicising the Pingo Doce brand launches, communicated the Group’s Nutritional Policy, the brand’s values and the existing offer. Although the Pura Vida products are mentioned in all of them, a specific “0% Lactose Pura Vida” leaflet was created to provide information on new products for those with this intolerance. These leaflets had an average print-run of more than 350 thousand copies.

At www.pingodoce.pt, Pingo Doce provides a list of products without milk and without gluten in their composition, thereby helping people with intolerance to those ingredients in their choice of products. The list is updated on a monthly basis by Pingo Doce’s Nutrition team, in accordance with the results from the analytical control of the Private Brand products.

Within the scope of the partnership between Biedronka and Instytut Żywności i Żywienia (Polish Institute of Food and Nutrition), the 2nd edition of the “Czytaj Etykiety” (Read the Labels) campaign was carried out. This campaign aims to make Polish consumers aware of the importance of reading and understanding the food labels, through in-store communications, on the banner’s website and also in the “Kropka TV” magazine, which has an average weekly distribution of 250 thousand copies. In 50 selected stores, nutritionists gave consultations to provide advice.

The campaign “5 Garści dla Zdrowia” (Fruit and Vegetables, 5-a-Day) that took place in 2015 in conjunction with that institution aimed to raise awareness on the need to eat fruit and vegetables every day. Available for consultation at www.5garscizdrowia.biedronka.pl, this platform has over 18 thousand users, who thereby have access to healthy recipes.

4.2.4. PARTNERSHIPS AND SUPPORT

Within the scope of Promoting Good Health through Food, the Group maintains dialogue with institutions specialised in food, nutrition and health.

Pingo Doce sponsored the 1st Edition of the Food and Nutrition Observatory, resulting in a survey on food consumption habits in Portuguese society.

From the results, which were disclosed in 2015, it was possible to confirm that the strategy for launching and reformulating Pingo Doce Private Brand products is still up-to-date with regard to: i. the nutritional profile regarding fat, salt and sugar; ii. the availability of products that support specific food regimens and also; iii. healthier cooking suggestions, serving dishes with vegetables.

In Poland and Colombia, other partnerships with various institutions continued in 2015, such as:

- Partnerstwo dla Zdrowia (Partnership for Health), with the Milk Start and Snidanje Daje Moc (Breakfast Gives You Power) projects in Poland;
- Instytut Matki i Dziecka (Institute of Mother and Child), to support formulas and tests on products for children and mothers;
- Polskie Stowarzyszenie Osób z Celiakią i na Diecie Bezglutenowej (Polish Association of Celiac Disease Sufferers and a Gluten-Free Diet), to support the development of Biedronka’s Private Brands gluten-free products;
- Instituto Colombiano de Bienestar Familiar (Colombian Institute of Family Well-Being), within the scope of the governmental programme “Madres Comunitarias” (Community Mothers).



4.3. QUALITY AND FOOD SAFETY

We continually invest in the certification and monitoring of our processes, facilities and equipment in order to ensure safe and high quality products. To do so, we rely on external auditors and our Quality and Food Safety technicians to implement the adequate procedures and to assess performance indicators.

In 2015, all the processes with an impact on the stores were reviewed, aiming at their efficiency and simplification by developing IT systems or remote connection systems, enabling data to be collected and handled more quickly.

Taking into account the risk analyses performed in the various countries, control processes were also updated, endeavouring to respond to changes in the product assortment.

4.3.1. CERTIFICATIONS

The following certifications were also renewed/maintained:

- ISO 22000:2005 certification, regarding Biedronka's warehousing, distribution and product development process;
- ISO 9001:2008 certification for the Development of Private Brands in Portugal and Post-launch Product/Supplier Follow-up;
- HACCP certification in accordance with the *Codex Alimentarius* of Pingo Doce's central kitchens in Gaia, Aveiro and Odivelas;
- HACCP certification in accordance with the *Codex Alimentarius* of the Recheio Cash & Carry stores (including the store in Madeira);
- HACCP certification in accordance with the *Codex Alimentarius* of a franchised Recheio store in the Azores;
- HACCP certification in accordance with the *Codex Alimentarius* of the Caterplus Food Service platforms (except the Lisbon platform);
- HACCP certification based on the *Codex Alimentarius* of the Azambuja, Modivas, Guardairas and, as of 2015, the Algoz Distribution Centres.

4.3.2. AUDITS

To guarantee the high levels of Quality and Food Safety of the products sold by the Group, the processes, facilities and equipment are subject to control audits.

DISTRIBUTION POLAND

Internal audits were performed on the stores and the Distribution Centres have been subject to internal and external audits in order to verify the adequacy of the facilities, equipment and procedures.

| Stores and Distribution Centres | Biedronka | | | Distribution Centres | | |
|---------------------------------|-----------|-------|------------|----------------------|-------|------------|
| | 2015 | 2014 | Δ2015/2014 | 2015 | 2014 | Δ2015/2014 |
| Internal Audits | 4,814 | 3,767 | +28% | 30 | 30 | - |
| Follow-up Audits | 83 | 58 | +43% | - | - | - |
| External Audits | - | - | - | 32 | 31 | +3% |
| HACCP Performance* | 80% | 76% | +4 p.p. | 95%** | 93%** | +2 p.p. |

* At Biedronka, HACCP implementation is evaluated based on specific requirements, which in turn are based on the *Codex Alimentarius*.

** In the Distribution Centres, the compliance rate refers to the ISO 22000 - Food Safety Management System certification, which is based on the HACCP principles of the *Codex Alimentarius*.

For the first time, following the introduction of the cutting service and the packaging of meat in 25 stores, analyses were performed on work surfaces, equipment and on handlers, aiming to control microbiological risks. There were a total of 625 analyses.

DISTRIBUTION PORTUGAL

Audits were carried out at Pingo Doce, Recheio and Distribution Centres:

| Stores and Distribution Centres | Pingo Doce | | | Recheio | | | Distribution Centres | | |
|---------------------------------|------------|-------|------------|---------|------|------------|----------------------|------|------------|
| | 2015 | 2014 | Δ2015/2014 | 2015 | 2014 | Δ2015/2014 | 2015 | 2014 | Δ2015/2014 |
| Internal Audits | 1,176 | 1,139 | +3% | 106 | 89 | +19% | 16 | 15 | +7% |
| External Audits | 19 | 45 | -58% | 36 | 37 | -3% | 3 | 2 | +50% |
| Follow-up Audits | 842 | 870 | -3% | 102 | 158 | -35% | 15 | 17 | -12% |
| HACCP Performance* | 86% | 86% | - | 81% | 78% | +3 p.p. | 85% | 75% | +10 p.p. |

* At Pingo Doce, as at Recheio, the implementation of HACCP is evaluated on specific requirements, based on the *Codex Alimentarius* and appropriate for each of the realities in which the Companies operate.

Pingo Doce, Recheio and the respective Distribution Centres also performed 102,258 analyses, including those on work surfaces, handlers of Perishables and on products handled in stores, the water and the air, in order to reduce microbiological risks. This value represents an increase of 6.6% compared to the previous year, as Pingo Doce opened more stores.

| No. Analyses/Samples collected | 2015 | 2014 | Δ2015/2014 |
|--------------------------------|--------|--------|------------|
| Surfaces | 48,680 | 47,272 | +3% |
| Handlers | 22,387 | 20,586 | +9% |
| Products Handled | 28,559 | 25,761 | +11% |
| Water/Air | 2,632 | 2,311 | +14% |

DISTRIBUTION COLOMBIA

In Colombia, internal audits were carried out in the Ara stores and in the Distribution Centres.

| Stores and Distribution Centres | Ara | | | Distribution Centres | | |
|---------------------------------|------|------|------------|----------------------|------|------------|
| | 2015 | 2014 | Δ2015/2014 | 2015 | 2014 | Δ2015/2014 |
| Internal Audits | 100 | 52 | +92% | 2 | - | 100% |
| HACCP Performance | 85% | 86% | -1 p.p. | 76% | - | - |

A total of 930 samples on work surfaces, handlers of perishables, products handled in the stores and on water were also collected. That is an increase of over 133% when compared to the previous year.



4.3.3. ANALYSES

As far as Food Safety is concerned, apart from the audits mentioned in the previous point, the Group carries out laboratory analyses on the Perishables and Private Brand products that are sold by its banners.

DISTRIBUTION POLAND

| Number of Analyses/Samples collected | 2015 | 2014 | Δ2015/2014 |
|--------------------------------------|-------|-------|------------|
| Private Brand - Food | 7,724 | 5,158 | +50% |
| Private Brand - Non-Food | 1,295 | 839 | +54% |
| Fruit and Vegetables | 755 | 669 | +13% |
| Meat | 1,233 | 870 | +42% |
| Bakery | 43 | 15 | +187% |

DISTRIBUTION PORTUGAL

| Number of Analyses/Samples collected | 2015 | 2014 | Δ2015/2014 |
|--------------------------------------|---------|---------|------------|
| Private Brand - Food | 11,968* | 11,281* | +6% |
| Private Brand - Non-Food | 3,051 | 2,822 | +8% |
| Fruit and Vegetables | 2,228 | 2,319 | -4% |
| Meat | 1,326 | 2,334 | -43% |
| Fish | 1,281 | 1,720 | -26% |
| Bakery | 599 | 483 | +24% |
| Meal Solutions | 591 | 721 | -18% |

* Including routine analyses on the presence of gluten, GMOs, lactose and on the identification of species.

The increase in the number of analyses carried out on Bakery products is due, among other things, to having introduced new references onto the market and having started the process for nutritional profiling. The revision of the annual analytical control plans led to a decrease of the number of analysis carried out in some categories.

DISTRIBUTION COLOMBIA

In Colombia, 392 laboratory analyses were performed on products sold, which represents an increase of 3% compared to 2014.

| Number of Analyses/Samples collected | 2015 | 2014 | Δ2015/2014 |
|--------------------------------------|------|------|------------|
| Private Brand - Food | 251 | 278 | -10% |
| Private Brand - Non-Food | 99 | 74 | +34% |
| Fruit and Vegetables | 34 | 5 | +580% |
| Meat | 8 | 21 | -62% |
| Bakery | 0 | 3 | -100% |

The growth in analysis/samples collected in Fruit and Vegetables was due to increased focus on the presence of heavy metals and pesticides. In the case of meat (chicken), the decrease was due to the fact that there was no study developed about the presence of certain bacteria, which had already been carried out in 2014.

4.3.4. TRAINING

In Poland, training in Food Hygiene and Safety was given to 16,121 employees totalling 43,166 hours of training. These values represent an increase of 41.5% and of 14.5%, respectively, when compared to 2014.

Also in Portugal, 9,607 employees received 42,970 hours of training, a value that represents an increase of around 44% compared with 2014.

In Colombia, training was given to 585 employees, in a total of 2,340 hours.

5. RESPECTING THE ENVIRONMENT

5.1. INTRODUCTION

The Group's Companies continuously seek to minimize the environmental impacts along their respective supply chains as well as to promote more sustainable production and consumption practices.

The Environmental Management practised in the Group is defined in its Environmental Policy, available for consultation in the "Responsibility" area at www.jeronimomartins.pt.

MAIN ENVIRONMENTAL IMPACTS

In 2015, the Group's Companies continued their efforts to reduce the environmental impacts resulting from:

- water and energy consumptions;
- waste production;
- atmospheric emissions and consumption of fossil fuels.

ENVIRONMENTAL AUDITS

In 2015, 370 internal environmental audits were conducted on stores and Distribution Centres (DC) in Portugal and Poland to ensure their compliance with legal requirements and with the Group's internal Environmental Management procedures. This figure represents an increase of 59% compared to 2014. In Portugal, 314 internal environmental audits were carried out, while in Poland this figure amounted to 56 audits.

Corrective actions were defined whenever the score obtained in the audits was less than 100%.

ENVIRONMENTAL CERTIFICATION

The Environmental Management Systems implemented are based on the ISO 14001:2012 international standard. The Group has been constantly investing in the certification of its DC. In Portugal, the number of DC with this certification remained at four (Azambuja, Vila do Conde, Guardedeiras and Algoz) out of a total of nine. In Poland, 13 of the 15 existing DC were awarded this certificate at the start of 2015.

In 2015, all the Polish DC renewed their certification for handling organic products, according to EC Regulation 834/2007.

In Poland, the head-office was once again awarded the "Green Office" certificate by the Environmental Partnership Foundation, a recognition that distinguishes organisations that implement measures in order to reduce their environmental impacts, such as energy efficiency solutions. In 2015, a reduction of 66,307 MWh in energy consumption was achieved in the building.

5.2. BIODIVERSITY

The Group plays a role in protecting the biological diversity on which it depends, identifying opportunities for getting involved and engaging, whenever possible, other partners in the supply chain, such as the suppliers.

In the last five years, the assessment that we made of the risks linked to different ecosystem services

has been based on the Ecosystem Services Review (ESR) methodology, proposed by the World Research Institute (WRI). Reviewed in 2014, 11 priority action areas are currently defined, promoting projects to support the Group's management systems and practice, namely:

- information management;
- training;
- partnerships with suppliers; and
- research and development.

Within the scope of the threats and opportunities identified, and following a study undertaken about the 10 most sold and relevant species of fish in terms of biomass for the Group in Portugal, a risk assessment was also carried out on the species of fish sold in Biedronka. These analyses carried out in Portugal and Poland showed that none of the species are at high risk, after considering aspects such as the level of stock exploitation, impacts on the ecosystems, traceability, the impacts on surrounding communities and working conditions.

With regard to farming, a manual was drawn up along with our partners to encourage sustainable farming practices, curb the loss of biodiversity and eliminate the existence of invasive species. This manual will be tested and validated in 2016 with Portuguese producers, enabling an alignment of training on sustainable farming practices and the future widespread use of the manual by the Group's suppliers.



5.3. CLIMATE CHANGE

Data from the Intergovernmental Panel on Climate Change ³ show that climate change may impact farming productivity and, consequently, price stability and security of supply.

For this reason, the approach of the Group is focused on adopting responsible and proactive behaviour, as seen in the measures to reduce energy consumption and to minimise greenhouse gas emissions from logistics processes or from refrigeration gases, for example, as well as in promoting measures related to commodities which are associated with the risk of deforestation ⁴.

5.3.1. CARBON FOOTPRINT

In 2015, within the entire Group, the carbon footprint⁵ was estimated at 1,100,906 equivalent tonnes of carbon dioxide (CO₂e), which shows an increase of 1.1% compared to 2014 ⁶ which is justified, mainly, by the Group's growth in the number of stores and Distribution Centres. On the other hand, the specific value decreased from 0.086 to 0.081 equivalent tonnes of carbon for every thousand euros of sales.

| Carbon Footprint - Indicators | 2015 | 2014 | Δ2015/2014 |
|--|-----------|------------|------------|
| Overall value (scope 1 and 2) ⁷ - t CO ₂ e | 1,100,906 | *1,088,899 | +1.1% |
| Specific value (scope 1 and 2) - t CO ₂ e/000 € | 0.081 | *0.086 | -5.8% |

* Corrected figures as a result of the external Carbon Footprint certification audit.

| Carbon Footprint - Indicators | 2015 (t CO ₂ e) | 2014 (t CO ₂ e) | Δ2015/2014 |
|--|-------------------------------|-------------------------------|------------|
| Overall Carbon Footprint (scope 1 and 2) ⁷ | | | |
| • Distribution Portugal | 261,921 | *316,466 | -17.2% |
| • Distribution Poland | 815,770 | *770,313 | +5.9% |
| • Distribution Colombia | 23,215 | *2,120 | +995.0% |
| Carbon Footprint (scope 1 - direct impacts) | | | |
| • Leakage of refrigeration gases | 158,097 | *222,585 | -29.0% |
| • CO ₂ usage | 16,646 | - | - |
| • Fuel consumption | 48,708 | *44,625 | +9.1% |
| • Light vehicle fleet | 14,490 | 15,933 | -9.1% |
| Carbon Footprint (scope 2 - indirect impacts) | | | |
| • Electricity consumption (location-based) | 729,126 | - | - |
| • Electricity consumption (market-based) | 844,116 | 787,314 | +7.2% |
| • Heating (location-based) | 18,849 | *18,442 | +2.2% |
| Carbon Footprint (scope 3 - other indirect impacts) | | | |
| • Transport of goods to stores (Distribution) | 141,304 | *140,908 | +0.3% |
| • Disposal of waste in landfills | 18,852 | 47,431 | -60.3% |
| • Organic waste composting | 833 | - | - |
| • Energy consumption in franchising stores | 10,750 | - | - |
| • Air travel by employees | 1,631 | 2,007 | -18.7% |

* Corrected figures as a result of the external Carbon Footprint certification audit.

Notes: Calculation of the carbon footprint of the different activities is made using the three levels of the World Business Council for Sustainable Development (WBCSD) Greenhouse Gases Protocol method: direct, indirect and third party. The values presented take into account emission factors defined by the IPCC - Intergovernmental Panel on Climate Change (for refrigeration gases), by the Portuguese Directorate-General for Energy and Geology, by the Environmental Protection Agency and by the Krajowy Ośrodek Bilansowania i Zarządzania Emisjami (for fuels and heating), by the International Energy Agency and by the suppliers (for electricity) and in the Greenhouse Gases Protocol (for air travel and waste). The emissions related to the area of Marketing, Representations and Restaurant Services and the Jerónimo Martins Agro-Food dairy products unit were not included (it is estimated that they represent less than 1% of total emissions).

³ Information published in 2014 in the 5th "Assessment Report from the Intergovernmental Panel on Climate Change".

⁴ To learn about our initiatives related to commodities, which are associated with the risk of deforestation, refer to sub-chapter 6. "Sourcing Responsibly" in this chapter.

⁵ The Carbon Footprint values for the year 2015 were verified by PricewaterhouseCoopers consultancy firm, an external and independent body. The document concerning the process of certification is available in the "Responsibility" area at www.jeronimomartins.pt.

⁶ The overall and specific values for 2014 were reclassified compared to those reported in the 2014 Annual Report due to the external Carbon Footprint verification process. This process was carried out by PricewaterhouseCoopers.

⁷ Scope 2 emissions concern location-based (heating) and market-based (electricity) type emission factors, according to the table "Carbon Footprint - Indicators".

5.3.2. WATER AND ENERGY CONSUMPTIONS

The rationalization of water and energy consumptions is one of the Group's commitments in the fight against climate change, encouraging initiatives to minimize inefficiencies in the use of these resources and, as a result, safeguarding their future sustainability and also obtaining financial savings.

The "Water and Energy Consumption Management Teams", a project started in Portugal in 2011, achieved a reduction of these consumptions of 376,119 m³ and 16,564,720 kWh in these five years. This project, which is promoted through monthly challenges and internal benchmarking, has obtained an accumulated saving of over 2.4 million euros since its implementation.

The increases in the consumption of water and energy in Colombia are due to growth of around 65% in the number of stores compared to 2014. Also in Poland the increase of the number of infrastructures as well as the investment in Perishables products led to an overall increase in the consumption of water.

In Portugal, the increase recorded in energy and water consumptions was mainly due to the opening of new Pingo Doce stores.

ENERGY CONSUMPTION

| Total consumption | 2015 | 2014 | Δ2015/2014 |
|--------------------------------------|-----------|------------|------------|
| Energy consumption | | | |
| • Absolute value - GJ | 6,015,375 | *6,204,792 | -3.1% |
| • Specific value - GJ/'000 € | 0.438 | *0.488 | -10.2% |
| Energy consumption per business unit | | | |
| • Distribution Portugal - GJ | 1,859,034 | *1,826,106 | +1.8% |
| • Distribution Poland - GJ | 4,053,998 | *4,223,774 | -4.0% |
| • Distribution Colombia - GJ | 67,046 | *33,523 | +100.0% |
| • Others (estimate) - GJ | 35,296 | *39,156 | -9.9% |

* The 2014 figures were corrected as a result of the external Carbon Footprint certification audit.

WATER CONSUMPTION

| Total consumption | 2015 | 2014 | Δ2015/2014 |
|---|-----------|------------|------------|
| Water consumption | | | |
| • Absolute value - m ³ | 2,257,890 | *2,161,734 | +4.4% |
| • Specific value - m ³ /'000 € | 0.164 | *0.170 | -3.5% |
| Water consumption per business unit | | | |
| • Distribution Portugal - m ³ | 1,583,033 | *1,578,892 | +0.3% |
| • Distribution Poland - m ³ | 622,378 | 545,969 | +14.0% |
| • Distribution Colombia - m ³ | 39,230 | 23,584 | +66.3% |
| • Others (estimate) - m ³ | 13,249 | *13,289 | -0.3% |

* The values of 2014 were corrected.

ALGOZ DISTRIBUTION CENTRE

After nearly two years of operations at the Algoz Distribution Centre in the municipality of Silves and designed to supply the Southern region of Portugal, it is possible to see positive results with regard to energy consumptions.

In 2015, there was a reduction, compared to the same period of 2014, of 10.8%, which is equivalent to an energy consumption of 122 Portuguese households during one year.



RENEWABLE ENERGIES

| Technology | No. buildings | Energy saving/ year | CO ₂ saving/year |
|--|---------------|------------------------|--------------------------------|
| Lamp posts powered by photovoltaic panels | 1 | 72,000 kWh | 36 t |
| Tubular solar light transporting system | 19 | 119,397 kWh | 59 t |
| Solar collectors to produce hot water used for heating water and/or in the air conditioning system | 16 | 284,505 kWh | 120 t |
| Passive air conditioning through the soil | 11 | 1,159,378 kWh | 395 t |

Investment in renewable energies, which has resulted in increasing the number of buildings with tubular solar light transporting system, solar collectors to produce hot water and passive air conditioning systems through the soil, has enabled annual savings of over 1.6 million kWh, equivalent to approximately 65 thousand euros.

5.3.3. REDUCTION OF ENVIRONMENTAL IMPACTS RESULTING FROM LOGISTICS PROCESSES

As part of our commitment to reducing the environmental impacts linked to the logistics processes throughout the value chain by minimising the consumption of raw materials and energy resources and reducing the amount of emissions and waste, the following actions were implemented in 2015:

EMISSIONS IN DISTRIBUTION

- In Portugal, 65% of the goods transport vehicles complied with the Euro 5 requirements (197 vehicles) and Euro 6 requirements (18 vehicles). In Poland, 89% of the goods transport vehicles complied with the Euro 5 requirements (763 vehicles) and Euro 6 requirements (160 vehicles);
- in Poland, the first hybrid truck, Fuso Canter Eco Hybrids, part of Biedronka's exclusive fleet, is being tested (the first results show a reduction in fuel consumption). There are also two trucks in this fleet running on compressed natural gas, which has enabled a reduction in emissions of air pollutants;

- the backhauling operation⁸ in Poland entailed a total of 299,892 pallets collected, 160% more than in 2014, which resulted in a saving of 800,505 km and a reduction of 657 tonnes of CO₂ air emissions. In Portugal, this operation involved a volume of 218,189 pallets, leading to a saving of 3,364,369 km, thereby avoiding the emission of the equivalent of 2,923 tonnes of CO₂. This figure showed a 72% reduction in pallets collected compared to 2014.

REUSABLE PACKAGING

In Portugal, the use of reusable plastic boxes in the Perishables and Dairy areas represented 14% of the total boxes handled, 0.4 p.p. less than in 2014. In Poland, a project to use reusable plastic boxes (around five thousand units) to package small electronic equipment was started. In Colombia, the use of reusable transportation boxes for bottled water (over three thousand units) began.

⁸ The backhauling operation consists of route optimization and load maximization, collecting empty pallets on return trips from its stores as well as from the Group's suppliers.

5.3.4. MANAGEMENT OF REFRIGERATION GASES

The Group has been reinforcing the control of leaks, using more efficient technology and co-operating with service providers in the refrigerated and air-conditioned areas, with the aim of minimising the impact of these gases on climate change. Investments in natural refrigeration gases have been made both in Portugal and in Poland:

- in Poland, the 15 Biedronka DC have cooling systems installed with thermal roll-containers with CO₂ snow. In Portugal, the same system is in operation in the Algoz DC;
- cooling technologies running exclusively on CO₂ are installed (three stores in Portugal and two DC in Poland);
- five DC (four in Portugal and one in Poland) have refrigerated warehouses (positive and/or negative cold) with systems running on ammonia combined with glycol;
- there are 101 stores in Portugal which have refrigeration systems using R134a combined with glycol and one store has a cascade refrigeration system (R134a combined with CO₂ gas);
- there are also 150 stores in Portugal which have freezers that use only propane;
- in Poland, the centralized refrigerator system for 700 stores uses the R407F refrigerant gas, replacing R404A, resulting in a reduction of over 50% in GWP⁹ and, therefore, causing less impact on global warming;

- in Poland, three trucks use CO₂ as a refrigerant gas and R404A gas has been replaced by R452A gas in 219 trucks (having a GWP almost 50% lower than the former).

5.3.5. RATIONALISATION OF PAPER CONSUMPTION

Throughout the year, projects were developed aimed at reducing paper consumption and promoting the use of paper from sustainably managed forest resources.

Some measures, such as electronic invoice management, enabled a saving of more than 6.5 million sheets of paper, i.e., a total of 778 trees.

In Poland, the paper used in the central offices is “European Ecolabel” certified and in Colombia, it is manufactured from cane sugar. In Portugal, the paper is Forest Stewardship Council (FSC) certified and comes from suppliers with ISO 14001 certification.

In Portugal and in Poland, the paper used for printing the banners’ magazines is Programme for the Endorsement of Forest Certification (PEFC) certified or FSC and/or the companies producing it have ISO 14001 certification. This Report has also been produced at printers with FSC certified paper.

The paper used for brochures for the Pingo Doce banner is “European Ecolabel” or FSC or PEFC certified.

5.4. WASTE MANAGEMENT

The awareness of employees, customers and surrounding communities regarding the prevention and minimization of waste generation, as well as its correct separation, aims to contribute to its recovery and the saving of natural resources.

WASTE RECOVERY RATE

| | 2015 | 2014 | Δ2015/2014 |
|-------------------------|-------|-------|------------|
| Distribution - Global | 81.9% | 82.5% | -0.6 p.p. |
| Distribution - Portugal | 59.2% | 58.2% | +1.0 p.p. |
| Distribution - Poland | 88.5% | 89.5% | -1.0 p.p. |
| Distribution - Colombia | 85.2% | 90.0% | -4.8 p.p. |

The waste recovery rate was of 81.9%, a value that represents a decrease of 0.6 percentage points when compared to 2014.

⁹ GWP is the acronym for Global Warming Potential.



5.4.1. CHARACTERISATION OF WASTE

In 2015, the Group produced 387,648 tonnes of waste, which represents an increase of 15% compared to 2014. This evolution was due to the growth of the store network.

| Waste | Distribution Portugal (t) | | Distribution Poland (t) | | Distribution Colombia (t) | |
|-------------------------------|---------------------------|--------|-------------------------|---------|---------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Cardboard and Paper | 32,732 | 30,106 | 187,183 | 163,141 | 2,089 | 1,291 |
| Plastic | 2,262 | 2,178 | 8,583 | 8,133 | 126 | 82 |
| Wood | 248 | 509 | 1,804 | 2,079 | 26 | - |
| Organic Waste | 3,888 | 3,880 | 64,344 | 56,757 | - | - |
| Unsorted Waste | 41,552 | 34,680 | 34,406 | 27,212 | 214 | 131 |
| Cooking Oil and Fats | 221 | 141 | - | - | - | - |
| Waste from Effluent Treatment | 4,382 | 3,557 | - | - | 176 | 22 |
| Hazardous Waste | 16 | 8 | 13 | 35 | - | - |
| Other Waste | 1,492 | 775 | 1,891 | 2,268 | - | - |

5.4.2. CUSTOMER WASTE RECOVERY

The following were the most important projects in 2015:

- the network of Pingo Doce recycling bins covered 359 stores, which was 90% of the store network;
- coffee capsules and lids/corks/bottle tops that were recovered, resulted in more than three thousand euros being given to charities;
- 96% of the Biedronka stores have recycling bins for the collection of small electrical appliances, fluorescent lamps and batteries;
- 99% of the Ara stores have recycling bins for battery collection.

In total, there was an increase in the number and type of recycling bins available for customers. For more detailed information, go to the "Responsibility" area at www.jeronimomartins.pt.

WASTE DROPPED OFF BY CUSTOMERS IN RECYCLING BINS AT STORES

| Waste (in tonnes) | 2015 | 2014 | Δ2015/2014 |
|--|--------|--------|------------|
| Portugal | | | |
| Batteries | 22.47 | 23.12 | -2.8% |
| WEEE ¹⁰ (including fluorescent light bulbs) | 96.37 | 81.67 | +18.0% |
| Used Cooking Oil | 110.54 | 120.06 | -7.9% |
| Printer ink cartridges | 5.25 | 3.44 | +52.6% |
| Capsules | 72.57 | 37.20 | +95.1% |
| Lids, Corks and Bottle Tops | 8.89 | 4.92 | +80.7% |
| Poland | | | |
| Batteries | 117.24 | 47.32 | +147.8% |
| WEEE ¹⁰ (including fluorescent light bulbs) | 199.61 | 243.47 | -18.0% |
| Colombia | | | |
| Used batteries | 0.08 | 0.43 | -81.4% |

¹⁰ WEEE - Waste Electrical and Electronic Equipment.

In Portugal and in Poland, the increase in the collection of customer waste is, mainly, due to the investment made in installing recycling bins in Biedronka's and Pingo Doce's stores.

5.4.3. ECODSIGN OF PACKAGING

In collaboration with its suppliers, the Group has been working to improve the eco-efficiency of its packaging according to ecodesign strategies, aimed at:

- reducing the environmental impact of the packaging of items sold by the banners, especially the Private Brands; and
- optimising the costs of production, transport and management of packaging waste.

| Products encompassed | Portugal | Poland | Unit |
|----------------------------------|----------|--------|----------------------------|
| Number of references | 184 | 6 | SKU* |
| Savings in packaging materials | 2,411 | 21 | t materials / year |
| Transport avoided | 455 | - | t CO ₂ e / year |
| Packaging with FSC certification | 15 | - | SKU* |

* SKU - Stock Keeping Unit.

5.5. ECO-EFFICIENT INFRASTRUCTURES

The Jerónimo Martins Group's Companies include environmental criteria in their projects for building or remodelling infrastructures, boosting positive impacts and minimising adverse ones.

Biedronka, Pingo Doce, Recheio and Ara have been implementing efficient control systems for chilling plants, more efficient technologies in terms of lighting (LED and skylights), refrigerated displays and freezers fitted with doors and covers and, in addition, automatic management systems for energy consumption.

Biedronka has 13 eco-stores, which include measures for reducing water and energy consumption and for managing waste.

In Portugal, at the Algoz Distribution Centre, all its facilities have been designed to work at high energy efficiency - Class A Energy Certification. All lighting of interior areas of buildings and outdoor areas uses a LED low energy type. In all areas fitted with natural lighting there are sensors that enable the deactivation of artificial lighting when this is not necessary.



“ARCHITECTURE WITH ENERGY” PRIZE

One of the Biedronka stores in the Kujawsko-Pomorskie region was awarded the “Architecture with Energy” prize in the “Public Building” category. This award aims to select the most energy-efficient buildings.

The contest was organized in partnership with the Tilia Association as part of a project entitled “Promotion of renewable energy sources and modern systems diversifying the sources and methods of their use as a protective measure for the natural environment”.

The Polish Association of Architects and the Chamber of Architects of Poland were also involved in the development of the award.

5.6. RAISING EMPLOYEES AND CONSUMERS AWARENESS

Our Group's recognition of the central importance of individual and collective behaviour towards the better management of natural resources, emissions and waste led to the development of various awareness initiatives with our major related parties.

Employees:

- In 2015, another Sustainability Conference was held, aimed at the Group's senior management and strategic suppliers. This meeting brought together approximately 170 participants, who shared their experiences of innovative projects which have resulted in the efficient use of natural resources;
- publication of articles on environmental themes in the in-house magazine "A Nossa Gente" ("Our People"), which is distributed to all employees in Portugal. For example, under the International Energy Year, suggestions for saving energy were included. The stores and DC which performed best in reducing water and energy consumption over the same period and/or with lower consumption/m², were also disclosed. This magazine had a print run of 25,000 copies;

- raising the awareness of the Group's managers in Portugal, Poland and Colombia on various topics related to environmental strategy, through the Corporate Responsibility digital newsletter "Seeds". This bi-monthly newsletter has a readership of over one thousand employees;
- training sessions on best environmental management practices for employees carried out in Portugal, Poland and Colombia, with the number of training hours compared to 2014 increasing by 63%;
- strengthening and periodic disclosure of best environmental practices for employees, particularly in the Pingo Doce and Recheio stores through the documents "Informação de Negócio" ("Business Information") and "Alerta Recheio" ("Recheio Alert"), and in the Biedronka DC through presentations in communal staff areas;
- launch of the "Let's Go Green" project in the Group's headquarters in Portugal, with the aim of fostering the adoption of more responsible practices in the use of energy, water and paper, within which the following initiatives were promoted:
 - monthly publication of newsletters with environmental content;
 - the holding of a paper chase to celebrate "World Environment Day" with a visit to the Monsanto Natural Park, involving employees from head-office and their families (organised in partnership with the Liga Para a

- Protecção da Natureza - League for Nature Protection);
- the holding of an internal workshop on food waste.

Customers and consumers:

- In-store campaigns carried out in Biedronka stores promoting the adoption of best environmental practices:
 - "Em Sintonia com a Natureza" (In Harmony with Nature), which made it possible to collect more than 14 thousand aluminium cans and approximately 17 thousand units of glass packaging;
 - campaign aimed at children to consider suitable management of batteries and the risks arising from not disposing of them properly, carried out during picnics hosted by Caritas Polska which involved approximately 15 thousand children;
- texts showing historical data of the environmental protection carried out by the Company were published on the Intranet in the context of the 20th anniversary of Biedronka;
- regular publication of articles against food waste and promoting environmental and social best practices in the "Sabe Bem" ("Tastes Good") (bi-monthly circulation of 160 thousand copies), "Notícias Recheio" ("Recheio News") (bi-monthly circulation of 40 thousand copies) and "Kropka TV" (weekly circulation of around 260 thousand copies) magazines, aimed at Pingo Doce, Recheio and Biedronka customers, respectively.

5.7. PARTNERSHIPS AND SUPPORT

The Group supported the following initiatives in Portugal, focused on restoring natural *habitats* and protecting biodiversity:

| Institution | Project | Amount | Further information at |
|--|--|-----------|--|
| Oceanário de Lisboa (Lisbon Oceanarium) | Oceanário de Lisboa (Lisbon Oceanarium) | 100,000 € | www.oceanario.pt |
| Quercus | "SOS Polinizadores" (SOS Pollinators) | 15,000 € | www.yesweb.pt/polinizadores |
| World Wildlife Fund (WWF) | "Green Heart of Cork" | 10,000 € | www.wwf.pt |
| Liga para a Protecção da Natureza (LPN) | ECOs-Locais (Local ECOs) | 10,000 € | www.lpn.pt |
| European Recycling Platform (ERP) - Portugal | "Geração Depositrão" | 5,000 € | www.geracaodepositrao.abae.pt |

In Portugal, in partnership with Quercus and as part of the "SOS Pollinators" campaign, leaflets were distributed to customers in the geographical area most affected by the Asian wasp (Northern region), warning to the importance of identifying and eliminating this species as a way of conserving bees. Approximately 200 thousand leaflets were produced and distributed in 99 Pingo Doce stores.

In January 2016, the Group awarded the 2015 "Jerónimo Martins-Green Project Awards Prize for Research and Development", with a value of 20 thousand euros. Together with the Green Project Awards Portugal, this sought to distinguish products or processes which have contributed to environmental, social and economically more sustainable solutions.



*In January 2016,
the Group awarded the 2015
"Jerónimo Martins-Green
Project Awards Prize for
Research and Development",
with a value of
20 thousand euros.*



6. SOURCING RESPONSIBLY

6.1. INTRODUCTION

The Group's Companies seek to ensure that their activities stimulate social and economic growth in the regions in which they operate, whilst minimising the impact of its operations on ecosystems.

To enable this, environmental, social and ethical concerns are integrated throughout their value chains, in collaboration with their business partners.

The Sustainable Sourcing Policy of the Group and the Suppliers Code of Conduct are available at www.jeronimomartins.pt, in the "Responsibility" area.

6.2. COMMITMENT: LOCAL SUPPLIERS

The Group, preferably and under equal commercial terms, chooses local suppliers in order to enhance the socio-economic sustainability of the countries where it operates and to minimise the carbon footprint of the products sold.

Importing essentially occurs in the following cases:

- i. when products are scarce due to production seasonality, common in the Fruit and Vegetables area;
- ii. when there is no local production or the quantity produced in the country is insufficient to guarantee the supply to the chain stores;
- iii. when the quality-price ratio of domestic products does not allow the Group's best price quality commitment to its consumers to be met.

In Portugal, 84% of the products sold were sourced from local suppliers. In Poland, this ratio stood at 93% and at more than 95% in Colombia, meeting the target of ensuring the annual purchase from domestic suppliers of at least 80% of the food products.

The Group prides itself on developing lasting relations and co-operation with its producers. These relationships often result in technical follow-up in terms of quality, support in optimising processes, guarantee of supply and stimulating local economies.

Portugal

- In 2015, Pingo Doce and Recheio explored new growth opportunities in the Portuguese market together with

the producers they work with. Varieties underdeveloped in Portugal were sold by the Group's stores, giving customers access to a varied assortment of vegetables and at the same time, stimulating the development of new skills among producers. Products included in this project were round, scratched and yellow *courgette*, scratched eggplant, sweet cucumber and *bimi*, a variety of broccoli;

- we maintained our technical support to Portuguese producers of lamb, veal, pork, chicken and turkey in 2015, promoting the use of cereal-based feed, advising on more efficient management and distribution methods. The lamb sold by Pingo Doce is from animals grazing on natural pastures, in accordance with the assumptions of High Natural Value agriculture and animal husbandry. This concept assumes that low intensity production systems with reduced inputs can contribute towards protecting the biodiversity of the regions where they are implemented;
- regarding fish, the Group maintained a direct relationship with dozens of Portuguese vessels, thereby stimulating local fishing.

The partnership between the Group and a cooperative of fishermen in the area of Sesimbra was maintained, ensuring quality and price



competitiveness, and ensuring traditional fishing practices that enables the sustained regeneration of species.

In 2015, Pingo Doce decided once again to extend by 12 months the extraordinary measure of supporting Portuguese producers of fresh products with whom it works and are members of the Confederação dos Agricultores de Portugal (Portuguese Farmers' Confederation).

This measure consists of Pingo Doce anticipating payment terms to an average of 10 days (instead of the 30 days established by law) and without financial costs to the producer.

Since its implementation in 2012, about 500 producers from the primary sector, particularly fruit, vegetables, meat, fish, cold meat and wine producers, have already benefited from this initiative.

Poland

- One of the Perishables categories in which Biedronka has invested most is that of Fruit and Vegetables,

trying to continuously respond to consumer demand for traditional Polish varieties and, at the same time, complementing the existing supply in the store. This strategy implies knowledge of Polish culture and traditions, something that is acquired through long-standing relationships with various business partners, which takes place through regular visits to production locations and through the sharing of technical knowledge. Throughout 2015 it was possible to find two regional varieties of potato - *Irga* and *Bryza* - in Biedronka stores that usually do not reach the large commercial centres;

- in 2015, Biedronka was pioneer in having the *Malinowe* tomato (raspberry tomato) in supermarkets and it was the only banner in Poland to have this variety in its stores throughout the year. This project was a result of close co-operation between Biedronka and its supplier, who believed and invested in this project. This variety of tomato was very well known regionally in traditional stores but had little visibility in modern stores due to insufficient production;
- inspired by this innovative spirit, Biedronka brought *Antonówka* apples and *Klapsa* pears to its stores after an extended period of testing together with its producers;

- despite Poland being one of the largest strawberry producers in Europe, these were mainly sold in traditional markets due to their very limited consumption lifetime. For this reason, it was hard to ensure sufficient quantities at good quality for sale in Modern Retailing. In 2015, Biedronka established a network of suppliers to reduce the time between harvesting and making the product available in its stores. They sold 300 tonnes of strawberries throughout the season that runs from May to August. One of Biedronka's challenges for 2016 is to increase this network in the regions close to the Distribution Centres (DC), supporting production and ensuring a fresher product for customers;
- also innovative in the Meat category, Biedronka launched free-range chicken onto the market. Based on the experience gained in Portugal in this area, we tried, in co-operation with Polish suppliers, to address the insufficient volume of production by using free-range methods for these birds, bringing free-range chicken eggs from Portugal to Poland. Suppliers have adopted a production system that respects the natural and free growth of the animals.



KUCHNIA PASSIONATA

Kuchnia Passionata or Passion for Cooking is a special range of vegetable products, developed with the aim of promoting the use of traditional Polish varieties in the preparation of meals.

This range results from the co-operation between Biedronka and some producers, in search for solutions for the production of these varieties on a large scale to be sold in stores. The *Irga* and *Bryza* potatoes were the first to be sold in 2015.

These partnerships aim to ensure the sustainability of old varieties of products, providing consumers flavours which were only found in regional markets and encouraging the development of business partners.



Colombia

- Since the start of its operations, Ara has been aiming to establish stable relations and partnerships with Colombian suppliers. In 2015, Ara cooperated with 66 local suppliers which provided more than 409 Private Brand products;
- the 3rd edition of the Ara Private Brand Congress took place in the city of Barranquilla, under the theme “We are Building the Ara Private Brand”, which was attended by approximately 100 local suppliers.

BUYING LOCAL

The Group’s Companies carry out awareness campaigns promoting consumer preference for buying locally sourced products.

In Portugal, national products in Perishables are identified by “O Melhor de Portugal Está Aqui” (The Best of Portugal is Here) stickers. The nationally produced Private Brands products are identified by “Produzido em Portugal” (Made in Portugal) and “Fruta 100% Portuguesa” (100% Portuguese Fruit).

In Poland, domestic products are identified by the “Polski Produkt” (Polish Product) sticker or by the “#jedzcopolskie” (Eat what is Polish) sticker.

In the latter case, focused on fruit and vegetables, Biedronka created the website www.jedzcopolskie.biedronka.pl to promote these products, sharing information on local suppliers and recipes. Additionally,

some products were marked with the hashtag “#jedzcopolskie” and several customers posted more than 300 pictures of their favourite products on Instagram.

A television and radio media campaign was carried out in Poland, and leaflets and posters were used in Biedronka stores to promote the consumption of the *Malinowe* tomato (raspberry tomato), a national product. The campaign also highlighted the co-operative work with one of its suppliers, which resulted in the supply, through a sustainable greenhouse production system, of this variety throughout the year. Biedronka is the Polish chain with the largest market share of this variety of tomato, estimates for which indicate more than 25% of the total market.

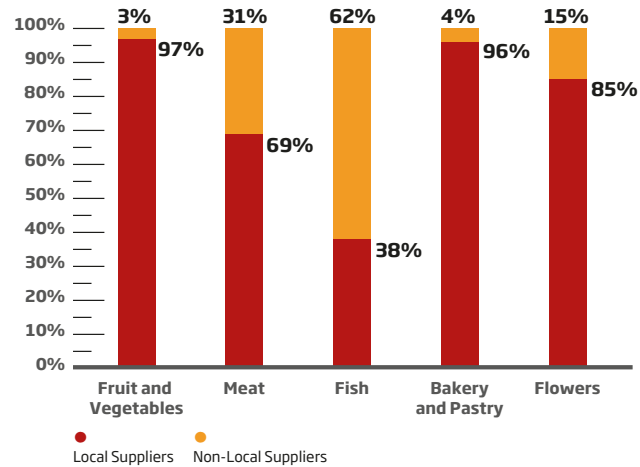
In Colombia, domestic products are marked with the “Hecho en Colombia” (Made in Colombia) sticker and Private Brand products are marked with the “Una Marca de Ara” (An Ara Brand) sticker.

PERISHABLES AND PRIVATE BRAND

Regarding Private Brand, most of the products were purchased from local suppliers, with more than 95% in Colombia, 93% in Poland and between 60% (Pingo Doce) and 72% (Recheio) in Portugal.

The Perishables area shows the same trend, with 68% of products in Portugal being sourced from local suppliers, while this figure reaches 89% in Poland. In Colombia, this ratio is above 95%.

PORTUGAL

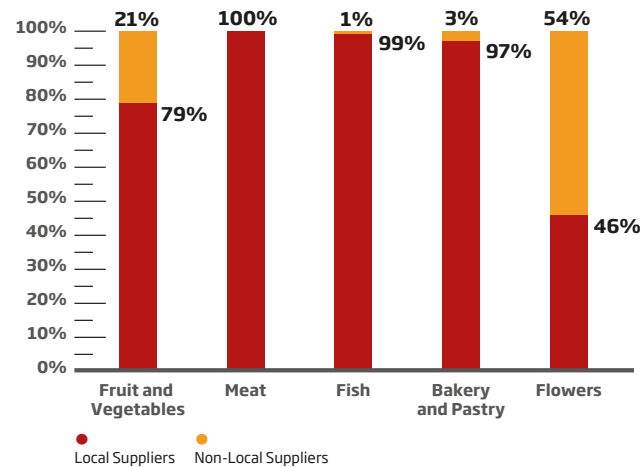


6.3. COMMITMENT: HUMAN AND WORKERS' RIGHTS

In accordance with our Sustainable Sourcing Policy, available at www.jeronimomartins.pt, the Group only uses suppliers who commit to practices and activities that wholly comply with the law and any applicable national and international agreements on Human and Workers' Rights.

The Group is committed to terminate business relations with suppliers whenever it learns that they and/or their suppliers violate Human, Children's and/or Workers' Rights and/or if they do not incorporate ethical and environmental concerns when conducting their business, and/or when they are not willing to draw up a remedy plan.

POLAND



6.4. COMMITMENT: PROMOTION OF MORE SUSTAINABLE PRODUCTION PRACTICES

The Group's Companies choose suppliers which resort to less harmful methods for the Environment, with production methods which aim to minimise the use of chemical products such as fertilisers, herbicides and insecticides, and which also aim to ensure the preservation and improvement of the quality of the soil in the case of agricultural crops.

In order to assess the impacts of deforestation commodities, Jerónimo Martins mapped the presence of these ingredients in the Private Brand and Perishables products sold in Portugal, Poland and Colombia in 2014.

Additionally, the Group's suppliers for which these ingredients have been identified, have been asked

to report on the existence of certification and the origin of these products. The results are reported in the annual response of the Group to the Carbon Disclosure Project (CDP) Forests. The purpose of the Group is to progressively ensure the sustainable origin of these raw materials, in line with the commitment made under the Group's participation in The Consumer Goods Forum. For further details on the Group's actions in this area see www.cdp.net.

In September 2015, Jeronimo Martins Polska, which combines the Group's businesses in Poland, became a member of GreenPalm, an organisation which ensures, along with the certifying body Roundtable on Sustainable Palm Oil (RSPO), that the equivalent volume of palm oil used by a producer in the development of a reference is acquired from sustainably managed sources. In 2016, all the soaps in the Linda range will be re-launched in Poland with the GreenPalm designation.



“SUSTAINABILITY IN THE SUPPLY CHAIN” - 4TH SUSTAINABILITY CONFERENCE OF THE GROUP

The sustainability conferences of the Group aim to raise awareness amongst the managers and strategic suppliers of the three geographical areas regarding the environmental and social issues throughout the value chain.

At 2015 event, which brought together approximately 170 participants, for the first time the Group had some of its suppliers as speakers. They shared both their vision for a more responsible future and their investments in innovative projects which have resulted in efficiency in resource utilisation.

It also illustrated that it is possible to translate the triple bottom line into a business strategy which creates value for the Group, for its suppliers and for its customers, while respecting ecosystems and contributing to the social development of local communities.



In an effort towards the continuous improvement of the sustainability of the products sold, in 2015 Biedronka launched a fresh cod loin with the exclusive brand Polarica, a product certified with the seal of the MSC.

The range of Pingo Doce organic products accounts for a total of 47 Stock Keeping Unit (SKUs) from the Fruit and Vegetables category. All Pingo Doce's organic products are developed by respecting organic production rules, certified by an independent external entity (Ecocert) and show the logo of the European Union, which ensures compliance with the Community Regulation for Organic Farming. In turn, in its Private Brand range, Biedronka launched organic smoked salmon certified by Biocert regarding the Community Regulation (EC) No. 834/2007 for production and labelling of organic products.

Biedronka created a project among horticulturists in Portugal and Poland, in order to be able to offer a variety of traditional Polish garlic - the garlic *Harnas* - in its stores throughout the year, which is much appreciated in that country. The project is certified by SGS to ensure both the origins and the packaged variety.

In 2015, Pingo Doce launched three new cleaning detergent references with EU-Ecolabel certification, adding to the three references launched in 2014.

CERTIFIED PRODUCTS

In Portugal, in addition to maintaining the tuna loin, frozen sardines and the Vietnamese clam packed with the Marine Stewardship Council (MSC) certification, Pingo Doce also has cod (*Gadus morhua*) from Norway with MSC certification. Additionally, 68.8% of the frozen hake that Pingo Doce sells was caught in South African waters by vessels which act in accordance with the standards of this certification. Pingo Doce's canned tuna includes the Dolphin Safe labelling that ensures that there was no accidental capture of dolphins during the fishing process, thereby preserving dolphin sustainability. In 2015, Pingo Doce launched another article with the Dolphin Safe label.

Pingo Doce also maintained five references for “class A” energy-saving light bulbs, branded Home 7. Seven references of Pingo Doce products were also launched, which have Sustainable Forestry Initiative certification (SFI), mainly personal hygiene articles, bringing their number to 26.

Biedronka launched Podpalka w Tubie wood shavings for fireplace that come from forests managed in a responsible manner, a product certified by the Forest Stewardship Council (FSC). The Queen toilet paper has also been certified by the World Wildlife Fund For Nature (WWF).

6.5. SUPPLIER AUDITS

QUALITY AND FOOD SAFETY

Perishables and Private Brand suppliers are regularly audited for assessment and follow-ups in terms of management and control processes, the implemented quality system, the product formulation and labour and environmental aspects. The audits are mandatory for suppliers conducting their business in territories where the Group operates.

The supplier evaluations cover a set of environmental requirements, which have a 5% weight in the assessment. These requirements include criteria associated with the management of water, effluents, waste, atmospheric emissions, noise and hazardous substances.

Each supplier is reassessed at predefined intervals based on the score they obtained.

CERTIFICATIONS

As regards to certifications, the Group favours and requires - in the case of foreign suppliers not covered by our internal audit system - a relationship with suppliers who have a Food Safety certification recognised by the Global Food Safety Initiative (GFSI), namely British Retail Consortium (BRC), Global Good Agricultural Practices (Global G.A.P.), HACCP/*Codex Alimentarius* or also ISO.

UTZ CERTIFICATE

For the first time in the Jerónimo Martins Group, five references were launched with UTZ certified cocoa. A UTZ product seeks to demonstrate, through a certification programme, that the raw material (in this case cocoa) was obtained using a sustainable agricultural model.

The UTZ programme allows farmers to implement good agricultural practices while, at the same time, guaranteeing them an improvement in their working conditions and quality of life, as well as protecting the natural resources on which they depend.

Three references (Kruszynki biscuits with chocolate, and Sottile Gusto tiramisu and profiteroles) were launched in Poland and other two in Portugal (Pingo Doce strawberries covered in white Belgian chocolate and strawberries covered in Belgian milk chocolate).



All potential new Biedronka Private Brand products suppliers must be audited in accordance with the internal criteria of the Jerónimo Martins Group. In the case of suppliers who are not located in the three countries where the Group operates, they must be certified according to the food standards of the BRC, the International Featured Standards (IFS) or the Food Safety System Certification (FSSC) 22000.

AUDITS TO PERISHABLES AND PRIVATE BRAND SUPPLIERS*

| | 2015 | 2014 | Δ2015/2014 |
|-----------------------------------|-------|--------|------------|
| Portugal | | | |
| Perishables | 802 | 895 | -10% |
| Private Brand - Food and Non-Food | 239 | 191 | +25% |
| Poland | | | |
| Perishables | 1,550 | 1,573 | -2% |
| Private Brand - Food and Non-Food | 426** | 390*** | +9% |
| Colombia | | | |
| Perishables | 48 | 12 | +300% |
| Private Brand - Food and Non-Food | 121 | 81 | +49% |

* The audits include the following topics: selection, control and follow-up.

** In 2015 a further 2,691 inspections on non-food Private Brand products were also carried out.

*** In 2014 a further 2,502 inspections on non-food Private Brand products were also carried out.

ENVIRONMENT

The Group carried out 37 environmental audits on service providers in Portugal and four in Poland, which aimed at complying with the minimum environmental performance requirements, assessing the performance level and defining an action plan for correcting non-compliances.

In 2015, the level of environmental performance was distributed as follows (for service providers in Portugal): 5% achieved a "High" performance, 92% "Basic" and 3% "Below basic". All the suppliers audited and classified with a "Below basic" level have received a corrective action plan which must be addressed within a maximum of six months.

The Group reserves the right to suspend its collaboration with suppliers who do not comply with its corrective action plan, and its aim is to carry out a minimum of 40 audits annually to its service providers.

6.6. SUPPLIER TRAINING

In Portugal and Poland, various seminars took place, which were focused on issues of Quality and Food Safety, deepening the co-operation work with the Group's business partners, especially with regard to discussing areas of improvement and development of innovative products.

In the area of Environment, in 2015, the review of the technical standard on "Environmental Management for Goods and Services Providers" was assured, in order to adapt it to evolving legislation. At the same time, a simplified technical standard for very small businesses (a maximum of 10 employees) and/or businesses with low complexity processes, was developed.

In 2015, a project was developed which involved 77 suppliers from the Fish, Meat and Fruit and Vegetables categories, promoting self-assessment of compliance with the requirements listed in the technical standard. This project also sought to collect information for the definition of a medium/long-term action plan.

In addition, four workshops on this standard took place in Portugal, attended by 68 participants from services providers.

7. SUPPORTING SURROUNDING COMMUNITIES

7.1. INTRODUCTION

Using as guidance the Policy for Supporting Surrounding Communities, which is available at www.jeronimomartins.pt, we aim to contribute towards fighting malnutrition and hunger and to help break the cycles of both poverty and social exclusion in two main groups: the elderly, disadvantaged children and young people.

7.2. MANAGING THE POLICY

The actions developed and supported by the Group are monitored and assessed according to the impact they produce, with a view to efficient allocation of resources to social projects covering the largest possible number of people.

The criteria underlying the methodology of social impact assessment of the London Benchmarking Group (LBG), a corporate network of which the Group is a member, enables the assessment of whether, and at what degree, are social changes achieved.

7.3. DIRECT SUPPORTS

In 2015, the Group remained committed to supporting charitable organisations which carry out work to fight social exclusion.

ACADEMIA DO JOHNSON

The mission of Academia do Johnson (Johnson's Academy) is to combat social exclusion and the dropout of about 100 children and young people from vulnerable communities in the Lisbon region.

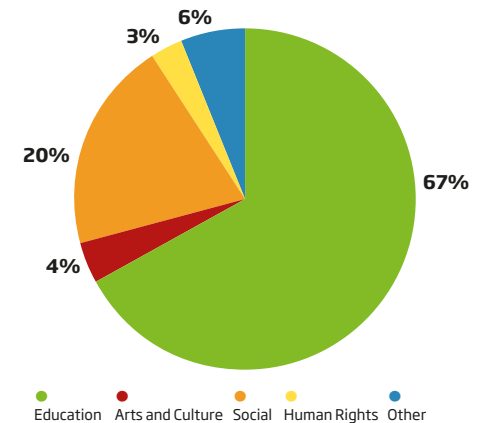
The institution promotes the practice of sport as a means of developing behavioural, social and technical skills that help prevent risk situations in their lives and that enhance their integration into society.



This Academy offers educational, professional and cultural tools provided by trained personnel.

In 2015, the Group support amounted to around 60 thousand euros.

INSTITUTIONAL SUPPORT



Direct support attributed to the surrounding communities by all the Group's Companies amounted to 17.4 million euros, which represents an increase of 9.4% compared to 2014.

At a corporate level, Jerónimo Martins' support is divided according to the graphic above:



The Group supported 40 institutions, donating more than 1.6 million euros, an increase of more than one million euros compared to 2014.

SUPPORT FROM THE GROUP'S COMPANIES

Pingo Doce provided foodstuffs and money to around 600 institutions that fulfil a social mission in the surrounding communities. This support amounted to over 14.6 million euros, an increase of more than 4% compared to the previous year.

Noteworthy was the support for the initiative of the Ministry of Education and Science in Portugal, the Projecto Escolar de Reforço Alimentar (PERA – School Food Reinforcement Project), which aims to provide breakfast to children in situations of food shortage. During the 2014/2015 school year, Pingo Doce supported 1,614 students, in an investment greater than 74 thousand euros.

Recheio donated food products and financial support to the amount of 265 thousand euros to 140 institutions that perform social work.

In 2015, JMDPC, Hussel and JMRS supported the Portuguese Food Bank, among other institutions. Donations of foodstuffs and money amounted to over 294 thousand euros, an increase of 4% compared to 2014. This amount was equivalent to the supply of more than 47 tonnes of products.

In Poland, the amount of support to institutions that help to fight hunger and malnutrition was over 575 thousand euros (around 2.5 million zlotys).

As part of International Children's Day, more than 200 thousand children had the opportunity to enjoy various entertainment activities and foodstuffs offered by Biedronka, representing an investment of over 185 thousand euros.

Biedronka also supported the organisation of charitable events such as World Day of the Sick and Saint Nicholas' Day, supporting communications campaigns and donating food products.

Other support from Biedronka included working with the association "Hope for the Euro", a partnership established in 2011 that aims to support the development of 400 institutionalized children from families with economic difficulties, representing a total investment of 45 thousand euros.

Ara continued its support to Abaco - Asociación de Bancos de Alimentos de Colombia (Colombian Association of Food Banks), the mission of which is to establish strategic alliances with public and private partners to fight against hunger and food waste. In 2015, Ara donated food products equivalent to over 33 thousand euros.



MADRES COMUNITARIAS

In Colombia, Jerónimo Martins continued its support to *Madres Comunitarias* (Community Mothers), a governmental initiative aimed at providing foodstuffs to the nannies who take care of children up to the age of five in regions with low financial means.

In 2015, this programme expanded to another 147 nurseries, regularly supplying foodstuffs to a total of 262 community nurseries and fulfilling the aim of supporting two nurseries for every new Ara store opened. The number of children covered also increased by over two thousand to around 3,400 children. The value of the baskets amounted to more than 77 thousand euros and represented a supply of 84 tonnes of food.

The support given by Ara is monitored by the nannies through representatives of the Instituto Colombiano de Bienestar Familiar (ICBF – Colombian Institute of Family Well-being), who check the correct routing of the foodstuffs, as well as the mental and physical well-being of the children who benefit from the programme.

In 2015, 12 workshops took place, in which 480 community mothers were introduced to the programme model.

Other workshops were promoted with the community mothers of the programme to raise awareness of the methods of handling foodstuffs and the need for children to have a balanced and controlled diet.

7.4. VOLUNTEERING AND OTHER CAMPAIGNS

The Group's employees participated, during the 2014/2015 school year, in the programmes of Junior Achievement Portugal, an association whose objective is to foster entrepreneurship among children and young people by teaching on topics such as relations with family and the community, economics, the European Union and even on how to set up a business. The number of employees who participated in the 2015/2016 school year stood at 130 volunteers.

During the Christmas season, an internal welfare campaign was organised with great success, with the aim of offering gifts to 122 children until the age of 13, living in foster homes supported by the Group throughout the year.

There was also a fundraising campaign for the Caritas' Setúbal Diocese which was promoted during the Christmas Dinner, under the matching donation initiative, among the about 780 managers and Group's Management.

7.5. INDIRECT SUPPORTS

In 2015, the Group's banners carried out campaigns to collect food and other articles from customers in their stores.

At Pingo Doce, volunteers collected approximately 923 tonnes of food for the Portuguese Food Bank. For this and other institutions, such as C.A.S.A. - Centro de Apoio ao Sem Abrigo (Centre for Supporting the Homeless) and ACAPO - Associação dos Cegos e Amblíopes de Portugal (Blind and Partially Sighted Association of Portugal), vouchers

convertible into foodstuffs were raised among consumers to the amount of over 153 thousand euros, which translates into approximately 100 tonnes of products.

In Poland, in cooperation with the Federation of Polish Food Banks and Caritas Polska, Biedronka stores collected over 1,150 tonnes of foodstuffs donated by its customers.

In Colombia, Ara raised an amount of over 32 thousand euros among its clients to support the Fundación Aldeas Infantiles SOS Colombia (SOS Children's Villages Colombia Foundation), which helps more than 950 children and 675 families in the municipalities of Ríosucio and Bolívar. The number of children supported in 2015 has more than doubled over the previous year, following the expansion of Ara to the Caribbean Coast.

7.6. OTHER SUPPORTS

In Poland, as part of its partnership with Danone, Lubella and Instytut Matki i Dziecka (Institute of Mother and Child), - "Partnerstwo dla Zdrowia" (Partnership for Health) - more than 1.6 million units of Milk Start were sold every month at cost price. This project, initiated in 2006, aims at combating malnutrition of the most underprivileged Polish children. Over the past 10 years, approximately 200 million units of this range of products have been sold, the nutritional profiles of which meet the daily needs of children.

As part of this partnership, the awareness programme on the importance of breakfast - "Śniadanie Daje Moc" (Breakfast Gives You Strength) - has been extended to 7,300 schools, which account for more than half of all the primary schools in the country, involving more than 182,500 children.

PINGO DOCE AND BIEDRONKA CHILDREN'S LITERATURE PRIZES

The Pingo Doce and Biedronka Children's Literature Prizes have the aim of encouraging literary and artistic creativity, rewarding original works and democratising access to reading at an important stage in the cognitive and emotional development of children.



In Portugal, there was the 2nd edition of the Pingo Doce Children's Literature Prize which had more than three thousand participants for a prize of 50 thousand euros, divided between the winners of the text and illustration categories.

The number of copies sold of the winning work of the 1st edition of this prize was more than 10 thousand units.

In Poland, there was the 1st edition of the Biedronka Children's Literature Prize, with over five thousand works submitted and a monetary value equivalent to that of the Pingo Doce prize, also to be split by the winners of the text and illustration categories.

8. BEING A BENCHMARK EMPLOYER

8.1. OUR FIGURES

In 2015, the Group created 2,464 jobs, representing a net growth of 2.8% compared to the previous year. More than a thousand internships and on-the-job training initiatives were also provided in the Group's different Companies.

The main indicators for the Jerónimo Martins team in 2015 are:

- 89,027 people: 56,922 in Poland, 30,399 in Portugal and 1,706 in Colombia;
- 77% are women;
- 67% of the management positions are held by women;
- 13% are under 25 years of age; 42% are aged between 25 and 34; 31% between 35 and 44; 11% between 45 and 54; 3% are aged 55 or over;
- 85% are hired on a full-time basis;
- 66% are permanent staff.

The Group maintained the investment in training and developing its employees and in extending the programmes in the Internal Social Responsibility area, especially reinforcing the "Health" pillar.

Also worth highlighting is the extension of the co-operation with various entities and organisations with

a view to including more vulnerable social groups within the population in terms of access to the job market.

8.2. PRINCIPLES AND VALUES

The Group's Code of Conduct was revised, aiming to ensure that it is adapted to the constant evolution of the social, labour, technological and business realities in the various countries in which the Group operates.

Through the various principles and values reflected within the Code, which can be viewed in full on the Group's website at www.jeronimomartins.pt, it serves as guidance for employees on their conduct when carrying out their daily tasks, regardless of their position within the organisation.

ABIDING BY THE LAW

As set out in the Code of Conduct, the Group operates in accordance with the applicable national and international legislation regarding human and workers' rights, such as meeting the established advance notice deadlines with regard to changes of an operational nature and abiding by the guidelines of the United Nations Organization and the International Labour Organization.

RESPECT FOR HUMAN AND WORKERS' RIGHTS

We respect equal opportunities, forbidding any discriminatory practice at any stages of the employee's "life cycle". The recruitment, selection, professional development and the performance appraisal processes are based on a culture of the people's merit, justice and dignity.

The Group does not hire under-age employees and the risks arising from child labour and forced labour are duly safeguarded. In the same way, in the countries where the Group operates, the rights of indigenous people are in no way put at risk and human rights are equally protected.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Jerónimo Martins respects Freedom of Association and Collective Bargaining, as well as union activity, within the terms set out in the applicable legislation, such freedom being reflected in its Code of Conduct.

The collective bargaining agreement negotiated between the parties, only existing in Portugal for the time being, covers more than 90% of the employees.

8.3. COMMUNICATION WITH EMPLOYEES

In Portugal and in Poland, we provide Employee Assistance Services for clarifying any work-related issues and for receiving requests for social support.

These communication channels are essential for reinforcing the employees' relationship of trust with the Group and for fostering continuous improvement to their quality of life.

In 2015, the Employee Assistance Service was re-launched in Poland, aiming to ensure that all employees had knowledge of it and to communicate the assurance of confidentiality, independence and impartiality regarding the receipt and handling of the contacts received, in line with the internal procedures in place within the Group.

In Colombia, a *Convivencia Laboral* Committee (Committee for Labour Coexistence) is in place, in accordance with the applicable legislation, aimed at receiving and resolving employees' complaints, including cases of alleged or possible discrimination.

| | Employee Assistance Service | |
|----------|--|------------------------------|
| | No. of Contacts/ Procedures Initiated | % of Procedures Concluded |
| Portugal | 11,962 | 99.9% |
| Poland | 3,984 | 93.9% |

The Group's principles and values are disclosed and disseminated throughout the entire organisation using internal means of communication, such as the "A Nossa Gente" ("Our People") magazine and the monthly communication "Carta Aberta" ("Open Letter") in Portugal and the magazine "Nasza Biedronka" ("Our Biedronka") in Poland.

With the objective of ensuring that employees are involved in and are promoting their participation in the life of the Group, a website was launched in Portugal - www.orgulho.pingodoce.pt -, where employees tell their stories, at first hand, about their reasons for being proud to belong to Pingo Doce, using videos, features and testimonials.

8.4. RECRUITMENT AND INTERNAL MOBILITY

With the objective of guaranteeing the attraction and retention of the talent needed to assure the Group's

growth and to respond to the dynamics of its businesses, both the external recruitment and the internal mobility processes were standardised.

As such, with regard to the recruitment and mobility processes, the structure and content of the induction programme was made more robust, aiming to boost the transferral of knowledge and to transmit the Group's values and culture, in order to increase the feeling of belonging right from the time of joining or when changing position.

Around 42 thousand employees changed position, their place of work or joined a new Company within the Group. There were around 7,800 promotions in the stores, Distribution Centres and head offices. At the end of 2015, the Group had 30 employees who were on international assignments.

MANAGEMENT TRAINEE PROGRAMME AND INTERNSHIPS

The Management Trainee Programme (MTP) is considered to be the Group's most strategic talent attraction programme and has been in existence for almost three decades. It is an important professional opportunity for young graduates who want a professional career path, which combines training tailored to the needs of the business with on-the-job training.



It was implemented simultaneously in the three countries for the second consecutive year and enabled 36 trainees to join in 2015.

The Summer Internship Programme that took place in Portugal and in Poland also enabled 110 interns to take part during the months of July and August. After this period, some of these young students remain involved with the Group's projects and could, in the near future, join the MTP.

In Poland, the Student Ambassador Programme was reactivated, whereby a group of 10 students promoted actions in seven university centres, publicising Biedronka's attraction programmes.

EMPLOYER BRANDING

The Group carried out various events and workshops in universities, aimed at reinforcing its presence in the job markets where it is present. Such activities were aimed not only at courses traditionally related to the business but also to courses in engineering, technologies, science, arts and humanities, promoting diversity in academic backgrounds as a driver of innovation.

DEVELOPMENT AND COMPENSATION

The Group believes that the professional development of the employees is the most important human resources process.

After building a global development model, this new approach to managing talent, aligned with international best practices and tailored to the Group's principles and values, began to be implemented for some segments of managers.

The approach will enable internal talent to be identified and mapped out and the creation of development programmes aligned with the individual profile - motivation and competences - and with the needs of the business. Over the next three years, this new internal talent mapping approach will cover all the Group's managers.

It should be noted that all the Group's employees are assured an annual performance appraisal process, including the identification of development and training opportunities.

As far as remuneration is concerned, promoting balanced, fair and competitive salary policies and practices within the scope of the Global Compensation Policy, enables the Group to maintain its positioning as a benchmark

employer. This positioning means for example maintaining a policy for a minimum wage above the national minimum wage.

And as remuneration is essential for attracting and retaining talent at all levels of the organization, an internal and external analysis was performed aimed, on one hand, at making a diagnosis of the fairness and competitiveness of our salary policy compared to that practised in the local markets, and on the other hand at aligning our internal policies with the best market practices, making them suitable for the Jerónimo Martins Group's strategy and culture.

To do so, a salary review model was developed and implemented, which aims to foster internal fairness.

As, above all, internal mobility between the different countries plays a crucial role in the development of our people, a compensation and benefits policy for international mobility was defined.

As far as compensation and benefits are concerned, the models for attributing internal bonuses were revised and others were implemented, with the objective of rewarding merit and performance. Within this context, in 2015 the Group attributed approximately 66.7 million euros in bonuses to its employees.

TRAINING

The continuous investment in training is the result of having recognised its strategic importance for the business and its ability to reinforce our competitive advantage, providing our employees with the necessary knowledge to face the Group's future challenges.

Globally, a new edition of the Strategic Management Programme took place, an intensive programme undertaken at Universidade Católica in Lisbon and at Kellogg School of Management in Chicago. 41 participants from the three countries participated in this executive programme, which was tailored for the Group and aims at reinforcing the organisational culture, at developing knowledge-sharing and also at contributing towards a spirit of innovation.

Within this context, various partnerships with benchmark training entities were consolidated. In Portugal of note are the Católica Lisbon School of Business & Economics, with which the second tailored edition of the General Management Programme in Retail was carried out, and the Nova School of Business & Economics. In Poland, Warsaw University and Kozminski Academy are worth a special mention. At an international level, of note are the University of Stanford, INSEAD, London Business School,

Kellogg School of Management, Babson College and also Instituto Internacional San Telmo.

At the corporate level, a new training programme was implemented, called Leading HR into 2020, which covered three common and strategic topics for the Group: Ageing Workforce, Mixed Generations and Workplace 2020. Those topics were developed by multidisciplinary teams of Human Resources professionals.

Also of note are other actions, such as the first edition of Business Talks, an initiative which opens up a broad space for debating ideas where two important topics for our business were presented: "Evolution of the Private Brand" and "Trends in Cooking and Perishables" and also the continuation of Share Talks, a differentiating format that began in 2014 for sharing knowledge, under the title Fresh Food Lovers.

Continuing with the partnership established between the Group and the University of Aveiro, this year the degree in Commercial Management had 180 enrolments, having promoted open classes and visits to companies. Internship opportunities and a Tutoring Programme were also created. This academic year saw the implementation of the Jerónimo Martins Award, attributed to the two best students.

In Portugal, the Jerónimo Martins Training School maintained the following employee management and leadership competency development programmes:

- Thinking and Participating as a Trainer programme - the Coaching for Leadership and the Personal Effectiveness modules were designed and put into operation. These modules, aimed at the Pingo Doce store' Management teams, involved around 490 employees;
- PAGL - Advanced Store Management Programme and PGGL - General Store Management Programme - a total of 296 trainees from Pingo Doce were enrolled. The PGGL, aimed at future Heads of Perishables from Recheio, enrolled nine trainees.

With the objective of qualifying operators for the Perishables areas, the different Pingo Doce regions put into operation various courses for operators in the Butcher's, Bakery, Delicatessen and Take-Away, Fishery and Fruit and Vegetables areas. There were 1,002 participants on those courses, with a total of 231,730 hours of training.

Training in Perishables, considered to be a strategic business area, has a team comprising 38 permanent trainers. In 2015, 520,190 hours of training were recorded, covering 6,893 employees.



With the objective of reinforcing customer service quality as a means of differentiating from competition and as a key factor for customer loyalty, we continued the 5 Star Service, a project for developing and implementing a culture of service.

In 2015, the This Pingo Doce has a 5 Star Service project was developed, aimed at 10 pilot stores. Around 170 employees received training within this project, resulting in a volume of 1,600 hours of training.

In Poland, training programmes for senior managers were conducted, covering around 116 professionals, which included 360° assessment sessions.

Within the scope of the Management Academy leadership development programme, 190 new managers were trained, including new area managers.

The Biedronka Management Academy has continued with its purpose of developing technical training programmes for store managers and deputy store managers, which included 571 and 1,278 employees, respectively. Equally of note is the store training course, which included 482 store managers and cashiers. The Perishables School was also responsible for training around 13,400 store operators.

In Colombia, the year was marked by the implementation of an on-the-job training model, complemented by placing televisions in the stores to broadcast videos with a technical content aimed at employees that had recently joined and employees who had started new professional challenges as a result of promotion or internal mobility, especially store managers and operators.

To ensure the quality of product handling in the operation, 587 employees were trained in the best existing techniques.

Also in Colombia, a programme called Trainer of Trainers began, aimed at a total of 279 employees who hold management positions, and a leadership programme aimed at 70 employees, covering all the critical positions in the operations.

| Training Indicators | 2015 | 2014 | Δ2015/2014 |
|-----------------------|-----------|-----------|------------|
| Total No. of Sessions | 49,752 | 45,942 | +8% |
| Training Volume * | 2,605,285 | 2,876,837 | -9% |

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

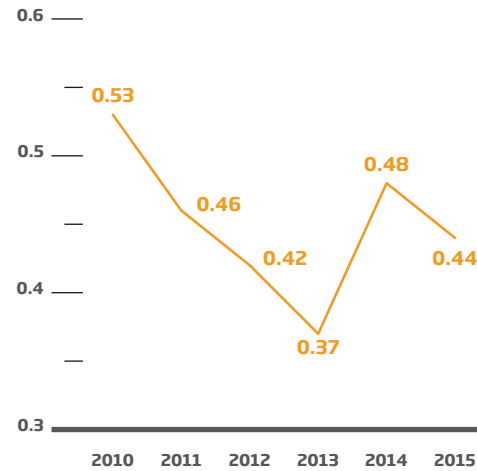
PROGRAMMES FOR JOINING THE JOB MARKET

The Group has maintained various partnerships with organisations and teaching establishments in Portugal, aimed at providing the possibility of on-the-job training for certain groups of especially vulnerable citizens in terms of access to the job market, where the following protocols are highlighted:

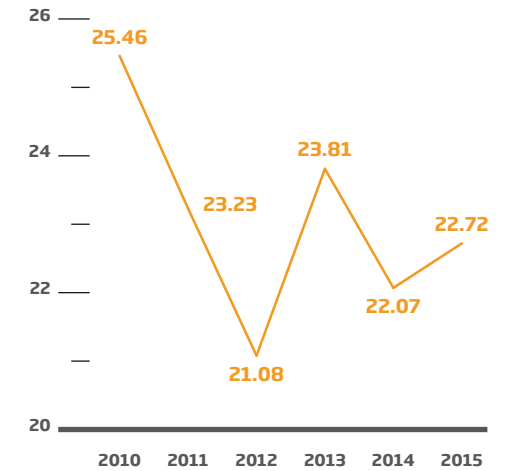
- Serviço Jesuíta aos Refugiados (JRS - Jesuit Refugee Service) - within the scope of the Capacitação 4 Job Programme (Training for Job) financed by the European Economic Area Grants, a fund managed by Fundação Calouste Gulbenkian, 36 young migrants had access to practical on-the-job training in Pingo Doce stores or in the Odivelas Central Kitchen, along with a personal development path, which includes learning the Portuguese language and culture developed by that institution.
- Casa Pia de Lisboa - during the 4th year of co-operation, seven young people had access to on-the-job training.
- Associação Portuguesa do Síndrome de Asperger (APSA - Portuguese Association of Asperger Syndrome) - by integrating two young people in practical on-the-job training.
- Aldeias SOS (SOS Villages) - five young people had access to practical on-the-job training in Pingo Doce stores.

AGGREGATE SAFETY IN THE WORKPLACE INDICATORS

SEVERITY RATE



FREQUENCY RATE



- Rumo, Cooperativa de Solidariedade Social (Social Solidarity Cooperative) – five young people had access to practical on-the-job training in Pingo Doce stores.
- Instituto do Emprego e Formação Profissional (IEFP – Portuguese Institute of Employment and Professional Training) – through which more than 70 trainees had access to curricular internships requested by the Job Centres.

In Colombia, the partnership with SENA – Servicio Nacional de Aprendizaje (National Learning Service) enabled 30 students to have on-the-job training at Ara.

8.5. SAFETY IN THE WORKPLACE

Zero Accidents Tolerance is the commitment undertaken by the Group in order to promote safety in the workplaces, adopting a strategy for prevention.

In Portugal, various initiatives were developed with the objective of promoting a culture of safety within the Group, including the commemoration of Safety Day, marking the World Safety in the Workplace Day, the attribution of the Prevention and Safety in the Workplace Award recognising the employees with the best performance in adopting prevention measures, and themed workshops.

In addition, the procedures relating to employee induction were reviewed for their content to be in line with the above-mentioned topics.

In the other countries, the strategy for preventing workplace accidents and occupational illnesses was maintained.

In Poland, the prevention and training especially developed for Distribution Centres are worth mentioning.

In Colombia, a psychosocial risks questionnaire was implemented having an answer rate of over 60%. This questionnaire had the objective to establish an action plan that aims to prevent these types of risks in the Company.

| | Training hours on Safety in the Workplace | Simulations | Audits |
|--------------------------|---|-------------|--------|
| Portugal | | | |
| Distribution | 3,200 | 249 | 520 |
| Restaurants and Services | 24 | 0 | 68 |
| Poland | 31,906 | 130 | 1,401 |
| Colombia | 108 | 98 | 108 |

In 2015, 24,313 health check-ups were carried out in Portugal, 54,873 in Poland and 1,487 in Colombia.

8.6. INTERNAL SOCIAL RESPONSIBILITY

Through the Internal Social Responsibility area, the Group maintains its contribution towards the continuous improvement of the quality of the lives of the employees and their families.

Following the survey conducted in 2014, we gauged the employees' satisfaction with the measures developed and we mapped out their main needs. In Portugal, the investment in Health was the main priority.

In Poland, the 18 programmes were maintained, divided between the Health, Education and Family Well-Being action pillars.

HEALTH

The *Mais Vida* (More Life) programme, created in partnership with the Fundação Champalimaud and the Portuguese Red Cross, provides complementary support to employees and members of their families suffering from cancer. Through this programme, employees, spouses and children benefit from the services of a second medical opinion at an international benchmark institution, from psychological support for the entire family unit, from transport for consultation and/or treatment and also from home support.

The *Famílias Especiais* (Special Families) programme was launched aiming at families with children and young people with neurological diseases, providing answers and effective support that is complementary to that offered by the National Health System. It includes three main aspects: complementary therapies (Hydrotherapy and Riding Therapy), therapies at home (Physiotherapy, Speech Therapy and Occupational Therapy) and rest for the carer at home. This investment aims to contribute towards increasing the quality of life of employees and their children with special needs, as well as fostering their dignity and well-being.

A protocol with a wider scope was established with the Grupo Lusíadas Saúde, with a view to providing access to speciality consultations and treatment at competitive prices, at a benchmark health group in Portugal. This was widely used by the employees, especially regarding access to gynaecology and obstetrics, dermatology and ophthalmology consultations.

In 2015, the 3rd edition of the "SOS Dentista" (SOS Dentist) programme took place. Its objective is to support employees with lower incomes in carrying the burden of their dental treatment and to promote oral health, as such enabling an improvement of their quality of life. In this edition, 1,800 enrolments were registered.

The challenge of growing up represents a phase of change and adaptation for children and young people, which

sometimes creates difficulties for the children and the parents. Being aware of this, we extended the *Programa de Psicologia Infantil e Juvenil* (Child and Juvenile Psychology Programme) to the district of Porto so that it is now present in the two largest regions of Portugal. Within the scope of this programme, 106 children/young people received follow-up.

In Poland, the Let's Take Care of Our Health programme enabled more than 4,400 employees to have access to free health screening, notably for breast cancer, cervix cancer and prostate cancer, cardiovascular diseases and to have clinical analyses, as well as access to general practitioners. In 2015, the employees benefited for the first time from Ophthalmology and Dentistry consultations and from telephone consultations in Nutrition and Psychology.

The programme of free seasonal flu vaccination covered 585 employees.

Also in Poland, the Programme for Supporting Children with Special Needs on a Medical Level includes access to medication, rehabilitation, surgery, psychological help for the families and participation in holiday camps for rehabilitation concerning autism and physical disabilities. In 2015, a rehabilitation camp for children with respiratory problems was organised. Around 90 children participated in the above-mentioned holiday camps.

In 2015, more than 1.3 million euros was invested within the scope of this pillar.



EDUCATION

In Portugal, we launched the 4th edition of the *Bolsas de Estudo* (Scholarship) programme, which is for employees and their children who, despite not having the financial means, wish to enrol or re-enrol in higher education. 88 scholarships were attributed for the 2014/2015 academic year. Since being launched in 2012, 242 scholarship holders have benefited from this measure.

Within the scope of the *Regresso às Aulas* (Back to School) campaign, 5,100 school kits were offered to children of employees in Portugal and Poland who started the 1st year of primary school.

In Poland, the To School with Biedronka programme was launched, whereby a contribution was made of 80% of the value of the school books of children of employees with economic difficulties.

Also within this area of action, we promoted *Campos de Férias de Verão* (Summer Holiday Camps) in Portugal and in Poland, in which over 2,300 children participated. Also noteworthy is the *Campo de Férias em Inglaterra* (Holiday Camp in England) in which 44 children of employees participated from both countries.

In 2015, more than 1.3 million euros was invested within the scope of this pillar.

FAMILY WELL-BEING

In the Family Well-Being area, we celebrated Children's Day and Christmas by offering a total of 116,975 presents in Portugal and in Poland, 50,390 on Children's Day and 66,585 at Christmas. In 2015, some changes to the *Kit Bebê* (Baby Kit) were introduced in Portugal, notably handing over a 125 euros voucher to buy nappies and baby milk. In Portugal and in Poland 4,278 kits were attributed.

In Portugal, the *Fundo de Emergência Social* (FES - Social Emergency Fund) supported 912 employees, corresponding to around 2,400 support measures divided between the areas of food, health, education, legal advice and financial guidance. Compared to previous years, there was an increase in the support in the health area to the detriment of food support.

The FES has a network of 142 voluntary employees - the Ambassadors - who provide on-the-ground follow-up to the employees supported by this Fund. The Ambassadors receive the technical and behavioural training they need for their mission. This training is complemented by a newsletter which, among other topics, provides information on the State responses to the problems identified and discloses a bi-monthly report on the current situation of the cases being followed-up.

In Poland, the *You Can Count on Biedronka* programme supported more than 8,000 employees in situations of economic difficulty.

Also in Poland, several of our employees' sports activities were sponsored, notably football or volleyball, thereby aiming to encourage them to play sports and have a healthy lifestyle.

In 2015, over 14.8 million euros was invested within this pillar.

8.7. CORPORATE CULTURE AND ENGAGEMENT


The main objectives of the Corporate Culture and Engagement area are to reinforce the Group's culture and values, the feeling of belonging, employee motivation and to develop all the internal communication supporting Human Resources.



In 2015, the first "Organisational Environment Questionnaire" was carried out amongst employees of all the Companies in Portugal. With a response rate of 85%, this questionnaire enabled us to actively listen to the employees, to find out their level of commitment, to gauge the best practices in existence within the organisation and to identify the key areas to be improved, both globally and locally.

The same questionnaire will be implemented in Poland and Colombia in the following years.





9. COMMITMENTS FOR 2015-2017

| Action pillars | Commitments for 2015-2017 | Progress |
|--|---|---|
|  <p>Promoting Good Health through Food</p> | <p>Further improve the nutritional profile of the Private Brand products, through product innovation and reformulation and in the Meal Solutions meals.</p> | <p>In progress. In 2015, as part of the Meal Solutions business unit, the amounts of fat, salt and sugar in the recipes were analysed in order to reformulate them. Based on the Mediterranean Diet, the fats considered saturated have been replaced by olive oil. It was thus possible to avoid placing over 670 kilograms of fat on the market. The salt content has also been reduced in certain meals, such as soups, avoiding 3.7 tonnes to be put on the market. For detailed information on the innovation and reformulation of Private Brand products, please refer to sub-chapter 4. "Promoting Good Health through Food".</p> |
| | <p>Continue to develop programmes promoting the Mediterranean Diet and awareness for reading food labels amongst consumers.</p> | <p>In progress. In Portugal, Pingo Doce maintained its commitment to the magazine "Sabe Bem" ("Tastes Good") and the "Novidades da Nossa Marca" ("Novelties of Our Brand") leaflets, with 160 thousand and more than 350 thousand copies, respectively, of their average circulation, highlighting the healthier preparation of products and the offers of the Pingo Doce brand. In Poland, the campaign "Czytaj Etykiety" (Read the Labels) was promoted along with the Polish Institute for Food and Nutrition and information leaflets were distributed in all Biedronka stores. In selected stores nutritional advice was given by specialists. For more information about campaigns carried out please refer to sub-chapter 4. "Promoting Good Health through Food".</p> |
| | <p>Increase the number of references of the lactose and gluten free ranges, in Private Brands in Portugal and Poland.</p> | <p>In progress. This year, 13 gluten-free references and two without lactose were launched in Poland. In Portugal, seven references of the brand Pura Vida "0% Lactose" were launched.</p> |
| | <p>In Portugal, ensure that products intended for children have a higher nutritional profile to market benchmark.</p> | <p>In progress. Two of the yoghurt references targeted at the children's segment, "Petit Líquido", saw their fat content reduced by over 55%, thus avoiding over two tonnes of fat being placed on the market. Vitamin D, essential for bone formation, was also added to these yoghurts. Given the benchmark, and for each 100 grammes of product, in the case of the Strawberry reference, the fat content is 14% less and the fruit content 80% higher. Also in the Strawberry-Banana reference there is a fat content of 10% less and 15% more fruit.</p> |
| | <p>In Portugal, develop and implement nutritional information in the Meal Solutions area.</p> | <p>In progress.</p> |
| | <p>In Portugal, in the Meal Solutions area, test meals for consumers with special dietary needs or those looking for other food options.</p> | <p>In progress. During 2015, seven meals of dishes targeted at vegetarians or consumers seeking healthier options were tested. Every week these are available in the Pingo Doce restaurants.</p> |
| | <p>In Portugal, continue to develop and implement nutritional information in the Bakery.</p> | <p>Accomplished. All Pingo Doce's Private Brand packed references had nutritional information on their packaging.</p> |

| Action pillars | Commitments for 2015-2017 | Progress |
|--|--|---|
|  <p>Respecting the Environment</p> | Reduce the Group's carbon footprint by 2% in the 2015-2017 three-year period (per €1,000 of sales), compared to 2014. | In progress. In 2015 the reduction of the Group's carbon footprint (per €1,000 of sales) was 5.8%, compared to 2014. |
| | Make an annual reduction in the consumption of water and electricity of 2% per year (comparing the same store network in Portugal and Poland). | In progress. In 2015, water and energy consumption had an increase of 1.5% and of 1.0%, respectively, compared to 2014 (considering the same store network in Portugal and Poland). |
| | Reduce the amount of waste sent to landfill by 5 p.p. in the 2015-2017 three-year period, compared to 2014 (objective measured using the ratio amount of waste recovered/total amount of waste). | In progress. In 2015, there was an increase of 0.6 p.p. of waste sent to landfill when compared to 2014. |
| | Increase the number of locations with environmental certification (at least 20). | In progress. The number of DC in Portugal with environmental certification remained at four. In Poland there are 13 DC with environmental certification. |
|  <p>Sourcing Responsibly</p> | In all brands, ensure continuity of the sourcing of at least 80% of food products from local suppliers. | In progress. In 2015, the Food Distribution banners in Portugal, Poland and Colombia met this commitment by buying at least 80% of food products from local suppliers. |
| | Continue to introduce sustainability certificates (UTZ certification, Fairtrade, MSC, EU-Ecolabel or others) for at least: <ul style="list-style-type: none"> • Private Brand (two products); • Perishables (four products). | In progress. The Group launched five Private Brand references with UTZ certified cocoa (two in Portugal and three in Poland). Pingo Doce launched a reference of cod (<i>Gadus morhua</i> species) from Norway, certified by the Marine Stewardship Council (MSC) and three new cleaning UltraPro detergent references with the EU-Ecolabel European ecological certification. Biedronka launched a fresh cod loin reference certified by the MSC. |
| | Reduce by 5% the presence of palm oil in the total sales of Private Brand products. | In progress. The calculation of the presence of palm oil and the assessment of the countries of origin of the commodities production (soy-beans, beef, timber and paper) are made during the preparation of the official response of the Group to the Carbon Disclosure Project (CDP) index, in the Forests segment. This is one of the Group's commitments, undertaken at The Consumer Goods Forum to reach "Zero Net Deforestation" by 2020. For details on the actions of the Group in this area, information will be made available during the first half of 2016 at www.jeronimomartins.pt and at www.cdp.net . |
| | Reduce by 5% soy, beef, wood and paper products from countries at risk of deforestation. | |



| Pilares de Actuação | Compromissos 2015-2017 | Progresso |
|--|--|--|
|  <p>Supporting Surrounding Communities</p> | <p>Monitoring and dissemination of the social impacts resulting from the supports offered, according to the London Benchmarking Group model (LBG).</p> <p>In Portugal, start at least one project of community investment per year, aimed at children, young people or older people from vulnerable environments.</p> <p>In Poland, strengthen the involvement in social projects, focused on children, young people and older people from vulnerable environments.</p> <p>In Poland, further develop the programme to combat child malnutrition, under the project <i>Partnerstwo dla Zdrowia</i> (Partnership for Health):</p> <ul style="list-style-type: none"> - increase the number of schools by at least 5% in each academic year. <p>In Colombia, continue to support the programme <i>Madres Comunitarias</i> (Community Mothers), supporting two community nurseries for each Ara store opened.</p> <p>In Colombia, extend the involvement in social projects such as Aldeas Infantiles SOS Colombia (SOS Children's Villages) and the Abaco Foundation for the donation in food products.</p> | <p>Accomplished. The results are reported by the Group at www.jeronimomartins.pt.</p> <p>Accomplished. Support for the Academia do Johnson (Johnson's Academy) community project was started. For more details, see sub-chapter 7. "Supporting Surrounding Communities".</p> <p>Accomplished. Various social projects were continued, including Hope for the Euro, that aims to support the development of institutionalized children from families with economic difficulties.</p> <p>Not accomplished. In 2015, in this multi-stakeholder platform, the increase of schools covered by the programme <i>Sniadanie Daje Moc</i> (Breakfast Gives You Strength) was of 1.4%, which corresponded to 100 schools. A total of 7,300 were included in this programme, a figure that represents over 60% of primary schools in the country. The programme objectives are to strengthen the commitment to the schools covered and to invest in more communication campaigns. Throughout 2016 this target will be reviewed with regard to its annual target.</p> <p>Accomplished. The programme was expanded to another 147 nurseries – in conformity with Ara's expansion, regularly supplying food products to a total of 262 community nurseries. The number of children covered increased by over two thousand to around 3,400 children.</p> <p>Accomplished. The Aldeas Infantiles SOS Colombia (SOS Children's Villages) project was extended to the second region of Ara operations, in the Caribbean Coast. Being an indirect support, through the voluntary rounding up of the value of customers' purchases for this cause, more than 950 children and 675 families were supported in the municipalities of Riosucio and Bolívar.</p> <p>To find out more, see sub-chapter 7. "Supporting Surrounding Communities".</p> |
|  <p>Being a Benchmark Employer</p> | <p>Following the commitments made for the previous three-year period and with the continued tough and very challenging economic environment for the employees' families, particularly in Portugal and in Poland, the strategic focus will remain on:</p> <ol style="list-style-type: none"> continuously improving the employees' working conditions; supporting the quality of life of our families in the different geographical areas in which we operate. | <p>In progress. Re-launch of the Employee Assistance Service in Poland, as a support channel in implementing the Code of Conduct and in the processing of requests for help.</p> <p>A salary review model was developed and implemented, aiming to foster internal fairness and to give priority to salary increases depending on the employee performance.</p> <p>The Internal Social Responsibility area has launched new projects, including:</p> <ul style="list-style-type: none"> - <i>Mais Vida</i> (More Life), aimed at getting a second opinion for cancer patients, be they employees, spouses or children. - Go to School with Biedronka through which the costs of the school books of the children of employees in a difficult economic situation are reimbursed at 80% of their value. <p>To find out more, see sub-chapter 8. "Being a Benchmark Employer".</p> |

10. THE GLOBAL COMPACT PRINCIPLES



| The United Nations' Global Compact Principles | | Jerónimo Martins Annual Report |
|---|--|---|
| 1 | Businesses should support and respect the protection of internationally proclaimed human rights | Chapter IV. "How we make a difference"; sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 2 | Make sure that businesses are not complicit in human rights abuses | Chapter IV. "How we make a difference"; sub-chapter 6. "Sourcing Responsibly" and sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 3 | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | Chapter IV. "How we make a difference"; sub-chapter 6. "Sourcing Responsibly" and sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 4 | Businesses should uphold the elimination of all forms of forced and compulsory labour | Chapter IV. "How we make a difference"; sub-chapter 6. "Sourcing Responsibly" and sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 5 | Businesses should uphold the effective abolition of child labour | Chapter IV. "How we make a difference"; sub-chapter 6. "Sourcing Responsibly" and sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 6 | Businesses should uphold the elimination of discrimination in respect of employment and occupation | Chapter IV. "How we make a difference"; sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |
| 7 | Businesses should support a precautionary approach to environmental challenges | Chapter III. "How we are organised"; Part I, Section C, subsection III. Chapter IV. "How we make a difference"; sub-chapter 5. "Respecting the Environment". |
| 8 | Businesses should undertake initiatives to promote greater environmental responsibility | Chapter IV. "How we make a difference"; sub-chapter 5. "Respecting the Environment" and sub-chapter 6. "Sourcing Responsibly". |
| 9 | Businesses should encourage the development and diffusion of environmentally friendly technologies | Chapter IV. "How we make a difference"; sub-chapter 5. "Respecting the Environment" and sub-chapter 6. "Sourcing Responsibly". |
| 10 | Businesses should work against corruption in all its forms, including extortion and bribery | Chapter III. "How we are organised"; Part I, Section C, subsection III. Chapter IV. "How we make a difference"; sub-chapter 8. "Being a Benchmark Employer", section 8.2. "Principles and Values". |