

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

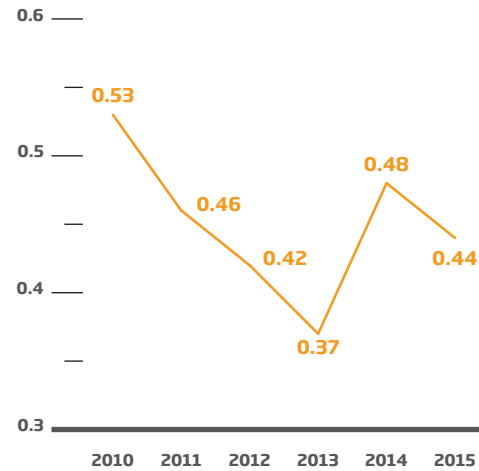
PROGRAMMES FOR JOINING THE JOB MARKET

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:

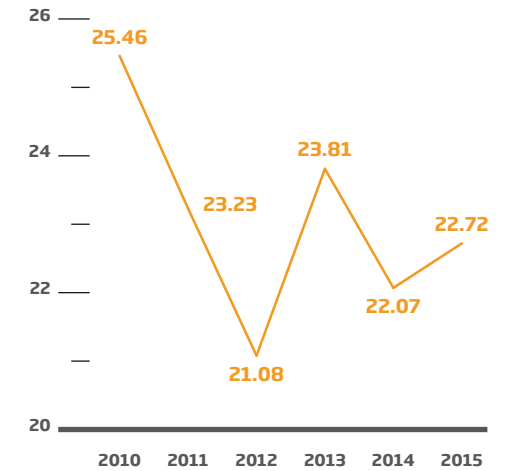
- Serviço Jesuíta aos Refugiados (JRS - Jesuit Refugee Service) - within the scope of the Capacitação 4 Job Programme (Training for Job) financed by the European Economic Area Grants, a fund managed by Fundação Calouste Gulbenkian, 36 young migrants had access to practical on-the-job training in Pingo 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.

