

Communication On Progress 2012

United Nations Global Compact Initiative

Lisbon, 24th of August 2012

It is my pleasure to submit the Communication On Progress report regarding 2011 that states and explains Jerónimo Martins' continuous commitment to corporate social responsibility and the United Nations Global Compact's principles in the areas of human rights, labor, environment and anti-corruption.

I understand as my personal responsibility to assure that our Group can find a healthy balance between short-term and medium-long term needs and, therefore, that we can keep in the path of prosperity and growth while creating the necessary conditions for future generations' to make their living in this planet with wellness .

We have been deepening our approach to the Triple Bottom Line (Profit, People and Planet) across all our Companies and geographies, and we will keep on doing so.

I hope that in the COP that we submit to your consideration this year you will find the evidence of our engagement and of our will to give a positive contribution for improving life conditions on our planet.



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Global Compact Principle One

“Businesses should support and respect the protection of internationally proclaimed human rights.”

Jerónimo Martins ensures respect for human rights, according to the Universal Declaration of Human Rights, within labor context, and promotes them among the societies where it operates, being committed to give a positive contribution to improving the living standards of all those with whom it relates.

Code of Conduct and other policies

According to the Group’s Code of Conduct, Jerónimo Martins ensures respect for the right to equal opportunities, both with regard to recruitment process and to professional development, prohibiting any direct or indirect discriminatory practices, or disrespect for personal dignity.

At the same time, there is concern for the personal and professional development of the employees at various levels within the Organization, based on merit.

All the employees are informed of the Code of Conduct when they join the Group, whatever their position. The document is also available at: http://www.jeronimomartins.pt/media/431763/code_of_conduct.pdf

Additionally, in Poland, a specific Policy against Moral Assault and a specific Policy against Discrimination are also in force, which strengthen and establish the Group’s commitment to ensure non-discriminatory practices and discourage potentially offensive behaviors against its employees.

Ethics Committee

Jerónimo Martins has also instituted an Ethics Committee which, since 2003, has been following, with due independence, the communication and application of the Code of Conduct. This Committee can propose - to the Corporate Responsibility Committee (a specialized Board Committee intended to monitor and supervise the Corporate Responsibility area) - new measures in order to fulfill its mission, including internal procedures as well as the Code of Conduct review, if and when necessary.

The Ethics Committee can be contacted by any stakeholder by letter or e- mail with any questions, comments, suggestions or complaints regarding the observance of the Code of Conduct.

Additionally, both in Portugal (Pingo Doce and Recheio) and in Poland (Biedronka) several communications channels were put in place to address doubts and/or complaints related to Human and Labor Rights.

Created in 2010 in Portugal, “Entre Nós” (*Among Us*) is an Employee Assistance Service which ensures confidentiality, credibility and availability to employees and that can be reached through electronic mailing, postal code or telephone. During 2011, this channel has registered 2.655 contacts (or procedures started) of which 99% have been concluded.

In Poland, there is a similar communications channel – an Employee Assistance Service that guarantees a connection between the Labor Relations Department and the employees. Besides labor issues, employees can share their ideas regarding the company’s procedures as well as apply for social aid. In 2011, 1.486 contacts (or procedures) were listed and 97% were concluded.

In the Manufacturing area, another business division of Jerónimo Martins, the Code for Business Principles was distributed to the workers, posted in the information boards and in the intranet. Clarifying sessions also took place in 2011.

Social Emergency Programs

Strictly related to Human Rights, the Social Responsibility area aims at improving the quality of life of Jerónimo Martins’ employees and their families.

In 2011, in Portugal, due to the severe recession that the country is facing and the consequent emergence of internal signals of very serious socio-economic problems amongst employees in the stores and distribution centers, the Group took the decision to create a Social Emergency Fund to provide workers and their families in great need with food, health and education support, as well as legal matters and financial advice and training. During the last four months of 2011, the Group invested about 400 thousand euros in the Social Emergency Fund, supporting over 1,200 families.

In Poland, due to the Programme “You Can Count on Biedronka”, more than 4,675 workers have been given support, mostly through cash donations.



Communities Supporting Policy

In 2011, the Jerónimo Martins Policy of Support for Surrounding Communities was approved.

Under this policy, the Group contributes to projects that are identified with and help promoting the values of Humanity, Merit, Enterprise and Citizenship, through the fight against malnutrition and hunger and the fight against the traps of poverty and social exclusion, among two preferred groups: the elderly and deprived children and young people (the full version of this document is available at: <http://www.jeronimomartins.pt/responsabilidade/apoiar-as-comunidades-envolventes/politica.aspx?lang=en>)

Consequently, the direct aid given in 2011 to surrounding communities by the Jerónimo Martins Group totaled 6.8 million euros, mainly in the form of food donations.

Global Compact Principle Two

"Businesses should make sure they are not complicit in human rights abuses."

Jerónimo Martins actively seeks to interact with entities that share the same framework of ethical principles, especially regarding Human and Labor Rights.

According to our Sustainable Sourcing Policy, we only cooperate with suppliers who expressly commit to practices and activities that fully comply with national and international laws and agreements. In the Suppliers Code of Conduct, our suppliers undertake to respect the social and labor laws and regulations on occupational health, hygiene and safety in the countries in which they operate.

We are committed to severing business relations with suppliers if we ever learn that they or their suppliers violate human, children's or workers' rights or if they do not incorporate ethical and environmental concerns in their actions and are not prepared to draw up a plan to remedy the situation.

The suppliers and other commercial partners of the Jerónimo Martins Group undertake not to use any discriminatory practice based, inter alia, on descent, gender, religion, marital status, family situation, age, nationality, ethnic origin, disability, political or ideological convictions and union membership, in their relations with their workers or staff. They also guarantee that all their employees or workers receive fair remuneration and benefit from the welfare system in force in the country in which they operate.

At Unilever Jerónimo Martins and also at Gallo Worldwide, all suppliers assume full acceptance of the principles of the ULJM Suppliers Code. The pre-audit questionnaire for company suppliers includes questions on occupational health and safety and the code of business principles.

For further details, please see:

http://www.jeronimomartins.pt/media/447222/suppliers_code_of_conduct.pdf

http://www.unilever.pt/aboutus/purposeandprinciples/ULJM_Supplier_Code.aspx

Global Compact Principle Three

"Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining."

Jerónimo Martins ensures the right of freedom of association and recognizes the right to collective bargaining.

According to its Code of Conduct, Jerónimo Martins follows a recruitment process that takes into account the qualifications and skills required for the job, without employing any discriminatory practices based, namely, on grounds of trade union membership.

This freedom is overseen, as any other matter included in the Code of Conduct, by the Ethics Committee.

On a daily basis, it is assured by Labor Relations Departments, which take the following actions:

- i. Receive trade unions' requests to meet with our employees on the Company's workplaces;
- ii. Guarantee the observance of rights of employees elected as trade unions' members or associates, namely legal hours of absence permitted by the Collective Agreement to pursue union's activity.

Additionally, in Portugal, regular audits on labor issues are conducted by Human Resources Operational Teams. In Poland, an on-going monitoring of labor rights risks has been implemented.

In Poland, regular meetings are held between two trade unions (that count, in total, with about 1,200 members) and our Company's *Employee Forum*, a self-regulating collective body set up to represent the employees' interests and claims (counts with nine members that represent Regions and Headquarters). All these three bodies make part of the Social Committee that manages the area of social support for employees.

In Portugal, more than 90% of our employees are covered by collective bargaining agreements, signed with trade unions.



Jerónimo Martins also promotes respect for the freedom of association along its supply chain. According to the Suppliers Code of Conduct, the suppliers and other commercial partners of the Jerónimo Martins Group acknowledge the different forms of freedom of association of their workers, in particular those of a professional, recreational and socio-cultural nature, as expressions of the principles of responsibility, solidarity, shared objectives and interests, community spirit and spirit of mutual aid that are inherent to human nature and guarantee the existence of conditions for its workers or staff to make use of their freedom of association.

Global Compact Principle Four

"Businesses should uphold the elimination of all forms of forced and compulsory labor."

Jerónimo Martins doesn't use any form of forced labor. It is committed to ensuring to its employees a healthy work environment and fair and adequate pay so as to promote work motivation and a sense of personal and professional achievement.

Furthermore, according to the Suppliers Code of Conduct, suppliers and other commercial partners of the Jerónimo Martins Group comply with the existing labor legislation in the countries in which they operate and guarantee, in any situation, that, in the production and manufacturing of the products they sell or services they provide, they do not use any form of forced labor, including that involving the application of corporal punishment, physical or moral coercion.

Working Schedules

Working schedules comply with law, respecting minimum and maximum limits, in order to guarantee that employees make the necessary pauses for physical, mental and social well-being.

In 2011, several store audits regarding regulations concerning Human Resources issues have been conducted, namely in what regards working schedules and hours. Both in Portugal and in Poland our banners are constantly inspected by authorities that supervise labor issues and are committed to fully cooperate with them.

Trainings on Labor Issues

In order to guarantee a full compliance with laws in this matter, several training actions, mostly aimed at the management, were developed in 2011:

- Team management and best practices regarding Human Resources Management: 1,764 employees trained, 4,846 training hours;
- Labor Law and Working Schedules: 1,435 employees trained, 10,169 training hours.

Global Compact Principle Five

“Businesses should uphold the effective abolition of child labor.”

Jerónimo Martins doesn't accept in its Companies any sort of child labor nor does it employ individuals that have not yet reached the legal age established for work purposes. In addition, the Group seeks to engage with other organizations that share the same ethical views.

In Portugal, where the legal adult age is 18, there are two conditions that must be respected in order to employ individuals aged between 16 and 18 years old:

- First, the applying person has to prove the minimum school grade, as defined by national law;
- Second, the legal representatives must sign a declaration for work purposes.

In any case, this kind of recruitment can be only performed for a school holidays period. In December 2011, only one 17 year-old individual had this sort of contract.

In Poland, only people above 18 years-old are admissible. However, on special request, exceptions can be allowed for a limited number of hours and for professional training purposes only.

Furthermore, according to the Suppliers Code of Conduct, suppliers and other commercial partners of the Jerónimo Martins Group comply with the existing labor legislation in the countries in which they operate and guarantee, in any situation, that, in the production and manufacturing of the products they sell or the services they provide, child labor, as defined by the International Labor Organization, is not accepted.

Bridging with Academic Organizations

The Jerónimo Martins Group is engaged with several public and private education organizations, contributing towards preparing young people for professional life. In order to fulfill this goal, the Group promotes curricular and professional internships.

In 2011, in Portugal, 466 curricular and professional internships took place. In Poland, 48 young people participated in the Summer Internship Programme called “Fruitful Holidays”.

Global Compact Principle Six

“Businesses should uphold the elimination of discrimination in respect of employment and occupation.”

Jerónimo Martins wishes to continue to be a reference employer in every country where it operates and aims to be a driver of the job markets where it carries out its businesses and a promoter of social and economic well-being.

As such, the Group follows a recruitment process that takes into account the qualifications and skills required for the job, refusing any discriminatory practices whatsoever.

The Group's Companies are committed to ensuring to their employees a healthy work environment, fair pay, and personal and professional development, based on merit, qualifications and equal opportunities, regardless of ascendance, gender, religion, age, marital status, family background, nationality, ethnical origin, disability, political or ideological beliefs or trade union membership.

These commitments were materialized, in 2011, in the following projects:

- Creating job opportunities for people aged 50 or more: Distribution and Services Companies in Portugal have employed 170 workers of these age level, the majority of which have joined the Pingo Doce supermarket chain. Poland has recruited 210 employees aged 50 or more, two of them with some kind of disability. As for the 31st December 2011, the Group had 7,952 employees aged 45 years old or more.
- Recruiting disabled workers – As for the 31st December 2011, Jerónimo Martins had 237 employees with some kind of disability in the Pingo Doce and Recheio Companies (Portugal) and in Biedronka (Poland). In 2011, 39 people were employed by our Group in both of these countries (2010 - 4; 2009 - 2; 2008 -14).

Citizenship and Equal Opportunities Programs

- ***Learn and Develop Programme*** – created in 2010 under the Portuguese Government's “New Opportunities” Initiative, this internal program is aimed at promoting continuous learning amongst Jerónimo Martins' employees by giving them the opportunity to complete their studies. In 2011, this program enabled 491 employees (against 334 employees in 2010) to successfully conclude the 6th, 9th and 12th grade. 16,663 training hours were conducted.

- In 2011, Unilever Jerónimo Martins has continued some initiatives that promote equal opportunities for women and disabled employees:
 - i) Mentoring for female managers, developed in order to maximize their progression opportunities within the Company. In 2011, 7 managers have concluded the mentoring program. Furthermore, everyone involved has evaluated positively this initiative, feeling that it enhanced their personal and professional growth. 4 of these women have seen their working roles and responsibilities broadened.
In 2012, the objective is to reach an overall group of 22 women as the Company believes there is the necessary human capital and potential to promote them to leadership seats.
 - ii) *Agile Working Pilot*: This program allows every worker to be responsible for managing their working schedule as a way to ensure better personal /professional balance. At present time, 68% of Unilever Jerónimo Martins' headquarters employees are already working under this philosophy.
 - iii) Recruitment of Employees with Disabilities: In 2011, one person has been recruited. Overall, nine workers are employed under a full-time term-contract, long-term contract or under internship. In this last case, the Company's goal is to ensure that 10% of total internships are performed by disabled people.

Suppliers and Partners

According to the Suppliers Code of Conduct, the suppliers and other commercial partners of Jerónimo Martins commit not to use any discriminatory practice based, inter alia, on descent, gender, religion, marital status, family situation, age, nationality, ethnic origin, disability, political or ideological convictions and union membership, in their relations with their workers or staff, guaranteeing, in particular, that:

- a) The whole recruitment procedure follows objective criteria, in particular, the qualifications and skills necessary for the position to be held, and refuses any discriminatory criteria;
- b) The remuneration and personal and professional development are based on merit, on qualifications and on equal opportunities, free of any discriminatory criterion.

Furthermore, the suppliers and other Jerónimo Martins' commercial partners guarantee that all their employees or workers receive fair remuneration and benefit from the welfare system in force in the country in which they operate. They also guarantee that the working hours of their employees or workforce does not exceed the limits established in the corresponding legislation or, if there are none, 60 hours per week. If additional work is provided by employees and workforce, due payment must be ensured.

Global Compact Principle Seven

“Businesses should support a precautionary approach to environmental challenges.”

Respect for the environment is a concern incorporated in the growth strategy of the Jerónimo Martins Group’s businesses, as it wishes to effectively contribute to link supply and demand while promoting more sustainable production and consumption practices.

In what regards environmental protection, the Group and its Companies have defined 3 main areas of priority:

- Climate change;
- Biodiversity;
- Waste management.

In order to continuously improve the environmental performance of its activities, products and services, the Group’s Distribution and Manufacturing Companies have in place environmental management systems, based on ISO 14001 principles, requirements and updated applicable environmental legislation. They conduct environmental audits and diagnoses of business units and monitor environmental aspects.

Climate Change

Our Companies are committed to responsible, proactive behavior by taking action to help reduce energy consumption and minimize greenhouse gas emissions:

- Rationalization of Energy and Water Consumption - as a part of our commitment to combat climate change and further rationalize energy consumption, the management of water consumption is of maximum importance.
- Preference for buying locally/nationally - Jerónimo Martins opts, preferentially, and under equal conditions, for local/domestic suppliers, therefore reducing the carbon footprint of the products sold, preserving their freshness (when applicable) and boosting the socio-economic well-being of the geographies where it operates. In Portugal, 80% of the products in store are acquired to national suppliers. In Poland, the number rises for more than 90%.

Carbon Footprint

In 2011, the carbon footprint of the Jerónimo Martins Group was estimated at 1,006,339 tonnes of carbon dioxide equivalents, representing an increase of 30% in relation to 2010, due to the increased number of retail outlets and by the growing focus on the offer of Perishables, especially in Poland.

Carbon Footprint	2011
Global Value (scopes 1 and 2) – t CO ₂ eq.	1,006,339
Specific Value (scopes 1 and 2) – t CO ₂ eq./'000 €	0.102

Carbon Footprint – Indicators	2011 (t CO ₂ eq.)	2010 (t CO ₂ eq.)
Overall Carbon Footprint (scope 1 e 2)		
• Distribution, Portugal	464,362	387,681
• Distribution, Poland	524,084	370,776
• Manufacturing	17,893	16,803
Carbon Footprint (scope 1 – direct impacts)		
• Leakage of refrigeration gases	141,702	222,312
• Fuels consumption	41,397	36,825
• Light vehicle fleet	16,129	14,937
• Reduction of carbon emissions due to use of renewable energies	-95	-90
Carbon Footprint (scope 2 – indirect impacts)		
• Electricity consumption	795,917	502,933
• Warming systems	11,556	*
Carbon Footprint (scope 3 – other indirect impacts)		
• Transportation of goods to stores (Distribution)	127,132	125,273
• Dispose of waste to landfills	54,070	43,340
• Air travel by employees	1,439	**1,052
• Leakage of refrigeration gases (Ola consumers)	889	*
• Emissions avoided by backhauling project	-4,457	-4,336

Observation 1: The calculation of the carbon footprint for all activities within the Jerónimo Martins Group has been suggested by the Greenhouse Gases Protocol, from the World Business Council for Sustainable Development, in three main levels: direct impacts, indirect impacts and other indirect impacts.

Observation 2: All values listed considered emission indicators defined by the IPCC - Intergovernmental Panel on Climate Change (for fuels, refrigeration gases and waste), the International Energy Agency (for electricity) and by the European Environment Agency (for air travels).

Observation 3: The emissions of Marketing services, Brand Representations and Restaurants weren't included (the Group presumes that it counts for less than 1%)

*Observation 4: The Group couldn't account the 2010 values for the indicators signaled with *.*

Biodiversity

Acknowledging the importance of Biodiversity preservation to the sustainability of every community where we develop our business, the Group has decided to build an evaluation process for the main opportunities and risks of our activities as well as for some of our suppliers, according to the Ecosystem Services Review (ESR), proposed by the World Research Institute (WRI) methodology.

The evaluation of these risks has permitted the identification of priority actions and, thus, to define a Biodiversity protection strategy and a plan for action. The project's intention is to integrate, progressively, Biodiversity in the Group's systems and practices:

- Information management;
- Training and Awareness;
- Suppliers partnerships;
- Development and investigation.

Global Compact Principle Eight

"Businesses should undertake initiatives to promote greater environmental responsibility."

Jerónimo Martins promotes the adoption of good practices by its employees and by the suppliers in order to respond to the environmental concerns of its consumers.

Environmental Certification

In 2011, three out of the eight Distribution Centers in Portugal (Azambuja, Vila do Conde e Guardêiras) maintained ISO 14001:2004 certification for their Environmental Management System. The Manufacturing Companies' four plants also kept their ISO 14001:2004 environmental certification.

Water and Energy Consumption Rationalization

Jerónimo Martins continuously develops actions that mitigate climate change phenomena, namely by reducing energy waste and increasing its efficiency.

Regarding Distribution Companies in Portugal, the highlight, in 2011, goes to the creation of "Energy and Water Consumption Management Teams" through which several Environment and Work-Safety Deputies were nominated in each store, with the sole purpose of promoting reductions in water and energy consumption. Every person involved received specific training in this area so that the promotion of good practices, the monitoring of environmental performance and the identification of improvements to be made could be a reality to the operations of the Group.

The overall assessment of this project indicates that there has been a like-for-like reduction in energy and water consumption of 5,638,091 kWh and 10,169 m³ or 1,8% e 1,3%, respectively.

- Energy Consumption Indicators

Distribution	2011	2010	Δ 11/10
Portugal – Retail			
Electricity (kWh/m ²)	877,2	899,9	-2,5%
Fuels (GJ*)	23.843	26.176	-8,9%
Portugal - Cash&Carry			
Electricity (kWh/m ²)	362,4	349,4	+3,7%
Fuels (GJ*)	4.300	4.354	-1,2%
Portugal – Distribution Centers			
Electricity (kWh/UMC'000**)	116,6	113,6	+2,6%
Fuels (GJ*)	384	843	-54,4%
Portugal – Industrial Kitchens and Fresh Dough Factory			
Electricity (kWh/t)	231,6	-	-
Fuels (GJ*)	341	-	-
Poland - Stores			
Electricity (kWh/m ²)	593,7	474,9	+25,0%
Fuels (GJ*)	485.661	380.181	+27,7%
Poland - Distribution Centers			
Electricity (kWh/UMC'000**)	54,5	40,9	+33,3%

* GJ = gigajoule (energy measurement unit).

** UMC - Purchasing Buying Units.

- Water Consumption Indicators

Distribution	2011	2010	Δ 11/10
Portugal - Retail (m ³ /m ²)	2,94	2,98	-1,3%
Portugal - Cash&carry (m ³ /m ²)	0,74	0,75	-1,3%
Portugal – Distribution Centers (m ³ /UMC'000*)	0,72	0,82	-12,2%
Portugal - Industrial Kitchens and Fresh Dough Factory (m ³ /t)	8,54	-	-
Poland – Stores (m ³ /m ²)	0,49	0,65	-24,6%
Poland – Distribution Centers (m ³ /UMC'000*)	0,07	0,07	0%

* UMC - Purchasing Buying Units.

Generally, the water and energy consumption indicators had a positive evolution facing 2010 results. The single exception was the energy consumption in Poland where, due to investments in refrigerating equipment, there has been an increase in electricity consumption.

Reduction of Environmental Impacts of Logistics Processes

It is our Companies' goal to progressively reduce the environmental impacts of logistics along the value chains of its activities by minimizing consumption of natural and energy resources. The following actions were particularly important in 2011:

- In Portugal, a speed limit system to 80 km/h was set to 80% of the exclusive distribution fleet in which there is an estimation of savings of about 1 liter per 100 kilometers;
- Also in Portugal, two hybrid vehicles from DAF manufacturers were set up in a pilot-project for urban areas;
- Backhauling operations in Portugal - this service was provided to 60 regular suppliers, representing a total of 211,158 pallets collected. It is estimated that this fleet management measure has resulted in a saving of 4,496,155 km for suppliers and a decrease of 4,336 tons of CO² emissions;
- Backhauling operations in Poland – a total of 38,085 pallets were collected, resulting in a saving of 114,536 km and a reduction of 114 tons of CO² emitted to the atmosphere;
- Also in Poland, the substitution of Euro 3 motors for Euro 5 originated a reduction of 56,5 tons per year;
- New solutions were tested in Poland by providing efficient trailers: one that uses carbon dioxide as refrigerant and other that has the capacity to transport 36 pallets instead of 33;
- At Unilever Jerónimo Martins, the Company continued to optimize its vehicle fleets' efficiency, as 107 vehicles were replaced by new ones with 12% lower CO² emissions (around 50 tonnes less of CO² per year than the previous ones);
- Unilever Jerónimo Martins also acquired a Renault Kangoo ZE, a fully electric vehicle for express deliveries, which spares the emission of over 3 tonnes of CO².

Paper Consumption Rationalization

In Jerónimo Martins, the consumption of office paper is considerable, which is why various projects aimed at reducing that consumption were developed in 2011, resulting in important benefits for the sustainability of forests:

- In the Distribution business in Portugal, the management of electronic orders, invoices and freight bills covered 89% of suppliers in 2011 which represented 91% of turnover (the estimated saving was 2,4 million sheets of paper, equivalent to 183 trees);

- In Logistics, in Portugal, both sides printing default and electronic applications allowed to spare 5,2 million sheets of paper (or 395 trees);
- In Poland, the electronic invoice covered 34% of suppliers, which represented 68% of all documents (the estimated saving was 1,2 million sheets of paper, equivalent to 49 trees).

Waste Management

Jerónimo Martins focuses on the prevention, minimization and recycling of the waste generated by its activities and also helps its consumers on this mission. Raising awareness of the Groups' employees and communities towards selective collection of waste as well as searching for new solutions to create value through recycling are the foundations for the Companies' strategy.

- Waste Recovery Rate

	2011
Distribution - Portugal	53,9%
Distribution - Poland	75.6%
Industry - Portugal	90.5%

- Generating Value through Waste

In 2011 the following projects took place:

In Portugal, the supermarket chain Pingo Doce continued to increase the number of recycling bins in stores, and has become a reference for customers in terms of selective collection of waste:

Waste (tons)	2011	2010	Δ 2011/2010
Batteries	45,40	33,26	+36%
Used Electrical and Electronic Appliances	135,48	150,49	-10%
Used cooking oils	183,54	*129,80	+41%
Cartridges	2,28	2,66	-14%

* corrected value

In Poland, Biedronka also significantly improved its performance in terms of selective collection of waste:

Waste (tons)	2011	2010	Δ 2011/2010
Batteries	16,82	15,50	+9%
Used Electrical and Electronic Appliances	413,34	135,00	+206%

- Packaging Ecodesign

Recognizing the importance of having a new perspective about the packaging of products Jerónimo Martins established partnerships with its suppliers in order to improve the eco-efficiency profile of packages. This has been an effort to:

- Reduce environmental impact associated to packages of goods traded by our own brands (especially those of Private Brand);
- Reduce associated costs about materials/elements of packages as well as those associated to package waste management;
- Optimize moving, transportation and exhibition of merchandise.

Since the end of 2009, the Companies in the Distribution business in Portugal have started to develop ecodesign-related initiatives such as the creation of an Ecodesign Manual for Packages and raising awareness amongst nine Private brands suppliers.

Employee Adoption of Best Practices

In 2011, Jerónimo Martins increased investment in employees' environmental training and awareness, with the aim of changing attitudes and behavior and ensuring the appropriate management of natural resources, emissions and waste. We highlight the following actions:

- Development of internal signage about water and energy consumption;
- Training sessions on internal management practices for employees of the Distribution Companies in Portugal, totaling 188 training hours. At Unilever Jerónimo Martins, training sessions were given to environmental services providers on the way to raise awareness about good environmental practices. In other factory units in the Industry business, 54 environmental training sessions were developed;
- Publication of several articles about carbon footprint, water and energy consumption rationalization and energy reduction for internal magazines;

- Awareness for good environmental practices and an operational manual, designed for employees at Biedronka's offices.

Raising Environmental Awareness of Customers and Consumers

In 2011, aware of the fact that companies should play an active role in raising the awareness of the general public to enhance sustainable development, Jerónimo Martins conducted several environmental initiatives aimed at customers and consumers, including:

- Recheio Cash&Carry's focus on the environmental awareness and training of the HoReCa channel's customers through the publication of various articles in the *Noticias Recheio* magazine;
- Environmental awareness and training for Pingo Doce customers through the publication of articles in the magazine *Sabe Bem*;
- Environmental information signage, permanently in 316 Pingo Doce stores;
- Participation of Pingo Doce in the "Energy of Life" campaign, promoted by a battery-waste management organization. Launched in the World Environment Day, the campaign included the distribution of small battery collectors at the store's check-outs;
- The installation of an interactive simulator in co-operation with the Portuguese Energy Agency, which associates waste production to consumption practices;
- Participation in public debates such as "Sustainable Consumption: The Response of Modern Distribution", organized by the Portuguese Association of Distribution Enterprises, and the "Distribution and Production Towards the Consumer" workshop organized by Jerónimo Martins for fruit and vegetables suppliers;
- "We take care of Eco-practices" action in which 15 Biedronka stores were able to collect over 40 tonnes of glass waste. Every customer that delivered at least five glass containers received a heather plant as a symbol of appreciation;
- Series of environmental protection articles were published in Kropka Tv magazine called "The Green Side of Biedronka";
- A campaign in Biedronka stores was launched in order to inform about the correct disposal of used batteries;
- Gallo Worldwide used their product labels to raise awareness about the disposal of used cooking oils in oil bins;
- Raising awareness in Portuguese schools through the cooperation between Europe's Blue Flag Association (member of the Foundation for Environmental Education) and Unilever Jerónimo Martins in two main areas: as a sponsor for the "Eco-Schools" program and in the "Eco-beaches" project (small recycling bins distributed in 33 beaches) together with Olá Company.



Environmental audits to Suppliers and Services Providers

Jerónimo Martins' Distribution Companies recognize that it is fundamental to cooperate with its suppliers in order to minimize environmental impacts. In this sense, during 2011, 35 audits to services providers took place in the areas of maintenance and waste management. 6% had an "Optimum" performance and 17% had a "Top" environmental performance according to internally established criteria.



Global Compact Principle Nine

"Businesses should encourage the development and diffusion of environmentally friendly technologies."

Jerónimo Martins aims to minimize the environmental impacts of its activities, products and services by adopting more environmentally friendly solutions.

Sustainable Consumption

In 2011, Pingo Doce and Biedronka stores kept their strategic decision of not providing free-of-charge plastic bags to customers. These stores sell several types of long-lasting bags and trolleys that meet the needs of customers and at the same time raise their awareness to the practice of reuse as a means of reducing the environmental impact of plastic consumption.

In Pingo Doce, the following options were made:

- The reusable plastic bags are sold for a symbolic price-tag of 0,02 €. In five years, Pingo Doce has reduced 47% of plastic material for bags (in weight), 7,667 tons of bags disposed in landfills, 15,265 tons of CO² emissions (which in this case represent a saving of 11,926 tons of oil and natural gas);
- The launch of the New Green Bag, developed by the Portuguese Association for Distribution Enterprises.

On a broader level, several products have been made available which enable the consumer to opt for solutions more in harmony with the principles of Sustainable Development. We highlight the following in 2011:

- The sale of Private Brand organic products – chicken, veal and steer, fruit and vegetables in Pingo Doce and dairy products in Biedronka;
- The protection of indigenous breeds through the sale of certified beef (Mertolenga, Barrosã e Alentejana);
- The sale in Pingo Doce of 10 references of concentrated UltraPro detergents;
- The sale of Pingo Doce brand in the following products: recycled toilet paper, tinned tuna with “Dolphin Safe” certification, 5 diapers for babies and 3 diapers for incontinent people, all certified by the Sustainable Forestry Initiative;
- In Pingo Doce, 5 types of ecologic light-bulbs of “Home 7” private brand were on sale. These light-bulbs estimate a saving of 78% when comparing to a normal glowing light-bulb;

- The sale of the “Neo” private brand recycled toilet paper in Biedronka as well as 3 references of concentrated detergents of Milan, Eden and Cler brands;
- Concentrated products for clothing became a regular choice among consumers, having registered an increase in sales for Comfort brand of 34% (in 2010, the sale increase was of 26%) and an increase for Skip and Surf brands of 29% (in 2010, the sale increase was of 18%);
- Lever has reduced the plastic handle in some powder detergent packages, which enables the reduction of plastic and metal of about 5 tons per year;
- During 2011, “Sun” brand re-launched multi-function tablets for dishwashing machines, combining environmentally-friendly formulas bearing less chemicals and phosphates. By the end of the year, this strategy was broadened to regular detergents tablets (All in 1: “Extra-power”, “Regular” and “Lemon” references; Powder: “Regular”, “Lemon” and “Classic” reference).

Renewable Energy

Jerónimo Martins’ Distribution Companies in Portugal have been investing in technologies that use renewable energy sources since 2007, enabling the decrease in the use of non-renewable energy sources and greenhouse gases. The technologies operating in 2011 were the following:

Technology	# Stores	Energy saving/Month	CO ₂ Prevention/Year
Solar Collectors for Water Heating	5	8.240 kWh	43,5 t
Outdoor Lamp Posts powered by photovoltaic panels	1	5.000 kWh	30 t
Natural light transport systems	3	3.740 kWh	21,5 t

Research and Development

Aiming to support natural habitats recovery and to protect Biodiversity, the Distribution Companies in Portugal developed several projects in partnership with some organizations:

- Pingo Doce continued to support the Lisbon Oceanarium, by contributing with 100,000 € towards this organism’s participation in various conservation, education and awareness initiatives directed at preserving the oceans and marine life;
- Pingo Doce continued its partnership with Nature Protection League, promoting environmental volunteering initiatives at a local dimension – four specific actions took place in 2011 in which natural areas were cleaned from infesting weeds (in a total of 15,000 m²) and about 4,500 kg of waste were delivered for recycling;



- In the context of The International Year of Forests, declared by the United Nations, Pingo Doce has arranged a national cleaning action of the forests in which more than 5,000 young people participated. The Company's support consisted in making available stores for marketing materials as well as cleaning material, light-meals, caps and t-shirts for the volunteers, in a total amount of 50,000 € invested.

In an attempt to promote a culture of eco-innovation and accelerating know-how sharing in cutting edge environmental areas, the Distribution Companies in Portugal developed a study about "Benchmarking Water and Energy Consumption in Retail Units and Wholesalers Establishments", in partnership with the School of Economics and Management of the Technical University of Lisbon.

Global Compact Principle Ten

"Businesses should work against corruption in all its forms, including extortion and bribery."

The Jerónimo Martins Group aims to ensure the abidance to the ethical commitments designed in the Group's Code of Conduct. Bearing this in mind, the Ethics Committee ensures that the correct disclosure and follow-up is given to the Code and, in particular, to standards regarding corruption.

Code of Conduct

As stated in the Jerónimo Martins' Code of Conduct, a document made available to every employee, "The companies of Jerónimo Martins Group do not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe".

Ethics Committee

Jerónimo Martins has also instituted an Ethics Committee which, since 2003, has been following, with due independence, the communication and application of the Code of Conduct. This Committee can propose - to the Corporate Responsibility Committee (a specialized Board Committee intended to monitor and supervise the Corporate Responsibility area) - new measures in order to fulfill its mission, including the internal procedures review as well as the Code of Conduct review,.

The Ethics Committee can be contacted by any stakeholder by letter or e- mail with any questions, comments, suggestions or complaints regarding the observance of the Code of Conduct.

Unilever's Code of Business Principles

According to its Code of Business Principles, Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying

transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Additionally, all Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company. Unilever employees must not seek gain for themselves or others through misuse of their positions.

Jerónimo Martins' Suppliers Code of Conduct

According to the Group's Suppliers Code of Conduct, the suppliers and other commercial partners of the Jerónimo Martins Group commit to conduct their business with honesty, integrity and respect for compliance with the laws of the countries in which they operate.

Unilever's Suppliers Code

According to this document, business will be conducted with integrity. There will be no payments, services, gifts, entertainment or other advantages offered or given to any Unilever employee or third party which are intended to influence the way in which the Unilever employee or third party goes about his or her duties. Similarly, Unilever will not offer or give such payments, services, gifts, entertainment or other advantages to any supplier which are intended to influence the way in which the supplier goes about his or her duties. There will be no actual or attempted money laundering.