

JERÓNIMO MARTINS
COMMUNICATION
ON PROGRESS

2016



JERÓNIMO MARTINS



OUR COMMITMENT

We work every day to grow responsible businesses in the societies where we develop our activities, approaching sustainability-related challenges and issues through a five pillars framework.

We hereby submit a sum-up of our Group's Annual Report, in which our Communication on Progress is already included, for a better understanding of the path we've walked on and also of the direction that we will need to follow in the coming years.

In 2015 our Group registered 13.7 billion euros in sales and our stores were visited daily by nearly 4.5 million customers who trust the quality of our offer in general and our private brands in particular. We invested over 410 million euros in our businesses during last year and we kept reducing debt even if we now have a very low net debt.

2015 was also the year when the Sustainable Development Goals were set out by the United Nations. For us at Jerónimo Martins they have been a confirmation of the rightness of the corporate responsibility strategy we have been following for several years now.

Allow me to take some time to point out the work our Companies have been making to fight food waste in the entire value chain of our products. This management philosophy that has been awarded in 2015 a Ruban d'Honneur by the European Business Awards in the "Environmental and Corporate Responsibility" category.

With the objective of preventing the production of food waste and recovering surplus to be reintegrated into the economic cycle, we have been partnering with suppliers in order to purchase and incorporate non-standard vegetables (that used to have no economic value) in the production of soups and other products for sale. In total last year alone we utilized over 10,200 tonnes in these cases.

In 2015, our Companies used non-standard vegetables for some of their products and supported over 700 charities mostly recovering food to a total of 19,700 tones.

We also reached hundreds of charities that fight hunger and malnutrition by providing low-income families with donated food items - that although perfectly edible are no longer in perfect conditions to be sold - resulting in 9,500 tonnes more of food recovered.

Our commitment to enhance peoples' access to food products that are nutritionally balanced or developed taking into consideration specific dietary needs also had very positive outcomes: 93 Private Brand products were reformulated preventing 298 tonnes of sugar, 74 tonnes of salt and 58 tonnes of fat from entering the market. Moreover, new private brands' lactose and gluten-free SKUs were made available for consumers.

With respect to the Environment, the carbon footprint of our Group was reduced by 5.8% when compared to the same number of stores in 2014 and per 1,000€ sales. One example of an efficiency measure that contributed to this achievement is the backhauling project: logistics is key to our activity and through the backhauling operation – consisting in route optimization and load maximization by collecting empty pallets on return trips from our stores as well as our Group's suppliers' – led, since 2010, to a volume of 2.17 million pallets collected and resulted in a saving of 30.7 million kilometres. The equivalent 28,874 tonnes of CO2 emissions were therefore avoided.

As far as Sustainable Sourcing is concerned, we maintained the purchasing of at least 80% of food products from local suppliers in the three markets where we operate. By working close with many of them we promote the adoption or reinforcement of sustainable production practices that result in year-long offering of certain fruits and also in recovering varieties of fruit and vegetables that used to only be available at traditional markets.

We pay close attention to the surrounding communities to our stores aiming at enhancing social cohesion and good neighbourhood. In 2015, our Companies supported over 700 charities mostly through food donations, amounting to 17.4 million euros (an increase of 9.4% when compared to 2014).

Special note to the Colombian programme "Madres Comunitarias" which, in 2015, counted a total of 262 community nurseries that received food donations from our Ara stores. We kept our practice of supporting two nurseries for every new store we open in Colombia and that is why the number of children benefitting from this support increased to around 3,400 children at the year end.



In spite of economic slowdown in some geographies where we operate, Jerónimo Martins is continuously expanding its operations. And we know people are at the core of this growth. When comparing to 2014, we signalled a net growth of 2.8% in the number of jobs created and, at the end of the year, the total number of our employees surpassed 89,000, the majority of which being women.

Our Group keeps its commitment to contributing towards the continuous improvement of the quality of the lives of our employees and their families. An overall of 17.4 million euros were invested in programmes that focused in promoting health, education and family well-being amongst our people.

Besides offering free vaccinations and health screenings to almost 5,000 people, the Group maintained its "Social Emergency Fund" programme in Portugal and the "You Can Count on Biedronka" in Poland. These latter reached over 8,900 people in 2015.

The reference table for the Global Compact Principles that gathers information about sustainability integration in our business can be found in page 167 of this report.

On behalf of the Jerónimo Martins Group, I subscribe once again these Principles that have been helping us to steer our direction to a sound and ever more sustainable business.

August, 2016

Pedro Soares dos Santos
Chairman and CEO of the Jerónimo Martins Group