

communication
on progress



JERÓNIMO MARTINS

Our Commitment

2016 might have been a year of changes across the world but our commitment to conduct our business activities in a sustainable way has not.

Across the world, 2016 was a year of transformations at a global level marked by the refugee crisis, the growing power of extremist forces, and a feeling of uncertainty that generated a complex and unstable political and socio-economic scenario.

For the Jerónimo Martins Group, this year was carried in a very intensely competitive contexts that made our banners to exceed in their strategies. Accompanied by strong investments in Biedronka, Pingo Doce and Ara businesses, which amounted to 482 million euros, all Companies registered a sales growth and gained market share. The net results attributable to Jerónimo Martins grew 14.5% compared to 2015, paving the way for the Group's continuous financial sustainability.

I believe, however, that sustainability relates not only with the typical bottom line but also incorporates other values that can add a long term view for our Group. This is why we remained committed to conduct our businesses in a responsible way and to being a positive force in transforming those environments.



In 2016, our work in food quality and safety, governance, environment and people, among others, was acknowledged internationally with the Jerónimo Martins Group's inclusion for the first time, in the FTSE4Good Global Index and FTSE4Good Europe Index sustainability indices, as well as in the Ethibel Excellence Investment Registers, the Ethibel Sustainability Index Excellence Europe and the Euronext Vigeo Index: Eurozone 120. For the Jerónimo Martins Group, these recognitions state that our focus on profitable and sustainable growth are at the forefront of the industry's best practices.

Within the scope of our Corporate Responsibility strategy, the Group decided to re-evaluate its materiality matrix. Out of nearly 4,800 responses, we confirmed the validity of the material aspects that incorporate our strategy: creating value in a sustained manner, respecting the quality of life of present and future generations and seeking to mitigate, as far as possible, the impact of our activities on ecosystems.

As so, in 2016 our Corporate Responsibility strategy has continued to be the common framework across all the Group's Companies, comprising five pillars: Promoting Good Health Through Food; Respecting the Environment; Sourcing Responsibly; Supporting Surrounding Communities; and Being a Benchmark Employer.

In 2016, we nutritionally reformulated 109 Private Brand products, preventing 152 tonnes of fat, 142 tonnes of sugar and 31 tonnes of salt from entering the market, and continued to develop no-sugar added, gluten-free or lactose-free products. Besides that, Biedronka was the first distribution chain to launch the Wolno Gotowane (Slow Cooked) range, aiming to offer healthy convenient products, while in Portugal the Meal Solutions area launched five new vegetarian dishes, which became part of the regular weekly meals offer in the Pingo Doce restaurants.

In what the respect for the environment is concerned, we highlight the Group's overall rating of "A-" in the CDP Climate Change 2016, which is a "Leadership" level. We also reduced our energy consumption, per thousand euro sales, by 1.6%, ensured the environmental certification in Biedronka's 15 Distribution Centres, according to the ISO 14001:2012 standard and increased our waste recovery rate from operations by 1.2 percentage points to 83.1% and from clients by 10%. The Group's commitment to acquire, at least, 80% of food products from local suppliers in all the countries where it operates was maintained. Regarding our commitment of incorporating ethical, social and environmental concerns in the decisions regarding the Group's supply chains, we introduced over 30 products with sustainability certificates in the Company's Private Brand and Perishables and obtained an overall rating of "A" for palm oil in the CDP Forests 2016, while the commodities soy, paper and wood, and beef obtained a classification of "B", the equivalent of the "Management" level.



WE SUPPORT


Network Portugal
WE SUPPORT

Our Group continued to offer support to the communities - in 2016 alone, the value of the support offered amounted to around 18 million euros -, while key projects were either maintained or developed, with the goal of fostering social cohesion and endeavouring to contribute towards breaking cycles of poverty and malnutrition among children and young people and underprivileged elderly people.

Some examples of this strategic plan are the continuous support to Caritas Polska and other charities in Poland which resulted in the donation of around 87 tonnes of surplus food that, although were suitable for consumption, could not be sold.

In Portugal, our work with Johnson's Academy helped about 140 children and young people from vulnerable communities from dropping out of school and thus avoiding social exclusion.

In Colombia, Ara continued to support the "Madres Comunitarias" project, supporting 3,668 children in 2016.

The Group is also aware of its impact on the lives of the over 90 thousand people it directly employs. As an example of our commitment to stimulate social and economic development, in 2016 the Group, created 7,206 jobs, representing a net growth of 8.1% in its workforce.

Besides promoting balanced wage policies and a motivating and positive work environment, we preserve a firm commitment to our employees and their families. The Group invested over 16.6 million euros in social responsibility initiatives for its employees, from which we highlight the "To School with Biedronka" programme, whereby support was given to around 2,700 families without the financial means to cover school expenses and, in Portugal, the participation of 279 children in the "SOS Dentista Júnior" programme, an extension of the treatment firstly provided for employees and now available for their children.

2016 might have been a year of changes across the world but our commitment to conduct our business activities in a sustainable way has not. Throughout the next pages of our report the Jerónimo Martins Group gathered all the information that conveys the subscription of the United Nations Global Compact Principles.

July, 2017


Pedro Soares dos Santos

Chairman and CEO of the Jerónimo Martins Group

